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

30 SEPTEMBER 2012

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 over-whelming impact on the basis of following benchmarks:

Create new standards of product offering in basic and value added telephony by being more cost effective, easily accessible and dependable. Thus ensuring real value for money to all segments of market.
Be a leader within indigenous operators in terms of market share, gross revenues and ARPU within five years and maintain the same positioning thereafter.
Achieve utmost customer satisfaction by setting up high standards of technical quality and service delivery.

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

WorldCall

Contents

COMPANY INFORMATION

Chairman	Mehdi Mohammed Al Abduwani
Chief Executive Officer	Babar Ali Syed
Board of Directors *(In Alphabetic order)*	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)
Chief Financial Officer	Mohammad Noaman Adil
Executive Committee	Mehdi Mohammed Al Abduwani (Chairman) Aimen bin Ahmed Al Hosni (Member) Babar Ali Syed (Member) Sohail Qadir (Member) Rizwan Abdul Hayi (Secretary)
Audit Committee	Talal 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 Miankot & Co. Barristers, Advocates & Corporate Legal Consultant
Bankers *(In Alphabetic Order)*	Allied Bank Limited Albaraka Bank (Pakistan) Limited (formerly Emirates Global Islamic Bank Limited) Askari Bank Limited Barclays Bank Plc Pakistan Burj Bank Limited (formerly Dawood Islamic Bank Limited) Deutsche Bank AG Faysal Bank Limited First Dawood Investment 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 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) 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

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 2012.

Financial Overview

Revenues for the period under review have shown a growth of 8% as compared to corresponding period last year. However this increase has been diluted by eroded margins and high fixed cost. The Company has been struggling against different odds in recent past. On macro-economic front price hikes, power outages and delayed market reforms deteriorated the situation. Internally, the delay in network/business expansion has been creating pressure. Consequently the Company has incurred gross loss of Rs 83 million. Operating costs are in line with the level of activities and as percentage terms of net sales there is a slight improvement from 21% to 19%. Finance cost witnessed savings of 7% as against comparative period last year. The period was closed with net loss of Rs 1,155 million as compared to loss of Rs 92 million in the corresponding period last year.

Future Outlook

Subsequent to period end, the International Clearing House (ICH) arrangement has commenced working. This has brought a much awaited relief for the whole industry. The arrangement has also received some criticism, but keeping in view the market situation and the problems being faced by operators, it seems the best solution to cure the ailments of this industry. It is expected that successful running of this arrangement will generate healthy returns for all including Government of Pakistan.

The Company is currently focused towards data market. Various capital layout plans are being considered for increasing the customer base. Besides this, the Company is also aiming to invest significantly in the service delivery areas to increase the satisfaction level of customers. In broader terms, the Company is looking forward to take steps so that customer's confidence in its products and services are enhanced and to ensure provision of quality services at competitive pricing

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

Lahore
30 October 2012

Babar Ali Syed
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET (Un-Audited) AS AT 30 SEPTEMBER 2012

	Note	30 September 2012	31 December 2011
		-----------(Rupees in '000)-----------	
NON CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	5	13,263,203	13,527,048
Capital work-in-progress		530,606	650,986
		13,793,809	14,178,034
Intangible assets	6	5,040,147	5,183,628
Investment properties		150,874	146,074
Long term investment - classified as held for sale	7	-	-
Long term trade receivable	8	253,392	18,092
Deferred taxation		1,005,788	288,499
Long term loans and deposits		127,741	132,323
		20,371,751	19,946,650
CURRENT ASSETS			
Stores and spares		220,632	235,415
Stock in trade		200,958	201,901
Trade debts		3,595,992	3,252,683
Loans and advances - considered good		1,364,957	1,058,229
Deposits and prepayments		209,195	142,945
Other receivables		75,102	86,212
Short term investments		107,794	114,489
Income tax recoverable - net		152,434	163,943
Cash and bank balances		91,084	327,028
		6,018,148	5,582,845
CURRENT LIABILITIES			
Current maturities of non-current liabilities		2,143,060	2,095,116
Running finance under mark-up arrangements - secured		788,516	979,373
Short term borrowings	9	849,779	118,503
License fee payable		1,021,500	1,021,500
Trade and other payables		6,159,646	4,589,727
Interest and mark-up accrued		172,560	140,183
		11,135,061	8,944,402
NET CURRENT LIABILITIES		(5,116,913)	(3,361,557)
NON CURRENT LIABILITIES			
Term finance certificates - secured	10	541,520	1,081,213
Long term loan	11	2,906,910	3,060,004
Deferred income	12	65,916	166,300
Retirement benefits		370,118	300,075
Liabilities against assets subject to finance lease		57,795	89,471
Long term payables	13	2,053,178	1,494,620
Long term deposits		42,410	42,661
		6,037,847	6,234,344
Contingencies and commitments	14		
		9,216,991	10,350,749
REPRESENTED BY			
Share capital and reserves			
Authorized capital 900,000,000 (31 December 2011: 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		(220,384)	(242,023)
Accumulated (loss)/profit		(354,011)	806,476
		8,868,656	10,007,504
Surplus on revaluation		348,335	343,245
		9,216,991	10,350,749

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

Lahore

Chief Executive Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Note	Nine months ended 30 September 2012	Nine months ended 30 September 2011	Quarter ended 30 September 2012	Quarter ended 30 September 2011
		(Rupees in '000)			
Revenue - net		**6,011,554**	5,564,762	**1,200,301**	1,863,597
Direct cost		**(6,094,447)**	(4,526,731)	**(1,652,288)**	(1,443,321)
Gross (loss)/profit		**(82,893)**	1,038,031	**(451,987)**	420,276
Operating cost		**(1,164,181)**	(1,154,092)	**(441,590)**	(406,456)
Operating (loss)/profit		**(1,247,074)**	(116,061)	**(893,577)**	13,820
Finance cost		**(492,188)**	(531,090)	**(178,205)**	(185,146)
		(1,739,262)	(647,151)	**(1,071,782)**	(171,326)
Impairment loss on available for sale financial assets		**(28,334)**	(15,470)	**-**	(5,204)
Other operating (expenses)/income		**(75,032)**	385,243	**(15,595)**	322,965
(Loss)/profit before taxation		**(1,842,628)**	(277,378)	**(1,087,377)**	146,435
Taxation		**687,231**	185,813	**358,215**	61,877
(Loss)/profit after taxation		**(1,155,397)**	(91,565)	**(729,162)**	208,312
(Loss)/earning per share - basic and diluted	**(Rupees)**	**(1.34)**	(0.11)	**(0.85)**	0.24

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.

Lahore **Chief Executive Officer** **Director**

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Nine months ended 30 September 2012	Nine months ended 30 September 2011	Quarter ended 30 September 2012	Quarter ended 30 September 2011
	(Rupees in '000)			
(Loss)/profit for the period	**(1,155,397)**	(91,565)	**(729,162)**	208,312
Other comprehensive (loss)/ income - net of tax:				
Net change in fair value of available for sale financial assets	**(6,695)**	(196,153)	**25,910**	(33,152)
Impairment loss transferred to profit and loss account	**28,334**	15,470	**-**	5,204
	21,639	(180,683)	**25,910**	(27,948)
Total comprehensive (loss)/income for the period	**(1,133,758)**	(272,248)	**(703,252)**	180,364

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

Lahore **Chief Executive Officer** **Director**

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Note	Nine months ended 30 September 2012	Nine months ended 30 September 2011
		------------(Rupees in '000)------------	
Cash flows from operating activities			
Cash generated from/(used in) operations	15	**1,414,051**	(773,770)
Decrease/(increase) in long term deposits receivable		**4,582**	(32,321)
(Increase)/decrease in long term trade receivable		**(794,519)**	17,721
Decrease in long term deposits payable		**(251)**	(405)
Decrease in deferred income		**(100,384)**	(39,286)
Increase in long term payables		**225,064**	1,275,416
Retirement benefits paid		**(7,844)**	(20,595)
Finance cost paid		**(396,462)**	(477,452)
Taxes paid		**(18,549)**	(67,088)
Net cash generated from/(used in) operating activities		**325,688**	(117,780)
Cash flows from investing activities			
Fixed capital expenditure		**(522,659)**	(1,539,669)
Proceeds from sale of property, plant and equipment		**18,982**	83,243
Net cash used in investing activities		**(503,677)**	(1,456,426)
Cash flows from financing activities			
Receipts of long term loan		**-**	2,943,855
Running finance - net		**(190,857)**	(377,216)
Receipt/(repayment) of short term borrowings		**731,276**	(200,000)
Repayment of term finance certificates		**(547,913)**	(606,199)
Repayment of liabilities against assets subject to finance lease		**(50,461)**	(27,975)
Net cash (used in)/generated from financing activities		**(57,955)**	1,732,465
Net (decrease)/increase in cash and cash equivalents		**(235,944)**	158,259
Cash and bank balances at the beginning of the period		**327,028**	183,960
Cash and bank balances at the end of the period		**91,084**	342,219

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

Lahore **Chief Executive Officer** **Director**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Share capital	Share premium	Fair value reserve- available for sale financial assets	Accumulated profit/(loss)	Revaluation reserve	Total
	-----------------------		-(Rupees in '000)-	-----------------------		
Balance as at 31 December 2010	**8,605,716**	**837,335**	**(72,548)**	**521,111**	**338,360**	**10,229,974**
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	**8,605,716**	**837,335**	**(253,231)**	**424,456**	**343,450**	**9,957,726**
Total comprehensive income for the period	-	-	11,208	381,815	-	393,023
Transfer to surplus on revaluation	-	-	-	205	(205)	-
Balance as at 31 December 2011	**8,605,716**	**837,335**	**(242,023)**	**806,476**	**343,245**	**10,350,749**
Total comprehensive income/(loss) for the period	-	-	21,639	(1,155,397)	-	(1,133,758)
Transfer to surplus on revaluation	-	-	-	(5,090)	5,090	-
Balance as at 30 September 2012	**8,605,716**	**837,335**	**(220,384)**	**(354,011)**	**348,335**	**9,216,991**

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

Lahore **Chief Executive Officer** **Director**

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

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 for the period ended 30 September 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and the directives issued under the Companies Ordinance, 1984. In case where requirements of the Companies Ordinance, 1984 differ, the provisions of or directives issued under the Companies Ordinance, 1984 or directive issued by Securities and Exchange Commission of Pakistan ("SECP") have been followed. This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2011.

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, 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 2011.

4 Accounting policies

Accounting polices 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 2011 and stated therein.

	Note	30 September 2012	31 December 2011
		----------(Rupees in '000)---------	
5 Property, Plant and Equipment			
Owned and leased assets:			
Opening net book value		**13,527,048**	12,795,044
Additions during the period/year	*5.1*	**669,845**	1,997,791
		14,196,893	14,792,835
Disposals for the period/year - NBV	*5.2*	**(16,771)**	(24,514)
Adjustment during the period/year - NBV		**-**	(187)
Depreciation for the period/year		**(916,919)**	(1,241,086)
Closing net book value	*5.3*	**13,263,203**	13,527,048
5.1 Break-up of additions			
Leasehold improvements		**3,562**	5,983
Plant and equipment		**625,539**	1,767,386
Office equipment		**902**	6,437
Computers		**35,792**	61,561
Furniture and fixtures		**300**	280
Vehicles		**3,750**	155,569
Lab and other equipment		**-**	575
		669,845	1,997,791
5.2 Break-up of disposals (at NBV)			
Leasehold improvement		**(24)**	-
Plant and equipment		**-**	(5,537)
Office equipment		**(40)**	(767)
Computers		**(16,001)**	(290)
Furniture and fixtures		**-**	(4)
Vehicles		**(706)**	(17,916)
		(16,771)	(24,514)

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.

	Note	30 September 2012	31 December 2011
		----------(Rupees in '000)---------	
6 Intangible assets (at NBV)			
Licenses		**1,774,768**	1,893,173
Patents and copyrights		**-**	125
Indefeasible right of use - Media cost	*6.1*	**697,636**	736,836
Software		**14,249**	-
Goodwill	*6.2*	**2,553,494**	2,553,494
		5,040,147	5,183,628

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

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 of Goodwill at 30 September 2012 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 cash inflows of USD 70 million from investing and financing activities. As assumed in the five year financial plan, the Company during last year obtained a long term loan facility of USD 35 million. The management has considered the delays in the inflows of second tranche of USD 35 million due to delay in regulatory approval and is of the opinion that it will not have a significant impact on the recoverable amount of Goodwill.

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 2012	31 December 2011
	----------(Rupees in '000)---------	
7 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 2011: 7,221,740) ordinary shares of Sri Lankan Rupees 10/-each. Equity held 70.65% (31 December 2011: 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)
	-	-

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%. This amount is receivable from Pakistan Mobile Communications (Private) Limited over a period of five years and from Getronics Pakistan (Private) Limited over a period of 20 years.

	Note	**30 September 2012**	31 December 2011
		----------(Rupees in '000)---------	
9 Short term borrowings			
Habib Bank Limited	*9.1*	**708,000**	-
KASB Bank Limited	*9.2*	**57,500**	-
Soneri Bank Limited	*9.3*	**68,546**	15,908
Allied Bank Limited		**-**	102,595
Standard Chartered Bank (Pakistan) Limited	*9.4*	**15,733**	-
		849,779	118,503

9.1 This represents a bridge loan facility of Rs. 708 million from Habib Bank Limited ("HBL") to bridge Convertible Preference Shares to be issued by the Company valuing USD 35 million. The said facility is repayable over a period of 90 days having mark up of 3 month KIBOR + 3.50% per annum. Facility is completely secured under joint pari passu hypothecation agreement for present and future fixed and current assets of the Company amounting to Rs. 1,015.67 million . Moreover a deposit of USD 8 million has been placed by the Oman Telecommunication Company SAOG with HBL Offshore Banking Unit, Bahrain.

9.2 It represents short term demand finance facility repayable over a period of six months having mark up of 6 month KIBOR + 2.50% per annum. Facility is secured against pledge of shares with 30% margin and joint pari passu hypothecation agreement with 25% security margin.

9.3 This facility is repayable in four months having mark up of 6 month KIBOR + 4.00% per annum. It is secured through joint pari passu hypothecation agreement with 25% margin.

9.4 It carries markup of 19% - 24% per annum and is secured by hypothecation charge on assets and lien over import documents.

	30 September 2012	31 December 2011
	----------(Rupees in '000)---------	
10 Term Finance Certificates - secured		
Term Finance Certificates - III	**1,643,735**	2,191,648
Less: Initial transaction cost	**(53,994)**	(53,994)
	1,589,741	2,137,654
Amortization of transaction cost	**47,602**	39,384
	1,637,343	2,177,038
Less: Current maturity	**(1,095,823)**	(1,095,825)
	541,520	1,081,213

Term Finance Certificates have a face value of Rs. 5,000 per certificate.

	30 September 2012	31 December 2011
11 Long term loan		
Receipt	**2,943,855**	2,943,855
Less: Initial transaction cost	**(42,668)**	(42,668)
	2,901,187	2,901,187
Add: Amortization of transaction cost	**9,143**	4,572
	2,910,330	2,905,759

	30 September 2012	31 December 2011
	----------(Rupees in '000)---------	
Add: Exchange loss	**323,295**	154,245
	3,233,625	3,060,004
Less: Current maturity	**(326,715)**	-
	2,906,910	3,060,004

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited Offshore Banking Unit, Bahrain, lead arranger for the transaction is Askari Bank Limited. This loan is repayable in 20 equal quarterly instalments, 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 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.

12 Deferred income

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

13 Long term payable

	30 September 2012	31 December 2011
	----------(Rupees in '000)---------	
Payable to Pakistan Telecommunication Authority	**1,536,802**	545,955
Payable to Multinet Pakistan (Private) Limited	**112,972**	173,863
Suppliers	**403,404**	774,802
	2,053,178	1,494,620

14 Contingencies and commitments

Contingencies

14.1 Billing disputes with PTCL

14.1.1 There is a dispute of Rs. 72.64 million (31 December 2011: Rs 72.64 million) with PTCL of non revenue time of prepaid calling cards and Rs. 48.51 million (31 December 2011: Rs 38.84 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.

14.1.2 PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 177.1 million (31 December 2011: Rs.168.8 million) on account of difference in rates, distances and date of activations. The Company has deposited Rs. 40 million (31 December 2011: 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.

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 in as much as the Company has now started it roll out plan.

14.2.2 There is a dispute with PTA on payment of R&D Fund contribution amounting to Rs. 5.65 million (31 December 2011: Rs. 11.3 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 2011: 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 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 management is hopeful that the matter will be decided in favour of the Company.

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

14.3.4 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. 223.32 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. Based on legal advice Company is hopeful of a favorable decision.

14.4 Others

14.4.1 Samsung claimed an amount of Rs.132.6 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.

Commitments	30 September 2012	31 December 2011
	----------(Rupees in '000)---------	
14.5 Outstanding guarantees	**1,212,623**	963,482
14.6 Commitments in respect of capital expenditure	**2,044,866**	2,185,760
14.7 Outstanding letters of credit	**37,880**	55,697

15 Cash generated from/(used in) operations

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
	----------(Rupees in '000)---------	
Loss before taxation	**(1,842,628)**	(277,378)
Adjustment for non-cash charges and other items:		
Depreciation	**916,919**	1,057,668
Amortization of intangible assets	**144,298**	115,384
Amortization of transaction cost	**12,790**	12,306
Discounting charges	**606,423**	12,942
Amortization of receivables	**(11,565)**	(2,953)
Provision for doubtful receivables	**219,721**	84,376
Provision for stores and spares	**12,000**	6,000
Impairment loss on available for sale financial assets	**28,334**	15,470
Exchange loss on foreign currency loan	**169,050**	71,445
Gain on remeasurement of liabilities	**-**	(360,186)
Gain on sale of property, plant and equipment	**(2,211)**	(60,978)
Retirement benefits	**64,216**	68,956
Finance cost	**428,014**	505,841
Profit before working capital changes	**745,361**	1,248,893
Effect on cash flow due to working capital changes:		
(Increase)/decrease in the current assets		
Stores and spares	**2,783**	(70,154)
Stock in trade	**5,141**	(2,865)
Trade debts	**(547,285)**	(1,188,749)
Loans and advances	**(306,728)**	(641,350)
Deposits and prepayments	**(66,250)**	22,432
Other receivables	**11,110**	149,874
Increase/(decrease) in current liabilities		
Trade and other payables	**1,569,919**	(291,851)
	668,690	(2,022,663)
	1,414,051	(773,770)

16 Related party transactions

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

Relationship with the Company	Nature of transactions	Nine months ended 30 September 2012	Nine months ended 30 September 2011
		----------(Rupees in '000)---------	
Parent Company	Purchase of goods and services	**470,538**	192,841
	Sale of goods and services	**49,661**	134,177
Other related parties	Purchase of goods and services	**6,876**	12,332
	Purchase of property	**-**	21,000
	Sale of goods and services	**773**	560
Key management personnel	Salaries and other employee benefits	**85,886**	86,132

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

Period end balances	30 September 2012	31 December 2011
	----------(Rupees in '000)---------	
Receivable from related parties	**228,820**	232,281
Payable to related parties	**2,039,557**	1,487,304

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

17 Date of authorization for issue

This condensed interim financial information was authorized for issue on 30 October 2012 by the Board of Directors of the Company.

18 General

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

Lahore — Chief Executive Officer — Director

WORLDCALL TELECOM LIMITED AND ITS SUBSIDIARY

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

30 SEPTEMBER 2012

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 2012.

Group Foreign Subsidiary

Worldcall Telecommunications Lanka (Pvt.) Limited

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

For and on behalf of the Board of Directors

Lahore
30 October 2012

Babar Ali Syed
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Un-Audited)
AS AT 30 SEPTEMBER 2012

	Note	30 September 2012	31 December 2011
		-----------(Rupees in '000)-----------	
NON CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	6	13,263,203	13,527,048
Capital work-in-progress		530,606	650,986
		13,793,809	14,178,034
Intangible assets	7	5,040,147	5,183,628
Investment properties		150,874	146,074
Long term trade receivable	8	253,392	18,092
Deferred taxation		1,005,788	288,499
Long term loans and deposits		127,741	132,323
		20,371,751	19,946,650
CURRENT ASSETS			
Stores and spares		220,632	235,415
Stock in trade		200,958	201,901
Trade debts		3,595,992	3,252,683
Loans and advances - considered good		1,364,957	1,058,229
Deposits and prepayments		209,195	142,945
Other receivables		67,426	81,995
Short term investments		107,794	114,489
Income tax recoverable - net		152,434	163,943
Cash and bank balances		91,084	327,028
		6,010,472	5,578,628
Non - current assets classified as held for sale	9	40	23
		6,010,512	5,578,651
CURRENT LIABILITIES			
Current maturities of non-current liabilities		2,143,060	2,095,116
Running finance under mark-up arrangements - secured		788,516	979,373
Short term borrowings	10	849,779	118,503
License fee payable		1,021,500	1,021,500
Trade and other payables		6,159,646	4,589,727
Interest and mark-up accrued		172,560	140,183
		11,135,061	8,944,402
Non - current liabilities classified as held for sale	9	1,105	7,278
		11,136,166	8,951,680
NET CURRENT LIABILITIES		(5,125,654)	(3,373,029)
NON CURRENT LIABILITIES			
Term Finance Certificates - secured	11	541,520	1,081,213
Long term loan	12	2,906,910	3,060,004
Deferred income	13	65,916	166,300
Retirement benefits		370,118	300,075
Liabilities against assets subject to finance lease		57,795	89,471
Long term payables	14	2,053,178	1,494,620
Long term deposits		42,410	42,661
		6,037,847	6,234,344
Contingencies and commitments	15		
		9,208,250	10,339,277
REPRESENTED BY			
Share capital and reserves			
Authorized capital			
900,000,000 (31 December 2011: 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		(220,384)	(242,023)
Exchange translation reserve		(2,502)	(5,868)
Accumulated profit		(357,684)	804,241
Capital and reserves attributable to equity holders of the Company		8,862,481	9,999,401
Non controlling interest		(2,566)	(3,369)
		8,859,915	9,996,032
Surplus on revaluation		348,335	343,245
		9,208,250	10,339,277

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

Lahore — Chief Executive Officer — Director

CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Note	Nine months ended 30 September 2012	Nine months ended 30 September 2011	Quarter ended 30 September 2012	Quarter ended 30 September 2011
		----------------------------(Rupees in '000)----------------------------			
Continuing operations					
Revenue - net		6,011,554	5,564,762	1,200,301	1,863,597
Direct cost		(6,094,447)	(4,526,731)	(1,652,288)	(1,443,321)
Gross profit		(82,893)	1,038,031	(451,987)	420,276
Operating cost		(1,164,181)	(1,154,092)	(441,590)	(406,456)
Operating (loss)/profit		(1,247,074)	(116,061)	(893,577)	13,820
Finance cost		(492,188)	(531,090)	(178,205)	(185,146)
		(1,739,262)	(647,151)	(1,071,782)	(171,326)
Impairment loss on available for sale financial assets		(28,334)	(15,470)	-	(5,204)
Other operating (expenses)/ income - net		(75,032)	385,243	(15,595)	322,965
(Loss)/profit before taxation		(1,842,628)	(277,378)	(1,087,377)	146,435
Taxation		687,231	185,813	358,215	61,877
(Loss)/profit after taxation from continuing operations		(1,155,397)	(91,565)	(729,162)	208,312
Discontinued operations					
(Loss)/profit for the period from discontinued operations	9	(2,034)	2,994	(561)	4,867
		(1,157,431)	(88,571)	(729,723)	213,179
Attributable to:					
Equity holders of parent		(1,156,835)	(89,450)	(729,559)	211,749
Non controlling interest		(596)	879	(164)	1,430
		(1,157,431)	(88,571)	(729,723)	213,179
(Loss)/earning per share - basic and diluted					
From continuing and discontinued operations	*Rupees*	(1.34)	(0.10)	(0.85)	0.25
From continuing operations	*Rupees*	(1.34)	(0.11)	(0.85)	0.24

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.

Lahore — Chief Executive Officer — Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Nine months ended 30 September 2012	Nine months ended 30 September 2011	Quarter ended 30 September 2012	Quarter ended 30 September 2011
	----(Rupees in '000)----			
(Loss)/profit for the period	**(1,157,431)**	(88,571)	**(729,723)**	213,179
Other comprehensive income/ (loss) - net of tax:				
Exchange differences on translating foreign operations	**4,765**	(1,758)	**(1,850)**	(674)
Net change in fair value of available for sale financial assets	**(6,695)**	(196,153)	**25,910**	(33,152)
Impairment loss transferred to profit and loss account	**28,334**	15,470	**-**	5,204
	26,404	(182,441)	**24,060**	(28,622)
Total comprehensive (loss)/income for the period	**(1,131,027)**	(271,012)	**(705,663)**	184,557
Attributable to:				
Equity holders of the Parent	**(1,131,830)**	(271,375)	**(704,956)**	183,326
Non controlling interest	**803**	363	**(707)**	1,231
	(1,131,027)	(271,012)	**(705,663)**	184,557

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

Lahore

Chief Executive Officer

Director

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

	Note	Nine months ended 30 September 2012	Nine months ended 30 September 2011
		----(Rupees in '000)----	
Cash flows from operating activities			
Cash generated from/(used in) operations	16	**1,416,144**	(773,106)
Decrease/(increase) in long term deposits receivable		**4,582**	(32,321)
(Increase)/decrease in long term trade receivable		**(794,519)**	17,721
Decrease in long term deposits payable		**(251)**	(405)
Decrease in deferred income		**(100,384)**	(39,286)
Increase in long term payables		**225,064**	1,275,416
Retirement benefits paid		**(9,918)**	(20,595)
Finance cost paid		**(396,464)**	(477,515)
Taxes paid		**(18,549)**	(67,088)
Net cash generated from/(used in) operating activities		**325,705**	(117,179)
Cash flows from investing activities			
Fixed capital expenditure		**(522,659)**	(1,539,729)
Proceeds from sale of property, plant and equipment		**18,982**	83,243
Net cash used in investing activities		**(503,677)**	(1,456,486)
Cash flows from financing activities			
Receipts of long term loan		**-**	2,943,855
Running finance - net		**(190,857)**	(377,216)
Receipt/(repayment) of short term borrowings		**731,276**	(200,000)
Repayment of term finance certificates		**(547,913)**	(606,199)
Repayment of liabilities against assets subject to finance lease		**(50,461)**	(27,975)
Net cash (used in)/generated from financing activities		**(57,955)**	1,732,465
Net (decrease)/increase in cash and cash equivalents		**(235,927)**	158,800
Cash and bank balance at the beginning of the period		**327,051**	184,104
Cash and bank balance at the end of the period		**91,124**	342,904

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

Lahore

Chief Executive Officer

Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

Attributable to equity holders of the Company

	Share capital	Share premium	Fair value reserve- available for sale financial assets	Currency translation reserve	Accumulated profit/ (loss)	Revaluation reserve	Sub Total	Non controlling interest	Total
	(Rupees in '000)								
Balance as at 31 December 2010	8,605,716	837,335	(72,548)	(4,910)	517,415	338,360	10,221,368	(3,578)	10,217,790
Total comprehensive (loss)/income 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	(253,231)	(6,152)	422,875	343,450	9,949,993	(3,215)	9,946,778
Total comprehensive income/(loss) for the period	-	-	11,208	284	381,161	-	392,653	(154)	392,499
Transfer to surplus on revaluation	-	-	-	-	205	(205)	-	-	-
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
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	8,605,716	837,335	(220,384)	(2,502)	(357,684)	348,335	9,210,816	(2,566)	9,208,250

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

Lahore

Chief Executive Officer

Director

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

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. 153.01 million as at balance sheet date and its current liabilities exceed its current assets by Rs. 60.73 million. The net loss for the current period after tax is Rs. 2.03 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 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 for the period ended 30 September 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and the directives issued under the Companies Ordinance, 1984. In case where requirements of Companies Ordinance, 1984 differ, the provisions of or directives issued under the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan ("SECP") have been followed. This condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2011.

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, 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 2011.

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 2011 and stated therein, except for addition of the following:

	Note	30 September 2012	31 December 2011
		----------(Rupees in '000)---------	
6 Property, Plant and Equipment			
Owned and leased assets:			
Opening net book value		**13,527,048**	12,795,044
Additions during the period/year	*6.1*	**669,845**	1,997,791
		14,196,893	14,792,835
Disposals for the period/year - NBV	*6.2*	**(16,771)**	(24,514)
Adjustment during the period/year - NBV		**-**	(187)
Depreciation for the period/year		**(916,919)**	(1,241,086)
Closing net book value	*6.3*	**13,263,203**	13,527,048

6.1 Break-up of additions

Leasehold improvements	**3,562**	5,983
Plant and equipment	**625,539**	1,767,386
Office equipment	**902**	6,437
Computers	**35,792**	61,561
Furniture and fixtures	**300**	280
Vehicles	**3,750**	155,569
Lab and other equipment	**-**	575
	669,845	1,997,791

6.2 Break-up of disposals (at NBV)

Leasehold improvement	**(24)**	-
Plant and equipment	**-**	(5,537)
Office equipment	**(40)**	(767)
Computers	**(16,001)**	(290)
Furniture and fixtures	**-**	(4)
Vehicles	**(706)**	(17,916)
	(16,771)	(24,514)

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.

	Note	30 September 2012	31 December 2011
		----------(Rupees in '000)---------	
7 Intangible assets (at NBV)			
Licenses		**1,774,768**	1,893,173
Patents and copyrights		**-**	125
Indefeasible right of use - Media cost	*7.1*	**697,636**	736,836
Software		**14,249**	-
Goodwill	*7.2*	**2,553,494**	2,553,494
		5,040,147	5,183,628

7.1 During the last year 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.

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

The Company assessed the recoverable amount of Goodwill at 30 September 2012 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 cash inflows of USD 70 million from investing and financing activities. As assumed in the five year financial plan, the Company during last year obtained a long term loan facility of USD 35 million. The management has considered the delays in the inflows of second tranche of USD 35 million due to delay in regulatory approval and is of the opinion that it will not have a significant impact on the recoverable amount of Goodwill.

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

8 Long term trade receivable

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

9 Non current assets and liabilities classified as held for sale

The 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 2012	Nine months ended 30 September 2011
	----------(Rupees in '000)---------	
Results of discontinued operations		
Revenue	-	1,237
Expenses	(2,078)	(7,801)
Results from operating activities	(2,078)	(6,564)
Finance cost	(2)	(64)
Other income	46	9,622
Loss for the period	(2,034)	2,994
Cash flow generated from/(used in) discontinued operations		
Net cash used in operating activities	(2,988)	(7,860)
Net cash used in investing activities	-	(60)
Net cash generated from financing activities	3,005	8,561
Net cash generated from discontinued operation	17	641

WorldCall

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
	----------(Rupees in '000)---------	
Assets and liabilities classified as held for sale		
Assets		
Cash and bank	40	23
	40	23
Liabilities		
Trade and other payables	1,098	7,271
Income tax payable	7	7
	1,105	7,278

10 Short term borrowings

	Note	30 September 2012	31 December 2011
		----------(Rupees in '000)---------	
Habib Bank Limited	10.1	708,000	-
KASB Bank Limited	10.2	57,500	-
Soneri Bank Limited	10.3	68,546	15,908
Allied Bank Limited		-	102,595
Standard Chartered Bank (Pakistan) Limited	10.4	15,733	-
		849,779	118,503

10.1 This represents a bridge loan facility of Rs. 708 million from Habib Bank Limited ("HBL") to bridge Convertible Preference Shares to be issued by the Company valuing USD 35 million. The said facility is repayable over a period of 90 days having mark up of 3 month KIBOR + 3.50% per annum. Facility is completely secured under joint pari passu hypothecation agreement for present and future fixed and current assets of the Company amounting to Rs. 1,015.67 million . Moreover a deposit of USD 8 million has been placed by the Oman Telecommunication Company SAOG with HBL Offshore Banking Unit, Bahrain.

10.2 It represents short term demand finance facility repayable over a period of six months having mark up of 6 month KIBOR + 2.50% per annum. Facility is secured against pledge of shares with 30% margin and joint pari passu hypothecation agreement with 25% security margin.

10.3 This facility is repayable in four months having mark up of 6 month KIBOR + 4.00% per annum. It is secured through joint pari passu hypothecation agreement with 25% margin.

10.4 It carries markup of 19% - 24% per annum and is secured by hypothecation charge on assets and lien over import documents.

11 Term Finance Certificates - secured

	30 September 2012	31 December 2011
	----------(Rupees in '000)---------	
Term Finance Certificates - III	1,643,735	2,191,648
Less: Initial transaction cost	(53,994)	(53,994)
	1,589,741	2,137,654
Amortization of transaction cost	47,602	39,384
	1,637,343	2,177,038
Less: Current maturity	(1,095,823)	(1,095,825)
	541,520	1,081,213

Term Finance Certificates have a face value of Rs. 5,000 per certificate.

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

12 Long term loan

	30 September 2011	31 December 2010
Receipt	**2,943,855**	2,943,855
Less: Initial transaction cost	**(42,668)**	(42,668)
	2,901,187	2,901,187
Add: Amortization of transaction cost	**9,143**	4,572
	2,910,330	2,905,759
Add: Exchange loss	**323,295**	154,245
	3,233,625	3,060,004
Less: Current maturity	**(326,715)**	-
	2,906,910	3,060,004

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited Offshore Banking Unit, Bahrain, lead arranger for the transaction is Askari Bank Limited. This loan is repayable in 20 equal quarterly instalments, 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 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.

13 Deferred income

It represents the amount received against contracts valuing Rs. 786 million and Rs. 487 million for the deployment of network in Multan Telecom Region-I and Gujranwala Telecom Region respectively awarded by USF, a company established for the purpose of increasing teledensity in Pakistan.

14 Long term payables

	30 September 2011	31 December 2010
	----------(Rupees in '000)---------	
Payable to Pakistan Telecommunication Authority	**1,536,802**	545,955
Payable to Multinet Pakistan (Private) Limited	**112,972**	173,863
Suppliers	**403,404**	774,802
	2,053,178	1,494,620

15 Contingencies and commitments - The Company

Contingencies

15.1 Billing disputes with PTCL

15.1.1 There is a dispute of Rs. 72.64 million (31 December 2011: Rs 72.64 million) with PTCL of non revenue time of prepaid calling cards and Rs. 48.51 million (31 December 2011: Rs 38.84 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.

15.1.2 PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 177.1 million (31 December 2011: Rs.168.8 million) on account of difference in rates, distances and date of activations. The Company has deposited

Rs. 40 million (31 December 2011: 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.

15.2 Disputes with Pakistan Telecommunication Authority (PTA)

15.2.1 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.

15.2.2 There is a dispute with PTA on payment of R&D Fund contribution amounting to Rs. 5.65 million (31 December 2011: Rs. 11.3 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.

15.2.3 There is a dispute with PTA on payment of contribution of APC for USF amounting to Rs. 491 million (31 December 2011: 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.

15.3 Taxation issues

15.3.1 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.

15.3.2 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.

15.3.3 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.

15.3.4 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. 223.32 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. Based on legal advice Company is hopeful of a favorable decision.

15.4 Others

15.4.1 Samsung claimed an amount of Rs.132.6 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 2012	31 December 2011
	----------(Rupees in '000)---------	
Commitments		
15.5 Outstanding guarantees	**1,212,623**	963,482
15.6 Commitments in respect of capital expenditure	**2,044,866**	2,185,760
15.7 Outstanding letters of credit	**37,880**	55,697

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
	----------(Rupees in '000)---------	
16 Cash generated from/(used in) operations		
Loss before taxation	**(1,844,662)**	(274,384)
Adjustment for non-cash charges and other items:		
Depreciation	**916,919**	1,057,668
Amortization of intangible assets	**144,298**	115,384
Amortization of transaction cost	**12,790**	12,306
Discounting charges	**606,423**	12,942
Amortization of receivables	**(11,565)**	(2,953)
Provision for doubtful receivables	**219,721**	84,376
Provision for stores and spares	**12,000**	6,000
Impairment loss on available for sale financial assets	**28,334**	15,470
Gain on remeasurement of liabilities	**-**	(360,186)
Exchange loss on foreign currency loan	**169,050**	71,445
Gain on sale of property, plant and equipment	**(2,211)**	(60,978)
Exchange translation difference	**6,087**	(1,242)
Retirement benefits	**64,216**	69,339
Finance cost	**428,016**	505,905
Profit before working capital changes	**749,416**	1,251,092

	Nine months ended 30 September 2012	Nine months ended 30 September 2011
	----------(Rupees in '000)---------	
Effect on cash flow due to working capital changes:		
(Increase)/decrease in the current assets		
Stores and spares	**2,806**	(70,163)
Stock in trade	**5,159**	(2,872)
Trade debts	**(547,029)**	(1,188,844)
Loans and advances	**(306,728)**	(641,350)
Deposits and prepayments	**(66,231)**	22,425
Other receivables	**11,546**	146,918
Increase/(decrease) in current liabilities		
Trade and other payables	**1,567,205**	(290,312)
	666,728	(2,024,198)
	1,416,144	(773,106)

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 2012**	Nine months ended 30 September 2011
		----------(Rupees in '000)---------	
Parent Company	Purchase of goods and services	**470,538**	192,841
	Sale of goods and services	**49,661**	134,177
Other related parties	Purchase of goods and services	**6,876**	12,332
	Purchase of property	**-**	21,000
	Sale of goods and services	**773**	560
Key management personnel	Salaries and other employee benefits	**85,886**	86,132

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

	30 September 2012	31 December 2011
	----------(Rupees in '000)---------	
Period end balances		
Receivable from related parties	**228,820**	232,281
Payable to related parties	**2,039,557**	1,487,304

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

18 Date of authorization for issue

This condensed consolidated interim financial information was authorized for issue on 30 October 2012 by the Board of Directors.

19 General

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

Lahore

Chief Executive Officer

Director