

## Press Release

### SECP Clarifies Callmate Regulatory Issues

**Islamabad – 2 January 2007:** An advertisement by Callmate Telecom Pak (Ltd.) (“CTTL”) published in the ‘Business Recorder’ on 23-12-06 under the caption **“CALLMATE REGULATORY ISSUES RESOLVED”** has been brought to the notice of the Securities and Exchange Commission of Pakistan (SECP). It pertains to matters which are sub-judice before the Lahore High Court, Rawalpindi bench (“Court”), and as such SECP is refraining from making any detailed statement, except for purposes of clarifying certain material misstatements made in the aforementioned CTTL advertisement.

Whilst SECP has already taken certain action and will be taking further action before the Hon’ble Court to contest the legal proceedings filed by CTTL for achieving a proper resolution of the legal issues involved, SECP meanwhile, as stated above, is constrained to issue this Press Release to clarify the correct factual position in order to safeguard the interests of the shareholders and the public at large, as under:

In the Writ Petition filed by CTTL No.3175 of 2006, the Court by its ex-parte Order dated 07-12-06 ordered notice to SECP and directed that meanwhile SECP shall not appoint an Auditor and fixed the hearing for the next day i.e 08-12-06. On 08-12-06 two officers from SECP’s Legal Department appeared in Court and sought time to engage Counsel and to file a reply in the matter on behalf of SECP. However, the Hon’ble Court nevertheless chose to pass an Order on that date, which in its operative part directed that “Subject to all just legal exceptions,..” the SECP shall not take any adverse action against CTTL and CTTL is allowed to convene its AGM on or before 30-12-06, which may approve Accounts audited by Zahid Jamil and Co. **“However this shall be subject to the final decision of this Writ Petition.”**

On 21-12-06 the SECP filed an Application seeking modification of the Court Order dated 08-12-06, on the ground that CTTL had obtained the same by withholding material facts from the Hon’ble Court such as that CTTL’s Accounts for the Year ended 30-06-06 had been heavily qualified by its duly appointed Auditors and that the agenda for the proposed AGM, then scheduled for 29-12-06 was incapable of being fulfilled specifically with reference to items pertaining to the approval of audited Accounts and the declaration and issuance of bonus shares to the shareholders without compliance of the mandatory legal requirements under the Companies Ordinance 1984 (“Ordinance”).

In this background, at the last hearing held on 22-12-06 (at which SECP was represented), the Court in terms of its Order passed on that date disposed off the concerned Applications and apart from giving certain directions, modified its earlier Order of 08-12-06 to allow the AGM to be postponed for two months under Section 233(1) of the Ordinance, allowing the same to be held after circulating the Audit Report conducted by Zahid Jamil and Co.

On or about 23-12-06 SECP became aware of another ex-parte Order dated 21-12-06 passed by the Court in an Application filed by CTTL (CM 1691 of 2006) after only hearing CTTL’s Counsel, suspending the operation of SECP’s letter dated 08-12-06 which was issued by SECP in exercise of its powers under various provisions of the law

including Section 9(7) of Securities and Exchange Ordinance 1969, and in terms of which SECP had suspended trading in shares of CTTL on various grounds mentioned in its said letter and in the public interest for a period of 60 days. As SECP was not aware of this ex-parte Order, not having been served any notice of same, it could not challenge the same at the above hearing of 22-12-06 which it will now be doing upon the reopening of the Courts after the holidays.

It will follow from the above that the Hon'ble Court has taken the above action for enabling the holding of CTTL's AGM and approval of its Accounts. **SECP's right to appoint an Auditor under Section 252(6) of the Ordinance remains subject to "final decision" of the Hon'ble Court in the above Writ Petition.** SECP will be pursuing its remedies in law for seeking to recall the above Orders of the Hon'ble Court which were passed ex-parte and without the Hon'ble Court being properly assisted due to the absence of SECP's legal representation. SECP also takes this opportunity to deny the violation of any Court Order alleged by CTTL and any contempt Application that CTTL has been ill-advised to file against SECP's officials will be vigorously contested. SECP reiterates that as a Regulator it will fully discharge its statutory duties and obligations in accordance with the law to act in the public interest as and when necessary for safeguarding the interests of the shareholders and the public at large and particularly for protecting the interests of the minority shareholders, whilst fully respecting the orders of the Hon'ble Court.