



**CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE PERIOD ENDED
30 SEPTEMBER 2014**





VISION

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

MISSION STATEMENT

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

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

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

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

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





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Condensed consolidated interim financial information





COMPANY INFORMATION

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



Bankers (In Alphabetical Order)

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Barclays Bank Plc Pakistan
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
IGI Investment Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Oman Investment Co. Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
Tameer Microfinance Bank Limited
The Bank of Punjab
United Bank Limited

Registrar and Shares Transfer Office

THK Associates (Pvt.) Limited
2nd Floor, State Life Building No.3,
Dr. Zia-ud-Din Ahmed Road, Karachi.
Tel: (021) 111-000-322

Registered Office/Head Office

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

Webpage

www.worldcall.com.pk

**DIRECTORS' REVIEW**

The Directors of Worldcall Telecom Limited ("WTL" or the "Company") are pleased to present to the shareholders the financial information of the Company for the nine months period ended 30 September 2014.

Financial Overview

During the period under review, the Company closed its financial results on net loss after tax of Rs 1,824 million. The revenue has declined from Rs 2,763 million to Rs 1,825 million. The reduction in business volume, charge of depreciation and high fixed cost contributed to a gross loss of Rs 701 million as against the gross loss of Rs 179 million in the corresponding period. Cost optimization initiatives led to 29% saving in operating cost. After taking effects of finance cost and tax, the Company has closed the period at a net loss.

Future Outlook

The management is focusing to complete various infrastructure improvements, expansion projects, many project rollout milestones have been achieved to date. Strategic repositioning has been taken in wireless broadband with focus on major reduction in operational cost. The major portion of the resources will be channelized to broadband segment in order to seize the tremendous opportunities in the arena with launch of 3G/4G. Furthermore initiatives are being taken to enhance the visibility through intensive marketing campaign in order to gain the confidence of the existing and potential customers which ultimately results in the enhancement of revenue. Financial indicators are thus expected to improve 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 support and trust on our services.

For and on behalf of the Board of Directors

Babar Ali Syed

Babar Ali Syed
Chief Executive Officer

31 October 2014

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT 30 SEPTEMBER 2014**

	30 September 2014 Un-Audited	31 December 2013 Audited	
Note	----- (Rupees in '000) -----		
NON-CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	6	10,462,527	12,520,955
Capital work-in-progress		<u>1,580,810</u>	<u>1,018,067</u>
		12,043,337	13,539,022
Intangible assets			
Investment properties	7	4,623,703	4,775,881
Long term trade receivables		160,474	160,474
Deferred taxation		115,742	172,794
Long term loans and deposits		<u>2,766,882</u>	<u>2,546,247</u>
		65,267	77,615
		<u>19,775,405</u>	<u>21,272,033</u>
CURRENT ASSETS			
Stores and spares		264,797	186,253
Stock-in-trade		272,303	243,898
Trade debts		1,012,802	1,043,058
Loans and advances - considered good		703,310	969,604
Deposits and prepayments		421,513	192,786
Short term investments		77,826	83,193
Other receivables		92,844	79,665
Income tax recoverable - net		97,947	204,690
Cash and bank balances		<u>906,249</u>	<u>2,501,852</u>
		3,849,591	5,504,999
Non-current assets held for sale	8	1,120,502	-
		<u>4,970,093</u>	<u>5,504,999</u>
CURRENT LIABILITIES			
Current maturities of non-current liabilities		3,216,329	1,831,247
Running finance under mark up arrangements - secured		775,425	786,944
Short term borrowings	9	-	69,756
License fee payable		1,021,500	1,021,500
Trade and other payables		7,280,811	7,040,571
Interest and mark up accrued		207,935	258,311
		<u>12,502,000</u>	<u>11,008,329</u>
		(7,531,907)	(5,503,330)
NET CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Term finance certificates - secured	10	547,914	1,095,824
Long term loans	11	2,730,361	3,201,197
Retirement benefits		337,679	336,991
Liabilities against assets subject to finance lease		3,308	1,423
Long term payables		825,707	1,123,506
Long term deposits		42,564	42,333
		4,487,533	5,801,274
Contingencies and commitments	12		
		<u>7,755,965</u>	<u>9,967,429</u>
REPRESENTED BY			
Authorized capital			
1,500,000,000 (31 December 2013: 1,500,000,000) ordinary shares of Rs 10 each		<u>15,000,000</u>	<u>15,000,000</u>
500,000 (31 December 2013: 500,000) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs 6,000,000,000)		<u>6,000,000</u>	<u>6,000,000</u>
Ordinary share capital		8,605,716	8,605,716
Preference share capital		3,537,700	3,537,700
Share premium		837,335	837,335
Fair value reserve		6,335	11,702
Exchange translation reserve		56,800	144,300
Accumulated loss		(5,420,281)	(3,527,284)
		7,623,605	9,609,469
Surplus on revaluation		132,360	357,960
		<u>7,755,965</u>	<u>9,967,429</u>

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

Babar Ali Syed
Chief Executive Officer

Director
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2014**

Note	Nine months ended	Nine months ended	Quarter ended	Quarter ended
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	(Rupees in '000)			
Revenue - net	1,824,574	2,762,514	535,813	947,536
Direct cost	(2,526,012)	(2,941,322)	(908,440)	(1,128,709)
Gross loss	(701,438)	(178,808)	(372,627)	(181,173)
Operating cost	(805,728)	(1,141,995)	(268,426)	(544,431)
Operating loss	(1,507,166)	(1,320,803)	(641,053)	(725,604)
Finance cost	(562,083)	(467,523)	(214,900)	(141,708)
	(2,069,249)	(1,788,326)	(855,953)	(867,312)
Impairment loss on available-for-sale financial assets	-	(13,202)	-	(13,202)
Other income	299,362	46,873	-	32,967
Other expenses	(24,724)	(517,689)	(247,958)	(409,752)
Loss before taxation	(1,794,611)	(2,272,344)	(1,103,911)	(1,257,299)
Taxation	(29,363)	740,087	97,855	340,667
Loss after taxation	(1,823,974)	(1,532,257)	(1,006,056)	(916,632)
Basic loss per share (Rupees)	(2.30)	(1.82)	(1.24)	(1.11)
Diluted loss per share (Rupees)	(0.58)	(1.29)	(0.32)	(0.77)

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

Balarambally
Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2014**

	Nine months ended	Nine months ended	Quarter ended	Quarter ended
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	(Rupees in '000)			
Loss for the period	(1,823,974)	(1,532,257)	(1,006,056)	(916,632)
Other comprehensive (loss)/income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
- Net change in fair value of available-for-sale financial assets	(5,367)	(21,847)	(3,419)	(17,818)
<i>Items that will not be reclassified to profit or loss:</i>				
- Impairment loss of property, plant and equipment set-off against surplus on revaluation - net of tax	(225,731)	-	(225,731)	-
- Recognition of actuarial income on defined benefit plan	-	1,665	-	1,665
- Impairment loss on available-for-sale financial assets transferred to profit or loss	-	13,202	-	13,202
	(225,731)	14,867	(225,731)	14,867
Other comprehensive loss - net of tax	(231,098)	(6,980)	(229,150)	(2,951)
Total comprehensive loss for the period - net of tax	(2,055,072)	(1,539,237)	(1,235,206)	(919,583)

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

Balarambally
Chief Executive Officer

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

Note	Nine months ended 30 September 2014 (Un-Audited) (Rupees in '000)	Nine months ended 30 September 2013 (Un-Audited) (Rupees in '000)
Cash flows from operating activities		
Cash (used in)/generated from operations	14 (248,387)	1,080,606
<i>Decrease in the non-current assets:</i>		
- Long term deposits	12,348	39,984
- Long term trade receivables	57,052	62,280
<i>(Decrease)/increase in the non-current liabilities:</i>		
- Long term deposits	-	(68)
- Deferred income	-	(65,916)
- Long term payables	(92,079)	146,111
Retirement benefits paid	(61,961)	(80,561)
Finance cost paid	(423,078)	(422,719)
Taxes paid	(22,391)	(27,567)
Net cash (outflow)/inflow from operating activities	(778,496)	732,150
Cash flows from investing activities		
Fixed capital expenditure	(920,036)	(969,039)
Proceeds from disposal of property, plant and equipment	9,664	8,032
Net cash outflow from investing activities	(910,372)	(961,007)
Cash flows from financing activities		
Proceeds received against long term loan acquired	250,000	-
Proceeds received against preference shares	-	3,537,700
Initial transaction cost paid	(1,769)	-
Repayment of long term loans	(109,956)	-
Repayment of short term borrowings - net	(3,000)	(946,511)
Running finance - net	(11,519)	(1,572)
Repayment of liabilities against assets subject to finance lease	(30,491)	(40,477)
Net cash inflow from financing activities	93,265	2,549,140
Net (decrease)/increase in cash and cash equivalents	(1,595,603)	2,320,283
Cash and cash equivalents at the beginning of the period	2,501,852	100,742
Cash and cash equivalents at the end of the period	906,249	2,421,025

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


Chief Executive Officer


Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

	Share Capital		Capital Reserves		Revenue Reserve		Total
	Ordinary share capital	Preference share capital	Share premium	Fair value reserve	Exchange translation reserve	Accumulated loss	
Balance as at 31 December 2012 (Audited)	8,605,716	-	837,335	13,835	-	(823,263)	8,981,753
Issuance of preference shares	-	3,537,700	-	-	-	-	3,537,700
Cost of issuance of preference shares	-	-	-	-	-	(73,942)	(73,942)
Loss for the period	-	-	-	-	-	(1,532,257)	(1,532,257)
Other comprehensive loss for the period - net of tax	-	-	-	(8,645)	-	-	(8,645)
Transfer to surplus on revaluation	-	-	-	-	-	(3,663)	4,945
Exchange translation reserve	-	-	-	154,800	-	(154,800)	-
Dividend on preference shares	-	-	-	-	-	(37,160)	(37,160)
Balance as at 30 September 2013 (Un-Audited)	8,605,716	3,537,700	837,335	5,190	154,800	(2,625,085)	10,872,394
Cost of issuance of preference shares	-	-	-	-	-	(87,197)	(87,197)
Loss for the period	-	-	-	-	-	(769,323)	(769,323)
Other comprehensive income for the period - net of tax	-	-	-	6,512	-	1,665	8,177
Transfer to surplus on revaluation	-	-	-	-	-	(1,222)	-
Exchange translation reserve	-	-	-	-	(10,500)	10,500	-
Dividend on preference shares	-	-	-	-	-	(56,622)	(56,622)
Balance as at 31 December 2013 (Audited)	8,605,716	3,537,700	837,335	11,702	144,300	(3,527,284)	9,967,429
Loss for the period	-	-	-	-	-	(1,823,974)	(1,823,974)
Other comprehensive loss for the period - net of tax	-	-	-	(5,367)	-	-	(225,731)
Transfer to surplus on revaluation	-	-	-	-	-	(131)	131
Exchange translation reserve	-	-	-	-	(87,500)	87,500	-
Dividend on preference shares	-	-	-	-	-	(156,392)	(156,392)
Balance as at 30 September 2014 (Un-Audited)	8,605,716	3,537,700	837,335	6,335	56,800	(5,420,281)	7,755,965

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


Chief Executive Officer


Director



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

6.2 Following are the book values of disposals

Leasehold improvement	-	11
Plant and equipment	4,320	39,258
Office equipment	27	632
Computers	-	45
Furniture and fixtures	6	273
Vehicles	1,243	5,871
	<u>5,596</u>	<u>46,090</u>

6.3 The impairment loss has been set-off against the surplus on revaluation as per section 235 of the Companies Ordinance, 1984.

6.4 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 2014 Un-Audited	31 December 2013 Audited
	----- (Rupees in '000) -----	

7. Intangible assets

Licenses	1,465,828	1,577,738
Indefeasible right of use - media cost	593,100	632,300
Software	11,280	12,349
Goodwill	7.1 2,553,495	2,553,494
	<u>4,623,703</u>	<u>4,775,881</u>

7.1 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 2014 and determined that, as of this date, there is no indication of impairment of Goodwill. The recoverable amount was principally calculated on the basis of a revised five years financial business plan.

The business plan also includes a comprehensive analysis of the existing operational deployments of the Company along with strategic direction of future investments and business growth. Discount rate of 16.3% 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.

Based on the above revised business plan and continued support from the Parent Company, the Company will be able to meet its obligations and will be able to achieve satisfactory level of profitability in future.



Note

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

8. Non-current assets held for sale

Long term investment classified as held for sale	8.1	-	-
Plant and equipment classified as held for sale	8.2	1,120,502	-
		<u>1,120,502</u>	<u>-</u>

8.1 Long term investment classified as held for sale

Foreign subsidiary - unquoted

Worldcall Telecommunications Lanka (Private) Limited Incorporated in Sri Lanka

7,221,740 (31 December 2013: 7,221,740) ordinary shares of Sri Lankan Rupees 10 each. Equity held 70.65% (31 December 2013: 70.65%)		44,406	44,406
Share deposit money		13,671	13,671
		<u>58,077</u>	<u>58,077</u>
Provision for impairment		(58,077)	(58,077)
		<u>-</u>	<u>-</u>

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

Note

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

8.2 Plant and equipment classified as held for sale

Carrying amount of assets transferred here	6	1,356,011	-
Impairment loss		(235,509)	-
Fair value less costs to sell		<u>1,120,502</u>	<u>-</u>

This represents Passive infrastructure (towers, civil works and gensets etc) relating to WLL operations of the Company. An active plan to sell these assets was commenced during the period as management considers that disposal of such assets would result in major reduction in operational costs. Subsequent to reporting date, a sale agreement has been signed which is subject to due diligence inter alia, No Objection Certificates (NOCs) from financial institutions and necessary approvals. Accordingly, these assets have been classified as held for sale under International Financial Reporting Standards (IFRS) 5 - "Non-current Assets Held for Sale and Discontinued Operations". The impairment loss arising on the transaction has been set-off against the surplus on revaluation as per section 235 of the Companies Ordinance, 1984.



Note	30 September	31 December
	2014	2013
	Un-Audited	Audited
	----- (Rupees in '000) -----	
9. Short term borrowings		
Soneri Bank Limited - I	9.1 -	35,051
Soneri Bank Limited - II	9.1 -	34,705
	<u>-</u>	<u>69,756</u>
9.1 These have been restructured during the period into a long term loan as referred to in note 11.3.		
10. Term Finance Certificates - secured		
Term finance certificates	1,643,735	1,643,735
Initial transaction cost	(53,994)	(53,994)
	<u>1,589,741</u>	<u>1,589,741</u>
Amortization of transaction cost	53,994	53,994
	<u>1,643,735</u>	<u>1,643,735</u>
Current maturity	(1,095,821)	(547,911)
	<u>547,914</u>	<u>1,095,824</u>
11. Long term loans		
Askari Bank Limited	11.1 2,628,685	3,201,197
Summit Bank Limited	11.2 82,006	-
Soneri Bank Limited	11.3 19,670	-
	<u>2,730,361</u>	<u>3,201,197</u>
11.1 Askari Bank Limited		
Receipt	2,943,855	2,943,855
Initial transaction cost	(129,365)	(129,365)
	<u>2,814,490</u>	<u>2,814,490</u>
Amortization of transaction cost	36,634	16,762
	<u>2,851,124</u>	<u>2,831,252</u>
Exchange loss	595,345	685,545
	<u>3,446,469</u>	<u>3,516,797</u>
Repaid during the period	(98,884)	-
	<u>3,347,585</u>	<u>3,516,797</u>
Current maturity (includes one overdue installment of USD 1 million equivalent to Rs 102.7 million (30 September 2013: Nil))	(718,900)	(315,600)
	<u>2,628,685</u>	<u>3,201,197</u>



This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited Off-Shore Banking Unit, Bahrain with the lead arranger being Askari Bank Limited. During the previous year, this loan was rescheduled whereby the principal was repayable in 16 quarterly instalments ending on 6 March 2018. Profit is payable quarterly and is charged at three months average London Inter Bank Offer Rate (LIBOR) plus 1.75% per annum and monitoring fee at 1.2% per annum.

As of the reporting date, the Company has arranged to refinance it from National Bank of Oman whereby the loan shall be repayable in 16 quarterly installments commencing from the 27th month from the date of disbursement of the loan. As per the terms of refinancing, profit shall be charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.5% per annum, payable quarterly. To secure the facility, an unconditional and irrevocable corporate guarantee of Oman Telecommunications Company SAOG backed by cash cover over its account with National Bank of Oman shall be issued.

Note	30 September	31 December
	2014	2013
	Un-Audited	Audited
	----- (Rupees in '000) -----	
11.2 Summit Bank Limited		
Receipt	250,000	-
Initial transaction cost	(1,769)	-
	<u>248,231</u>	<u>-</u>
Amortization of transaction cost	442	-
	<u>248,673</u>	<u>-</u>
Current maturity	(166,667)	-
	<u>82,006</u>	<u>-</u>

This represents a term finance facility of Rs 250 million. The loan is repayable in 18 equal monthly instalments commencing from 31 October 2014. It is secured through lien over Term Deposit Receipt (TDR) with 10% margin along with initial ranking charge which is to be upgraded to first pari passu hypothecation charge with 25% margin over present and future, current and fixed assets of the Company within 60 days. Markup is charged at current TDR rate plus 2.5% per annum and is payable monthly.

Note	30 September	31 December
	2014	2013
	Un-Audited	Audited
	----- (Rupees in '000) -----	
11.3 Soneri Bank Limited		
Transferred from short term borrowings	66,756	-
Repaid during the period	(11,072)	-
	<u>55,684</u>	<u>-</u>
Current maturity	(36,014)	-
	<u>19,670</u>	<u>-</u>

This facility was previously repayable up to 23 May 2014, however it was rescheduled by the bank in April 2014 and is now repayable in 23 monthly installments ending on 28 February 2016. It carries mark up at one month Karachi Inter Bank Offered Rate (KIBOR) plus 3% per annum and is payable monthly. It is secured through joint pari passu hypothecation agreement over current and movable fixed assets of the Company for Rs 980.33 million with 25% margin.

**12. Contingencies and commitments****Contingencies**

There is no significant change in contingencies from the preceeding annual published financial statements of the Company for the year ended 31 December 2013 except for the following:

(i) During the current period, a demand of Rs 1,059.595 million (including default surcharge of Rs 325.849 million) was raised against the Company under section 161/205 of the Income Tax Ordinance, 2001 ('Ordinance') for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the subject order in usual appellate course before Commissioner Inland Revenue (Appeals) ['CIR(A)'], during the pendency whereof an aggregate recovery of Rs 50.07 million was made by the department. Company's appeal was disposed by CIR(A) through appellate order dated 16 May 2014, and while major issue forming basis of demand was principally decided in department's favour, for reappraisal of certain facts, the assessment order was remanded back for adjudication afresh. Management has preferred further appeal against CIR(A)'s order and since, it considers that Company's position is based on meritorious grounds, both legal and factual, no provision has been made in this interim financial information.

(ii) Outstanding guarantees amounting to Rs 1,088 million (31 December 2013: Rs 1,120 million).

	30 September 2014 Un-Audited ------(Rupees in '000)-----	31 December 2013 Audited
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Commitments

Commitments in respect of capital expenditure	<u>1,870,157</u>	<u>2,346,433</u>
Outstanding letters of credit	<u>16,640</u>	<u>56,203</u>

13. Includes exchange gain of Rs 187.696 million (30 September 2013: Nil). Exchange loss for the corresponding period was included in 'Other expenses'.

	Nine months ended 30 September 2014 Un-Audited ------(Rupees in '000)-----	Nine months ended 30 September 2013 Un-Audited
--	--	---

14. Cash (used in)/generated from operations

Loss before taxation	(1,794,611)	(2,272,344)
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Adjustment for non-cash charges and other items:

- Depreciation on property, plant and equipment	964,092	941,329
- Amortization on intangible assets	147,705	145,024
- Amortization of transaction cost	20,314	8,224
- Discounting charges	74,376	32,376
- Amortization of long term receivables	(6,805)	(7,270)
- Provision for doubtful receivables	42,301	419,706
- Provision for stores and spares	-	17,821
- Reversal of provision for stores and spares	(9,368)	-
- Impairment loss on available for sale financial assets	-	13,202



	Nine months ended 30 September 2014 Un-Audited ------(Rupees in '000)-----	Nine months ended 30 September 2013 Un-Audited
--	--	---

- Exchange (gain)/loss on foreign currency loan	(90,200)	289,800
- Gain on sale of property, plant and equipment	(4,068)	(3,899)
- Retirement benefits	50,252	43,885
- Advances written-off	10,383	-
- Finance cost	467,392	426,923

(Loss)/profit before working capital changes	<u>(128,236)</u>	<u>54,777</u>
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Effect on cash flow due to working capital changes:

(Increase)/decrease in the current assets:

- Stores and spares	(69,176)	19,992
- Stock-in-trade	(28,405)	(28,923)
- Trade debts	(5,240)	291,854
- Loans and advances	266,294	297,578
- Deposits and prepayments	(250,134)	(50,069)
- Other receivables	(22,879)	1,888

(Decrease)/increase in current liabilities:

- Trade and other payables	(10,611)	493,509
	<u>(120,151)</u>	<u>1,025,829</u>
	<u>(248,387)</u>	<u>1,080,606</u>

15. Cash and cash equivalents

Cash and bank balances	<u>906,249</u>	<u>2,421,025</u>
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16. Related party transactions

The related parties comprise of members, 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 2014 Un-Audited ------(Rupees in '000)-----	Nine months ended 30 September 2013 Un-Audited
Parent Company	Purchase of goods and services	-	16
	Sale of goods and services	-	6
	Dividend on preference shares	89,339	22,124
	Management fee on preference shares	92,152	18,431
Other related parties	Purchase of goods and services	63,874	66,862
Key management personnel	Salaries and other employee benefits	238,562	228,706



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

Period/year end balances

Receivable from related parties	16,305	18,661
Payable to related parties	2,546,329	2,454,484

17. Financial risk management**17.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2013.

There have been no changes in the risk management department since year end or in any risk management policies.

17.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

17.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 30 September 2014.



	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Available-for-sale investments	77,826	-	-	77,826
Liabilities	-	-	-	-

The following table presents the Company's assets and liabilities that are measured at fair value 31 December 2013.

	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Available-for-sale investments	83,193	-	-	83,193
Liabilities	-	-	-	-

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

18. Date of authorization for issue

This condensed interim financial information was authorized for issue on October 31, 2014 by the Board of Directors of the Company.

19. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Balaram
Chief Executive Officer

G.IND
Director



WORLDCALL TELECOM LIMITED AND ITS SUBSIDIARY

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

30 SEPTEMBER 2014



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 2014.

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 consolidated interim financial information, the subsidiary has been accounted for under IFRS 5 as discontinued operations.

For and on behalf of the Board of Directors

Babar Ali Syed
Babar Ali Syed

Chief Executive Officer

31 October 2014



CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Un-Audited) AS AT 30 SEPTEMBER 2014

	Note	30 September 2014 Un-Audited ----- (Rupees in '000) -----	31 December 2013 Un-Audited
NON-CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	7	10,462,528	12,520,955
Capital work-in-progress		1,580,812	1,018,067
		12,043,340	13,539,022
Intangible assets			
Investment properties	8	4,623,698	4,775,881
Long term trade receivables		160,474	160,474
Deferred taxation		115,741	172,794
Long term loans and deposits		2,766,882	2,546,247
		65,267	77,615
		19,775,402	21,272,033
CURRENT ASSETS			
Stores and spares		264,796	186,253
Stock in trade		272,303	243,898
Trade debts		1,012,801	1,043,058
Loans and advances - considered good		703,312	969,604
Deposits and prepayments		421,513	192,786
Short term investments		77,826	83,193
Other receivables		92,853	69,965
Income tax recoverable - net		97,947	204,690
Cash and bank balances		906,249	2,501,852
		3,849,600	5,495,299
Assets of disposal group classified as held for sale	9	1,120,503	128
		4,970,103	5,495,427
CURRENT LIABILITIES			
Current maturities of non-current liabilities		3,216,329	1,831,247
Running finance under mark up arrangements - secured		775,425	786,944
Short term borrowings	10	-	69,756
License fee payable		1,021,500	1,021,500
Trade and other payables		7,280,807	7,040,571
Interest and mark up accrued		207,935	258,311
		12,501,996	11,008,329
Liabilities of disposal group classified as held-for-sale	9	7,313	8,077
		12,509,309	11,016,406
		(7,539,206)	(5,520,979)
NET CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Term finance certificates - secured	11	547,914	1,095,824
Long term loans	12	2,730,361	3,201,197
Retirement benefits		337,679	336,991
Liabilities against assets subject to finance lease		3,308	1,423
Long term payables		825,707	1,123,506
Long term deposits		42,564	42,333
		4,487,533	5,801,274
Contingencies and commitments	13	7,748,663	9,949,780
REPRESENTED BY			
Authorized capital			
1,500,000,000 (31 December 2013: 1,500,000,000) ordinary shares of Rs 10 each		15,000,000	15,000,000
500,000 (31 December 2013: 500,000) preference shares of USD 100 each (USD 50,000,000 equivalent to Rs 6,000,000,000)		6,000,000	6,000,000
Ordinary share capital			
Preference share capital		8,605,716	8,605,716
Share premium		3,537,700	3,537,700
Fair value reserve		837,335	837,335
Exchange translation reserve		6,335	11,702
Accumulated loss		50,192	136,733
Capital and reserves attributable to equity holders of the Parent Company		(5,415,983)	(3,532,185)
Non controlling interest		7,621,295	9,597,001
		(4,992)	(5,181)
		7,616,303	9,591,820
Surplus on revaluation		132,360	357,960
		7,748,663	9,949,780

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

Balaram
Chief Executive Officer

Director
Director



CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2014

	Note	Nine months ended 30 September 2014 Un-Audited	Nine months ended 30 September 2013 Un-Audited	Quarter ended 30 September 2014 Un-Audited	Quarter ended 30 September 2013 Un-Audited
----- (Rupees in '000) -----					
Continuing operations					
Revenue - net		1,824,574	2,762,514	535,813	947,536
Direct cost		(2,526,012)	(2,941,322)	(908,440)	(1,128,709)
Gross loss		(701,438)	(178,808)	(372,627)	(181,173)
Operating cost		(805,727)	(1,141,995)	(268,426)	(544,431)
Operating loss		(1,507,165)	(1,320,803)	(641,053)	(725,604)
Finance cost		(562,083)	(467,523)	(214,900)	(141,708)
		(2,069,248)	(1,788,326)	(855,953)	(867,312)
Impairment loss on available-for-sale financial assets		-	(13,202)	-	(13,202)
Other income	14	299,362	46,873	-	32,967
Other expenses		(15,024)	(517,689)	(247,958)	(409,752)
Loss before taxation		(1,784,910)	(2,272,344)	(1,103,911)	(1,257,299)
Taxation		(29,363)	740,087	97,855	340,667
Loss after taxation from continuing operations		(1,814,273)	(1,532,257)	(1,006,056)	(916,632)
Discontinued operations					
Loss for the period from discontinued operations		(711)	(1,692)	(284)	(391)
		(1,814,984)	(1,533,949)	(1,006,340)	(917,023)
Attributable to:					
Equity holders of the Parent Company		(1,814,775)	(1,533,453)	(1,006,256)	(916,909)
Non-controlling interest		(209)	(496)	(84)	(114)
		(1,814,984)	(1,533,949)	(1,006,340)	(917,023)
Basic loss per share					
From continuing operations	Rupees	(2.29)	(1.83)	(1.24)	(1.11)
From discontinued operations	Rupees	(0.00)	(0.00)	(0.00)	(0.00)
From loss for the period	Rupees	(2.29)	(1.83)	(1.24)	(1.11)
Diluted loss per share					
From continuing operations	Rupees	(0.58)	(1.30)	(0.32)	(0.77)
From discontinued operations	Rupees	(0.00)	(0.00)	(0.00)	(0.00)
From loss for the period	Rupees	(0.58)	(1.30)	(0.32)	(0.77)

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

Balaram
Chief Executive Officer

Director
Director



**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED
30 SEPTEMBER 2014**

	Nine months ended 30 September 2014 Un-Audited	Nine months ended 30 September 2013 Un-Audited	Quarter ended 30 September 2014 Un-Audited	Quarter ended 30 September 2013 Un-Audited
----- (Rupees in '000) -----				
Loss for the period	(1,814,984)	(1,533,949)	(1,006,340)	(917,023)
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
- Exchange differences on translating foreign operations	1,357	(2,993)	(3,630)	(3,991)
- Net change in fair value of available-for-sale financial assets	(5,367)	(21,847)	(3,419)	(17,818)
	(4,010)	(24,840)	(7,049)	(21,809)
<i>Items that will not be reclassified to profit or loss:</i>				
- Recognition of actuarial income on defined benefit plan	-	1,665	-	1,665
- Impairment loss of property, plant and equipment set-off against surplus on revaluation - net of tax	(225,731)	-	(225,731)	-
- Impairment loss on available-for-sale financial assets transferred to profit or loss	-	13,202	-	13,202
	(225,731)	14,867	(225,731)	14,867
Other comprehensive loss - net of tax	(229,741)	(9,973)	(232,780)	(6,942)
Total comprehensive loss for the period - net of tax	(2,044,725)	(1,543,922)	(1,239,120)	(923,965)
Attributable to:				
Equity holders of the Parent Company	(2,044,914)	(1,542,547)	(1,237,971)	(922,679)
Non-controlling interest	189	(1,375)	(1,149)	(1,286)
	(2,044,725)	(1,543,922)	(1,239,120)	(923,965)

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

Balaram
Chief Executive Officer

GIRIN
Director



**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

Note	Nine months ended 30 September 2014 Un-Audited	Nine months ended 30 September 2013 Un-Audited
----- (Rupees in '000) -----		
Cash flows from operating activities		
Cash (used in)/generated from operations	15 (250,179)	1,080,470
<i>Decrease in the non-current assets:</i>		
- Long term deposits	12,348	39,984
- Long term trade receivables	57,053	62,280
<i>Increase/(decrease) in the non-current liabilities:</i>		
- Long term deposits	231	(68)
- Deferred income	-	(65,916)
- Long term payables	(92,077)	146,111
Retirement benefits paid	(61,961)	(80,561)
Finance cost paid	(423,307)	(422,720)
Taxes paid	(22,391)	(27,567)
Net cash (outflow)/inflow from operating activities	(780,282)	732,013
Cash flows from operating activities		
Fixed capital expenditure	(918,375)	(969,039)
Proceeds from sale of property, plant and equipment	9,664	8,032
Net cash outflow in investing activities	(908,711)	(961,007)
Cash flows from financing activities		
Proceeds received against preference shares	-	3,537,700
Proceeds received against long term loan acquired	250,000	-
Initial transaction cost paid	(1,769)	-
Repayment of long term loans	(109,956)	-
Payment of short term borrowings - net	(3,000)	(946,511)
Running finance - net	(11,519)	(1,572)
Repayment of liabilities against assets subject to finance lease	(30,491)	(40,477)
Net cash inflow from financing activities	93,265	2,549,140
Net (decrease)/increase in cash and cash equivalents	(1,595,729)	2,320,146
Cash and cash equivalents at the beginning of the period	2,501,980	100,886
Cash and cash equivalents at the end of the period	906,251	2,421,032

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

Balaram
Chief Executive Officer

GIRIN
Director

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014



An Omantel Company

WorldCall

Attributable to equity holders of the Parent Company

	Ordinary share capital	Preference share capital	Share premium	Fair value reserve	Currency translation reserve	Accumulated loss	Surplus on revaluation	Total	Non controlling interest	Total equity
Balance as at 31 December 2012 (Audited)	8,605,716	-	837,335	13,835	(4,447)	(826,720)	348,130	8,973,849	(3,286)	8,970,563
Issuance of preference shares	-	3,537,700	-	-	-	-	-	3,537,700	-	3,537,700
Cost of issuance of preference shares	-	-	-	-	-	(73,942)	-	(73,942)	-	(73,942)
Loss for the period	-	-	-	-	-	(1,533,453)	-	(1,533,453)	-	(1,533,453)
Other comprehensive loss for the period	-	-	-	(8,645)	(2,114)	-	-	(10,759)	(1,375)	(12,134)
Transfer to surplus on revaluation	-	-	-	-	-	(3,664)	8,609	4,945	-	4,945
Exchange translation reserve	-	-	-	-	154,800	(154,800)	-	-	-	-
Dividend on preference shares	-	-	-	-	-	(37,160)	-	(37,160)	-	(37,160)
Balance as at 30 September 2013 (Un-Audited)	8,605,716	3,537,700	837,335	5,190	148,239	(2,629,739)	356,739	10,861,179	(4,661)	10,856,519
Cost of issuance of preference shares	-	-	-	-	-	(87,197)	-	(87,197)	-	(87,197)
Loss for the period	-	-	-	-	-	(769,571)	-	(769,571)	-	(769,571)
Other comprehensive income/(loss) for the period	-	-	-	6,512	(1,006)	1,665	-	7,171	(520)	6,651
Transfer to surplus on revaluation	-	-	-	-	-	(1,221)	1,221	-	-	-
Exchange translation reserve	-	-	-	-	(10,500)	10,500	-	-	-	-
Dividend on preference shares	-	-	-	-	-	(56,622)	-	(56,622)	-	(56,622)
Balance as at 31 December 2013 (Un-Audited)	8,605,716	3,537,700	837,335	11,702	136,733	(3,522,189)	357,960	9,954,961	(5,181)	9,949,780
Loss for the period	-	-	-	-	-	(1,814,775)	-	(1,814,775)	-	(1,814,775)
Other comprehensive (loss)/income for the period	-	-	-	(5,367)	969	-	(225,731)	(230,139)	189	(229,950)
Transfer to surplus on revaluation	-	-	-	-	-	(131)	131	-	-	-
Exchange translation reserve	-	-	-	-	(87,500)	87,500	-	-	-	-
Dividend on preference shares	-	-	-	-	-	(156,392)	-	(156,392)	-	(156,392)
Balance as at 30 September 2014 (Un-Audited)	8,605,716	3,537,700	837,335	6,335	50,192	(5,415,983)	132,360	7,753,655	(4,992)	7,748,664

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

Babandiah
Chief Executive Officer

Director



An Omantel Company

WorldCall

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014

1. Legal status and nature of business

1.1 The Group consists of:

Worldcall Telecom Limited; and

Worldcall Telecommunications Lanka (Private) Limited, together "the Group".

1.2 Worldcall Telecom Limited ("the Parent 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 Parent 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 Parent Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The registered office of the Parent Company is situated at 67-A, C III, Gulberg III, Lahore. During the year ended 30 June, 2008, 56.80% ordinary shares (488,839,429 ordinary shares) of the Parent Company were 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 Parent Company holds 70.65% of voting securities in the Subsidiary.

2. Basis of preparation

Consolidation

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

Subsidiary

Subsidiary is an entity controlled by the Parent Company. Control exists when a 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 consolidated interim 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 interim 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 Parent Company.

3 Statement of compliance

This condensed interim consolidated financial information is unaudited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

4. Significant accounting policies

4.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements for the year ended 31 December 2013.

4.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

4.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current year

Certain standards, amendments and interpretations to approved accounting standards are effective in the current year but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in this condensed interim financial information.

4.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in this condensed interim financial information.

5. Significant accounting judgments and estimates

The preparation of condensed consolidated interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income



and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 December 2013.

6. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

Note	30 September	31 December
	2014	2013
	Un-Audited	Un-Audited
------(Rupees in '000)-----		
7. Property, Plant and Equipment		
<u>Owned and leased assets</u>		
Opening	12,520,955	13,002,060
Additions for the period/year	7.1 379,040	831,490
	12,899,995	13,833,550
Disposals (at book value) for the period/year	7.2 (5,596)	(46,090)
Adjustment (at book value)	-	(631)
Transferred to non-current assets held for sale	9.2 (1,356,011)	-
Impairment on assets	7.3 (111,769)	-
Depreciation charged for the period/year	(964,091)	(1,265,874)
Closing book value	7.4 10,462,528	12,520,955
7.1 Following is the detail of additions		
Leasehold improvements	2,587	1,477
Plant and equipment	366,847	823,293
Office equipment	2,560	1,284
Computers	1,671	1,844
Vehicles	5,375	3,592
	379,040	831,490
7.2 Following are the book values of disposals		
Leasehold improvement	-	11
Plant and equipment	4,320	39,258
Office equipment	27	632
Computers	-	45
Furniture and fixtures	6	273
Vehicles	1,243	5,871
	5,596	46,090
7.3 The impairment loss has been set-off against the surplus on revaluation as per section 235 of the Companies Ordinance, 1984.		
7.4 Property, plant and equipment includes equipment deployed in implementing the Universal Service Fund network which is subject to lien exercisable by Universal Service Fund Company ("USFC") in the event of failure by the Group to maintain service availability and quality specification.		



	30 September 2014	31 December 2013
Note	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	
8. Intangible assets		
Licenses	1,465,825	1,577,738
Patents and copyrights	-	-
Indefeasible right of use - media cost	593,099	632,300
Software	11,280	12,349
Goodwill	2,553,494	2,553,494
8.1	<u>4,623,698</u>	<u>4,775,881</u>

8.1 Goodwill represents the difference between the cost of acquisition (fair value of consideration paid) and 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 Group assessed the recoverable amount of Goodwill at 30 September 2014 and determined that, as of this date, there is no indication of impairment of Goodwill. The recoverable amount was principally calculated on the basis of revised five years financial business plan.

The business plan also includes a comprehensive analysis of the existing operational deployments of the Group along with strategic direction of future investments and business growth. Discount rate of 16.3% 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.

Based on the above revised business plan and continued support from the Holding Company, the Group will be able to meet its obligations and will be able to achieve satisfactory level of profitability in future.

9. Non-current assets and liabilities classified as held for sale

9.1 Discontinued operations

The Subsidiary was suffering losses as the demand for payphones in Sri Lanka has greatly diminished. Keeping in view the Sri Lankan market conditions and negative equity of the Subsidiary, the management decided and approved the winding up of the Subsidiary. Long term investment in the Subsidiary has been classified as discontinued operations.

Following are the results for the nine months ended 30 September 2014 and the comparative period of discontinued operations:

	Nine months ended 30 September 2014	Nine months ended 30 September 2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	
Results of discontinued operations		
Revenue	-	-
Expenses	(711)	(1,738)
Results from operating activities	<u>(711)</u>	<u>(1,738)</u>
Finance cost	-	(1)
Other income	-	47
Loss for the period	<u>(711)</u>	<u>(1,692)</u>



	Nine months ended 30 September 2014	Nine months ended 30 September 2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	
Cash flow used in discontinued operations		
Net cash used in operating activities	(126)	(1,566)
Net cash generated from financing activities	-	1,573
Net cash used in discontinued operation	<u>(126)</u>	<u>7</u>

Assets and liabilities

Assets

	30 September 2014	30 September 2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	
Cash and bank balances	2	128
	<u>2</u>	<u>128</u>

Liabilities

	30 September 2014	30 September 2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	
Trade and other payables	7,306	8,070
Income tax payable	7	7
	<u>7,313</u>	<u>8,077</u>

9.2 Plant and equipment classified as held for sale

	30 September 2014	31 December 2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	
Carrying amount of assets transferred here	7	1,356,011
Impairment loss	(235,509)	-
Fair value less costs to sell	<u>1,120,502</u>	<u>-</u>

This represents Passive infrastructure (towers, civil works and gensets etc) relating to WLL operations of the Group in Pakistan. An active plan to sell these assets was commenced during the period as management considers that disposal of such assets would result in major reduction in operational costs. Subsequent to reporting date, a sale agreement has been signed which is subject to due diligence inter alia, No Objection Certificates (NOCs) from financial institutions and necessary approvals. Accordingly, these assets have been classified as held for sale under International Financial Reporting Standards (IFRS) 5 - "Non-current Assets Held for Sale and Discontinued Operations". The impairment loss arising on the transaction has been set-off against the surplus on revaluation as per section 235 of the Companies Ordinance, 1984.

	30 September 2014	31 December 2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	
10. Short term borrowings		

	30 September 2014	31 December 2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	
Soneri Bank Limited - I	-	35,051
Soneri Bank Limited - II	-	34,705
	<u>-</u>	<u>69,756</u>



10.1 These have been restructured during the period into a long term loan as referred to in note 12.3.

Note	30 September	31 December
	2014	2013
	Un-Audited	Un-Audited
	------(Rupees in '000)-----	
11. Term finance certificates - secured		
Term finance certificates	1,643,735	1,643,735
Initial transaction cost	(53,994)	(53,994)
	<u>1,589,741</u>	<u>1,589,741</u>
Amortization of transaction cost	53,994	53,994
	<u>1,643,735</u>	<u>1,643,735</u>
Current maturity	(1,095,821)	(547,911)
	<u>547,914</u>	<u>1,095,824</u>
12. Long term loans		
Askari Bank Limited	12.1 2,628,685	3,201,197
Summit Bank Limited	12.2 82,007	-
Soneri Bank Limited	12.3 19,670	-
	<u>2,730,361</u>	<u>3,201,197</u>
12.1 Askari Bank Limited		
Receipt	2,943,855	2,943,855
Initial transaction cost	(129,365)	(129,365)
	<u>2,814,490</u>	<u>2,814,490</u>
Amortization of transaction cost	36,634	16,762
	<u>2,851,124</u>	<u>2,831,252</u>
Exchange loss	595,345	685,545
	<u>3,446,469</u>	<u>3,516,797</u>
Repaid during the year	(98,884)	-
	<u>3,347,585</u>	<u>3,516,797</u>
Current maturity (includes one overdue installment of USD 1 million equivalent to Rs 102.7 million (30 September 2013: Nil))	(718,900)	(315,600)
	<u>2,628,685</u>	<u>3,201,197</u>

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited Off-Shore Banking Unit, Bahrain with the lead arranger being Askari Bank Limited. During the previous year, this loan was rescheduled whereby the principal was repayable in 16 quarterly instalments ending on 6 March 2018. Profit is payable quarterly and is charged at three months average London Inter Bank Offer Rate (LIBOR) plus 1.75% per annum and monitoring fee at 1.2% per annum.

As of the reporting date, the Group has arranged to refinance it from National Bank of Oman whereby the loan shall be repayable in 16 quarterly instalments commencing from the 27th month from the



date of disbursement of the loan. As per the terms of refinancing, profit shall be charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.5% per annum, payable quarterly. To secure the facility, an unconditional and irrevocable corporate guarantee of Oman Telecommunications Company SAOG backed by cash cover over its account with National Bank of Oman shall be issued.

Note	30 September	31 December
	2014	2013
	Un-Audited	Un-Audited
	------(Rupees in '000)-----	
12.2 Summit Bank Limited		
Receipt	250,000	-
Initial transaction cost	(1,769)	-
	<u>248,231</u>	<u>-</u>
Amortization of transaction cost	442	-
	<u>248,673</u>	<u>-</u>
Current maturity	(166,667)	-
	<u>82,007</u>	<u>-</u>

This represents a term finance facility of Rs 250 million. This loan is repayable in 18 equal monthly instalments commencing from 31 October 2014. It is secured through lien over Term Deposit Receipt (TDR) with 10% margin along with initial ranking charge which is to be upgraded to first pari passu hypothecation charge with 25% margin over present and future, current and fixed assets within 60 days. Markup is charged at current TDR rate plus 2.5% and is payable monthly.

Note	30 September	31 December
	2014	2013
	Un-Audited	Un-Audited
	------(Rupees in '000)-----	
12.3 Soneri Bank Limited		
Transferred from short term borrowings	66,756	-
Pepaid during the period	(11,072)	-
	<u>55,684</u>	<u>-</u>
Current maturity	(36,014)	-
	<u>19,670</u>	<u>-</u>

This facility was previously repayable up to 23 May 2014, however it was rescheduled by the bank in April 2014 and is now repayable in 23 monthly instalments ending on 28 February 2016. It carries mark up at one month Karachi Inter Bank Offered Rate (KIBOR) plus 3% per annum and is payable monthly. It is secured through joint pari passu hypothecation agreement over current and movable fixed assets of the Company for Rs 980.33 million with 25% margin.

13. Contingencies and commitments

Contingencies

There is no significant change in contingencies from the preceding annual published financial statements for the year ended 31 December 2013 except for the following:

- (i) During the current period, a demand of Rs 1,059.595 million (including default surcharge of Rs 325.849 million) was raised against the Group under section 161/205 of the Income Tax Ordinance, 2001 ('Ordinance') for the period relevant to Tax Year 2012 alleging non-compliance with various applicable withholding provisions contained in the Ordinance. The management assailed the



subject order in usual appellate course before Commissioner Inland Revenue (Appeals) [CIR(A)], during the pendency whereof an aggregate recovery of Rs 50.07 million was made by the department. Group's appeal was disposed by CIR(A) through appellate order dated 16 May 2014, and while major issue forming basis of demand was principally decided in department's favour, for reappraisal of certain facts, the assessment order was remanded back for adjudication afresh. Management has preferred further appeal against CIR(A)'s order and since, it considers that Group's position is based on meritorious grounds, both legal and factual, no provision has been made in this interim financial information.

(ii) Outstanding guarantees amounting to Rs 1,088 million (31 December 2013: Rs 1,120 million).

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

Commitments

Commitments in respect of capital expenditure	<u>1,870,157</u>	<u>2,346,433</u>
Outstanding letters of credit	<u>16,640</u>	<u>56,203</u>

14. Includes exchange gain of Rs 187.696 million (30 September 2013: Nil). Exchange loss for the corresponding period was included in 'Other expenses'.

	Nine months ended 30 September 2014	Nine months ended 30 September 2013
	Un-Audited	Un-Audited
	----- (Rupees in '000) -----	

15. Cash (used in)/generated from operations

Loss before taxation	(1,785,621)	(2,274,036)
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Adjustment for non-cash charges and other items:

- Depreciation	964,091	941,329
- Amortization of intangible assets	147,704	145,024
- Amortization of transaction cost	20,314	8,224
- Discounting charges	74,376	32,376
- Amortization of receivables	(6,805)	(7,270)
- Provision for doubtful receivables	42,301	419,706
- Provision for stores and spares	-	17,821
- Reversal of provision for stores and spares	(9,368)	-
- Impairment loss on available for sale financial assets	-	13,202
- Exchange (gain)/loss on foreign currency loan	(90,200)	289,800
- Gain on sale of property, plant and equipment	(4,068)	(3,899)
- Exchange translation difference	1,827	(2,539)
- Retirement benefits	48,195	43,885
- Advance written-off	683	-
- Finance cost	467,393	426,924

(Loss)/profit before working capital changes	<u>(129,178)</u>	<u>50,547</u>
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Nine months ended 30 September 2014	Nine months ended 30 September 2013
Un-Audited	Un-Audited
----- (Rupees in '000) -----	

Effect on cash flow due to working capital changes:

(Increase)/decrease in the current assets:

Stores and spares	(69,175)	19,978
Stock in trade	(28,405)	(28,934)
Trade debts	(5,239)	291,697
Loans and advances	266,292	297,578
Deposits and prepayments	(250,134)	(50,080)
Other receivables	(22,888)	1,621

(Decrease)/increase in current liabilities:

Trade and other payables	(11,452)	498,063
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(121,001)	1,029,923
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<u>(250,179)</u>	<u>1,080,470</u>
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16. Related party transactions

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

Relationship with the Group	Nature of transactions	Nine months ended 30 September 2014	Nine months ended 30 September 2013
Parent Company	Purchase of goods and services	-	16
	Sale of goods and services	-	6
	Dividend on preference shares	89,339	22,124
	Management fee on preference shares	92,152	18,431
Other related parties	Purchase of goods and services	63,874	66,862
Key management personnel	Salaries and other employee benefits	238,562	228,706
		30 September 2014	31 December 2013
		Un-Audited	Un-Audited
		----- (Rupees in '000) -----	
Period/year end balances			
Receivable from related parties		16,305	18,661
Payable to related parties		2,546,329	2,454,484



17. Financial risk management

17.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

There have been no changes in the risk management department since year end or in any risk management policies.

17.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

17.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 September 2014.

	Level 1	Level 2	Level 3	Total
Rupees				
Assets				
Available-for-sale investments	77,826	-	-	77,826
Liabilities	-	-	-	-

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1	Level 2	Level 3	Total
Rupees				
Assets				
Available-for-sale investments	83,193	-	-	83,193
Liabilities	-	-	-	-



During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

18. Date of authorization for issue

This condensed consolidated interim financial information was authorized for issue on October 31, 2014 by the Board of Directors.

19. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Balawadhi
Chief Executive Officer

Griffith
Director