

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET**  
**AS AT DECEMBER 31, 2009**  
**(Un-AUDITED)**

	Note	December 31, 2009	June 30, 2009
		..... (Rs. in '000) .....	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Property and equipment	4	2,993,943	3,316,309
Intangible assets	5	<u>4,334,530</u>	<u>4,449,069</u>
		<b>7,328,473</b>	<b>7,765,378</b>
Long term loans and advances		6,989	7,135
Long term deposits		<u>61,856</u>	<u>58,555</u>
		<b>7,397,318</b>	<b>7,831,068</b>
<b>CURRENT ASSETS</b>			
Communication stores		<u>95,908</u>	110,705
Stock-in-trade		8,840	8,857
Trade debts		518,094	723,662
Loans and advances		43,196	30,941
Deposits and prepayments		55,361	51,576
Accrued mark-up		66,659	61,891
Other receivables	6	1,660,418	954,377
Taxation - net		243,412	229,234
Short term investment		5,977	75,555
Cash and bank balances		<u>19,561</u>	<u>10,310</u>
		<b>2,717,426</b>	<b>2,257,108</b>
<b>TOTAL ASSETS</b>		<u><b>10,114,744</b></u>	<u><b>10,088,176</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share capital</b>			
<b>Authorised</b>			
400,000,000 (2009: 400,000,000) Ordinary shares of Rs. 10 each		<u>4,000,000</u>	<u>4,000,000</u>
<b>Issued, subscribed and paid-up</b>		<b>3,000,000</b>	<b>3,000,000</b>
<b>Revenue Reserve</b>			
Accumulated losses		<u>(177,410)</u>	<u>(16,639)</u>
		<b>2,822,590</b>	<b>2,983,361</b>
<b>SURPLUS ON REVALUATION OF INTANGIBLE ASSETS</b>		<b>841,065</b>	<b>870,067</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term finances		<u>393,000</u>	499,500
Redeemable capital		882,000	600,000
Liabilities against assets subject to finance Lease		-	1,868
Advance from a contractor	7	530,442	276,874
Long-term deposits		63,723	66,137
Deferred liabilities		32,056	27,280
Due to employees		33,682	39,361
Deferred taxation		144,049	164,306
Due to Pakistan Telecommunication Authority (PTA) - Spectrum fee		<u>1,506,939</u>	<u>1,428,378</u>
		<b>3,585,891</b>	<b>3,103,704</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	<u>1,456,727</u>	1,499,197
Accrued mark-up		176,608	109,516
Short term borrowings		461,625	407,783
Current maturities of long term finances	9	<u>770,238</u>	<u>1,114,548</u>
		<b>2,865,198</b>	<b>3,131,044</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>10,114,744</b></u>	<u><b>10,088,176</b></u>

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

  
**Chief Executive**

  
**Director**

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**  
**(Un-AUDITED)**

	Note	.....Half-Year Ended.....		.....Quarter Ended.....	
		December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
		..... (Rs. in '000) .....		..... (Rs. in '000) .....	
<b>REVENUE - net</b>		<b>1,361,347</b>	2,068,048	<b>350,711</b>	864,587
Direct costs	11	<b>(1,107,052)</b>	(1,495,754)	<b>(491,113)</b>	(528,346)
<b>GROSS PROFIT / (LOSS)</b>		<b>254,295</b>	572,294	<b>(140,402)</b>	336,241
Distribution cost and administrative expenses	12	<b>(253,662)</b>	(399,542)	<b>(119,673)</b>	(129,618)
Other operating expenses	13	<b>(12,331)</b>	(28,473)	<b>(6,945)</b>	(50,044)
Other operating income	14	<b>40,222</b>	25,356	<b>33,365</b>	18,045
		<b>(225,771)</b>	(402,659)	<b>(93,253)</b>	(161,617)
<b>OPERATING PROFIT / (LOSS)</b>		<b>28,524</b>	169,635	<b>(233,655)</b>	174,624
Finance costs	15	<b>(228,041)</b>	(261,946)	<b>(113,042)</b>	(131,842)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<b>(199,517)</b>	(92,311)	<b>(346,697)</b>	42,782
Taxation	16	<b>9,744</b>	7,558	<b>104,692</b>	(44,077)
<b>NET LOSS FOR THE PERIOD</b>		<b>(189,773)</b>	(84,753)	<b>(242,005)</b>	(1,295)
		<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>BASIC AND DILUTED LOSS PER SHARE</b>		<b>(0.63)</b>	(0.28)	<b>(0.81)</b>	(0.004)

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.

  
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**Chief Executive**

  
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**Director**

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**  
**(Un-AUDITED)**

	.....Half-Year Ended.....		.....Quarter Ended.....	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	..... (Rs. in '000) .....			
Net (loss) for the period	(189,773)	(84,753)	(242,005)	(1,295)
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive (loss) for the period</b>	<b>(189,773)</b>	<b>(84,753)</b>	<b>(242,005)</b>	<b>(1,295)</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



**Chief Executive**



**Director**

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**  
**(Un-AUDITED)**

	.....Half-Year Ended.....	
Note	December 31, 2009	December 31, 2008
	..... (Rs. in '000) .....	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(199,517)	(84,753)
<b>Adjustments for non cash charges and other items:</b>		
Depreciation	359,295	386,350
Provision for gratuity	6,800	6,252
Financial charges	149,480	191,170
Interest on PTA license fee	78,561	70,776
Amortization of intangible assets	147,086	144,636
Advance from a contractor	(138,435)	(138,435)
Deferred income on sale and lease back	-	(663)
	<b>602,787</b>	<b>660,086</b>
<b>Profit before working capital changes</b>	<b>403,270</b>	<b>575,333</b>
<b>(Increase) / Decrease in current assets</b>		
Stock-in-trade	17	1,128
Communication stores	14,797	(42,573)
Trade debts	194,961	(38,432)
Loans and advances	(12,255)	16,970
Deposits, prepayments and accrued markup	(8,553)	(5,157)
Other receivables	(706,041)	(45,785)
	<b>(517,074)</b>	<b>(113,849)</b>
<b>(Decrease) / increase from creditors, accrued and other liabilities</b>	<b>(42,470)</b>	<b>333,781</b>
<b>Cash generated from operations</b>	<b>(156,274)</b>	<b>795,265</b>
Income Tax paid	(21,325)	(10,858)
Financial charges paid	(82,388)	(156,727)
Gratuity Paid	(2,350)	(7,051)
Long term loans, deposits and advances	(3,155)	(2,810)
Advance received from contractor	392,000	-
Due to employees	(7,701)	(10,946)
Long term deposits	(2,414)	(4,113)
	<b>272,667</b>	<b>(192,505)</b>
<b>Net cash generated from operating activities</b>	<b>116,393</b>	<b>602,760</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(67,883)	(52,280)
<b>Net cash used in investing activities</b>	<b>(67,883)</b>	<b>(52,280)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of redeemable capital	(35,280)	(259,920)
Repayment of long term loans	(123,000)	(143,103)
Short term borrowings- net	-	(81,699)
Repayment of obligations under finance leases	(10,376)	(43,178)
<b>Net cash flow from financing activities</b>	<b>(168,656)</b>	<b>(527,900)</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(120,146)</b>	<b>22,580</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>(321,918)</b>	<b>(184,149)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>17 (442,064)</b>	<b>(161,569)</b>

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



Chief Executive



Director

**TELECARD LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**  
**(UN-AUDITED)**

	<u>Share Capital</u> Issued, subscribed and paid-up	<u>Revenue Reserve</u>  (Accumulated loss)	<u>Total</u>
	..... (Rs. in '000) .....		
<b>Balance as at June 30, 2008</b>	<b>3,000,000</b>	<b>(209,981)</b>	<b>2,790,019</b>
Transfer from surplus on revaluation of intangible assets - net of tax	-	29,002	29,002
Net loss for the period	-	(84,753)	(84,753)
Other comprehensive income	-	-	-
<b>Total comprehensive loss</b>	-	<b>(84,753)</b>	<b>(84,753)</b>
<b>Balance as at December 31, 2008</b>	<b><u>3,000,000</u></b>	<b><u>(265,732)</u></b>	<b><u>2,734,268</u></b>
<b>Balance as at June 30, 2009</b>	<b>3,000,000</b>	<b>(16,639)</b>	<b>2,983,361</b>
Transfer from surplus on revaluation of intangible assets - net of tax	-	29,002	29,002
Net loss for the period	-	(189,773)	(189,773)
Other comprehensive income	-	-	-
<b>Total comprehensive loss</b>	-	<b>(189,773)</b>	<b>(189,773)</b>
<b>Balance as at December 31, 2009</b>	<b><u>3,000,000</u></b>	<b><u>(177,410)</u></b>	<b><u>2,822,590</u></b>

The annexed notes from 1 to 21 form an integral part of these condensed interim consolidated financial statements.



**Chief Executive**



**Director**

**TELECARD LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2009**  
**(UN-AUDITED)**

**1. THE GROUP AND ITS OPERATIONS**

The Group comprises of :

Telecard Limited - Holding Company  
 Supernet Limited - Subsidiary Company

Telecard Limited (the company) was incorporated in Pakistan on October 29, 1992 as a public limited company. The shares of the company are listed on the Karachi and Islamabad Stock Exchanges. The company is licensed to provide fully integrated telecommunication services, including basic wireless telephony, long distance and international services and payphones. The Company holds 100% equity of Supernet Limited.

Supernet Limited is engaged in providing satellite and Microwave communication service e.g. internet, radio Links, single Channel Per carrier (SCPC), Time Division Multiple Access (TDMA), etc. and sale and installation of related equipment and accessories.

The registered office of the Group is located at World Trade Centre 75, East Blue Area, Fazal-ul-Haq road, Islamabad.

**2. BASIS OF CONSOLIDATION**

These consolidated financial statements comprise the financial statements of the Company and its Subsidiary Company, Supernet Limited prepared using uniform accounting policies. The assets, liabilities, income and expenses of the Subsidiary Company have been consolidated on a line by line basis. Inter-group transactions and balances have been eliminated for the purpose of consolidation. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated annual financial statements for the year ended June 30, 2009.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation followed in the preparation of these condensed interim consolidated financial statements are same as those applied in preparing the consolidated financial statements for the year ended June 30, 2009, except for the adoption of revised IAS 1 "Presentation of Financial Statements (Revised)" as explained below:

The revised IAS 1 was issued in September 2007 and became effective for financial years beginning on or after January 01, 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present two statements. However, surplus on revaluation of intangible assets is reported under separate account shown below equity in accordance with the requirements of the Companies Ordinance, 1984. The Company currently does not have any items of income and expenses representing other comprehensive income. Therefore, comprehensive (loss) / income is equal to the net (loss) / profit reported for all periods presented. Comparative information has also been re-presented to bring it in conformity with the revised standard.

	Note	December 31, 2009	June 30, 2009
		..... (Rs. in '000) .....	

**4. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets	4.1	2,455,343	2,780,833
Capital work-in-progress	4.2	<u>538,600</u>	<u>535,476</u>
		<u><u>2,993,943</u></u>	<u><u>3,316,309</u></u>

**4.1. Operating fixed assets**

Opening net book value		2,780,833	3,405,276
Additions during the period / year	4.1.1	<u>33,805</u>	<u>149,599</u>
		2,814,638	3,554,875
Disposals during the period / year	4.1.2	<u>2,158</u>	<u>8,082</u>
Accumulated depreciation on disposals		<u>(2,158)</u>	<u>(5,029)</u>
Depreciation charged during the period / year		<u>359,295</u>	<u>770,989</u>
		359,295	774,042
		<u><u>2,455,343</u></u>	<u><u>2,780,833</u></u>

**4.1.1. Details of additions during the current period are as follows:**

**Owned**

Apparatus, plant and equipment		<u>27,315</u>	140,063
Computers and related accessories		<u>3,280</u>	5,610
Furniture, fixtures and office equipment		<u>180</u>	3,891
Vehicles		<u>3,030</u>	35
		<u><u>33,805</u></u>	<u><u>149,599</u></u>

	December 31, 2 0 0 9	June 30, 2 0 0 9
Note	..... (Rs. in '000) .....	
<b>4.1.2. Details of disposals made during the current period are as follows:</b>		
<b>Owned</b>		
Apparatus, plant and equipment	-	(959)
Computers and related accessories	-	(166)
Furniture, fixture and office equipment	-	(162)
Vehicles	<u>(2,158)</u>	<u>(6,795)</u>
	<u>(2,158)</u>	<u>(8,082)</u>
<b>4.2. CAPITAL WORK-IN-PROGRESS</b>		
Owned	<u>478,851</u>	479,301
Leased	<u>40,000</u>	40,000
	518,851	519,301
Advances to Suppliers	<u>19,749</u>	16,175
	<u>538,600</u>	<u>535,476</u>
<b>5. INTANGIBLE ASSETS</b>		
Wireless local loop (WLL) license	5,161,888	5,129,340
Long distance International (LDI) license	29,029	29,029
Computer software	38,838	38,838
Goodwill	<u>116,536</u>	<u>116,536</u>
	5,346,291	5,313,743
Amortisation to-date	<u>(1,011,761)</u>	<u>(864,674)</u>
	<u>4,334,530</u>	<u>4,449,069</u>
<b>6. OTHER RECEIVABLES</b>		
<b>Considered good</b>		
Related parties	6.1 29,325	79,494
Due from Pakistan Telecommunication Company Limited (PTCL) in respect of:		
Karachi Relief rebate	<u>651,541</u>	651,541
Interconnect discount	<u>28,701</u>	28,701
	680,242	680,242
Pakistan Telecommunication Authority	933,620	181,636
Augere Pakistan (Private) Limited	1,374	-
Insurance claims	12,202	11,785
Claim against a bank	998	998
Due from zonal employees	595	-
Other	<u>2,062</u>	<u>222</u>
	1,631,093	874,883
<b>Considered doubtful</b>		
Due from PTCL	<u>10,361</u>	10,361
Due from zonal employees	<u>16,176</u>	16,176
Others	<u>7,584</u>	7,603
	34,121	34,140
Provision for other receivables considered doubtful	<u>(34,121)</u>	<u>(34,140)</u>
	<u>1,660,418</u>	<u>954,377</u>
<b>6.1 This represents amount due from the following related parties</b>		
Pakcom Limited	23,553	77,401
Instaphone (Private) Limited	1,519	485
Instaphone Infrastructure (Private) Limited	2,436	613
Envicrete Limited	426	419
Grand Leisure Corporation Limited	554	576
World Trade Center (Private) Limited	<u>837</u>	-
	<u>29,325</u>	<u>79,494</u>

**6.1.1** The above balances carry mark-up at the rate of KIBOR + 3.75% per annum and are recoverable on demand.



	December 31, 2 0 0 9	June 30, 2 0 0 9
<b>7. ADVANCE FROM A CONTRACTOR</b>	..... (Rs. in '000) .....	
<b>Unsecured</b>		
Advance from a Contractor	807,306	553,738
Adjustable within one year shown under current liabilities	<u>(276,864)</u>	<u>(276,864)</u>
	<u>530,442</u>	<u>276,874</u>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Trade</b>		
Pakistan Telecommunication Company Limited - net	5,278	128,186
ZTE Corporation Limited	43,375	41,482
Alcatel Lucent	505,800	487,800
Augere Pakistan	-	1,963
Others	<u>188,282</u>	<u>161,675</u>
	<u>742,735</u>	<u>821,106</u>
<b>Other payables</b>		
Pakistan Telecommunication Authority	138,711	121,728
Related parties	8.1 68,288	42,472
Accrued liabilities	49,630	48,013
Advances from customers	96,605	99,261
Unclaimed dividends	6,216	6,216
Unearned income	132,796	169,677
Sales tax – net	66,127	46,023
Income tax deducted at source	138,207	131,766
Workers' Welfare Fund	12,417	11,196
Provident Fund	672	269
Others	<u>4,323</u>	<u>1,470</u>
	<u>713,992</u>	<u>678,091</u>
	<u>1,456,727</u>	<u>1,499,197</u>
<b>8.1 These represents interest free current account balances with the following related parties, that are payable on demand:</b>		
World Trade Center (Private) Limited	37,294	17,526
Envicon (Private) Limited	52	52
Arfeen International (Private) Limited	14,546	8,921
Total Telecom Limited	12,845	12,844
Chaman investment (Private) Limited	<u>3,551</u>	<u>3,129</u>
	<u>68,288</u>	<u>42,472</u>
<b>9. CURRENT MATURITIES OF LONG TERM LIABILITIES</b>		
Long term finances	246,000	262,500
Redeemable capital	211,680	528,960
Liabilities against assets subject to finance lease	23,368	31,876
Advance from a contractor	276,864	276,864
Due to employees	<u>12,326</u>	<u>14,348</u>
	<u>770,238</u>	<u>1,114,548</u>
<b>10. CONTINGENCIES AND COMMITMENTS</b>		
<b>(a) Contingencies</b>		
<b>10.1.</b> There has been no change in the status of Contingencies, as reported in the annual consolidated financial statements for the year ended June 30, 2009, except for the suit referred to the Arbitration Tribunal of the International Chamber of Commerce, Singapore, which was initially filed in the Court of Senior Civil Judge, Islamabad, by Wi-tribe Limited and Buraq Telecom Limited against the Group and Broad Band Services (Private) Limited, as disclosed in note 33.3 to the annual financial statements of the holding Company for the year ended June 30, 2009, which was decided in favour of the Group subsequent to the end of the current period, on January 12, 2010. The Tribunal unanimously rejected the arbitration application including all claims filed by Wi-tribe Limited and Buraq Telecom Limited. Further, the Tribunal also ordered the plaintiffs to pay a sum of US\$ 192,500 to the Group, being the share of arbitration cost borne by the Group.		
<b>(b) Commitments</b>		
<b>10.2.</b> Counter guarantees given to banks	<u>365,886</u>	<u>332,368</u>
<b>10.3.</b> Post dated cheques issued to PTA	<u>-</u>	<u>175,600</u>
<b>10.4.</b> Outstanding letters of credit	<u>2,839</u>	<u>4,350</u>

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2009	2008	2009	2008
	..... (Rs. in '000) .....		..... (Rs. in '000) .....	
<b>11. DIRECT COSTS</b>				
Salaries & other benefit	21,318	19,962	10,710	9,648
Interconnect charges	264,527	660,633	41,750	136,263
Annual license fee	16,985	16,985	8,493	8,493
Cost of cards sold	1,105	2,146	544	1,222
Communication stores consumed	42,980	11,933	31,206	(13,731)
Satellite Communication charges	66,353	81,280	37,496	39,696
Internet bandwidth	14,661	14,667	6,552	8,913
Depreciation	350,991	379,345	175,158	190,133
Amortization of intangible assets	11.1	147,086	144,636	73,543
Network sites rent	112,207	102,474	69,549	50,802
Network sites utilities and maintenance	48,279	46,837	25,756	22,893
Royalty	1,396	1,438	677	611
Printing and stationary	55	415	35	288
Insurance	3,637	6,744	1,693	2,827
Conveyance and travelling	2,035	2,219	1,405	852
Communication	409	448	191	141
Repair and Maintenance	215	173	(658)	(953)
Direct Cost	11,058	2,581	5,299	(2,952)
others	1,755	838	1,714	536
	<b>1,107,052</b>	<b>1,495,754</b>	<b>491,113</b>	<b>528,346</b>

11.1 The amortisation charge for the half-year and quarter ended December 31, 2008 includes a sum of Rs.44.618 million and Rs.22.309 million, respectively, representing incremental amortisation charge in respect of revalued intangible assets, which was taken to profit and loss account instead of transfer to equity. The said amounts were duly rectified in the annual financial statements of the Group for the year ended June 30, 2009 and, therefore, the comparative information in these condensed interim consolidated financial statements has been restated to take effect of the said adjustment.

## 12. DISTRIBUTION COST AND ADMINISTRATIVE EXPENSES

Salaries and other benefits	131,939	146,021	63,702	72,311
Postage, telephone and telex	2,434	1,907	990	1,019
Vehicles running and maintenance	13,564	16,840	7,564	9,152
Travelling & entertainment	5,362	5,511	1,080	1,598
Office Security and maintenance	4,427	4,797	2,457	2,186
Stationery and photocopies	2,627	3,449	1,508	1,538
Rent and utilities	55,521	42,564	23,191	16,805
Insurance	3,272	2,365	1,668	595
Legal and professional charges	6,462	20,227	2,173	4,938
Auditors' remuneration	1,981	1,895	1,100	1,024
Sales promotion and marketing	9,358	142,413	4,238	14,727
Fees and subscription	1,387	1,916	578	128
Depreciation	8,304	7,005	4,095	1,638
Donation	1,000	-	-	-
Provision for debts considered Doubtful	2,462	-	2,462	-
Amortisation	32	-	16	(4)
Repair and Maintenance	373	224	235	75
Communication	1,859	2,220	1,608	1,883
Others	1,298	188	1,008	5
	<b>253,662</b>	<b>399,542</b>	<b>119,673</b>	<b>129,618</b>

	Half year ended		Quarter ended	
	December 31, 2 0 0 9	December 31, 2 0 0 8	December 31, 2 0 0 9	December 31, 2 0 0 8
	..... (Rs. in '000) .....		..... (Rs. in '000) .....	
<b>13. OTHER OPERATING EXPENSES</b>				
Exchange loss	11,111	28,297	5,725	49,868
Loss on sale of fixed assets	-	176	-	176
Workers' Welfare Fund	1,220	-	1,220	-
	<u>12,331</u>	<u>28,473</u>	<u>6,945</u>	<u>50,044</u>
<b>14. OTHER OPERATING INCOME</b>				
Gain on sale of fixed assets	1,595	-	170	(9)
Amortization of deferred income on sale and lease back arrangements	-	663	-	-
Markup on bank deposits	1,742	3,346	1,742	3,346
Provision written back	18	740	(930)	740
Markup on current account with related parties	4,768	-	4,768	-
Sites sharing income	12,561	14,633	11,996	14,633
Income against license	10,208	-	10,208	-
Others	9,330	5,974	5,411	(665)
	<u>40,222</u>	<u>25,356</u>	<u>33,365</u>	<u>18,045</u>
<b>15. FINANCE COSTS</b>				
<b>Mark-up on secured:</b>				
Redeemable capital	65,096	88,681	31,878	44,288
Long term loans	51,478	69,376	24,018	33,578
Interest on license fee	78,561	70,776	39,281	38,895
Short term loans	1,531	3,303	1,256	81
Short term running finances	28,392	22,566	14,745	11,171
Finance leases	1,032	4,456	198	2,456
Bank charges	1,951	2,788	1,666	1,373
	<u>228,041</u>	<u>261,946</u>	<u>113,042</u>	<u>131,842</u>
<b>16. TAXATION</b>				
Current	7,622	16,371	2,351	10,370
Prior	(473)	-	(473)	(361)
Deferred	(16,893)	(23,929)	(106,570)	34,068
	<u>(9,744)</u>	<u>(7,558)</u>	<u>(104,692)</u>	<u>44,077</u>
<b>17. CASH AND CASH EQUIVALENT</b>				
Short term investments			-	68,869
Cash and bank balances			19,561	69,439
Short term running finance			(461,625)	(299,877)
			<u>(442,064)</u>	<u>(161,569)</u>

## 18. TRANSACTIONS WITH RELATED PARTIES

The related parties include major shareholders, entities having directors in common with the Group, directors and other key management personnel and retirement benefit plans. Transactions with related parties other than those disclosed elsewhere in the condensed interim consolidated financial statements are as under:

	Half year ended	
	December 31, 2 0 0 9	December 31, 2 0 0 8
	..... (Rs. in '000) .....	
<b>Entities having directors in common with the Company</b>		
<b>Arfeen International (Private) Limited</b>		
Services received	2,815	2,815
Mark-up charged to the holding Company	2,754	2,699
<b>Pakcom Limited</b>		
Services received	49,542	16,219
Services rendered	7,401	12,874
Mark-up charged by the holding Company	4,550	-
<b>Chaman Investment (Private) Limited</b>		
Services received	421	360
<b>World Trade Center (Private) Limited</b>		
Services received	25,396	25,576
<b>Instaphone (Private) Limited</b>		
Services received	5,760	5,760
Mark-up charged by the holding Company	99	-
<b>Instaphone Infrastructure (Private) Limited</b>		
Services received	2,320	-
Rent paid on behalf of related party	1,096	-
Mark-up charged by the holding Company	119	-

## 19. CORRESPONDING FIGURES

The following major corresponding figures have been reclassified for the purposes of better presentation:

<u>From</u>	<u>To</u>	<u>(Rupees in '000)</u>
Other receivables-Augere Pakistan (Private) Limited	Trade debts	29,380
	Trade and other payables	1,963
Direct costs	Other operating income	14,633

## 20. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on February 26, 2010 by the Board of Directors of the Group.

## 21. GENERAL

21.1 The figures of the condensed interim consolidated financial statements have not been subject to a limited scope review by the auditors.

21.2 Figures presented in these interim condensed financial statements have been rounded off to the nearest thousand rupees, unless otherwise stated.



Chief Executive



Director