



An Omantel Company

WorldCall

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

**30 SEPTEMBER 2013**



An Omantel Company

WorldCall



## 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.





# Contents

**Page Seven**

Company information

**Page Nine**

Directors' review

**Page Ten**

Condensed interim unconsolidated balance sheet

**Page Eleven**

Condensed interim unconsolidated profit & loss account

**Page Twelve**

Condensed interim unconsolidated statement of  
comprehensive income

**Page Thirteen**

Condensed interim unconsolidated cash flow statement

**Page Fourteen**

Condensed interim unconsolidated statement of changes in equity

**Page Fifteen**

Notes to the condensed interim unconsolidated financial information

**Page Twenty Seven**

Condensed interim consolidated financial information





## COMPANY INFORMATION

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



### Bankers *(In Alphabetical Order)*

Allied Bank Limited  
Albaraka Bank (Pakistan) Limited  
(formerly Emirates Global Islamic Bank Limited)  
Askari Bank Limited  
Barclays Bank Plc Pakistan  
Deutsche Bank AG  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
HSBC Bank Middle East Limited  
HSBC Bank Oman S.A.O.G.  
(formerly Oman International Bank S.A.O.G.)  
IGI Investment Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Pak Oman Investment Co. Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
(formerly Arif Habib Bank Limited)  
Tameer Microfinance Bank Limited  
The Bank of Punjab  
United Bank Limited

### Registrar and Shares Transfer Office

THK Associates (Pvt.) Limited  
Ground Floor, State Life Building No.3,  
Dr. Zia-ud-Din Ahmed Road, Karachi.  
Tel: (021) 111-000-322

### Registered Office/Head Office

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

### Webpage

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

**DIRECTORS' REVIEW**

The Directors of Worldcall Telecom Limited ("WTL" or the "Company") are pleased to present the brief overview of the financial information for the nine months period ended 30 September 2013.

**Financial Overview**

During the period under review, the Company was badly hit by unfavorable movement in exchange rate. This led to recognition of heavy exchange losses on all foreign currency denominated liabilities. Apart from that performance remained suppressed as the Company has yet to proceed to roll out and network improvement. Overall activity when contrasted with last year corresponding figures appears diminished.

Surge in gross loss in current period is mainly attributable to heavy depreciation charges which could not be fully absorbed by a revenue total of Rs 2,762 million. A slight saving in operating cost of 2% is the result of various cost cutting initiatives. The period was closed with a net loss of Rs 1,532 million.

**Future Outlook**

The Company has successfully concluded CPS transaction during the last quarter. The shares have been allotted to the investors and other regulatory requirement and performance obligations have been complied with. This compliance has now entitled the Company to utilize the proceeds of the second tranche of funding as per the strategic expansion plans.

The Company is aware of the critical situation and is ambitious to make a turnaround. There are certain broad based factors that are adversely affecting the whole ICT sector. Taxation regime making telecommunication services costly to public, decline in foreign investment, soaring cost of doing business with falling ARPU, etc are some of the factors that need attention at the policy making level. The Company is also hopeful that some mergers and acquisitions within the ICT industry will also bring about favorable changes for all the participants. The Company expects its financial indicators to show a favorable turn gradually as various roll out plans are accomplished in near future.

**Company's staff and customers**

We whole heartedly put in record here our appreciation and gratitude to our all staff members for their efforts and hard work especially in recent times of stress and pressure. We further express our sincere gratitude for our customers for their continued trust on our services.

For and on behalf of the Board of Directors

*Babur Ali Syed*

**Babur Ali Syed**  
Chief Executive Officer

Muscat  
29 October 2013

**CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (Un-Audited) AS AT 30 SEPTEMBER 2013**

	30 September 2013	Restated 31 December 2012	Restated 31 December 2011
	(Rupees in '000)		
<b>NON CURRENT ASSETS</b>			
<b>Tangible fixed assets</b>			
Property, plant and equipment	5 12,570,820	13,002,060	13,527,048
Capital work-in-progress	1,272,226	782,635	650,986
	<b>13,843,046</b>	<b>13,784,695</b>	<b>14,178,034</b>
<b>Intangible assets</b>			
Investment properties	6 4,828,703	4,987,160	5,183,628
Long term investment - classified as held for sale	7 -	160,474	146,074
Long term trade receivables	8 180,603	242,883	18,092
Deferred taxation	2,067,724	1,295,068	288,499
Long term loans and deposits	82,090	122,074	132,323
	<b>21,162,640</b>	<b>20,592,354</b>	<b>19,946,650</b>
<b>CURRENT ASSETS</b>			
Stores and spares	187,278	225,091	235,415
Stock in trade	237,063	208,140	201,901
Trade debts	1,920,594	2,624,883	3,252,683
Loans and advances - considered good	1,143,838	1,441,416	1,058,229
Deposits and prepayments	166,975	190,848	142,945
Other receivables	62,625	64,513	86,212
Short term investments	83,135	104,982	114,489
Income tax recoverable - net	154,597	154,656	163,943
Cash and bank balances	2,421,025	100,742	327,028
	<b>6,377,130</b>	<b>5,115,271</b>	<b>5,582,845</b>
<b>CURRENT LIABILITIES</b>			
Current maturities of non-current liabilities	1,455,849	1,447,025	2,095,116
Running finance under mark-up arrangements - secured	787,759	789,331	979,373
Short term borrowings	68,256	1,014,767	118,503
License fee payable	1,021,500	1,021,500	1,021,500
Trade and other payables	6,478,560	5,947,891	4,589,727
Interest and mark-up accrued	249,393	245,190	140,183
	<b>10,061,317</b>	<b>10,465,704</b>	<b>8,944,402</b>
<b>NET CURRENT LIABILITIES</b>	<b>(3,684,187)</b>	<b>(5,350,433)</b>	<b>(3,361,557)</b>
<b>NON CURRENT LIABILITIES</b>			
Term finance certificates - secured	10 1,643,735	1,640,083	1,081,213
Long term loan	11 3,401,321	2,815,456	3,060,004
Deferred income	-	65,916	166,300
Retirement benefits	344,509	362,907	310,007
Liabilities against assets subject to finance lease	2,227	44,904	89,471
Long term payables	12 1,171,878	1,288,444	1,494,620
Long term deposits	42,390	42,458	42,661
Contingencies and commitments	13 6,606,060	6,260,168	6,244,276
	<b>10,872,393</b>	<b>8,981,753</b>	<b>10,340,817</b>
<b>REPRESENTED BY</b>			
<b>Share capital and reserves</b>			
Authorized capital			
1,500,000,000 (31 December 2012: 900,000,000) ordinary shares of Rs. 10 each	15,000,000	9,000,000	9,000,000
500,000 (31 December 2012: Nil) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs. 6,000,000,000)	6,000,000	-	-
Ordinary share capital	14 8,605,716	8,605,716	8,605,716
Preference share capital	15 3,537,700	-	-
Share premium	837,335	837,335	837,335
Fair value reserve - available for sale financial assets	5,190	13,835	(242,023)
Exchange translation reserve	154,800	-	-
Accumulated (loss)/profit	(2,625,086)	(823,263)	796,544
	<b>10,515,655</b>	<b>8,633,623</b>	<b>9,997,572</b>
Surplus on revaluation	356,738	348,130	343,245
	<b>10,872,393</b>	<b>8,981,753</b>	<b>10,340,817</b>

The annexed notes 1 to 20 form an integral part of this condensed interim unconsolidated financial information.

Muscat

*Babur Ali Syed*  
Chief Executive Officer

*Director*  
Director



**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS  
ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

Note	Nine months ended 30 September 2013	Nine months ended 30 September 2012	Quarter ended 30 September 2013	Quarter ended 30 September 2012
----- (Rupees in '000) -----				
Revenue - net	2,762,514	6,011,554	947,536	1,200,301
Direct cost	(2,941,322)	(6,094,447)	(1,128,709)	(1,652,288)
<b>Gross loss</b>	<b>(178,808)</b>	<b>(82,893)</b>	<b>(181,173)</b>	<b>(451,987)</b>
Operating cost	(1,141,995)	(1,164,181)	(544,431)	(441,590)
<b>Operating loss</b>	<b>(1,320,803)</b>	<b>(1,247,074)</b>	<b>(725,604)</b>	<b>(893,577)</b>
Finance cost	(467,523)	(492,188)	(141,708)	(178,205)
	<b>(1,788,326)</b>	<b>(1,739,262)</b>	<b>(867,312)</b>	<b>(1,071,782)</b>
Impairment loss on available for sale financial assets	(13,202)	(28,334)	(13,202)	-
Other operating income	46,873	155,857	32,967	8,712
Other operating expenses	(517,689)	(230,889)	(409,752)	(24,307)
<b>Loss before taxation</b>	<b>(2,272,344)</b>	<b>(1,842,628)</b>	<b>(1,257,299)</b>	<b>(1,087,377)</b>
Taxation	740,087	687,231	340,667	358,215
	<b>(1,532,257)</b>	<b>(1,155,397)</b>	<b>(916,632)</b>	<b>(729,162)</b>
<b>Loss per share - basic (Rupees)</b>	<b>(1.82)</b>	<b>(1.34)</b>	<b>(1.07)</b>	<b>(0.85)</b>
<b>Loss per share - diluted (Rupees)</b>	<b>(1.29)</b>	<b>(1.34)</b>	<b>(0.77)</b>	<b>(0.85)</b>

The annexed notes 1 to 20 form an integral part of this condensed interim unconsolidated financial information.

Muscat

*Balawadhi*  
Chief Executive Officer

*Q. Alim*  
Director



**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

Note	Nine months ended 30 September 2013	Nine months ended 30 September 2012	Quarter ended 30 September 2013	Quarter ended 30 September 2012
----- (Rupees in '000) -----				
Loss for the period	(1,532,257)	(1,155,397)	(916,632)	(729,162)
<b>Other comprehensive (loss)/income - net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Net change in fair value of available for sale financial assets	(21,847)	(6,695)	(17,818)	25,910
Impairment loss transferred to profit and loss account	13,202	28,334	13,202	-
	<b>(8,645)</b>	<b>21,639</b>	<b>(4,616)</b>	<b>25,910</b>
Total comprehensive loss for the period	<b>(1,540,902)</b>	<b>(1,133,758)</b>	<b>(921,248)</b>	<b>(703,252)</b>

The annexed notes 1 to 20 form an integral part of this condensed interim unconsolidated financial information.

Muscat

*Balawadhi*  
Chief Executive Officer

*Q. Alim*  
Director



**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

Note	Nine months ended		
	30 September 2013	Nine months ended 30 September 2012	
----- (Rupees in '000) -----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	1,080,606	1,414,051
Decrease in long term deposits receivable		39,984	4,582
Decrease/(increase) in long term trade receivable		62,280	(794,519)
Decrease in long term deposits payable		(68)	(251)
Decrease in deferred income		(65,916)	(100,384)
Increase in long term payables		146,111	225,064
Retirement benefits paid		(80,561)	(7,844)
Finance cost paid		(422,719)	(396,462)
Taxes paid		(27,567)	(18,549)
<b>Net cash generated from operating activities</b>		<b>732,150</b>	<b>325,688</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(969,039)	(522,659)
Proceeds from sale of property, plant and equipment		8,032	18,982
<b>Net cash used in investing activities</b>		<b>(961,007)</b>	<b>(503,677)</b>
<b>Cash flows from financing activities</b>			
Proceeds received against preference shares		3,537,700	-
Running finance - net		(1,572)	(190,857)
(Payment)/receipt of short term borrowings - net		(946,511)	731,276
Repayment of term finance certificates		-	(547,913)
Repayment of liabilities against assets subject to finance lease		(40,477)	(50,461)
<b>Net cash generated from/(used in) financing activities</b>		<b>2,549,140</b>	<b>(57,955)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,320,283</b>	<b>(235,944)</b>
<b>Cash and bank balances at the beginning of the period</b>		<b>100,742</b>	<b>327,028</b>
<b>Cash and bank balances at the end of the period</b>		<b>2,421,025</b>	<b>91,084</b>

The annexed notes 1 to 20 form an integral part of this condensed interim unconsolidated financial information.

Muscat

*Balawadi*  
Chief Executive Officer

*Wahid*  
Director



**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Ordinary share capital	Preference share capital	Share premium	Fair value reserve- available for sale financial assets	Exchange translation reserve	Accumulate profit/(loss) reserve	Revaluation reserve	Total
<b>Balance as at 31 December 2011</b>	8,605,716	-	837,335	(242,023)	-	806,476	343,245	10,350,749
Effect of change in accounting policy	-	-	-	-	-	(9,932)	-	(9,932)
<b>Balance as at 31 December 2011 - restated</b>	<b>8,605,716</b>	<b>-</b>	<b>837,335</b>	<b>(242,023)</b>	<b>-</b>	<b>796,544</b>	<b>343,245</b>	<b>10,340,817</b>
Total comprehensive loss for the period	-	-	-	21,639	-	(1,155,397)	-	(1,133,758)
Transfer to surplus on revaluation	-	-	-	-	-	(5,090)	5,090	-
<b>Balance as at 30 September 2012 - restated</b>	<b>8,605,716</b>	<b>-</b>	<b>837,335</b>	<b>(220,384)</b>	<b>-</b>	<b>(363,943)</b>	<b>348,335</b>	<b>9,207,059</b>
Total comprehensive income/(loss) for the period - restated	-	-	-	234,219	-	(459,525)	-	(225,306)
Transfer to surplus on revaluation	-	-	-	-	-	205	(205)	-
<b>Balance as at 31 December 2012 - restated</b>	<b>8,605,716</b>	<b>-</b>	<b>837,335</b>	<b>13,835</b>	<b>-</b>	<b>(823,263)</b>	<b>348,130</b>	<b>8,981,753</b>
Issuance of preference shares	-	3,537,700	-	-	-	-	-	3,537,700
Total comprehensive loss for the period	-	-	-	(8,645)	-	(1,532,257)	-	(1,540,902)
Transfer to surplus on revaluation	-	-	-	-	-	(3,664)	8,608	4,944
Exchange translation reserve	-	-	-	-	154,800	(154,800)	-	-
Cost of issuance of preference shares	-	-	-	-	-	(73,942)	-	(73,942)
Dividend on preference shares	-	-	-	-	-	(37,160)	-	(37,160)
<b>Balance as at 30 September 2013</b>	<b>8,605,716</b>	<b>3,537,700</b>	<b>837,335</b>	<b>5,190</b>	<b>154,800</b>	<b>(2,625,086)</b>	<b>356,738</b>	<b>10,872,393</b>

The annexed notes 1 to 20 form an integral part of this condensed interim unconsolidated financial information.

Muscat

*Balawadi*  
Chief Executive Officer

*Wahid*  
Director



## NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

### 1 Legal status and nature of business

Worldcall Telecom Limited ("the Company") is a public limited company incorporated in Pakistan on 15 March 2001 under the Companies Ordinance, 1984 and its shares are quoted on the Karachi and Lahore Stock Exchanges. The Company commenced its operations on 01 December 2004 and is engaged in providing Wireless Local Loop ("WLL") and Long Distance & International ("LDI") services in Pakistan, operation and maintenance of public payphones network and re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals as well as interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The registered office of the Company is situated at 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 Basic of preparation

#### 2.1 Statement of Compliance

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

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

#### 2.2 Accounting convention and basis of preparation

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

### 3 Accounting policies

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

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

- IAS 32 (amendment) - Offsetting Financial Assets and Financial Liabilities



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

### 3.1 Retirement benefits

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

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

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

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

	31 December 2012	31 December 2011
	----- (Rupees in '000) -----	
<b><u>Condensed interim unconsolidated balance sheet</u></b>		
(Decrease)/increase in retirement benefits obligation	<u>(24,788)</u>	9,932
Decrease in accumulated loss	<u>24,788</u>	-
Decrease in accumulated profit	<u>-</u>	<u>(9,932)</u>
	<b>Year ended</b>	
	<b>31 December 2012</b>	<b>31 December 2011</b>
	----- (Rupees in '000) -----	
<b><u>Condensed interim unconsolidated statement of comprehensive income</u></b>		
Actuarial gain/(loss) on employee retirement benefits	<u>34,720</u>	<u>(9,932)</u>

### 4 Significant accounting judgments and estimates

The preparation of condensed interim unconsolidated financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this condensed interim unconsolidated financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 December 2012.





	<b>30 September</b>	<b>31 December</b>
<b>Note</b>	<b>2013</b>	<b>2012</b>
	----- <b>(Rupees in '000)</b> -----	

**5 Property, Plant and Equipment****Owned and leased assets:**

Opening net book value		<b>13,002,060</b>	13,527,048
Additions during the period/year	5.1	<u><b>514,587</b></u>	<u>678,907</u>
		<b>13,516,647</b>	14,205,955
Disposals for the period/year - NBV	5.2	<b>(4,134)</b>	(16,771)
Adjustment during the period/year - NBV		<b>(364)</b>	-
Depreciation for the period/year		<u><b>(941,329)</b></u>	<u>(1,187,124)</u>
Closing net book value	5.3	<u><b>12,570,820</b></u>	<u>13,002,060</u>

**5.1 Break-up of additions**

Leasehold improvements		577	3,463
Plant and equipment		<b>508,178</b>	634,202
Office equipment		936	962
Computers		1,431	36,229
Furniture and fixtures		-	300
Vehicles		<b>3,465</b>	3,751
		<u><b>514,587</b></u>	<u>678,907</u>

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

Leasehold improvement		<b>(11)</b>	(24)
Office equipment		<b>(632)</b>	(40)
Computers		<b>(45)</b>	(16,001)
Furniture and fixtures		<b>(262)</b>	-
Vehicles		<b>(3,184)</b>	(706)
		<u><b>(4,134)</b></u>	<u>(16,771)</u>

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

	<b>30 September</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	----- <b>(Rupees in '000)</b> -----	

**6 Intangible assets (at NBV)**

Licenses		<b>1,617,137</b>	1,735,324
Indefeasible right of use - Media cost	6.1	<b>645,367</b>	684,568
Software		<b>12,705</b>	13,774
Goodwill	6.2	<u><b>2,553,494</b></u>	<u>2,553,494</u>
		<u><b>4,828,703</b></u>	<u>4,987,160</u>

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

**6.2** Goodwill represents the difference between the cost of acquisition (fair value of consideration paid) and the fair value of net identifiable assets acquired at the time of merger of Worldcall



Telecom Limited with Worldcall Communications Limited, Worldcall Multimedia Limited and Worldcall Broadband Limited.

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

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% (2012: 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.

	<b>30 September</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	----- <b>(Rupees in '000)</b> -----	

**7 Long term investment - classified as held for sale****Foreign subsidiary - unquoted****Worldcall Telecommunications Lanka (Private) Limited Incorporated in Sri Lanka**

7,221,740 ( 31 December 2012: 7,221,740) ordinary shares of Sri Lankan Rupees 10 each. Equity held 70.65% (31 December 2012: 70.65%)

Share deposit money

<b>44,406</b>	44,406
<b>13,671</b>	13,671
<b>58,077</b>	58,077

Less: Provision for impairment

<b>(58,077)</b>	(58,077)
<b>-</b>	-

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

**8 Long term trade receivable**

This represents receivable from the sale of Optical Fiber Cable stated at amortized cost by using the discount rate of 16%.



	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>9 Short term borrowings</b>		
Habib Bank Limited - I	-	708,000
Habib Bank Limited - II	-	194,459
KASB Bank Limited	-	49,500
Soneri Bank Limited - I	9.1 <b>33,551</b>	42,196
Soneri Bank Limited - II	9.2 <b>34,705</b>	4,879
Standard Chartered Bank (Pakistan) Limited	-	15,733
	<b>68,256</b>	<b>1,014,767</b>

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

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

	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>10 Term Finance Certificates - secured</b>		
Term finance certificates	<b>1,643,735</b>	1,643,735
Less: Initial transaction cost	<b>(53,994)</b>	(53,994)
	<b>1,589,741</b>	1,589,741
Amortization of transaction cost	<b>53,994</b>	50,342
	<b>1,643,735</b>	1,640,083
Less: Current maturity	-	-
	<b>1,643,735</b>	1,640,083

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

#### **Term finance certificates**

These represent listed Term Finance Certificates ("TFC") amounting to Rs. 4,000 million. Out of this, Rs. 3,000 million was received on account of Pre-IPO and Rs. 1,000 million was offered to public for subscription. Profit rate is charged at six months average KIBOR plus 1.60% per annum.

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

	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>11 Long term loan</b>		
Receipt	<b>2,943,855</b>	2,943,855
Less: Initial transaction cost	<b>(42,668)</b>	(42,668)
	<b>2,901,187</b>	2,901,187



	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
Add: Amortization of transaction cost	<b>15,239</b>	10,667
	<b>2,916,426</b>	2,911,854
Add: Exchange loss	<b>695,895</b>	406,095
	<b>3,612,321</b>	3,317,949
Less: Current maturity	<b>(211,000)</b>	(502,493)
	<b>3,401,321</b>	2,815,456

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

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

	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>12 Long term payable</b>		
Payable to Pakistan Telecommunication Authority	<b>639,080</b>	768,589
Payable to Multinet Pakistan (Private) Limited Suppliers	<b>58,267</b>	115,835
	<b>474,531</b>	404,020
	<b>1,171,878</b>	1,288,444

#### **13 Contingencies and commitments**

##### **Contingencies**

##### **13.1 Billing disputes with PTCL**

**13.1.1** There is a dispute of Rs. 72.64 million (31 December 2012: Rs 72.64 million) with PTCL of non revenue time of prepaid calling cards and Rs. 46.08 million (31 December 2012: Rs 41.40 million) for excess minutes billed on account of interconnect and settlement charges. The Company is hopeful that matter will be decided in favour of the Company.

**13.1.2** PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 206.98 million (31 December 2012: Rs.183.99 million) on account of difference in rates, distances and date of activations. The Company has deposited Rs. 40 million (31 December 2012: Rs. 40 million) in Escrow Account on account of dispute of charging of bandwidth charges from the date of activation of Digital Interface Units ("DIUs") for commercial operation and in proportion to activation of DIUs related to each DPLC link and excess charging in respect of Karachi-Rawalpindi link which was never activated. The Company is hopeful that matter will be decided in favour of the Company.

**13.2 Disputes with Pakistan Telecommunication Authority ("PTA")**

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

**13.2.2** There is a dispute with PTA on payment of research and development fund contribution amounting to Rs. 5.65 million (31 December 2012: Rs. 5.65 million). The legal validity of this fund is under challenge before the Honourable Supreme Court of Pakistan. The Company is hopeful of a favourable decision.

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

**13.3 Taxation issues**

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

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

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

**13.4 Others**

**13.4.1** Samsung claimed an amount of Rs.147.70 million (USD 1.4 million) against its receivables under a certain settlement and services agreement. However, the Company denies the claim



on the basis that Samsung failed to fulfil its obligations and did not provide services for which Company reserves the right to initiate appropriate proceedings against Samsung. Based on the legal advice, Company is hopeful that matter will be resolved in its favour.

	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>Commitments</b>		
<b>13.5</b> Outstanding guarantees	<u>1,165,891</u>	<u>1,213,373</u>
<b>13.6</b> Commitments in respect of capital expenditure	<u>2,303,507</u>	<u>2,070,847</u>
<b>13.7</b> Outstanding letters of credit	<u>4,850</u>	<u>38,840</u>
<b>14 Issued, subscribed and paid up share capital</b>		
860,571,513 (December 2012: 860,571,513) ordinary of Rs. 10 each	<u>8,605,716</u>	<u>8,605,716</u>
<b>15 Preference share capital</b>		
350,000 Preference shares of USD 100 each fully paid in cash	<u>3,537,700</u>	<u>-</u>
	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
<i>The reconciliation of preference shares is as follows</i>		
Opening balance	-	-
Add: Shares issued during the period	<u>350,000</u>	<u>-</u>
	<u>350,000</u>	<u>-</u>

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

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

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

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



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

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

	Nine months ended 30 September 2013 ----- <i>(Rupees in '000)</i> -----	Nine months ended 30 September 2012 ----- <i>(Rupees in '000)</i> -----
<b>16 Cash generated from operations</b>		
Loss before taxation	(2,272,344)	(1,842,628)
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	941,329	916,919
Amortization of intangible assets	145,024	144,298
Amortization of transaction cost	8,224	12,790
Discounting charges	32,376	606,423
Amortization of receivables	(7,270)	(11,565)
Provision for doubtful receivables	419,706	219,721
Provision for stores and spares	17,821	12,000
Impairment loss on available for sale financial assets	13,202	28,334
Exchange loss on foreign currency loan	289,800	169,050
Gain on sale of property, plant and equipment	(3,899)	(2,211)
Retirement benefits	43,885	64,216
Finance cost	426,923	428,014
<b>Profit before working capital changes</b>	<b>54,777</b>	<b>745,361</b>
<b>Effect on cash flow due to working capital changes:</b>		
<i>(Increase)/decrease in the current assets</i>		
Stores and spares	19,992	2,783
Stock in trade	(28,923)	5,141
Trade debts	291,854	(547,285)
Loans and advances	297,578	(306,728)
Deposits and prepayments	(50,069)	(66,250)
Other receivables	1,888	11,110
<i>Increase in current liabilities</i>	493,509	1,569,919
Trade and other payables	1,025,829	668,690
	<b>1,080,606</b>	<b>1,414,051</b>



## 17 Related party transactions

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

Relationship with the Company	Nature of transactions	Nine months ended 30 September 2013 ----- <i>(Rupees in '000)</i> -----	Nine months ended 30 September 2012 ----- <i>(Rupees in '000)</i> -----
		Parent Company	Purchase of goods and services
	Sale of goods and services	6	49,661
Other related parties	Purchase of goods and services	7,563	6,876
	Sale of goods and services	813	773
Key management personnel	Salaries and other employee benefits	228,706	252,289

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

	30 September 2013 ----- <i>(Rupees in '000)</i> -----	31 December 2012 ----- <i>(Rupees in '000)</i> -----
<b>Period end balances</b>		
Receivable from related parties	228,820	228,813
Payable to related parties	2,327,292	2,104,212

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

## 18 Financial instruments

### Offsetting of financial assets and financial liabilities

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

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

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



## 18.1 Financial assets subject to offsetting

As at 30 September 2013						
		Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
	Note	A	B	C=A+B	D	E=C+D
<b>Financial assets</b>						
Long term trade receivables	8	-	-	-	-	180,603
Long term loans and deposits		-	-	-	-	82,090
Trade debts		3,436,571	(1,515,977)	1,920,594	-	1,920,594
Loans and advances - considered good		-	-	-	-	719,867
Other receivables - current		-	-	-	-	42,573
Short term investments		-	-	-	-	83,135
Cash and bank balances		-	-	-	-	2,421,025
		<b>3,436,571</b>	<b>(1,515,977)</b>	<b>1,920,594</b>	<b>-</b>	<b>1,920,594</b>

## 18.2 Financial liabilities subject to offsetting

As at 30 September 2013							
		Gross amount of recognised financial liabilities	Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
		A	B	C=A+B	D	E=C+D	
<b>Financial liabilities</b>							
Short term borrowings	9	-	-	-	-	-	68,256
Running finances under mark-up arrangements - secured		-	-	-	-	-	787,759
Licence fee payable		-	-	-	-	-	1,021,500
Trade and other payables		7,846,803	(1,589,080)	6,257,723	-	6,257,723	
Interest and mark-up accrued		-	-	-	-	-	249,393
Term finance certificates - secured	10	-	-	-	-	-	1,643,735
Long term loan	11	-	-	-	-	-	3,612,320
Liabilities against assets subject to finance lease		-	-	-	-	-	67,592
Long term payables	12	-	-	-	-	-	1,171,878
Long term deposits		-	-	-	-	-	42,390
		<b>7,846,803</b>	<b>(1,589,080)</b>	<b>6,257,723</b>	<b>-</b>	<b>6,257,723</b>	

As at 31 December 2012							
		Gross amount of recognised financial assets	Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
		A	B	C=A+B	D	E=C+D	
<b>Financial assets</b>							
Long term trade receivables	8	-	-	-	-	-	242,883
Long term loans and deposits		-	-	-	-	-	122,074
Trade debts		4,504,836	(1,879,953)	2,624,883	-	2,624,883	-
Loans and advances - considered good		-	-	-	-	-	591,399
Other receivables - current		-	-	-	-	-	37,694
Short term investments		-	-	-	-	-	104,982
Cash and bank balances		-	-	-	-	-	100,742
		<b>4,504,836</b>	<b>(1,879,953)</b>	<b>2,624,883</b>	<b>-</b>	<b>2,624,883</b>	



## Financial liabilities subject to offsetting

As at 31 December 2012							
		Gross amount of recognised financial liabilities	Gross amount of recognised financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
	Note	A	B	C=A+B	D	E=C+D	
<b>Financial liabilities</b>							
Short term borrowings	9	-	-	-	-	-	1,014,767
Running finances under mark-up arrangements - secured		-	-	-	-	-	789,331
Licence fee payable		-	-	-	-	-	1,021,500
Trade and other payables		6,361,439	(699,913)	5,661,526	-	5,661,526	-
Interest and mark-up accrued		-	-	-	-	-	245,190
Term finance certificates - secured	10	-	-	-	-	-	1,640,083
Long term loan	11	-	-	-	-	-	3,317,949
Liabilities against assets subject to finance lease		-	-	-	-	-	105,005
Long term payables	13	-	-	-	-	-	1,288,444
Long term deposits		-	-	-	-	-	42,458
		<b>6,361,439</b>	<b>(699,913)</b>	<b>5,661,526</b>	<b>-</b>	<b>5,661,526</b>	

## 19 Date of authorization for issue

This condensed interim unconsolidated financial information was authorized for issue on 29 October 2013 by the Board of Directors of the Company.

## 20 General

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

Muscat

Balambally  
Chief Executive Officer

G. I. M. T.  
Director



An Omantel Company

WorldCall

## WORLDCALL TELECOM LIMITED AND ITS SUBSIDIARY

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

30 SEPTEMBER 2013



An Omantel Company

WorldCall

### DIRECTORS' REVIEW

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

#### Group Foreign Subsidiary

##### Worldcall Telecommunications Lanka (Private) Limited

Winding up of the subsidiary is in process as approved in the earlier AGM of the Parent Company. In annexed condensed interim 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

29 October 2013

*Babar Ali Syed*  
Babar Ali Syed

Chief Executive Officer



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

	30 September 2013	Restated 31 December 2012	Restated 31 December 2011
<b>NON CURRENT ASSETS</b>			
<b>Tangible fixed assets</b>			
Property, plant and equipment	12,570,820	13,002,060	13,527,048
Capital work-in-progress	1,272,226	782,635	650,986
	<u>13,843,046</u>	<u>13,784,695</u>	<u>14,178,034</u>
<b>Intangible assets</b>			
Investment properties	160,474	160,474	146,074
Long term trade receivables	180,603	242,883	18,092
Deferred taxation	2,067,724	1,295,068	288,499
Long term loans and deposits	82,090	122,074	132,323
	<u>21,162,640</u>	<u>20,592,354</u>	<u>19,946,650</u>
<b>CURRENT ASSETS</b>			
Stores and spares	187,278	225,091	235,415
Stock in trade	237,063	208,140	201,901
Trade debts	1,920,594	2,624,883	3,252,683
Loans and advances - considered good	1,143,838	1,441,416	1,058,229
Deposits and prepayments	166,975	190,848	142,945
Other receivables	53,560	56,742	81,995
Short term investments	83,135	104,982	114,489
Income tax recoverable - net	154,597	154,656	163,943
Cash and bank balances	2,421,025	100,742	327,028
	<u>6,368,065</u>	<u>5,107,500</u>	<u>5,578,628</u>
Non - current assets classified as held for sale	7	144	23
	<u>6,368,072</u>	<u>5,107,644</u>	<u>5,578,651</u>
<b>CURRENT LIABILITIES</b>			
Current maturities of non-current liabilities	1,455,849	1,447,025	2,095,116
Running finance under mark-up arrangements - secured	787,759	789,331	979,373
Short term borrowings	68,256	1,014,767	118,503
License fee payable	1,021,500	1,021,500	1,021,500
Trade and other payables	6,478,560	5,947,891	4,589,727
Interest and mark-up accrued	249,393	245,190	140,183
	<u>10,061,317</u>	<u>10,465,704</u>	<u>8,944,402</u>
Non - current liabilities classified as held for sale	6,817	3,563	7,278
	<u>10,068,134</u>	<u>10,469,267</u>	<u>8,951,680</u>
	<u>(3,700,062)</u>	<u>(5,361,623)</u>	<u>(3,373,029)</u>
<b>NET CURRENT LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Term finance certificates - secured	1,643,735	1,640,083	1,081,213
Long term loan	3,401,321	2,815,456	3,060,004
Deferred income	-	65,916	166,300
Retirement benefits	344,509	362,907	310,007
Liabilities against assets subject to finance lease	2,227	44,904	89,471
Long term payables	1,171,878	1,288,444	1,494,620
Long term deposits	42,390	42,458	42,661
	<u>6,606,060</u>	<u>6,260,168</u>	<u>6,244,276</u>
Contingencies and commitments	14		
	<u>10,856,518</u>	<u>8,970,563</u>	<u>10,329,345</u>
<b>REPRESENTED BY</b>			
<b>Share capital and reserves</b>			
Authorized capital			
1,500,000,000 (31 December 2012: 900,000,000) ordinary shares of Rs. 10 each	15,000,000	9,000,000	9,000,000
500,000 (31 December 2012: nil) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs. 6,000,000,000)	6,000,000	-	-
Ordinary share capital	15	8,605,716	8,605,716
Preference share capital	16	3,537,700	-
Share premium	837,335	837,335	837,335
Fair value reserve - available for sale financial assets	5,190	13,835	(242,023)
Exchange translation reserve	148,239	(4,447)	(5,868)
Accumulated (loss)/profit	(2,629,739)	(826,720)	794,309
Capital and reserves attributable to equity holders of the Company	10,504,441	8,625,719	9,989,469
Non controlling interest	(4,661)	(3,286)	(3,369)
	<u>10,499,780</u>	<u>8,622,433</u>	<u>9,986,100</u>
Surplus on revaluation	356,738	348,130	343,245
	<u>10,856,518</u>	<u>8,970,563</u>	<u>10,329,345</u>

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Muscat

29

*Balambidi*  
Chief Executive Officer

*Director*  
Director

QUARTERLY REPORT 2013



## CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

	Nine months ended 30 September 2013	Nine months ended 30 September 2012	Quarter ended 30 September 2013	Quarter ended 30 September 2012
<b>Continuing operations</b>				
Revenue - net	2,762,514	6,011,554	947,536	1,200,301
Direct cost	(2,941,322)	(6,094,447)	(1,128,709)	(1,652,288)
<b>Gross loss</b>	<u>(178,808)</u>	<u>(82,893)</u>	<u>(181,173)</u>	<u>(451,987)</u>
Operating cost	(1,141,995)	(1,164,181)	(544,431)	(441,590)
<b>Operating loss</b>	<u>(1,320,803)</u>	<u>(1,247,074)</u>	<u>(725,604)</u>	<u>(893,577)</u>
Finance cost	(467,523)	(492,188)	(141,708)	(178,205)
	<u>(1,788,326)</u>	<u>(1,739,262)</u>	<u>(867,312)</u>	<u>(1,071,782)</u>
Impairment loss on available for sale financial assets	(13,202)	(28,334)	(13,202)	-
Other operating income	46,873	155,857	32,967	8,712
Other operating expenses	(517,689)	(230,889)	(409,752)	(24,307)
<b>Loss before taxation</b>	<u>(2,272,344)</u>	<u>(1,842,628)</u>	<u>(1,257,299)</u>	<u>(1,087,377)</u>
Taxation	740,087	687,231	340,667	358,215
<b>Loss after taxation from continuing operations</b>	<u>(1,532,257)</u>	<u>(1,155,397)</u>	<u>(916,632)</u>	<u>(729,162)</u>
<b>Discontinued operations</b>				
Loss for the period from discontinued operations	(1,692)	(2,034)	(391)	(561)
	<u>(1,533,949)</u>	<u>(1,157,431)</u>	<u>(917,023)</u>	<u>(729,723)</u>
Attributable to:				
Equity holders of Holding Company	(1,533,453)	(1,156,835)	(916,909)	(729,559)
Non controlling interest	(496)	(596)	(114)	(164)
	<u>(1,533,949)</u>	<u>(1,157,431)</u>	<u>(917,023)</u>	<u>(729,723)</u>
<b>Loss per share - basic</b>				
From continuing and discontinued operations	Rupees (1.83)	(1.34)	(1.07)	(0.85)
From continuing operations	Rupees (1.82)	(1.34)	(1.07)	(0.85)
<b>Loss per share - diluted</b>				
From continuing and discontinued operations	Rupees (1.30)	(1.34)	(0.77)	(0.85)
From continuing operations	Rupees (1.29)	(1.34)	(0.77)	(0.85)

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Muscat

30

*Balambidi*  
Chief Executive Officer

*Director*  
Director

QUARTERLY REPORT 2013



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Nine months ended 30 September 2013	Nine months ended 30 September 2012	Quarter ended 30 September 2013	Quarter ended 30 September 2012
----- (Rupees in '000) -----				
Loss for the period	(1,533,949)	(1,157,431)	(917,023)	(729,723)
<b>Other comprehensive (loss) income - net of tax:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations	(2,993)	4,765	(3,991)	(1,850)
Net change in fair value of available for sale financial assets	(21,847)	(6,695)	(17,818)	25,910
Impairment loss transferred to profit and loss account	13,202	28,334	13,202	-
	(11,638)	26,404	(8,607)	24,060
<b>Total comprehensive loss for the period</b>	<b>(1,545,587)</b>	<b>(1,131,027)</b>	<b>(925,630)</b>	<b>(705,663)</b>
Attributable to:				
Equity holders of the Holding Company	(1,544,212)	(1,131,830)	(924,344)	(704,956)
Non controlling interest	(1,375)	803	(1,286)	(707)
	(1,545,587)	(1,131,027)	(925,630)	(705,663)

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Muscat

*Balawadhi*  
Chief Executive Officer

*GRIMY*  
Director



**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT  
(UN-AUDITED)  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
----- (Rupees in '000) -----		
<b>Cash flows from operating activities</b>		
Cash generated from operations	17 1,080,470	1,416,144
Decrease in long term deposits receivable	39,984	4,582
Decrease/(increase) in long term trade receivable	62,280	(794,519)
Decrease in long term deposits payable	(68)	(251)
Decrease in deferred income	(65,916)	(100,384)
Increase in long term payables	146,111	225,064
Retirement benefits paid	(80,561)	(9,918)
Finance cost paid	(422,720)	(396,464)
Taxes paid	(27,567)	(18,549)
<b>Net cash generated from operating activities</b>	<b>732,013</b>	<b>325,705</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(969,039)	(522,659)
Proceeds from sale of property, plant and equipment	8,032	18,982
<b>Net cash used in investing activities</b>	<b>(961,007)</b>	<b>(503,677)</b>
<b>Cash flows from financing activities</b>		
Proceeds received against preference shares	3,537,700	-
Running finance - net	(1,572)	(190,857)
(Payment)/receipt of short term borrowings - net	(946,511)	731,276
Repayment of term finance certificates	-	(547,913)
Repayment of liabilities against assets subject to finance lease	(40,477)	(50,461)
<b>Net cash generated from/(used in) financing activities</b>	<b>2,549,140</b>	<b>(57,955)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,320,146</b>	<b>(235,927)</b>
<b>Cash and bank balance at the beginning of the period</b>	<b>100,886</b>	<b>327,051</b>
<b>Cash and bank balance at the end of the period</b>	<b>2,421,032</b>	<b>91,124</b>

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Muscat

*Balawadhi*  
Chief Executive Officer

*GRIMY*  
Director



**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**



An Omantel Company

WorldCall

	Attributable to equity holders of the Company							Sub Total	Non controlling interest	Total
	Ordinary share capital	Preference share capital	Share premium	Fair value reserve- available for sale financial assets	Currency translation reserve	Accumulated profit/(loss)	Revaluation reserve			
Balance as at 31 December 2011	8,605,716	-	837,335	(242,023)	(5,868)	804,241	343,245	10,342,646	(3,369)	10,339,277
Effect of change in accounting policy	-	-	-	(9,932)	(9,932)	-	-	(9,932)	-	(9,932)
Balance as at 31 December 2011 - restated	8,605,716	-	837,335	(242,023)	(5,868)	794,309	343,245	10,332,714	(3,369)	10,329,345
Total comprehensive income/(loss) for the period	-	-	-	21,639	3,366	(1,156,835)	-	(1,131,830)	803	(1,131,027)
Transfer to surplus on revaluation	-	-	-	-	-	(5,090)	5,090	-	-	-
Balance as at 30 September 2012 - restated	8,605,716	-	837,335	(220,384)	(2,502)	(367,616)	348,335	9,200,884	(2,566)	9,198,318
Total comprehensive income/(loss) for the period - restated	-	-	-	234,219	(1,945)	(459,309)	-	(227,035)	(720)	(227,755)
Transfer to surplus on revaluation	-	-	-	-	-	205	(205)	-	-	-
Balance as at 31 December 2012 - restated	8,605,716	-	837,335	13,835	(4,447)	(826,720)	348,130	8,973,849	(3,286)	8,970,563
Issuance of preference shares	-	3,537,700	-	-	-	-	-	3,537,700	-	3,537,700
Total comprehensive loss for the period	-	-	-	(8,645)	(2,114)	(1,533,453)	-	(1,544,212)	(1,375)	(1,545,587)
Transfer to surplus on revaluation	-	-	-	-	-	(3,664)	8,608	4,944	-	4,944
Exchange translation reserve	-	-	-	-	154,800	(154,800)	-	-	-	-
Cost of issuance of preference shares	-	-	-	-	-	(73,942)	-	(73,942)	-	(73,942)
Dividend on preference shares	-	-	-	-	-	(37,160)	-	(37,160)	-	(37,160)
Balance as at 30 September 2013	8,605,716	3,537,700	837,335	5,190	148,239	(2,629,739)	356,738	10,861,179	(4,661)	10,856,518

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated financial information.

Muscat

*Balawandi*  
Chief Executive Officer

*Griffin*  
Director



An Omantel Company

WorldCall

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

**1 Legal status and nature of business**

**1.1 The Group consists of:**

Worldcall Telecom Limited; and

Worldcall Telecommunications Lanka (Private) Limited

**1.2** Worldcall Telecom Limited ("the Company") is a public limited company incorporated in Pakistan on 15 March 2001 under the Companies Ordinance, 1984 and its shares are quoted on 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 Holding Company").

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

**2 Basis of preparation**

**Consolidation**

The condensed interim consolidated financial information includes the financial information of the Company and its Subsidiary. The financial information of the Subsidiary has been consolidated on a line by line basis.

**Subsidiary**

Subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to benefit from its activities. The financial information of the Subsidiary is included in the condensed interim consolidated financial information from the date that control commences until the date that control ceases.

**Transactions eliminated on consolidation**

Intragroup balances and any other unrealized gains and losses or income and expenses arising from



intragroup transactions, are eliminated in preparing the condensed interim consolidated financial information. Unrealized losses are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

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

### 3 Statement of compliance

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

### 4 Accounting policies

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

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

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

#### 4.1 Retirement benefits

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

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

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



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

	31 December 2012	31 December 2011
	----- (Rupees in '000) -----	
<b><u>Condensed interim consolidated balance sheet</u></b>		
(Decrease)/increase in retirement benefits obligation	<u>(24,788)</u>	<u>9,932</u>
Decrease in accumulated loss	<u>24,788</u>	<u>-</u>
Decrease in accumulated profit	<u>-</u>	<u>(9,932)</u>

	Year ended	
	31 December 2012	31 December 2011
	----- (Rupees in '000) -----	
<b><u>Condensed interim consolidated statement of comprehensive income</u></b>		
Actuarial gain/(loss) on employee retirement benefits	<u>34,720</u>	<u>(9,932)</u>

### 5 Significant accounting judgments and estimates

The preparation of condensed interim consolidated financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this condensed interim consolidated financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 December 2012.

	Note	30 September 2013	31 December 2012
		----- (Rupees in '000) -----	
<b>6 Property, Plant and Equipment</b>			
<b>Owned and leased assets:</b>			
Opening net book value		<b>13,002,060</b>	13,527,048
Additions during the period/year	6.1	<u>514,587</u>	<u>678,907</u>
		<b>13,516,647</b>	14,205,955
Disposals for the period/year - NBV	6.2	<u>(4,134)</u>	<u>(16,771)</u>
Adjustment during the period/year - NBV		<u>(364)</u>	<u>-</u>
Depreciation for the period/year		<u>(941,329)</u>	<u>(1,187,124)</u>
Closing net book value	6.3	<u><b>12,570,820</b></u>	<u>13,002,060</u>

#### 6.1 Break-up of additions

Leasehold improvements	<b>577</b>	3,463
Plant and equipment	<b>508,178</b>	634,202
Office equipment	<b>936</b>	962
Computers	<b>1,431</b>	36,229
Furniture and fixtures	<b>-</b>	300
Vehicles	<b>3,465</b>	3,751
	<u><b>514,587</b></u>	<u>678,907</u>



Note	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>6.2 Break-up of disposals (at NBV)</b>		
Leasehold improvement	(11)	(24)
Office equipment	(632)	(40)
Computers	(45)	(16,001)
Furniture and fixtures	(262)	-
Vehicles	(3,184)	(706)
	<u>(4,134)</u>	<u>(16,771)</u>

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

## 7 Intangible assets (at NBV)

Licenses		1,617,137	1,735,324
Indefeasible right of use - Media cost	7.1	645,367	684,568
Software		12,705	13,774
Goodwill	7.2	2,553,494	2,553,494
		<u>4,828,703</u>	<u>4,987,160</u>

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

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

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

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% (2012: 16%) was used for the calculation of net present value of future cash flows. The cash flows beyond the five years period have been extrapolated using a steady 5% growth rate which is consistent with the long-term average growth rate for the industry, whereas for impairment calculation no growth is considered in cash flows beyond five years as per International Accounting Standard 36 - Impairment of Assets.

## 8 Long term trade receivable

This represents receivable from the sale of Optical Fiber Cable stated at amortized cost by using the discount rate of 16%.



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

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

Following are the results for the period ending 30 September 2013 and the comparative period of discontinued operations.

	Nine months ended 30 September 2013	Nine months ended 30 September 2012
	----- (Rupees in '000) -----	

### Results of discontinued operations

Revenue	-	-
Expenses	(1,738)	(2,078)
Results from operating activities	<u>(1,738)</u>	<u>(2,078)</u>
Finance cost	(1)	(2)
Other income	47	46
Loss for the period	<u>(1,692)</u>	<u>(2,034)</u>

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

Net cash used in operating activities	(1,566)	(2,988)
Net cash used in investing activities	-	-
Net cash generated from financing activities	1,573	3,005
Net cash generated from discontinued operation	<u>7</u>	<u>17</u>

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

### Assets and liabilities classified as held for sale

#### Assets

Cash and bank balance	7	144
	<u>7</u>	<u>144</u>

#### Liabilities

Trade and other payables	6,810	3,556
Income tax payable	7	7
	<u>6,817</u>	<u>3,563</u>

## 10 Short term borrowings

Habib Bank Limited - I	-	708,000
Habib Bank Limited - II	-	194,459
KASB Bank Limited	-	49,500
Soneri Bank Limited - I	10.1	33,551
Soneri Bank Limited - II	10.2	34,705
Standard Chartered Bank (Pakistan) Limited	-	15,733
		<u>68,256</u>
		<u>1,014,767</u>



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

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

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

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

#### **Term finance certificates**

These represent listed Term Finance Certificates ("TFC") amounting to Rs. 4,000 million. Out of this, Rs. 3,000 million was received on account of Pre-IPO and Rs. 1,000 million was offered to public for subscription. Profit rate is charged at six months average KIBOR plus 1.60% per annum.

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

	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>12 Long term loan</b>		
Receipt	2,943,855	2,943,855
Less: Initial transaction cost	(42,668)	(42,668)
	<u>2,901,187</u>	<u>2,901,187</u>
Add: Amortization of transaction cost	15,239	10,667
	<u>2,916,426</u>	<u>2,911,854</u>
Add: Exchange loss	695,895	406,095
	<u>3,612,321</u>	<u>3,317,949</u>
Less: Current maturity	(211,000)	(502,493)
	<u>3,401,321</u>	<u>2,815,456</u>

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited Offshore Banking Unit, Bahrain with the lead arranger being Askari Bank Limited. Initially, this loan was repayable in 20 equal quarterly instalments with 2 years grace period commencing from 06 June 2013. Profit is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.20% per annum. To secure the facility, an unconditional, irrevocable,



first demand stand-by letter of credit has been issued by National Bank of Oman favouring Askari Bank Limited against the corporate guarantee of Oman Telecommunication Company SAOG. This arrangement shall remain effective until all obligations under the facility are settled.

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

	30 September 2013	31 December 2012
	----- (Rupees in '000) -----	
<b>13 Long term payable</b>		
Payable to Pakistan Telecommunication Authority	639,080	768,589
Payable to Multinet Pakistan (Private) Limited	58,267	115,835
Suppliers	474,531	404,020
	<u>1,171,878</u>	<u>1,288,444</u>
<b>14 Contingencies and commitments - the Company</b>		

#### **Contingencies**

##### **14.1 Billing disputes with PTCL**

14.1.1 There is a dispute of Rs. 72.64 million (31 December 2012: Rs 72.64 million) with PTCL of non revenue time of prepaid calling cards and Rs. 46.08 million (31 December 2012: Rs 41.40 million) for excess minutes billed on account of interconnect and settlement charges. The Company is hopeful that matter will be decided in favour of the Company.

14.1.2 PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 206.98 million (31 December 2012: Rs.183.99 million) on account of difference in rates, distances and date of activations. The Company has deposited Rs. 40 million (31 December 2012: Rs. 40 million) in Escrow Account on account of dispute of charging of bandwidth charges from the date of activation of Digital Interface Units ("DIUs") for commercial operation and in proportion to activation of DIUs related to each DPLC link and excess charging in respect of Karachi-Rawalpindi link which was never activated. The Company is hopeful that matter will be decided in favour of the Company.

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

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

14.2.2 There is a dispute with PTA on payment of research and development fund contribution amounting to Rs. 5.65 million (31 December 2012: Rs. 5.65 million). The legal validity of this fund is under challenge before the Honourable Supreme Court of Pakistan. The Company is hopeful of a favourable decision.

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

**14.3 Taxation issues**

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

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

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

**14.4 Others**

**14.4.1** Samsung claimed an amount of Rs.147.70 million (USD 1.4 million) against its receivables under a certain settlement and services agreement. However, the Company denies the claim on the basis that Samsung failed to fulfil its obligations and did not provide services for which Company reserves the right to initiate appropriate proceedings against Samsung. Based on the legal advice, Company is hopeful that matter will be resolved in its favour.

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

**Commitments**

<b>14.5</b> Outstanding guarantees	<u>1,165,891</u>	<u>1,213,373</u>
<b>14.6</b> Commitments in respect of capital expenditure	<u>2,303,507</u>	<u>2,070,847</u>
<b>14.7</b> Outstanding letters of credit	<u>4,850</u>	<u>38,840</u>



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

**15 Issued, subscribed and paid up share capital**

860,571,513 (December 2012: 860,571,513) ordinary of Rs. 10 each	<u>8,605,716</u>	<u>8,605,716</u>
--	------------------	------------------

**16 Preference share capital**

350,000 Preference shares of USD 100 each fully paid in cash	<u>3,537,700</u>	<u>-</u>
--	------------------	----------

	30 September 2013	31 December 2012
	------(Number of shares)-----	

*The reconciliation of preference shares is as follows*

Opening balance	-	-
Add: Shares issued during the period	<u>350,000</u>	<u>-</u>
	<u>350,000</u>	<u>-</u>

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

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

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

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

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

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



- The preference shareholders have the right to convert these shares into Ordinary shares.

	Nine months ended 30 September 2013 ----- (Rupees in '000)	Nine months ended 30 September 2012 ----- (Rupees in '000)
<b>17 Cash generated from operations</b>		
Loss before taxation	(2,274,036)	(1,844,662)
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	941,329	916,919
Amortization of intangible assets	145,024	144,298
Amortization of transaction cost	8,224	12,790
Discounting charges	32,376	606,423
Amortization of receivables	(7,270)	(11,565)
Provision for doubtful receivables	419,706	219,721
Provision for stores and spares	17,821	12,000
Impairment loss on available for sale financial assets	13,202	28,334
Exchange loss on foreign currency loan	289,800	169,050
Gain on sale of property, plant and equipment	(3,899)	(2,211)
Exchange translation difference	(2,539)	6,087
Retirement benefits	43,885	64,216
Finance cost	426,923	428,014
<b>Profit before working capital changes</b>	<b>50,547</b>	<b>749,416</b>
<b>Effect on cash flow due to working capital changes:</b>		
<i>(Increase)/decrease in the current assets</i>		
Stores and spares	19,978	2,806
Stock in trade	(28,934)	5,159
Trade debts	291,697	(547,029)
Loans and advances	297,578	(306,728)
Deposits and prepayments	(50,080)	(66,231)
Other receivables	1,621	11,546
<i>Increase in current liabilities</i>		
Trade and other payables	498,063	1,567,205
	1,029,923	666,728
	<b>1,080,470</b>	<b>1,416,144</b>
<b>18 Related party transactions</b>		

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



Relationship with the Company	Nature of transactions	Nine months ended 30 September 2013 ----- (Rupees in '000)	Nine months ended 30 September 2012 ----- (Rupees in '000)
Holding Company	Purchase of goods and services	16	470,538
	Sale of goods and services	6	49,661
Other related parties	Purchase of goods and services	7,563	6,876
	Sale of goods and services	813	773
Key management personnel	Salaries and other employee benefits	228,706	252,289
All transactions with related parties have been carried out on commercial terms and conditions.			
		<b>30 September 2013 ----- (Rupees in '000)</b>	<b>31 December 2012 ----- (Rupees in '000)</b>
<b>Period end balances</b>			
	Receivable from related parties	228,820	228,813
	Payable to related parties	2,327,292	2,104,212

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

## 19 Financial instruments

### Offsetting of financial assets and financial liabilities

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

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

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

**19.1 Financial assets subject to offsetting**

		As at 30 September 2013					
	Note	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
		A	B	C=A+B	D	E=C+D	
<b>Financial assets</b>							
Long term trade receivables	8	-	-	-	-	-	180,603
Long term loans and deposits		-	-	-	-	-	82,090
Trade debts		3,436,571	(1,515,977)	1,920,594	-	1,920,594	-
Loans and advances - considered good		-	-	-	-	-	719,867
Other receivables - current		-	-	-	-	-	42,573
Short term investments		-	-	-	-	-	83,135
Cash and bank balances		-	-	-	-	-	2,421,032
		<b>3,436,571</b>	<b>(1,515,977)</b>	<b>1,920,594</b>	<b>-</b>	<b>1,920,594</b>	

**19.2 Financial liabilities subject to offsetting**

		As at 30 September 2013					
	Note	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
		A	B	C=A+B	D	E=C+D	
<b>Financial liabilities</b>							
Short term borrowings	10	-	-	-	-	-	68,256
Running finances under mark-up arrangements - secured		-	-	-	-	-	787,759
Licence fee payable		-	-	-	-	-	1,021,500
Trade and other payables		7,846,803	(1,589,080)	6,257,723	-	6,257,723	-
Interest and mark-up accrued		-	-	-	-	-	249,393
Term finance certificates - secured	11	-	-	-	-	-	1,643,735
Long term loan	12	-	-	-	-	-	3,612,320
Liabilities against assets subject to finance lease		-	-	-	-	-	67,592
Long term payables	13	-	-	-	-	-	1,171,878
Long term deposits		-	-	-	-	-	42,390
		<b>7,846,803</b>	<b>(1,589,080)</b>	<b>6,257,723</b>	<b>-</b>	<b>6,257,723</b>	

**19.1 Financial assets subject to offsetting**

		As at 31 December 2012					
	Note	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities off set in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial assets not in scope of off setting disclosures
		A	B	C=A+B	D	E=C+D	
<b>Financial assets</b>							
Long term trade receivables	8	-	-	-	-	-	242,883
Long term loans and deposits		-	-	-	-	-	122,074
Trade debts		4,504,836	(1,879,953)	2,624,883	-	2,624,883	-
Loans and advances - considered good		-	-	-	-	-	591,399
Other receivables - current		-	-	-	-	-	37,694
Short term investments		-	-	-	-	-	104,982
Cash and bank balances		-	-	-	-	-	100,742
		<b>4,504,836</b>	<b>(1,879,953)</b>	<b>2,624,883</b>	<b>-</b>	<b>2,624,883</b>	

**19.2 Financial liabilities subject to offsetting**

		As at 31 December 2012					
	Note	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets off set in the statement of financial position	Net amount of financial liabilities presented in the statement of financial position	Related amounts not off set in the statement of financial position	Net amount	Financial liabilities not in scope of off setting disclosures
		A	B	C=A+B	D	E=C+D	
<b>Financial liabilities</b>							
Short term borrowings	10	-	-	-	-	-	1,014,767
Running finances under mark-up arrangements - secured		-	-	-	-	-	789,331
Licence fee payable		-	-	-	-	-	1,021,500
Trade and other payables		6,361,439	(699,913)	5,661,526	-	5,661,526	-
Interest and mark-up accrued		-	-	-	-	-	245,190
Term finance certificates - secured	11	-	-	-	-	-	1,640,083
Long term loan	12	-	-	-	-	-	3,317,949
Liabilities against assets subject to finance lease		-	-	-	-	-	105,005
Long term payables	13	-	-	-	-	-	1,288,444
Long term deposits		-	-	-	-	-	42,458
		<b>6,361,439</b>	<b>(699,913)</b>	<b>5,661,526</b>	<b>-</b>	<b>5,661,526</b>	



**20 Date of authorization for issue**

This condensed interim consolidated financial information was authorized for issue on 29 October 2013 by the Board of Directors.

**21 General**

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

