



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

30 JUNE 2015





VISION

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

MISSION STATEMENT

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

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

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



Contents

Page Five

Company information

Page Seven

Directors' review

Page Eight

Auditor's Report to the Members

Page Nine

Condensed interim balance sheet

Page Ten

Condensed interim profit & loss account

Page Eleven

Condensed interim statement of comprehensive income

Page Twelve

Condensed interim cash flow statement

Page Thirteen

Condensed interim statement of changes in equity

Page Fourteen

Notes to the condensed interim financial information

Page Twenty Five

Condensed consolidated interim financial information



COMPANY INFORMATION

Chairman	Mr. Mehdi Mohammed Al Abduwani
Chief Executive Officer	Mr. Babar Ali Syed
Board of Directors	Mr. Mehdi Mohammed Al Abduwani (Chairman) Mr. Talal Said Marhoon Al Mamari (Vice Chairman) Mr. Aimen Bin Ahmed Al Hosni Mr. Samy Ahmed Abdulqadir Al Ghassany Mr. Sohail Qadir Mr. Shahid Aziz Siddiqi Dr. Syed Salman Ali Shah
Chief Financial Officer	Mr. Muhammad Murtaza Raza
Executive Committee	Mr. Mehdi Mohammed Al Abduwani (Chairman) Mr. Talal Said Marhoon Al Mamari (Vice Chairman) Mr. Aimen Bin Ahmed Al Hosni (Member) Mr. Sohail Qadir (Member) Mr. Babar Ali Syed (CEO) (Member) Mr. Saud Mansoor Mohammed Al Mazrooei (Secretary)
Audit Committee	Mr. Talal Said Marhoon Al Mamari (Chairman) Mr. Aimen Bin Ahmed Al Hosni (Member) Dr. Syed Salman Ali Shah (Member) Mr. Shahid Aziz Siddiqi (Member) Mr. Mirghani Hamza Al-Madani (Secretary)
Human Resource & Remuneration Committee	Mr. Talal Said Marhoon Al Mamari (Chairman) Mr. Samy Ahmed Abdul Qadir Al Ghassany (Member) Mr. Aimen Bin Ahmed Al Hosni (Member) Mr. Sohail Qadir (Member)
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

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
National Bank of Oman
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
IGI Investment Bank Limited
JS Bank Limited
Bank Islami Pakistan 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
Waseela Microfinance Bank Limited

Registrar and Shares Transfer Office

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

Registered Office/Head Office

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

Webpage

www.worldcall.com.pk



DIRECTORS' REVIEW

The Directors of Worldcall Telecom Limited ("Worldcall" or the "Company") are pleased to present the brief overview of the financial information for the half year ended 30 June 2015.

Financial Overview

During the period under review, the Company closed its financial results on net loss after tax of Rs. 2,372 million. The revenue has decreased from Rs. 1,289 million to Rs. 974 million showing a decline of 24% against the comparative period. Despite improvement in subscribers base in other segments, LDI has mainly impacted the underline results adversely after abolishment of international clearing house ("ICH"). Higher charge of network depreciation and hefty fixed cost has also contributed to gross loss of Rs. 544 million. Unfavorable movement in foreign currency exchange rates has negatively affected the Company. After taking effects of finance cost and tax, the Company has closed the period at a net loss.

Future Outlook

Despite the challenges being faced, the Company is hopeful to overturn the descending trend. Successful launch of 3G/4G services have presented the Company with tremendous opportunities for which majority of resources have been channeled towards broadband segment. Wireless broadband services have commenced commercially. Digital offering has been actualized with state of the art CAS enabled for bouquet and subscription management along with revenue assurance. Furthermore, abolishment of ICH has led the management to reassess and revamp its business procession order to restore its international termination business.

Conversely, the Company has successfully rescheduled its financial liability which would considerably ease the burden in meeting financial obligations. Additionally cost reduction initiatives are also underway. 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 customer for their continued support and trust on our services.

For and on behalf of the Board of Directors

Babar Ali Syed
Chief Executive Officer

Lahore
28 August 2015



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Worldcall Telecom Limited (the 'Company') as at 30 June 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim 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 interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 30 June 2014 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30 June 2015.

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 consist 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 interim financial information as of and for the half year ended 30 June 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore
28 August 2015

A.F. Ferguson & Co.
Chartered Accountants
Imran Farooq Mian



CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 30 JUNE 2015

		30 June 2015 Un-Audited	31 December 2014 Audited
	Note	----- (Rupees in '000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	6	12,173,093	12,503,346
Intangible assets	7	5,035,655	5,165,776
Investment properties		23,200	23,200
Long term trade receivables		99,658	110,380
Deferred taxation		2,193,904	2,917,389
Long term loans - considered good		3,484	3,802
Long term deposits		89,668	58,566
		<u>19,618,662</u>	<u>20,782,459</u>
CURRENT ASSETS			
Stores and spares		188,691	223,264
Stock-in-trade		273,614	273,614
Trade debts		941,287	911,906
Loans and advances		694,170	612,608
Deposits and prepayments		121,093	121,710
Short term investments		109,551	74,767
Other receivables		5,727	38,894
Income tax recoverable - net		156,654	144,547
Cash and bank balances		431,784	749,999
		<u>2,922,571</u>	<u>3,151,309</u>
Non-current assets classified as held for sale		1,120,502	1,120,502
		<u>4,043,073</u>	<u>4,271,811</u>
CURRENT LIABILITIES			
Current maturities of non-current liabilities		4,032,949	5,001,151
Short term borrowings - secured		563,859	768,890
License fee payable		1,021,500	1,021,500
Trade and other payables		7,965,265	7,197,619
Interest and mark up accrued		194,382	202,051
		<u>13,777,955</u>	<u>14,191,211</u>
		<u>(9,734,882)</u>	<u>(9,919,400)</u>
NET CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Term finance certificates - secured	8	-	-
Long term loans - secured	9	3,620,634	2,385,683
Retirement benefits		370,310	334,582
Liabilities against assets subject to finance lease		2,322	2,991
Long term payables		738,723	627,715
Long term deposits		35,102	35,421
		<u>4,767,091</u>	<u>3,386,392</u>
Contingencies and commitments	10		
		<u>5,116,689</u>	<u>7,476,667</u>
REPRESENTED BY			
EQUITY			
Share capital and reserves:			
Authorized share capital			
1,500,000,000 (31 December 2014: 1,500,000,000) ordinary shares of Rs 10 each		<u>15,000,000</u>	<u>15,000,000</u>
500,000 (31 December 2014: 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
Capital reserves:			
- Share premium		837,335	837,335
- Fair value reserve		38,060	3,276
- Exchange translation reserve		21,800	(16,700)
Revenue reserve: Accumulated loss		<u>(8,843,648)</u>	<u>(6,373,241)</u>
		4,196,963	6,594,086
Surplus on revaluation of fixed assets		919,726	882,581
		<u>5,116,689</u>	<u>7,476,667</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Balaram
Chief Executive Officer

G. M. D.
Director



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2015

	Half year ended 30 June 2015 Un-Audited	Half year ended 30 June 2014 Un-Audited	Quarter ended 30 June 2015 Un-Audited	Quarter ended 30 June 2014 Un-Audited
	----- (Rupees in '000) -----			
Revenue - net	973,566	1,288,761	479,465	595,154
Direct cost	(1,518,012)	(1,617,572)	(834,988)	(870,112)
Gross loss	<u>(544,446)</u>	<u>(328,811)</u>	<u>(355,523)</u>	<u>(274,958)</u>
Operating cost	(623,451)	(537,302)	(345,720)	(280,961)
Operating loss	<u>(1,167,897)</u>	<u>(866,113)</u>	<u>(701,243)</u>	<u>(555,919)</u>
Finance cost	(322,146)	(347,183)	(158,510)	(183,313)
	<u>(1,490,043)</u>	<u>(1,213,296)</u>	<u>(859,753)</u>	<u>(739,232)</u>
Other income	29,583	522,596	2,685	-
Other expenses	(92,926)	-	(69)	(52,479)
Loss before taxation	<u>(1,553,386)</u>	<u>(690,700)</u>	<u>(857,137)</u>	<u>(791,711)</u>
Taxation	(818,595)	(127,218)	(1,051,301)	(56,533)
Loss after taxation	<u>(2,371,981)</u>	<u>(817,918)</u>	<u>(1,908,438)</u>	<u>(848,244)</u>
Basic loss per share (Rupees)	<u>(2.88)</u>	<u>(1.06)</u>	<u>(2.28)</u>	<u>(1.05)</u>
Diluted loss per share (Rupees)	<u>(0.73)</u>	<u>(0.37)</u>	<u>(0.59)</u>	<u>(0.38)</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Balaram
Chief Executive Officer

G. M. D.
Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2015**

	Half year ended 30 June 2015 Un-Audited	Half year ended 30 June 2014 Un-Audited	Quarter ended 30 June 2015 Un-Audited	Quarter ended 30 June 2014 Un-Audited
	----- (Rupees in '000) -----			
Loss for the period	(2,371,981)	(817,918)	(1,908,438)	(848,244)
Other comprehensive income/(loss):				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
- Change in fair value of available-for-sale financial assets	34,784	(1,948)	44,174	9,692
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
Other comprehensive income/(loss) - net of tax	34,784	(1,948)	44,174	9,692
Total comprehensive loss for the period - net of tax	(2,337,197)	(819,866)	(1,864,264)	(838,552)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Balarambally
Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015**

	Half year ended 30 June 2015 Un-Audited	Half year ended 30 June 2014 Un-Audited
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Cash generated from/(used in) operations	234,213	(324,101)
<i>(Increase)/decrease in non-current assets:</i>		
- Long term deposits	(31,102)	(2,780)
- Long term loans	318	-
- Long term trade receivable	10,722	54,749
<i>(Decrease)/increase in non-current liabilities:</i>		
- Long term deposits	(319)	(51)
- Long term payables	3,614	(157,978)
Retirement benefits paid	(24,017)	(52,191)
Finance cost paid	(140,778)	(273,510)
Taxes paid	(22,603)	(53,878)
Net cash inflow/(outflow) from operating activities	30,048	(809,740)
Cash flows from investing activities		
Fixed capital expenditure	(271,684)	(554,879)
Proceeds from disposal of property, plant and equipment	19,456	9,648
Net cash outflow from investing activities	(252,228)	(545,231)
Cash flows from financing activities		
Proceeds from long term loan acquired	3,555,300	250,000
Initial loan transaction cost paid	(39,616)	(1,769)
Redemption of term finance certificates	(108,455)	-
Repayment of long term loan	(3,422,748)	(98,884)
Running finance - net	(80,031)	(19,678)
Repayment of short term borrowings - net	-	(6,722)
Repayment of liabilities against assets subject to finance lease	(485)	(29,636)
Net cash (outflow)/inflow from financing activities	(96,035)	93,311
Net decrease in cash and cash equivalents	(318,215)	(1,261,661)
Cash and cash equivalents at the beginning of the period	749,999	2,501,852
Cash and cash equivalents at the end of the period	431,784	1,240,191

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Balarambally
Chief Executive Officer

Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015**



	Share Capital		Capital Reserves			Revenue Reserve		Total
	Ordinary share capital	Preference share capital	Share premium	Fair value reserve (Rupees in '000)	Exchange translation reserve	Accumulated loss		
Balance as at 31 December 2013 (Audited)	8,605,716	3,537,700	837,335	11,702	144,300	(3,527,284)	9,609,469	
Loss for the period	-	-	-	-	-	(817,918)	(817,918)	
Other comprehensive loss for the period - net of tax	-	-	-	(1,948)	-	-	(1,948)	
Total comprehensive loss for the period - net of tax	-	-	-	(1,948)	-	(817,918)	(819,866)	
Transfer to surplus on revaluation of fixed assets	-	-	-	-	-	(87)	(87)	
Exchange translation reserve	-	-	-	-	(225,750)	225,750	-	
Dividend on preference shares	-	-	-	-	-	(95,371)	(95,371)	
Total transactions with owners, recognized directly in equity	-	-	-	-	(225,750)	130,379	(95,371)	
Balance as at 30 June 2014 (Un-Audited)	8,605,716	3,537,700	837,335	9,754	(81,450)	(4,214,911)	8,694,145	
Loss for the period	-	-	-	-	-	(1,979,296)	(1,979,296)	
Other comprehensive (loss)/income for the period - net of tax	-	-	-	(6,478)	-	(15,041)	(21,519)	
Total comprehensive loss for the period - net of tax	-	-	-	(6,478)	-	(1,994,337)	(2,000,815)	
Transfer from surplus on revaluation of fixed assets	-	-	-	-	-	9,023	9,023	
Exchange translation reserve	-	-	-	-	64,750	(64,750)	-	
Dividend on preference shares	-	-	-	-	-	(108,266)	(108,266)	
Total transactions with owners, recognized directly in equity	-	-	-	-	64,750	(173,016)	(108,266)	
Balance as at 31 December 2014 (Audited)	8,605,716	3,537,700	837,335	3,276	(16,700)	(6,373,241)	6,594,086	
Loss for the period	-	-	-	-	-	(2,371,981)	(2,371,981)	
Other comprehensive income for the period - net of tax	-	-	-	34,784	-	-	34,784	
Total comprehensive income/(loss) for the period - net of tax	-	-	-	34,784	-	(2,371,981)	(2,337,197)	
Transfer to surplus on revaluation of fixed assets	-	-	-	-	-	47,468	47,468	
Exchange translation reserve	-	-	-	-	38,500	(38,500)	-	
Dividend on preference shares	-	-	-	-	-	(107,394)	(107,394)	
Total transactions with owners, recognized directly in equity	-	-	-	-	38,500	(145,894)	(107,394)	
Balance as at 30 June 2015 (Un-Audited)	8,605,716	3,537,700	837,335	38,060	21,800	(8,843,648)	4,196,953	

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Balambhuti
Chief Executive Officer

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2015

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 and re-broadcasting international/national satellite/terrestrial wireless and cable television and radio signals as well as interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The registered office of the Company is situated at 67A, C-III, Gulberg III, Lahore.

During 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"). In addition to this, the Parent company also acquired 57.14% preference shares (200,000 preference shares) during the year ended 31 December 2013.

This financial information is the separate financial information of the Company. Consolidated financial information is prepared separately.

2. Basis of preparation

2.1 This condensed interim unconsolidated 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. The figures for the half year ended 30 June 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2014.

2.2 The Company has incurred a loss after taxation of Rs 2,371.981 million during the half year ended 30 June 2015 while the accumulated loss stands at Rs 8,843.648 million as at 30 June 2015. Current liabilities exceed current assets by Rs 9,734.882 million. The Company has fully availed the credit facilities available to it. Current liabilities include overdues aggregating Rs 74.568 million in respect of Term Finance Certificates and long term loans. The Company's management has carried out a going concern assessment of the Company and believes that the going concern assumption used for the preparation of this interim financial information is appropriate based on the following grounds:

- (i) Successful execution of the business plan approved by the Board of Directors (BOD) that includes increase in sales volumes through re-launch of EVDOs as a result of strategic repositioning, increase in international termination revenue, investment in infrastructure of Broadband business to enhance its capacities and resultant sales volumes, sale of passive infrastructure (towers, civil works and gensets etc.) and properties; and using the proceeds therefrom for other profitable operations or settling overdue liabilities; and



- (ii) In addition to improvements as referred to in (i) above, the aforesaid assertion of going concern is based on the Parent company's continuous and proposed support. In the past, M/s Oman Telecommunications Company SAOG, an entity having majority ownership by Government of Oman, being the Parent company has provided support to the Company through providing guarantee for loan of USD 35 million from Askari Bank Limited which loan has now been taken over by National Bank of Oman. Further, the Parent company also took up preference shares of USD 20 million issued by the Company in 2013. The Parent company has assured to continue support to the Company to continue as a going concern through its letter dated August 17, 2015 to the Board of Directors of the Company. Accordingly, no material uncertainties leading to a significant doubt about going concern have been identified.

3. Significant accounting policies

- 3.1 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 of the Company for the year ended 31 December 2014.

3.2 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 Company's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 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 Company's operations and are, therefore, not detailed in this condensed interim financial information.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

4. Significant accounting judgments and estimates

The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates, associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In preparing this condensed interim unconsolidated financial information, the significant judgments made by management in applying accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 December 2014.



5. 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.

		30 June 2015 Un-Audited	31 December 2014 Audited
	Note	----- (Rupees in '000) -----	
6 Property, plant and equipment			
Operating fixed assets	6.1	11,267,409	11,641,345
Capital work-in-progress		874,495	836,413
Major spare parts and stand-by equipment		31,189	25,588
		<u>12,173,093</u>	<u>12,503,346</u>
6.1 Operating fixed assets			
Opening book value		11,641,345	12,520,955
Additions during the period/year	6.2	228,001	1,212,066
Revaluation surplus		-	455,772
Transferred in from investment properties		-	97,500
		<u>11,869,346</u>	<u>14,286,293</u>
Disposals (at book value) for the period/year	6.3	(18,521)	(19,112)
Transferred out to non-current assets classified as held for sale		-	(1,356,011)
Depreciation charged during the period/year		(583,416)	(1,269,825)
Closing book value	6.4	<u>11,267,409</u>	<u>11,641,345</u>
6.2 Following is the detail of additions			
Leasehold improvements		6,444	2,741
Plant and equipment		219,045	1,199,213
Office equipment		367	2,623
Furniture and fixtures		34	-
Computers		2,111	2,114
Vehicles		-	5,375
		<u>228,001</u>	<u>1,212,066</u>
6.3 Following are the book values of disposals			
Plant and equipment		-	4,320
Office equipment		-	441
Computers		440	268
Furniture and fixtures		-	6
Vehicles		18,081	14,077
		<u>18,521</u>	<u>19,112</u>
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.			



	30 June 2015 Un-Audited	31 December 2014 Audited
Note	----- (Rupees in '000) -----	
7. Intangible assets		
Licenses	1,920,189	2,022,751
Indefeasible right of use - media cost	553,898	580,032
Softwares	8,074	9,499
Goodwill	2,553,494	2,553,494
	<u>5,035,655</u>	<u>5,165,776</u>

- 7.1 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.

Management has assessed the recoverable amount as at 30 June 2015 based on a value in use calculation and determined that, as of this date, there is no indication of impairment of Goodwill. This calculation uses cash flow projections based on a five years' financial business plan approved by the Board. 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. 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 the purpose of impairment testing, no growth is considered in cash flows beyond the period of five years as per International Accounting Standard 36 'Impairment of Assets'. The key assumption and discount rate used in the value in use calculation is as follows:

Revenue (% annual growth rate)	60%
Discount rate	21%

Based on the above approved 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.

	30 June 2015 Un-Audited	31 December 2014 Audited
Note	----- (Rupees in '000) -----	
8. Term finance certificates - secured		
Term finance certificates	1,643,735	1,643,735
Restructuring cost	(12,638)	-
	<u>1,631,097</u>	<u>1,643,735</u>
Amortization of restructuring cost	1,317	-
	<u>1,632,414</u>	<u>1,643,735</u>
Redeemed	(108,455)	-
	<u>1,523,959</u>	<u>1,643,735</u>
Current maturity	(1,523,959)	(1,643,735)
	<u>-</u>	<u>-</u>

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



Term Finance Certificates (TFCs)

These TFCs were earlier rescheduled in December 2012 under which the principal was repayable in three semi-annual installments ending on 07 October 2015.

In July 2014, the Company initiated the process of second restructuring with the TFC holders. On 03 April 2015, the TFCs were rescheduled and the terms of the revised rescheduling agreement are effective from 07 October 2014. As per revised terms, the tenure of the TFCs were extended by seven years with principal installments ending in October 2021. Profit rate and security remained the same.

As per terms of second rescheduling, payments in respect of principal and markup aggregating to Rs 210.006 million were required to be made during the half year ended June 30, 2015. However, payments of Rs 128.558 million were made, hence, constituting a default as per the terms. Consequently, the total amount has been classified in current liabilities.

	30 June 2015 Un-Audited	31 December 2014 Audited
Note	----- (Rupees in '000) -----	
9. Long term loans - secured		
Askari Bank Limited	9.1 -	2,378,458
National Bank of Oman (NBO)	9.2 3,519,884	-
Soneri Bank Limited	9.3 -	7,225
Allied Bank Limited	9.4 100,750	-
	<u>3,620,634</u>	<u>2,385,683</u>
9.1 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	129,365	43,257
	<u>2,943,855</u>	<u>2,857,747</u>
Exchange loss	557,729	524,995
	<u>3,501,584</u>	<u>3,382,742</u>
Repaid	(3,501,584)	(98,884)
	-	3,283,858
Current maturity	-	(905,400)
	<u>-</u>	<u>2,378,458</u>

In September 2014, the Company in agreement with Askari Bank Limited, arranged a financing from consortium of banks comprising NBO and Ahli Bank SAOG ("the consortium") with NBO as the lead arranger, whereby Askari Bank Limited shall be fully repaid from the proceeds of the loan from the consortium. As of the reporting date, this loan has been repaid from the loan proceeds from NBO and SBLC has been released by Askari Bank Limited.

**9.2 National Bank of Oman**

	30 June 2015 Un-Audited	31 December 2014 Audited
Receipt	3,555,300	-
Initial transaction cost	(39,616)	-
	<u>3,515,684</u>	<u>-</u>
Exchange loss	4,200	-
	<u>3,519,884</u>	<u>-</u>

This represents foreign currency syndicated loan facility amounting to USD 35 million from NBO and Ahli Bank SAOG ("the consortium") with NBO as the lead arranger. The loan was disbursed on 30 June 2015. It is repayable in 16 quarterly installments commencing 30 September 2017. Profit is payable quarterly and is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.5% per annum. To secure the facility, corporate guarantee of the Parent Company has been furnished alongwith a provision for cash cover/direct debit of the Parent Company's bank account in the event of the Company's failure to fund obligations under the facility agreement.

9.3 Soneri Bank Limited

	30 June 2015 Un-Audited	31 December 2014 Audited
Receipt	66,756	66,756
Repaid	(31,460)	(16,662)
	<u>35,296</u>	<u>50,094</u>
Current maturity	(35,296)	(42,869)
	<u>-</u>	<u>7,225</u>

Current maturity of this loan includes overdue installments aggregating Rs 13.021 million (2014: Nil).

9.4 Allied Bank Limited

	30 June 2015 Un-Audited	31 December 2014 Audited
Transferred from running finance	125,000	-
Repaid	(5,250)	-
	<u>119,750</u>	<u>-</u>
Current maturity	(19,000)	-
	<u>100,750</u>	<u>-</u>

This represents a term loan facility of Rs 125 million obtained through restructuring of Running Finance facility. This facility was rescheduled in January 2015 and is now repayable in 43 monthly installments ending on 31 July 2018. It carried mark up at one month KIBOR plus 2.5% per annum till 31 March 2015 and was payable monthly. The mark up rate with effect from 01 April 2015 is 3 months KIBOR plus 0.5% per annum to be reset and recoverable quarterly. It is secured through joint pari passu charge on present and future current and fixed assets excluding land and building of the Company with 25% margin.

**10. Contingencies and commitments****Contingencies**

There is no significant change in contingencies from the preceding annual published financial statements of the Company for the year ended 31 December 2014 except for the following:

- (i) 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 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 and while first appellate authority decided certain issues in Company's favor, major issues were remanded back to department for adjudication afresh. Such appellate order was further assailed by the Company before Appellate Tribunal Inland Revenue ('ATIR'), at which forum, adjudication is pending. Meanwhile, department concluded the reassessment proceedings, primarily repeating the treatment earlier accorded, however, based on relief allowed by first appellate authority, demand now stands reduced to Rs 1,003.426 million (including default surcharge of Rs 384.329 million). Such reassessment order was assailed by the Company in second round of litigation and the first appellate authority, through its order dated 29 June 2015, has upheld the departmental action. Management intends to contest such order too before ATIR and is in the process of preferring an appeal. In this financial information, only an amount of Rs 103.673 million has been recognized as liability on this account as Company's management considers that Company's position is well founded on meritorious grounds and thus eventually demand would not sustain appellate review.
- (ii) One of the Company's suppliers has filed a petition before the Lahore High Court through which it has claimed Rs 216.482 million receivable from the Company. Further details of the litigation have not been disclosed as it may prejudice the Company's position. The Company has denied such claim and has also challenged the maintainability of the proceedings. Also, the Company has filed a counter petition claiming Rs 315.178 million receivable from the same supplier. Based on the advice of the Company's legal counsel, management is of the view that it is unlikely that any adverse order will be passed against the Company. In view of the above, no provision has been made in this interim financial information on this account.

	30 June 2015 Un-Audited	31 December 2014 Audited
Outstanding guarantees	<u>1,080,577</u>	<u>1,140,217</u>
Commitments		
Commitments in respect of capital expenditure	<u>1,770,406</u>	<u>1,851,011</u>
Outstanding letters of credit	<u>7,851</u>	<u>4,596</u>

**11. Cash generated from/(used in) operations**

	Half year ended 30 June 2015 Un-Audited ------(Rupees in '000)-----	Half year ended 30 June 2014 Un-Audited
Loss before taxation	(1,553,386)	(690,700)
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	583,416	644,656
- Amortization on intangible assets	130,121	98,024
- Amortization of transaction cost	87,425	13,469
- Discounting charges	-	38,339
- Amortization of long term trade receivables	(7,494)	(3,058)
- Provision for doubtful debts	65,618	30,744
- Provision for stock-in-trade and stores and spares	2,602	-
- Exchange loss/(gain) on foreign currency loan	36,934	(222,525)
- Gain on sale of property, plant and equipment	(936)	(4,052)
- Retirement benefits	43,365	32,207
- Advances written-off	-	10,383
- Finance cost	234,721	295,375
(Loss)/profit before working capital changes	(377,614)	242,862

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

- Stores and spares	31,971	(88,558)
- Stock-in-trade	-	(19,832)
- Trade debts	(87,503)	(23,281)
- Loans and advances	(81,562)	178,893
- Deposits and prepayments	617	(378,371)
- Other receivables	33,167	26,490

Increase/(decrease) in current liabilities:

- Trade and other payables	715,137	(262,304)
	611,827	(566,963)
	234,213	(324,101)

12. 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	Half year ended 30 June 2015 Un-Audited ------(Rupees in '000)-----	Half year ended 30 June 2014 Un-Audited
Parent company	Dividend on preference shares	61,380	95,371
	Management fee on preference shares	75,401	61,925
Other related parties	Purchase of goods and services	40,943	41,828
Key management personnel	Salaries and other employee benefits	153,857	161,869

**Period/year end balances**

	30 June 2015 Un-Audited ------(Rupees in '000)-----	31 December 2014 Audited
Receivable from related parties	36,519	30,432
Payable to related parties	2,771,739	2,587,629

13. Financial risk management**13.1 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 2014.

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

13.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities except for restructuring/refinancing of TFCs and loans as referred to in notes 8 and 9.

13.3 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 June 2015.

During the period, there were no significant changes in the business or economic circumstances that

	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Available-for-sale investments	109,551	-	-	109,551
Liabilities	-	-	-	-

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2014.



	Level 1	Level 2	Level 3	Total
Rupees in '000				
Assets				
Available-for-sale investments	74,767	-	-	74,767
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 and there were no changes in valuation techniques during the period.

14. Date of authorization for issue

This condensed interim financial information was authorized for issue on 28 August, 2015 by the Board of Directors of the Company.

15. 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.

Balanced by

G.M.T





**WORLDCALL TELECOM LIMITED
AND ITS SUBSIDIARY**

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

30 JUNE 2015





DIRECTORS' REPORT

The Directors of Worldcall Telecom Limited (“WTL” or the “Parent Company”) are pleased to present condensed consolidated interim financial information of the Group for the half year ended 30 June 2015.

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 consolidated financial statements, 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

28 August 2015





CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (Un-Audited) AS AT 30 JUNE 2015

	30 June 2015 Un-Audited	31 December 2014 Audited
Note	------(Rupees in '000)-----	
NON-CURRENT ASSETS		
Property, plant and equipment	7 12,173,093	12,503,346
Intangible assets	8 5,035,655	5,165,776
Investment properties	23,200	23,200
Long term trade receivables	99,658	110,380
Deferred taxation	2,193,904	2,917,389
Long term loans - considered good	3,484	3,802
Long term deposits	89,668	58,566
	<u>19,618,662</u>	<u>20,782,459</u>
CURRENT ASSETS		
Stores and spares	188,691	223,264
Stock-in-trade	273,614	273,614
Trade debts	941,287	911,906
Loans and advances	694,170	612,608
Deposits and prepayments	121,093	121,710
Short term investments	109,551	74,767
Other receivables	5,727	38,894
Income tax recoverable - net	156,654	144,547
Cash and bank balances	431,784	749,999
	<u>2,922,571</u>	<u>3,151,309</u>
Non-current assets classified as held for sale	1,120,504	1,120,504
	<u>4,043,075</u>	<u>4,271,813</u>
CURRENT LIABILITIES		
Current maturities of non-current liabilities	4,032,949	5,001,151
Short term borrowings - secured	563,859	768,890
License fee payable	1,021,500	1,021,500
Trade and other payables	7,965,265	7,197,619
Interest and mark up accrued	194,382	202,051
	<u>13,777,955</u>	<u>14,191,211</u>
Liabilities in respect of non-current assets classified as held for sale	6,214	5,404
	<u>13,784,169</u>	<u>14,196,615</u>
	<u>(9,741,094)</u>	<u>(9,924,802)</u>
NET CURRENT LIABILITIES		
NON-CURRENT LIABILITIES		
Term finance certificates - secured	9 -	-
Long term loans - secured	10 3,620,634	2,385,683
Retirement benefits	370,310	334,582
Liabilities against assets subject to finance lease	2,322	2,991
Long term payables	738,723	627,715
Long term deposits	35,102	35,421
	<u>4,767,091</u>	<u>3,386,392</u>
Contingencies and commitments	11	
	<u>5,110,477</u>	<u>7,471,265</u>
REPRESENTED BY		
EQUITY		
Share capital and reserves:		
Authorized share capital		
1,500,000,000 (31 December 2014: 1,500,000,000)		
ordinary shares of Rs 10 each	<u>15,000,000</u>	<u>15,000,000</u>
500,000 (31 December 2014: 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
Capital reserves:		
- Share premium	837,335	837,335
- Fair value reserve	38,060	3,276
- Exchange translation reserve	16,090	(21,837)
Revenue reserve: Accumulated loss	(8,839,479)	(6,369,072)
	<u>4,195,422</u>	<u>6,593,118</u>
Non-controlling interest	(4,671)	(4,434)
	<u>4,190,751</u>	<u>6,588,684</u>
Surplus on revaluation of fixed assets	919,726	882,581
	<u>5,110,477</u>	<u>7,471,265</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Balaram
Chief Executive Officer

Grim
Director



CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2015

	Half year ended 30 June 2015 Un-Audited	Half year ended 30 June 2014 Un-Audited	Quarter ended 30 June 2015 Un-Audited	Quarter ended 30 June 2014 Un-Audited
	------(Rupees in '000)-----			
Continuing operations				
Revenue - net	973,566	1,288,761	479,465	595,154
Direct cost	(1,518,012)	(1,617,572)	(834,988)	(870,112)
Gross loss	(544,446)	(328,811)	(355,523)	(274,958)
Operating cost	(623,451)	(537,301)	(345,720)	(280,960)
Operating loss	(1,167,897)	(866,112)	(701,243)	(555,918)
Finance cost	(322,146)	(347,183)	(158,510)	(183,313)
	<u>(1,490,043)</u>	<u>(1,213,295)</u>	<u>(859,753)</u>	<u>(739,231)</u>
Other income	29,583	532,296	2,685	-
Other expenses	(92,926)	-	(69)	(42,779)
Loss before taxation	(1,553,386)	(680,999)	(857,137)	(782,010)
Taxation	(818,595)	(127,218)	(1,051,301)	(56,533)
Loss after taxation from continuing operations	(2,371,981)	(808,217)	(1,908,438)	(838,543)
Discontinued operations				
Loss for the period from discontinued operations	-	(427)	-	(216)
	<u>(2,371,981)</u>	<u>(808,644)</u>	<u>(1,908,438)</u>	<u>(838,759)</u>
Attributable to:				
Equity holders of the Parent Company	(2,371,981)	(808,519)	(1,908,563)	(838,696)
Non-controlling interest	-	(125)	125	(63)
	<u>(2,371,981)</u>	<u>(808,644)</u>	<u>(1,908,438)</u>	<u>(838,759)</u>
Loss per share - basic				
From continuing operations	Rupees (2.88)	(1.06)	(2.28)	(1.05)
From discontinued operations	Rupees -	(0.00)	(0.00)	(0.00)
From loss for the period	Rupees (2.88)	(1.06)	(2.28)	(1.05)
Loss per share - diluted				
From continuing operations	Rupees (0.73)	(0.37)	(0.59)	(0.38)
From discontinued operations	Rupees -	(0.00)	(0.00)	(0.00)
From loss for the period	Rupees (0.73)	(0.37)	(0.59)	(0.38)

The annexed notes 1 to 16 form an integral part of this condensed consolidated interim financial information.

Balaram
Chief Executive Officer

Grim
Director



**CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2015**

	Half year ended 30 June 2015 Un-Audited	Half year ended 30 June 2014 Un-Audited	Quarter ended 30 June 2015 Un-Audited	Quarter ended 30 June 2014 Un-Audited
------(Rupees in '000)-----				
Loss for the period	(2,371,981)	(808,644)	(1,908,438)	(838,759)
Other comprehensive (loss)/income:				
<i>Items that may be subsequently reclassified to profit or loss:</i>				
-Exchange differences on translating foreign operations	(810)	4,987	693	(31)
-Change in fair value of available-for-sale financial assets	34,784	(1,948)	44,174	(9,692)
	33,974	3,039	44,867	(9,723)
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
Other comprehensive income/(loss) - net of tax	33,974	3,039	44,867	(9,723)
Total comprehensive loss for the period - net of tax	(2,338,007)	(805,605)	(1,863,571)	(848,482)
Attributable to:				
Equity holders of the Parent Company	(2,337,770)	(806,943)	(1,863,775)	(848,409)
Non-controlling interest	(237)	1,338	204	(73)
	(2,338,007)	(805,605)	(1,863,571)	(848,482)

The annexed notes 1 to 16 form an integral part of this condensed consolidated interim financial information.

Balaram
Chief Executive Officer

G. N. M. V.
Director



**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2015**

	Half year ended 30 June 2015 Un-Audited	Half year ended 30 June 2014 Un-Audited
------(Rupees in '000)-----		
Cash flows from operating activities		
Cash generated from/(used in) operations	12 234,213	(324,226)
<i>(Increase)/decrease in non-current assets:</i>		
- Long term deposits	(31,102)	(2,780)
- Long term loans	318	-
- Long term trade receivable	10,722	54,749
<i>(Decrease)/increase in non-current liabilities:</i>		
- Long term deposits	(319)	(51)
- Long term payables	3,614	(157,978)
Retirement benefits paid	(24,017)	(52,191)
Finance cost paid	(140,778)	(273,510)
Taxes paid	(22,603)	(53,878)
Net cash outflow from operating activities	30,048	(809,865)
Cash flows from investing activities		
Fixed capital expenditure	(271,684)	(554,879)
Proceeds from disposal of property, plant and equipment	19,456	9,648
Net cash outflow from investing activities	(252,228)	(545,231)
Cash flows from financing activities		
Proceeds from long term loan acquired	3,555,300	250,000
Initial loan transaction cost paid	(39,616)	(1,769)
Redemption of term finance certificates	(108,455)	-
Repayment of long term loan	(3,422,748)	(98,884)
Running finance - net	(80,031)	(19,678)
Repayment of short term borrowings - net	-	(6,722)
Repayment of liabilities against assets subject to finance lease	(485)	(29,636)
Net cash (outflow)/inflow from financing activities	(96,035)	93,311
Net decrease in cash and cash equivalents	(318,215)	(1,261,786)
Cash and cash equivalents at the beginning of the period	750,001	2,501,980
Cash and cash equivalents at the end of the period	431,786	1,240,194

The annexed notes 1 to 16 form an integral part of this condensed consolidated interim financial information.

Balaram
Chief Executive Officer

G. N. M. V.
Director



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.

Going concern assumption

The Group has incurred a loss after taxation of Rs 2,371.981 million during the half year ended 30 June 2015 while the accumulated loss stands at Rs 8,839.479 million as at 30 June 2015. Current liabilities exceed current assets by Rs 9,741.094 million. The Group has fully availed the credit facilities available to it. Current liabilities include overdues aggregating Rs 74.568 million in respect of Term Finance Certificates and long term loans. The Group's management has carried out a going concern assessment of the Group and believes that the going concern assumption used for the preparation of this condensed consolidated interim financial information is appropriate based on the following grounds:

- (i) Successful execution of the business plan approved by the Board of Directors ("BOD") that includes increase in sales volumes through re-launch of EVDOs as a result of strategic repositioning, increase in international termination revenue, investment in infrastructure of Broadband business to enhance its capacities and resultant sales volumes, sale of passive infrastructure (towers, civil works and gensets etc.) and properties; and using the proceeds therefrom for other profitable operations or settling overdue liabilities; and
- (ii) In addition to improvements as referred to in (i) above, the aforesaid assertion of going concern is based on the Holding Company's continuous and proposed support. In the past, M/s Oman Telecommunications Company SAOG, an entity having majority ownership by Government of Oman, being the Holding Company has provided support to the Group through providing guarantee for loan of USD 35 million from Askari Bank Limited which loan has now been taken over by National Bank of Oman. Further, the Holding Company also took up preference shares of USD 20 million issued by the Group in 2013. The Holding Company has assured to continue support to the Group to continue as a going concern through its letter dated August 17, 2015 to the Board of Directors. Accordingly, no material uncertainties leading to a significant doubt about going concern have been identified.

3. Statement of compliance

This condensed consolidated interim 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 consolidated financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2014.

4. Significant accounting policies

- 4.1 The accounting policies and the methods of computation adopted in the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of the preceding annual published financial statements for the year ended 31 December 2014.



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 consolidated 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, 2016 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 consolidated 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 2014.

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.

		30 June 2015	31 December 2014
	Note	Un-Audited	Audited
----- (Rupees in '000) -----			
7	Property, plant and equipment		
	Operating fixed assets	7.1 11,267,409	11,641,345
	Capital work-in-progress	874,495	836,413
	Major spare parts and stand-by equipment	31,189	25,588
		<u>12,173,093</u>	<u>12,503,346</u>



7.1 Operating fixed assets

	30 June 2015 Un-Audited	31 December 2014 Audited
Note	----- (Rupees in '000) -----	

_____	_____
_____	_____
=====	=====
_____	_____
_____	_____
=====	=====

	30 June 2015 Un-Audited	31 December 2014 Audited
Note	----- (Rupees in '000) -----	

_____	_____
_____	_____
=====	=====



Rs 210.006 million were required to be made during the half year ended June 30, 2015. However payments of Rs 128.558 million were made, hence, constituting a default as per the terms. Consequently, the total amount has been classified in current liabilities.

10. Long term loans - secured

Askari Bank Limited	10.1	-	2,378,458
National Bank of Oman (NBO)	10.2	3,519,884	-
Soneri Bank Limited	10.3	-	7,225
Allied Bank Limited	10.4	100,750	-
		3,620,634	2,385,683

10.1 Askari Bank Limited

Receipt	2,943,855	2,943,855
Initial transaction cost	(129,365)	(129,365)
	2,814,490	2,814,490
Amortization of transaction cost	129,365	43,257
	2,943,855	2,857,747
Exchange loss	557,729	524,995
	3,501,584	3,382,742
Repaid	(3,501,584)	(98,884)
	-	3,283,858
Current maturity	30 June 2015 Un-Audited	31 December 2014 Audited
	2,378,458	2,378,458

In September 2014, the Group in agreement with Askari Bank Limited, arranged a financing from consortium of banks comprising NBO and Ahli Bank SAOG ("the consortium") with NBO as the lead arranger, whereby Askari Bank Limited shall be fully repaid from the proceeds of the loan from the consortium. As of the reporting date, this loan has been repaid from the loan proceeds from NBO and SBLC has been released by Askari Bank Limited.

10.2 National Bank of Oman

Receipt	3,555,300	-
Initial transaction cost	(39,616)	-
	3,515,684	-
Exchange loss	4,200	-
	3,519,884	-

This represents foreign currency syndicated loan facility amounting to USD 35 million from NBO and Ahli Bank SAOG ("the consortium") with NBO as the lead arranger. The loan was disbursed on 30 June 2015. It is repayable in 16 quarterly installments commencing 30 September 2017. Profit is payable quarterly and is charged at three months average LIBOR plus 1.75% per annum and monitoring fee at 1.5% per annum. To secure the facility, corporate guarantee of the Holding Company has been furnished alongwith a provision for cash cover/direct debit of the Holding Company's bank account in the event of the Group's failure to fund obligations under the facility agreement.



	30 June	31 December
	2015	2014
	Un-Audited	Audited
Note	----- (Rupees in '000) -----	

10.3 Soneri Bank Limited

	30 June	31 December
	2015	2014
	Un-Audited	Audited
	----- (Rupees in '000) -----	



	30 June	31 December
	2015	2014
	Un-Audited	Audited
	----- (Rupees in '000) -----	

Effect on cash flow due to working capital changes:

Decrease/(increase) in the current assets:

-Stores and spares	31,967	(88,558)
-Stock-in-trade	(3)	(19,832)
-Trade debts	(87,544)	(23,281)
-Loans and advances	(81,562)	178,893
-Deposits and prepayments	614	(378,370)
-Other receivables	33,097	26,481

Increase/(decrease) in current liabilities:

-Trade and other payables	715,947	(266,982)
	2015	2014
	Un-Audited	Audited
	234,443	(324,526)
	----- (Rupees in '000) -----	

13. Related party transactions

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

14. Financial risk management

14.1 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 consolidated 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 2014.

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

14.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities except for restructuring/refinancing of TFCs and loans as referred to in notes 9 and 10.

14.3 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 June 2015.

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 and there were no changes in valuation techniques during the

30 June	31 December
2015	2014
Un-Audited	Audited
----- (Rupees in '000) -----	

=====

=====

=====

Half year ended	Half year ended
30 June	30 June
2015	2014
Un-Audited	Un-Audited
----- (Rupees in '000) -----	

=====



Half year ended	Half year ended
30 June	30 June
2015	2014
Un-Audited	Un-Audited
----- (Rupees in '000) -----	

--	--

=====

=====

Half year ended	Half year ended
30 June	30 June
2015	2014
Un-audited	Un-audited
----- (Rupees in '000) -----	

Relationship with the Group

Nature of transactions

Holding Company	Dividend on preference shares	61,380	95,371
	Management fee on preference shares	75,401	61,925
Other related parties	Purchase of goods and services	40,943	41,828
Key management personnel	Salaries and other employee benefits	153,857	161,869

30 June	31 December
2015	2014
Un-audited	Audited
----- (Rupees in '000) -----	

Period/year end balances

Receivable from related parties	36,519	30,432
Payable to related parties	2,771,739	2,587,629



	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Available-for-sale investments	109,551	-	-	109,551
	<u>109,551</u>	<u>-</u>	<u>-</u>	<u>109,551</u>
Liabilities				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The following table presents the Group's assets and liabilities that are measured at fair value at December 31, 2014.

	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Available-for-sale investments	74,767	-	-	74,767
	<u>74,767</u>	<u>-</u>	<u>-</u>	<u>74,767</u>
Liabilities				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Balanchity

G.M.D