



An Omantel Company

WorldCall



An Omantel Company

WorldCall

**CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)**

30 JUNE 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 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)	Aimen bin Ahmed Al Hosni Asadullah Khawaja Mehdi Mohammed Al Abduwani (Chairman) 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) Sohail Qadir (Member) Babar Ali Syed (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)
HR Committee	Aimen bin Ahmed Al Hosni (Chairman) Talal Said Marhoon Al-Mamari (Member) Sohail Qadir (Member)
Chief Internal Auditor	Mirghani Hamza Al-Madani
Company Secretary	Rizwan Abdul Hayi
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants
Legal Advisers	M/s Khan & Partners Barristers & Solicitors
Bankers (In Alphabetical 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) Citi Bank N.A. Deutsche Bank AG Faysal Bank Limited First Dawood Investment Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited IGI Investment Bank Limited J S Bank Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan NIB Bank Limited Oman International Bank S.A.O.G. Pak Oman Investment Co. Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited (formerly Arif Habib Bank Limited) Tameer Micro Finance 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 half year ended 30 June 2012.

Financial Overview

The revenues have shown growth of 30% as compared to the corresponding period last year. However this increase has been diluted by eroded margins and declining ARPU's. Due to this gross profit has witnessed a 40% decline. Operating and finance cost witnessed savings of 3% and 9% respectively compared with the same period last year. Unfavorable movements in foreign exchange rates have adversely affected the Company and consequently the Company had to book exchange loss of Rs 206.5 million on its foreign currency denominated liabilities. The period was closed with net loss of Rs 426 million as compared to loss of Rs 300 million in the corresponding period last year.

Future Outlook

The overall economic landscape is turbulent on account of rising inflation, macro economic instability and political uncertainty. The telecom sector is also under stress particularly the LDI segment has been severely under performing due to complete margin erosion in international termination business. To alleviate and improve the situation, all LDI operators have been raising voice for certain market reforms aimed at ensuring healthy margins so as to sustain and grow business.

The long term focus will continue to revolve around data segment. Growing trend of broadband subscribers and internet penetration in urban as well as rural areas will be the corner stone for the strategists in communication industry. The Company too is focused on this area and has plans to grow in this market segment on account of its extensive service portfolio and competitive pricing.

Company's staff and customers

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

For and on behalf of the Board of Directors

Babar Ali Syed
Chief Executive Officer

Lahore
31 August 2012



INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of **Worldcall Telecom Limited** ("the Company") as at 30 June 2012 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six-months period then ended (here-in-after referred as the "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended 30 June 2012 and 30 June 2011 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

Lahore
31 August 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 30 JUNE 2012

Note	30 June 2012	31 December 2011
----- (Rupees in '000) -----		
NON CURRENT ASSETS		
Tangible fixed assets		
Property, plant and equipment	13,247,753	13,527,048
Capital work-in-progress	800,300	650,986
	<u>14,048,053</u>	<u>14,178,034</u>
Intangible assets		
Investment properties	5,078,362	5,183,628
Long term investment - classified as held for sale	146,074	146,074
Long term trade receivable	-	-
Deferred taxation	263,901	18,092
Long term deposits	641,571	288,499
	<u>130,529</u>	<u>132,323</u>
	<u>20,308,490</u>	<u>19,946,650</u>
CURRENT ASSETS		
Stores and spares	235,756	235,415
Stock in trade	186,094	201,901
Trade debts	3,724,241	3,252,683
Loans and advances - considered good	1,090,188	1,058,229
Deposits and prepayments	215,677	142,945
Other receivables	59,460	86,212
Short term investments	81,884	114,489
Income tax recoverable - net	150,682	163,943
Cash and bank balances	257,058	327,028
	<u>6,001,040</u>	<u>5,582,845</u>
CURRENT LIABILITIES		
Current maturities of non-current liabilities	3,047,430	2,095,116
Running finance under mark-up arrangements - secured	791,910	979,373
Short term borrowings	135,974	118,503
License fee payable	1,021,500	1,021,500
Trade and other payables	6,145,088	4,589,727
Interest and mark-up accrued	255,452	140,183
	<u>11,397,354</u>	<u>8,944,402</u>
	<u>(5,396,314)</u>	<u>(3,361,557)</u>
NET CURRENT LIABILITIES		
NON CURRENT LIABILITIES		
Term finance certificates - secured	538,779	1,081,213
Long term loan	3,052,356	3,060,004
Deferred income	65,916	166,300
Retirement benefits	346,146	300,075
Liabilities against assets subject to finance lease	73,119	89,471
Long term payables	873,100	1,494,620
Long term deposits	42,517	42,661
	<u>4,991,933</u>	<u>6,234,344</u>
Contingencies and commitments	9,920,243	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	(246,294)	(242,023)
Accumulated profit	376,848	806,476
	<u>9,573,605</u>	<u>10,007,504</u>
Surplus on revaluation	346,638	343,245
	<u>9,920,243</u>	<u>10,350,749</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Lahore

Babandilji
Chief Executive Officer

GILM
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2012

	Half year ended 30 June 2012	Half year ended 30 June 2011	Quarter ended 30 June 2012	Quarter ended 30 June 2011
----- (Rupees in '000) -----				
Revenue - net	4,811,253	3,701,165	2,751,181	2,074,517
Direct cost	(4,442,159)	(3,083,410)	(2,356,292)	(1,662,145)
Gross profit	369,094	617,755	394,889	412,372
Operating cost	(722,591)	(747,636)	(367,710)	(383,295)
Operating (loss)/profit	(353,497)	(129,881)	27,179	29,077
Finance cost	(313,983)	(345,944)	(142,900)	(156,935)
	<u>(667,480)</u>	<u>(475,825)</u>	<u>(115,721)</u>	<u>(127,858)</u>
Impairment loss on available for sale financial assets	(28,334)	(10,266)	(28,334)	(9,028)
Other operating (expenses)/income	(59,437)	62,278	(33,763)	(19,235)
Loss before taxation	(755,251)	(423,813)	(177,818)	(156,121)
Taxation	329,016	123,936	151,273	38,567
Loss after taxation	(426,235)	(299,877)	(26,545)	(117,554)
Loss per share - basic and diluted (Rupees)	(0.50)	(0.35)	(0.03)	(0.14)

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

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Lahore

Babandilji
Chief Executive Officer

GILM
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012**

	Half year ended 30 June 2012	Half year ended 30 June 2011	Quarter ended 30 June 2012	Quarter ended 30 June 2011
	----- (Rupees in '000) -----			
Loss for the period	(426,235)	(299,877)	(26,545)	(117,554)
Other comprehensive (loss)/income - net of tax:				
Net change in fair value of available for sale financial assets	(32,605)	(163,001)	(45,316)	(19,385)
Impairment loss transferred to profit and loss account	28,334	10,266	28,334	9,028
	(4,271)	(152,735)	(16,982)	(10,357)
Total comprehensive loss for the period	<u>(430,506)</u>	<u>(452,612)</u>	<u>(43,527)</u>	<u>(127,911)</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Lahore

Balawadhi
Chief Executive Officer

Ghilmud
Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012**

	Note	Half year ended 30 June 2012	Half year ended 30 June 2011
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Cash generated from/(used in) operations	14	2,058,367	(271,124)
Decrease/(increase) in long term deposits receivable		1,794	(31,575)
(Increase)/decrease long term trade receivable		(803,635)	24,361
Decrease in long term deposits payable		(144)	(106)
Decrease in deferred income		(100,384)	(39,286)
(Decrease)/increase in long term payables		(417,520)	142,888
Retirement benefits paid		(5,954)	(8,628)
Finance cost paid		(160,663)	(433,983)
Taxes paid		(10,795)	(48,278)
Net cash generated from/(used in) operating activities		<u>561,066</u>	<u>(665,731)</u>
Cash flows from investing activities			
Fixed capital expenditure		(453,157)	(543,415)
Sale proceeds from property, plant and equipment		18,908	67,308
Net cash used in investing activities		<u>(434,249)</u>	<u>(476,107)</u>
Cash flows from financing activities			
Receipts of long term loan		-	2,943,855
Running finance - net		(187,463)	(778,498)
Receipt/(repayment) of short term borrowings		17,471	(200,000)
Repayment of term finance certificates		-	(606,199)
Repayment of liabilities against assets subject to finance lease		(26,795)	(16,436)
Net cash (used in)/generated from financing activities		<u>(196,787)</u>	<u>1,342,722</u>
Net (decrease)/increase in cash and cash equivalents		<u>(69,970)</u>	<u>200,884</u>
Cash and bank balances at the beginning of the period		<u>327,028</u>	<u>183,960</u>
Cash and bank balances at the end of the period		<u>257,058</u>	<u>384,844</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Lahore

Balawadhi
Chief Executive Officer

Ghilmud
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012**



WorldCall

	Share capital	Share premium	Fair value reserve- available for sale assets	Accumulated profit/(loss)	Revaluation reserve	Total
	(Rupees in '000)					
Balance as at 31 December 2010	8,605,716	837,335	(72,548)	521,111	338,360	10,229,974
Total comprehensive loss for the period	-	-	(152,735)	(299,877)	-	(452,612)
Transfer to surplus on revaluation	-	-	-	(3,393)	3,393	-
Balance as at 30 June 2011	8,605,716	837,335	(225,283)	217,841	341,753	9,777,362
Total comprehensive (loss)/income for the period	-	-	(16,740)	590,127	-	573,387
Transfer to surplus on revaluation	-	-	-	(1,492)	1,492	-
Balance as at 31 December 2011	8,605,716	837,335	(242,023)	806,476	343,245	10,350,749
Total comprehensive loss for the period	-	-	4,271	(426,235)	-	(430,506)
Transfer to surplus on revaluation	-	-	-	(3,393)	3,393	-
Balance as at 30 June 2012	8,605,716	837,335	(246,294)	376,848	346,638	9,920,243

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Lahore

Chief Executive Officer

Director



WorldCall

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 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, 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").

2 Statement of Compliance

This condensed interim financial information for the period ended 30 June 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 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.

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 June 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	331,626	1,997,791
		<u>13,858,674</u>	<u>14,792,835</u>
Disposals for the period/year - NBV	5.2	(16,747)	(24,514)
Adjustment during the period/year - NBV		-	(187)
Depreciation for the period/year		(594,174)	(1,241,086)
Closing net book value	5.3	<u>13,247,753</u>	<u>13,527,048</u>
5.1 Break-up of additions			
Leasehold improvements		702	5,983
Plant and equipment		308,083	1,767,386
Office equipment		710	6,437
Computers		21,764	61,561
Furniture and fixtures		300	280
Vehicles		67	155,569
Lab and other equipment		-	575
		<u>331,626</u>	<u>1,997,791</u>
5.2 Break-up of disposals - NBV			
Plant and equipment		-	(5,537)
Office equipment		(40)	(767)
Computers		(16,001)	(290)
Furniture and fixtures		-	(4)
Vehicles		(706)	(17,916)
		<u>(16,747)</u>	<u>(24,514)</u>
5.3 Property, plant and equipment includes equipment deployed in implementing the Universal Service Fund network which is subject to lien exercisable by Universal Service Fund Company ("USFC") in the event of failure by the Company to maintain service availability and quality specification.			
	Note	30 June 2012	31 December 2011
----- (Rupees in '000) -----			
6 Intangible assets - NBV			
Licenses		1,814,166	1,893,173
Patents and copyrights		-	125
Indefeasible right of use - Media cost	6.1	710,702	736,836
Goodwill	6.2	2,553,494	2,553,494
		<u>5,078,362</u>	<u>5,183,628</u>
6.1 During 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 June 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 June 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 Rs. 10 each. Equity held 70.65% (31 December 2011: 70.65%)	44,406	44,406
Share deposit money	13,671	13,671
	<u>58,077</u>	<u>58,077</u>
Less: Provision for impairment	(58,077)	(58,077)
	<u>-</u>	<u>-</u>

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.

30 June 2012	31 December 2011
----- (Rupees in '000) -----	

9 Term finance certificates - secured

Term Finance Certificates - III	2,191,648	2,191,648
Less: initial transaction cost	(53,994)	(53,994)
	<u>2,137,654</u>	<u>2,137,654</u>
Amortization of transaction cost	44,862	39,384
	<u>2,182,516</u>	<u>2,177,038</u>
Less: current maturity	(1,643,737)	(1,095,825)
	<u>538,779</u>	<u>1,081,213</u>

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

Installment payment of TFC III amounting to Rs 708 million was due on 05 July 2012 which has been paid by the Company subsequently on 30 July 2012.

30 June 2012	31 December 2011
----- (Rupees in '000) -----	

10 Long term loan

Receipt	2,943,855	2,943,855
Less: Initial transaction cost	(42,668)	(42,668)
	<u>2,901,187</u>	<u>2,901,187</u>
Add: Amortization of transaction cost	7,619	4,572
	<u>2,908,806</u>	<u>2,905,759</u>
Add: Exchange loss	306,045	154,245
	<u>3,214,851</u>	<u>3,060,004</u>
Less: current maturity	(162,495)	-
	<u>3,052,356</u>	<u>3,060,004</u>

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

**11 Deferred income**

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

30 June 2012	31 December 2011
----- (Rupees in '000) -----	

12 Long term payable

Payable to Pakistan Telecommunication Authority	366,734	545,955
Payable to Multinet Pakistan (Private) Limited	112,376	173,863
Suppliers	393,990	774,802
	<u>873,100</u>	<u>1,494,620</u>

13 Contingencies and commitments**Contingencies****13.1 Billing disputes with PTCL**

13.1.1 There is a dispute of Rs. 72.64 million (31 December 2011: Rs 72.64 million) with PTCL of non revenue time of prepaid calling cards and Rs. 47.98 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.

13.1.2 PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 174.6 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.

13.2 Disputes with Pakistan Telecommunication Authority (PTA)

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

13.2.2 There is a dispute with PTA on payment of R&D Fund contribution amounting to Rs. 5.65 million (31 December 2011: Rs. 11.3 million). The legal validity of this fund is under challenge before the Honorable Supreme Court of Pakistan. The Company is hopeful of a favorable decision.

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

**13.3 Taxation issues**

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

13.3.2 Income Tax Returns for the tax year ended 30 June 2003 were filed under the self assessment scheme of Worldcall Communications Limited, Worldcall Multimedia Limited, Worldcall Broadband Limited and Worldcall 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.

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

13.3.4 The department of Inland Revenue, Sales Tax, LTU has issued a show cause notice under section 11(2) and 36(1) of the Sales Tax Act 1990 demanding Rs. 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.

	30 June 2012	31 December 2011
	------(Rupees in '000)-----	

Commitments

13.4 Outstanding guarantees	<u>1,208,335</u>	<u>963,482</u>
13.5 Commitments in respect of capital expenditure	<u>2,050,839</u>	<u>2,185,760</u>
13.6 Outstanding letters of credit	<u>44,844</u>	<u>55,697</u>



	Half Year ended 30 June 2012	Half Year ended 30 June 2011
	------(Rupees in '000)-----	

14 Cash generated from/(used in) operations

Loss before taxation	(755,251)	(423,813)
Adjustment for non-cash charges and other items:		
Depreciation	594,174	722,053
Amortization of intangible assets	96,310	51,668
Amortization of transaction cost	8,527	6,667
Discounting charges	30,349	-
Amortization of receivables	554,608	(1,397)
Provision for doubtful receivables	79,100	47,159
Provision for stores and spares	3,000	6,000
Impairment loss on available for sale financial assets	28,334	10,266
Exchange loss on foreign currency loan	151,800	24,870
Gain on disposal of property, plant and equipment	(2,162)	(50,841)
Retirement benefits	52,025	45,970
Finance cost	275,107	339,277
Profit before working capital changes	<u>1,115,921</u>	<u>777,879</u>

Effect on cash flow due to working capital changes:*(Increase)/decrease in the current assets*

Stores and spares	(3,341)	(19,612)
Stock in trade	15,806	3,444
Trade debts	(547,441)	(551,238)
Loans and advances	(31,959)	(65,252)
Deposits and prepayments	(72,732)	40,343
Other receivables	26,752	(49,837)

Increase/(decrease) in current liabilities

Trade and other payables	1,555,361	(406,851)
	<u>942,446</u>	<u>(1,049,003)</u>
	<u>2,058,367</u>	<u>(271,124)</u>

15 Related party transactions

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

	Half Year ended 30 June 2012	Half Year ended 30 June 2011
	------(Rupees in '000)-----	
Relationship with the Company	Nature of transactions	
Parent company	Purchase of goods and services	392,146
	Sale of goods and services	124,384
		33,843
		114,472



Half Year ended 30 June 2012	Half Year ended 30 June 2011
----- (Rupees in '000) -----	

Relationship with the Company	Nature of transactions		
Other related parties	Purchase of goods and services	4,584	7,850
	Purchase of property	-	21,000
	Sale of goods and services	1,330	405
Key management personnel	Salaries and other employee benefits	55,700	56,644

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

30 June 2012	31 December 2011
----- (Rupees in '000) -----	

Period end balances

Receivable from related parties	228,813	232,281
Payable to related parties	1,967,076	1,487,304

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

16 Date of authorization for issue

This condensed interim financial information was authorized for issue on 31 August 2012 by the Board of Directors of the Company.

17 General

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

Balandaif
Chief Executive Officer

GRIMY
Director



Half Year ended 30 June 2012	Half Year ended 30 June 2011
----- (Rupees in '000) -----	

Relationship with the Company	Nature of transactions		
Other related parties	Purchase of goods and services	4,584	7,850
	Purchase of property	-	21,000
	Sale of goods and services	1,330	405
Key management personnel	Salaries and other employee benefits	55,700	56,644

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30 June 2012	31 December 2011
----- (Rupees in '000) -----	

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An Omantel Company

WorldCall

WORLDCALL TELECOM LIMITED AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

30 JUNE 2012



An Omantel Company

WorldCall

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 half year ended 30 June 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

Babar Ali Syed
Chief Executive Officer

Lahore
31 August 2012



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

Note	30 June 2012	31 December 2011
----- (Rupees in '000) -----		
NON CURRENT ASSETS		
Tangible fixed assets		
Property, plant and equipment	6 13,247,753	13,527,048
Capital work-in-progress	800,300	650,986
	<u>14,048,053</u>	<u>14,178,034</u>
Intangible assets		
Investment properties	7 5,078,362	5,183,628
Long term trade receivable	146,074	146,074
Deferred taxation	8 263,901	18,092
Long term deposits	641,571	288,499
	<u>130,529</u>	<u>132,323</u>
	<u>20,308,490</u>	<u>19,946,650</u>
CURRENT ASSETS		
Stores and spares	235,756	235,415
Stock in trade	186,094	201,901
Trade debts	3,724,241	3,252,683
Loans and advances - considered good	1,090,188	1,058,229
Deposits and prepayments	215,677	142,945
Other receivables	53,233	81,995
Short term investments	81,884	114,489
Income tax recoverable - net	150,682	163,943
Cash and bank balances	257,058	327,028
	<u>5,994,813</u>	<u>5,578,628</u>
Non current assets classified as held for sale	9 147	23
	<u>5,994,960</u>	<u>5,578,651</u>
CURRENT LIABILITIES		
Current maturities of non-current liabilities	3,047,430	2,095,116
Running finance under mark-up arrangements - secured	791,910	979,373
Short term borrowings	135,974	118,503
License fee payable	1,021,500	1,021,500
Trade and other payables	6,145,088	4,589,727
Interest and mark-up accrued	255,452	140,183
	<u>11,397,354</u>	<u>8,944,402</u>
Non current liabilities classified as held for sale	9 250	7,278
	<u>11,397,604</u>	<u>8,951,680</u>
	<u>(5,402,644)</u>	<u>(3,373,029)</u>
NET CURRENT LIABILITIES		
NON CURRENT LIABILITIES		
Term finance certificates - secured	10 538,779	1,081,213
Long term loan	11 3,052,356	3,060,004
Deferred income	12 65,916	166,300
Retirement benefits	346,146	300,075
Liabilities against assets subject to finance lease	73,119	89,471
Long term payables	13 873,100	1,494,620
Long term deposits	42,517	42,661
	<u>4,991,933</u>	<u>6,234,344</u>
Contingencies and commitments	14	
	<u>9,913,913</u>	<u>10,339,277</u>
REPRESENTED BY		
Share capital and reserves		
Authorized capital		
900,000,000 (31 December 2011: 900,000,000) ordinary shares of Rs. 10 each	<u>9,000,000</u>	<u>9,000,000</u>
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	(246,294)	(242,023)
Exchange translation reserve	(1,195)	(5,868)
Accumulated profit	373,572	804,241
Capital and reserves attributable to equity holders of the Company	<u>9,569,134</u>	<u>9,999,401</u>
Non controlling interest	(1,859)	(3,369)
	<u>9,567,275</u>	<u>9,996,032</u>
Surplus on revaluation	346,638	343,245
	<u>9,913,913</u>	<u>10,339,277</u>

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

Lahore

Balawandi
Chief Executive Officer

Gill
Director



CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2012

Note	Half year ended 30 June 2012	Half year ended 30 June 2011	Quarter ended 30 June 2012	Quarter ended 30 June 2011
----- (Rupees in '000) -----				
Continuing operations				
Revenue - net	4,811,253	3,701,165	2,751,181	2,074,517
Direct cost	(4,442,159)	(3,083,410)	(2,356,292)	(1,662,145)
Gross profit	<u>369,094</u>	<u>617,755</u>	<u>394,889</u>	<u>412,372</u>
Operating cost	(722,591)	(747,636)	(367,710)	(383,295)
Operating (loss)/profit	<u>(353,497)</u>	<u>(129,881)</u>	<u>27,179</u>	<u>29,077</u>
Finance cost	(667,480)	(475,825)	(115,721)	(127,858)
	<u>(1,020,977)</u>	<u>(605,706)</u>	<u>(142,541)</u>	<u>(158,777)</u>
Impairment loss on available for sale financial assets	(28,334)	(10,266)	(28,334)	(9,028)
Other operating (expenses)/ Income-net	(59,437)	62,278	(33,763)	(19,235)
Loss before taxation	<u>(755,251)</u>	<u>(423,813)</u>	<u>(177,818)</u>	<u>(156,121)</u>
Taxation	329,016	123,936	151,273	38,567
Loss after taxation from continuing operations	<u>(426,235)</u>	<u>(299,877)</u>	<u>(26,545)</u>	<u>(117,554)</u>
Discontinued operations				
(Loss)/profit for the period from discontinued operations	9 (1,473)	(1,873)	(694)	2,116
	<u>(427,708)</u>	<u>(301,750)</u>	<u>(27,239)</u>	<u>(115,438)</u>
Attributable to:				
Equity holders of parent	(427,276)	(301,199)	(27,036)	(116,058)
Non controlling interest	(432)	(551)	(203)	620
	<u>(427,708)</u>	<u>(301,750)</u>	<u>(27,239)</u>	<u>(115,438)</u>
Loss per share - basic and diluted				
From continuing and discontinued operations	(Rupees) (0.50)	(0.35)	(0.03)	(0.13)
From continuing Operations	(Rupees) (0.50)	(0.35)	(0.03)	(0.14)

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

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

Lahore

Balawandi
Chief Executive Officer

Gill
Director



**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012**

	Half year ended 30 June 2012	Half year ended 30 June 2011	Quarter ended 30 June 2012	Quarter ended 30 June 2011
	------(Rupees in '000)-----			
Loss for the period	(427,708)	(301,750)	(27,239)	(115,438)
Other comprehensive income/(loss) - net of tax:				
Exchange differences on translating foreign operations	6,615	(1,084)	13,209	(1,177)
Net change in fair value of available for sale financial assets	(32,605)	(163,001)	(45,316)	(19,385)
Impairment loss transferred to profit and loss account	28,334	10,266	28,334	9,028
	2,344	(153,819)	(3,773)	(11,534)
Total comprehensive loss for the period	<u>(425,364)</u>	<u>(455,569)</u>	<u>(31,012)</u>	<u>(126,972)</u>
Attributable to:				
Equity holders of the Parent	(426,874)	(454,701)	(34,223)	(127,247)
Non controlling interest	1,510	(868)	3,211	275
	<u>(425,364)</u>	<u>(455,569)</u>	<u>(31,012)</u>	<u>(126,972)</u>

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

Lahore

Balawandi
Chief Executive Officer

Grimy
Director



**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012**

	Note	Half year ended 30 June 2012	Half year ended 30 June 2011
		------(Rupees in '000)-----	
Cash flows from operating activities			
Cash generated from/(used in) operations	15	2,059,751	(270,858)
Decrease/(increase) in long term deposits receivable		1,794	(31,575)
(Increase)/decrease long term trade receivable		(803,635)	24,361
Decrease in long term deposits payable		(144)	(106)
Decrease in deferred income		(100,384)	(39,286)
(Decrease)/increase in long term payables		(417,520)	142,888
Retirement benefits paid		(7,213)	(8,628)
Finance cost paid		(160,664)	(434,047)
Taxes paid		(10,795)	(48,278)
Net cash generated from/(used in) operating activities		<u>561,190</u>	<u>(665,529)</u>
Cash flows from investing activities			
Fixed capital expenditure		(453,157)	(543,474)
Sale proceeds from property, plant and equipment		18,908	67,308
Net cash used in investing activities		<u>(434,249)</u>	<u>(476,166)</u>
Cash flows from financing activities			
Receipts of long term loan		-	2,943,855
Running finance - net		(187,463)	(778,498)
Receipt/(repayment) of short term borrowings		17,471	(200,000)
Repayment of term finance certificates		-	(606,199)
Repayment of liabilities against assets subject to finance lease		(26,795)	(16,436)
Net cash (used in)/generated from financing activities		<u>(196,787)</u>	<u>1,342,722</u>
Net (decrease)/increase in cash and cash equivalents		<u>(69,846)</u>	<u>201,027</u>
Cash and bank balance at the beginning of the period		<u>327,051</u>	<u>184,104</u>
Cash and bank balance at the end of the period		<u>257,205</u>	<u>385,131</u>

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

Lahore

Balawandi
Chief Executive Officer

Grimy
Director

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2012**



	Attributable to equity holders of the Company								
	Share capital	Share premium	Fair value reserve-avaliable for sale assets	Currency translation reserve	Accumulated profit/(loss)	Revaluation reserve	Sub Total	Non controlling interest	Total
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 for the period	-	-	(152,735)	(767)	(301,199)	-	(454,701)	(868)	(455,569)
Transfer to surplus on revaluation	-	-	-	-	(3,393)	3,393	-	-	-
Balance as at 30 June 2011	8,605,716	837,335	(225,283)	(5,677)	212,823	341,753	9,766,667	(4,446)	9,762,221
Total comprehensive (loss)/income for the period	-	-	(16,740)	(191)	582,910	-	575,979	1,077	577,056
Transfer to surplus on revaluation	-	-	-	-	(1,492)	1,492	-	-	-
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 (loss)/income for the period	-	-	(4,271)	4,673	(427,276)	-	(426,874)	1,510	(425,364)
Transfer to surplus on revaluation	-	-	-	-	(3,393)	3,393	-	-	-
Balance as at 30 June 2012	8,605,716	837,335	(246,294)	(1,195)	373,572	346,688	9,915,772	(1,859)	9,913,913

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

Lahore

Balwandi
Chief Executive Officer

Griffith
Director



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 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 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, 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. 147.701 million as at balance sheet date and its current liabilities exceed its current assets by Rs. 58.32 million. The net loss for the current period after tax is Rs. 1.47 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 June 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.



	Note	30 June 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	331,626	1,997,791
		13,858,674	14,792,835
Disposals for the period/year - NBV	6.2	(16,747)	(24,514)
Adjustment during the period/year - NBV		-	(187)
Depreciation for the period/year		(594,174)	(1,241,086)
Closing net book value	6.3	13,247,753	13,527,048
		13,247,753	13,527,048
6.1 Break-up of additions			
Leasehold improvements		702	5,983
Plant and equipment		308,083	1,767,386
Office equipment		710	6,437
Computers		21,764	61,561
Furniture and fixtures		300	280
Vehicles		67	155,569
Lab and other equipment		-	575
		331,626	1,997,791
6.2 Break-up of disposals - NBV			
Plant and equipment		-	(5,537)
Office equipment		(40)	(767)
Computers		(16,001)	(290)
Furniture and fixtures		-	(4)
Vehicles		(706)	(17,916)
		(16,747)	(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 June 2012	31 December 2011
------(Rupees in '000)-----			
7 Intangible assets - NBV			
Licenses		1,814,166	1,893,173
Patents and copyrights		-	125
Indefeasible right of use - Media cost	7.1	710,702	736,836
Goodwill	7.2	2,553,494	2,553,494
		5,078,362	5,183,628
7.1 During 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.			



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

Following are the results for the period ending 30 June 2012 and the comparative period of discontinued operations.

	Half Year ended 30 June 2012	Half Year ended 30 June 2011
----- (Rupees in '000) -----		
Results of discontinued operations		
Revenue	-	1,130
Expenses	(1,472)	(6,476)
Results from operating activities	(1,472)	(5,346)
Finance cost	(1)	(62)
Other income	-	3,535
Loss for the period	(1,473)	(1,873)



Half Year ended 30 June 2012	Half Year ended 30 June 2011
----- (Rupees in '000) -----	

Cash flow generated from/(used in) discontinued operations

Net cash used in operating activities	(1,885)	(4,207)
Net cash used in investing activities	-	(59)
Net cash generated from financing activities	2,009	4,553
Net cash generated from discontinued operation	124	287
----- (Rupees in '000) -----		
30 June 2012	31 December 2011	

Assets and liabilities classified as held for sale

Assets

Cash and bank	147	23
	147	23

Liabilities

Trade and other payables	244	7,271
Income tax payable	6	7
	250	7,278

10 Term finance certificates - Secured

Term Finance Certificates - III	2,191,648	2,191,648
Less: initial transaction cost	(53,994)	(53,994)
	2,137,654	2,137,654
Amortization of transaction cost	44,862	39,384
	2,182,516	2,177,038
Less: current maturity	(1,643,737)	(1,095,825)
	538,779	1,081,213

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

Installment payment of TFC III amounting to Rs 708 million was due on 05 July 2012 which has been paid by the Company subsequently on 30 July 2012.

11 Long term loan

	30 June 2012	31 December 2011
----- (Rupees in '000) -----		
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	7,619	4,572
	2,908,806	2,905,759
Add: Exchange loss	306,045	154,245
	3,214,851	3,060,004
Less: current maturity	(162,495)	-
	3,052,356	3,060,004



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

12 Deferred income

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

	30 June 2012	31 December 2011
	----- (Rupees in '000) -----	

13 Long term payable

Payable to Pakistan Telecommunication Authority	366,734	545,955
Payable to Multinet Pakistan (Private) Limited	112,376	173,863
Suppliers	393,990	774,802
	<u>873,100</u>	<u>1,494,620</u>

14 Contingencies and commitments - The Company

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. 47.98 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. 174.6 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 its 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 Honorable Supreme Court of Pakistan. The Company is hopeful of a favorable 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 Honorable Supreme Court of Pakistan. The Company is hopeful of a favorable 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 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.

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.



30 June 31 December
2012 2011
-----*(Rupees in '000)*-----

Commitments

14.4 Outstanding guarantees	<u>1,208,335</u>	<u>963,482</u>
14.5 Commitments in respect of capital expenditure	<u>2,050,839</u>	<u>2,185,760</u>
14.6 Outstanding letters of credit	<u>44,844</u>	<u>55,697</u>

Half Year ended 30 June 2012 Half Year ended 30 June 2011
-----*(Rupees in '000)*-----

15 Cash generated from/(used in) operations

Loss before taxation	(756,724)	(425,686)
Adjustment for non-cash charges and other items:		
Depreciation	594,174	722,053
Amortization of intangible assets	96,310	51,668
Amortization of transaction cost	8,527	6,667
Discounting charges	30,349	-
Amortization of receivables	554,608	(1,397)
Provision for doubtful receivables	79,100	47,159
Provision for stores and spares	3,000	6,000
Impairment loss on available for sale financial assets	28,334	10,266
Exchange loss on foreign currency loan	151,800	24,870
Gain on disposal of property, plant and equipment	(2,162)	(50,841)
Exchange translation difference	6,824	(767)
Retirement benefits	52,025	46,351
Finance cost	275,108	339,339
Profit before working capital changes	<u>1,121,273</u>	<u>775,682</u>

Effect on cash flow due to working capital changes:*(Increase)/decrease in the current assets*

Stores and spares	(3,309)	(19,618)
Stock in trade	15,832	3,440
Trade debts	(547,084)	(551,313)
Loans and advances	(31,959)	(65,252)
Deposits and prepayments	(72,706)	40,339
Other receivables	27,361	(49,970)

Increase/(decrease) in current liabilities

Trade and other payables	1,550,343	(404,166)
	<u>938,478</u>	<u>(1,046,540)</u>
	<u>2,059,751</u>	<u>(270,858)</u>

**16 Related party transactions**

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

Relationship with the Company	Nature of transactions	Half Year ended 30 June 2012	Half Year ended 30 June 2011
		----- <i>(Rupees in '000)</i> -----	
Parent company	Purchase of goods and services	392,146	124,384
	Sale of goods and services	33,843	114,472
Other related parties	Purchase of goods and services	4,584	7,850
	Purchase of property	-	21,000
	Sale of goods and services	1,330	405
Key management personnel	Salaries and other employee benefits	55,700	56,644

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

30 June 2012 31 December 2011
-----*(Rupees in '000)*-----

Period end balances

Receivable from related parties	228,813	232,281
Payable to related parties	1,967,076	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 31 August 2012 by the Board of Directors of the Company.

18 General

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

Balawadity
Chief Executive Officer

Ghaffar
Director

