

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

30 SEPTEMBER 2011

VISION

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

MISSION STATEMENT

In the telecom market of Pakistan, Worldcall to have an overwhelming impact on the basis of following benchmarks:

Create new standards of product offering in basic and value added telephony by being more cost effective, easily accessible and dependable. Thus ensuring real value for money to all segments of market.

Be a leader within indigenous operators in terms of market share, gross revenues and ARPU within five years and maintain the same positioning thereafter.

Achieve utmost customer satisfaction by setting up high standards of technical quality and service delivery.

Ensuring the most profitable and sustainable patterns of ROI (Return on Investment) for the stake-holders.

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COMPANY INFORMATION

Chairman	Mehdi Mohammed Al Abduwani
Chief Executive Officer	Babar Ali Syed
Board of Directors <i>(In Alphabetic order)</i>	Aimen bin Ahmed Al Hosni Asadullah Khawaja Mehdi Mohammed Al Abduwani Samy Ahmed Abdulqadir Al Ghassany Sohail Qadir Shehryar Ali Taseer Talat Said Marhoon Al-Mamari (Vice Chairman)
Chief Financial Officer	Mohammad Noaman Adil
Executive Committee	Mehdi Mohammed Al Abduwani (Chairman) Aimen bin Ahmed Al Hosni (Member) Sohail Qadir (Member) Rizwan Abdul Hayi (Secretary)
Audit Committee	Talat Said Marhoon Al-Mamari (Chairman) Asadullah Khawaja (Member) Aimen bin Ahmed Al Hosni (Member) Rizwan Abdul Hayi (Secretary)
Chief Internal Auditor	Mirghani Hamza Al-Madani
Company Secretary	Rizwan Abdul Hayi
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisers	M/s Khan & Partners Barristers & Solicitors
Bankers <i>(In Alphabetic Order)</i>	Allied Bank Limited Albaraka Bank (Pakistan) Limited (formerly Emirates Global Islamic Bank Limited) Askari Bank Limited Barclays Bank Plc Pakistan Burj Bank Limited (formerly Dawood Islamic Bank Limited) Citi Bank N.A. Deutsche Bank AG Faysal Bank Limited First Dawood Investment Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited IGI Investment Bank Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan NIB Bank Limited Oman International Bank S.A.O.G. Pak Oman Investment Co. Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited (formerly Arif Habib Bank Limited) The Bank of Punjab
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No.3, Dr. Zia-ud-Din Ahmed Road, Karachi. Tel: (021) 111-000-322
Registered Office/Head Office	67-A, C/III, Gulberg-III, Lahore, Pakistan Tel: (042) 3587 2633-38 Fax: (042) 3575 5231

Worldcall Telecom Limited

DIRECTORS' REVIEW

The Directors of Worldcall Telecom Limited ("WTL" or the "Company") are pleased to present the brief overview of the financial information for the nine months ended 30 September 2011.

Financial Overview

The Company was able to post an operating profit of Rs 13.82 million for the quarter ended 30 September 2011. Compared with the operating loss of Rs 281 million for the same quarter last year, this shows a promising improvement. With reference to the nine monthly results the Company has closed its revenue at Rs 5,565 million. Direct costs in proportion to revenue levels witnessed decline as Company endeavored to negotiate discounts from its service providers. Cost optimization initiatives led to 5% saving in operating cost. Finance cost has also shown a 5% improvement. Rise in other income by Rs 339 million was mainly attributable to gain on rescheduling of liabilities. The period was closed with net loss of Rs 92 million as compared to loss of Rs 744 million in the corresponding period last year.

Future Outlook

The Company is pursuing the strategies as outlined in the business plan. The operating profit for the quarter closed is not substantial but reflects favorable outcome of the management policies. The initiatives taken by management are expected to keep the Company moving on the growth path. Besides focusing on the business development, the management has taken steps to ensure business process efficiency. Further all avenues available to create financial leverage are being assessed and pursued.

On the LDI business front, industry players have acted wisely by deciding to form an ICH. The procedural requirements have been significantly complied and its operations are expected to commence in Dec 2011. The Company expects that following that LDI segment will be generating a consistent and firm return as per its share in ICH and the surplus system capacity available will be put to use to generate other revenue streams.

Company's staff and customers

We express our gratitude to our all staff members for their dedicated and continued effort. We further express our appreciation for our valued customers for their loyalty. In addition, our contractors and other vendors also deserve our applaud for their co-operation.

For and on behalf of the Board of Directors

Muscat
31 October 2011


Babar Ali Syed
Chief Executive Officer

Worldcall Telecom Limited

CONDENSED INTERIM BALANCE SHEET (Un-Audited) AS AT 30 SEPTEMBER 2011

Note	30 September 2011	31 December 2010
------(Rupees in '000)-----		
NON CURRENT ASSETS		
Tangible fixed assets		
Property, plant and equipment	12,476,474	12,795,044
Capital work-in-progress	908,344	751,378
	13,384,818	13,546,422
Intangible assets		
Investment properties	5,236,480	4,606,312
Long term investment- classified as held for sale	109,934	89,900
Long term trade receivable	-	-
Deferred taxation	29,084	46,805
Long term deposits	260,415	18,953
	95,760	63,439
	19,116,491	18,371,831
CURRENT ASSETS		
Stores and spares	256,229	192,075
Stock in trade	195,783	192,917
Trade debts	2,888,926	2,016,418
Loans and advances - considered good	1,036,812	384,116
Deposits and prepayments	151,619	174,051
Other receivables	97,001	24,999
Short term investments	114,319	310,472
Income tax recoverable-net	166,873	155,433
Cash and bank balances	342,219	183,960
	5,249,781	3,634,441
CURRENT LIABILITIES		
Current maturities of non-current liabilities	1,212,235	1,224,671
Running finance under mark-up arrangements - secured	793,748	1,170,964
Short term borrowings	-	200,000
License fee payable	1,021,500	1,021,500
Trade and other payables	4,358,154	4,650,005
Interest and mark-up accrued	241,626	170,569
	7,627,263	8,437,709
	(2,377,482)	(4,803,268)
NET CURRENT LIABILITIES		
NON CURRENT LIABILITIES		
Term finance certificates - secured	1,626,385	2,166,079
Long term loan	2,975,680	-
Deferred income	215,430	254,716
Retirement benefits	275,340	226,979
Liabilities against assets subject to finance lease	98,770	15,962
Long term payables	1,546,875	631,645
Long term deposits	42,803	43,208
	6,781,283	3,338,589
Contingencies and commitments		
	9,957,726	10,229,974
Represented by		
Share capital and reserves		
Authorized capital		
900,000,000 (31 December 2010: 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	(253,231)	(72,548)
Accumulated profit	424,456	521,111
	9,614,276	9,891,614
Surplus on revaluation	343,450	338,360
	9,957,726	10,229,974

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

Muscat


Chief Executive Officer


Director

Worldcall Telecom Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

Note	Nine months ended 30 September 2011	Nine months ended 30 September 2010	Quarter ended 30 September 2011	Quarter ended 30 September 2010
----- (Rupees in '000) -----				
Revenue -net	5,564,762	5,975,512	1,863,597	1,553,632
Direct cost	<u>(4,526,731)</u>	<u>(5,125,842)</u>	<u>(1,443,321)</u>	<u>(1,458,291)</u>
Gross profit	1,038,031	849,670	420,276	95,341
Operating cost	<u>(1,154,092)</u>	<u>(1,212,857)</u>	<u>(406,456)</u>	<u>(376,718)</u>
Operating (loss)/profit	(116,061)	(363,187)	13,820	(281,377)
Finance cost	<u>(531,090)</u>	<u>(558,959)</u>	<u>(185,146)</u>	<u>(181,606)</u>
	<u>(647,151)</u>	<u>(922,146)</u>	<u>(171,326)</u>	<u>(462,983)</u>
Impairment loss on available for sale financial assets	(15,470)	(65,894)	(5,204)	(9,457)
Other operating income	13 <u>385,243</u>	<u>46,312</u>	<u>322,965</u>	<u>39,297</u>
(Loss)/profit before taxation	(277,378)	(941,728)	146,435	(433,143)
Taxation	185,813	197,498	61,877	99,499
(Loss)/profit after taxation	<u><u>(91,565)</u></u>	<u><u>(744,230)</u></u>	<u><u>208,312</u></u>	<u><u>(333,644)</u></u>
(Loss)/earning per share -				
basic and diluted	(Rupees) <u>(0.11)</u>	<u>(0.86)</u>	<u>0.24</u>	<u>(0.39)</u>

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 interim financial information.

Muscat

Balawandiy
Chief Executive Officer

G. J. J. J.
Director

Worldcall Telecom Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	Nine months ended 30 September 2011	Nine months ended 30 September 2010	Quarter ended 30 September 2011	Quarter ended 30 September 2010
----- (Rupees in '000) -----				
(Loss)/income for the period	(91,565)	(744,230)	208,312	(333,644)
Other comprehensive (loss)/ income-net of tax:				
Net change in fair value of available for sale financial assets	<u>(196,153)</u>	<u>(49,614)</u>	<u>(33,152)</u>	<u>(26,231)</u>
Impairment loss transferred to profit and loss account	<u>15,470</u>	<u>65,894</u>	<u>5,204</u>	<u>9,457</u>
	<u>(180,683)</u>	<u>16,280</u>	<u>(27,948)</u>	<u>(16,774)</u>
Total comprehensive (loss)/ income for the period	<u><u>(272,248)</u></u>	<u><u>(727,950)</u></u>	<u><u>180,364</u></u>	<u><u>(350,418)</u></u>

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Balawandiy
Chief Executive Officer

G. J. J. J.
Director

Worldcall Telecom Limited

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	Note	Nine months ended 30 September 2011	Nine months ended 30 September 2010
----- (Rupees in '000) -----			
Cash flow from operating activities			
Cash (used in)/generated from operations	14	(773,770)	2,380,612
(Increase)/decrease in long term deposits receivable		(32,321)	5,409
Decrease/(increase) in long term trade receivable		17,721	(46,805)
Decrease in long term deposits payable		(405)	(804)
Decrease in deferred income		(39,286)	-
Increase/(decrease) in long term payables		1,275,416	(239,879)
Retirement benefits paid		(20,595)	(29,617)
Finance cost paid		(477,452)	(413,787)
Taxes paid		(67,088)	(48,759)
Net cash (used in)/generated from operating activities		<u>(117,780)</u>	<u>1,606,370</u>
Cash flows from investing activities			
Fixed capital expenditure		(1,539,669)	(999,772)
Sale proceeds of property, plant and equipment		83,243	21,201
License fee paid		-	(113,500)
Net cash used in investing activities		<u>(1,456,426)</u>	<u>(1,092,071)</u>
Cash flows from financing activities			
Repayment of long term finances		-	(37,494)
Receipts of long term finances		2,943,855	-
Running finance- net		(377,216)	(368,185)
(Repayment)/receipt of short term borrowings		(200,000)	141,000
Repayment of term finance certificates		(606,199)	(59,054)
Repayment of finance lease liabilities		(27,975)	(53,034)
Net cash generated from/(used in) financing activities		<u>1,732,465</u>	<u>(376,767)</u>
Net increase in cash and cash equivalents		<u>158,259</u>	<u>137,532</u>
Cash and bank balances at the beginning of the period		<u>183,960</u>	<u>336,480</u>
Cash and bank balances at the end of the period		<u><u>342,219</u></u>	<u><u>474,012</u></u>

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Chief Executive Officer


Director

Worldcall Telecom Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	Share capital	Share premium	Fair value reserve- available for sale assets	Accumulated profit/ (loss)	Revaluation reserve	Total
----- (Rupees in '000) -----						
Balance as at 31 December 2009	8,605,716	837,335	(70,475)	1,674,903	331,574	11,379,053
Total comprehensive income/(loss) for the period	-	-	16,280	(744,230)	-	(727,950)
Transfer to surplus on revaluation	-	-	-	(5,090)	5,090	-
Balance as at 30 September 2010	<u>8,605,716</u>	<u>837,335</u>	<u>(54,195)</u>	<u>925,583</u>	<u>336,664</u>	<u>10,651,103</u>
Total comprehensive loss for the period	-	-	(18,353)	(402,776)	-	(421,129)
Transfer to surplus on revaluation	-	-	-	(1,696)	1,696	-
Balance as at 31 December 2010	<u>8,605,716</u>	<u>837,335</u>	<u>(72,548)</u>	<u>521,111</u>	<u>338,360</u>	<u>10,229,974</u>
Total comprehensive loss for the period	-	-	(180,683)	(91,565)	-	(272,248)
Transfer to surplus on revaluation	-	-	-	(5,090)	5,090	-
Balance as at 30 September 2011	<u><u>8,605,716</u></u>	<u><u>837,335</u></u>	<u><u>(253,231)</u></u>	<u><u>424,456</u></u>	<u><u>343,450</u></u>	<u><u>9,957,726</u></u>

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

Muscat


Chief Executive Officer


Director

Worldcall Telecom Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

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 Statement of Compliance

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with financial statements for the year ended 31 December 2010.

3 Significant accounting judgments and estimates

The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 December 2010.

4 Accounting policies

Accounting policies adopted for preparation of this condensed interim financial information are same as those applied in the preparation of the audited financial statements of the Company for the year ended 31 December 2010 and stated therein, except for addition of the following:

- 4.1 The revenue under Universal Service Fund (USF) services and subsidy agreement is recognized under IAS-18 based on stage of completion with reference to the achievement of each milestone as provided in the agreement.
- 4.2 Indefeasible right to use (IRU) contracts are recognised at cost as an intangible asset when the Company has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight line basis over the period of the contract.

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		30 September 2011	31 December 2010
		------(Rupees in '000)-----	
5	Property, Plant and Equipment		
	Owned and leased assets:		
	Opening net book value	12,795,044	12,110,704
	Additions during the period/year	5.1 761,368	2,168,659
		13,556,412	14,279,363
	Disposals for the period/year - NBV	5.2 (22,270)	(5,115)
	Transferred to investment properties	-	(5,760)
	Adjustment during the period/year -NBV	-	(43,257)
	Depreciation for the period/year	(1,057,668)	(1,430,187)
	Closing net book value	5.3 12,476,474	12,795,044
	5.1 Break-up of additions		
	Freehold land	-	5,760
	Leasehold improvements	2,514	1,141
	Plant and equipment	559,033	2,132,163
	Office equipment	4,258	7,635
	Computers	50,413	8,908
	Furniture and fixtures	253	552
	Vehicles	144,339	9,335
	Lab and other equipment	558	3,165
		761,368	2,168,659
	5.2 Break-up of disposals -NBV		
	Leasehold improvements	-	(41)
	Plant and equipment	(5,537)	(2,173)
	Office equipment	(242)	(1,139)
	Computers	(280)	(58)
	Furniture and fixtures	(4)	(208)
	Vehicles	(16,207)	(1,496)
		(22,270)	(5,115)
	5.3 Property, plant and equipment includes equipment deployed in implementing the USF network which is subject to lien exercisable by USF Company in the event of failure by the Company to maintain service availability and quality specification.		
		30 September 2011	31 December 2010
		------(Rupees in '000)-----	
6	Intangible assets- NBV		
	Licenses	1,933,037	2,051,442
	Patents and copyrights	29	926
	Indefeasible right of use- Media cost	6.1 749,920	-
	Softwares	-	450
	Goodwill	6.2 2,553,494	2,553,494
		5,236,480	4,606,312
	6.1 During the period the Company has acquired an indefeasible right of use in respect of capacity procured from Multinet Pakistan (Pvt) Limited for the period of 15 years.		

Worldcall Telecom Limited

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

The Company assessed the recoverable amount at 30 September 2011 and determined that as of this date there is no indication of impairment of Goodwill. The recoverable amount was calculated on the basis of five year financial business plan which assumes substantial cash inflows from either investing or financing activities. During the current period long term loan facility of USD 35 million was obtained by the Company as assumed in the five year financial business plan.

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

	30 September 2011	31 December 2010
	------(Rupees in '000)-----	
7 Investment properties		
Opening balance	89,900	76,162
Additions during the period/year	20,034	6,600
Transferred from owned assets	-	5,760
Fair value adjustment	-	1,378
Closing balance	<u>109,934</u>	<u>89,900</u>

Investment properties comprise of land and offices.

During the period the Company acquired land under barter arrangement with Super Dream, Wind Mill Villas and Peace City against the advertisement services.

	30 September 2011	31 December 2010
	------(Rupees in '000)-----	
8 Long term investment - classified as held for sale		

Foreign subsidiary - Unquoted

Worldcall Telecommunications Lanka (Pvt) Limited Incorporated in Sri Lanka

7,221,740 (31 December 2010: 7,221,740) ordinary shares of Sri Lankan Rupees 10/-each. Equity held 70.65% (31 December 2010: 70.65%)

	44,406	44,406
Share deposit money	13,671	13,671
	58,077	58,077
Less: Provision for impairment	(58,077)	(58,077)
	<u>-</u>	<u>-</u>

8.1 The Company's foreign subsidiary namely Worldcall Telecommunications Lanka (Private) Limited has been suffering losses since last many years as the demand for payphones in Sri

Worldcall Telecom Limited

Lanka has greatly diminished. Keeping in view the Sri Lankan market conditions and negative equity of the subsidiary, the management decided and approved the winding up of the subsidiary. Long term investment in subsidiary was classified as discontinued operations.

	30 September 2011	31 December 2010
	------(Rupees in '000)-----	
9 Long term loan		
Received during the period	2,943,855	-
Less: Initial transaction cost	(42,668)	-
	<u>2,901,187</u>	<u>-</u>
Add: Amortization of transaction cost	3,048	-
	<u>2,904,235</u>	<u>-</u>
Add: Exchange loss during the period	71,445	-
	<u>2,975,680</u>	<u>-</u>

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited OFF-Shore Banking Unit, Bahrain with the lead arranger being Askari Bank Limited. During the period USD 34.5 million have been drawn from this facility. This loan is re-payable in 20 equal quarterly installments with 2 years grace period commencing 06 June 2013. Profit is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.2% per annum. To secure the facility an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman favoring Askari Bank Limited against the corporate guarantee of Oman Telecommunication Company SAOG. This arrangement shall remain effective until all obligations under the facility are settled.

10 Deferred income

It represents the amount received against contracts valuing Rs 786 million and 487 million for the deployment of network in MTR-I and GTR respectively awarded by Universal Service Fund Company (USFC), a Company established for the purpose of increasing teledensity in Pakistan.

	30 September 2011	31 December 2010
	------(Rupees in '000)-----	
11 Long term payable		
Payable to Pakistan Telecommunication Authority	11.1 601,247	-
Payable to Multinet Pakistan (Pvt) Limited	11.2 168,829	-
Suppliers	776,799	631,645
	<u>1,546,875</u>	<u>631,645</u>

11.1 Payable to Pakistan Telecommunication Authority (PTA)

Carrying value of payable to PTA	1,373,557	-
Less: present value adjustment	(256,830)	-
	<u>1,116,727</u>	<u>-</u>
Less: payments during the period	(38,154)	-
	<u>1,078,573</u>	<u>-</u>
Less: current maturity	(477,326)	-
	<u>601,247</u>	<u>-</u>

This represents interest free access promotion contribution charges (APC) for USF payable to PTA. PTA has allowed to make payment of outstanding amount in 36 equal installments, commencing from 01 September 2011. The liability is discounted using the effective interest rate of 16% per annum.

Worldcall Telecom Limited

30 September 31 December
2011 2010
----- (Rupees in '000) -----

11.2 Payable to Multinet Pakistan (Pvt) Limited

Carrying value of liability	784,800	-
Less: present value adjustment	(103,356)	-
	681,444	-
Less: current maturity	(512,615)	-
	168,829	-

This represents amount payable to Multinet Pakistan (Pvt) Limited ("MPL") in respect of indefeasible right to use of media. Subsequent to initial recognition, the consideration that was immediately payable was deferred for period of five years by MPL. Gain on remeasurement has been calculated using the effective interest rate of 16% per annum.

12 Contingencies and commitments

Contingencies

12.1 Billing disputes with PTCL

12.1.1 There is a dispute of Rs. 72.64 million (31 December 2010: Rs 72.22 million) with PTCL of non revenue time of prepaid calling cards and Rs. 34.56 million (31 December 2010: Rs 32.13 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. 161.45 million (31 December 2010: Rs.140.07 million) on account of difference in rates, distances and date of activations. The Company has deposited Rs. 40 million (31 December 2010: 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 There is a dispute with PTA on roll out of Company's 479 MHz and 3.5 GHz frequency bands licenses for allegedly not completing roll out within prescribed time. The dispute is pending adjudication at PTA. The Company is hopeful that the issue will be favorably resolved at the level of PTA in as much as the Company has now started it roll out plan.

12.2.2 There is a dispute with PTA on payment of R&D Fund contribution amounting to Rs. 11.3 million (31 December 2010: Rs. 11.3 million). The legal validity of this fund is under challenge before the Honorable Supreme Court of Pakistan. The Company has also gone into appeal against the demand before the Honorable Lahore High Court Lahore. The Company is hopeful of a favorable decision.

12.2.3 There is a dispute with PTA on payment of contribution of APC for USF amounting to Rs. 491 million (31 December 2010: Rs. 491 million). Out of this amount, Rs. 394 million has been deposited with PTA in relation to the period prior to the valid formation of USF fund by the Federal Government. The matter is pending adjudication before the Honorable Supreme Court of Pakistan. The Company is hopeful of a favorable decision.

Worldcall Telecom Limited

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 appeal of the Company is pending in Income Tax Appellate Tribunal Lahore. The management is hopeful that the matter will be decided in favour of the Company.

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

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

12.3.4 The department of Inland Revenue, Sales Tax, LTU has issued a show cause notice under section 11(2) and 36(1) of the Sales Tax Act 1990 demanding Rs. 232.35 million allegedly claimed wrongly as input tax during the period 2005 to 2009 on LDI services. It is the case of the department that LDI services are exempt under Federal Excise Act therefore input tax cannot be claimed for exempt services. The case is at first stage i.e. adjudication and based on legal advice Company is hopeful of a favorable decision.

30 September 31 December
2011 2010
----- (Rupees in '000) -----

Commitments

12.4 Outstanding guarantees	935,931	1,012,853
12.5 Commitments in respect of capital expenditure	2,299,041	757,484
12.6 Outstanding letters of credit	127,245	75,800

Worldcall Telecom Limited

	Note	Nine months ended 30 September 2011 ----- <i>(Rupees in '000)</i> -----	Nine months ended 30 September 2010
13 Other income			
Income from financial assets			
Income on deposit and saving accounts		19,369	14,698
Mark-up on advance to associated company		-	1,698
Gain on remeasurement of financial liabilities	11.1 & 11.2	360,186	-
Exchange (loss)/gain		(61,952)	515
		<u>317,603</u>	<u>16,911</u>
Income from non-financial assets			
Profit on sale of property, plant and equipment		60,978	13,851
Miscellaneous		6,662	15,550
		<u>67,640</u>	<u>29,401</u>
		<u>385,243</u>	<u>46,312</u>
14 Cash generated from operations			
Loss before taxation		(277,378)	(941,728)
Adjustment for non-cash charges and other items:			
Depreciation		1,057,668	1,041,382
Amortization of intangible assets		115,384	75,247
Interest on PTA license fee		-	34,219
Amortization of transaction cost		12,306	8,455
Amortization of receivables		9,989	18,437
Provision for doubtful receivables		84,376	110,749
Provision for stores and spares		6,000	14,700
Impairment loss on available for sale financial assets		15,470	65,894
Gain on remeasurement of liabilities		(360,186)	-
Exchange loss on foreign currency loan		71,445	-
Gain on disposal of property, plant and equipment		(60,978)	(13,851)
Retirement benefits		68,956	70,105
Finance cost		505,841	516,285
Profit before working capital changes		<u>1,248,893</u>	<u>999,894</u>
Effect on cash flow due to working capital changes:			
<i>(Increase)/Decrease in the current assets</i>			
Stores and spares		(70,154)	97,429
Stock in trade		(2,865)	(13,882)
Trade debts		(1,188,749)	(507,624)
Loans and advances		(641,350)	63,331
Deposits and prepayments		22,432	1,000
Other receivables		149,874	(10,237)
<i>Increase/(Decrease) in current liabilities</i>			
Trade and other payables		(291,851)	1,750,701
		<u>(2,022,663)</u>	<u>1,380,718</u>
		<u>(773,770)</u>	<u>2,380,612</u>
15 Related party transactions			

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

Worldcall Telecom Limited

	Note	Nine months ended 30 September 2011 ----- <i>(Rupees in '000)</i> -----	Nine months ended 30 September 2010
Relationship with the Company			
Parent Company			
		192,841	412,524
		134,177	304,928
Other related parties			
		12,332	21,901
		21,000	20,000
		560	252
		-	1,698
		-	54,648
Key management personnel			
		269,310	209,203

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

	30 September 2011 ----- <i>(Rupees in '000)</i> -----	31 December 2010
Period end balances		
Receivable from related parties	231,893	207,814
Payable to related parties	1,137,116	1,156,250

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

16 Subsequent event

Subsequent to the balance sheet date the Company repaid markup related to third installment of TFC-III which was due on 07 October 2011. However an extension of 60 days i.e. upto 06 December 2011, was obtained through consent of majority of TFC holders, holding certificates in aggregate of 68.8%.

17 Date of authorization for issue

This condensed interim financial information was authorized for issue on 31 October 2011 by the Board of Directors of the Company.

18 General

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

Muscat

Balambidi
Chief Executive Officer

G. J. J. J.
Director

**WORLDCALL TELECOM LIMITED
AND ITS SUBSIDIARY**

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

30 SEPTEMBER 2011

DIRECTORS' REVIEW

The Directors of Worldcall Telecom Limited ("WTL" or the "Parent Company") are pleased to present condensed consolidated financial information of the Group for the nine months ended 30 September 2011.

Group Foreign Subsidiary

WorldCall Telecommunications Lanka (Pvt.) Limited

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

For and on behalf of the Board of Directors

Muscat
31 October 2011


Babar Ali Syed
Chief Executive Officer

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Un-Audited) AS AT 30 SEPTEMBER 2011

Note	30 September 2011	31 December 2010
----- (Rupees in '000) -----		
NON CURRENT ASSETS		
Tangible fixed assets		
Property, plant and equipment	12,476,474	12,795,044
Capital work-in-progress	908,344	751,378
	13,384,818	13,546,422
Intangible assets		
Investment properties	5,236,480	4,606,312
Long term trade receivable	109,934	89,900
Deferred taxation	29,084	46,805
Long term deposits	260,415	18,953
	95,760	63,439
	19,116,491	18,371,831
CURRENT ASSETS		
Stores and spares	256,229	192,075
Stock in trade	195,783	192,917
Trade debts	2,888,926	2,016,418
Loans and advances - considered good	1,036,812	384,116
Deposits and prepayments	151,619	174,051
Other receivables	94,248	24,999
Short term investments	114,319	310,472
Income tax recoverable-net	166,873	155,433
Cash and bank balances	342,219	183,960
	5,247,028	3,634,441
Non current assets classified as held for sale	785	144
	5,247,813	3,634,585
CURRENT LIABILITIES		
Current maturities of non-current liabilities	1,212,235	1,224,671
Running finance under mark-up arrangements - secured	793,748	1,170,964
Short term borrowings	-	200,000
License fee payable	1,021,500	1,021,500
Trade and other payables	4,358,154	4,644,195
Interest and mark-up accrued	241,626	170,569
	7,627,263	8,431,899
Non current liabilities classified as held for sale	8,981	18,139
	7,636,244	8,450,038
	(2,388,431)	(4,815,453)
NET CURRENT LIABILITIES		
NON CURRENT LIABILITIES		
Term finance certificates - secured	1,626,385	2,166,079
Long term loan	2,975,680	-
Deferred income	215,430	254,716
Retirement benefits	275,340	226,979
Liabilities against assets subject to finance lease	98,770	15,962
Long term payables	1,546,875	631,645
Long term deposits	42,803	43,208
	6,781,283	3,338,589
Contingencies and commitments	9,946,777	10,217,789
	9,946,777	10,217,789
REPRESENTED BY		
Share capital and reserves		
Authorized capital 900,000,000 (31 December 2010: 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	(253,232)	(72,549)
Exchange translation reserve	(6,152)	(4,910)
Accumulated profit	422,875	517,415
Capital and reserves attributable to equity holders of the Company	9,606,542	9,883,007
Non controlling interest	(3,215)	(3,578)
	9,603,327	9,879,429
Surplus on revaluation	343,450	338,360
	9,946,777	10,217,789

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

Muscat

Balarambidi
Chief Executive Officer

Director
Director

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

Note	Nine months ended 30 September 2011	Nine months ended 30 September 2010	Quarter ended 30 September 2011	Quarter ended 30 September 2010
----- (Rupees in '000) -----				
Continuing Operations				
Revenue -Net	5,564,762	5,975,512	1,863,597	1,553,632
Direct cost	(4,526,731)	(5,125,842)	(1,443,321)	(1,458,291)
Gross profit	1,038,031	849,670	420,276	95,341
Operating cost	(1,154,092)	(1,212,857)	(406,456)	(376,718)
Operating (loss)/profit	(116,061)	(363,187)	13,820	(281,377)
Finance cost	(531,090)	(558,959)	(185,146)	(181,606)
	(647,151)	(922,146)	(171,326)	(462,983)
Impairment loss on available for sale financial assets	(15,470)	(65,894)	(5,204)	(9,457)
Other operating income -net	385,243	46,312	322,965	39,297
(Loss)/profit before taxation	(277,378)	(941,728)	146,435	(433,143)
Taxation	185,813	197,498	61,877	99,499
(Loss)/profit after taxation from continuing operations	(91,565)	(744,230)	208,312	(333,644)
Discontinued operations				
Profit/(loss) for the period from discontinued operations	2,994	(6,971)	4,867	(1,102)
	(88,571)	(751,201)	213,179	(334,746)
Attributable to:				
Equity holders of the Parent	(89,450)	(749,155)	211,749	(334,423)
Non controlling interest	879	(2,046)	1,430	(323)
	(88,571)	(751,201)	213,179	(334,746)
(Loss)/earning per share - basic and diluted				
From continuing and discontinued operations (Rupees)	(0.10)	(0.87)	0.25	(0.39)
From continuing operations (Rupees)	(0.11)	(0.86)	0.24	(0.39)

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

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

Muscat

Balarambidi
Chief Executive Officer

Director
Director

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	Nine months ended 30 September 2011	Nine months ended 30 September 2010	Quarter ended 30 September 2011	Quarter ended 30 September 2010
----- (Rupees in '000) -----				
(Loss)/profit for the period	(88,571)	(751,201)	213,179	(334,746)
Other comprehensive (loss)/income- net of tax:				
Exchange differences on translating foreign operations	(1,758)	(2,592)	(674)	(1,352)
Net change in fair value of available for sale financial assets	(196,153)	(49,614)	(33,152)	(26,231)
Impairment loss transferred to profit and loss account	15,470	65,894	5,204	9,457
	(182,441)	13,688	(28,622)	(18,126)
Total comprehensive (loss)/income for the period	(271,012)	(737,513)	184,557	(352,872)
Attributable to:				
Equity holders of the Parent	(271,375)	(734,706)	183,326	(352,152)
Non controlling interest	363	(2,807)	1,231	(720)
	(271,012)	(737,513)	184,557	(352,872)

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

Muscat


Chief Executive Officer


Director

Worldcall Telecom Limited Group

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011

	Note	Nine months ended 30 September 2011	Nine months ended 30 September 2010
----- (Rupees in '000) -----			
Cash flow from operating activities			
Cash (used in)/generated from operations	15	(773,106)	2,382,923
(Increase)/decrease in long term deposits receivable		(32,321)	5,409
Decrease/(increase) in long term trade receivable		17,721	(46,805)
Decrease in long term deposits payable		(405)	(804)
Decrease in deferred income		(39,286)	-
Increase/(decrease) in long term payables		1,275,416	(239,879)
Retirement benefits paid		(20,595)	(29,617)
Finance cost paid		(477,515)	(416,259)
Taxes paid		(67,088)	(48,759)
Net cash (used in)/generated from operating activities		(117,179)	1,606,209
Cash flows from investing activities			
Fixed capital expenditure		(1,539,729)	(999,772)
Sale proceeds of property, plant and equipment		83,243	21,201
License fee paid		-	(113,500)
Net cash used in investing activities		(1,456,486)	(1,092,071)
Cash flows from financing activities			
Repayment of long term finances		-	(37,494)
Receipts of long term finances		2,943,855	-
Running finance- net		(377,216)	(368,185)
(Repayment)/receipt of short term borrowings		(200,000)	141,000
Repayment of term finance certificates		(606,199)	(59,054)
Repayment of finance lease liabilities		(27,975)	(53,034)
Net cash generated from/(used in) financing activities		1,732,465	(376,767)
Net increase in cash and cash equivalents		158,800	137,371
Cash and bank balance at the beginning of the period		184,104	335,579
Cash and bank balance at the end of the period		342,904	472,950

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

Muscat


Chief Executive Officer


Director

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011**

	Attributable to equity holders of the Company							Total	
	Share capital	Share premium	Fair value reserve-avaliable for sale assets	Currency translation reserve	Accumulated profit/(loss)	Revaluation reserve	Sub Total		Non controlling interest
	(Rupees in '000)								
Balance as at 31 December 2009	8,605,716	837,335	(70,476)	(2,940)	1,677,849	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	(54,196)	(4,771)	923,604	336,664	10,644,352	(2,807)	10,641,545
Total comprehensive loss for the period	-	-	(18,353)	(139)	(404,493)	-	(422,985)	(771)	(423,756)
Transfer to surplus on revaluation	-	-	-	-	(1,696)	1,696	-	-	-
Balance as at 31 December 2010	8,605,716	837,335	(72,549)	(4,910)	517,415	338,360	10,221,367	(3,578)	10,217,789
Total comprehensive loss for the period	-	-	(180,683)	(1,242)	(89,450)	-	(271,375)	363	(271,012)
Transfer to surplus on revaluation	-	-	-	-	(5,090)	5,090	-	-	-
Balance as at 30 September 2011	8,605,716	837,335	(253,232)	(6,152)	422,875	343,450	9,949,992	(3,215)	9,946,777

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

Muscat

Balarambitha
Chief Executive Officer

WILLIAMS
Director

Worldcall Telecom Limited Group

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2011**

1 Legal status and nature of business

1.1 The Group consists of:

Worldcall Telecom Limited; and
Worldcall Telecommunications Lanka (Private) Limited

1.2

Worldcall Telecom Limited ("the Company") is a public limited company incorporated in Pakistan on 15 March 2001 under the Companies Ordinance, 1984 and its shares are quoted on 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. 163.22 million as at balance sheet date and its current liabilities exceed its current assets by Rs. 62.93 million. The net profit for the current period after tax is Rs. 2.99 million. These factors raised substantial doubt that subsidiary will be able to continue as a going concern, hence the financial information of the subsidiary has not been prepared on going concern basis.

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 condensed consolidated financial

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Worldcall Telecom Limited Group

information. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Non controlling interest is that part of net results of operations and of net assets of the Subsidiary attributable to interest which are not owned by the Group. Non controlling interest is presented separately in the consolidated financial information.

3 Statement of compliance

This condensed consolidated interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed consolidated interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with financial statements for the year ended 31 December 2010.

4 Significant accounting judgments and estimates

The preparation of condensed consolidated interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 December 2010.

5 Accounting policies

Accounting policies adopted for preparation of this condensed interim financial information are same as those applied in the preparation of the audited financial statements of the Group for the year ended 31 December 2010 and stated therein, except for addition of the following:

- 5.1 The revenue under Universal Service Fund (USF) services and subsidy agreement is recognized under IAS-18 based on stage of completion with reference to the achievement of each milestone as provided in the agreement.
- 5.2 Indefeasible right to use (IRU) contracts are recognised at cost as an intangible asset when the Company has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortised on a straight line basis over the period of the contract.

Worldcall Telecom Limited Group

Note	30 September	31 December
	2011	2010
------(Rupees in '000)-----		
6	Property, Plant and Equipment	
	Owned and leased assets:	
	Opening net book value	12,110,704
	Additions during the period/year	2,168,659
6.1	<u>761,368</u>	<u>14,279,363</u>
	Disposals for the period/year - NBV	(5,115)
6.2	<u>(22,270)</u>	<u>(5,760)</u>
	Transferred to investment properties	(5,760)
	Adjustment during the period/year -NBV	(43,257)
	Depreciation for the period/year	(1,430,187)
6.3	<u>(1,057,668)</u>	<u>(1,430,187)</u>
	Closing net book value	12,795,044
	<u>12,476,474</u>	<u>12,795,044</u>

6.1 Break-up of additions

Freehold land	-	5,760
Leasehold improvements	2,514	1,141
Plant and equipment	559,033	2,132,163
Office equipment	4,258	7,635
Computers	50,413	8,908
Furniture and fixtures	253	552
Vehicles	144,339	9,335
Lab and other equipment	558	3,165
	<u>761,368</u>	<u>2,168,659</u>

6.2 Break-up of disposals - NBV

Leasehold improvements	-	(41)
Plant and equipment	(5,537)	(2,173)
Office equipment	(242)	(1,139)
Computers	(280)	(58)
Furniture and fixtures	(4)	(208)
Vehicles	(16,207)	(1,496)
	<u>(22,270)</u>	<u>(5,115)</u>

- 6.3 Property, plant & equipment includes equipment deployed in implementing the USF network which is subject to lien exercisable by USF Company in the event of failure by the Company to maintain service availability and quality specification.

Note	30 September	31 December
	2011	2010
------(Rupees in '000)-----		
7	Intangible assets- NBV	
	Licenses	2,051,442
	Patents and copyrights	926
	Indefeasible right of use- Media cost	-
7.1	<u>749,920</u>	<u>450</u>
	Softwares	450
	Goodwill	2,553,494
7.2	<u>2,553,494</u>	<u>2,553,494</u>
	<u>5,236,480</u>	<u>4,606,312</u>

- 7.1 During the period the Company has acquired an indefeasible right of use in respect of capacity procured from Multinet Pakistan (Pvt) Limited for the period of 15 years.

Worldcall Telecom Limited Group

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

The Company assessed the recoverable amount at 30 September 2011 and determined that as of this date there is no indication of impairment of Goodwill. The recoverable amount was calculated on the basis of five year financial business plan which assumes substantial cash inflows from either investing or financing activities. During the current period long term loan facility of USD 35 million was obtained by the Company as assumed in the five year financial business plan.

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

	30 September 2011	31 December 2010
	----- (Rupees in '000) -----	
8 Investment properties		
Opening balance	89,900	76,162
Additions during the period/year	20,034	6,600
Transferred from owned assets	-	5,760
Fair value adjustment	-	1,378
Closing balance	<u>109,934</u>	<u>89,900</u>

Investment properties comprise of land and offices.

During the period the Company acquired land under barter arrangement with Super Dream, Wind Mill Villas and Peace City against the advertisement services.

9 Non current assets and liabilities classified as held for sale

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

Following are the results for the period ending 30 September 2011 and the comparative period of discontinued operations.

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
	----- (Rupees in '000) -----	
Results of discontinued operations		
Revenue	1,237	2,802
Expenses	(7,801)	(7,350)
Results from operating activities	<u>(6,564)</u>	<u>(4,548)</u>
Finance cost	(64)	(2,472)
Other income	9,622	49
Profit/(loss) for the period	<u>2,994</u>	<u>(6,971)</u>

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	Nine months ended 30 September 2011	Nine months ended 30 September 2010
	----- (Rupees in '000) -----	
Cash flow generated from/(used in) discontinued operations		
Net cash used in operating activities	(7,860)	(161)
Net cash used in investing activities	(60)	-
Net cash from financing activities	8,561	-
Net cash generated from/(used in) discontinued operation	<u>641</u>	<u>(161)</u>

	30 September 2011	31 December 2010
	----- (Rupees in '000) -----	
Assets and liabilities classified as held for sale		
Assets		
Computer	60	-
Other receivable	40	-
Cash and bank	685	144
	<u>785</u>	<u>144</u>
Liabilities		
Trade and other payables	8,974	18,132
Income tax payable	7	7
	<u>8,981</u>	<u>18,139</u>

10 Long term loan

Received during the period	2,943,855	-
Less: Initial transaction cost	(42,668)	-
	<u>2,901,187</u>	<u>-</u>
Add: Amortization of transaction cost	3,048	-
	<u>2,904,235</u>	<u>-</u>
Add: Exchange loss during the period	71,445	-
	<u>2,975,680</u>	<u>-</u>

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited OFF-Shore Banking Unit, Bahrain with the lead arranger being Askari Bank Limited. During the period USD 34.5 million have been drawn from this facility. This loan is re-payable in 20 equal quarterly installments with 2 years grace period commencing 06 June 2013. Profit is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.2% per annum. To secure the facility an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman favoring Askari Bank Limited against the corporate guarantee of Oman Telecommunication Company SAOG. This arrangement shall remain effective until all obligations under the facility are settled.

11 Deferred income

It represents the amount received against contracts valuing Rs 786 million and 487 million for the deployment of network in MTR and GTR respectively awarded by Universal Service Fund Company (USFC), a Company established for the purpose of increasing teledensity in Pakistan.

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	30 September 2011	31 December 2010
Note	------(Rupees in '000)-----	
12 Longterm payable		
Payable to Pakistan Telecommunication Authority (PTA)	12.1 601,247	-
Payable to Multinet Pakistan (Pvt) Limited	12.2 168,829	-
Suppliers	776,799	631,645
	<u>1,546,875</u>	<u>631,645</u>

12.1 Payable to Pakistan Telecommunication Authority (PTA)

Carrying value of liability	1,373,557	-
Less: present value adjustment	(256,830)	-
	<u>1,116,727</u>	-
Less: payments during the period	(38,154)	-
	<u>1,078,573</u>	-
Less: current maturity	(477,326)	-
	<u>601,247</u>	-

This represents interest free access promotion contribution charges (APC) for USF payable to PTA. PTA has allowed to make payment of outstanding amount in 36 equal installments, commencing from 01 September 2011. The liability is discounted using the effective interest rate of 16% per annum.

	30 September 2011	31 December 2010
Note	------(Rupees in '000)-----	
12.2 Payable to Multinet Pakistan (Pvt) Limited		
Carrying value of liability	784,800	-
Less: present value adjustment	(103,356)	-
	<u>681,444</u>	-
Less: current maturity	(512,615)	-
	<u>168,829</u>	-

This represents amount payable to Multinet Pakistan (Pvt) Limited ("MPL") in respect of indefeasible right to use of media. Subsequent to initial recognition, the consideration that was immediately payable was deferred for period of five years by MPL. Gain on remeasurement has been calculated using the effective interest rate of 16% per annum.

13 Contingencies and commitments - The Company

Contingencies

13.1 Billing disputes with PTCL

13.1.1 There is a dispute of Rs. 72.64 million (31 December 2010: Rs 72.22 million) with PTCL of non revenue time of prepaid calling cards and Rs. 34.56 million (31 December 2010: Rs 32.13 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. 161.45 million (31 December 2010: Rs.140.07 million) on account of difference in rates, distances and date of activations. The Company has deposited Rs. 40 million (31 December 2010: Rs. 40 million) in Escrow Account on account of dispute of

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

13.2.2 There is a dispute with PTA on payment of R&D Fund contribution amounting to Rs. 11.3 million (31 December 2010: Rs. 11.3 million). The legal validity of this fund is under challenge before the Honorable Supreme Court of Pakistan. The Company has also gone into appeal against the demand before the Honorable Lahore High Court Lahore. The Company is hopeful of a favorable decision.

13.2.3 There is a dispute with PTA on payment of contribution of APC for USF amounting to Rs. 491 million (31 December 2010: Rs. 491 million). Out of this amount, Rs. 394 million has been deposited with PTA in relation to the period prior to the valid formation of USF fund by the Federal Government. The matter is pending adjudication before the Honorable Supreme Court of Pakistan. The Company is hopeful of a favorable decision.

13.3 Taxation issues

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

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

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

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13.3.4 The department of Inland Revenue, Sales Tax, LTU has issued a show cause notice under section 11(2) and 36(1) of the Sales Tax Act 1990 demanding Rs. 232.35 million allegedly claimed wrongly as input tax during the period 2005 to 2009 on LDI services. It is the case of the department that LDI services are exempt under Federal Excise Act therefore input tax cannot be claimed for exempt services. The case is at first stage i.e. adjudication and based on legal advice Company is hopeful of a favorable decision.

	30 September 2011	31 December 2010
	----- (Rupees in '000) -----	
Commitments		
13.4 Outstanding guarantees	<u>935,931</u>	<u>1,012,853</u>
13.5 Commitments in respect of capital expenditure	<u>2,299,041</u>	<u>757,484</u>
13.6 Outstanding letters of credit	<u>127,245</u>	<u>75,800</u>

	Note	Nine months ended 30 September 2011	Nine months ended 30 September 2010
		----- (Rupees in '000) -----	
14 Other income			

Income from financial assets

	Note	Nine months ended 30 September 2011	Nine months ended 30 September 2010
Income on deposit and saving accounts		19,369	14,698
Mark-up on advance to associated company		-	1,698
Gain on remeasurement of financial liabilities	12.1 & 12.2	360,186	-
Exchange (loss)/gain		(61,952)	515
		<u>317,603</u>	<u>16,911</u>

Income from non-financial assets

Profit on sale of property, plant and equipment	60,978	13,851
Miscellaneous	6,662	15,550
	<u>67,640</u>	<u>29,401</u>
	<u>385,243</u>	<u>46,312</u>

15 Cash generated from operations

Loss before taxation	(274,384)	(948,699)
Adjustment for non-cash charges and other items:		
Depreciation	1,057,668	1,041,382
Amortization of intangible assets	115,384	75,247
Interest on PTA license fee	-	34,219
Amortization of transaction cost	12,306	8,455
Amortization of receivables	9,989	18,437
Provision for doubtful receivables	84,376	110,749
Provision for stores and spares	6,000	14,700
Impairment loss on available for sale financial assets	15,470	65,894
Gain on remeasurement of liabilities	(360,186)	-
Exchange loss on foreign currency loan	71,445	-
Gain on disposal of property, plant and equipment	(60,978)	(13,851)
Exchange translation difference	(1,242)	(1,831)
Retirement benefits	69,339	70,105
Finance cost	505,905	518,757
Profit before working capital changes	<u>1,251,092</u>	<u>993,564</u>

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Nine months ended 30 September 2011	Nine months ended 30 September 2010
----- (Rupees in '000) -----	

Effect on cash flow due to working capital changes:

<i>(Increase)/Decrease in the current assets</i>		
Stores and spares	(70,163)	97,416
Stock in trade	(2,872)	(13,893)
Trade debts	(1,188,844)	(508,051)
Loans and advances	(641,350)	63,331
Deposits and prepayments	22,425	989
Other receivables	146,918	(10,494)
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	(290,312)	1,760,061
	<u>(2,024,198)</u>	<u>1,389,358</u>
	<u>(773,106)</u>	<u>2,382,923</u>

16 Related party transactions

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

	Nine months ended 30 September 2011	Nine months ended 30 September 2010
	----- (Rupees in '000) -----	
Relationship with the Company		
Parent Company		
Purchase of goods and services	192,841	412,524
Sale of goods and services	134,177	304,928
Other related parties		
Purchase of goods and services	12,332	21,901
Purchase of property	21,000	20,000
Sale of goods and services	560	252
Interest on loan	-	1,698
Provision for doubtful debts	-	54,648
Key management personnel		
Salaries and other employee benefits	269,310	209,203

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

	30 September 2011	31 December 2010
	----- (Rupees in '000) -----	
Period end balances		
Receivable from related parties	231,893	207,814
Payable to related parties	1,137,116	1,156,250

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

17 Subsequent event

Subsequent to the balance sheet date the Company repaid markup related to third installment of TFC-III which was due on 07 October 2011. However an extension of 60 days i.e. upto 06 December 2011, was obtained through consent of majority of TFC holders, holding certificates in aggregate of 68.8%.

18 Date of authorization for issue

This condensed consolidated interim financial information was authorized for issue on 31 October 2011 by the Board of Directors.

19 General

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