VISION

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

MISSION STATEMENT

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

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

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

WORLD CALL
An Omantel Company

CONTENTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

COMPANY INFORMATION

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

Bankers *(In Alphabetic Order)*	Allied Bank Limited Albaraka Bank (Pakistan) Limited (formerly Emirates Global Islamic Bank Limited) Askari Bank Limited Barclays Bank Plc Pakistan Burj Bank Limited (formerly Dawood Islamic Bank Limited) Deutsche Bank AG Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited HSBC Bank Oman S.A.O.G. (formerly Oman International Bank S.A.O.G.) IGI Investment Bank Limited JS Bank Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan NIB Bank Limited Pak Oman Investment Co. Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited (formerly Arif Habib Bank Limited) Tameer Microfinance Bank Limited The Bank of Punjab United Bank Limited
Registrar and Shares Transfer Office	THK Associates (Pvt.) Limited Ground Floor, State Life Building No.3, Dr. Zia-ud-Din Ahmed Road, Karachi. Tel: (021) 111-000-322
Registered Office/Head Office	67-A, C/III, Gulberg-III, Lahore, Pakistan Tel: (042) 3587 2633-38 Fax: (042) 3575 5231
Webpage	www.worldcall.com.pk

NOTICE OF 13th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN to all the shareholders of Worldcall Telecom Limited ("**Company**") that the 13th Annual General Meeting of the Company will be held at Avari Hotel Lahore, on May 4, 2013 at 11 a.m. to transact the following business:

1. **Ordinary Business:**

(i) To approve the minutes of the 12th Annual General Meeting held on April 30, 2012;

(ii) To receive, consider and to adopt the financial statements of the Company for the year ended 31 December 2012 together with the Directors' and Auditors' reports thereon;

(iii) To appoint Auditors of the Company for the year ending 31 December 2013 and to fix their remuneration.

2. **Special Business:**

To consider and, if thought fit to pass with or without modification, the following resolutions as special resolutions, under, Section 90 of the Companies Ordinance, 1984 ("**Companies Ordinance**") read with Rule 5 of the Companies' Share Capital (Variation in Rights and Privileges) Rules, 2000 ("**Variation Rules**"), the proviso of Section 86(1) of the Companies Ordinance and Section 84 of the Companies Ordinance and all other applicable provisions of the Companies Ordinance for: (a) the issuance of Three hundred fifty thousand (350,000) United States Dollar denominated, non-voting, cumulative and convertible preference shares at the price of US$ 100/- per share to Oman Telecommunications Company S.A.O.G. ("**Omantel**") and Habib Bank Limited, Bahrain Branch ("**Investor**") on the terms and conditions specified below; (ii) the dividend on the said preference shares shall be at a rate which is the higher of 5.9% per annum or the rate of dividend being paid to the ordinary shares of the Company for any financial year provided that such dividend will be in the form of specie dividends and shall be paid by the Company by issuing new United States Dollars denominated non-voting, cumulative and convertible preference shares at a price of US$ 100/- per share and shall carry the same terms and conditions as the shares held by the holders of the preference shares at the time of the dividend payment and the term of which shall be the remaining term of the preference shares issued to Omantel and the Investor at the time of investment; and (iii) the issuance of ordinary shares of the Company at a discount upon conversion of the preference shares to ordinary shares of the Company without conducting a rights issue, as approved/recommended by the Board of Directors of the Company on March 28, 2013.

The special resolutions proposed to be passed are as under:

RESOLVED THAT:

1. Subject to compliance with the provisions of all applicable laws, the approval of the shareholders of the Company, the approval of SECP (including approval under Section 84, the provision of Section 86 (1) and Section 90 of the Companies Ordinance and Rule 5 of the Companies' Share Capital (Variation in Rights and Privileges) Rules, 2000), any other regulatory approval required under the Companies Ordinance, the approval of the Pakistan Telecommunication Authority and approval of SBP, the Company be and is hereby authorized to issue United States Dollar denominated, non-voting, cumulative and convertible preference shares at the price of US$ 100 per share otherwise than by way of a rights issue to the Investor and Omantel (an existing shareholder of the Company) in the following proportions:

(i) Two hundred thousand (200,000) United States Dollar denominated, non-voting, cumulative and convertible Class B Preference Shares having a face value of US$ 100/- each to be issued to Omantel at the time of investment by Omantel ("**Class B Preference Shares**");

(ii) One hundred and fifty thousand (150,000) United States Dollar denominated, non-voting, cumulative and convertible Class A Preference Shares having a face value of US$ 100/- each to be issued to the Investor at the time of investment by the Investor ("**Class A Preference Shares**");

(the Class A Preference Shares and the Class B Preference Shares are hereinafter referred to as the "**Preference Shares**")

(iii) Sixty seven thousand two hundred and sixty two (67,262) United States Dollars denominated, non-voting, cumulative and convertible Class B Preference Shares having a face value of US$ 100/- each to be issued to Omantel from time to time during the term of the Preference Shares at the rate of 5.9% per annum or such higher number of United States Dollars denominated, non-voting, cumulative and convertible Class B Preference Shares in case the dividend declared by the Company for its ordinary shareholders is higher than the rate agreed rate of dividend (hereinafter referred to as the "**Class B Dividend Shares**"), provided that the tenor of any such Class B Dividend Shares issued from time to time shall not be more than the remaining tenor of the Preference Shares issued at the time of investment by Omantel; and

(iv) Fifty thousand four hundred and forty six (50,446) United States Dollars denominated, non-voting, cumulative and convertible Class A Preference Shares having a face value of US$ 100/- each to be issued to the Investor from time to time during the term of the Preference Shares at the rate of 5.9% per annum or such higher number of United States Dollars denominated, non-voting, cumulative and convertible Class A Preference Shares in case the dividend declared by the Company for its ordinary shareholders is higher than the rate agreed rate of dividend (hereinafter referred to as the "**Class A Dividend Shares**"), provided that the tenor of any such Class A Dividend Shares issued from time to time shall not be more than the remaining tenor of the Preference Shares issued at the time of issue of Dividend Shares.

(the Class B Dividend Shares and the Class A Dividend Shares are hereinafter collectively referred to as the "**Dividend Shares**")

2. The issuance of the Preference Shares (including Dividend Shares to be issued from time to time) be and is hereby approved on the following terms and conditions:

TERMS AND CONDITIONS OF PREFERENCE SHARES:

Issuer	The Company or WTL
Equity Advisor & Structuring Agent	Habib Bank Limited
Instrument Issue Currency	United States Dollar ("USD")
Participation Amount	USD 20 Million from Omantel USD 15 Million from the Investor
No. of Preference Shares	(i) Two hundred thousand United States Dollar denominated, non-voting, cumulative and convertible Class B preference shares having a face value of US$ 100/- each to be issued to Omantel; and (ii) One hundred fifty thousand United States

Dollar denominated, non-voting, cumulative and convertible Class A preference shares having a face value of US$ 100/- each to be issued to the Investor.

Dividend	The Investor and Omantel will be entitled to a non-cash dividend which will be calculated at the rate higher of (i) 5.9% per annum on each of the Preference Shares or the dividend declared by the Company for ordinary shareholders. Please note that there will be no cash paid out by the Company as dividend to either the Investor or Omantel (in their capacity as the holders of the Preference Shares), and any dividend which is declared in respect of the Preference Shares (including accumulated dividends) will be paid to the Investor and Omantel in the form of specie dividends by issuance of new United States Dollars denominated, non-voting, cumulative and Convertible Preference Shares. The Dividend Shares will be issued only when the Company will have sufficient profits to pay dividend on Preference Shares. First dividend to be paid following the first anniversary of the issuance of the Preference Share and each semi-annual period thereafter. Dividend on Preference shares will have priority over any dividends declared on ordinary shares. Any unpaid dividend amount shall be accumulated and paid to Omantel and the Investor in the form of Dividend Shares (as specie dividends) at the end of the following semi-annual period. It is clarified that the tenor of the Dividend Shares issued from time to time shall not be more than the remaining tenor of the initial Preference Shares issued at the time of investment by Omantel and the Investor. By way of example, if Dividend Shares are issued two (2) years after issuance of the Preference Shares, then the tenor of the Dividend Shares shall be three (3) years (i.e. the remaining tenor of the initial Preference Share).
Conversion Option Mechanism	Omantel and the Investor shall have the option to convert the Preference Shares (including any Dividend Shares) into ordinary shares of the Company on the basis of the mechanism specified in the Articles of Association (which is specified below)
Repatriation	Repatriation restricted for a duration which is 1.5 x

from the date of issuance of the Preference Shares, where:

(a) X is duration for which Preference Shares are held in USD denomination;

(b) 1.5X is total period after which proceeds can be repatriated to the non-resident holders of the Preference Shares

(c) Repatriation restriction applies to the Preference Shares and any Dividend Shares issued from time to time.

Put Option

Omantel will provide a put option to the Investor in US$ where the Investor (being a Class A Preference Shareholder) can sell its Class A Preference Shares (which shall for avoidance of doubt also include the Class A Dividend Shares issued from time to time) at the Participation Amount along with any accumulated, unpaid and accrued dividend up to 5.9% per annum and other pre-agreed charges and expenses (Put Strike Price). This Put Option may be exercised fully or partially in a multiple of US$ 1 Million from the 3rd anniversary of the Preference Shares till the 5th anniversary and under certain circumstance (agreed trigger events), prior to the 3rd anniversary of the Preference Shares.

3. Subject to the approval of SECP, the Preference Shares including the Dividend Shares be and are hereby issued otherwise than by way of a rights issue under the proviso of Section 86(1) of the Companies Ordinance, 1984 to Omantel and the Investor in the proportions set out above and not to all the other shareholders of the Company and the Company is not required to obtain the approval of the shareholders of the Company for any issuance of Dividend Shares from time to time in accordance with the terms and conditions of the Preference Shares.

4. Subject to the approval of SECP including under Section 84 and the proviso of Section 86 (1) of the Companies Ordinance, 1984, the issuance of ordinary shares at a discount (at the rate specified in the terms and conditions of the Preference Shares) to either Omantel or the Investor (which term shall include Habib Bank Limited, Bahrain Branch and its transferees) upon exercise of the conversion option by either of them at any time during the tenor of the Preference Shares or at the end of the five (5) year period and otherwise than by way of a rights issue under the proviso of Section 86(1) of the Companies Ordinance, 1984 and at a discount under Section 84 of the Companies Ordinance 1984, be and is hereby approved and no additional approvals will be required from the shareholders of the Company in respect of the same.

5. The Company be and is hereby authorized to apply to SECP to seek an extended period of time for issue of ordinary shares at discount under Section 84(1)(d) of the Companies Ordinance, 1984 from sixty (60) days till a period up to sixty (60) days after the fifth (5th) anniversary of the Preference Share issue date.

6. Subject to the approval of the shareholders by way of special resolution and in order to allow the Company to issue the Preference Shares (including Dividend Shares from time to time), the following amendments and alterations in the Memorandum and Articles of Association of the Company be and are hereby made and approved:

(i) Increase in Authorised Capital

The Authorized Capital of the Company be and is hereby increased from Rs. 9,000,000,000/- divided into 900,000,000 ordinary shares of Rs.10/- each to Rs. 15,000,000,000/- divided into 1,500,000,000 ordinary shares of Rs.10/- each.

(ii) Clause V of the Memorandum of Association

The Authorised Capital of the Company shall be the sum of:

a) PKR 15,000,000,000 (Pak Rupees Fifteen Billion only), divided into 1,500,000,000 (One Billion Five Hundred Thousand only) Ordinary Shares of PKR 10/- each; and

b) US$ 50,000,000 (United States Dollars Fifty million only) divided into 500,000 (Five Hundred Thousand only) Preference Shares of US$ 100/- each (equivalent to Rupees Rs. 6,000,000,000/- (Rupees Six billion only) converted at exchange rate of Rs. 120/-for each US Dollar ;

with such rights, preferences, privileges and restrictions as are specified in the Articles of Association. The Company shall with the authority of a special resolution and the consent of the Class A Preference Shareholder, also have the right and power to vary and modify any such rights, privileges and conditions in such manner as may be permitted by the Companies Ordinance, 1984 and the Articles of Association of the Company and to increase, reduce, reorganize, consolidate or subdivide the share capital in respect of the Ordinary Shares and Preference Shares on such terms and conditions as the Members of the Company (including the Class A Preference Shareholder) may deem appropriate from time to time in accordance with the law.

(iii) Article 4 of the Articles shall be deleted in its entirety and replaced as follows:

The Authorised Capital of the Company shall be the sum of:

a) PKR 15,000,000,000 (Pak Rupees Fifteen Billion only), divided into 1,500,000,000 (One Billion Five Hundred Thousand only) Ordinary Shares of PKR 10/- each; and

b) US$ 50,000,000 (United States Dollars Fifty million only) divided into 500,000 (Five Hundred Thousand only) Preference Shares of US$ 100/- each (equivalent to Rupees Rs. 6,000,000,000/- (Rupees Six billion only) converted at exchange rate of Rs. 120/-for each US Dollar ;

with such rights, preferences, privileges and restrictions as are specified in these Articles of Association. The Company shall with the authority of a special resolution and the consent of the Class A Preference Shareholder, also have the right and power to vary and modify any such rights, privileges and conditions in such manner as may be permitted by the Companies Ordinance, 1984 and the Articles of Association of the Company and to increase, reduce, reorganize, consolidate or subdivide the share capital in respect of the Ordinary Shares and Preference Shares on such terms and conditions as the Members of the Company (including the Class A Preference Shareholder) may deem appropriate from time to time in accordance with the law.

(iv) Amendments required for issuance of Preference Shares

Article 2 of the Articles shall be deleted and replaced with the following:

"In these Articles, unless the context or the subject matter otherwise requires:

(a) *"**Articles**" means these Articles as originally framed or as from time to time altered in accordance with law.*

(b) *"**Board**" means a meeting of the Directors duly called and constituted or as the case may be, the Directors assembled by the Board.*

(c) *"**Business Day**" means a calendar day on which banks are open for general banking business in Pakistan.*

(d) *"**Capital**" means the capital for the time being raised or authorized to be raised for the purpose of the Company.*

(e) *"**Class A Preference Shares**" not being Ordinary Shares, means convertible preference shares with such rights, privileges and conditions attached thereto as prescribed in these Articles and shall include any Dividend Shares issued to the Class A Preference Shareholders as specie dividend. It being clarified that such Dividend Shares will carry the same rights, privileges and conditions as are available / attached to the Class A Preference Shares at that time and the tenor of the Dividend Shares whenever issued will not be more than the remaining tenor of the Class A Preference Shares issued on the First Preference Share Issue Date.*

(f) *"**Class A Preference Shareholders**" means the Investor and any transferees of the Investor.*

(g) *"**Class B Preference Shares**" not being Ordinary Shares, means convertible preference shares with such rights, privileges and conditions attached thereto as prescribed in these Articles and shall include any Dividend Shares issued to the Class B Preference Shareholders as specie dividend. It being clarified that such Dividend Shares will carry the same rights, privileges and conditions as are available / attached to the Class B Preference Shares at that time and the tenor of the Dividend Shares whenever issued will not be more than the remaining tenor of the Class B Preference Shares issued on the First Preference Share Issue Date.*

(h) *"**Class B Preference Shareholders**" not being Ordinary Shareholders, means in relation to the Company, every person to whom the Company has allotted, or who becomes the holder of Class B Preference Shares and whose name is entered into the Register of Members.*

(i) *"**Company**" means "Worldcall Telecom Limited".*

(j) *"**Conversion**" means the conversion of Preference Shares into Ordinary Shares in terms of these Articles, and the word "**Converted**" shall be construed accordingly.*

(k) *"**Conversion Adjustments**" is defined in Article 17-B(b).*

(l) *"**Conversion Date**" is defined in Article 17-B(a)(ii).*

(m) *"**Conversion Ratio**" means the following ratio which will be used for the Conversion, provided however, that the Conversion Ratio shall always be subject to the Conversion Adjustments:*

In case where dividends (in the form of issuance of Dividend Shares) are paid to the

Preferred Shareholders each year in accordance with these Articles and no dividend (in the form of issuance of Dividend Shares) has been accumulated:

X = (P) / (D)

In case where dividends (in the form of issuance of Dividend Shares) are not paid to Preferred Shareholders each year in accordance with these Articles:

X= (P+Div) / (D)

Where:

Div*: means the aggregate of:*

(i) *notional amount of overdue, accrued and cumulative dividend payable / to be issued as specie dividend in the form of Dividend Shares by the Company to a Preferred Shareholder; and*

(ii) *in the event the Conversion Option is being exercised during a semi-annual period in a financial year, the Proportionate Dividend Shares;*

where the amounts calculated in (i) and (ii) above are converted to Pakistan Rupees at the State Bank of Pakistan US$ settlement rate prevailing on the Conversion Date.

X: *means Number of Ordinary Shares to be issued*

P: *means the face value of US$ 100/- multiplied by the no. of Preference Shares, converted to Pakistan Rupees at the State Bank of Pakistan US$ settlement rate prevailing on the Conversion Date*

D: *means the discounted share price, which shall be calculated in the following manner:*

(i) ***Conversion between the period commencing from the 1st anniversary but prior to the 2nd anniversary of the First Preference Shares Issue Date***

(90%) of the last 90 days volume weighted average price of the Ordinary Shares of the Company

(ii) ***Conversion between the period commencing from the 2nd anniversary but prior to the 3rd anniversary of the First Preference Shares Issue Date***

(80%) of the last 90 days volume weighted average price of the Ordinary Shares of the Company

(iii) ***Conversion between the period commencing from the 3rd anniversary but prior to the 4th anniversary of the First Preference Shares Issue Date***

(70%) of the last 90 days volume weighted average price of the Ordinary Shares of the Company

(iv) ***Conversion between the period commencing from the 4th anniversary of the First Preference Share Issue Date and ending on no later than the Mandatory Conversion Date***

(60%) of the last 90 days volume weighted average price of the Ordinary Shares of the Company

It being clarified that the discount to be granted in accordance with (i) and (iv) above will be adjusted for the number of months (rounded to the nearest month) that the Preference Shares have been outstanding and will be interpolated between the relevant discount.

(n) *"**Conversion Notice**" means a written notice by a Preferred Shareholder to the Company setting forth the number of Preference Shares that it desires to be Converted, to which Notice shall be enclosed original certificates representing Preference Shares intended to be Converted along with transfer deeds duly signed, verified and witnessed.*

(o) *"**Dilutive Issuances**" means that subject to the applicable laws, the Company effecting any issuances of Ordinary Shares or Ordinary Share equivalents and customary adjustments for any preferential allotment, capitalization of profits and reserves; creation of convertible or exchangeable loans / bonds / term finance certificates / securities; issue of Shares and other equity securities by way of rights or otherwise; share splits; share consolidation and bonus shares; employee stock options; spin off events; capital distributions other than cash; warrants and merger, consolidation and / or acquisition; or any re-organisation, sub-division, consolidation or reduction of its share capital or any other variation in its issued share capital.*

(p) *"**Directors**" means the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board.*

(q) *"**Distributable Profits**" mean the profit available for distribution as dividend subject to the provisions of Section 248 and Section 249 of the Companies Ordinance, whereby the profits are determined in accordance with accepted accounting principles and after allowing for retention of profits for continuing and expansion of operations of the Company.*

(r) *"**Dividend Shares**" means Preference Shares having a face value of US$ 100/- each to be issued by the Company to a Preferred Shareholder as specie dividend on the Preference Shares;*

(s) *"**Dividend Shares Date**" means:*

(i) *in respect of first dividend on the Preference Shares which shall be paid as specie dividend in the form of issuance of Dividend Shares, the first (1st) anniversary of the First Preference Share Issue Date; and*

(ii) *in respect of all subsequent dividends to be paid to the Preferred Shareholders which shall be paid as specie dividend in the form of issuance of Dividend Shares, each semi-annual date starting from the first Dividend Shares Date.*

(t) *"**Exercised**" means the date on which the Conversion Notice is issued by a Preferred Shareholder in accordance with these Articles.*

(u) *"**Financial Year**" means the date on which the annual audited accounts of the Company are prepared.*

(v) *"**First Preference Share Issue Date**" means the date on which Class A Preference Shares and the Class B Preference Shares are issued to the Class A Preference Shareholders and Class B Preference Shares, respectively, for the first time in accordance with the terms and conditions contained in these Articles.*

(w) "**Investor**" means [please insert name of Habib Bank Limited's investing entity or any transferees to whom the Investor transfers its Shares].

(x) "**Mandatory Conversion**" is defined in Article 17-C.

(y) "**Mandatory Conversion Date**" means the Business Day falling immediately after the expiry of the fifth (5^{th}) anniversary of the First Preference Share Issue Date.

(z) "**Members**" means the Ordinary Shareholders and a Preferred Shareholders.

(aa) "**Month**" means calendar month according to English Calendar.

(bb) "**Office**" means the Registered Office for the time being of the Company.

(cc) "**Optional Conversion Period**" means the period commencing from the first (1^{st}) anniversary of the First Preference Share Issue Date and ending on the fifth (5^{th}) anniversary of the First Preference Share Issue Date.

(dd) "**Ordinance**" means the Companies Ordinance, 1984 or any modification or re-enactment thereof for the time being in force.

(ee) "**Ordinary Shares**" mean the voting ordinary shares of the Company other than the Preference Shares.

(ff) "**Ordinary Shareholders**" mean in relation to the Company, every person to whom the Company has allotted, or who becomes the holder of the Ordinary Shares and whose name is entered in the Register of Members.

(gg) "**Preference Shares**" not being Ordinary Shares, means the Class A Preference Shares and the Class B Preference Shares, issued to a Preferred Shareholder and shall include any Dividend Shares issued to the Preferred Shareholder as specie dividend in accordance with the class of Preference Shares held by such Preferred Shareholder, in accordance with the Share Capital Rules.

(hh) "**Preference Shares Issue Date**" means the date on which the Preference Shares are issued to a Preferred Shareholders subject to the terms and conditions contained in these Articles and for avoidance of doubt shall also include the First Preference Share Issue Date.

(ii) "**Preferred Shareholder**" means the Class A Preference Shareholders and the Class B Preference Shareholders.

(jj) "**Proportionate Dividend Shares**" means the proportionate amount of Dividend Shares calculated from the last Divided Shares Date till the Conversion Date in the following manner:

[X = P * (R/360) * n / US$ 100]

Where:

X: means the Proportionate Dividend Shares

P: means the face value of US$ 100/- x no of Preference Shares held by the Preferred Shareholder

R: means dividend rate as specified in Article 36-A (a)

n: means the number of days from the last Dividend Share Date till the Conversion Date

(kk) "**Register**" means, unless the context otherwise requires, the register of members to be kept pursuant to Section 147 of the Ordinance.

(ll) "**Seal**" means the common or official Seal of the Company.

(mm) "**SECP**" shall mean the Securities and Exchange Commission of Pakistan.

(nn) "**Section**" means a section of the Ordinance.

(oo) "**Shares**" mean the Ordinary Shares and the Preference Shares.

(pp) "**Share Capital Rules**" means the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.

(qq) "**Special Resolution**" means the special resolution of the Company as defined in Section 2(1)(36) of the Ordinance.

(rr) Words importing masculine gender include the feminine gender.

(ss) Words importing singular number include plural number and vice versa.

(tt) Expression referring to writing shall, unless contrary intention appears, be construed as including references to printing, lithography, photography and other modes of representing or reproducing words in a visible form.

(uu) Words importing persons shall include bodies corporate.

(vv) The head notes are inserted for convenience and shall not affect the construction of these Articles.

(ww) Unless the context otherwise requires words or expressions contained in these Articles shall bear the same meaning as in the Ordinance.

The following be and are hereby inserted as Articles 17-A, 17-B and 17-C in the Articles of Association of the Company:

17-A Issue of Preference Shares:

(a) Subject to the provisions of Articles 4, 16, 17-B, 17-C and 36-A, the Company may issue the Preference Shares (including any Dividend Shares issued from time to time as specie dividend) to a Preferred Shareholders in terms of these Articles.

(b) Subject to the proviso of Section 86(1) of the Ordinance, the Preference Shares (including any Dividend Shares issued from time to time as specie dividend) may be issued by the Company without a rights offering, to such persons as it shall think fit from time to time.

(c) Class A Preference Shares shall only be issued to the Class A Preference Shareholder and no Class A Preference Shares shall be issued to any person or party till such time as all Class A Preference Shareholders have provided their consent and approval in respect of the same.

WORLD CALL
An Omantel Company

(d) *A Preferred Shareholder, by virtue of being a Member of the Company, shall be entitled to receive notices of general meeting(s) and attend such general meeting(s), provided however, that a Preferred Shareholder shall have no voting rights at general meetings of the Company.*

(e) *In the event of any inconsistency between the provisions of this Articles 4, 16, 17-A, 17-B, 17-C and 36-A and any other Articles contained herein, provisions of Articles 4, 16, 17-A, 17-B, 17-C and 36-A shall prevail.*

17-B - Conversion of Preference Shares:

The Preference Shares (including any Dividend Shares issued from time to time as specie dividend) issued to Preferred Shareholders pursuant to Articles 4, 16, 17-A and 36-A shall be convertible into Ordinary Shares of the Company, subject to the following terms and conditions:

(a) *A Preferred Shareholder shall at its complete discretion have the option for Conversion of any or all of the Preference Shares (including any Dividend Shares issued by the Company issued from time to time as specie dividend) into Ordinary Shares based on the Conversion Ratio, during the Optional Conversion Period ("**Conversion Option**"). The Conversion Option shall be subject to the following terms and conditions:*

(i) *a Conversion Notice may only be issued by a Preferred Shareholder for exercising the Conversion Option during the Optional Conversion Period.*

(ii) *within thirty (30) days of the issuance of the Conversion Notice by a Preferred Shareholder informing the Company of the Exercise of the Conversion Option, the Company shall issue Ordinary Shares in respect of the Conversion ("**Conversion Date**"). The Conversion Notice once issued shall be revocable at the sole discretion of a Preferred Shareholders anytime time before the Conversion Date.*

(iii) *the number of Ordinary Shares to be allotted and issued by the Company as a result of Conversion shall be determined by multiplying the number of Preference Shares to be converted by the Conversion Ratio. The Ordinary Shares to be issued on the basis of the Conversion Ratio shall be issued and allotted on the applicable Conversion Date.*

(iv) *upon issuance of Ordinary Shares as a result of Conversion, such Ordinary Shares shall in all respect rank pari passu with Ordinary Shares already existing, issued and allotted.*

(v) *no fractional Ordinary Shares shall be issued upon Conversion, instead of fractional Ordinary Shares, which would otherwise be issued upon Conversion, the Company shall pay cash to the holders of Preference Shares in respect of their fractional interest.*

(vi) *Preference Shares (including any Dividend Shares issued by the Company issued from time to time as specie dividend) Converted pursuant to this Article shall not be resold and shall stand cancelled forthwith.*

(b) *If any time during the Optional Conversion Period, the Company effects or undertakes any Dilutive Issuances, then the Conversion Ratio shall be adjusted in such a manner so as to ensure that a Preferred Shareholder is in the same position as regards the percentage of the total issued share capital of the Company which a Preferred Shareholder would have been entitled to prior to Company effecting the Dilutive Issuance. For the purposes of computing the quantum of the adjustment, the determination of the external auditors of the Company shall be binding whose expense shall be borne solely by the Company (hereinafter referred to as "**Conversion Adjustments**"). It is clarified that such external auditors engaged for the purposes of computing the Conversion Adjustments shall act as experts and not as arbitrators.*

(c) *Notwithstanding anything contained in this Article 17-B, no Class B Preference Shareholder shall be entitled to exercise the Conversion Option during the Optional Conversion Period, till such time as prior written notification in respect of the proposed conversion has been given to the Class A Preference Shareholder.*

17-C Mandatory Conversion of Preference Shares:

*If prior the Mandatory Conversion Date, a Preferred Shareholder has not Exercised the Conversion Option, then to the extent not Exercised, the remaining Preference Shares held by a Preferred Shareholder shall be mandatorily converted into Ordinary Shares ("**Mandatory Conversion**") on the Mandatory Conversion Date. The Mandatory Conversion will be on the following terms and conditions:*

(a) *the Company shall within 30 calendar days of the Mandatory Conversion Date issue Ordinary Shares in respect of the Mandatory Conversion.*

(b) *the number of Ordinary Shares to be allotted and issued by the Company as a result of Mandatory Conversion shall be determined by multiplying the number of Preference Shares to be converted by the Conversion Ratio subject to Conversion Adjustments.*

(c) *upon issuance of Ordinary Shares as a result of Mandatory Conversion, such Ordinary Shares shall in all respect rank pari passu with Ordinary Shares already existing, issued and allotted.*

(d) *no fractional Ordinary Shares shall be issued upon Mandatory Conversion, instead of fractional Ordinary Shares, which would otherwise be issued upon Mandatory Conversion, the Company shall pay cash to the holders of Preference Shares in respect of their fractional interest.*

(e) *Preference Shares (including any Dividend Shares issued by the Company issued from time to time as specie dividend) Converted pursuant to this Article shall not be resold and shall stand cancelled forthwith.*

The following be and is hereby inserted as Article 18 A in the Articles of Association of the Company:

18-A Shareholders Right to New Shares:

Subject to the provisions of Section 36-A(g), any new shares shall, before issue, be offered to such persons as of the date of the offer are entitled to receive notices from the Company of General Meetings in proportion to the amount of existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to have been declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors, subject to the provisions of these Articles, dispose of the same in such manner as they think most beneficial to the Company in terms of Section 86(7) of the Ordinance.

The following shall stand inserted as Article 36-A in the Articles:

36-A Rights of Preferred Shareholder

Subject to the provisions of the Ordinance, Preferred Shareholders shall have the following rights:

(a) *A Preferred Shareholder shall be entitled to specie dividends in the form of Dividend Shares, in priority over any dividends declared on Ordinary Shares. The dividends payable to a*

Preferred Shareholder shall be paid as specie dividend in the form of Company issuing to the Preferred Shareholders the Dividend Shares on each Dividend Shares Date at the rate which is the higher of (i) 5.9% per annum on the of each Preference Share (including any Dividend Shares issued by the Company from time to time as specie dividend); or (ii) the dividends declared by the Directors and the Company for Ordinary Shareholders. It is clarified that: (i) no cash dividend will be payable on the Preference Shares (including any Dividend Shares issued by the Company from time to time as specie dividend); (ii) all dividends to be declared in respect of the Preference Shares (including any Dividend Shares issued by the Company from time to time as specie dividend) shall only be paid as a specie dividend in the form of Dividend Shares; (iii) the tenor of the Dividend Shares issued from time to time shall not be more than the remaining tenor of the Preference Shares issued by the Company on the First Preference Shares Issue Date; and (iv) the Dividend Shares issued by the Company from time to time shall also be the same class of Preference Shares with the same terms and conditions as were / are held by the respective Preferred Shareholder at the time of receiving such Dividend Share.

(b) *Dividends to Preferred Shareholders shall be paid as specie dividend in the form of Dividend Shares to be issued by the Company on each Dividend Shares Date only out of Distributable Profits of the Company, as calculated in terms of generally accepted accounting principles applicable under the applicable law and the Company's accounting policies.*

(c) *If on any Dividend Shares Date, distributable profits are not sufficient for issuance of Dividend Shares (as specie dividend) to a Preferred Shareholder at the rate of 5.9% per annum (in the manner contemplated herein), then so much of the profits as are available for distribution shall be distributed and the Company shall issue Dividend Shares and unpaid dividends shall be accumulated and shall be paid as specie dividend by issuance of Dividend Shares to a Preferred Shareholder on the next Dividend Shares Date. Any further issuance of Preference Shares (including Dividend Shares issued on the Dividend Shares Date) shall result in the issuance of the same class of shares with the same terms and conditions to a Preferred Shareholder as such Preferred Shareholder held prior to the date of further issuance of the Preference Shares. For avoidance of doubt, it is clarified that notwithstanding the fact that dividends (except for the first dividend) will be paid by issuance of the Dividend Shares on each semi-annual date, the Company shall ensure that the dividend paid as specie dividend by issuance of the Dividend Shares to a Preferred Shareholder on each Dividend Shares Date is in accordance with the rate of dividend specified in these Articles.*

(d) *No dividend shall be declared or paid (by issuance of the Dividend Shares) in any Financial Year to Ordinary Shareholders out of revenue reserves, till such time as all unpaid accumulated dividends payable to a Preferred Shareholder have been paid by issuance of Dividend Shares. If the Company has distributable profits at the end of any Financial Year, such distributable profits will be mandatorily utilized for the purposes of issuing the Dividend Shares.*

(e) *A Preferred Shareholders on winding up shall have the first right, before the Ordinary Shareholders over the assets of the Company, limited to the nominal value of the shares held by a Preferred Shareholders, plus dividend unpaid or unissued in the case of Dividend Shares (or cumulative dividend if applicable) reduced by the amounts already redeemed, if any, prior to winding-up.*

(f) *The Class A Preference Shareholder, shall be allowed to freely trade and transfer the Preference Shares (either in part or completely), subject to any restrictions as set out in these Articles and/or the Ordinance. However, the Class B Preference Shareholder shall not be allowed or authorized to transfer the Class B Preference Shares without the prior approval and consent of the Class A Preference Shareholder.*

(g) *In the event a Class A Preference Shareholder exercises the Conversion Option in respect of any and all of the Preference Shares (including any Dividend Shares issued by the Company from time to time as specie dividend), then the Class B Preference Shareholder shall be obligated and required to convert its Class B Preference Shares (including any Dividend Shares issued by the Company from time to time as specie dividend) to such extent as the Class A Preference Shareholder has converted, provided however, in the event the Class B Preference Shareholder exercises the Conversion Option in respect of the Class B Preference Shares (including any Dividend Shares issued by the Company from time to time as specie dividend), the Class A Preference Shareholder shall not be obligated or required to convert the Class A Preference Shares.*

*Following the first issue and allotment of the Class A Preference Shares, where the Directors decide to increase the Capital by issuance of either Ordinary Shares or Preference Shares (excluding the issuance of the Dividend Shares), then such further shares of the Company, shall be offered to all Members of the Company (including the Class A Preference Shareholder) in proportion to their existing shareholding in the Capital of the Company. In addition to the right of the Class A Preference Shareholder to be offered any new shares proposed to be issued by the Company, where any shares forming part of the new share issue are not subscribed to by the existing Members of the Company ("**Declined Shares**"), then the Board shall offer such Declined Shares to the Class A Preference Shareholder prior to offering the same to any other third person or party in exercise of the powers of the Directors under Section 86(7) of the Ordinance.*

The following shall stand inserted as Article 36-B in the Articles:

36 - B Variation in Rights:

The rights attached to either class of Shares may only be varied, modified or abrogated in the manner provided by the Ordinance and these Articles: (a) with the prior consent in writing of the Class A Preference Shareholder; and (b) by way of a Special Resolution passed at a general meeting of the holders of that class and all provisions hereinafter contained as to general meetings shall mutatis mutandis apply to every such meeting.

Article 77 of the Articles shall be deleted in its entirety and replaced with the following:

***Article 77 - Declaration of Dividends**:*

The Company in general meeting may declare a dividend to be paid to the Registered holders of Ordinary Shares and Preference Shares but the dividend declared shall not exceed the dividend recommended by the Directors. The Company in general meeting may, however, declare a similar dividend, provided that the Board may from time to time make specific rules in respect of issuance of and/or dividend to pay out in respect of Preference Shares and for carrying out the full intent thereof and shall be empowered to do all reasonable acts necessary therefore provided however, that such rules do not violate any of these Articles and/or the Ordinance. It being clarified that the dividend to be paid on the Preference Shares shall only be in the form of Dividend Shares (as specie dividends).

The following shall stand inserted as Article 77-A to the Articles:

77- A Payment of Dividends:

Subject to Article 36-A, no dividends shall be paid otherwise than out of profits of the year or any other undistributed profits.

The following shall stand inserted as Article 79-A in the Articles:

79-A Class A Preference Shareholder's Consent:

Notwithstanding anything else contained in these Articles, the Company shall obtain prior written consent from the Class A Preference Shareholder before declaring any dividends for Ordinary Shareholders.

7. The Company be and is hereby authorized and empowered to take all such actions including but not limited to the filing the requisite applications through the Authorised Person (as defined below) for seeking permission from SECP, SBP, Pakistan Telecommunication Authority, the Competition Commission of Pakistan and such other regulatory authorities as may be required for issuance of the Preference Shares and all matters relating thereto.

8. The Chief Executive Officer of the Company, be and is hereby authorized ("**Authorised Person**") to enter into and execute such documents as may be required in relation to the Preference Shares.

9. The Authorised Person, be and is hereby authorized, to take all steps necessary, ancillary and incidental for the issuance of the Preference Shares (including Dividend Shares to be issued from time to time), the issuance of the discount shares upon conversion of the Preference Shares (including Dividend Shares to be issued from time to time) including but not limited to obtaining all requisite regulatory approvals, preparation and circulation of the notice of the General Meeting, preparing the resolution to be passed at the General Meeting; engaging legal counsel and consultants for the purposes of the above; filing of all the requisite statutory forms and all other documents as may be required to be filed with SECP, SBP, the Competition Commission of Pakistan and Pakistan Telecommunication Authority, preparation, submitting all such documents as may be required with SECP, SBP and Pakistan Telecommunication Authority, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the Preference Shares issue and all other matters incidental or ancillary thereto.

10. All acts, deeds, and actions taken by the Authorized Person pursuant to the above resolutions for and on behalf of and in the name of the Company shall be binding acts, deeds and things done by the Company and be and are hereby ratified and confirmed by the Company

11. That the aforesaid resolutions shall be subject to any amendment, modification, addition or deletion as may be suggested, directed and advised by the SECP and / or any other regulatory body which suggestion, direction and advice shall be deemed to be part of these Special Resolutions without the need of the shareholders to pass fresh Special Resolution(s).

A STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 RELATING TO THE AFORESAID SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING HAS BEEN DISPATCHED TO THE SHAREHOLDERS OF THE COMPANY.

By order of the Board

Babar Ali Syed
Chief Executive Officer

Lahore: April 12, 2013

NOTES

A. General

1. The share transfer books of Worldcall Telecom Limited will remain closed from 27 April 2013 to 3 May 2013 (both days inclusive). Transfers received at the Registrar and Share Transfer Office of Worldcall Telecom Limited, by the close of the business on 26 April 2013 will be treated in time.

2. The Memorandum and Articles of Association, the documents specified in the Section 160(1)(b) Statement, information in respect of the resolutions provided above and other related information of Worldcall Telecom Limited may be inspected during the business hours on any working day at the Registered Office of Worldcall Telecom Limited from the date of publication of this notice till the conclusion of the Annual General Meeting.

3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her.

4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited, with the Company Secretary, Worldcall Telecom Limited, 67-A-C III, Gulberg III, Lahore not less than 48 hours before the time of holding the meeting.

5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

B. CDC Account Holders

1. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.

2. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

3. The proxy shall produce his/her original CNIC or original passport at the time of meeting.

4. In case of Government of Pakistan/State Bank of Pakistan/Corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy Form.

5. Shareholders are requested to notify any change in their addresses immediately.

STATEMENT UNDER SECTION 160 (1)(B) OF THE COMPANIES ORDINANCE 1984 CONCERNING THE SPECIAL BUSINESS:

1. The Company was incorporated with the Securities and Exchange Commission of Pakistan on March 15, 2001 and is listed on the Karachi and Lahore stock exchanges. The Company has an authorized share capital of PKR 9,000,000,000 divided into 900,000,000 ordinary shares having a face value of PKR 10/- each out of which an amount of PKR 8,605,715,130 divided into 860,571,513 ordinary shares of PKR 10/- are fully issued and paid up.

2. For the purposes of expanding the business operations of the Company and to retire its liabilities to various lenders and creditors, the Company has been in the process of seeking foreign investments from various offshore entities for a total amount of US$ 70,000,000/-. In order to finance the investment amount, the Company has obtained a loan of US$ 35,000,000/- from the Offshore Banking Unit of Askari Bank Limited. The Company is proposing that the remaining portion of US$ 35,000,000/- is funded by way of equity investment by certain institutional investors.

3. In order to meet the criteria of procuring foreign investment in the Company and to allow the Company the flexibility to manage its internal cash flows, Oman Telecommunications Company S.A.O.G ("**Omantel**") (being the majority shareholder of the Company holding approximately 56% of the issued and paid up capital of the Company) and Habib Bank Limited, Bahrain Branch ("**Investor**") have entered into a Subscription and Shareholders Agreement dated January 27, 2013 with the Company, in terms whereof, the Company, subject to the approval of the Shareholders, SECP, SBP, CCP and the Pakistan Telecommunication Authority has agreed to issue, otherwise than by way of a rights issue, 350,000 United States Dollars denominated non-voting, cumulative and convertible preference shares having a face value of US$ 100/- to Omantel and the Investor in the following proportions:

   (i) Two hundred thousand (200,000) United States Dollar denominated, non-voting, cumulative and convertible Class B Preference Shares having a face value of US$ 100/- each to be issued to Omantel at the time of investment by Omantel ("**Class B Preference Shares**");

   (ii) One hundred and fifty thousand (150,000) United States Dollar denominated, non-voting, cumulative and convertible Class A Preference Shares having a face value of US$ 100/- each to be issued to the Investor at the time of investment by the Investor ("**Class A Preference Shares**").

   (the Class A Preference Shares and the Class B Preference Shares are hereinafter referred to as the "**Preference Shares**")

   It is clarified that the Class A Preference Shares carry certain consent rights over the Class B Preference Shares, the terms and conditions of which are specified in the Articles of Association.

   The Preference Shares being issued by the Company shall be issued on the following terms and conditions:

   TERMS AND CONDITIONS OF PREFERENCE SHARES:

Issuer	The Company or WTL
Equity Advisor & Structuring Agent	Habib Bank Limited
Instrument Issue Currency	United States Dollar ("USD")
Participation Amount	USD 20 Million from Omantel USD 15 Million from the Investor
No. of Preference Shares	(iii) Two hundred thousand United States Dollar denominated, non-voting, cumulative and convertible Class B preference shares having a face value of US$ 100/- each to be issued to Omantel; and (iv) One hundred fifty thousand United States Dollar denominated, non-voting, cumulative and convertible Class A preference shares having a face value of US$ 100/- each to be issued to the Investor.

Dividend

The Investor and Omantel will be entitled to a non-cash dividend which will be calculated at the rate higher of (i) 5.9% per annum on each of the Preference Shares or the dividend declared by the Company for ordinary shareholders. Please note that there will be no cash paid out by the Company as dividend to either the Investor or Omantel (in their capacity as the holders of the Preference Shares), and any dividend which is declared in respect of the Preference Shares (including accumulated dividends) will be paid to the Investor and Omantel in the form of specie dividends by issuance of new United States Dollars denominated, non-voting, cumulative and Convertible Preference Shares

First dividend to be paid following the first anniversary of the issuance of the Preference Share and each semi-annual period thereafter. Dividend on Preference shares will have priority over any dividends declared on ordinary shares.

Any unpaid dividend amount shall be accumulated and paid to Omantel and the Investor in the form of Dividend Shares (as specie dividends) at the end of the following semi-annual period.

It is clarified that the tenor of the Dividend Shares issued from time to time shall not be more than the remaining tenor of the initial Preference Shares issued at the time of investment by Omantel and the Investor. By way of example, if Dividend Shares are issued two (2) years after issuance of the Preference Shares, then the tenor of the Dividend Shares shall be three (3) years (i.e. the remaining tenor of the initial Preference Share).

Conversion Option Mechanism

Omantel and the Investor shall have the option to convert the Preference Shares (including any Dividend Shares) into ordinary shares of the Company on the basis of the mechanism specified in the Articles of Association (which is specified below)

Repatriation

Repatriation restricted for a duration which is 1.5 x from the date of issuance of the Preference Shares, where:

(a) X is duration for which Preference Shares are held in USD denomination;

(b) 1.5X is total period after which proceeds can be repatriated to the non-resident holders of the Preference Shares

(c) Repatriation restriction applies to the Preference Shares and any Dividend Shares issued from time to time.

Put Option

Omantel will provide a put option to the Investor in US$ where the Investor (being a Class A Preference Shareholder) can sell its Class A Preference Shares (which shall for avoidance of doubt also include the Class A Dividend Shares issued from time to time) at the Participation Amount along with any accumulated, unpaid and accrued dividend up to 5.9% per annum and other pre-agreed charges and expenses (Put Strike Price). This Put Option may be exercised fully or partially in a multiple of US$ 1 Million from the 3rd anniversary of the Preference Shares till the 5th anniversary and under certain circumstance (agreed trigger events), prior to the 3rd anniversary of the Preference Shares.

4. The Company, in order to not make any cash payments (by way of dividends) to Omantel and the Investor during the term of the Preference Shares, has agreed with Omantel and the Investor that it will not be making payment of any cash dividends. Instead of making payment of cash dividends, the Company shall, from time to time on each dividend payment date, issue to the Investor and Omantel (or any of their successors or transferees) in their capacity as the holder of the Preference Shares, new Dividend Shares (as defined below). In this regard, the Company will also from time to time during the tenor of the Preference Shares issue: (i) Sixty seven thousand two hundred and sixty two (67,262) United States Dollars denominated, non-voting, cumulative and convertible Class B Preference Shares having a face value of US$ 100/- each to Omantel from time to time during the term of the Preference Shares at the rate of 5.9% per annum or such higher number of United States Dollars denominated, non-voting, cumulative and convertible Class B Preference Shares in case the dividend declared by the Company for its ordinary shareholders is higher than the rate agreed rate of dividend (hereinafter referred to as the "**Class B Dividend Shares**"), provided that the tenor of any such Class B Dividend Shares issued from time to time shall not be more than the remaining tenor of the Preference Shares issued at the time of investment by Omantel; and (ii) Fifty thousand four hundred and forty six (50,446) United States Dollars denominated, non-voting, cumulative and convertible Class A Preference Shares having a face value of US$ 100/- each to be issued to the Investor from time to time during the term of the Preference Shares at the rate of 5.9% per annum or such higher number of United States Dollars denominated, non-voting, cumulative and convertible Class A Preference Shares in case the dividend declared by the Company for its ordinary shareholders is higher than the rate agreed rate of dividend (hereinafter referred to as the "**Class A Dividend Shares**"), provided that the tenor of any such Class A Dividend Shares issued from time to time shall not be more than the remaining tenor of the Preference Shares issued at the time of investment by the Investor (the Class B Dividend Shares and the Class A Dividend Shares to be hereinafter referred to as the "**Dividend Shares**"). It is clarified that: (i) no cash dividend will be payable on the Preference Shares (including any Dividend Shares issued by the Company from time to time as specie dividend); (ii) all dividends to be declared in respect of the Preference Shares (including any Dividend Shares issued by the Company from time to time as specie dividend) shall only be paid as a specie dividend in the form of Dividend Shares; (iii) the tenor of the Dividend

Shares issued from time to time shall not be more than the remaining tenor of the Preference Shares issued by the Company on the first Preference Shares Issue Date; and (iv) the Dividend Shares issued by the Company from time to time shall also be the same class of Preference Shares with the same terms and conditions as were / are held by the respective holder of the Preference Shareholders at the time of receiving such Dividend Share. For the purposes of illustration and provided that the rate of dividend being provided to the ordinary shareholders for any financial year is not higher than the rate agreed for the Preference Shares, the entitlement of each of Omantel and the Investor has been calculated below:

	Omantel Class B		**HBL Class A**	
	No. of Shares	Amount ($)	No. of Shares	Amount ($)
CPS Value	200,000	20,000,000	150,000	15,000,000
Dividend				
Year 1	11,800	1,180,000	8,850	885,000
Year 2	12,681	1,268,052	9,510	951,039
Year 3	13,440	1,343,970	10,080	1,007,978
Year 4	14,244	1,424,434	10,683	1,068,326
Year 5	15,097	1,509,716	11,323	1,132,287
	67,262	6,726,172	50,446	5,044,629

5. The Preference Shares (including the Dividend Shares to be issued from time to time) will have preferential dividend rights to the existing ordinary shares of the Company (including preferential rights in case of liquidation); however, they shall not carry any voting rights. The detail terms and conditions of the Preference Shares are specified above.

6. The Preference Shares being subscribed to Omantel and the Investor will be considered to be new foreign investment in the Company. The Preference Shares, by virtue of the optional and mandatory conversion option, provides permanent investment to the Company with no obligation to redeem / repay the Preference Shares and as the Company is not required to make payment of any cash dividend for the Preference Shares, there will be no cash payments in respect of the Preference Shares and the Company will be issuing the Dividend Shares to Omantel and the Investor from time to time as dividends. As mentioned above the Preference Shares will allow the company to improve the capital structure from current Debt to Equity of 39 : 61to 33 : 67.

7. Omantel being the existing sponsor shareholder of the Company is the only shareholder who is being offered the Preference Shares. Apart from Omantel, the Investor will be offered shares as a new shareholder and accordingly the Company is issuing the Preference Shares (including the Dividend Shares to be issued from time to time) otherwise than by way of a rights issue. As a result of the subscription of the Preference Shares, there will be equity investment in the Company for US$ 35,000,000/-. This equity investment will allow the Company to meets its capital expenditure requirements and also allow the Company to meet its financial obligations towards its financiers and creditors. As the current stock market and financial conditions of the telecom industry in Pakistan are not conducive for general investors including the existing shareholders of the Company, the Company has only been able to procure foreign investment from Omantel and the Investor (in their capacity as foreign investors) on the terms and conditions specified above. Accordingly, the Preference Shares (including the Dividend Shares to be issued from time to time) are only being issued to the Investor and Omantel otherwise than by way of a rights issue. Additionally, the Company has not paid out any dividend in the last five years and therefore the share price has continued to remain significantly below par value.

8. As both Omantel and the Investor are foreign investors, the pre-condition to the investment in the Preference Shares was that the same be denominated in United States Dollars. This will allow Omantel and the Investor to be covered against currency fluctuation risk.

9. The proceeds of the issuance of the Preference Shares (including the Dividend Shares to be issued from time to time) shall be utilized by the Company for (i) meeting the capital expenditure requirements of the Company to the extent of US$ 25,000,000/-; and (ii) repaying the liabilities of the Company to its lenders and creditors to the extent of US$ 10,000,000/-.

10. The planned capital expenditure is designed to improve both the reach and quality of the existing media, internet and telephony services available to the Company's customer base, which the Company has been unable to provide due to lack of funding and an inappropriate capital structure. Omantel remains firmly supportive of the funding plan and believes it will restore the Company's position as a leading operator in the Pakistani media and telephony market. The utilization of the funds of the Preference Share issue will be utilized for meeting capital expenditure requirements in the following manner:

(i) refinancing the existing indebtedness of the Company;

(ii) upgrading the existing hybrid fibre coaxial ("**HFC**") network in Lahore and Karachi;

(iii) expanding the HFC foot print of the Company to 50,000 house passes in order to cover the affluent areas of Karachi and Lahore;

(iv) to provide services to 7,000 customers on a laid network in Lahore and Karachi, by providing value added services through installation of a single device;

(v) to add 500 node capacity equipment in order to offer better connectivity to financial institutions and other large businesses besides it consumers;

(vi) expanding its long distance and international termination business to add 1,200 E1 capacity in order to target additional international termination business;

(vii) enhancing (including up-gradation and expansion) of Code Division Multiple Access ("**CDMA**") for EVDO (as defined below); and

(viii) to arrange Evolution Data Optimised ("**EVDO**") customer premises equipment inventory.

11. In accordance with the provisions of Rule 5 of the Variation Rules read with Section 90 of the Companies Ordinance and the proviso of Section 86(1) of the Companies Ordinance, the issuance of the Preference Shares (including the Dividend Shares to be issued from time to time), otherwise than by way of a rights issue, is subject to the approval of the shareholders of the Company in a special resolution and the approval of SECP. In order to proceed with the issuance of the Preference Shares including the Dividend Shares from time to time, the Memorandum and Articles of Association of the Company are proposed to be amended in such manner as is specified in the amendments contained in Resolution No. 4 above. Additionally, it is further requested that the shareholders of the Company provide an upfront approval for the issuance of the Dividend Shares from time to time without the Company being required to obtain the approval of the shareholders under the Companies Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.

12. As specified in the terms and conditions of the Preference Shares (including the Dividend Shares to

be issued from time to time), Omantel and the Investor (which term shall include Habib Bank Limited, Bahrain Branch and its transferees) in their capacity as the preference shareholders ("**Preference Shareholders**") of the Company, shall not be entitled to any cash dividends. Instead the Company has agreed with the Preference Shareholders that the Preference Shares shall entitle the Preference Shareholders to a semi-annual dividend in the form of the Dividend Shares (which will be new United States Dollars denominated, non-voting, cumulative and convertible preference shares having a face value of US$ 100/- each). The Dividend Shares shall be calculated at the rate which is the higher of: (a) 5.9% per annum of the issued Preference Shares (including any issued Dividend Shares); or (b) the rate of dividend declared and payable to the ordinary shareholders of the Company. It is clarified that: (i) no cash dividend will be payable on the Preference Shares (including any Dividend Shares issued by the Company from time to time as specie dividend); (ii) all dividends to be declared in respect of the Preference Shares (including any Dividend Shares issued by the Company from time to time as specie dividend) shall only be paid as a specie dividend in the form of Dividend Shares; (iii) the tenor of the Dividend Shares issued from time to time shall not be more than the remaining tenor of the Preference Shares issued by the Company on the first Preference Shares Issue Date; and (iv) the Dividend Shares issued by the Company from time to time shall also be the same class of Preference Shares with the same terms and conditions as were / are held by the respective holder of the Preference Shareholders at the time of receiving such Dividend Share. The Dividend Shares shall be issued as dividends only from the profits of the Company. In the event the retained earnings of the Company are not sufficient to issue the Dividend Shares to the Preference Shareholders, then such amount of dividend shall be accumulated in the next semi-annual period and issued in the form of Dividend Shares to the Preference Shareholders along with the Dividend Shares which are to be issued in respect of such semi-annual period. If any unpaid dividends are payable in the form of Dividend Shares to the Preference Shareholders at the time of conversion, then the ordinary shares to be issued to the Preference Shareholders at a discount shall be calculated in the manner specified in the terms and conditions and shall take into account the amount of the accumulated and unpaid dividends. The rate and nature of dividend payments will provide the Company with availability of surplus funds with a flexible repayment plan, which at all times shall remain subject to availability of profits of the Company. Since the Preference Shares (including the Dividend Shares to be issued from time to time) do not: (a) require the Company to make payments of any cash dividends it will create a surplus of funds for the Company; and (b) have a redemption option, the same will absolve the Company from making any compulsory cash payment at the expiry of the five (5) years. The Preference Shares (including the Dividend Shares to be issued from time to time) will also allow the Company to use this flexibility to manage its cash flows internally with greater ease and efficiency and to concentrate on expanding the business of the Company to achieve profitability.

13. All of the Preference Shares (including the Dividend Shares to be issued from time to time) held by Omantel and the Investor shall be convertible into ordinary shares at any time after one (1) year from the date of issue of the Preference Shares till the fifth (5^{th}) anniversary of the Preference Share issue date. In the event any Preference Shares (including the Dividend Shares to be issued from time to time) have not been converted by either Omantel and / or the Investor on the fifth (5^{th}) anniversary of the Preference Share issue date, then such Preference Shares (including the Dividend Shares to be issued from time to time) shall mandatorily be converted into ordinary shares of the Company. The Company shall not have the right to require the Preference Shareholders to convert their Preference Shares(including the Dividend Shares to be issued from time to time), unless such conversion is a mandatory conversion after the fifth (5^{th}) anniversary of the Preference Share issue date. The conversion ratio of the Preference Shares (including the Dividend Shares to be issued from time to time) into ordinary shares shall be calculated in the following manner:

*"**Conversion Ratio**" means the following ratio which will be used for the Conversion, provided however, that the Conversion Ratio shall always be subject to the Conversion Adjustments:*

In case where dividends (in the form of issuance of Dividend Shares) are paid to the Preferred Shareholders each year in accordance with these Articles and no dividend (in the form of issuance of Dividend Shares) has been accumulated:

X = (P) / (D)

In case where dividends (in the form of issuance of Dividend Shares) are not paid to Preferred Shareholders each year in accordance with these Articles:

X= (P+Div) / (D)

Where:

***Div**: means the aggregate of:*

(i) notional amount of overdue, accrued and cumulative dividend payable / to be issued as specie dividend in the form of Dividend Shares by the Company to a Preferred Shareholder; and

(ii) in the event the Conversion Option is being exercised during a semi-annual period in a financial year, the Proportionate Dividend Shares;

where the amounts calculated in (i) and (ii) above are converted to Pakistan Rupees at the State Bank of Pakistan US$ settlement rate prevailing on the Conversion Date.

***X:** means Number of Ordinary Shares to be issued*

***P:** means the face value of US$ 100/- multiplied by the no. of Preference Shares, converted to Pakistan Rupees at the State Bank of Pakistan US$ settlement rate prevailing on the Conversion Date*

***D:** means the discounted share price, which shall be calculated in the following manner:*

(i) Conversion between the period commencing from the 1st anniversary but prior to the 2nd anniversary of the First Preference Shares Issue Date

(90%) of the last 90 days volume weighted average price of the Ordinary Shares of the Company

(ii) Conversion between the period commencing from the 2nd anniversary but prior to the 3rd anniversary of the First Preference Shares Issue Date

(80%) of the last 90 days volume weighted average price of the Ordinary Shares of the Company

(iii) Conversion between the period commencing from the 3rd anniversary but prior to the 4th anniversary of the First Preference Shares Issue Date

(70%) of the last 90 days volume weighted average price of the Ordinary Shares of the Company

(iv) Conversion between the period commencing from the 4th anniversary of the First

WORLD CALL
An Omantel Company

Preference Share Issue Date and ending on no later than the Mandatory Conversion Date

(60%) of the last 90 days volume weighted average price of the Ordinary Shares of the Company

It being clarified that the discount to be granted in accordance with (i) and (iv) above will be adjusted for the number of months (rounded to the nearest month) that the Preference Shares have been outstanding and will be interpolated between the relevant discount.

14. The ordinary shares to be issued to the Investor and / or Omantel, as the case may be after exercise of the Conversion Option during the tenor of the Preference Shares (including Dividend Shares issued from time to time) or at the mandatory conversion time (i.e. the date falling five (5) years after the first issuance date of the Preference Shares) shall be issued at a discount which shall be calculated on the basis of the formula provided above in paragraph 13. The shareholders are being requested to provide their approval to the Company to issue the ordinary shares at a discount in accordance with Section 84 of the Companies Ordinance from time to time only to Omantel and / or the Investor (or their transferees) from time to time under the proviso of Section 86(1) of the Companies Ordinance, without the Company being required to procure the approval of the shareholders again. In addition to the approval of the discount share issue from time to time, the shareholders are also being requested to authorise the Company to request SECP to extend the sixty (60) days time period specified in Section 84(1)(d) of the Companies Ordinance till a period up to sixty (60) Days after the fifth (5^{th}) anniversary of the first Preference Share issue date.

15. The Preference Shares (including the Dividend Shares to be issued from time to time) being issued to Omantel and the Investor shall be freely tradable and shall only be subject to the provisions of the Subscription and Shareholders Agreement dated 27 January 2013 entered into between the Company, Omantel and the Investor and the terms and conditions of the Preference Shares (including the Dividend Shares to be issued from time to time) as specified in the Articles of Association of the Company.

16. Upon completion of the Preference Share issue, the shareholding of Omantel and Investor in the issued and paid up capital, if converted at par value of the Company shall be as follows:

Share Holding Structure- Post Conversion	**Paid up Capital PKR**	**No of Shares**	**%age of Holding**
HBL	1,365,000,000	136,500,000	10%
Omantel	8,073,394,290	807,339,429	61%
Others	3,717,320,840	371,732,084	28%
	13,155,715,130	**1,315,571,513**	**100%**

17. The ordinary shares to be issued to the Preference Shareholders at the time of conversion shall be issued at a discount to the par value of the shares of the Company. The discount to be allowed on the ordinary shares shall be calculated in paragraph 13 above. The Company will issue such shares at a discount for the following reasons:

(a) the Company has explored many options for funding its capital expenditure requirements. The best possible option evaluated and recommended by the transaction advisors and approved by the Board of Directors was to issue shares at discount. This decision was taken in view of the current stock market share price of the Company which has for the last two (2) years reached a low of PKR 0.77 per share. Accordingly, the prevailing conditions in the market do not allow the issuance of shares at par or at premium. The discount formula is devised on future market price of the Company so that minimal loss on issue of shares is borne by the Company. The Company strongly believes that after the injection of equity and resulting expansion, the share price would improve significantly hence reduce the loss on issue of shares;

(b) the Preference Shares (including the Dividend Shares to be issued from time to time) will allow for a lower cost of funds for the Company with minimal impact on the Company's short-term cash flow and, given the equity nature of the instrument, strengthens the Company's balance sheet;

(c) the investment in Preference Shares by Omantel will result in the Foreign Direct Investment of USD 35,000,000/- in the economy. This will be in addition to USD 200,000,000/- already invested by Omantel in the Company.

18. The ordinary shares to be issued by the Company at the time of conversion will also only be issued only to the Investor or Omantel as the case may be, and accordingly the same will be construed as issuance of shares otherwise than by way of a rights issue. In this regard, the Company provides the following information:

(a) since the Investor or Omantel will be exercising the conversion options in respect of the Preference Shares (including the Dividend Shares to be issued from time to time), the Company will be required to conduct an issue of shares otherwise than by way of a rights issue in order to issue ordinary shares;

(b) the ordinary shares shall only be issued to Investor (which term shall include Habib Bank Limited, Bahrain Branch and its transferees) or Omantel as the Preference Shareholders;

(c) there will be no additional amounts coming in as equity investment at the time of conversion;

(d) the ordinary shares to be issued to the Preference Shareholders shall rank pari passu with all existing shareholders of the Company;

(e) the conversion will help investors to get marketable securities in the form of ordinary shares which are openly traded in the stock market. As the Company is issuing shares rather than redeeming the Preference Shares, this will result in improving the liquidity of the Company;

(f) the Preference Shares will be a source of strength for the Company as it would entail availability of surplus funds with an issuance of Dividend Shares subject to availability of profits. Furthermore, the feature of conversion into ordinary shares will not put strain on the Company's cashflows for redemption of the Preference Shares (including the Dividend Shares to be issued from time to time). The Company can use this flexibility to manage its cash flows internally with greater ease and efficiency for betterment of shareholders at large;

(g) as per the Pakistan Telecommunication Authority's annual report 2010, the recent growth of foreign direct investment in telecom sector declined due to saturation in the telecom market. The investment by Omantel and Investor will send a positive signal to other foreign investors in the telecom sector;

(h) this will enable the Company to finance its much needed capital expenditure which has been initiated to keep the Company competitive in the telecom sector.

19. The shareholders of the Company will also be required to approve such issuance of ordinary shares of the Company at a discount. After approval of the shareholders of the Company, the discount share issue shall remain subject to the approval of SECP under the provisions of Section 84 of the Companies Ordinance read with the Guidelines for Issue of Shares at a Discount.

20. The Board of Directors of the Company have recommended that the special resolutions as set out in the notice are passed at the General Meeting. It is clarified that the Preference Share issue, the Dividend Share issue and the issuance of the ordinary shares of the Company at a discount upon exercise of the conversion option (as explained above) remains subject to the approval of SECP under the provisions of Section 90 of the Companies Ordinance read with Rule 5 of the Variation Rules, the proviso of Section 86(1) of the Companies Ordinance, the approval of SBP, the approval of the Pakistan Telecommunication Authority and such other regulatory and other approvals as may be required.

21. Copies of Statement under Section 160(1)(b) of the Companies Ordinance, 1984, recent annual/quarterly accounts alongwith all published or otherwise required accounts of all prior periods of the Company, financial projections of the Company, Memorandum and Articles of Association of the Company and other related information of the Company may be inspected/procured during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the General Meeting. The recent financial statements of the Company can also be reviewed/downloaded from the website: www.worldcall.com.pk under the heading "Financials".

22. The Directors of the Company have no interest in the Preference Share issue whether directly or indirectly except to the extent of shareholding held by them in the Company. The shares and percentage of personal shareholdings by the Directors of the Company in proportion to the paid up capital of the Company are as under:

S.No.	Name of Director	No. of Shares held	Percentage Shareholding (%)
1	Mr Mehdi Mohammad Al-Abduwani	20,500	0.00 %
2	Mr Talal Said Marhoon Al-Mamari	500	0.00 %
3	Mr Aimen Bin Ahmed Al-Hosni	575	0.00 %
4	Mr Samy Ahmed Al-Ghassani	500	0.00 %
5	Mr Shehryar Ali Taseer	500	0.00 %
6	Mr Sohail Qadir	500	0.00 %
7	Mr Asadullah Khawaja	100,000	0.01 %
8	Mr Babar Ali Syed (CEO)	75	0.00 %

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

On behalf of the Board of Directors of Worldcall Telecom Limited ("the Company"), I am pleased to address you as we move into a new financial year.

The macro-economic environment remained turbulent during the year under review. We saw unfavorable movements in the exchange rate that took the rupee to record low level. Energy crises remained a formidable challenge for the whole economy. For most part of the year the business environment remained highly volatile on account of various political / social issues. ICT sector remained exposed to policy implementation lapses and indecisions and affected market player negatively in various ways. Delay on the part of launch of 3G licenses was also regrettable as the launch of 3G was applauded by all circles and was a widely awaited event due to its prospects for generating new business for all participants of ICT industry.

The all time low rates for the international termination that prevailed for the most part of the year, seriously affected the performance of the LDI segment of the Company. Unfortunately various measures planned by the industry to resuscitate the LDI business could not culminate in the desired way and this seriously hampered the performance.

Given the overall un-stability and challenging demands of the environment, your Company had to resort to some measures of consolidation and downsizing. These measures were undertaken as a part of an overall structural plan to improve workflows, efficiency and savings.

Subsequent to year end the Company, with gracious support of Omantel has successfully finalized and signed off the convertible preference share transaction worth USD 35 million. The management has various expansion plans that shall be followed expeditiously as soon as the funding is available. Most of these plans involve heavy capital outlay that will lead to enhancement of the subscriber base and improvement in the service delivery. Besides this launch of 3G in year 2013 will be a promising event for the whole ICT industry. The Company indirectly shall be a long term beneficiary of this and it envisages significant broadening of the business activities as soon as the 3G era begins.

I would like to sincerely thank all the shareholders of this Company, particularly the parent Company Omantel. It is their continued support and trust that has helped the board and management to work passionately and get through these challenges. I would also like to express my gratitude for all the employees of the Company who despite difficulties and hard times, worked with loyalty and dedication.

Chairman, Board of Directors of Worldcall Telecom Limited

Dubai:
28 March 2013

Mehdi Mohammed Al-Abduwani
Chairman, Board of Directors of
Worldcall Telecom Limited

DIRECTORS' REPORT

The Directors of Worldcall Telecom Limited ("Worldcall" or "the Company"), are pleased to present audited financial statements of the Company and a review of its performance for the year ended 31 December 2012.

Financial Overview

The financial performance during the year remained depressed. The all time low termination rates that prevailed during most part of the year affected the earning potential and left a vital segment of the Company i.e. LDI with depleted margin. Performance in other segments also remained on the passive terms.

The Company recorded overall revenue of Rs 7,119 million during the year under review which was 11% lower as compared to comparative. Direct costs accumulated to a total of Rs 6,591 million. Compared with the previous year figures, this shows 10% increase. Major portion of this surge was contributed by international termination costs. Rise in operating costs partly reflect the recognition of provisions and partly attributable to inflationary factors. Other operating expenses mainly represent exchange losses on foreign currency denominated long term loans and other operating income reflects gain on re-measurement of certain liabilities. After accounting for taxation, the year is being closed with a net loss of Rs 1,650 million.

Major financial line items compared with the last year figures have been summarized in the following table.

	Year 2012	**Year 2011**
	--------(Rupees in Million)------	
Revenues	**7,119**	**8,001**
Direct cost	**(6,591)**	**(6,013)**
Gross profit	**527**	**1,988**
Operating cost	**(1,961)**	**(1,460)**
Operating profit/(loss)	**(1,434)**	**528**
Finance cost	**(1,245)**	**(715)**
Other operating income	**694**	**504**
Other operating expenses	**(370)**	**(190)**
Profit/(Loss) after tax	**(1,650)**	**290**

The future outlook and way forward

The management is looking forward to complete various infrastructure improvement and expansion projects. The major portion of the resources will be channeled to broadband segment in order to seize the tremendous opportunities in this arena. Contrary to the voice market that has been showing signs of weariness in response to declining ARPUs, the data and broadband market is ripe for major business developments. The future of the ICT industry shall be characterized by increasing demands for connectivity from all across the society. As the information highways will connect remote areas with the commercial hubs and eliminate the difference between rural and urban, both people and businesses shall be seeking high speed connectivity. Emerging cloud computing and internet business trends shall empower individuals by providing them the freedom to work using shared resources in the virtual world. The Company is visualizing the growth in this segment and has accordingly planned to enhance its footprint along with augmenting its service delivery standards.

The launch of 3G in the year 2013 will bring into play many new dynamics. All participants have been preparing internally for the beginning of 3G era in the country. The provisioning of high speed services on mobile devices all across the industry shall lead to prosperity and empowerment by enabling business and individuals in variety of ways. New business like branchless banking, distant learning and health care shall flourish and the society shall witness a radical transformation. The management expects that all this will lead to improvements in the overall ICT sector.

The management has awareness that best promotional tool for success is a satisfied customer. The Company has extensive plans to improve its customer satisfaction and retention standards. To this end new sale points with renewed look and vision are being added to the network. With greater focus on the needs of customer, the company shall be offering the reliable services so as to ensure loyalty and satisfaction among its subscribers.

Board Meetings during the period

Five meetings of the Board of Directors were held during the period. Attendance by each director is as under:

Name of Board Member	Meeting Attended
Mr. Mehdi Mohammad Al Abduwani	5
Mr. Talal Said Marhoon Al-Mamari	5
Mr. Aimen bin Ahmed Al Hosni	4
Mr. Samy Ahmed Abdulqadir Al Ghassany	5
Mr. Sohail Qadir	5
Mr. Shehryar Ali Taseer	3
Mr. Asadullah Khawaja	5

The directors who could not attend the meeting were duly granted leave of absence.

Audit Committee

The Board of Directors, in compliance with the Code of Corporate Governance has established an Audit Committee consisting of the following:

Mr. Talal Said Marhoon Al-Mamari	Chairman
Mr. Asadullah Khawaja	Member
Mr. Aimen bin Ahmed Al Hosni	Member
Mr. Mirghani Hamza Al-Madani	Chief Internal Auditor
Mr. Rizwan Abdul Hayi	Secretary

During the year 6 meetings of the Audit Committee were held. The Chief Executive Officer and the Chief Financial Officer attend meetings of the Committee on standing invitation. The Chief Internal Auditor reports directly to the Chairman of the Audit Committee.

The role and responsibilities of the Audit Committee include determining appropriate measures to safeguard the company's assets and reviewing quarterly, half yearly and annual financial statements of the

Company and preliminary announcements of results before approval by the Board of Directors and their publication.

The Audit Committee assists the Board of Directors in monitoring the framework of managing business risks and internal controls. The Committee seeks assurance on the measures taken by the management in identification, evaluation and mitigation of relevant business risks.

It also monitors the performance of the Internal Audit Department which adopts a risk based approach for planning and conducting business process audits consistent with the Company's established work practices.

Executive Committee

This Committee conducts its business under the chairmanship of Mr Mehdi Al-Abduwani and has the following structure:

Mr. Mehdi Mohammed Al-Abduwani	Chairman
Mr. Aimen bin Ahmed Al Hosni	Member
Mr. Sohail Qadir	Member
Mr. Babar Ali Syed	Member
Mr. Rizwan Abdul Hayi	Secretary

The Committee is entrusted with the tasks to recommend for approval both short term and long term finance options, administrative and control policies adopted by the Board and monitoring compliance thereof. The Committee is also responsible for dealing on the Board's behalf with matters of an urgent nature when the Board of Directors is not in session, in addition to other duties delegated by the Board.
During the year 4 meetings of the Executive Committee were held.

Human Resources

Subsequent to the year end, the Board of Directors, in compliance with the Code of Corporate Governance has established HR Committee consisting of the following:

Mr. Aimen bin Ahmed Al Hosni	Chairman
Mr. Talal Said Marhoon Al-Mamari	Member
Mr. Sohail Qadir	Member

The principle of equal opportunity is core to our HR policies and we at WTL are committed to motivate staff by upgrading their skills to equip all employees for their job performance and support them to realize their optimum potential. The HR department, through its continuous effort, pays considerable heed to enhance the employees' productivity which results in organizational effectiveness.

The Board would like to congratulate their employees for consistent hard work and efforts.

Auditors

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for re-appointment. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as Auditors of the company for the year ending December 31, 2013, at a fee to be mutually agreed. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guide-lines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi and Lahore Stock Exchanges in their Listing Regulations, relevant for the year ended December 31, 2012 have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the Report.

Material Changes

There have been no material changes since December 31, 2012 except as disclosed in this annual report and the company has not entered into any commitment, which would affect its financial position at the date except for those mentioned in the audited financial statements of the company for the year ended December 31, 2012.

Statutory Compliance

During the year the company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Duties & Taxes (Contribution to the National Exchequer)

Information about taxes and levies is given in the respective notes to the accounts.

Web Presence

Updated information regarding the company can be accessed at Company website: www.worldcall.com.pk. The website contains the latest financial results of the company together with company's profile.

Dividend / Payout

Considering the cash flow situation and future expansion plans, the Directors have not recommended any dividend / payout for the year.

Pattern of Shareholding

A statement of the Pattern of Shareholding of different classes of shareholders as at December 31, 2012, whose disclosure is required under the reporting framework, is included in the annexed Shareholders' Information.

The Directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the company during the year, except as given in Annexure I.

Statement of Compliance in accordance with the Code of Corporate Governance ("CCG")

1. The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flows and change in the equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. The key financial data of five years is summarized in the report.
9. Information regarding outstanding taxes and levies is given in notes to the accounts of the financial statements.
10. The Company has followed the best practices of corporate governance, as detailed in the Listing Regulations of Stock Exchanges.

Holding Company information

The Company is a subsidiary of Omantel Telecommunications Company SAOG, which has been incorporated in Sultanate of Oman and is also the largest communication service provider of Oman.

Consolidated Financial Statements

Consolidated financial statements of the Company and its subsidiary, Worldcall Telecommunications Lanka (Pvt) Ltd (Incorporated in Sri Lanka) are submitted herewith.

Acknowledgment

The Board of Directors wishes to place on record here, appreciation and gratitude for the continued support and trust of our valuable customers, suppliers, contractors and stakeholders. We appreciate their cooperation and assistance which helped us in meeting the challenges and improving our performance.

It goes without saying that all the achievements of the Company have been possible only due to the ceaseless and untiring efforts of its dedicated employees. Their professionalism, commitment to work and ability to perform remarkably well even in certain adverse conditions helped the Company to sustain during the worst economic recession. The Company remains thankful to all of its employees for their persistent efforts and valuable contributions. The Board also appreciates the helpful role played by members of audit and other executive committee in assisting the management on various governance matters. We would also like to appreciate the positive and highly constructive role played by PTA in the success and development of the telecom sector.

Apart from this we are also thankful for the continued support and assistance extended to us by our Parent Company throughout the year. This support has been highly pivotal in encouraging the management and employees and in meeting the formidable challenges.

For and on behalf of the Board of Directors

BABAR ALI SYED
CHIEF EXECUTIVE OFFICER

Dubai:
28 March 2013

Annexure-I

TRADING BY BOARD MEMBERS, COMPANY SECRETARY, CFO AND THEIR SPOUSE & MINOR CHILDREN

Directors	Opening Balance as on 31-Dec-2011	Purchase	Bonus	Sale	Closing Balance as of 31-Dec-2012
Mr. Mehdi Mohammed Al Abduwani	20,500	-	-	-	20,500
Mr. Talal Said Marhoon Al -Mamari	500	-	-	-	500
Mr. Shehryar Ali Taseer	500	-	-	-	500
Mr. Samy Ahmed Abdulqadir Al Ghassany	500	-	-	-	500
Mr. Aimen bin Ahmed Al Hosni	575	-	-	-	575
Mr. Asadullah Khawaja	100,000	-	-	-	100,000
Mr. Sohail Qadir	500	-	-	-	500
Mr. Babar Ali Syed (CEO)	75	-	-	-	75
Chief Financial Officer					
Mr. Mohamad Noaman Adil	-	-	-	-	-
Company Secretary					
Mr. Rizwan Abdul Hayi	20,000	-	-	20,000	-
Spouses / Minor Children					

FIVE YEAR FINANCIAL PERFORMANCE

INCOME STATEMENTS

	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010	Year ended 31 December 2009	Period ended 31 December 2008
	--	---------	(Rupees in '000)	---------	---------------------------------
Revenue -net	7,118,825	8,001,013	7,464,404	8,408,275	3,091,482
Direct cost	(6,591,422)	(6,012,774)	(6,615,984)	(7,036,603)	(2,260,757)
Gross profit	**527,403**	**1,988,239**	**848,420**	**1,371,672**	**830,725**
Operating cost	(1,961,345)	(1,460,237)	(1,610,041)	(1,356,317)	(1,133,279)
Operating (loss)/profit	**(1,433,942)**	**528,002**	**(761,621)**	**15,355**	**(302,554)**
Finance cost	(1,245,090)	(714,654)	(743,413)	(523,025)	(163,182)
	(2,679,032)	**(186,652)**	**(1,505,034)**	**(507,670)**	**(465,736)**
Gain on re-measurement of investment at fair value	-	-	-	-	-
	-	-	-	-	
Gain on re-measurement of investment property at fair value	-	-	1,378	-	-
Impairment loss on available for sale financial assets	(265,365)	(26,508)	(65,894)	(167,865)	-
Other operating income	694,172	504,213	58,097	103,993	98,568
Other expenses	(370,392)	(190,216)	-	(51,981)	(23,113)
(Loss)/Profit before taxation	**(2,620,617)**	**100,837**	**(1,511,453)**	**(623,523)**	**(390,281)**
Taxation	970,975	189,413	364,447	132,704	90,993
(Loss)/Profit after taxation	**(1,649,642)**	**290,250**	**(1,147,006)**	**(490,819)**	**(299,288)**
Bonus Shares	**-**	**-**	**-**	**-**	**-**
(Loss)/earning per share - basic and diluted	**(1.92)**	**0.34**	**(1.33)**	**(0.57)**	**(0.35)**

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED 31 DECEMBER 2012

The Company has fully complied with the best practices on Transfer Pricing as contained in the listing regulations of Stock Exchanges where the Company is listed.

For and on behalf of the Board

BABAR ALI SYED
CHIEF EXECUTIVE OFFICER

Dubai:
28 March 2013

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2012

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Name
Non-Executive Directors	Mr. Mehdi Mohammad Al Abduwani Mr. Talal Said Marhoon Al -Mamari Mr. Aimen bin Ahmed Al Hosni Mr. Samy Ahmed Abdulqadir Al Ghassany Mr. Sohail Qadir Mr. Shehryar Ali Taseer Mr. Asadullah Khawaja

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. No one is a member of Stock Exchange.

4. No casual vacancies occurred in the Board during the period under reviewed.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged orientation courses for its Directors during the year to apprise them of their duties and responsibilities.

10. The board has approved appointment of Company Secretary, Chief Financial Officer and Chief Internal Auditor including their remuneration and terms and conditions of employment, as determined by the CEO. However, there were no new appointments of CFO, Company Secretary and Head of Internal Audit during the financial year ended 31 December 2012.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, who are non-executive directors including chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, who are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function having suitable qualified and experienced staff for the purpose and they are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

BABAR ALI SYED
CHIEF EXECUTIVE OFFICER

Dubai:
28 March 2013

WORLD CALL
An Omantel Company

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices ("the statement") contained in the Code of Corporate Governance prepared by the Board of Directors of **Worldcall Telecom Limited ("the Company")** to comply with the Listing Regulations of Karachi and Lahore Stock Exchanges where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, sub-regulation (x) of Listing Regulation No. 35 notified by the Karachi and Lahore Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price while recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2012.

KPMG Taseer Hadi & Co.

Lahore:
28 March 2013

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Worldcall Telecom Limited ("the Company")** as at 31 December 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.

Lahore:
28 March 2013

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

WORLD CALL
An Omantel Company

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	31 December 2012	31 December 2011
		(Rupees in '000)	
NON CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	4	13,002,060	13,527,048
Capital work-in-progress	5	782,635	650,986
		13,784,695	14,178,034
Intangible assets	6	4,987,160	5,183,628
Investment properties	7	160,474	146,074
Long term investment - classified as held for sale	8	-	-
Long term trade receivables	9	242,883	18,092
Deferred taxation	10	1,295,068	288,499
Long term loans and deposits	11	122,074	132,323
		20,592,354	19,946,650
CURRENT ASSETS			
Stores and spares	12	225,091	235,415
Stock in trade	13	208,140	201,901
Trade debts	14	2,624,883	3,252,683
Loans and advances - considered good	15	1,441,416	1,058,229
Deposits and prepayments	16	190,848	142,945
Other receivables	17	64,513	86,212
Short term investments	18	104,982	114,489
Income tax recoverable - net		154,656	163,943
Cash and bank balances	19	100,742	327,028
		5,115,271	5,582,845
CURRENT LIABILITIES			
Current maturities of non-current liabilities	20	1,447,025	2,095,116
Running finance under mark-up arrangements - secured	21	789,331	979,373
Short term borrowings	22	1,014,767	118,503
License fee payable	23	1,021,500	1,021,500
Trade and other payables	24	5,947,891	4,589,727
Interest and mark-up accrued	25	245,190	140,183
		10,465,704	8,944,402
NET CURRENT LIABILITIES		(5,350,433)	(3,361,557)
NON-CURRENT LIABILITIES			
Term finance certificates - secured	26	1,640,083	1,081,213
Long term loan	27	2,815,456	3,060,004
Deferred income	28	65,916	166,300
Retirement benefits	29	387,695	300,075
Liabilities against assets subject to finance lease	30	44,904	89,471
Long term payables	31	1,288,444	1,494,620
Long term deposits		42,458	42,661
		6,284,956	6,234,344
Contingencies and commitments	32		
		8,956,965	10,350,749
REPRESENTED BY			
Share capital and reserves			
Authorized share 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	33	8,605,716	8,605,716
Share premium	34	837,335	837,335
Fair value reserve - available for sale financial assets		13,835	(242,023)
Accumulated (loss)/profit		(848,051)	806,476
		8,608,835	10,007,504
Surplus on revaluation	35	348,130	343,245
		8,956,965	10,350,749

The annexed notes 1 to 49 form an integral part of these financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

WORLD CALL
An Omantel Company

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31 December 2012	31 December 2011
		------------(Rupees in '000)----------	
Revenue - net	36	**7,118,825**	8,001,013
Direct cost	37	**(6,591,422)**	(6,012,774)
Gross profit		**527,403**	1,988,239
Operating cost	38	**(1,961,345)**	(1,460,237)
Operating (loss)/profit		**(1,433,942)**	528,002
Finance cost	39	**(1,245,090)**	(714,654)
		(2,679,032)	(186,652)
Impairment loss on available for sale financial assets		**(265,365)**	(26,508)
Other operating income	40	**694,172**	504,213
Other operating expenses		**(370,392)**	(190,216)
(Loss)/profit before taxation		**(2,620,617)**	100,837
Taxation	41	**970,975**	189,413
(Loss)/profit after taxation		**(1,649,642)**	290,250
(Loss)/earning per share - basic and diluted ***(Rupees)***	42	**(1.92)**	0.34

The annexed notes 1 to 49 form an integral part of these financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

WORLD CALL
An Omantel Company

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	31 December 2012	31 December 2011
	---------(Rupees in '000)---------	
(Loss)/profit for the year	**(1,649,642)**	290,250
Other comprehensive income/(loss) - net of tax:		
Net change in fair value of available for sale financial assets	**(9,507)**	(195,983)
Impairment loss on available for sale financial assets transferred to profit and loss account	**265,365**	26,508
	255,858	(169,475)
Total comprehensive (loss)/income for the year	**(1,393,784)**	120,775

The annexed notes 1 to 49 form an integral part of these financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

WORLD CALL
An Omantel Company

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
Cash flows from operating activities			
Cash generated from operations	44	**1,384,818**	484,505
Decrease/(increase) in long term deposits receivable		**10,249**	(68,884)
(Increase)/decrease in long term trade receivable		**(785,404)**	28,713
Decrease in long term deposits payable		**(203)**	(547)
Decrease in deferred income		**(100,384)**	(88,416)
Increase in long term payables		**452,701**	1,163,889
Retirement benefits paid		**(11,187)**	(21,717)
Finance cost paid		**(492,645)**	(753,786)
Taxes paid		**(26,307)**	(88,643)
Net cash generated from operating activities		**431,638**	655,114
Cash flows from investing activities			
Fixed capital expenditures		**(758,830)**	(1,228,347)
Acquisition of intangible assets		**(14,249)**	(784,800)
Proceeds from sale of property, plant and equipment		**18,982**	85,990
Net cash used in investing activities		**(754,097)**	(1,927,157)
Cash flows from financing activities			
Receipts of long term loans		**-**	2,943,855
Running finance - net		**(190,042)**	(191,591)
Receipt/(repayment) of short term borrowings - net		**896,264**	(81,497)
Repayment of term finance certificates		**(547,913)**	(1,212,397)
Repayment of liabilities against asset subject to finance lease		**(62,136)**	(43,259)
Net cash generated from financing activities		**96,173**	1,415,111
Net (decrease)/increase in cash and cash equivalents		**(226,286)**	143,068
Cash and cash equivalents at the beginning of the year		**327,028**	183,960
Cash and cash equivalents at the end of the year		**100,742**	327,028

The annexed notes 1 to 49 form an integral part of these financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital	Share Premium	Fair value reserve- available for sale assets	Accumulated profit/(loss)	Surplus on Revaluation	Total
	--------	--------	--------	(Rupees in '000)	--------	--------
Balance as at 31 December 2010	**8,605,716**	**837,335**	**(72,548)**	**521,111**	**338,360**	**10,229,974**
Transfer to surplus on revaluation	-	-	-	(4,885)	4,885	-
Total comprehensive loss/(profit) for the year	-	-	(169,475)	290,250	-	120,775
Balance as at 31 December 2011	**8,605,716**	**837,335**	**(242,023)**	**806,476**	**343,245**	**10,350,749**
Transfer to surplus on revaluation	-	-	-	(4,885)	4,885	-
Total comprehensive profit/(loss) for the year	-	-	255,858	(1,649,642)	-	**(1,393,784)**
Balance as at 31 December 2012	**8,605,716**	**837,335**	**13,835**	**(848,051)**	**348,130**	**8,956,965**

The annexed notes 1 to 49 form an integral part of these financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1 Legal status and nature of business

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

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS") as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan ("SECP") differ with the requirements of these IFRS, requirements of the Companies Ordinance, 1984 or requirements of the said directives take precedence.

2.2 Accounting convention and basis of preparation

These financial statements have been prepared under the historical cost convention, except for revaluation of investment properties, plant and equipment, intangible assets and certain financial assets at fair value, and recognition of certain employee benefits and financial liabilities at present value.

3 Summary of significant accounting policies

The significant accounting policies adopted in preparation of these financial statements are set out below:

3.1 Significant accounting judgments and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful life of depreciable assets and amortization of intangible assets - (note 3.2, 3.3, 4 & 6)
- Staff retirement benefits - (note 3.11 & 29)
- Taxation - (note 3.6 & 41)
- Provisions and contingencies - (note 3.16 & 32)
- Investment properties - (note 3.4 & 7)
- Impairment testing of goodwill - (note 6.3)

3.2 Fixed capital expenditure and depreciation

Property, plant and equipment

Property, plant and equipment (except freehold land and plant and equipment) are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost and plant and equipment are stated at revalued amount less accumulated depreciation and any identified impairment loss.

Cost in relation to self constructed assets includes direct cost of material, labour and other allocable expenses.

Depreciation is charged to income on the straight line method whereby cost of an asset is written off over its estimated useful life at the rates given in note 4.

Residual value and the useful life of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Incremental/decremental depreciation on revalued assets is transferred net of deferred tax from/to surplus on revaluation to/from retained earnings (accumulated profit).

Depreciation on additions is charged on a pro-rata basis from the month in which the asset is put to use, while for disposals, depreciation is charged up to the month of disposal. Where an impairment loss is recognised, the depreciation charge is adjusted in the future years to allocate the assets' revised carrying amount over its estimated useful life.

Maintenance and repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired. Gains and losses on disposal of assets are included in income and the related surplus on revaluation of plant and equipment is transferred directly to retained earnings (accumulated profit).

Finance leases

Leases in terms of which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of their revalued amount less accumulated depreciation and any identified impairment loss and present value of minimum lease payments at the date of commencement of lease.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a straight-line method at the rates given in note 4. Depreciation of leased assets is charged to profit and loss account.

Residual value and the useful life of leased assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to leased assets is charged on pro rata basis from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

3.3 Intangible assets

Goodwill

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.

Other intangible assets

Other intangible assets are stated at revalued amount less accumulated amortization except for patents and copy rights, which are stated at cost less accumulated amortization.

Other intangible assets are amortized using the straight line method at the rates given in note 6. Amortization on licenses is charged to the profit and loss account from the month in which the related operations are commenced. Amortization on additions to other intangible assets is charged on a pro-rata basis from the month in which asset is put to use, while for disposals amortization is charged up to the month of disposal.

Indefeasible right to use ("IRU") contracts are recognised at cost as an intangible asset when the Company has the specific IRU an identified portion of the underlying asset, generally optical fibers or dedicated bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortized on a straight line basis over the period of the contract.

Incremental amortization on revalued intangible assets is transferred net of deferred tax from surplus on revaluation to retained earnings (unappropriated profit).

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are charged to income as and when incurred.

Gain or loss arising on disposal and retirement of intangible assets is determined as a difference between net disposal proceeds and carrying amount of the assets and is recognised as income or expense in the profit and loss account. Related surplus on revaluation of intangible assets is transferred directly to retained earnings (unappropriated profit).

3.4 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially recognised at cost, being the fair value of the consideration given, subsequently these are stated at fair value. The fair value is determined annually by an independent approved valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arms length transaction.

Any gain or loss arising from a change in fair value is recognised in the profit and loss account. Rental income from investment properties is accounted for as described in note 3.14.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in surplus on revaluation of property, plant and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the profit and loss account.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording.

3.5 Investments

The Company classifies its investments in following categories.

Investments in equity instruments of subsidiary

Investment in subsidiary where the Company has significant influence is measured at cost less impairment in the Company's financial statements. Cost in relation to investments made in foreign currency is determined by translating the consideration paid in foreign currency into rupees at exchange rates prevailing on the date of transactions.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 'Consolidated and Separate Financial Statements'.

Available for sale investments

Available for sale investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition these are recognised at fair value unless fair value can not be reliably measured. The investments for which quoted market price is not available are measured at cost. Changes in carrying value are recognised in equity until investment is sold or determined to be impaired at which time the cumulative gain or loss previously recognised in equity is included in profit or loss account.

All “regular way” purchase and sale of listed shares are recognised on the trade date i.e. the date that the Company commits to purchase/sell the asset.

The fair value of investments classified as available for sale is their quoted bid price at the balance sheet date.

3.6 Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is provided using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

3.7 Inventories

Inventories, except for stock in transit, are stated at lower of cost and net realizable value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Cost is determined as follows:

Store and spares

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value.

Stock in trade

Cost is determined on moving average basis.

Net realizable value is the estimated selling price in ordinary course of business, less estimated incidental selling cost.

3.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortized cost less any identified impairment loss. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

3.9 Financial liabilities

Financial liabilities are classified according to substance and related accrued interest of the contractual arrangements entered into. Significant financial liabilities include long term payables, license fee payable, borrowings, trade and other payables.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequently, these are stated at amortized cost with any difference between cost and redemption value being recognised in the profit and loss over the period of the borrowings on an effective interest rate basis.

Term finance certificates

Term finance certificates are stated at amortized cost using effective interest rate.

Other financial liabilities

All other financial liabilities are initially recognised at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

3.10 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortized cost using effective interest rate method.

3.11 Retirement and other benefits

Defined benefit plan

The Company operates an unfunded defined benefit gratuity plan for all permanent employees as per Company policy. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually under the projected unit credit method.

The Company recognizes actuarial gains/losses over the expected average remaining working lives of the current employees, to the extent that cumulative unrecognised actuarial gain/loss exceeds 10 per cent of present value of defined benefit obligation.

Accumulating compensate absences

Employees are entitled to take earned leave 20 days every year.

The unutilized earned leave can be accumulated upto a maximum of 40 days and can be utilized at any time subject to the approval. Earned leaves in excess of 40 days shall lapse. An employee will be entitled to encash the accumulated earned leaves at the time of leaving Company service. The earned leave encashment is made on last drawn gross salary.

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

3.12 Impairment losses

The carrying amount of the Company's assets except for, inventories, investment properties and deferred tax asset are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. For goodwill, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged. An impairment loss in respect of goodwill is not reversed.

3.13 Foreign currencies

Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the profit and loss account currently.

3.14 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for services rendered, net of discounts and sales tax. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from different sources is recognised as follows:

- Revenue from terminating minutes is recognised at the time the call is made over the network of the Company.
- Capacity/media sold under Indefeasible Right to Use ("IRU") arrangement is recognised upfront if it is determined that the arrangement is a finance lease.
- Revenue from originating minutes is recognised on the occurrence of calls both for prepaid and postpaid subscribers.
- Subscription revenue from Cable TV, EVDO, internet over cable and channels subscription fee is recognised on provision of services.
- Connection and membership fee is recognised at the time of sale of connection.
- Sale of goods is recognised on dispatch of goods to customer.
- Advertisement income is recognised on the basis of spots run when commercials are aired on the network.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Revenue from metro fiber solutions/sale is recognised on delivery of services.
- Rental income from investment properties is recognised in the profit and loss account on accrual basis.
- Revenue from prepaid cards is recognised as credit is used.
- Dividend income is recognised when the right to receive payment is established.
- The revenue under Universal Service Fund ("USF") services and subsidy agreement is recognised under IAS - 18 based on stage of completion with reference to the achievement of each milestone as provided in the agreement.

3.15 Borrowing cost

Mark-up, interest and other charges on borrowings are capitalized upto the date of commissioning of the related qualifying assets, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are recognised as an expense in the period in which they are incurred.

3.16 Provisions

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.17 Cash and bank balances

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand and cash at bank.

3.18 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company loses control of the contractual right that comprises the financial assets. Financial liabilities are de-recognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.19 Related party transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

3.20 Dividend

Dividend distribution to the Company’s shareholders is recognised as a liability in the Company’s financial statements in the period in which the dividends are approved.

4 Property, plant and equipment

4.1 The statement of property, plant and equipment is as follows:

	Cost/revalued Amount as at 01 Jan 2012	Additions/ (Disposals)	Transfers/ Adjustments	Cost/revalued amount as at 31 December 2012	Accumulated depreciation as at 01 Jan 2012	Depreciation charge for the year/ (Disposals)	Transfers/ Adjustments	Accumulated depreciation as at 31 December 2012	Net book value as at 31 December 2012	Depreciation rate %
	(Rupees in '000)									
Owned assets										
Freehold land	19,800	-	-	19,800	-	-	-	-	19,800	-
		-	-			-	-			
Leasehold improvements	122,381	3,463	-	125,771	79,053	10,557	-	89,561	36,210	20 - 33
		(73)	-			(49)	-			
Plant and equipment	18,616,284	634,202	24,234	19,274,720	5,986,943	1,058,724	7,910	7,053,577	12,221,143	4 - 33.33
		-	-			-	-			
Office equipment	99,002	962	-	99,922	41,588	10,324	-	51,910	48,012	10
		(42)	-			(2)	-			
Computers	159,148	17,786	-	158,933	104,165	24,221	-	126,386	32,547	33
		(18,001)	-			(2,000)	-			
Furniture and fixtures	24,714	300	-	24,981	13,710	2,384	-	16,061	8,920	10
		(33)	-			(33)	-			
Vehicles	90,892	67	-	90,813	73,950	6,258	-	80,062	10,751	20
		(146)	-			(146)	-			
Lab and other equipment	21,180	-	-	21,180	15,713	1,321	-	17,034	4,146	10 - 20
	19,153,401	**656,780**	**24,234**	**19,816,120**	**6,315,122**	**1,113,789**	**7,910**	**7,434,591**	**12,381,529**	
		(18,295)	**-**			**(2,230)**	**-**			
Leased assets										
Plant and equipment	547,127	-	(24,234)	522,893	5,419	32,794	(7,910)	30,303	492,590	4 - 33.33
Computers	-	18,443	-	18,443	-	4,049	-	4,049	14,394	33
Vehicles	148,387	3,684	-	151,175	1,326	36,492	-	37,628	113,547	20
		(896)	-			(190)	-			
	695,514	**22,127**	**(24,234)**	**692,511**	**6,745**	**73,335**	**(7,910)**	**71,980**	**620,531**	
		(896)	**-**			**(190)**	**-**			
	19,848,915	**678,907**	**-**	**20,508,631**	**6,321,867**	**1,187,124**	**-**	**7,506,571**	**13,002,060**	
		(19,191)	**-**			**(2,420)**	**-**			

4.2 The statement of property, plant and equipment is as follows:

	Cost/revalued Amount as at 01 Jan 2011	Additions/ (Disposals)	Transfers/ Adjustments	Cost/revalued amount as at 31 December 2011	Accumulated depreciation as at 01 Jan 2011	Depreciation charge for the year/ (Disposals)	Transfers/ Adjustments	Accumulated depreciation as at 31 December 2011	Net book value as at 31 December 2011	Depreciation rate %
	(Rupees in '000)									
Owned assets										
Freehold Land	19,800	-	-	19,800	-	-	-	-	19,800	-
		-	-			-	-			
Leasehold improvements	116,398	5,983	-	122,381	66,755	12,298	-	79,053	43,328	20-33
		-	-			-	-			
Plant and equipment	17,377,906	1,248,551	-	18,616,284	4,819,556	1,172,023	-	5,986,943	12,629,341	4-33.33
		(10,173)	-			(4,636)	-			
Office equipment	93,828	6,437	-	99,002	30,625	11,272	-	41,588	57,414	10
		(1,076)	(187)			(309)	-			
Computers	99,411	61,561	-	159,148	86,807	18,892	-	104,165	54,983	33
		(1,824)	-			(1,534)	-			
Furniture and fixtures	24,445	280	-	24,714	11,104	2,613	-	13,710	11,004	10
		(11)	-			(7)	-			
Vehicles	139,136	528	28,670	90,892	106,540	6,333	21,986	73,950	16,942	20
		(125,306)	47,864			(108,773)	47,864			
Lab and other equipment	20,605	575	-	21,180	14,190	1,523	-	15,713	5,467	10-20
	17,891,529	**1,323,915**	**28,670**	**19,153,401**	**5,135,577**	**1,224,954**	**21,986**	**6,315,122**	**12,838,279**	
		(138,390)	**47,677**			**(115,259)**	**47,864**			
Leased assets										
Plant and equipment	28,292	518,835	-	547,127	2,861	2,558	-	5,419	541,708	4-33.33
		-	-			-	-			
Vehicles	19,302	155,041	(28,670)	148,387	5,641	13,574	(21,986)	1,326	147,061	20
		(1,537)	4,251			(154)	4,251			
	47,594	**673,876**	**(28,670)**	**695,514**	**8,502**	**16,132**	**(21,986)**	**6,745**	**688,769**	
		(1,537)	**4,251**			**(154)**	**4,251**			
	17,939,123	**1,997,791**	**-**	**19,848,915**	**5,144,079**	**1,241,086**	**-**	**6,321,867**	**13,527,048**	
		(139,927)	**51,928**			**(115,413)**	**52,115**			

4.3 Subsequent to revaluation on 31 March 2007, which was resulted in a net surplus of Rs. 304.30 million, plant and equipment were again revalued on 30 June 2008, resulting in revaluation decrease of Rs. 240.2 million. The valuation was conducted by an independent valuer, M/s. Surval. Basis of valuation for plant and equipment was the open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence.

Had there been no revaluation, the net book value of plant and equipment as at 31 December 2012 would have amounted to Rs. 12,411 million (31 December 2011: Rs. 12,959 million).

4.4 Carrying value of property, plant and equipment and current assets having a charge against borrowings amounts to Rs. 11,559 million (31 December 2011: Rs. 12,208 million).

4.5 Finance cost amounting to Rs. 0.83 million (31 December 2011: Rs. 7.40 million) has been capitalized during the year in property, plant and equipment.

4.6 Property, plant and equipment includes equipment deployed in implementing the USF network which is subject to lien exercisable by USF company in the event of failure by the Company to maintain service availability and quality specification.

	Note	**31 December 2012**	31 December 2011
		--------(Rupees in '000)--------	
4.7 Depreciation charge during the year has been allocated as follows:			
Direct cost	37	**1,091,519**	1,175,664
Operating cost	38	**95,605**	65,422
		1,187,124	1,241,086

4.8 Property, plant and equipment sold during the year are as follows:

Description	Cost	Accumulated depreciation	Book Value	Sale proceeds	Mode of disposal	Sold to
	-------------(Rupees in '000)-------------					
Laptop	18,001	2,000	16,001	18,001	Sale and lease back	ICL International (Private) Limited
Suzuki Cultus	896	190	706	865	Insurance claim	Shaheen Insurance Company Limited
Items with book value less than Rs. 50,000	294	230	64	115	Negotiation	
Total	**19,191**	**2,420**	**16,771**	**18,981**		

	31 December 2012	31 December 2011
	--------(Rupees in '000)--------	
5 Capital work-in-progress		
Owned		
Civil works	**-**	34,596
Plant and equipment	**782,635**	616,390
	782,635	650,986

6 Intangible assets

	Cost/revalued amount as at 01 Jan 2012	Additions	Cost/revalued amount as at 31 Dec 2012	Accumulated amortization as at 01 Jan 2012	Amortization for the year	Accumulated amortization as at 31 Dec 2012	Net book value as at 31 Dec 2012	Rate %
	----------------------------------	----------------------------------	----------(Rupees in '000')----------	----------------------------------	----------------------------------	----------------------------------	----------------------------------	
Licenses	2,893,290	-	2,893,290	1,000,117	157,849	1,157,966	1,735,324	5-6.5
Patents and copyrights	5,333	-	5,333	5,208	125	5,333	-	10
						-		
Indefeasible right of use - media cost	784,800	-	784,800	47,964	52,268	100,232	684,568	6.67
						-		
Softwares	16,284	14,249	30,533	16,284	475	16,759	13,774	20
						-		
Goodwill	2,690,403	-	2,690,403	136,909	-	136,909	2,553,494	-
						-		
	6,390,110	**14,249**	**6,404,359**	**1,206,482**	**210,717**	**1,417,199**	**4,987,160**	

	Cost/revalued amount as at 01 Jan 2011	Additions	Cost/revalued amount as at 31 Dec 2011	Accumulated amortization as at 01 Jan 2011	Amortization for the year	Accumulated amortization as at 31 Dec 2011	Net book value as at 31 Dec 2011	Rate %
	----------------------------------	----------------------------------	----------(Rupees in '000')----------	----------------------------------	----------------------------------	----------------------------------	----------------------------------	
Licenses	2,893,290	-	2,893,290	841,848	158,269	1,000,117	1,893,173	5-6.5
Patents and copyrights	5,333	-	5,333	4,407	801	5,208	125	10
Indefeasible right of use - Media cost	-	784,800	784,800	-	47,964	47,964	736,836	6.67
Softwares	16,284	-	16,284	15,834	450	16,284	-	20
Goodwill	2,690,403	-	2,690,403	136,909	-	136,909	2,553,494	-
	5,605,310	**784,800**	**6,390,110**	**998,998**	**207,484**	**1,206,482**	**5,183,628**	

6.1 The Company had revalued its licenses and software on 30 June 2008 resulting in a net surplus of Rs. 430.39 million. The valuation was conducted by an independent valuer, M/s. Surval. Valuation of licenses and software was based on the estimated gross replacement cost, earning potential amortized to reflect the current market value. Had there been no revaluation, the net book value of licenses as at 31 December 2012 would have amounted to Rs. 1,400 million (31 December 2011: 1,537 million).

6.2 Licenses of the Company are assigned to IGI Investment Bank Limited, trustee of TFC III

6.3 Goodwill

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 31 December 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 approved by the Board which assumes cash inflows of USD 35 million during the financial year ending 31 December 2013 as convertible preference shares with mandatory conversion in to equity.

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.

		Note	31 December 2012	31 December 2011
			----------(Rupees in '000)---------	
6.4	Amortization charge during the year has been allocated as follows:			
	Direct cost	37	**192,805**	163,758
	Capitalized during the year		**17,912**	43,726
			210,717	207,484

7 Investment properties

	Note		
Opening balance		**146,074**	89,900
Addition during the year	7.2	**14,400**	56,174
Closing balance		**160,474**	146,074

7.1 Investment properties comprise of land and building. Fair value of investment property is determined by approved independent valuers.

7.2 During the year, the Company has acquired various land and properties under barter arrangement.

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
8 Long term investment - classified as held for sale		
Foreign subsidiary - unquoted		
Worldcall Telecommunications Lanka (Private) Limited		
Incorporated in Sri Lanka		
7,221,740 (31 December 2011: 7,221,740) ordinary shares of Sri Lankan Rupees 10 each.		
Equity held 70.65% (31 December 2011: 70.65%)	**44,406**	44,406
Share deposit money	**13,671**	13,671
	58,077	58,077
Less: Provision for impairment	**(58,077)**	(58,077)
	-	-

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

9 Long term trade receivables

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 twenty years.

10 Deferred taxation

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
This is composed of:		
Liability for deferred taxation comprising temporary differences related to:		
Accelerated tax depreciation	**2,758,527**	2,755,778
Surplus on revaluation	**173,058**	173,058
Others	**827,895**	784,122
Asset for deferred taxation comprising temporary differences related to:		
Unused tax losses and tax credits	**(4,595,395)**	(3,797,540)
Provision for doubtful debts, exchange loss and retirement benefits	**(459,153)**	(203,917)
	(1,295,068)	(288,499)

Based on approved business plan of the Company, it is probable that sufficient taxable profit will be available for utilization of deferred tax asset.

11 Long term loans and deposits

	Note	**31 December 2012**	31 December 2011
		----------(Rupees in '000)---------	
Security deposit with			
Pakistan Telecommunications Company Limited		**21,482**	21,482
Deposits with financial institutions		**24,134**	23,042
Advances to employees	11.1	**54,078**	57,277
Others		**52,378**	51,585
		152,072	153,386
Less: current maturity			
Deposits	16	**(2,253)**	(21)
Advances to employees	15	**(27,745)**	(21,042)
		(29,998)	(21,063)
		122,074	132,323

11.1 These loans and advances are unsecured and interest free and include advances given to executives of Rs. 29.02 million (31 December 2011 : Rs. 30.22 million) and Chief Executive Officer of Rs. 10.45 million (31 December 2011: Rs. 12.37 million) against gratuity.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
12 Stores and spares			
Cost		**269,991**	266,315
Less: provision			
Opening balance		**(30,900)**	(24,900)
Addition during the year		**(14,000)**	(6,000)
Closing balance		**(44,900)**	(30,900)
		225,091	235,415
13 Stock in trade			
Cost		**219,440**	217,401
Less: provision			
Opening balance		**(15,500)**	(15,500)
Transferred to capital work in progress		**4,200**	-
Closing balance		**(11,300)**	(15,500)
		208,140	201,901
14 Trade debts			
Considered good - unsecured		**2,624,883**	3,252,683
Considered doubtful - unsecured	14.1	**1,009,210**	221,006
		3,634,093	3,473,689
Less: provision for doubtful debts	14.2	**(1,009,210)**	(221,006)
		2,624,883	3,252,683

14.1 This includes due from associated companies as follows:

		2012	2011
Pace Wood Land (Private) Limited		**32,894**	32,894
Pace Barka Properties Limited		**47,781**	47,781
Pace Gujrat (Private) Limited		**12,138**	12,138
		92,813	92,813

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
14.2 Provision for doubtful debts			
Opening balance		**221,006**	714,694
Charged during the year		**788,204**	119,683
Written off during the year		**-**	(613,371)
Closing balance	14.2.1	**1,009,210**	221,006

14.2.1 It includes provision of Rs. 92.81 million (31 December 2011: Rs.92.81 million) against receivable from Pace group of companies, which are associated companies.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
15 Loans and advances - considered good			
Loans and advances to employees		**23,764**	25,480
Current maturity of long term loans to employees	11	**27,745**	21,042
Advances to suppliers		**850,017**	491,715
Advances to PTA	15.1	**539,890**	519,992
		1,441,416	1,058,229

15.1 This mainly represents Access Promotion Contribution ("APC") for USF in relation to the period prior to the valid formation of USF fund by the Federal Government. It also includes Rs 40 million paid to Pakistan Telecommunication Authority ("PTA") against demand on account of annual spectrum fee and other regulatory charges. PTA determined the demand vide its determination dated 22 February 2010. The Company filed an appeal bearing No. 147/2010 against the determination and the Honorable Lahore High Court granted stay against the recovery subject to payment of Rs. 40 million (31 December 2011: Rs. 40 million) which was complied by the Company.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
16 Deposits and prepayments			
Margin deposits	16.1	**121,540**	60,164
Prepayments		**66,519**	73,374
Current maturity of long term deposits	11	**2,253**	21
Short term deposits		**536**	9,386
		190,848	142,945

16.1 These include deposits placed with banks against various guarantees and letters of credit.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
17 Other receivables			
Other receivables - considered good		**22,555**	31,989
Other receivables - considered doubtful		**15,139**	15,139
		37,694	47,128
Less: provision for doubtful receivables	17.1	**(15,139)**	(15,139)
		22,555	31,989
Sales tax refundable		**41,958**	54,223
		64,513	86,212
17.1 Provision for doubtful receivables			
Opening balance		**15,139**	40,096
Written off during the year		**-**	(24,957)
Closing balance		**15,139**	15,139
18 Short term investments			
Carrying value	18.1	**41,744**	53,849
Fair value adjustment		**4,807**	(12,105)
		46,551	41,744
Related parties			
Carrying value	18.2	**72,745**	256,623
Fair value adjustment		**(14,314)**	(183,878)
		58,431	72,745
		104,982	114,489

18.1 Particulars of listed shares - Available for sale investment

All shares have face value of Rs. 10 each.

Name	No. of shares		31 Dec 2012		31 Dec 2011	
	31 Dec 2012	31 Dec 2011	Carrying value	Market value	Carrying value	Market value
			-----(Rupees in '000)-----			
Commercial Bank						
The Bank of Punjab	**10,528**	10,528	**57**	**113**	103	57
Mutual Funds						
First Dawood Mutual Fund	**580,750**	580,750	**987**	**3,717**	1,162	987
Pak Oman Advantage Fund	**1,000,000**	1,000,000	**9,120**	**9,240**	10,350	9,120
Electric Appliances						
Pak Elektron Limited	**9**	9	**-**	**-**	-	-
Leasing						
Standard Chartered Leasing Limited	**70,000**	70,000	**210**	**417**	199	210
Insurance						
Shaheen Insurance Company Limited	**3,136,963**	3,136,963	**31,370**	**33,064**	42,035	31,370
			41,744	**46,551**	53,849	41,744

18.2 Particulars of listed shares - Available for sale investment

All shares have face value of Rs. 10 each

Name	No. of shares		31 Dec 2012		31 Dec 2011	
	31 Dec 2012	31 Dec 2011	Carrying value	Market value	Carrying value	Market value
			-----(Rupees in '000)-----			
First Capital Securities Corporation Limited *Percentage of equity held 1.27%* *(31 Dec 2011: 1.27%)*	**3,991,754**	3,991,754	**7,425**	**14,610**	14,211	7,425
Pace (Pakistan) Limited *Percentage of equity held 2.5%* *(31 Dec 2011: 2.5%)*	**6,959,290**	6,959,290	**9,047**	**20,808**	18,999	9,047
Media Times Limited *Percentage of equity held 2.35%* *(31 Dec 2011: 3.13%)*	**4,199,500**	4,199,500	**56,273**	**23,013**	223,413	56,273
			72,745	**58,431**	256,623	72,745

18.3. Impairment loss charged to profit and loss account includes Rs. 237 million pertains to prior years, previously charged to equity.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	

19 Cash and bank balances

	Note	31 December 2012	31 December 2011
Cash at bank			
Current accounts		**6,184**	7,728
Savings accounts	19.1	**86,818**	310,082
		93,002	317,810
Cash in hand		**7,740**	9,218
		100,742	327,028

19.1 The balances in savings accounts bear mark up at the rate of 5.00% to 9.75% per annum (31 December 2011: 5.00% to 11.50% per annum). The balance includes Rs. 40 million (31 December 2011: Rs. 40 million) and interest accrued thereon deposited in Escrow account as stated in note 32.1.2.

20 Current maturities of non-current liabilities

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
Term finance certificates - secured	26	**-**	1,095,825
Long term loan	27	**502,493**	-
Payable to Pakistan Telecommunication Authority	31.1	**198,534**	404,140
Payable to Multinet Pakistan (Private) Limited	31.2	**685,897**	539,608
Liabilities against assets subject to finance lease	30	**60,101**	55,543
		1,447,025	2,095,116

21 Running finance under mark-up arrangements - secured

Short term running finances available from commercial banks under mark-up arrangements amount to Rs. 798 million (31 December 2011: Rs. 998 million). Mark-up is charged at rates ranging from 10.81% to 11.85% per annum (31 December 2011: 14.72% to 18.42% per annum). These are completely secured under joint pari passu hypothecation of fixed and current assets with 25% security margin over the facility amount.

22 Short term borrowings

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
Habib Bank Limited - I	22.1	**708,000**	-
Habib Bank Limited - II	22.2	**194,459**	-
KASB Bank Limited	22.3	**49,500**	-
Soneri Bank Limited	22.4	**47,075**	15,908
Allied Bank Limited		**-**	102,595
Standard Chartered Bank (Pakistan) Limited	22.5	**15,733**	-
		1,014,767	118,503

22.1 This represents a bridge loan facility of Rs. 734 million from Habib Bank Limited ("HBL") to bridge Convertible Preference Shares to be issued by the Company. The said facility is repayable upto 31 March 2013 having mark up of 3 month KIBOR plus 3.50% per annum. Facility is completely secured under joint pari passu hypothecation agreement for present and future fixed and current assets of the Company amounting to Rs. 1,015.67 million.

22.2 This represents a working capital finance facility of Rs. 220 million from Habib Bank Limited ("HBL") . The said facility is repayable over a period of 180 days having mark up of one month KIBOR plus 0.75% per annum. To secure the facility, an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman favouring Habib Bank Limited. This arrangement shall remain effective until all obligations under the facility are settled.

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

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

22.5 It carries mark-up ranging from 19.00% - 21.00% per annum and is secured by hypothecation charge on assets.

23 License fee payable

This represents balance amount of interest free license fee payable to PTA for Wireless Local Loop licenses.

	Note	**31 December 2012**	31 December 2011
		----------(Rupees in '000)---------	
24 Trade and other payables			
Trade creditors			
Related parties - associated companies	24.1	**2,104,211**	1,487,304
Others		**2,716,288**	2,551,952
		4,820,499	4,039,256
Accrued and other liabilities		**553,916**	295,789
Advance from customers		**337,375**	108,427
Retention money		**86,766**	40,775
Tax deducted at source		**147,528**	103,673
Un claimed dividend		**1,807**	1,807
		5,947,891	4,589,727

24.1 This mainly includes payable to the holding company amounting to Rs. 2,103 million.

25 Interest and mark-up accrued

Long term loan		**7,353**	7,209
Short term borrowings		**74,725**	32,989
Share deposit money		**351**	351
Liabilities against assets subject to finance lease		**465**	-
Term finance certificates		**162,296**	99,634
		245,190	140,183

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
26 Term finance certificates - secured			
Term finance certificates - III	26.1	**1,643,735**	2,191,648
Less: initial transaction cost		**(53,994)**	(53,994)
		1,589,741	2,137,654
Amortization of transaction cost		**50,342**	39,384
		1,640,083	2,177,038
Less: current maturity	20	**-**	(1,095,825)
		1,640,083	1,081,213

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

26.1 Term finance certificates - III

These represent listed Term Finance Certificates ("TFC") amounting to Rs. 4,000 million. Out of this, Rs. 3,000 million was received on account of Pre-IPO and Rs. 1,000 million was offered to public for subscription. These TFCs were redeemable in seven equal semi annual installments commencing from October 2010. Profit rate is charged at six months average KIBOR plus 1.60% per annum. These are secured by way of first pari passu charge on the present and future fixed assets of the Company amounting to Rs. 5,333.33 million and assignment of licenses.

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

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
27 Long term loan			
Receipt		**2,943,855**	2,943,855
Less: initial transaction cost		**(42,668)**	(42,668)
		2,901,187	2,901,187
Add: amortization of transaction cost		**10,667**	4,572
		2,911,854	2,905,759
Add: exchange loss during the period		**406,095**	154,245
		3,317,949	3,060,004
Less: current maturity	20	**(502,493)**	-
		2,815,456	3,060,004

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited OFF-Shore Banking Unit, Bahrain with the lead arranger being Askari Bank Limited. This loan is re-payable 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 1.20% per annum. To secure the facility an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman 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.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
28 Deferred income			
Opening balance		**166,300**	254,716
Adjustment made during the year	28.1	**(100,384)**	(88,416)
	28.2	**65,916**	166,300

28.1 This represents amount adjusted against receipts from USF company on account of achievement of milestone.

28.2 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 Universal Service Fund Company ("USFC"), a company established for the purpose of increasing teledensity in Pakistan.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
29 Retirement benefits			
Gratuity	29.1	**344,043**	262,701
Accumulated compensated absences	29.2	**43,652**	37,374
		387,695	300,075

29.1 Gratuity

The amount recognised in the balance sheet is as follows:

	Note	2012	2011
Present value of defined benefit obligation		**250,207**	251,878
Unrecognised actuarial losses/(gain)		**24,788**	(7,776)
Benefits due but not paid		**69,048**	18,599
		344,043	262,701
Liability at beginning of the year		**262,701**	208,819
Charge for the year	29.1.1	**90,447**	72,386
Paid during the year		**(9,105)**	(18,504)
		344,043	262,701

29.1.1 Salaries, wages, amenities and other benefits include the following in respect of retirement and other benefits:

	2012	2011
Interest cost	**31,485**	24,115
Current service cost	**58,962**	48,271
	90,447	72,386

29.1.2 Recent actuarial valuation of plan was carried out on 31 December 2012 by Nauman Associates.

Significant actuarial assumptions used for valuation of these plans are as follows:

	31 December 2012	31 December 2011
Discount rate (per annum)	**11.00%**	12.50%
Expected rate of salary increase (per annum)	**10.00%**	11.50%
Average expected remaining working life time of employees	**12 years**	12 years

29.1.3 Historical information for gratuity

	2008	**2009**	**2010**	**2011**	**2012**
	---(Rupees in '000)---				
Present value of defined benefit obligation	152,633	173,153	185,500	251,878	**250,207**
Experience adjustment arising on plan liabilities	5,042	(8,883)	(21,811)	15,069	**(32,564)**

29.2 Accumulated compensated absences

	Note	**31 December 2012**	31 December 2011
		---(Rupees in '000)---	
The amount recognised in the balance sheet is as follows:			
Present value of defined benefit obligation		**27,888**	35,716
Unrecognised actuarial gains		**-**	(2,156)
Benefits due but not paid		**15,764**	3,814
		43,652	37,374
Liability at beginning of the year		**37,374**	18,160
Charge for the year	29.2.1	**8,359**	22,426
Paid during the year		**(2,081)**	(3,212)
		43,652	37,374

29.2.1 Salaries, wages, amenities and other benefits include the following in respect of retirement and other benefits:

	31 December 2012	31 December 2011
Interest cost for the year	**4,465**	3,458
Current service cost	**5,857**	5,495
Additional liability charged for the year	**2,157**	9,235
Actuarial (gain)/loss recognised during the year	**(4,120)**	4,238
	8,359	22,426

29.2.2 Recent actuarial valuation of plan was carried out on 31 December 2012 by Nauman Associates.

Significant actuarial assumptions used for valuation of this plan are as follows:

	31 December 2012	31 December 2011
Discount rate (per annum)	**11.00%**	12.50%
Expected rate of salary increase (per annum)	**10.00%**	11.50%
Average number of leaves accumulated per annum by the employees	**10 days**	10 days
Average number of leaves utilized per annum by the employees	**10 days**	10 days

	Note	**31 December 2012**	31 December 2011
		----------(Rupees in '000)---------	
30 Liabilities against assets subject to finance lease			
Present value of minimum lease payments		**105,005**	145,014
Less: current portion shown under current liabilities	20	**(60,101)**	(55,543)
		44,904	89,471

Interest rate used as discounting factor is ranging from 12.07 % to 16.56% per annum (31 December 2011: 14.97% to 17.15% per annum). Taxes, repairs, replacements and insurance costs are to be borne by lessee. Under the terms of the agreements, the Company has an option to acquire the assets at the end of the respective lease terms by adjusting the deposit amount against the residual value of the assets. The Company intends to exercise the option. In case of default in payment of installments, the Company will be liable to pay additional lease rental on overdue payment at the rate of 0.10% per day.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	31 December 2012			31 December 2011		
	Minimum lease payment	**Finance cost**	**Principal**	Minimum lease payment	Finance cost	Principal
	(Rupees in '000)					
Not later than one year	**67,148**	**7,047**	**60,101**	71,209	15,666	55,543
Later than one year but not later than five years	**46,598**	**1,694**	**44,904**	97,514	8,043	89,471
	113,746	**8,741**	**105,005**	168,723	23,709	145,014

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	

31 Long term payables

	Note	31 December 2012	31 December 2011
Payable to Pakistan Telecommunication Authority	31.1	**768,589**	545,955
Payable to Multinet Pakistan (Private) Limited	31.2	**115,835**	173,863
Others		**404,020**	774,802
		1,288,444	1,494,620

31.1 Payable to Pakistan Telecommunication Authority ("PTA")

	Note	31 December 2012	31 December 2011
Carrying value of payable to PTA		**1,711,254**	1,373,557
Less: present value adjustment		**(744,131)**	(273,831)
		967,123	1,099,726
Add: unwinding of discount on liability		**-**	2,986
		967,123	1,102,712
Less: payments during the year		**-**	(152,617)
		967,123	950,095
Less: current maturity	20	**(198,534)**	(404,140)
		768,589	545,955

This represents amount of interest free Access Promotion Contribution ("APC") charges for USF payable to PTA. The installments have been discounted using the effective interest rate of 16% per annum.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	

31.2 Payable to Multinet Pakistan (Private) Limited ("MPL")

	Note	31 December 2012	31 December 2011
Carrying value of liability		**784,800**	784,800
Less: present value adjustment		**(103,356)**	(103,356)
		681,444	681,444
Add: unwinding of discount on liability		**31,189**	8,627
		712,633	690,071
Add: exchange loss		**89,099**	23,400
		801,732	713,471
Less: current maturity	20	**(685,897)**	(539,608)
		115,835	173,863

This represents amount payable to MPL in respect of indefeasible right to use of media. Subsequent to initial recognition, the consideration that was immediately payable was deferred for period of five years by MPL. Gain on remeasurement has been calculated using the effective interest rate of 16.00% per annum.

32 Contingencies and commitments

32.1 Billing disputes with PTCL

32.1.1 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. 41.40 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.

32.1.2 PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 183.99 million (31 December 2011: Rs.168.80 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.

32.2 Disputes with Pakistan Telecommunication Authority

32.2.1 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 favourably resolved at the level of PTA.

32.2.2 There is a dispute with PTA on payment of research and development fund contribution amounting to Rs. 5.65 million (31 December 2011: Rs. 11.3 million). The legal validity of this fund is under challenge before the Honourable Supreme Court of Pakistan. The Company is hopeful of a favourable decision.

32.2.3 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) in relation to the period prior to the valid formation of USF fund by the Federal Government. Out of this amount, Rs. 394 million has been deposited with PTA. The matter is pending adjudication before the Honourable Supreme Court of Pakistan. The Company is hopeful of a favourable decision.

32.3 Taxation issues

32.3.1 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.

32.3.2 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.

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

32.4 Others

32.4.1 Samsung claimed an amount of Rs.132.6 million (USD 1.4 million) against its receivables under a certain settlement and services agreement. However, the Company denies the claim on the basis that Samsung failed to fulfil its obligations and did not provide services for which Company reserves the right to initiate appropriate proceedings against Samsung. Based on the legal advice, Company is hopeful that matter will be resolved in its favour.

Commitments	**31 December 2012**	31 December 2011
	----------(Rupees in '000)---------	
32.5 Outstanding guarantees	**1,213,373**	963,482
32.6 Commitments in respect of capital expenditure	**2,070,847**	2,185,760
32.7 Outstanding letters of credit	**38,840**	55,697

33 Issued, subscribed and paid up capital	**31 December 2012**	31 December 2011	**31 December 2012**	31 December 2011
	--------(No of shares)-------		--------(Rupees in '000)-------	
Ordinary shares of Rs. 10 each as fully paid in cash	**344,000,000**	344,000,000	**3,440,000**	3,440,000
Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger	**309,965,789**	309,965,789	**3,099,658**	3,099,658
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**98,094,868**	98,094,868	**980,949**	980,949
Ordinary shares of Rs. 10 each issued against convertible loan	**108,510,856**	108,510,856	**1,085,109**	1,085,109
	860,571,513	860,571,513	**8,605,716**	8,605,716

33.1 As at 31 December 2012, Oman Telecommunications Company SAOG the holding company, holds 488,839,429 ordinary shares (31 December 2011: 488,839,429) of the Company. In addition 76,541,360 ordinary shares (31 December 2011: 78,541,360 ordinary shares) are held by the following related parties as at 31 December 2012:

	31 December 2012	31 December 2011
	--------(Number of shares)------	
Related parties		
First Capital Securities Corporation Limited	**4,221,207**	4,221,207
Pace (Pakistan) Limited	**912**	912
Arif Habib Corporation Ltd. (Formerly Arif Habib Securities Limited)	**72,319,241**	74,319,241
	76,541,360	78,541,360

34 Share premium

This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
35 Surplus on revaluation		
Revaluation surplus on:		
Plant & equipment	**64,059**	64,059
Intangible assets	**430,393**	430,393
	494,452	494,452
Less: related deferred tax liability	**(173,058)**	(173,058)
Less: transfer to retained earning in respect of incremental amortization net of deferred tax	**(95,387)**	(74,190)
Add: transfer from retained earning in respect of decremental depreciation net of deferred tax	**122,123**	96,041
	26,736	21,851
	348,130	343,245

35.1 The surplus on revaluation shall not be utilized directly or indirectly by way of dividend or bonus shares as per Section 235 of the Companies Ordinance, 1984.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	

36 Revenue -net

	Note	2012	2011
Gross revenue		**7,907,780**	8,686,042
Less:			
Sales tax		**124,424**	156,397
Discount and commission		**664,531**	528,632
		788,955	685,029
		7,118,825	8,001,013

37 Direct cost

	Note	2012	2011
Interconnect, settlement and other charges		**3,940,075**	3,284,867
Bandwidth and other PTCL charges		**367,122**	455,597
Depreciation	4.7	**1,091,519**	1,175,664
Amortization	6.4	**192,805**	163,758
Power consumption and pole rent		**456,053**	445,961
Security services		**63,715**	48,563
PTA charges	37.1	**2,946**	30,234
Cable license fee		**24,076**	30,999
Inventory consumed		**2,025**	2,653
Stores and spares consumed		**38,510**	43,899
Annual spectrum fee		**35,883**	35,883
Content cost		**53,078**	53,230
Network maintenance and insurance		**253,383**	165,536
Others		**70,232**	75,930
		6,591,422	6,012,774

37.1 PTA charges

	Note	2012	2011
LDI license	37.1.1	**(886)**	15,743
WLL license	37.1.2	**(1,971)**	9,615
Broadband license		**4,388**	4,157
Telephony license	37.1.3	**114**	303
Annual numbering charges		**1,301**	416
		2,946	30,234

37.1.1 LDI license

	Note	2012	2011
Universal service fund		**2,180**	9,445
Research and development fund	37.1.4	**(3,793)**	3,149
Annual regulatory fee		**727**	3,149
		(886)	15,743

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
37.1.2 WLL license			
Universal service fund		**379**	3,207
Research and development fund	37.1.4	**(5,553)**	1,069
Annual regulatory fee		**126**	1,069
Royalty fee		**3,077**	4,270
		(1,971)	9,615
37.1.3 Telephony license			
Universal service fund		**185**	181
Research and development fund	37.1.4	**(132)**	61
Annual regulatory fee		**61**	61
		114	303

37.1.4 Research and development charges are after adjustment of reduction in rate relating to prior years from 1% to 0.5%.

38 Operating cost

	Note	31 December 2012	31 December 2011
Salaries, wages and benefits		**561,112**	717,296
Marketing, advertisement and selling expenses		**28,960**	50,940
Rent, rates and taxes		**121,769**	93,982
Communications		**12,658**	17,778
Transportation		**24,190**	27,021
Legal and professional		**16,097**	14,841
Insurance		**37,197**	31,438
Utilities		**40,005**	60,982
Printing and stationery		**9,333**	11,234
Entertainment		**12,038**	24,835
Travel and conveyance		**94,701**	142,550
Repairs and maintenance		**29,453**	19,613
Provision for doubtful debts and other receivables		**788,204**	119,683
Donations	38.1	**933**	3,129
Fees and subscriptions		**22,463**	4,022
Directors meeting fee		**2,653**	2,161
Postage and courier		**1,201**	1,708
Newspapers and periodicals		**315**	382
Auditor's remuneration	38.2	**8,000**	9,950
Depreciation	4.7	**95,605**	65,422
Miscellaneous		**54,458**	41,270
		1,961,345	1,460,237

38.1 None of the directors of the Company or any of their spouses have any interest in or otherwise associated with any of the recipients of donations made by the Company during the year.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
38.2 Auditor's remuneration			
Statutory audit		**3,000**	3,750
Half year review		**1,000**	1,000
International reporting		**2,000**	2,750
Taxation and other services		**1,500**	1,975
Out of pocket expenses		**500**	475
		8,000	9,950

39 Finance cost

	Note	31 December 2012	31 December 2011
Mark-up on long term loans		**110,942**	70,583
Mark-up on short term loans/running finance		**183,387**	113,084
Financial charge on leased liabilities		**15,422**	15,521
Mark up on Term Finance Certificates		**241,146**	426,675
Discounting charges		**631,313**	24,556
Amortization of transaction cost		**17,053**	16,801
Bank charges and commission		**45,827**	47,434
		1,245,090	714,654

40 Other operating income

Income from financial assets/liabilities

	Note	31 December 2012	31 December 2011
Income on deposit and saving accounts		**12,640**	23,835
Dividend income		**1,018**	1,225
Gain on remeasurement of financial liabilities		**526,997**	377,188
Liabilities written off		**131,880**	31,327
Amortization of receivable		**17,337**	5,071
		689,872	438,646

Income from non - financial assets

	Note	31 December 2012	31 December 2011
Scrap sales		**6**	84
Profit on sale of property, plant and equipment		**2,211**	61,476
Miscellaneous		**2,083**	4,007
		4,300	65,567
		694,172	504,213

41 Taxation

	Note	31 December 2012	31 December 2011
Current tax	41.1	**35,593**	80,133
Deferred tax		**(1,006,568)**	(269,546)
		(970,975)	(189,413)

41.1 It includes tax on income covered under presumptive tax regime under Section 113 of the Income Tax Ordinance, 2001 and minimum turnover tax.

41.2 Since the Company is subject to minimum tax under section 113 of Income tax Ordinance 2001, therefore tax charge reconciliation has not been prepared.

42 (Loss)/earning per share - basic and diluted

42.1 Basic and diluted (loss)/earning per share

		31 December 2012	31 December 2011
(Loss)/profit after taxation available for distribution to ordinary shareholders	Rupees in '000	**(1,649,642)**	290,250
Weighted average number of ordinary shares	Number in '000	**860,572**	860,572
Basic and diluted (loss)/earning per share	Rupees	**(1.92)**	0.34

43 Related parties 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.

Relationship with the Company	Nature of transactions	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
1 Parent Company	Purchase of goods and services	**472,753**	373,957
	Sale of goods and services	**49,699**	154,035
2 Other related parties	Purchase of goods and services	**9,168**	12,332
	Purchase of property	**-**	21,000
	Sale of goods and services	**1,033**	813
3 Key management personnel	Salaries and other employee benefits	**333,560**	352,489

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

Year end balances

	2012	2011
Receivable from related parties	**228,813**	232,281
Payable to related parties	**2,104,212**	1,487,304

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

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
44 Cash generated from operations		
(Loss)/profit before taxation	**(2,620,617)**	100,837
Adjustment for:		
Depreciation	**1,187,124**	1,241,086
Amortization of intangible assets	**192,805**	163,758
Amortization of transaction cost	**17,053**	16,801
Discounting charges-net	**631,313**	24,556
Amortization of receivables	**(17,337)**	(5,071)
Provision for doubtful receivables	**788,204**	119,683
Provision for stock in trade and stores and spares	**14,000**	6,000
Gain on sales of property, plant and equipment	**(2,211)**	(61,476)
Gain on remeasurement of liabilities	**(526,997)**	(377,188)
Liabilities written off	**(131,880)**	(31,327)
Exchange loss on foreign currency loan	**251,850**	154,245
Impairment loss on available for sale financial assets	**265,365**	26,508
Retirement benefits	**69,448**	94,812
Finance costs	**596,724**	673,297
Profit before working capital changes	**714,844**	2,146,521
Effect on cash flow due to working capital changes:		
(Increase)/Decrease in the current assets		
Stores and spares	**(3,676)**	(49,340)
Stock in trade	**(2,039)**	(8,984)
Trade debts	**(137,493)**	(1,186,334)
Loans and advances	**(383,187)**	(276,113)
Deposits and prepayments	**(47,903)**	31,106
Other receivables	**21,699**	(127,808)
Increase/(decrease) in the current liabilities		
Trade and other payables	**1,222,573**	(44,543)
	669,974	(1,662,016)
	1,384,818	484,505

45 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the chief executive, directors and executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	31 December 2012	31 December 2011	**31 December 2012**	31 December 2011	**31 December 2012**	31 December 2011
	-----------------------(Rupees in '000)---------------------					
Managerial remuneration	**17,920**	17,920	**-**	-	**182,731**	194,414
Retirement benefits	**2,987**	2,987	**-**	-	**29,597**	31,001
Housing	**7,168**	7,168	**-**	-	**73,092**	77,766
Utilities	**1,792**	1,792	**-**	-	**18,273**	19,441
	29,867	29,867	**-**	-	**303,693**	322,622
Number of persons	**1**	1	**-**	-	**168**	174

The Chief Executive Officer and certain executives of the Company are provided with Company maintained vehicles and residential telephones.

Meeting fee amounting to Rs. 2.65 million (31 December 2011: Rs. 2.16 million) is paid to directors during the year.

46 Financial risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the risk. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

The Company has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

46.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts and loans and advances. The Company has no significant concentration of credit risk as exposure is spread over a large number of counter parties in the case of trade debts. To manage exposure to credit risk, the Company applies credit limits to its customers and obtains advances from certain customers.

46.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
Long term advances and deposits	**122,074**	132,323
Long term trade receivable	**242,883**	18,092
Trade debts	**3,634,093**	3,473,689
Loans and advances - considered good	**591,399**	566,514
Short term deposits	**124,329**	69,571
Other receivables	**37,694**	47,128
Short term investments	**104,982**	114,489
Cash and bank balances	**100,742**	327,028
	4,958,196	4,748,834

46.1.2 The age of trade receivables and related impairment loss at the balance sheet date was:

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
The age of trade receivables		
Not past due	**1,923,467**	1,876,999
Past due 0 - 180 days	**494,297**	1,221,035
Past due 181 - 365 days	**322,590**	164,296
1 - 2 years	**404,790**	115,752
More than 2 years	**731,832**	113,699
	3,876,976	3,491,781
The age of impairment loss against trade receivables		
Not past due	**-**	-
Past due 0 - 180 days	**54,257**	24,685
Past due 181 - 365 days	**47,156**	30,174
1 - 2 years	**175,965**	52,448
More than 2 years	**731,832**	113,699
	1,009,210	221,006

The movement in provision for impairment of receivables is as follows:

Opening balance	**221,006**	714,694
Charge for the year	**788,204**	119,683
Written off for the year	**-**	(613,371)
Closing balance	**1,009,210**	221,006

WORLD CALL
An Omantel Company

46.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities as on 31 December 2012:

	Carrying Amount	6 months or less	6-12 months	1-2 year	More than 2 years
	-----	-----	(Rupees in '000)	-----	-----
Term finance certificates - secured	1,640,083	-	-	547,911	1,092,172
Long term loan	3,317,949	167,498	334,995	669,990	2,145,466
Liabilities against assets subject to to finance lease	105,005	31,490	28,611	44,904	-
Long term payables	1,288,444	-	-	438,050	850,394
Long term deposits	42,458	-	-	-	42,458
License fee payable	1,021,500	1,021,500	-	-	-
Running finance under mark-up arrangements - secured	789,331	789,331	-	-	-
Short term borrowings	1,014,767	1,014,767	-	-	-
Trade and other payables	6,347,419	6,040,724	306,695	-	-
Interest and mark up accrued	245,190	245,190	-	-	-
	15,812,146	**9,310,500**	**670,301**	**1,700,855**	**4,130,490**

The following are the contractual maturities of financial liabilities as on 31 December 2011:

	Carrying Amount	6 months or less	6-12 months	1-2 year	More than 2 years
	-----	-----	(Rupees in '000)	-----	-----
Term finance certificates - secured	2,177,038	547,912	547,913	1,081,213	-
Long term loan	3,060,004	-	-	464,715	2,595,289
Liabilities against assets subject to finance lease	145,014	26,414	29,129	53,540	35,931
Long term payables	1,494,620	-	-	1,089,961	404,659
Long term deposits	42,661	-	-	-	42,661
License fee payable	1,021,500	1,021,500	-	-	-
Running finance under markup arrangements-secured	979,373	979,373	-	-	-
Short term borrowings	118,503	118,503	-	-	-
Trade and other payables	5,321,375	4,874,658	446,717	-	-
Interest and mark up accrued	140,183	140,183	-	-	-
	14,500,271	**7,708,543**	**1,023,759**	**2,689,429**	**3,078,540**

46.3 Market risk

46.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currency. The Company is exposed to foreign currency's risk on sales and purchases that are entered in a currency other than Pak Rupees. The Company's foreign currency payables are substantially hedged against foreign currency receivables.

The Company exposure to foreign currency risk was as follows:

	31 December 2012 USD ('000)	31 December 2011 USD ('000)
Trade receivables	**20,770**	17,143
Trade payables	**(26,702)**	(17,513)
Suppliers	**(16,407)**	(17,981)
Borrowings	**(34,500)**	(34,500)
Net exposure	**(56,839)**	(52,851)

	31 December 2012	31 December 2011
The Following significant exchange rates were applied during the year		
Average rate - Rupees per US Dollar (USD)	**93.40**	87.78
Reporting date rate - Rupees per US Dollar (USD)	**97.05**	89.75

A 5.00% strengthening of Rupees against the above currency would have decreased equity and profit and loss account by Rs. 275.81 million (31 December 2011: 237.17 million). This analysis assumes that all other variables, in particular interest rates remain constant.

A 5.00% weakening of Rupees would have equal but opposite effect.

46.3.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has adopted appropriate policies to cover interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
Fixed rate instruments		
Financial assets		
Cash and bank balances- deposit accounts	**-**	-
Floating rate instruments		
Financial assets		
Cash and bank balances- saving accounts	**86,818**	310,082
Financial liabilities		
Term finance certificates - secured	**1,643,735**	2,191,648
Long term finances - secured	**3,349,950**	3,098,100
Liabilities against assets subject to finance lease	**105,005**	145,014
Short term borrowings	**1,014,767**	118,503
Running finance under mark-up arrangements-secured	**789,331**	979,373
	(6,815,970)	(6,222,556)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the balance sheet date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 1.00% in interest rate at the reporting date would have increased mark-up by Rs. 68.12 million. Similarly a decrease of 1.00% in interest rate would have decreased mark-up by similar amount. This analysis assumes that all other variables remain constant.

46.3.3 Other market price risk

Equity price risk arises from investments at fair value through profit or loss. The primary goal of the Company investment strategy is to maximise investment returns on the surplus cash balance. In accordance with this strategy certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

Since the investment amount is less than 1.00% of the Company's total assets, the performance of the investments will not have any material impact on the Company's performance.

46.4 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

46.5 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of Company's business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the debt-to-equity ratio calculated as a ratio of total debt to equity and total debt.

The debt-to-equity ratio is as follows:

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
Total debt	**6,867,135**	6,479,932
Total equity and debt	**15,475,970**	16,487,436
Debt-to-equity ratio	**44 : 56**	39 : 61

There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

47 Standards, interpretations and amendments to published approved accounting standards that are yet not effective

47.1 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

47.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2013

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

  o IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

  o IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

  o IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

  o IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

  The amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

48 Date of authorization for issue

These financial statements were authorized for issue on 28 March 2013 by the Board of Directors.

49 General

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

Dubai: 28 March 2013	**CHIEF EXECUTIVE OFFICER**	**DIRECTOR**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Worldcall Telecom Limited** ("the Holding Company") and its subsidiary company, Worldcall Telecommunications Lanka (Private) Limited (hereinafter referred to as "the Group") as at 31 December 2012 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. Worldcall Telecommunications Lanka (Private) Limited, a foreign subsidiary in Sri Lanka is consolidated on the basis of management accounts. Worldcall Telecommunications Lanka (Private) Limited is not material in relation to the Group. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at 31 December 2012 and the results of their operations for the year then ended.

KPMG Taseer Hadi & Co.

Lahore:
28 March 2013

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

WORLD CALL
An Omantel Company

DIRECTORS' REPORT (Consolidated Accounts)

The Directors of Worldcall Telecom Limited ("WTL" or the "Parent Company") are pleased to present audited consolidated financial statements of the Group for the year ended 31 December 2012.

Financial Overview

	Year 2012	Year 2011
	-------(Rs. in million)--------	
Revenue	**7,119**	8,001
Direct Cost	**(6,591)**	(6,013)
Gross Profit	**527**	1,988
Operating Cost	**(1,961)**	(1,460)
Finance Cost	**(1,245)**	(715)
Net (Loss)/Profit	**(1,651)**	292

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.

Pattern of shareholding

Pattern of shareholding is included in the Parent Company's annual report.

For and on behalf of the Board of Directors

BABAR ALI SYED
CHIEF EXECUTIVE OFFICER

Dubai:
28 March 2013

WORLD CALL
An Omantel Company

CONSOLIDATE BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	31 December 2012	31 December 2011
		-------------(Rupees in '000)-----------	
NON CURRENT ASSETS			
Tangible fixed assets			
Property, plant and equipment	4	13,002,060	13,527,048
Capital work-in-progress	5	782,635	650,986
		13,784,695	14,178,034
Intangible assets	6	4,987,160	5,183,628
Investment properties	7	160,474	146,074
Long term trade receivables	8	242,883	18,092
Deferred taxation	9	1,295,068	288,499
Long term loans and deposits	10	122,074	132,323
		20,592,354	19,946,650
CURRENT ASSETS			
Stores and spares	11	225,091	235,415
Stock in trade	12	208,140	201,901
Trade debts	13	2,624,883	3,252,683
Loans and advances - considered good	14	1,441,416	1,058,229
Deposits and prepayments	15	190,848	142,945
Other receivables	16	56,742	81,995
Short term investments	17	104,982	114,489
Income tax recoverable - net		154,656	163,943
Cash and bank balances	18	100,742	327,028
		5,107,500	5,578,628
Non-current assets classified as held for sale	19	144	23
		5,107,644	5,578,651
CURRENT LIABILITIES			
Current maturities of non-current liabilities	20	1,447,025	2,095,116
Running finance under mark-up arrangements - secured	21	789,331	979,373
Short term borrowings	22	1,014,767	118,503
License fee payable	23	1,021,500	1,021,500
Trade and other payables	24	5,947,891	4,589,727
Interest and mark-up accrued	25	245,190	140,183
		10,465,704	8,944,402
Non-current liabilities classified as held for sale	19	3,563	7,278
		10,469,267	8,951,680
NET CURRENT LIABILITIES		(5,361,623)	(3,373,029)
NON CURRENT LIABILITIES			
Term finance certificates - secured	26	1,640,083	1,081,213
Long term loan	27	2,815,456	3,060,004
Deferred income	28	65,916	166,300
Retirement benefits	29	387,695	300,075
Liabilities against assets subject to finance lease	30	44,904	89,471
Long term payables	31	1,288,444	1,494,620
Long term deposits		42,458	42,661
		6,284,956	6,234,344
Contingencies and commitments	32		
		8,945,775	10,339,277
REPRESENTED BY			
Share capital and reserves			
Authorized share 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	33	8,605,716	8,605,716
Share premium	34	837,335	837,335
Fair value reserve - available for sale financial assets		13,835	(242,023)
Currency translation reserve		(4,447)	(5,868)
Accumulated (loss)/profit		(851,508)	804,241
Capital and reserves attributable to equity holders of the Company		8,600,931	9,999,401
Non controlling interest		(3,286)	(3,369)
		8,597,645	9,996,032
Surplus on revaluation	35	348,130	343,245
		8,945,775	10,339,277

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER | **DIRECTOR**

WORLD CALL
An Omantel Company

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31 December 2012	31 December 2011
		-------------(Rupees in '000)-----------	
Continuing Operations			
Revenue - net	36	**7,118,825**	8,001,013
Direct cost	37	**(6,591,422)**	(6,012,774)
Gross profit		**527,403**	1,988,239
Operating cost	38	**(1,961,345)**	(1,460,237)
Operating (loss)/profit		**(1,433,942)**	528,002
Finance cost	39	**(1,245,090)**	(714,654)
		(2,679,032)	(186,652)
Impairment loss on available for sale financial assets		**(265,365)**	(26,508)
Other operating income	40	**694,172**	504,213
Other operating expenses		**(370,392)**	(190,216)
(Loss)/profit before taxation		**(2,620,617)**	100,837
Taxation	41	**970,975**	189,413
(Loss)/profit after taxation from continuing operations		**(1,649,642)**	290,250
Discontinued operations			
(Loss)/profit for the year from discontinued operations	19	**(1,730)**	2,067
		(1,651,372)	292,317
Attributable to:			
Equity holders of the Parent		**(1,650,864)**	291,711
Non controlling interest		**(508)**	606
		(1,651,372)	292,317
(Loss)/earning per share - basic and diluted			
From continuing and discontinued operations **(Rupees)**	42.1	**(1.92)**	0.34
From continuing operations **(Rupees)**	42.2	**(1.92)**	0.34

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	31 December 2012	31 December 2011
	--------------(Rupees in '000)-----------	
(Loss)/profit for the year	**(1,651,372)**	292,317
Other comprehensive income/(loss) - net of tax:		
Foreign currency translation difference - foreign operations	**2,012**	(1,355)
Net change in fair value of available for sale financial assets	**(9,507)**	(195,983)
Impairment loss on available for sale financial assets transferred to profit and loss account	**265,365**	26,508
	257,870	(170,830)
Total comprehensive (loss)/income for the year	**(1,392,502)**	121,487
Attributable to:		
Equity holders of the Parent	**(1,393,585)**	121,278
Non controlling interest	**83**	209
	(1,393,502)	121,487

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

WORLD CALL
An Omantel Company

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31 December 2012	31 December 2011
		-------------(Rupees in '000)------------	
Cash flows from operating activities			
Cash generated from operations	44	**1,387,060**	484,449
Decrease/(increase) in long term deposits receivable		**10,249**	(68,884)
(Increase)/decrease in long term trade receivable		**(785,404)**	28,713
Decrease in long term deposits payable		**(203)**	(547)
Decrease in deferred income		**(100,384)**	(88,416)
Increase in long term payables		**452,701**	1,163,889
Retirement benefits paid		**(13,307)**	(21,717)
Finance cost paid		**(492,646)**	(753,851)
Taxes paid		**(26,307)**	(88,643)
Net cash generated from operating activities		**431,759**	654,993
Cash flows from investing activities			
Fixed capital expenditures		**(758,830)**	(1,228,347)
Acquisition of intangible assets		**(14,249)**	(784,800)
Proceeds from sale of property, plant and equipment		**18,982**	85,990
Net cash used in investing activities		**(754,097)**	(1,927,157)
Cash flows from financing activities			
Receipts of long term loans		**-**	2,943,855
Running finance - net		**(190,042)**	(191,591)
Receipt/(repayment) of short term borrowings - net		**896,264**	(81,497)
Repayment of term finance certificates		**(547,913)**	(1,212,397)
Repayment of liabilities against asset subject to finance lease		**(62,136)**	(43,259)
Net cash generated from financing activities		**96,173**	1,415,111
Net (decrease)/increase in cash and cash equivalents		**(226,165)**	142,947
Cash and cash equivalents at the beginning of the year		**327,051**	184,104
Cash and cash equivalents at the end of the year		**100,886**	327,051

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Attributable to equity holders of the Company								
	Share Capital	Share premium	Fair value reserve-available for sale financial assets	Currency translation reserve	Accumulated profit/(loss)	Surplus on revaluation	Sub Total	Non Controlling interest	Total
	(Rupees in '000)								
Balance as at 31 December 2010	**8,605,716**	**837,335**	**(72,548)**	**(4,910)**	**517,415**	**338,360**	**10,221,368**	**(3,578)**	**10,217,790**
Transfer to surplus on revaluation	-	-	-	-	(4,885)	4,885	**-**	-	-
Total comprehensive (loss)/profit for the year	-	-	(169,475)	(958)	291,711	-	**121,278**	209	**121,487**
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**
Transfer to surplus on revaluation	-	-	-	-	(4,885)	4,885	**-**	-	-
Total comprehensive profit/(loss) for the year	-	-	255,858	1,421	(1,650,864)	-	**(1,393,585)**	83	**(1,393,502)**
Balance as at 31 December 2012	**8,605,716**	**837,335**	**13,835**	**(4,447)**	**(851,508)**	**348,130**	**8,949,061**	**(3,286)**	**8,945,775**

The annexed notes 1 to 49 form an integral part of these consolidated financial statements.

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE COSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 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 and cable television and radio signals as well as interactive communication and to establish, maintain and operate the licensed telephony services. The Company has been licensed by Pakistan Telecommunication Authority ("PTA") and Pakistan Electronic Media Regulatory Authority ("PEMRA") for these purposes. The registered office of the Company is situated at 67A, C III, Gulberg III, Lahore. In the year ended 30 June, 2008, 56.80% shares (488,839,429 ordinary shares) had been acquired by Oman Telecommunications Company SAOG ("the Parent Company").

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

2 Basis of preparation

2.1 Consolidation

The consolidated financial statements include the financial statements of the Company and its Subsidiary. The financial statements of the Subsidiary have been consolidated on a line by line basis.

Subsidiary

Subsidiary is an entity controlled by the Group. Control exists when the Group 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 statements of the Subsidiary are included in the consolidated financial statements 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 consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS") as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan ("SECP") differ with the requirements of these IFRS, requirements of the Companies Ordinance, 1984 or requirements of the said directives take precedence.

2.3 Accounting convention and basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of investment properties, plant and equipment, intangible assets and certain financial assets at fair value, and recognition of certain employee benefits and financial liabilities at present value. As stated in note 1, subsidiary is not considered as a going concern, therefore financial statements of subsidiary have been prepared on the basis other than going concern, all assets are stated at realizable value and all liabilities at amount payable.

3 Summary of significant accounting policies

The significant accounting policies adopted in preparation of these consolidated financial statements are set out below:

3.1 Significant accounting judgments and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful life of depreciable assets and amortization of intangible assets - (note 3.2, 3.3, 4 & 6)
- Staff retirement benefits - (note 3.11 & 29)
- Taxation - (note 3.6 & 41)
- Provisions and contingencies - (note 3.16 & 32)
- Investment properties - (note 3.4 & 7)
- Impairment testing of goodwill - (note 6.4)

3.2 Fixed capital expenditure and depreciation

Property, plant and equipment

Property, plant and equipment (except freehold land and plant and equipment) are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost and plant and equipment are stated at revalued amount less accumulated depreciation and any identified impairment loss.

Cost in relation to self constructed assets includes direct cost of material, labour and other allocable expenses.

Depreciation is charged to income on the straight line method whereby cost of an asset is written off over its estimated useful life at the rates given in note 4.

Residual value and the useful life of assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Incremental/decremental depreciation on revalued assets is transferred net of deferred tax from/to surplus on revaluation to/from retained earnings (accumulated profit).

Depreciation on additions is charged on a pro-rata basis from the month in which the asset is put to use, while for disposals, depreciation is charged up to the month of disposal. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

Maintenance and repairs are charged to income as and when incurred. Renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably, and the assets so replaced, if any, are retired. Gains and losses on disposals of assets are included in income and the related surplus on revaluation of plant and equipment is transferred directly to retained earnings (accumulated profit).

Finance leases

Leases in terms of which the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are stated at the lower of their revalued amount less accumulated depreciation and any identified impairment loss and present value of minimum lease payments at the date of commencement of lease.

The related rental obligations, net of finance costs are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding.

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a straight-line method at the rates given in note 4. Depreciation of leased assets is charged to profit and loss account.

Residual value and the useful life of leased assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to leased assets is charged on pro rata basis from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

3.3 Intangible assets

Goodwill

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.

Other intangible assets

Other intangible assets are stated at revalued amount less accumulated amortization except for patents and copy rights, which are stated at cost less accumulated amortization.

Other intangible assets are amortized using the straight line method at the rates given in note 6. Amortization on licenses is charged to the profit and loss account from the month in which the related operations are commenced. Amortization on additions to other intangible assets is charged on a pro-rata basis from the month in which asset is put to use, while for disposals amortization is charged up to the month of disposal.

Indefeasible right to use ("IRU") contracts are recognised at cost as an intangible asset when the Company has the specific IRU an identified portion of the underlying asset, generally optical fibers or dedicated bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortized on a straight line basis over the period of the contract.

Incremental amortization on revalued intangible assets is transferred net of deferred tax from surplus on revaluation to retained earnings (unappropriated profit).

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are charged to income as and when incurred.

Gain or loss arising on disposal and retirement of intangible assets is determined as a difference between net disposal proceeds and carrying amount of the assets and is recognised as income or expense in the profit and loss account. Related surplus on revaluation of intangible assets is transferred directly to retained earnings (unappropriated profit).

3.4 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially recognised at cost, being the fair value of the consideration given, subsequently these are stated at fair value. The fair value is determined annually by an independent approved valuer. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arms length transaction.

Any gain or loss arising from a change in fair value is recognised in the profit and loss account. Rental income from investment properties is accounted for as described in note 3.14.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in surplus on revaluation of property, plant and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the profit and loss account.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording.

3.5 Investments

The Group classifies its investments in following categories.

Available for sale investments

Available for sale investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition these are recognised at fair value unless fair value can not be reliably measured. The investments for which quoted market price is not available are measured at cost. Changes in carrying value are recognised in equity until investment is sold or determined to be impaired at which time the cumulative gain or loss previously recognised in equity is included in profit or loss account.

All “regular way” purchase and sale of listed shares are recognised on the trade date i.e. the date that the Group commits to purchase/sell the asset.

The fair value of investments classified as available for sale is their quoted bid price at the balance sheet date.

3.6 Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is provided using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

3.7 Inventories

Inventories, except for stock in transit, are stated at lower of cost and net realizable value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. Cost is determined as follows:

Store and spares

Useable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value.

Stock in trade

Cost is determined on moving average basis.

Net realizable value is the estimated selling price in ordinary course of business, less estimated incidental selling cost.

3.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortized cost less any identified impairment loss. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

3.9 Financial liabilities

Financial liabilities are classified according to substance and related accrued interest of the contractual arrangements entered into. Significant financial liabilities include long term payables, license fee payable, borrowings, trade and other payables.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequently, these are stated at amortized cost with any difference between cost and redemption value being recognised in the profit and loss over the period of the borrowings on an effective interest rate basis.

Term finance certificates

Term finance certificates are stated at amortized cost using effective interest rate.

Other financial liabilities

All other financial liabilities are initially recognised at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

3.10 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortized cost using effective interest rate method.

3.11 Retirement and other benefits

Defined benefit plan

The Group operates an unfunded defined benefit gratuity plan for all permanent employees as per Company policy. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually under the projected unit credit method.

The Group recognizes actuarial gains/losses over the expected average remaining working lives of the current employees, to the extent that cumulative unrecognised actuarial gain/loss exceeds 10 per cent of present value of defined benefit obligation.

Accumulating compensate absences

Employees are entitled to take earned leave 20 days every year.

The unutilized earned leaves can be accumulated upto a maximum of 40 days and can be utilized at any time subject to the approval. Earned leaves in excess of 40 days shall lapse. An employee will be entitled to encash the accumulated earned leaves at the time of leaving Company service. The earned leave encashment is made on last drawn gross salary.

Provisions are made annually by the Company to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

3.12 Impairment losses

The carrying amount of the Group's assets except for, inventories, investment properties and deferred tax asset are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. For goodwill, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged. An impairment loss in respect of goodwill is not reversed.

3.13 Foreign currencies

Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in the profit and loss account currently.

3.14 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for services rendered, net of discounts and sales tax. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from different sources is recognised as follows:

- Revenue from terminating minutes is recognised at the time the call is made over the network of the Group.
- Capacity/media sold under Indefeasible Right to Use ("IRU") arrangement is recognised upfront if it is determined that the arrangement is a finance lease.
- Revenue from originating minutes is recognised on the occurrence of calls both for prepaid and postpaid subscribers.
- Subscription revenue from Cable TV, EVDO, internet over cable and channels subscription fee is recognised on provision of services.
- Connection and membership fee is recognised at the time of sale of connection.
- Sale of goods is recognised on dispatch of goods to customer.
- Advertisement income is recognised on the basis of spots run when commercials are aired on the network.
- Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Revenue from metro fiber solutions/sale is recognised on delivery of services.
- Rental income from investment properties is recognised in the profit and loss account on accrual basis.
- Revenue from prepaid cards is recognised as credit is used.
- Dividend income is recognised when the right to receive payment is established.
- The revenue under Universal Service Fund ("USF") services and subsidy agreement is recognised under IAS - 18 based on stage of completion with reference to the achievement of each milestone as provided in the agreement.

3.15 Borrowing cost

Mark-up, interest and other charges on borrowings are capitalized upto the date of commissioning of the related qualifying assets, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are recognised as an expense in the period in which they are incurred.

3.16 Provisions

Provisions are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.17 Cash and bank balances

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand and cash at bank.

3.18 Financial instruments

All financial assets and liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Group losses control of the contractual right that comprises the financial assets. Financial liabilities are de-recognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.19 Related party transactions

The Group enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Group to do so.

3.20 Dividend

Dividend distribution to the Group’s shareholders is recognised as a liability in the Group’s financial statements in the period in which the dividends are approved.

3.21 Discontinued operations

A discontinued operations is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed off or is held for sale or a subsidiary acquired exclusively with a view to resell. Classification as a discontinued operation occurs upon disposal or when the operations meet the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation has been discontinued from the start of the comparative period.

4 Property, plant and equipment

4.1 The statement of property, plant and equipment is as follows:

	Cost/revalued Amount as at 01 Jan 2012	Additions/ (Disposals)	Transfers/ Adjustments	Cost/revalued amount as at 31 December 2012	Accumulated depreciation as at 01 Jan 2012	Depreciation charge for the year/ (Disposals)	Transfers/ Adjustments	Accumulated depreciation as at 31 December 2012	Net book value as at 31 December 2012	Depreciation rate %
	(Rupees in '000)									
Owned assets										
Freehold land	19,800	-	-	19,800	-	-	-	-	19,800	-
		-	-			-	-			
Leasehold improvements	122,381	3,463	-	125,771	79,053	10,557	-	89,561	36,210	20 - 33
		(73)	-			(49)	-			
Plant and equipment	18,616,284	634,202	24,234	19,274,720	5,986,943	1,058,724	7,910	7,053,577	12,221,143	4 - 33.33
		-	-			-	-			
Office equipment	99,002	962	-	99,922	41,588	10,324	-	51,910	48,012	10
		(42)	-			(2)	-			
Computers	159,148	17,786	-	158,933	104,165	24,221	-	126,386	32,547	33
		(18,001)	-			(2,000)	-			
Furniture and fixtures	24,713	300	-	24,980	13,709	2,384	-	16,060	8,920	10
		(33)	-			(33)	-			
Vehicles	90,892	67	-	90,813	73,950	6,258	-	80,062	10,751	20
		(146)	-			(146)	-			
Lab and other equipment	21,180	-	-	21,180	15,713	1,321	-	17,034	4,146	10 - 20
	19,153,400	**656,780**	**24,234**	**19,816,119**	**6,315,121**	**1,113,789**	**7,910**	**7,434,590**	**12,381,529**	
		(18,295)	**-**			**(2,230)**	**-**			
Leased assets										
Plant and equipment	547,127	-	(24,234)	522,893	5,419	32,794	(7,910)	30,303	492,590	4 - 33.33
Computers	-	18,443	-	18,443	-	4,049	-	4,049	14,394	33
Vehicles	148,387	3,684	-	151,175	1,326	36,492	-	37,628	113,547	20
		(896)	-			(190)	-			
	695,514	**22,127**	**(24,234)**	**692,511**	**6,745**	**73,335**	**(7,910)**	**71,980**	**620,531**	
		(896)	**-**			**(190)**	**-**			
	19,848,914	**678,907**	**-**	**20,508,630**	**6,321,866**	**1,187,124**	**-**	**7,506,5701**	**13,002,060**	
		(19,191)	**-**			**(2,420)**	**-**			

4.2 The statement of property, plant and equipment is as follows:

	Cost/revalued Amount as at 01 Jan 2011	Additions/ (Disposals)	Transfers/ Adjustments	Cost/revalued amount as at 31 December 2011	Accumulated depreciation as at 01 Jan 2011	Depreciation charge for the year/ (Disposals)	Transfers/ Adjustments	Accumulated depreciation as at 31 December 2011	Net book value as at 31 December 2011	Depreciation rate %
	(Rupees in '000)									
Owned assets										
Freehold Land	19,800	-	-	19,800	-	-	-	-	19,800	-
		-	-			-	-			
Leasehold improvements	116,398	5,983	-	122,381	66,755	12,298	-	79,053	43,328	20-33
		-	-			-	-			
Plant and equipment	17,377,906	1,248,551	-	18,616,284	4,819,556	1,172,023	-	5,986,943	12,629,341	4-33.33
		(10,173)	-			(4,636)	-			
Office equipment	93,828	6,437	-	99,002	30,625	11,272	-	41,588	57,414	10
		(1,076)	(187)			(309)	-			
Computers	99,411	61,561	-	159,148	86,807	18,892	-	104,165	54,983	33
		(1,824)	-			(1,534)	-			
Furniture and fixtures	24,444	280	-	24,713	11,103	2,613	-	13,709	11,004	10
		(11)	-			(7)	-			
Vehicles	139,136	528	28,670	90,892	106,540	6,333	21,986	73,950	16,942	20
		(125,306)	47,864			(108,773)	47,864			
Lab and other equipment	20,605	575	-	21,180	14,190	1,523	-	15,713	5,467	10-20
	17,891,528	**1,323,915**	**28,670**	**19,153,400**	**5,135,576**	**1,224,954**	**21,986**	**6,315,121**	**12,838,279**	
		(138,390)	**47,677**			**(115,259)**	**47,864**			
Leased assets										
Plant and equipment	28,292	518,835	-	547,127	2,861	2,558	-	5,419	541,708	4-33.33
		-	-			-	-			
Vehicles	19,302	155,041	(28,670)	148,387	5,641	13,574	(21,986)	1,326	147,061	20
		(1,537)	4,251			(154)	4,251			
	47,594	**673,876**	**(28,670)**	**695,514**	**8,502**	**16,132**	**(21,986)**	**6,745**	**688,769**	
		(1,537)	**4,251**			**(154)**	**4,251**			
	17,939,122	**1,997,791**	**-**	**19,848,914**	**5,144,078**	**1,241,086**	**-**	**6,321,866**	**13,527,048**	
		(139,927)	**51,928**			**(115,413)**	**52,115**			

4.3 Subsequent to revaluation on 31 March 2007, which was resulted in a net surplus of Rs. 304.30 million, plant and equipment were again revalued on 30 June 2008, resulting in revaluation decrease of Rs. 240.2 million. The valuation was conducted by an independent valuer, M/s. Surval. Basis of valuation for plant and equipment was the open market value of the asset based on estimated gross replacement cost, depreciated to reflect the residual service potential of the asset having paid due regard to age, condition and obsolescence.

Had there been no revaluation, the net book value of plant and equipment as at 31 December 2012 would have amounted to Rs. 12,411 million (31 December 2011: Rs. 12,959 million).

4.4 Carrying value of property, plant and equipment and current assets having a charge against borrowings amount to Rs. 11,559 million (31 December 2011: Rs. 12,208 million).

4.5 Finance cost amounting to Rs. 0.826 million (31 December 2011: Rs. 7.4 million) has been capitalized during the year in property, plant and equipment.

4.6 Property, plant and equipment includes equipment deployed in implementing the USF network which is subject to lien exercisable by USF Company in the event of failure by the Company to maintain service availability and quality specification.

	Note	**31 December 2012**	31 December 2011
		--------(Rupees in '000)--------	
4.7 Depreciation charge during the year has been allocated as follows:			
Direct cost	37	**1,091,519**	1,175,664
Operating cost	38	**95,605**	65,422
		1,187,124	1,241,086

4.8 Property, plant and equipment sold during the year are as follows:

Description	Cost	Accumulated depreciation	Book Value	Sale proceeds	Mode of disposal	Sold to
	-------------(Rupees in '000)-------------					
Laptop	18,001	2,000	16,001	18,001	Sale and lease back	ICL International (Private) Limited
Suzuki Cultus	896	190	706	865	Insurance claim	Shaheen Insurance Company Limited
Items with book value less than Rs. 50,000	294	230	64	115		
Total	**19,191**	**2,420**	**16,771**	**18,981**		

	31 December 2012	31 December 2011
	--------(Rupees in '000)--------	
5 Capital work-in-progress		
Owned		
Civil works	**-**	34,596
Plant and equipment	**782,635**	616,390
	782,635	650,986
Less: provision for impairment	**-**	-
	782,635	650,986

WORLD CALL
An Omantel Company

6 Intangible assets

	Cost as at 01 Jan 2012	Additions	Cost as at 31 Dec 2012	Accumulated amortization as at 01 Jan 2012	Amortization for the year	Accumulated amortization as at 31 Dec 2012	Net book value as at 31 Dec 2012	Rate %
	(Rupees in '000)							
Licenses	2,893,290	-	2,893,290	1,000,117	157,849	1,157,966	1,735,324	5-6.5
Patents and copyrights	5,333	-	5,333	5,208	125	5,333	-	10
Indefeasible right of use - media cost	784,800	-	784,800	47,964	52,268	100,232	684,568	6.67
Softwares	16,284	14,249	30,533	16,284	475	16,759	13,774	20
Goodwill	2,690,403	-	2,690,403	136,909	-	136,909	2,553,494	-
	6,390,110	**14,249**	**6,404,359**	**1,206,482**	**210,717**	**1,417,199**	**4,987,160**	

	Cost as at 01 Jan 2011	Additions	Cost as at 31 Dec 2011	Accumulated amortization as at 01 Jan 2011	Amortization for the year	Accumulated amortization as at 31 Dec 2011	Net book value as at 31 Dec 2011	Rate %
	(Rupees in '000)							
Licenses	2,893,290	-	2,893,290	841,848	158,269	1,000,117	1,893,173	5-6.5
Patents and copyrights	5,333	-	5,333	4,407	801	5,208	125	10
Indefeasible right of use - media cost	-	784,800	784,800	-	47,964	47,964	736,836	6.67
Softwares	16,284	-	16,284	15,834	450	16,284	-	20
Goodwill	2,690,403	-	2,690,403	136,909	-	136,909	2,553,494	-
	5,605,310	**784,800**	**6,390,110**	**998,998**	**207,484**	**1,206,482**	**5,183,628**	

6.1 The Company had revalued its licenses and software on 30 June 2008 resulting in a net surplus of Rs. 430.393 million. The valuation was conducted by an independent valuer, M/s. Surval. Valuation of licenses and software was based on the estimated gross replacement cost, earning potential amortized to reflect the current market value. Had there been no revaluation, the net book value of licenses as at 31 December 2012 would have amounted to Rs. 1,400 million (31 December 2011: 1,537 million).

6.2 Licenses of the Company are assigned to IGI Investment Bank Limited, trustee of TFC III.

6.3 Goodwill

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 31 December 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 approved by the Board which assumes cash inflows of USD 35 million during the financial year ending 31 December 2013 as convertible preference shares with mandatory conversion in to equity.

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

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
6.4 Amortization charge during the year has been allocated as follows:			
Direct cost	37	**192,805**	163,758
Capitalized during the year		**17,912**	43,726
		210,717	207,484

7 Investment properties

	Note	31 December 2012	31 December 2011
Opening balance		**146,074**	89,900
Addition during the year	7.2	**14,400**	56,174
Closing balance		**160,474**	146,074

7.1 Investment properties comprise of land and building. Fair value of investment property is determined by approved independent valuers.

7.2 During the year, the Company has acquired various land and properties under barter arrangement.

8 Long term trade receivables

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 twenty years.

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

9 Deferred taxation

This is composed of:

Liability for deferred taxation comprising temporary differences related to:		
Accelerated tax depreciation	**2,758,527**	2,755,778
Surplus on revaluation of plant and equipment	**173,058**	173,058
Others	**827,895**	784,122
Asset for deferred taxation comprising temporary differences related to:		
Unused tax losses and tax credits	**(4,595,395)**	(3,797,540)
Provision for doubtful debts, and retirement benefits	**(459,153)**	(203,917)
	(1,295,068)	(288,499)

Based on approved business plan of the Company, it is probable that sufficient taxable profit will be available for utilization of deferred tax asset.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	

10 Long term loans and deposits

Security deposit with Pakistan Telecommunications Limited		**21,482**	21,482
Deposits with financial institutions		**24,134**	23,042
Advances to employees	10.1	**54,078**	57,277
Others		**52,378**	51,585
		152,072	153,386
Less: current maturity			
Deposits	15	**(2,253)**	(21)
Advances to employees		**(27,745)**	(21,042)
		(29,998)	(21,063)
		122,074	132,323

10.1 These loans and advances are unsecured and interest free and include advances given to executives of Rs. 29.02 million (31 December 2011: Rs. 30.22 million) and Chief Executive Officer of Rs. 10.45 million (31 December 2011: Rs. 12.37 million) against gratuity.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
11 Stores and spares			
Cost		**269,991**	266,315
Less: provision			
Opening balance		**(30,900)**	(24,900)
Addition during the year		**(14,000)**	(6,000)
Closing balance		**(44,900)**	(30,900)
		225,091	235,415
12 Stock in trade			
Cost		**219,440**	217,401
Less: provision			
Opening balance		**(15,500)**	(15,500)
Transferred to capital work in progress		**4,200**	-
Closing balance		**(11,300)**	(15,500)
		208,140	201,901
13 Trade debts			
Considered good - unsecured		**2,624,883**	3,252,683
Considered doubtful - unsecured	13.1	**1,009,210**	221,006
		3,634,093	3,473,689
Less: provision for doubtful debts	13.2	**(1,099,210)**	(221,006)
		2,624,883	3,252,683

13.1 This includes due from associated companies as follows:

	31 December 2012	31 December 2011
Pace Wood Land (Private) Limited	**32,894**	32,894
Pace Barka Properties Limited	**47,781**	47,781
Pace Gujrat (Private) Limited	**12,138**	12,138
	92,813	92,813

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
13.2 Provision for doubtful debts			
Opening balance		**221,006**	714,694
Charged during the year		**788,204**	119,683
Written off during the year		**-**	(613,371)
Closing balance	13.2.1	**1,009,210**	221,006

13.2.1 It includes provision of Rs. 92.81 million (31 December 2011: Rs.92.81 million) against receivable from Pace group of companies, which are associated companies.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
14 Loans and advances - considered good			
Loans and advances to employees		**23,764**	25,480
Current maturity of long term loans to employees	10	**27,745**	21,042
Advances to suppliers		**850,017**	491,715
Advances to PTA	14.1	**539,890**	519,992
		1,441,416	1,058,229

14.1 This mainly represents Access Promotion Contribution ("APC") for USF in relation to the period prior to the valid formation of USF fund by the Federal Government. It also includes Rs 40 million paid to Pakistan Telecommunication Authority ("PTA") against demand on account of annual spectrum fee and other regulatory charges. PTA determined the demand vide its determination dated 22 February 2010. The Company filed an appeal bearing No. 147/2010 against the determination and the Honorable Lahore High Court granted stay against the recovery subject to payment of Rs. 40 million (31 December 2011: Rs. 40 million) which was complied by the Company.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
15 Deposits and prepayments			
Margin deposits	15.1	**121,540**	60,164
Prepayments		**66,519**	73,374
Current maturity of long term deposits	10	**2,253**	21
Short term deposits		**536**	9,386
		190,848	142,945

15.1 These include deposits placed with banks against various guarantees and letters of credit.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
16 Other receivables			
Other receivables - considered good		**14,784**	27,772
Other receivables - considered doubtful		**15,139**	15,139
		29,923	42,911
Less: provision for doubtful receivables	16.1	**(15,139)**	(15,139)
		14,784	27,772
Sales tax refundable		**41,958**	54,223
		56,742	81,995
16.1 Provision for doubtful receivables			
Opening balance		**15,139**	40,096
Written off during the year		**-**	(24,957)
Closing balance		**15,139**	15,139
17 Short term investments			
Carrying value	17.1	**41,744**	53,849
Fair value adjustment		**4,807**	(12,105)
		46,551	41,744
Related parties			
Carrying value	17.2	**72,745**	256,623
Fair value adjustment		**(14,314)**	(183,878)
		58,431	72,745
		104,982	114,489

17.1 Particulars of listed shares - Available for sale investments

All shares have face value of Rs. 10 each.

Name	No. of shares		31 Dec 2012		31 Dec 2011	
	31 Dec 2012	31 Dec 2011	Carrying value	Market value	Carrying value	Market value
			-----(Rupees in '000)-----			
Commercial Bank						
The Bank of Punjab	**10,528**	10,528	**57**	**113**	103	57
Mutual Funds						
First Dawood Mutual Fund	**580,750**	580,750	**987**	**3,717**	1,162	987
Pak Oman Advantage Fund	**1,000,000**	1,000,000	**9,120**	**9,240**	10,350	9,120
Electric Appliances						
Pak Elektron Limited	**9**	9	**-**	**-**	-	-
Leasing						
Standard Chartered Leasing Limited	**70,000**	70,000	**210**	**417**	199	210
Insurance						
Shaheen Insurance Company Limited	**3,136,963**	3,136,963	**31,370**	**33,064**	42,035	31,370
			41,744	**46,551**	53,849	41,744

17.2 Particulars of listed shares - Available for sale investments

All shares have face value of Rs. 10 each

Name	No. of shares		31 Dec 2012		31 Dec 2011	
	31 Dec 2012	31 Dec 2011	Carrying value	Market value	Carrying value	Market value
			-----(Rupees in '000)-----			
First Capital Securities Corporation Limited *Percentage of equity held 1.27%* *(31 Dec 2011: 1.27%)*	**3,991,754**	3,991,754	**7,425**	**14,610**	14,211	7,425
Pace (Pakistan) Limited *Percentage of equity held 2.5%* *(31 Dec 2011: 2.5%)*	**6,959,290**	6,959,290	**9,047**	**20,808**	18,999	9,047
Media Times Limited *Percentage of equity held 2.35%* *(31 Dec 2011: 3.13%)*	**4,199,500**	4,199,500	**56,273**	**23,013**	223,413	56,273
			72,745	**58,431**	256,623	72,745

17.3. Impairment loss charged to profit and loss account includes Rs. 237 million pertains to prior years, previously charged to equity.

	Note	31 December 2012	31 December 2011
18 Cash and bank balances		----------(Rupees in '000)---------	
Cash at bank			
Current accounts		**6,184**	7,728
Savings accounts	18.1	**86,818**	310,082
		93,002	317,810
Cash in hand		**7,740**	9,218
		100,742	327,028

18.1 The balances in savings accounts bear mark up at the rate of 5.00% to 9.75% per annum (31 December 2011: 5.00% to 11.50% per annum). The balance includes Rs. 40 million (31 December 2011: Rs. 40 million) and interest accrued thereon deposited in Escrow account as stated in note 32.1.2.

19 Non-current assets and liabilities classified as held for sale

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

The following are the results for the year ending 31 December 2012 and the comparative year of discontinued operation.

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
Results of discontinued operations		
Revenue	**-**	1,234
Expenses	**(1,729)**	(10,794)
Results from operating activities	**(1,729)**	(9,560)
Finance cost	**(1)**	(64)
Other income	**-**	11,691
(Loss)/profit for the year	**(1,730)**	2,067
Cash flow used in discontinued operations		
Net cash used in operating activities	**(2,956)**	(10,151)
Net cash generated from/(used in) investing activities	**-**	-
Net cash generated from financing activities	**3,100**	10,030
Net cash generated from/(used in) discontinued operations	**144**	(121)
Non current assets and liabilities classified as held for sale		
Assets		
Cash and bank balances	**144**	23
Liabilities		
Trade and other payables	**3,556**	7,271
Income tax payable	**7**	7
	3,563	7,278

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
20 Current maturities of non-current liabilities			
Term finance certificates - secured	26	**-**	1,095,825
Long term loan	27	**502,493**	-
Payable to Pakistan Telecommunication Authority	31.1	**198,534**	404,140
Payable to Multinet Pakistan (Private) Limited	31.2	**685,897**	539,608
Liabilities against assets subject to finance lease	30	**60,101**	55,543
		1,447,025	2,095,116

21 Running finance under mark-up arrangements - secured

Short term running finances available from commercial banks under mark-up arrangements amount to Rs. 798 million (31 December 2011: Rs. 998 million). Mark-up is charged at rates ranging from 10.81% to 11.85% per annum (31 December 2011: 14.72% to 18.42% per annum). These are completely secured under joint pari passu hypothecation of fixed and current assets with 25% security margin over the facility amount.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
22 Short term borrowings			
Habib Bank Limited - I	22.1	**708,000**	-
Habib Bank Limited - II	22.2	**194,459**	-
KASB Bank Limited	22.3	**49,500**	-
Soneri Bank Limited	22.4	**47,075**	15,908
Allied Bank Limited		**-**	102,595
Standard Chartered Bank (Pakistan) Limited	22.5	**15,733**	-
		1,014,767	118,503

22.1 This represents a bridge loan facility of Rs. 734 million from Habib Bank Limited ("HBL") to bridge Convertible Preference Shares to be issued by the Company. The said facility is repayable upto 31 March 2013 having mark up of 3 month KIBOR plus 3.50% per annum. Facility is completely secured under joint pari passu hypothecation agreement for present and future fixed and current assets of the Company amounting to Rs. 1,015.67 million.

22.2 This represents a working capital finance facility of Rs. 220 million from Habib Bank Limited ("HBL") . The said facility is repayable over a period of 180 days having mark up of one month KIBOR plus 0.75% per annum. To secure the facility, an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman favouring Habib Bank Limited. This arrangement shall remain effective until all obligations under the facility are settled.

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

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

22.5 It carries mark-up ranging from 19.00% - 21.00% per annum and is secured by hypothecation charge on assets.

23 License fee payable

This represents balance amount of interest free license fee payable to PTA for Wireless Local Loop licenses.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
24 Trade and other payables			
Trade creditors			
Related parties - associated companies	24.1	**2,104,211**	1,487,304
Others		**2,716,288**	2,551,952
		4,820,499	4,039,256
Accrued and other liabilities		**553,916**	295,789
Advance from customers		**337,375**	108,427
Retention money		**86,766**	40,775
Tax deducted at source		**147,528**	103,673
Un claimed dividend		**1,807**	1,807
		5,947,891	4,589,727

24.1 This mainly includes payable to the holding company amounting to Rs. 2,103 million.

25 Interest and mark-up accrued

Long term loan		**7,353**	7,209
Short term borrowings		**74,725**	32,989
Share deposit money		**351**	351
Liabilities against assets subject to finance lease		**465**	-
Term finance certificates		**162,296**	99,634
		245,190	140,183

26 Term finance certificates - secured

Term finance certificates - III	26.1	**1,643,735**	2,191,648
Less: initial transaction cost		**(53,994)**	(53,994)
		1,589,741	2,137,654
Amortization of transaction cost		**50,342**	39,384
		1,640,083	2,177,038
Less: current maturity	20	**-**	(1,095,825)
		1,640,083	1,081,213

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

26.1 Term finance certificates - III

These represent listed Term Finance Certificates ("TFC") amounting to Rs. 4,000 million. Out of this, Rs. 3,000 million was received on account of Pre-IPO and Rs. 1,000 million was offered to public for subscription. These TFCs were redeemable in seven equal semi annual installments commencing from October 2010. Profit rate is charged at six months average KIBOR plus 1.60% per annum. These are secured by way of first pari passu charge on the present and future fixed assets of the Company amounting to Rs. 5,333.33 million and assignment of licenses.

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

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
27 Long term loan			
Receipt		**2,943,855**	2,943,855
Less: initial transaction cost		**(42,668)**	(42,668)
		2,901,187	2,901,187
Add: amortization of transaction cost		**10,667**	4,572
		2,911,854	2,905,759
Add: exchange loss during the period		**406,095**	154,245
		3,317,949	3,060,004
Less: current maturity	20	**(502,493)**	-
		2,815,456	3,060,004

This represents foreign currency syndicated loan facility amounting to USD 35 million from Askari Bank Limited OFF-Shore Banking Unit, Bahrain with the lead arranger being Askari Bank Limited. This loan is re-payable 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 1.20% per annum. To secure the facility an unconditional, irrevocable, first demand stand-by letter of credit has been issued by National Bank of Oman 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.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
28 Deferred income			
Opening balance		**166,300**	254,716
Adjustment made during the year	28.1	**(100,384)**	(88,416)
	28.2	**65,916**	166,300

28.1 This represents amount adjusted against receipts from USF company on account of achievement of milestone.

28.2 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 Universal Service Fund Company ("USFC"), a company established for the purpose of increasing teledensity in Pakistan.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
29 Retirement benefits			
Company gratuity	29.1	**344,043**	262,701
Accumulated compensated absences	29.2	**43,652**	37,374
		387,695	300,075

29.1 Company gratuity

The amount recognised in the balance sheet is as follows:

	Note	2012	2011
Present value of defined benefit obligation		**250,207**	251,878
Unrecognised actuarial losses/(gain)		**24,788**	(7,776)
Benefits due but not paid		**69,048**	18,599
		344,043	262,701
Liability at beginning of the year		**262,701**	208,819
Charge for the year	29.1.1	**90,447**	72,386
Paid during the year		**(9,105)**	(18,504)
		344,043	262,701

29.1.1 Salaries, wages, amenities and other benefits include the following in respect of retirement and other benefits:

	2012	2011
Interest cost for the year	**31,485**	24,115
Current service cost	**58,962**	48,271
	90,447	72,386

29.1.2 Movement in the present value of defined benefits obligation is as follows:

	2012	2011
Present value of defined benefit obligation at beginning of the year	**251,878**	161,645
Interest cost	**31,485**	24,115
Current service cost	**58,962**	48,271
Benefits due but not paid	**(57,793)**	(12,616)
Benefits paid	**(1,760)**	-
Actuarial gains	**(32,565)**	-
Present value of defined benefit obligation at end of the year	**250,207**	221,415

29.1.3 Recent actuarial valuation of plan was carried out on 31 December 2012 by Nauman Associates.

Significant actuarial assumptions used for valuation of these plans are as follows:

	31 December 2012	31 December 2011
Discount rate (per annum)	**11.00%**	12.50%
Expected rate of salary increase (per annum)	**10.00%**	11.50%
Average expected remaining working life time of employees	**12 years**	12 years

29.1.4 Historical information for gratuity

	2008	2009	2010	2011	2012
	(Rupees in '000)				
Present value of defined benefit obligation	152,633	173,153	185,500	251,878	**250,207**
Experience adjustment arising on plan liabilities	5,042	(8,883)	(21,811)	15,069	**(32,564)**

29.2 Accumulated compensated absences

	Note	31 December 2012	31 December 2011
		(Rupees in '000)	
The amount recognised in the balance sheet is as follows:			
Present value of defined benefit obligation		**27,888**	35,716
Unrecognised actuarial gains		**-**	(2,156)
Benefits due but not paid		**15,764**	3,814
		43,652	37,374
Liability at beginning of the year		**37,374**	18,160
Charge for the year	29.2.1	**8,359**	22,426
Paid during the year		**(2,081)**	(3,212)
		43,652	37,374

29.2.1 Salaries, wages, amenities and other benefits include the following in respect of retirement and other benefits:

	2012	2011
Interest cost for the year	**4,465**	3,458
Current service cost	**5,857**	5,495
Additional liability charged for the year	**2,157**	9,235
Actuarial (gain)/loss recognised during the year	**(4,120)**	4,238
	8,359	22,426

29.2.2 Recent actuarial valuation of plan was carried out on 31 December 2012 by Nauman Associates.

Significant actuarial assumptions used for valuation of this plan are as follows:

	31 December 2012	31 December 2011
Discount rate (per annum)	**11.00%**	12.50%
Expected rate of salary increase (per annum)	**10.00%**	11.50%
Average number of leaves accumulated per annum by the employees	**10 days**	10 days
Average number of leaves utilized per annum by the employees	**10 days**	10 days

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
30 Liabilities against assets subject to finance lease			
Present value of minimum lease payments		**105,005**	145,014
Less: current portion shown under current liabilities	20	**(60,101)**	(55,543)
		44,904	89,471

Interest rate used as discounting factor is ranging from 12.07 % to 16.56% per annum (31 December 2011: 14.97% to 17.15% per annum). Taxes, repairs, replacements and insurance costs are to be borne by lessee. Under the terms of the agreements, the Company has an option to acquire the assets at the end of the respective lease terms by adjusting the deposit amount against the residual value of the assets. The Company intends to exercise the option. In case of default in payment of installments, the Company will be liable to pay additional lease rental on overdue payment at the rate of 0.10% per day.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	31 December 2012			31 December 2011		
	Minimum lease payment	Finance cost	Principal	Minimum lease payment	Finance cost	Principal
	----------------------- (Rupees in '000)			--------------------------		
Not later than one year	**67,148**	**7,047**	**60,101**	71,209	15,666	55,543
Later than one year but not later than five years	**46,598**	**1,694**	**44,904**	97,514	8,043	89,471
	113,746	**8,741**	**105,005**	168,723	23,709	145,014

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	

31 Long term payables

	Note	31 December 2012	31 December 2011
Payable to Pakistan Telecommunication Authority	31.1	**768,589**	545,955
Payable to Multinet Pakistan (Private) Limited		**115,835**	173,863
Others		**404,020**	774,802
		1,288,444	1,494,620

31.1 Payable to Pakistan Telecommunication Authority ("PTA")

	Note	31 December 2012	31 December 2011
Carrying value of payable to PTA		**1,711,254**	1,373,557
Less: present value adjustment		**(744,131)**	(273,831)
		967,123	1,099,726
Add: unwinding of discount on liability		**-**	2,986
		967,123	1,102,712
Less: payments during the year		**-**	(152,617)
		967,123	950,095
Less: current maturity	20	**(198,534)**	(404,140)
		768,589	545,955

This represents amount of interest free Access Promotion Contribution ("APC") charges for USF payable to PTA. The installments have been discounted using the effective interest rate of 16% per annum.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	

31.2 Payable to Multinet Pakistan (Private) Limited ("MPL")

	Note	31 December 2012	31 December 2011
Carrying value of liability		**784,800**	784,800
Less: present value adjustment		**(103,356)**	(103,356)
		681,444	681,444
Add: unwinding of discount on liability		**31,189**	8,627
		712,633	690,071
Add: exchange loss		**89,099**	23,400
		801,732	713,471
Less: current maturity	20	**(685,897)**	(539,608)
		115,835	173,863

This represents amount payable to MPL in respect of indefeasible right to use of media. Subsequent to initial recognition, the consideration that was immediately payable was deferred for period of five years by MPL. Gain on remeasurement has been calculated using the effective interest rate of 16.00% per annum.

32 Contingencies and commitments

The Company

32.1 Billing disputes with PTCL

32.1.1 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. 41.40 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.

32.1.2 PTCL has charged the Company excess Domestic Private Lease Circuits ("DPLC") and other media charges amounting to Rs. 183.99 million (31 December 2011: Rs.168.80 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.

32.2 Disputes with Pakistan Telecommunication Authority

32.2.1 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 favourably resolved at the level of PTA.

32.2.2 There is a dispute with PTA on payment of research and development fund contribution amounting to Rs. 5.65 million (31 December 2011: Rs. 11.3 million). The legal validity of this fund is under challenge before the Honourable Supreme Court of Pakistan. The Company is hopeful of a favourable decision.

32.2.3 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) in relation to the period prior to the valid formation of USF fund by the Federal Government. Out of this amount, Rs. 394 million has been deposited with PTA. The matter is pending adjudication before the Honourable Supreme Court of Pakistan. The Company is hopeful of a favourable decision.

32.3 Taxation issues

32.3.1 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.

32.3.2 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.

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

32.4 Others

Samsung claimed an amount of Rs.132.6 million (USD 1.4 million) against its receivables under a certain settlement and services agreement. However, the Company denies the claim on the basis that Samsung failed to fulfil its obligations and did not provide services for which Company reserves the right to initiate appropriate proceedings against Samsung. Based on the legal advice, Company is hopeful that matter will be resolved in its favour.

Commitments	**31 December 2012**	31 December 2011
	----------(Rupees in '000)---------	
32.4 Outstanding guarantees	**1,213,373**	963,482
32.5 Commitments in respect of capital expenditure	**2,070,847**	2,185,760
32.6 Outstanding letters of credit	**38,840**	55,697

33 Issued, subscribed and paid up capital

	31 December 2012	31 December 2011	**31 December 2012**	31 December 2011
	--------(No of shares)--------		--------(Rupees in '000)------	
Ordinary shares of Rs. 10 each as fully paid in cash	**344,000,000**	344,000,000	**3,440,000**	3,440,000
Ordinary shares of Rs. 10 each issued in accordance with the scheme of merger	**309,965,789**	309,965,789	**3,099,658**	3,099,658
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**98,094,868**	98,094,868	**980,949**	980,949
Ordinary shares of Rs. 10 each issued against convertible loan	**108,510,856**	108,510,856	**1,085,109**	1,085,109
	860,571,513	860,571,513	**8,605,716**	8,605,716

33.1 As at 31 December 2012, Oman Telecommunications Company SAOG the holding company, holds 488,839,429 ordinary shares (31 December 2011: 488,839,429) of the Company. In addition 76,541,360 ordinary shares (31 December 2011: 78,541,360 ordinary shares) are held by the following related parties as at 31 December 2012:

	31 December 2012	31 December 2011
	-------(Number of shares)------	
Related parties		
First Capital Securities Corporation Limited	**4,221,207**	4,221,207
Pace (Pakistan) Limited	**912**	912
Arif Habib Corporation Ltd. (Formerly Arif Habib Securities Limited)	**72,319,241**	74,319,241
	76,541,360	78,541,360

34 Share premium

This reserve can be utilized by the Group only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
35 Surplus on revaluation		
Revaluation surplus on:		
Plant & equipment	**64,059**	64,059
Intangible assets	**430,393**	430,393
	494,452	494,452
Less: Related deferred tax liability	**(173,058)**	(173,058)
Less: transfer to retained earning in respect of incremental amortization net of deferred tax	**(95,387)**	(74,190)
Add: transfer from retained earning in respect of decremental depreciation net of deferred tax	**122,123**	96,041
	26,736	21,851
	348,130	343,245

35.1 The surplus on revaluation shall not be utilized directly or indirectly by way of dividend or bonus shares as per Section 235 of the Companies Ordinance, 1984.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	

36 Revenue - net

Gross revenue		**7,907,780**	8,686,042
Less:			
Sales tax		**124,424**	156,397
Discount and commission		**664,531**	528,632
		788,955	685,029
		7,118,825	8,001,013

37 Direct cost

Interconnect, settlement and other charges		**3,940,075**	3,284,867
Bandwidth and other PTCL charges		**367,122**	455,597
Depreciation	4.7	**1,091,519**	1,175,664
Amortization	6.4	**192,805**	163,758
Power consumption and pole rent		**456,053**	445,961
Security services		**63,715**	48,563
PTA charges	37.1	**2,946**	30,234
Cable license fee		**24,076**	30,999
Inventory consumed		**2,025**	2,653
Stores and spares consumed		**38,510**	43,899
Annual spectrum fee		**35,883**	35,883
Content cost		**53,078**	53,230
Network maintenance and insurance		**253,383**	165,536
Others		**70,232**	75,930
		6,591,422	6,012,774

37.1 PTA charges

LDI license	37.1.1	**(886)**	15,743
WLL license	37.1.2	**(1,971)**	9,615
Broadband license		**4,388**	4,157
Telephony license	37.1.3	**114**	303
Annual numbering charges		**1,301**	416
		2,946	30,234

37.1.1 LDI license

Universal service fund		**2,180**	9,445
Research and development fund	37.1.4	**(3,793)**	3,149
Annual regulatory fee		**727**	3,149
		(886)	15,743

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
37.1.2 WLL license			
Universal service fund		**379**	3,207
Research and development fund	37.1.4	**(5,553)**	1,069
Annual regulatory fee		**126**	1,069
Royalty fee		**3,077**	4,270
		(1,971)	9,615
37.1.3 Telephony license			
Universal service fund		**185**	181
Research and development fund	37.1.4	**(132)**	61
Annual regulatory fee		**61**	61
		114	303

37.1.4 Research and development charges are after adjustment of reduction in rate relating to prior years from 1% to 0.5%.

38 Operating cost

	Note	31 December 2012	31 December 2011
Salaries, wages and benefits		**561,112**	717,296
Marketing, advertisement and selling expenses		**28,960**	50,940
Rent, rates and taxes		**121,769**	93,982
Communications		**12,658**	17,778
Transportation		**24,190**	27,021
Legal and professional		**16,097**	14,841
Insurance		**37,197**	31,438
Utilities		**40,005**	60,982
Printing and stationery		**9,333**	11,234
Entertainment		**12,038**	24,835
Travel and conveyance		**94,701**	142,550
Repairs and maintenance		**29,453**	19,613
Provision for doubtful debts and other receivables		**788,204**	119,683
Donations	38.1	**933**	3,129
Fees and subscriptions		**22,463**	4,022
Directors meeting fee		**2,653**	2,161
Postage and courier		**1,201**	1,708
Newspapers and periodicals		**315**	382
Auditor's remuneration	38.2	**8,000**	9,950
Depreciation	4.7	**95,605**	65,422
Miscellaneous		**54,458**	41,270
		1,961,345	1,460,237

38.1 None of the directors of the Company or any of their spouses have any interest in or otherwise associated with any of the recipients of donations made by the Company during the year.

	Note	31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
38.2 Auditor's remuneration			
Statutory audit		**3,000**	3,750
Half year review		**1,000**	1,000
International reporting		**2,000**	2,750
Taxation and other services		**1,500**	1,975
Out of pocket expenses		**500**	475
		8,000	9,950
39 Finance cost			
Mark-up on long term loans		**110,942**	70,583
Mark-up on short term loans		**183,387**	113,084
Financial charge on leased liabilities		**15,422**	15,521
Mark up on Term Finance Certificates		**241,146**	426,675
Discounting charges		**631,313**	24,556
Amortization of transaction cost		**17,053**	16,801
Bank charges and commission		**45,827**	47,434
		1,245,090	714,654
40 Other operating income			
Income from financial assets			
Income on deposit and saving accounts		**12,640**	23,835
Dividend income		**1,018**	1,225
Gain on remeasurement of financial liabilities		**526,997**	377,188
Liabilities written off		**131,880**	31,327
Amortization of receivable		**17,337**	5,071
		689,872	438,646
Income from non - financial assets			
Scrap sales		**6**	84
Gain on sale of property, plant and equipment		**2,211**	61,476
Miscellaneous		**2,083**	4,007
		4,300	65,567
		694,172	504,213
41 Taxation			
Current tax	41.1	**35,593**	80,133
Deferred tax		**(1,006,568)**	(269,546)
		(970,975)	(189,413)

41.1 It includes tax on income covered under presumptive tax regime under section 113 of the Income Tax Ordinance, 2001 and minimum turnover tax.

41.2 Since the Company is subject to minimum tax under section 113 of Income tax Ordinance, therefore tax charge reconciliation has not been prepared.

		31 December 2012	31 December 2011
42 (Loss)/earning per share - basic and diluted			
42.1 From continuing and discontinuing operations			
(Loss)/profit after taxation available for distribution to ordinary shareholders	Rupees in '000	**(1,650,864)**	291,711
Weighted average number of ordinary shares	Number in '000	**860,572**	860,572
Basic and diluted (loss)/earning per share	Rupees	**(1.92)**	0.34
42.2 From continuing operations			
(Loss)/profit after taxation available for distribution to ordinary shareholders	Rupees in '000	**(1,649,642)**	290,250
Weighted average number of ordinary shares	Number in '000	**860,572**	860,572
Basic and diluted (loss)/earning per share	Rupees	**(1.92)**	0.34

43 Related party transactions

The related parties comprise 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 summarized as follows:

	Relationship with the Company	Nature of transactions	31 December 2012	31 December 2011
			----------(Rupees in '000)---------	
1	Parent Company	Purchase of goods and services	**472,753**	373,957
		Sale of goods and services	**49,699**	154,035
2	Other related parties	Purchase of goods and services	**9,168**	12,332
		Purchase of property	**-**	21,000
		Sale of goods and services	**1,033**	813
3	Key management personnel	Salaries and other employee benefits	**333,560**	352,489

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

Year end balances

	2012	2011
Receivable from related parties	**228,813**	232,281
Payable to related parties	**2,104,212**	1,487,304

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

WORLD CALL
An Omantel Company

		31 December 2012	31 December 2011
		----------(Rupees in '000)---------	
44	**Cash generated from operations**		
	(Loss)/profit before taxation	**(2,622,347)**	102,904
	Adjustment for:		
	Depreciation	**1,187,124**	1,241,086
	Amortization of intangible assets	**192,805**	163,758
	Amortization of transaction cost	**17,053**	16,801
	Amortization cost of receivables	**631,313**	24,556
	Amortization of receivables	**(17,337)**	(5,071)
	Provision for doubtful receivables	**788,204**	119,683
	Provision for stock in trade and stores and spares	**14,000**	6,000
	Exchange translation difference	**3,813**	(958)
	Gain on sales of property, plant and equipment	**(2,211)**	(61,476)
	Gain on remeasurement of liabilities	**(526,997)**	(377,188)
	Liabilities written off	**(131,880)**	(31,327)
	Exchange loss on foreign currency loan	**251,850**	154,245
	Impairment loss on available for sale financial assets	**265,365**	26,508
	Retirement benefits	**69,448**	95,194
	Finance costs	**596,725**	673,361
	Profit before working capital changes	**716,928**	2,148,076
	Effect on cash flow due to working capital changes:		
	(Increase)/Decrease in the current assets		
	Stores and spares	**(3,666)**	(49,347)
	Stock in trade	**(2,031)**	(8,989)
	Trade debts	**(137,384)**	(1,186,407)
	Loans and advances	**383,187**	(276,113)
	Deposits and prepayments	**(47,895)**	31,100
	Other receivables	**21,884**	(127,932)
	Increase/(decrease) in the current liabilities		
	Trade and other payables	**1,222,411**	(45,939)
		670,132	(1,663,627)
		1,387,060	484,449

45 Remuneration of Chief Executive Officer, Directors and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the chief executive, directors and executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	31 Dec. 2012	31 Dec. 2011	**31 Dec. 2012**	31 Dec. 2011	**31 Dec. 2012**	31 Dec. 2011
	-----------------------(Rupees in '000)---------------------					
Managerial remuneration	**17,920**	17,920	**-**	-	**182,731**	194,414
Retirement benefits	**2,987**	2,987	**-**	-	**29,597**	31,001
Housing	**7,168**	7,168	**-**	-	**73,092**	77,766
Utilities	**1,792**	1,792	**-**	-	**18,273**	19,441
	29,867	29,867	**-**	-	**303,693**	322,622
Number of persons	**1**	1	**-**	-	**168**	174

The Chief Executive Officer and certain executives of the Company are provided with Company maintained vehicles and residential telephones.

Meeting fee amounting to Rs. 2.65 million (31 December 2011: Rs. 2.16 million) is paid to directors during the year.

46 Financial risk management

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the risk. Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

46.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts and loans and advances. The Company has no significant concentration of credit risk as exposure is spread over a large number of counter parties in the case of trade debts. To manage exposure to credit risk, the Company applies credit limits to its customers and obtains advances from certain customers.

46.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
Long term deposits	**122,074**	132,323
Long term trade receivable	**242,883**	18,092
Trade debts	**3,634,093**	3,473,689
Loans and advances - considered good	**591,399**	566,514
Short term deposits	**124,329**	69,571
Other receivables	**29,923**	42,911
Short term investments	**104,982**	114,489
Cash and bank balances	**100,742**	327,028
	4,950,425	4,744,617

46.1.2 The age of trade receivables and related impairment loss at the balance sheet date was:

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
The age of trade receivables		
Not past due	**1,923,467**	1,876,999
Past due 0 - 180 days	**494,297**	1,221,035
Past due 181 - 365 days	**322,590**	164,296
1 - 2 years	**404,790**	115,752
More than 2 years	**731,832**	113,699
	3,876,976	3,491,781
The age of impairment loss against trade receivables		
Not past due	**-**	-
Past due 0 - 180 days	**54,257**	24,685
Past due 181 - 365 days	**47,156**	30,174
1 - 2 years	**175,965**	52,448
More than 2 years	**731,832**	113,699
	1,009,210	221,006
The movement in provision for impairment of receivables is as follows:		
Opening balance	**221,006**	714,694
Charge for the year	**788,204**	119,683
Written off for the year	**-**	(613,371)
Closing balance	**1,009,210**	221,006

WORLD CALL
An Omantel Company

46.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Group follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities as on 31 December 2012:

	Carrying Amount	6 months or less	6-12 months	1-2 year	More than 2 years
	---------------------	----------------	(Rupees in '000)	----------------	---------------------
Term finance certificates - secured	1,640,083	-	-	547,911	1,092,172
Long term loan	3,317,949	167,498	334,995	669,990	2,145,466
Liabilities against assets subject to to finance lease	105,005	31,490	28,611	44,904	-
Long term payables	1,288,444	-	-	438,050	850,394
Long term deposits	42,458	-	-	-	42,458
License fee payable	1,021,500	1,021,500	-	-	-
Running finance under mark-up arrangements - secured	789,331	789,331	-	-	-
Short term borrowings	1,014,767	1,014,767	-	-	-
Trade and other payables	6,347,419	6,040,724	306,695	-	-
Interest and mark up accrued	245,190	245,190	-	-	-
	15,812,146	**9,310,500**	**670,301**	**1,700,855**	**4,130,490**

The following are the contractual maturities of financial liabilities as on 31 December 2011:

	Carrying Amount	6 months or less	6-12 months	1-2 year	More than 2 years
	---------------------	----------------	(Rupees in '000)	----------------	---------------------
Term finance certificates - secured	2,177,038	547,912	547,913	1,081,213	-
Long term loan	3,060,004	-	-	464,715	2,595,289
Liabilities against assets subject to finance lease	145,014	26,414	29,129	53,540	35,931
Long term payables	1,494,620	-	-	1,089,961	404,659
Long term deposits	42,661	-	-	-	42,661
License fee payable	1,021,500	1,021,500	-	-	-
Running finance under markup arrangements-secured	979,373	979,373	-	-	-
Short term borrowings	118,503	118,503	-	-	-
Trade and other payables	5,321,375	4,874,658	446,717	-	-
Interest and mark up accrued	140,183	140,183	-	-	-
	14,500,271	**7,708,543**	**1,023,759**	**2,689,429**	**3,078,540**

46.3 Market risk

46.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currency. The Group is exposed to foreign currency risk on sales and purchases that are entered in a currency other than functional currency. The Group's foreign currency payables are substantially hedged against foreign currency receivables.

The Group exposure to foreign currency risk was as follows:

	31 December 2012 USD ('000)	31 December 2011 USD ('000)
Trade receivables	**20,770**	17,143
Trade payables	**(26,702)**	(17,513)
Suppliers	**(16,407)**	(17,981)
Borrowings	**(34,500)**	(34,500)
Net exposure	**(56,839)**	(52,851)

	31 December 2012	31 December 2011
The Following significant exchange rates were applied during the year		
Average rate - Rupees per US Dollar (USD)	**93.40**	87.78
Reporting date rate - Rupees per US Dollar (USD)	**97.05**	89.75

A 5.00% strengthening of Rupees against the above currency would have decreased equity and profit and loss account by Rs. 275.81 million (31 December 2011: 237.17 million). This analysis assumes that all other variables, in particular interest rates remain constant.

A 5.00% weakening of Rupees would have equal but opposite effect.

46.3.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company has adopted appropriate policies to cover interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
Fixed rate instruments		
Financial assets	**-**	-
Floating rate instruments		
Financial assets		
Cash and bank balances- saving accounts	**86,818**	310,082
Financial liabilities		
Term finance certificates - secured	**1,643,735**	2,191,648
Long term finances - secured	**3,349,950**	3,098,100
Liabilities against assets subject to finance lease	**105,005**	145,014
Short term borrowings	**1,014,767**	118,503
Running finance under mark-up arrangements-secured	**789,331**	979,373
	(6,815,970)	(6,222,556)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the balance sheet date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 1.00% in interest rate at the reporting date would have increased mark-up by Rs. 68.12 million. Similarly a decrease of 1.00% in interest rate would have decreased mark-up by similar amount. This analysis assumes that all other variables remain constant.

46.3.3 Other market price risk

Equity price risk arises from investments at fair value through profit or loss. The primary goal of the Company investment strategy is to maximise investments return on the surplus cash balance. In accordance with this strategy certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

Since the investment amount is less than 1.00% of the Company's total assets, the performance of the investments will not have any material impact on the Group performance.

46.4 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

46.5 Capital management

The Company board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of Company's business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the debt-to-equity ratio calculated as a ratio of total debt to equity and total debt.

The debt-to-equity ratio is as follows:

	31 December 2012	31 December 2011
	----------(Rupees in '000)---------	
Total debt	**6,867,135**	6,479,932
Total equity and debt	**15,468,066**	16,479,333
Debt-to-equity ratio	**44:56**	39:61

There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

47 Standards, interpretations and amendments to published approved accounting standards that are yet not effective

47.1 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

47.1.1 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2013

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

    - o IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

    - o IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

    - o IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

    - o IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

    The amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

48 Date of authorization for issue

These financial statements were authorized for issue on 28 March 2013 by the Board of Directors.

49 General

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

Dubai:
28 March 2013

CHIEF EXECUTIVE OFFICER

DIRECTOR

PATTERN OF SHAREHOLDING AS AT 31 DECEMBER 2012

INCORPORATION NUMBER: 0042200 of 15-03-2001

No. of Shareholders	Shareholdings			Shares Held
	From		To	
543	1	-	100	23,512
1188	101	-	500	386,148
3290	501	-	1000	2,272,158
2305	1001	-	5000	6,434,114
742	5001	-	10000	6,276,044
269	10001	-	15000	3,507,538
233	15001	-	20000	4,359,624
208	20001	-	25000	4,962,009
100	25001	-	30000	2,857,603
71	30001	-	35000	2,365,647
53	35001	-	40000	2,065,800
29	40001	-	45000	1,267,551
130	45001	-	50000	6,446,244
29	50001	-	55000	1,532,385
30	55001	-	60000	1,791,910
18	60001	-	65000	1,145,053
17	65001	-	70000	1,179,322
26	70001	-	75000	1,931,500
10	75001	-	80000	796,990
12	80001	-	85000	996,600
11	85001	-	90000	976,840
7	90001	-	95000	650,859
68	95001	-	100000	6,785,667
7	100001	-	105000	730,514
8	105001	-	110000	875,862
8	110001	-	115000	901,983
3	115001	-	120000	353,300
12	120001	-	125000	1,484,543
4	125001	-	130000	513,126
9	130001	-	135000	1,192,381
7	135001	-	140000	967,934
5	140001	-	145000	716,646
15	145001	-	150000	2,249,500
2	150001	-	155000	300,770
1	155001	-	160000	160,000
3	165001	-	170000	500,740

No. of Shareholders	Shareholdings From		Shareholdings To	Shares Held
5	170001	-	175000	873,000
2	175001	-	180000	355,947
3	180001	-	185000	551,023
1	185001	-	190000	185,303
1	190001	-	195000	190,434
28	195001	-	200000	5,592,616
3	200001	-	205000	605,107
2	205001	-	210000	419,000
2	215001	-	220000	435,500
2	220001	-	225000	446,000
1	225001	-	230000	230,000
2	230001	-	235000	469,000
1	235001	-	240000	238,899
4	245001	-	250000	1,000,000
3	255001	-	260000	772,053
1	265001	-	270000	270,000
4	270001	-	275000	1,093,000
3	275001	-	280000	830,715
3	285001	-	290000	866,464
2	290001	-	295000	584,500
10	295001	-	300000	3,000,000
1	300001	-	305000	305,000
1	310001	-	315000	314,000
1	315001	-	320000	317,598
2	320001	-	325000	647,846
4	345001	-	350000	1,396,500
2	370001	-	375000	750,000
2	385001	-	390000	780,000
4	395001	-	400000	1,598,256
1	405001	-	410000	410,000
1	415001	-	420000	417,500
2	420001	-	425000	850,000
2	430001	-	435000	863,992
1	435001	-	440000	437,408
2	445001	-	450000	900,000
1	490001	-	495000	492,901
2	495001	-	500000	1,000,000
1	500001	-	505000	500,666
1	520001	-	525000	523,597
3	545001	-	550000	1,650,000
1	565001	-	570000	570,000

No. of Shareholders	Shareholdings From		Shareholdings To	Shares Held
1	570001	-	575000	572,173
1	580001	-	585000	581,000
3	595001	-	600000	1,800,000
1	605001	-	610000	605,943
1	645001	-	650000	650,000
1	680001	-	685000	682,000
1	710001	-	715000	712,919
1	780001	-	785000	785,000
2	795001	-	800000	1,600,000
1	815001	-	820000	815,500
1	880001	-	885000	883,000
2	895001	-	900000	1,800,000
1	915001	-	920000	916,000
3	995001	-	1000000	3,000,000
1	1050001	-	1055000	1,053,686
1	1100001	-	1105000	1,104,702
1	1145001	-	1150000	1,150,000
1	1180001	-	1185000	1,182,000
2	1245001	-	1250000	2,500,000
1	1295001	-	1300000	1,300,000
1	1395001	-	1400000	1,400,000
1	1480001	-	1485000	1,480,767
1	1565001	-	1570000	1,567,500
1	1595001	-	1600000	1,600,000
1	2275001	-	2280000	2,280,000
1	2320001	-	2325000	2,321,000
1	2395001	-	2400000	2,400,000
2	2495001	-	2500000	5,000,000
1	2890001	-	2895000	2,891,000
1	3495001	-	3500000	3,500,000
1	3835001	-	3840000	3,839,500
1	4085001	-	4090000	4,087,500
1	4220001	-	4225000	4,220,677
1	4520001	-	4525000	4,525,000
1	4910001	-	4915000	4,913,000
1	5000001	-	5005000	5,002,000
1	5530001	-	5535000	5,530,704
1	6180001	-	6185000	6,185,000
1	7125001	-	7130000	7,127,699
1	9995001	-	10000000	10,000,000
1	11460001	-	11465000	11,462,500

No. of Shareholders	Shareholdings From		Shareholdings To	Shares Held
1	12995001	-	13000000	13,000,000
1	13795001	-	13800000	13,800,000
1	14145001	-	14150000	14,145,417
1	17245001	-	17250000	17,247,414
1	20495001	-	20500000	20,500,000
1	72315001	-	72320000	72,319,241
1	488835001	-	488840000	488,839,429
9647			**TOTAL NO. OF SHARES HELD:-**	**860,571,513**

WORLD CALL
An Omantel Company

PATTERN OF SHAREHOLDING AS AT 31 DECEMBER 2012

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, their spouses and minor children	123,150	0.01%
Associated Companies, undertakings and related parties	565,380,789	65.70%
NIT and ICP	-	0.00%
Banks, Development Financial Institutions, Non-Banking Finance Companies	23,896,473	2.78%
Insurance Companies	53,180	0.01%
Modarabas and Mutual Funds	5,977,210	0.69%
Shareholders holding 10% or more	488,839,429	56.80%
General Public		
a. Local	194,136,634	22.56%
b. Foreign	11,583,747	1.35%
Others		
- Joint Stock Companies	59,264,474	6.89%
- Foreign Companies	155,856	0.02%

Note:- Some of the shareholders are reflected in more than one category.

PATTERN OF SHAREHOLDING AS PER LISTING REGULATIONS AS AT 31 DECEMBER 2012

Shareholders' Category	Number of Shares held	% of shareholding
Associated Companies, undertaking and related parties		
Arif Habib Corporation Limited	72,319,241	8.40%
First Capital Securities Corp. Ltd.	4,221,207	0.49%
Oman Telecommunications Company (S.A.O.G.)	488,839,429	56.80%
Pace (Pakistan) Limited	912	0.00%
NIT and ICP	-	0.00%
Directors, Chief Executive Officer and their Spouse & Minor Children		
Mr. Mehdi Mohammed Al Abduwani	20,500	0.00%
Mr. Talal Said Marhoon Al Mamari	500	0.00%
Mr. Aimen Bin Ahmed Al Hosni	575	0.00%
Mr. Samy Ahmed Abdulqadir Al Ghassany	500	0.00%
Mr. Shehryar Ali Taseer	500	0.00%
Mr. Sohail Qadir	500	0.00%
Mr. Asadullah Khawaja	100,000	0.01%
Mr. Babar Ali Syed (CEO)	75	0.00%
Spouse & Minor Children	-	0.00%
Executives	-	0.00%
Public Sector Companies and Corporations	59,264,474	6.89%
Banks, Development Financial Institutions, Non-Banking Finance Institutions	23,896,473	2.78%
Insurance Companies,	53,180	0.01%
Modarabas and Mutual Funds etc.	5,977,210	0.69%
Foreign Companies	155,856	0.02%
General Public	205,720,381	23.91%
Shareholders holding 5% or more voting interest in the Company		
Oman Telecommunications Company (S.A.O.G.)	488,839,429	56.80%
Arif Habib Corporation Limited	72,319,241	8.40%

WORLD CALL
An Omantel Company

FORM OF PROXY

The Company Secretary
Worldcall Telecom Limited
67-A, C-III, Gulberg-III
Lahore

Folio No./CDC A/c No. ____________

Shares Held: ____________

I / We ________________________________ of ________________________________
(Name) *(Address)*

being the member (s) of **Worldcall Telecom Limited** hereby appoint Mr. / Mrs./

Miss ________________________________ of ________________________________
(Name) *(Address)*

or failing him / her / Mr. / Mrs. / Miss. ________________________ of ____________________
(Name) *(Address)*

{who is also member of the Company vide Registered Folio No. ____________ (being the member of the Company)}as my / our proxy to attend at and vote for me / us and on my/our behalf at the Annual General Meeting of the Company to be held at Avari Hotel, 87, Shahrah-e-Quaid-e-Azam, Lahore on 04 May 2013 at 11:00 a.m. and at any adjournment thereof.

Signature this ______________ Day of ______________ 2013.

Signature on Rs.5/- Revenue Stamp

1. Witness

Signature ________________________

Name________________________
Address________________________
____

CNIC #
					-							-		

or Passport No.________________________

2. Witness

Signature ________________________

Name________________________
Address________________________
____

CNIC #
					-							-		

or Passport No.________________________

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.

3. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.