wateen

RENAISSANCE

Annual Report

Cover Concept

The dandelion's sheer existence symbolizes life and an inspiring continuum of growth and resurgence. The faintest of breeze stimulates new beginnings for the vibrant plant, dispersing hope and vitality.

At Wateen Telecom, we aspire to to flourish in the diverse world of communication. Like the dandelion, our roots are strong; our approach dynamic. It manifests our resolve to continuously revamp ourselves in line with our clients' needs, redefining the fast-paced innovative era of communication technologies.

Contents

Vision, Mission & Values 02
Awards and Achievements 03
Message from the CEO 04
Board of Directors 06
Financial Highlights 08
Corporate Information 10
Directors' Report 11
Attendance of the Board Members 21
Statement of Compliance with the Code of Corporate Governance 28
Auditors' Review Report to the Members 30
Auditors' Report to the Members 31

Financial Statements

Statement of Financial Position 34
Income Statement 36
Statement of Comprehensive Income 37
Statement of Cash Flows 38
Statement of Changes in Equity 40
Notes to and forming part of the Financial Statements 41

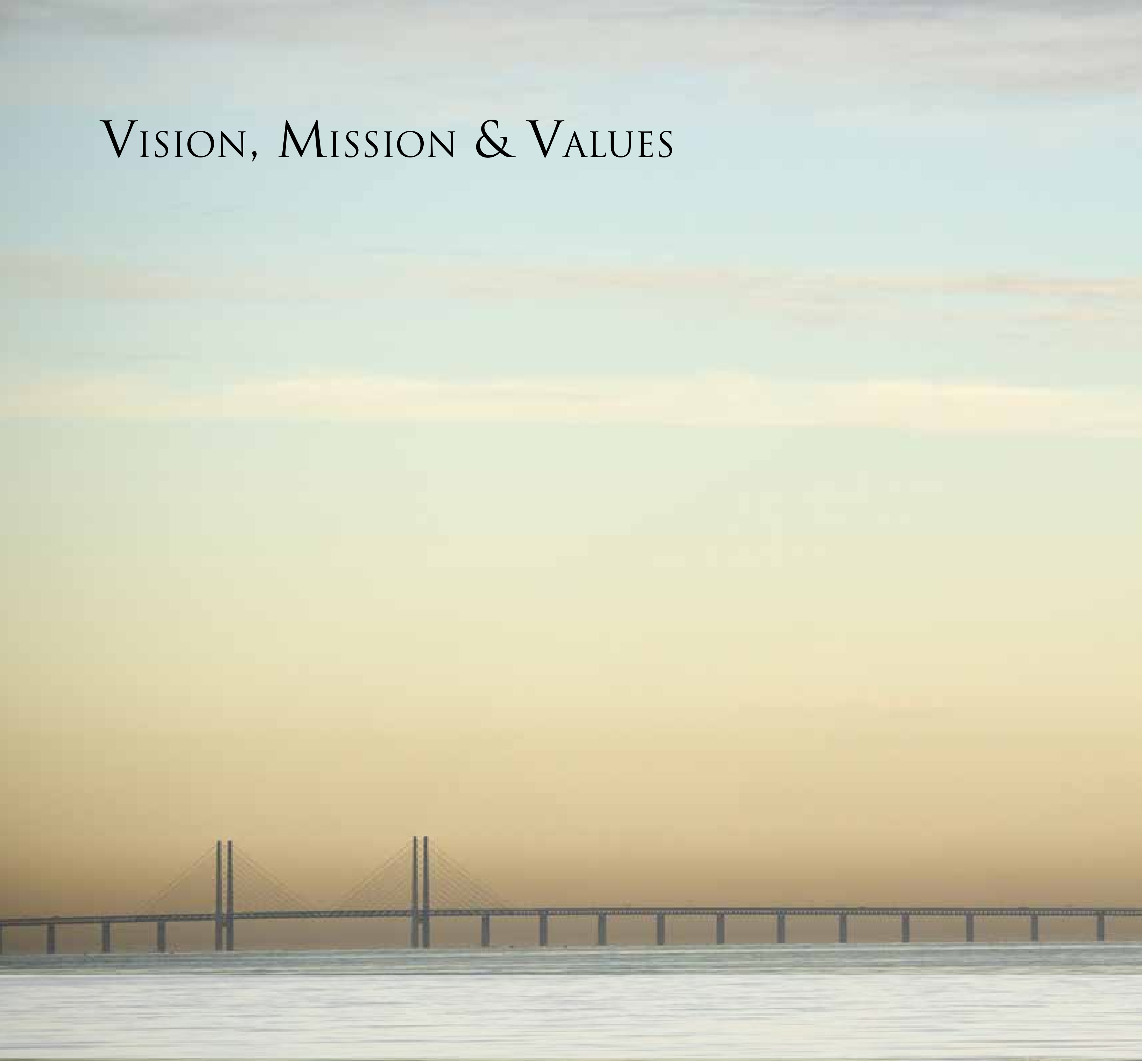
Consolidated Financial Statements

Auditors' Report to the Members 83
Consolidated Statement of Financial Position 84
Consolidated Income Statement 86
Consolidated Statement of Comprehensive Income 87
Consolidated Statement of Cash Flows 88
Consolidated Statement of Changes in Equity 90
Notes to and forming part of the Consolidated Financial Statements 91

Annexures

Pattern of Shareholding 134
Categories of Shareholding 137
Notice of Annual General Meeting 141
Form of Proxy 143

Vision, Mission & Values



Vision

Enable and empower every man, woman and child in Pakistan through leading edge technology and services thereby transforming their lives.

Mission

A winning team that delivers outstanding customer value through world class ICT solutions, systems and innovation.

Values

- Serve & Enable the world around us
- Passion, Energy & Fun
- Teamwork & Respect
- Ownership & Accountability of Results and Company
- Innovation & Creativity

Awards & Achievements 2012-13

Customer Service Excellence Award
Cisco

Cloud and Managed Services Advanced Certification
Cisco

Message from the CEO

FY2013 has been an eventful year at Wateen. We made significant progress in bringing focus to the carrier and enterprise markets in Pakistan and also reduced our losses in the consumer segment. We maintained our revenue stream and improved it where possible through materializing strategic initiatives, rationalizing our cost structure and improving organizational alignment to rebuild Wateen as the most dominant telecom infrastructure player in the market. The result has been a significant improvement in our operating performance, with operating earnings becoming positive for the first time since 2010. Despite a tough economic environment, Wateen posted an increase in revenues by 20% and operating earnings with EBITDA gaining PKR 2,823 million over the last year, ending at PKR 828 million. Substantial progress in the year was achieved in terms of enhancing our footprint in the enterprise fiber space, bringing most of our Higher Education Commission fiber commitments to closure and improving performance in our consumer fiber and WiMAX space. We are on the right path to enable ourselves with an environment of optimism, conducive for moving forward with a greater momentum in the year ahead.

Internally, we have re-aligned our organization by Business Units to make it more responsive with distinct mandates. The following lines of business will have a clear focus and will better serve the evolving needs of our organization:

Enterprise Business Unit: This unit caters to the needs of our enterprise customers pertaining to the banking, media, financial services, government, education and other sectors requiring communication and cloud based services. Since the unfortunate fire incident in February 2012 we have added over 900 new fiber connections to our portfolio indicating the confidence this segment has reposed on our offering. We redefined enterprise service parameters with a special focus on better serving the needs of enterprise customers. This, we enabled through successful development and deployment of technology to assist with enterprise level customer care and billing system to enhance organizational responsiveness.

Carrier Business Unit: The Carrier Business Unit has been mandated to provide infrastructural support services to telecommunication and public sector clients. We are moving towards becoming the dominant fiber player in the country and strengthening our position as the 'Carriers' Carrier'. Industry leading Cellular Mobile Operators (CMOs) continued their trust on our infrastructure for upgrading carrier networks for 3G readiness. International operators in neighboring countries are also our major customers for additional bandwidth sales. We have also become one of the prominent Long Distance International (LDI) businesses for outgoing calls in Pakistan. All five CMOs utilize Wateen's network to route their international outgoing calling traffic through our network. Healthy cash inflows are also being generated from our portion in ICH traffic, being terminated in Pakistan.

Consumer Business Unit: This unit looks after the complete Consumer Business Portfolio, including servicing WiMAX customers in 19 cities as well as triple play and cable services in Lahore and Multan. Much of the efforts of the team were focused on restructuring the WiMAX business model and operations to reduce the ongoing cash-burn and bring it closer to breakeven levels. The commercial team introduced a unique, first of its kind business model, transforming the inherited individual based structure to a more organized and systematic approach. Systems were built and enhanced around the business model to offer comprehensive reporting and monitoring mechanisms, saving costs and improving ARPUs to regenerate lost revenues. The consumer business team must be applauded for their efforts in pushing for innovations resulting in improvement of network performance and cost savings, regaining partners (formerly franchises) and stakeholders confidence. We also engaged in discussions with other broadband operators to consolidate the WiMAX business to create a critical mass that will make the business profitable.

To better understand the environment, challenges, resulting decisions and achievements, let's take a quick glance at the year behind us:

- Wateen has emerged as a dominant fiber player in the industry, leading the telecommunication evolution in the country. More recently, Zong (China Mobile Pakistan), one of Wateen's leading customers in the carrier market, reaffirmed its confidence by signing a long-term strategic fiber lease contract to enabling their network for the next 23 years. This reaffirmation of their commitment shows their trust in delivery of our world class services.

- Efforts in improving responsiveness and customer retention included setting up of the Enterprise Network Operations Centre (ENOC) and Enterprise Billing System to improve customer-centricity for clients and partners. Major enterprise customer wins include organizations like Telenor, Warid, PTCL, HEC, Allied Bank, SECP, KASB Bank, Bank Al-Habib and many more.

- Wateen was re-certified as a Cisco Gold Partner, enabling us to offer a complete suite of system integration and managed service solutions for the enterprise market. We also achieved Cisco Cloud and Managed Services Advanced Certification for having the capabilities to build cloud and managed services to help accelerate time to market and time to revenue for enterprises.

- Wateen, of late, launched an inexpensive SaaS-based alternative video conferencing solution for the enterprise market. This initiative marks a beginning of one of many cloud based offerings that will help us deliver a complete enterprise suite, given the ongoing global adoption of cloud services.

- We have successfully introduced a new business model for WiMAX, whereby the franchise partners have become business owners in their geographic regions. Although, we discontinued services in unprofitable cities, we have managed to reduce the impact through improved customer retention and revenue per subscriber in operational areas. Concurrently, we have continued progressing on talks with third parties over consolidating the WiMAX business.

- Following our vision of 'enabling every man, woman and child in the country through leading edge technology', Wateen successfully delivered three milestones worth PKR 987 million of the fiber optic projects of the Universal Services Fund (USF) in Baluchistan, which will enable communication technology to reach the underserved areas of the province.

- We continued to grow our penetration of multimedia services through indirect distribution channels. In our continued efforts to enable educational infrastructure in the country, we delivered connectivity across additional 17 universities of the Higher Education Commission (HEC) connecting them with peer groups and institutions across the world.

- As a responsible corporate entity Wateen participated in the development of local community in the areas of literacy and education. Wateen successful sponsored national events like the first Lahore Literary Festival, attended by thousands of delegates and literati, where it showcased its WiFi hotspots and highlighted the importance of digital technology as the main driver for mass education and awareness.

Earlier in the year, Warid Telecom International, UAE, which holds 54% of the total ordinary share capital of the company, conveyed its intention to acquire all of the outstanding issued ordinary shares held by other shareholders of the company. Delisting process was thereby initiated and subsequently on January 7, 2014 the Company informed the stock exchanges that as of December 26, 2013, the majority shareholders had bought 215.41 million shares during the offer period: thus, raising its shareholding to 88.86% of the total ordinary shares issued and the stock exchanges were requested to delist the shares of the company from respective stock exchanges. The stock exchanges have accepted the request for delisting of the company and accordingly company stand delisted from the exchanges with effect from February 17, 2014. This is a significant step towards realigning our business, in order for us to improve our responsiveness and execution of business needs.

We are focusing on achieving our targets and in some cases exceeding them. One of our focuses also has been on bringing about a cultural shift in Wateen through active employee development. Our successful 'values launch' marked a new era of thinking and action within Wateen. These core values of service, passion, teamwork, ownership and innovation are the cornerstone of a higher quality of performance and therefore our success. For Wateen, this is a sign of our commitment to build a workforce that exemplifies the right attitude, behavior and mindset.

I would take this opportunity to thank all our customers, employees, Pakistan Telecommunication Authority, and the Abu Dhabi Group for their continued support. Our stride to be at the forefront of Pakistan's telecommunication revolution remains steadfast and unwavering. We look forward to another exciting year promising momentum and growth.

Naeem Zamindar
Chief Executive Officer
Dated: February 26, 2014

Board of Directors

As of June 30, 2013

H.H. Sheikh Nahayan Mabarak Al Nahayan
Zouhair Abdul Khaliq
Naeem Zamindar
Adeel Khalid Bajwa
Jinah Hajali
Abid Hasan - *Independent Director*
Khwaja Ahmad Hosain - *Independent Director*


OVER
200
CORPORATE
PARTNERS
With a converged communication partner that seamlessly delivers knowledge to your doorstep, your business can excel just like you imagined. This simple promise from Wateen is what has propelled over 200 corporations towards their dreams.
We thank you for trusting us to deliver.
wateen
An Abu Dhabi Group Company
wateen.com
111-365-111

Financial Highlights

		2013	2012	2011	2010	2009
Operating						
Gross Margin	%	54.56	35.08	35.69	39.83	32.36
Net Margin/(Loss)	%	(0.12)	(2.47)	(0.73)	(0.25)	8.12
Performance						
Return on Operating Assets	%	(9.23)	(204.26)	(26.57)	(11.85)	6.60
Debtors' Turnover	Times	3.69	4.09	5.55	2.44	5.55
Return on Equity	%		-	(120.16)	(48.00)	21.53
Leverage						
Debt Equity	Times	-	-	76:24	81:19	76:24
Leverage	%	(2.02)	(1.76)	2.80	0.22	0.72
Time Interest Earned	Times	0.50	(0.62)	(1.08)	0.18	4.82
Liquidity						
Current	Times	0.25	0.22	0.21	0.34	0.75
Quick	Times	0.24	0.20	0.19	0.30	0.64
Valuation						
Earnings / Loss per share (pre tax)	Rs	(1.68)	(27.27)	(10.97)	(6.77)	6.93
Earnings / Loss per share	Rs	(1.68)	(30.05)	(8.07)	(4.43)	2.22
Breakup value per share	Rs	(32.98)	(31.30)	(1.25)	9.22	20.65
Historical Trends						
Operating Results						
Revenue	Rs.(m)	8,547	7,133	6,779	7,961	15,410
Profit/Loss before tax	Rs.(m)	(1,037)	(16,838)	(6,775)	(3,092)	(1,447)
Profit/Loss after tax	Rs.(m)	(1,037)	(18,557)	(4,982)	(2,021)	(928)
Financial Position						
Paid up Share Capital	Rs.(m)	6,175	6,175	6,175	6,175	2,087
Reserves	Rs.(m)	135	135	135	135	393
Shareholders' Equity	Rs.(m)	(9,545)	(9,952)	4,146	4,210	4,309
Current Assets	Rs.(m)	6,741	5,635	4,801	8,201	7,780
Non Current Liabilities	Rs.(m)	1,829	1,816	1,202	1,200	10,887


WATEEN...
Jo Chaho!
In the internet age, knowledge needs to be constant for a business to thrive.
A constant and reliable window to business knowledge with on-demand access to global knowledge. Running on customised solutions that utilize cutting edge equipment.
With Wateen at your side, this knowledge is always a constant so that your business can go wherever you imagine it to go.
wateen
An Abu Dhabi Group Company
wateen.com
111-365-111

Corporate Information

Board of Directors

H.H. Sheikh Nahayan Mabarak Al Nahayan
Zouhair Abdul Khaliq
Naeem Zamindar
Adeel Khalid Bajwa
Jinah Hajali
Abid Hasan
Independent Director
Khwaja Ahmad Hosain
Independent Director

Management Team

Naeem Zamindar
Chief Executive Officer
Faisal Masood Ali Khan
Chief Financial Officer
Sajid Farooq Hashmi
Company Secretary & Head of Legal
Mohammad Azeem
Chief Technology Officer
Asad Rezzvi
Chief Transformation Officer HR & Admin
Junaid Sheikh
General Manager Carrier Business Unit
Hamid Mohyuddin
General Manager Enterprise Business Unit
Anwar Khan
General Manager Consumer Business Unit
Naila Bhatti
General Manager Media
Muhammad Saleem Akhtar
General Manager Business Development
Brig (Retd). Mazhar Qayyum Butt
General Manager Corporate Affairs
Sohaib Sheikh
Head of Marketing
Omar Zia
Head of Audit, Risk & Governance

Auditors

A.F. Ferguson & Co.
Chartered Accountants
PIA Building, 3rd Floor,
49 - Blue Area, P.O. Box 3021,
Islamabad

Registered Office

4th Floor, New Auriga Complex,
Main Boulevard, Gulberg II, Lahore

Present Place of Business

2-E-II, Oberoi House, Gulberg III,
Lahore

Share Registrar

THK Associates (Pvt.) Limited
2nd Floor, State Life Building No. 3,
Dr. Zia-ud-Din Ahmed Road, Karachi

Bankers

Standard Chartered Bank (Pakistan) Limited
Bank Al Habib Limited
Habib Bank Limited
Bank Alfalah Limited
National Bank of Pakistan
Pak Libya Holding Company (Pvt.) Limited
Summit Bank Limited (Formerly Arif Habib Bank Limited)
Askari Bank Limited
Soneri Bank Limited
Pak Brunei Investment Company Limited
The Bank of Khyber
HSBC Bank Middle East Limited
Allied Bank Limited
United Bank Limited
Dubai Islamic Bank Limited
The Bank of Punjab

Legal Advisors

Ijaz Ahmed & Associates
(Advocates & Legal Consultants)
Suite No. 425, 4th Floor, Siddique Trade Centre,
72 Main Boulevard, Gulberg, Lahore, Pakistan
Phone: 042-35817200
Email: iaa.lhr@iaa.com.pk

Directors' Report

The Directors of the Company are pleased to present the audited financial statements of the Company for the year ended June 30, 2013.

Industry Outlook

The macroeconomic environment continued to remain a challenge in FY'13, driven by rising inflation, energy crisis, law & order and currency devaluation. Pakistan witnessed a lackluster real GDP growth rate of around 3.59%. The telecom industry also did not see much FDI inflow as the proposed auction of 3G licenses continued to be delayed, contributing to the lack of growth catalyst in the industry. However, with a new government in place, there is intent and optimism with regards to the 3G license and spectrum auction in the coming year. Telecom industry in Pakistan saw phenomenal growth in the last decade which now appears to be taking a course towards consolidation.

On the regulatory side, the much needed work on framing of a telecom and broadband policy with regards to new domestic and international projects was delayed, resulting in lack of progress to proliferate the telecom services. This resulted in no new projects being announced for expansion of telecom services in the underserved areas of the country as well.

Financial Performance

Wateen's financial performance continued to show overall improvement in light of the measures taken by the management during the year marked by organizational realignment, stabilization of business and execution of the containment plan. Wateen's revenue for the FY13 increased by 20% year-on-year and closed at PKR 8,547 million. EBITDA improved to PKR 828 million as compared to PKR (1,995) million in June 2012.

A quick glance at the key financial results is given below:

	FY 13	FY 12
Revenue (PKR million)	8,547	7,133
EBITDA (PKR million)	828	(1,995)
Cash flow from Operations (PKR million)	289	(1,061)
Loss per share - PKR	(1.68)	(30.05)

During the year, Wateen posted a healthy increase of 141% for its OFC revenues, ending at PKR 1,286 million compared to PKR 534 million from FY12. The revenue increase stemmed is large part of HEC contract being completed that is contributing to significant revenue for lease of nationwide optical fiber connectivity and optical fiber transmission equipment.

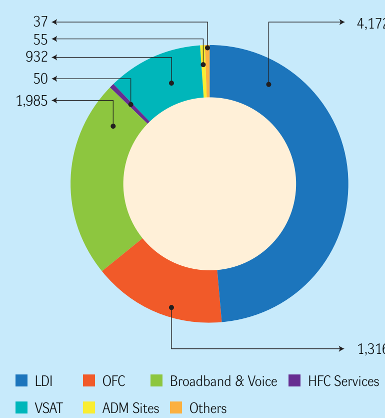
LDI revenue increased by 10% along with margin gains over the last year, ending at PKR 4,172 million for the period. The key reasons have been higher revenues from the inbound as well as outbound streams and stabilization of calling rates.

The VSAT segment had key wins in the Oil & Gas and the telecom sectors. Together these contributed to the slow and steady pattern of revenues ending at PKR 932 Million in FY 2013.

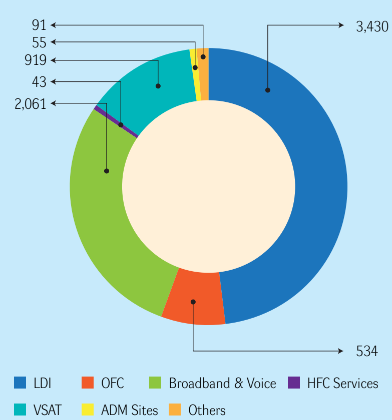
For consumer business, WiMAX operations saw a marginal revenue decline of 3.7%, mainly attributable to the discontinuation of services from seven inefficient cities. Despite these challenges, KPI's such as the Average Revenue Per User (ARPU) increased by 15%, further augmented by reduced churn, lower by approximately 6% from prior year.

The segment-wise analysis of revenue is as follows:

FY-13



FY-12



DIRECTORS' REPORT

The cost of sales saw a decrease of 16% overall (FY 2013: 6,017 Million, FY 2012: 7,121 Million). However, looking through cost of sales accruing from LDI interconnect charges, a reduction of 31.1% can be noticed. This could be explained by the new revenue sharing arrangement amongst the participants of the ICH. Cost of sales resulting from the LDI interconnect for this year, have already been netted at the source i.e. at the time of disbursement of funds. Under the ICH, PTCL disburses the revenues at net after accounting for all the costs. Since this arrangement started during this accounting period, the reporting of the LDI cost of sales for the two periods have different cost basis and thus, may not be meaningfully compared.

The amortization and depreciation expense was significantly less due to the reduced depreciable asset base caused by the prior year impairment of the WiMAX assets.

As part of ongoing cost rationalization under the containment strategy, advertising and marketing expense were reduced by 82% from the prior year. This stems from curtailed promotional activities in media due to shift of focus towards the enterprise segment. In the previous year, the Company had undertaken an extensive media spend for reigniting consumer demand for the WiMAX business.

We continued to incur hefty currency translation losses (FY13: PKR 847 million) mainly driven by our foreign currency denominated debt. This translation loss amounted to a sizeable 34.14% of the overall financing costs. Average exchange rate (USD/PKR) during the year remained at PKR 95.94 as compared to PKR 88.9 in the previous year, representing a devaluation of 8%. On a comparative note, this year's translation loss (PKR 847 Million) is 35.9% less than the prior year (PKR 1,321 Million). Nonetheless, the result of a weakening macroeconomic environment in the country continued to devalue the local currency and in the process substantially increased our financing costs. Looking ahead, in the event of continuous slide of the local currency vis-à-vis the USD, we foresee continuation of this adverse impact on overall bottom-line.

The liabilities section of the balance sheet continued to note the re-classification of liabilities from long-term to the current section. The current liabilities section carried a balance of PKR 15,694 million. This was due to non-compliance of loan agreements to maintain long-term debt to equity ratio of 80:20 at June 30, 2013. Accordingly, the lenders shall be entitled to declare all outstanding amounts of loan immediately due and payable. The re-classification of the long-term debt to current has adversely affected the liquidity ratios including current and quick ratios.

The cash flows from operations witnessed a positive turnaround. Cash flow from operations posted an increase of PKR 1,350 million, ending at positive PKR 289 million for the year. A part of the total interest on debt amounting to PKR 1,066 million is being deferred for payment in the subsequent years as part of the first debt restructuring arrangement. On the contrary, working capital needs increased during the year mainly due to the surge in the trade debt. Our business units are aware of the need to improve the cash conversion cycle given the current environment.

During the period, the sponsors injected PKR 957 million, reflecting the investor's continued confidence in the operations as a going concern.

Debt Restructuring

In FY13, Wateen's balance sheet continues to witness negative equity, mainly triggered by events in the prior years. This happened mainly due to the substantial impairment of Wateen's WiMAX assets and operating losses incurred in other segments. As a result, Wateen's management had decided to undergo a second round of restructuring with the lenders in FY13. Based on on-going constructive discussions with the lenders, management is working towards successful re-negotiation of favorable deferment of repayment options.

It is worth mentioning that our first round of debt re-negotiations with the lenders got finalized earlier this year. Those resulted in approximate interest savings of PKR 975 million over the course of 3 years. Other terms of agreement include the following salient features:

– Deferment of principal and mark-up payments (PKR 11,310 million and PKR 1,398 million respectively) over 5 years period starting from June 2014.

– Rationalization of mark-up rates resulting in 6 months KIBOR.

De-Listing From The Stock Exchanges

On March 28, 2013, Warid Telecom International LLC, UAE (WTI), informed the Company's Board of Directors and management about its intention of acquiring all of the issued ordinary shares held by the other shareholders of the Company at a proposed purchase price of PKR 4.50 (four and a half rupees) per ordinary share, and consequent de-listing from the Karachi, Lahore, and Islamabad stock exchanges.

The intrinsic value (fair price) of the Company's share as on December 31, 2012 was determined at PKR (30.66) based on certificate issued by its auditors A.F. Ferguson & Co. WTI, which holds 54% of the total issued ordinary share capital of the Company, believes that the de-listing provides the shareholders with an exit from the business at a return of value which is in excess of that which they would receive on an orderly disposal of the business.

The Company conveyed its intention to the stock exchanges, as well the Security and Exchange Commission of Pakistan (SECP) in accordance with the Voluntary De-Listing Provisions under Regulation 30-A(i), and the Code of Corporate Governance set out in their respective Listing Regulations.

Subsequent to the release of the last quarter's financial report (period ended March, 2013) on August 29th 2013, the Company submitted the required information to stock exchanges. The Karachi Stock exchange vide Its letter dated September 17, 2013 agreed to the minimum price of Rs 4.5 per ordinary share and required the majority share holders to purchase a minimum 92 million shares out of 283.94 million ordinary shares outstanding with shareholders other than the majority shareholders to qualify for delisting. The said de-listing proposal was also approved by the shareholders of the company in the Extra Ordinary General meeting held on October 19, 2013. Thereafter, the company vide Its letter dated October 24, 2013 Informed the shareholders about the terms and conditions and procedures for the purchase of ordinary shares of the company by majority shareholder (Warid Telecom International LLC, UAE), including the information about the initial share purchase offer period valid from October 28, 2013 to December 26, 2013. For the proposed purchase of shares, WTI appointed Arif Habib Limited as the Purchase Agent, who are overseeing and managing the buy-back process on behalf of WTI.

On January 7, 2014 the Company informed the stock exchanges that as of December 26, 2013, the majority shareholders had bought 215.41 million shares during the offer period: thus, raising its shareholding to 88.86% of the total ordinary shares issued and the stock exchanges were requested to delist the shares of the company from respective stock exchanges. The stock exchanges have accepted the request for

Directors' Report

delisting of the company and accordingly company stand delisted from the exchanges with effect from February 17, 2014.

Earning Per Share

Earning per share is PKR (1.68) for the FY 2013 as compared to PKR (30.05) in FY 2012.

Dividend

Due to net loss, the company has been unable to declare any dividends.

Products & Services

Wateen Telecom continued in its endeavors to providing high quality converged communication services that include a complete suite of connectivity solutions in the enterprise and consumer segments. The management of the Company focused on continuing to enhancing the more profitable segments and reduces the losses in unprofitable ones to better take advantages of the opportunities ahead.

Fiber

The telecom and banking sectors were the key drivers of growth for Wateen as it secured major contracts for the provisioning of data and colocation services. The reported year saw Wateen servicing more customers than ever before. During the period, more than 395 customers were connected through Wateen's fiber optic network across Pakistan.

In terms of major gains, Wateen completed the roll out of Allied Bank Limited (ABL) to upgrade its branch network infrastructure for over 550 branches nationwide. This continues to build Wateen's prominence as the 'partner of choice' and the preferred service provider in the financial services sector.

Wateen continued playing its role in the development of the socio-economic fabric of the country as it delivered nationwide network connectivity for the Higher Education Commission (HEC). Wateen is providing the HEC with a 10 GBPS dedicated bandwidth and educational institutions will receive a 1 GBPS core network speed, far exceeding anything available to them previously. This major service net would be further optimized and operated during the next 2 decades through Wateen.

In continuation of our efforts to bridge the digital divide in the country, new network segments of USF areas were completed, as milestones for BP-03(PKR 197M) & BP-04 (PKR 790M) for the realizable amounts of PKR 986 million and PKR 1,975 million respectively were offered to USF for audit. This resulted in extending our reach of Wateen fiber to far flung areas of the country, especially Baluchistan where Wateen is the dominant player. The two aforementioned projects (BP-03 and BP-04) will provide connectivity to a total of 700,000 and 2 million people respectively in these regions. This competitive edge will give Wateen a preferential advantage for new service orders from the GSM market in the years ahead. In February, the Prime Minister of Pakistan inaugurated the Southern Telecom Region -1 project of the USF, which would bring connectivity services to 73 cities and towns. 3.5 million people would benefit from the development of Educational Broadband Centers and Community Broadband Centers being developed under USF broadband projects in the region. Throughout the year, Wateen expanded its fiber optic network by over a 1000km through various projects.

Wateen expanded its horizons by moving into the Energy Sector for the provisioning of data connectivity for USAID's automatic meter-reading projects with the Distribution Companies (DISCOs). This project would enable the DISCOs to effectively manage the supply and demand of electricity in their regions through remote data monitoring. Successful implementation of such projects could open avenues in the energy sector in the future, which is the focus of the new government.

For the HFC network servicing consumer segments in DHA Lahore and Multan Cantt., effective efforts were made towards Improving services and recovery of service charges. Although, we continued to face major challenges due to network outages as a result of the ongoing energy crisis, alternative solutions, such as solar, are now being evaluated to improve network uptime.

LDI

During the period, Wateen worked with the regulatory bodies and other industry counterparts to augment the LDI industry in a bid to improve the declining margins, reducing grey trafficking and make the business sustainable for the operators.

Rapid growth in our market share catapulted us to the number two spot in the industry. For the first time, all five Cellular Mobile Operators (CMO's) are leveraging our network to assist their customers for their LDI needs. Wateen carried over 300 million minutes of traffic in September '12 to set an all-time record for international traffic before setting up of ICH. The signing of the resulted in healthier cash flows for the Company through improved operating margins.

A new international transit switch was successfully deployed to take in more volumes of transit traffic in the future.

Wireless

Wateen successfully introduced, executed and implemented a geographical polygon model for its consumer WiMAX business, with a clear visibility and track of KPIs and performance of the business partners. With the introduction of the new business model, the business partner share the responsibility of performance as a business owner clearly defined scope/regions. This, along with the implementation of the inventory management module, whereby each unique CPE is tracked and monitored resulted in recovery of over 75K inactive devices and up to 6% reduction in churn to enhance recurring revenues. 40 day recovery cycle was implemented (as compare to the previous 90 day mark), new packages were introduced and services were upgraded, resulting in an increased Average Revenue per Subscriber (ARPU) by 15% as much as higher than the industry average. Over and above, the USF project milestones for FTR and GTR were submitted for subsidy realization of approximately PKR 147 million.

As part of Wateen's containment strategy, WiMAX services, primarily servicing the consumer segment were discontinued from seven unprofitable cities. 88% churn of enterprise customers using WiMAX in the region was averted by converting these links to GPON fiber technology. Concurrently, the management continued its discussions with other market players for the consolidation of the WiMAX business, which would ensure endurance of the industry against other competing technologies.

Satellite market area was a part of the overall business strategy where Wateen managed to control the input costs and new revenue ventures were targeted in Pakistan and associated markets. Wateen extended its presence in the Satellite market and wins included deployment of VSAT links for a major overseas Oil & Gas exploration company. Other contract wins included provisioning of 55 VSAT managed operations for a key cellular carrier.

Wateen continued its deployment of WiFi hotspots and now offers its services at over 200 locations, including educational institutions and health care facilities amongst others, in the major metros. This product could become a lifestyle enabler for consumers and an opportunity for mobile operators to offload their mobile GPRS/ EDGE customers to high speed data network at select locations. The management has also proposed establishing of a regulatory framework around this, however, this is dependent on the framing of a new telecom policy by the regulatory bodies.

Operations

Technical

The technical team redefined service parameters by the successful setup of the Enterprise Network Operations

Directors' Report

Center (ENOC), focusing on being more responsive to the customer needs. Along with this, the successful deployment of Enterprise Billing System and Campaign Management System geared Wateen as a customer-centric entity.

Despite extensive development activities all over Pakistan, OFC Network availability was kept at 99.99% mark. Site sharing agreements were signed with Mobilink and Augere to reduce operational expenditures. For WiMAX business, sites were dismantled from seven unprofitable cities and moved to areas of promise in the USF regions. The technical team contained churn by replacing the WiMAX links with GPON technology. Following the network-wide revamp activity, WiMAX network availability was improved to 99.5%. For Multimedia services, a remote head-end was established in Islamabad for provisioning of services to local loop operators and distributors in the region. Solar solutions are being evaluated to reduce network downtime due to consistent power outages for the HFC network.

After the fire incident, the internal reporting system had been disrupted and the engineering team worked actively with the Finance team for the preparation and deployment of the Enterprise Resource Planning (ERP). Automated inventory and commission systems to support the consumer business were initialized for the first time.

Human Resources

Wateen's HR continued to play a proactive role in evolving the human capital needed to shape the future of the organization. In an unprecedented move towards realizing the immense human capital potential of the organization, Company's 'core values' were launched through events organized in Karachi, Lahore and Islamabad. This was the springboard which helped build momentum to align the workforce with Wateen's new found vision and mission of the Company.

In line with Wateen's stated mission and values based on unmatched passion towards customer service, ownership, teamwork and innovation, Wateen saw an effective implementation of values, a key initiative of the HR transformation. High levels of satisfaction and motivation were achieved through employee participation in values-based trainings and events. Focus towards attracting and retaining a motivated, engaged and committed workforce continues to remain strong. Fire-fighting drills and emergency trainings were conducted to improve the safety of the employees.

Marketing

In light of the containment plan, majority of the marketing and promotional expenses were curtailed as costs were reduced by 82%. An active, low-cost public relations campaign remained in place through the course of the year ensuring our continuous messaging and controlled communication, requisite of any publically listed company.

The team effectively promoted senior leadership and their vision to further cement our role in the industry as thought leaders with a vision to guide the larger market developments. This, we were able to accomplish by facilitating extensive media interviews across all mediums to offer meaningful pulse on the industry.

To advance market education on building low-cost, effective solutions for enterprises, Wateen co-organized a "Technology Awareness Session" with Cisco for Enterprise customers. Wateen also achieved TelePresence Video Express Authorized Technology Provider (ATP) status from Cisco. This designation recognizes Wateen as having fulfilled the training requirements and program prerequisites to sell, deploy and support TelePresence video products and solutions.

Furthermore, Wateen orchestrated active community giving in the areas of education and art to promote Wateen as a responsible corporate citizen. Events such as the first ever Lahore Literary Festival as well as sponsorship of cultural and art events at the local universities also promoted Wateen as an employer of choice amongst the youth.

Future Outlook

As a new business friendly political government settles in its role, private sector is looking forward to an improved economic environment and with the hopes that attention will be paid towards the pressing needs of the ICT industry. The inevitable launch of 3G technology will serve as a key catalyst as mobile operators will look towards an up-gradation of their networks for readiness. The gradual shift in the customer mindset to move from copper-based services to the more robust fiber-based technology will be enhanced through market awareness. With the steady adoption of fiber as the medium of communication and cloud computing services by the private sector, the Enterprise business segment is expected to deliver new revenue streams in coming years. The company aims at maintaining the current trend of maintaining its revenues, reducing losses and developing a resilient foundation for long term growth for all the shareholders, employees and the customers.

Subsidiaries

Financial statements of the Company and its subsidiaries (Group) show a loss of PKR 1,116 million (FY12: PKR 18,612million). Group revenue was recorded at PKR 8,877 million as compared to PKR 7,367 million for the year ended June 30, 2012.

Wateen Telecom Limited has the following subsidiaries:

Wateen Solutions (Private) Limited – (WSPL)

Wateen Telecom holds 51% shares in WSPL. WSPL commenced its operations on January 1, 2007, and is engaged in the business of providing system integration services. The main activities of WSPL are to sell and deploy telecom equipment and provide related services. WSPL mainly focuses on three revenue streams:

- VAR (Value Added Reselling);
- Professional Services / Managed Network Services; and
- Commissions and Margins

During the year Wateen Solutions (Private) Limited incurred loss of PKR 35.6 million (FY12: PKR 51.7 million).

Wateen Satellite Services (Private) Limited – (WSSPL)

Wateen Telecom Limited holds 100% shares of WSSPL. WSSPL was incorporated on September 27, 2005 and is involved in providing back haul and satellite data connectivity services to different operators. WSSPL's operations have been consolidated in Wateen Telecom Limited and this entity is in the process of being wound up accordingly.

During the year Wateen Satellite Services (Private) Limited incurred loss of PKR 7.7 million (FY12: PKR 0.15 million).

Nets Online Services (Private) Limited – (NOSPL)

Wateen Telecom Limited holds 100% shares of NOSPL. NOSPL was incorporated on November 02, 2005 and is providing DSL services. Wateen has discontinued DSL operation and this entity is in the process of being wound up accordingly.

During the year Nets Online Services (Private) Limited incurred loss of PKR 0.04 million (FY12: PKR 0.04 million)

Directors' Report

Wateen Telecom UK Limited – (WTUL)
Wateen Telecom Limited has investment in 100% shares of Wateen Telecom UK Limited of par value GBP 10,000 (FY12: 100% shares of par value of GBP 10,000). WTUL was incorporated in UK in 2008 for wholesale and retail voice business.

During the year Wateen Telecom UK Limited incurred loss of PKR 3.52 million (FY12: 166.2 million)

WATEEN WIMAX (PRIVATE) LIMITED
Wateen WiMAX (Private) Limited, incorporated as a Private Limited Company under the companies Ordinance, 1984 on December 06, 2012 and is engaged in providing WiMAX Telecommunications services. Wateen owns 100% shares of Wateen WiMAX Private Limited since inception.

During the year Wateen WiMax (Private) Limited incurred loss of PKR 0.49 million (FY12: Nil).

Corporate And Financial Reporting Framework

To the extent already disclosed otherwise in the Statement of Compliance with the Code of Corporate Governance, the Company has complied with all material requirements of the Code of Corporate Governance and the Directors are pleased to confirm the following:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, its cash flows and its changes in equity.

- Proper books of accounts of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure therefrom has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts about the Company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.

- Information regarding outstanding taxes and levies is given in notes to the financial statements
- The audited value of employees' retirement benefit assets as per audited accounts amounted to PKR 327 million at June 30, 2013.

Board Audit Committee

The Board Audit Committee of the Company has been established under the requirements of the Code of Corporate Governance with the purpose of assisting the Board of Directors in fulfilling their oversight responsibilities relating to internal controls, financial and accounting matters, compliance and risk management practices.

Composition

Mr. Abid Hasan (Independent Director)	Chairman
Mr. Khwaja Ahmed Hosain (Independent Director)	Member
Mr. Jihah Hajali (Non-Executive Director)	Member
Mr. Omar Zia (Head of Audit, Rick Governance)	Secretary

Attendance of Board Members

Two (2) meetings of the Board Audit Committee were held during the financial year 2012-13:

Name of Board Member	Meetings attended
Mr. Zouhair A. Khaliq	2
Mr. Khwaja Ahmed Hosain	2
Mr. Jinah Hajali	2

Terms of Reference

The Committee operates within the scope of the Terms of Reference approved by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

The Board Audit Committee, among other matters, is responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders, matters pertaining to resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements.

The roles and responsibilities of the Board Audit Committee include, but are not limited to:

- Determining appropriate measures to safeguard the Company's assets;

- Reviewing quarterly, half-yearly and annual financial statements of the Company and preliminary announcements of the results before approval by the Board especially;

    - major judgmental areas;
    - significant adjustments resulting from the audit;
    - the going-concern assumption;
    - any changes in accounting policies and practices;
    - compliance with applicable accounting standards;
    - compliance with listing regulations and other statutory and regulatory requirements; and
    - significant related party transactions;

- Reviewing the Company's statement on internal control systems prior to its approval by the Board;

- Ensuring coordination between the internal and external auditors;

- Reviewing the management letter issued by external auditors and management's response thereto;

- Ascertaining that the system of internal controls, including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities as well as reporting structure are adequate and effective;

- Considering major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's responses thereto; and

- Monitoring compliance with the Company's policies and procedures, the best practices of corporate governance along with identification of significant violations thereof

Directors' Report

Additionally, the Board Audit Committee has explicit authority to investigate any matter and has full cooperation of and access to the Management. It has full discretion to invite any Director or Executive officer to attend its meetings.

Audit, Risk & Governance Division

The Company has established an Audit, Risk & Governance (ARG) Division for internal audit activities. ARG comprises a team of 5 members including the Head of ARG, who reports directly to the Board Audit Committee.

The Board Audit Committee reviews and approves the Internal Audit Charter and Plans to ensure adequacy and effectiveness of the internal audit function. ARG reports all audit findings to the Board Audit Committee for consideration and appropriate actions.

Consolidated Financial Statements

Consolidated financial statements of the Company are also included as part of this annual report.

Auditors

The present Auditors M/s A.F. Ferguson & Co., Chartered Accountants have completed their assignment for the year ended June 30, 2013 and shall retire on the conclusion of the Annual General Meeting. In accordance with the Code of Corporate Governance, the Audit Committee and the Board of Directors considered and recommended the re-appointment of M/s A.F. Ferguson & Co., Chartered Accountant as Auditors for the year ending June 30, 2014.

SHAREHOLDING PATTERN

The shareholding pattern as at June 30, 2013, is annexed in this report.

WEB PRESENCE

Annual and periodical financial statements of the Company are also available on the Wateen website www.wateen.com for information of the shareholders and others.

Acknowledgements

On behalf of the Board of Directors of the Company, we would like to thank all our customers, suppliers, contractors, service providers, sponsors and shareholders for their continued support. We would like to commend the diligent and dedicated efforts of our employees across the country which has enabled the Company to successfully face the challenges of a highly competitive telecom environment. We would also like to express our special thanks to the Government of Pakistan and the Abu Dhabi Group for their continued support and encouragement.

Attendance of the Board Members

During the period under review five (05) Board Meetings were held. Attendance by each director is as follows:

S. No.	The Name of Board Members	Status	Meetings Attended
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	Chairman	0
2	Mr. Zouhair Abdul Khaliq	Director	5
3	Mr. Naeem Zamindar	Director / CEO	5
4	Mr. Adeel Bajwa	Director	5
5	Mr. Jinah Hajali	Director	5
6	Mr. Abid Hasan	Director	5
7	Mr. Khwaja Ahmed Hosain	Director	5

1	H.E. Sheikh Mohammad Nahayan Mubarak Al Nahayan	Alternative Director	5

DIRECTORS TRAINING

Director / CEO of the Company attended all three parts of Corporate Governance Leadership Program of PICG's (Pakistan Institute of Corporate Governance).

Horizontal Analysis - Balance Sheet

(Rupees in Million)

	2013 Rs.	13 vs 12 %	2012 Rs.	12 vs 11 %	2011 Rs.	11 vs 10 %	2010 Rs.	10 vs 09 %	2009 Rs.
SHARE CAPITAL AND RESERVES									
Issued, subscribed and paid-up capital	6,175	-	6,175	-	6,175	-	6,175	196	2,087
General reserve	135	-	135	-	135	-	135	(66)	393
Accumulated loss	(26,675)	4	(25,638)	262	(7,082)	237	(2,100)	(215)	1,829
	(20,365)	5	(19,329)	2,403	(772)	(118)	4,210	(2)	4,309
NON-CURRENT LIABILITIES									
Long term finance - secured	-	-	-	-	-	-	-	(100)	6,156
Long term finance from supplier	-	-	-	-	-	-	-	(100)	3,169
Long term finance from shareholders - unsecured	10,820	15	9,376	91	4,918	-	-	-	-
Cross currency and interest rate swap	-	-	-	-	-	(100)	139	-	-
Medium term finance from an associated company - unsecured	600	-	600	-	-	-	-	-	-
Obligations under finance leases	1	(49)	2	(51)	4	(19)	5	-	-
Long term deposits	58	(11)	66	7	62	(44)	110	(12)	126
	11,480	14	10,044	102	4,984	1,855	255	(97)	9,450
DEFERRED LIABILITIES									
Employees' retirement benefits	-	-	-	-	-	(100)	44	21	36
Deferred income tax liability	-	-	-	-	-	(100)	75	(94)	1,188
Deferred USF grants	1,770	1	1,749	54	1,136	37	827	289	212
	1,770	1	1,749	54	1,136	20	945	(34)	1,437
CURRENT LIABILITIES									
Current portion of long term finance - secured	15,694	2	15,318	24	12,348	(4)	12,845	776	1,466
Current portion of medium term finance from associated company - secured	-	-	-	(100)	600	-	-	-	-
Current portion of deferred mark up	1,066	35	791	-	-	-	-	-	-
Current portion of obligations under finance leases	3	25	3	(27)	4	132	2	-	-
Finance from supplier - unsecured	41	-	41	(31)	59	(24)	78	(77)	339
Short term running finance - secured	1,558	4	1,504	(63)	4,108	(11)	4,604	73	2,659
Trade and other payables	6,626	1	6,548	31	5,006	(15)	5,922	(2)	6,034
Interest / markup accrued	1,451	63	893	12	800	(6)	849	173	311
	26,440	5	25,097	9	22,924	(6)	24,300	125	10,808
	19,324	10	17,561	(38)	28,272	(5)	29,710	14	26,005
NON-CURRENT ASSETS									
Property, plant and equipment									
Operating assets	11,238	24	9,085	(52)	18,750	10	17,046	21	14,051
Capital work in progress	729	(67)	2,190	(5)	2,304	(41)	3,884	11	3,514
Intangible assets	171	(8)	186	(8)	203	(1)	205	(10)	227
	12,138	6	11,461	(46)	21,258	1	21,134	19	17,791

(Rupees in Million)

	2013 Rs.	13 vs 12 %	2012 Rs.	12 vs 11 %	2011 Rs.	11 vs 10 %	2010 Rs.	10 vs 09 %	2009 Rs.
LONG TERM DEPOSITS AND PREPAYMENTS									
Long term deposits	241	(6)	257	(12)	293	23	239	(18)	290
Long term prepayments	66	(5)	69	8	64	(19)	79	(9)	87
	307	(6)	326	(9)	357	12	318	(16)	377
CURRENT ASSETS									
Trade debts	2,743	45	1,892	7	1,768	(43)	3,098	4	2,983
Contract work in progress	17	9	16	5	15	(19)	19	4	18
Stores, spares and loose tools	483	(4)	503	(5)	531	(37)	848	6	798
Stocks	-	-	-	-	-	-	-	(100)	39
Advances, deposits, prepayments and other receivables	2,706	12	2,414	49	1,615	(19)	2,001	(41)	3,415
Income tax refundable	340	(3)	350	41	249	4	239	23	194
Cash and bank balances	452	(2)	460	(26)	622	(69)	1,997	498	334
	6,741	20	5,635	17	4,801	(41)	8,201	5	7,780
	19,324	10	17,561	(38)	28,272	(5)	29,710	14	26,005

Vertical Analysis - Balance Sheet

(Rupees in Million)

	2013		2012		2011		2010		2009	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Vertical Analysis										
SHARE CAPITAL AND RESERVES										
Issued, subscribed and paid-up capital	6,175	32	6,175	35	6,175	22	6,175	21	2,087	8
General reserve	135	1	135	1	135	-	135	-	393	2
Accumulated loss	(26,675)	(138)	(25,638)	(146)	(7,082)	(25)	(2,100)	(7)	1,829	7
	(20,365)	(105)	(19,329)	(110)	(772)	(3)	4,210	14	4,309	17
NON-CURRENT LIABILITIES										
Long term finance - secured	-	-	-	-	-	-	-	-	6,156	24
Long term finance from supplier	-	-	-	-	-	-	-	-	3,169	12
Long term finance from shareholders - unsecured	10,820	56	9,376	53	4,918	17	-	-	-	-
Cross currency and interest rate swap	-	-	-	-	-	-	139	-	-	-
Medium term finance from an associated										
company - unsecured	600	3	600	3	-	-	-	-	-	-
Obligations under finance leases	1	-	2	-	4	-	5	-	-	-
Long term deposits	58	-	66	-	62	-	110	-	126	-
	11,480	59	10,044	57	4,984	18	255	1	9,450	36
DEFERRED LIABILITIES										
Employees' retirement benefits	-	-	-	-	-	-	44	-	36	-
Deferred income tax liability	-	-	-	-	-	-	75	-	1,188	5
Deferred USF grants	1,770	9	1,749	10	1,136	4	827	3	212	1
	1,770	9	1,749	10	1,136	4	945	3	1,437	6
CURRENT LIABILITIES										
Current portion of long term finance - secured	15,694	81	15,318	87	12,348	44	12,845	43	1,466	6
Current portion of medium term finance										
from associated company - secured	-	-	-	-	600	2	-	-	-	-
Current portion of deferred mark up	1,066	6	791	5	-	-	-	-	-	-
Current portion of obligations under finance leases	3	-	3	-	4	-	2	-	-	-
Finance from supplier - unsecured	41	-	41	-	59	-	78	-	339	1
Short term running finance - secured	1,558	8	1,504	9	4,108	15	4,604	15	2,659	10
Trade and other payables	6,626	34	6,548	37	5,006	18	5,922	20	6,034	23
Interest / markup accrued	1,451	8	893	5	800	3	849	3	311	1
	26,440	137	25,097	143	22,924	81	24,300	82	10,808	42
	19,324	100	17,561	100	28,272	100	29,710	100	26,005	100
NON-CURRENT ASSETS										
Property, plant and equipment										
Operating assets	11,238	58	9,085	52	18,750	66	17,046	57	14,051	54
Capital work in progress	729	4	2,190	12	2,304	8	3,884	13	3,514	14
Intangible assets	171	1	186	1	203	1	205	1	227	1
	12,138	63	11,461	65	21,258	75	21,134	71	17,791	68

(Rupees in Million)

	2013		2012		2011		2010		2009	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
LONG TERM INVESTMENT IN SUBSIDIARY COMPANIES	138	1	138	1	138	-	57	-	57	-
DEFERRED INCOME TAX ASSET	-	-	-	-	1,719	6	-	-	-	-
LONG TERM DEPOSITS AND PREPAYMENTS										
Long term deposits	241	1	257	1	293	1	239	1	290	1
Long term prepayments	66	-	69	-	64	-	79	-	87	-
	307	2	326	2	357	1	318	1	377	1
CURRENT ASSETS										
Trade debts	2,743	14	1,892	11	1,768	6	3,098	10	2,983	11
Contract work in progress	17	-	16	-	15	-	19	-	18	-
Stores, spares and loose tools	483	2	503	3	531	2	848	3	798	3
Stocks	-	-	-	-	-	-	-	-	39	-
Advances, deposits, prepayments and other receivables	2,706	14	2,414	14	1,615	6	2,001	7	3,415	13
Income tax refundable	340	2	350	2	249	1	239	1	194	1
Cash and bank balances	452	2	460	3	622	2	1,997	7	334	1
	6,741	35	5,635	32	4,801	17	8,201	28	7,780	30
	19,324	100	17,561	100	28,272	100	29,710	100	26,005	100

Horizontal Analysis - Income Statement

(Rupees in Million)

	2013 Rs.	13 vs 12 %	2012 Rs.	12 vs 11 %	2011 Rs.	11 vs 10 %	2010 Rs.	10 vs 09 %	2009 Rs.
Revenue	8,547	20	7,133	5	6,779	(15)	7,961	(48)	15,410
Cost of sales (excluding depreciation and amortisation)	6,017	(16)	7,121	26	5,673	(4)	5,918	(44)	10,524
General and administration expenses	1,499	16	1,295	(25)	1,734	18	1,471	(19)	1,810
Advertisement and marketing expenses	51	(82)	291	20	243	33	183	(8)	199
Selling and distribution expenses	29	(36)	45	225	14	(32)	20	(80)	100
Provisions	197	(44)	352	(80)	1,741	2,765	61	100	-
Other (income)/ expenses	(73)	(409)	24	(122)	(110)	135	(47)	(80)	(232)
Profit/(Loss) before interest, taxation, impairment									
depreciation and amortisation	828	141	(1,995)	(21)	(2,516)	(810)	355	(88)	3,008
Less: Depreciation and amortisation	851	60	2,148	4	2,067	25	1,648	74	947
Provision/(reversal) of impairment of WiMAX assets	(1,258)	-	9,623	-	-	-	-	-	-
Finance cost	2,482	(23)	3,212	37	2,338	18	1,974	221	615
Finance income	(210)	50	(140)	(4)	(147)	(17)	(177)	(100)	-
Loss before taxation	(1,037)	(94)	(16,838)	149	(6,775)	119	(3,092)	(314)	1,447
Deferred income tax expense/(credit)	-	(100)	(1,719)	(196)	1,793	67	1,071	(306)	(519)
Loss for the year	(1,037)	(94)	(18,557)	272	(4,982)	147	(2,021)	(318)	928

Vertical Analysis - Income Statement

(Rupees in Million)

	2013		2012		2011		2010		2009	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Revenue	8,547	100	7,133	100	6,779	100	7,961	100	15,410	100
Cost of sales (excluding depreciation and amortisation)	6,017	70	7,121	100	5,673	84	5,918	74	10,524	68
General and administration expenses	1,499	18	1,295	18	1,734	26	1,471	18	1,810	12
Advertisement and marketing expenses	51	1	291	4	243	4	183	2	199	1
Selling and distribution expenses	29	0.34	45	1	14	-	20	-	100	1
Provisions	197	2	352	5	1,741	26	61	1	-	-
Other (income)/ expenses	(73)	(0.86)	24	-	(110)	(2)	(47)	(1)	(232)	(2)
Profit/(Loss) before interest, taxation, impairment depreciation and amortisation	828	10	(1,995)	(28)	(2,516)	(37)	355	4	3,008	20
Less: Depreciation and amortisation	851	10	2,148	30	2,067	30	1,648	21	947	6
Provision for impairment of WiMAX assets	(1,258)	-	9,623	135	-	-	-	-	-	-
Finance cost	2,482	29	3,212	45	2,338	34	1,974	25	615	4
Finance income	(210)	(2)	(140)	(2)	(147)	(2)	(177)	(2)	-	-
Loss before taxation	(1,037)	(12)	(16,838)	(236)	(6,775)	(100)	(3,092)	(39)	1,447	9
Deferred income tax (expense)/credit	-	-	(1,719)	(24)	1,793	26	1,071	13	(519)	(3)
Loss for the year	(1,037)	(12)	(18,557)	(260)	(4,982)	(73)	(2,021)	(25)	928	6

Statement of Compliance

WITH THE CODE OF CORPORATE GOVERNANCE

NAME OF COMPANY: WATEEN TELECOM LIMITED YEAR ENDED: JUNE 30, 2013

This Statement is being presented to comply with the Code of Corporate Governance ('CCG') contained in Regulation No. 35 of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges 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.

Wateen Telecom Limited ("Company") has applied the principles contained in the CCG 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
Independent Directors	Mr. Abid Hasan
Independent Directors	Mr. Khwaja Ahmed Hosain
Executive Directors	Mr. Naeem Zamindar
Non-Executive Directors	H.H. Nahayan Mabarak Al Nahayan Mr. Zouhair Abdul Khaliq Mr. Adeel Khalid Bajwa Mr. Jinah Hajali

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

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 Development Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies occurred on the Board on October 31, 2012 and were filled by the directors on the same day.

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 remuneration of directors have been approved by the Board.

8. The meetings of the Board were presided over by the Chairman and in his absence, by a director/ alternate 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 (07) days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. Executive director/CEO attended the Corporate Governance Leadership Skills Programs, conducted by PICG in December 2012 and January 2013.

10. The Board has approved the appointment of CFO including the remuneration and terms & conditions of employment. The CFO is a Chartered Accountant and a seasoned professional with more than 20 years of experience. At the time of appointment of CFO, the Company did not seek approval of the Securities and Exchange Commission of Pakistan (SECP) in his case to relax then applicable specific requirements of prior related working experiences of listed company. However, the appointment of CFO is in compliance with the latest amended requirements for appointment of CFO of a listed company; as have been prescribed by the SECP through their directive No SMD/ SE/2(10)/2002 dated December 30, 2013.

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 except for submission of first quarter, half year, third quarter and annual financial statements with the regulatory authorities, stock exchange and the member of the Company on the timely basis as a result of delay in compilation of financial statements for year ended June 30, 2012 due to fire incidence which erupted at the head office of the company on February 10, 2012 and resultant reconstruction of data.

15. The Board has formed an Audit Committee. It comprises of three directors of whom two are independent directors, and Chairman of the Audit Committee is an independent director.

16. Two meetings of the Audit Committee were held during the second and fourth quarters prior to approval of interim and final results of the company and as required by the CCG, meetings of the Audit Committee could not be held during the first and third quarters due to delay in finalization of financial statements for the year ended June 30, 2012 as a result of fire incident which erupted at the Head office of the Company on February 10, 2012. The terms of reference of the audit committee have been formed and advised to the audit committee for compliance.

17. The HR and Remuneration Committee ("HR&R Committee") was formed on October 31, 2012. It comprises of three members of whom two are non-executive directors and the Chairman of the committee is an independent director.

18. The Board has set-up an internal audit function that is considered suitably qualified and experienced for the purpose and is 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 Institute of Chartered Accountants of Pakistan, 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 Accounts (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

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 the company's security, was determined and intimated to directors, employees and stock exchanges.

22. Material/ price sensitive information has been disseminated among all the market participants at once through stock exchanges.

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

Naeem Zamindar
Chief Executive Officer

Dated: February 26, 2014

Auditors' Review Report to the Members
on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Wateen Telecom Limited (the Company) for the year ended June 30, 2013, to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company was listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non compliance with the requirements of the Code. 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 the 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 of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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 as applicable to the Company for the year ended June 30, 2013.

Further, we highlight below instances of non compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

	Paragraph reference	**Description**
i.	10	The experience of Chief Financial Officer (CFO) was not in accordance with the requirements of the Code at the time of his appointment.
ii.	14	Interim and annual financial statements of the Company were not submitted on timely basis.
iii.	16	Audit Committee meetings were not held in the first and third quarter of the financial year.

A.F.Ferguson & Co.

Chartered Accountants
Islamabad
Date: February 26, 2014

Engagement partner: JehanZeb Amin

Auditors' Report to the Members

We have audited the annexed statement of financial position of Wateen Telecom Limited (the Company) as at June 30, 2013 and the related income statement, statement of comprehensive income, statement of cash flows 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 except as explained in note 44 to the financial statements that the Company is in the process of reconstructing its records for the period July 1, 2008 to June 30, 2011, which were lost by fire incident on February 10, 2012.

(b) in our opinion:

   (i) the statement of financial position and income statement 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) As explained in note 19.1 to the financial statements, the Company has reversed an impairment loss of Rs 1,258 million representing excess of estimated recoverable amount of operating assets related to its WiMAX operations over the recoverable amount previously estimated. The recoverable amount of these assets estimated by an external consultant amounts to Rs 3,121 million and is based on consolidated business plan contemplated in the Master Transaction Agreement entered between the Company and another company for consolidation of business as referred to in note 45.2 of the financial statements. The conclusive selling price of these assets will be confirmed on consolidation of WiMAX business and any consequential difference from recoverable amount estimated above will be recognised in the financial statements of the subsequent period. In the absence of a conclusive agreed selling price of these assets, we were unable to form our opinion on the recoverable amount of these assets.

    In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matter described in the preceding paragraph, the statement of financial position, income statement, statement of comprehensive income, statement of cash flows 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 June 30, 2013 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and

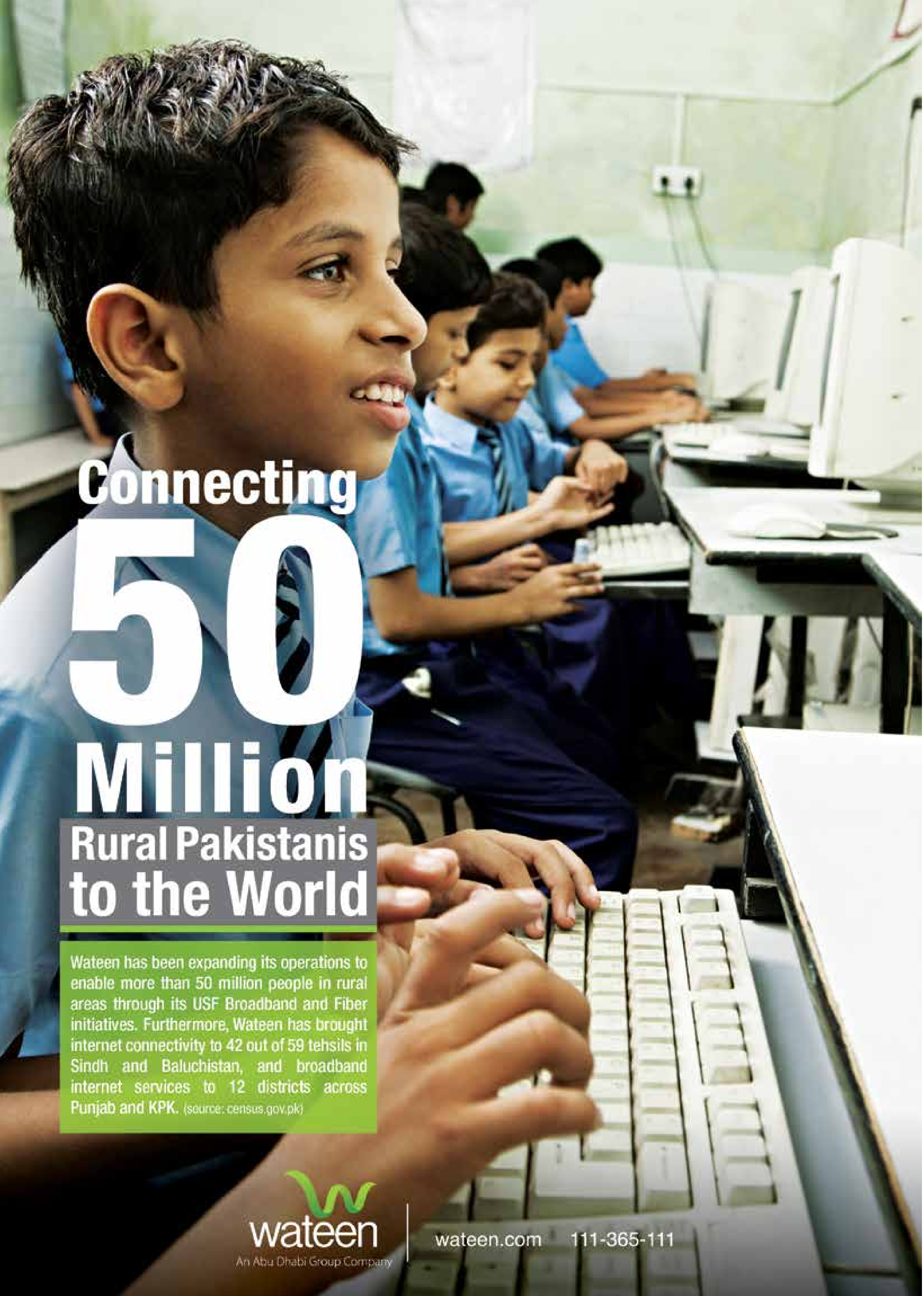
(d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to note 2 (iii) to the financial statements related to management's assessment of going concern. Our opinion is not qualified in respect of this matter.

A.F.Ferguson & Co.

Chartered Accountants
Islamabad

Date: February 26, 2014
Engagement partner: JehanZeb Amin


Connecting
50
Million
Rural Pakistanis
to the World
Wateen has been expanding its operations to enable more than 50 million people in rural areas through its USF Broadband and Fiber initiatives. Furthermore, Wateen has brought internet connectivity to 42 out of 59 tehsils in Sindh and Baluchistan, and broadband internet services to 12 districts across Punjab and KPK. (source: census.gov.pk)
wateen
An Abu Dhabi Group Company
wateen.com 111-365-111

WATEEN.COM

Wateen Telecom Ltd.
4th Floor, New Auriga Complex,
Main Boulevard, Gulberg II, Lahore.
UAN: 111 999 919

Financial Statements

Statement of Financial Position
as at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital	5	10,000,000	10,000,000
Issued, subscribed and paid-up capital	5	6,174,746	6,174,746
General reserve	6	134,681	134,681
Accumulated loss		(26,674,911)	(25,638,154)
		(20,365,484)	(19,328,727)
NON-CURRENT LIABILITIES			
Long term finance - secured	7	-	-
Long term portion of deferred mark up	8	-	-
Long term finance from shareholders - unsecured	9	10,820,230	9,376,247
Medium term finance from an associated company - unsecured	10	600,000	600,000
Obligations under finance leases	11	1,090	2,144
Long term deposits	12	58,220	65,672
		11,479,540	10,044,063
DEFERRED LIABILITIES			
Deferred grants	13	1,770,119	1,748,500
CURRENT LIABILITIES			
Current portion of long term finance - secured	7	15,694,054	15,318,243
Current portion of deferred mark up	8	1,065,958	790,743
Current portion of obligations under finance leases	11	3,257	2,616
Finance from supplier - unsecured	14	40,542	40,542
Short term running finance - secured	15	1,558,226	1,503,656
Trade and other payables	16	6,626,287	6,548,324
Interest / markup accrued	17	1,451,400	892,862
		26,439,724	25,096,986
CONTINGENCIES AND COMMITMENTS	18		
		19,323,899	17,560,822

The annexed notes 1 to 47 form an integral part of these financial statements.

Statement of Financial Position
as at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	19	11,238,094	9,084,897
Capital work in progress	20	729,229	2,190,030
Intangible assets	21	170,643	186,286
		12,137,966	11,461,213
LONG TERM INVESTMENT IN SUBSIDIARY COMPANIES	22	137,671	137,661
DEFERRED INCOME TAX ASSET	23	-	-
LONG TERM DEPOSITS AND PREPAYMENTS			
Long term deposits	24	240,886	257,040
Long term prepayments	25	65,893	69,447
		306,779	326,487
CURRENT ASSETS			
Trade debts	26	2,743,424	1,892,362
Contract work in progress		17,366	15,876
Stores, spares and loose tools	27	482,523	503,221
Advances, deposits, prepayments and other receivables	28	2,705,586	2,413,693
Income tax refundable		340,251	349,875
Cash and bank balances	29	452,333	460,434
		6,741,483	5,635,461
		19,323,899	17,560,822

Chief Executive

Director

Income Statement
for the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
Revenue	30	8,546,710	7,132,797
Cost of sales (excluding depreciation and amortisation)	31	6,016,686	7,121,314
General and administration expenses	32	1,498,661	1,295,284
Advertisement and marketing expenses		51,074	290,758
Selling and distribution expenses		28,782	45,273
Provisions and write off	33	196,728	351,660
Other income	34	(73,313)	(69,955)
Other expenses	35	-	93,666
Profit/(loss) before interest, taxation, impairment depreciation and amortisation		828,092	(1,995,203)
Less: Depreciation and amortisation		850,973	2,148,382
Provision/(reversal) of impairment of WiMAX assets	19.1	(1,258,414)	9,622,973
Finance cost	36	2,482,219	3,211,610
Finance income	37	(209,929)	(140,213)
Loss before taxation		(1,036,757)	(16,837,955)
Deferred income tax expense		-	(1,718,574)
Loss for the year		(1,036,757)	(18,556,529)
Loss per share - Basic and diluted (Rs)	39	(1.68)	(30.05)

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive

Director

Statement of Comprehensive Income
for the year ended June 30, 2013

	2013	2012
	(Rupees in thousand)	
Loss for the year	(1,036,757)	(18,556,529)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,036,757)	(18,556,529)

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive

Director

Statement of Cash Flows
for the year ended June 30, 2013

	2013	2012
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(1,036,757)	(16,837,955)
Adjustment of non cash items:		
Depreciation and amortisation	850,973	2,148,382
Finance cost	2,482,219	3,211,610
(Profit)/loss on sale of operating assets	46	(2,811)
Loss on assets destroyed in fire	-	93,425
Provision / (reversal) of impairment of WiMAX assets	(1,258,414)	9,622,973
Operational cost associated with lease	521,549	-
Deferred USF grant recognised during the year	(68,181)	(67,144)
Provisions and write off	196,728	351,660
	2,724,920	15,358,095
	1,688,163	(1,479,860)
Changes in working capital:		
(Increase)/ decrease in trade debts	(1,002,790)	(456,569)
(Increase)/ decrease in contract work in progress	(1,490)	(698)
(Increase)/ decrease in stores, spares and loose tools	20,698	28,210
(Increase)/ decrease in advances, deposits, prepayments and other receivables	(503,079)	(592,725)
Increase in trade and other payables	77,963	1,589,011
	(1,408,698)	567,229
Employees' accumulated absences paid	-	(47,032)
Income taxes paid	9,624	(101,049)
Cash flow from operating activities	289,089	(1,060,712)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment additions	(778,225)	(2,259,212)
Intangible assets additions	(11,796)	(9,498)
Proceeds from sale of property, plant and equipment	1,583	3,558
Proceeds from insurance claim	-	200,000
Increase in long term investment in subsidiary companies	(10)	-
Long term deposits receivable / received	16,154	36,003
Long term prepayments	3,554	(5,353)
Cash flow from investing activities	(768,740)	(2,034,502)

Statement of Cash Flows
for the year ended June 30, 2013

	2013	2012
	(Rupees in thousand)	
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance from shareholders - unsecured	956,575	4,458,020
Long term finance repaid	-	(27,000)
Increase in long term finance - secured	-	2,862,591
Finance from supplier - unsecured	-	(18,570)
Deferred USF grant received	255,986	454,438
Obligations under finance leases repaid	(2,882)	(3,253)
Long term deposits (repaid) - payable	(7,452)	4,084
Finance cost paid	(785,247)	(2,327,573)
Cash flow from financing activities	416,980	5,402,737
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(62,671)	2,307,523
Cash and cash equivalents at beginning of the year	(1,043,222)	(3,350,745)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(1,105,893)	(1,043,222)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	452,333	460,434
Short term running finance - secured	(1,558,226)	(1,503,656)
	(1,105,893)	(1,043,222)

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive

Director

Statement of Changes in Equity
for the year ended June 30, 2013

	Share capital	General reserve	Accumulated loss	Total
		(Rupees in thousand)		
Balance at July 1, 2011	6,174,746	134,681	(7,081,625)	(772,198)
Total comprehensive loss for the year				
Loss for the year	-	-	(18,556,529)	(18,556,529)
Other comprehensive income	-	-	-	-
	-	-	(18,556,529)	(18,556,529)
Balance at June 30, 2012	6,174,746	134,681	(25,638,154)	(19,328,727)
Total comprehensive loss for the year				
Loss for the year	-	-	(1,036,757)	(1,036,757)
Other comprehensive income	-	-	-	-
	-	-	(1,036,757)	(1,036,757)
Balance at June 30, 2013	6,174,746	134,681	(26,674,911)	(20,365,484)

The annexed notes 1 to 47 form an integral part of these financial statements.

Chief Executive

Director

Notes to and Forming Part of the Financial Statements
for the year ended June 30, 2013

1. Legal status and operations

The Company was incorporated in Pakistan as a Private Limited Company under Companies Ordinance, 1984 on March 4, 2005 for providing Long Distance and International public voice telephone (LDI) services and Wireless Local Loop (WLL) service in Pakistan. The Company commenced its LDI business commercial operations from May 1, 2005. The legal status of the Company was changed from “Private Limited” to “Public Limited” with effect from October 19, 2009. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Lahore. The Company is a subsidiary of Warid Telecom International LLC, U.A.E. The Karachi, Lahore and Islamabad Stock Exchanges have accepted the request for delisting of the Company and accordingly Company shall stand delisted from these stock exchanges with effect from February 17, 2014.

2. Basis of preparation

(i) Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These financial statements are the separate financial statements of the Company. In addition to these separate financial statements, the Company also prepares consolidated financial statements.

(ii) Accounting convention

These financial statements have been prepared on the basis of ‘historical cost convention’ except as otherwise stated in the respective accounting policies notes.

(iii) Management’s assessment of going concern

In assessing the going concern status of the Company, management has carefully assessed a number of factors covering the operational performance of the business, the ability to implement a significant debt restructuring of the Company’s existing debts and the appetite of majority shareholder to continue financial support. Based on the analysis of these, management is comfortable that the Company will be able to continue as a going concern in the foreseeable future. Set out below are the key areas of evidence that management has considered.

Operational performance

During the year ended June 30, 2013, the Company incurred loss of Rs 1,037 million and had net current liabilities as at June 30, 2013 of Rs 19,698 million, of which Rs 15,694 million relate to loan installments classified as current liabilities as mentioned in note 7.5 and Rs 1,066 million relates to deferred markup classified as current liability as mentioned in note 8.1 which are due for repayment after June 30, 2014. The Company has negative equity of Rs 20,365 million at June 30, 2013. It is important to note that during this period of losses the majority shareholder of the Company has continued to provide financial support in the form of long term finance amounting to Rs 10,820 million to meet the requirements of the Company.

During the financial year 2012, the Board directed management to implement a ‘Containment plan’ that would stem the losses of the Company and provide stability. This containment plan included a cost cutting exercise, assessment of options for the WiMAX business, and continued support of the other business lines. With regards to the WiMAX business, subsequent to the reporting period the company and Augere Holdings (Netherlands) B.V. signed a Master Transaction Agreement dated December 4, 2013 for combination of their respective WiMAX businesses.

The Company has incurred capital expenditure on different Universal Service Fund (USF) Projects awarded by USF Company, (total contract of Rs 4,848 million value awarded to date) of which Rs 1,899 million have been received by the Company to date. Further certain milestones have been achieved and the Company is in the process of offering the project milestone notice(s) for audit to the USF Company during the ensuing year. Upon successful completion of audit the Company will be entitled to claim the balance amount from USF Company related to completed milestones, and collect further material receipts from the USF Company which will benefit the cash flow.

Debt restructuring

Discussions are at advance stage with the local syndicate lenders, foreign debt lenders and our majority shareholders, constructive discussions are taking place and there is a willingness on all sides to find a solution, including a willingness from our majority shareholder to provide further financial support. Given this, management is of the view that based on these constructive discussions and information that is currently available there is a high likelihood of a successful outcome.

Ongoing Shareholder Support

The Company's majority shareholder Warid Telecom International LLC U.A.E.(WTI) continues to provide management with comfort with regards to it's ongoing support, key requirements of which are the delisting of the Company from all stock exchanges of Pakistan where the Company is listed, and the successful restructuring of the debt. Both of these initiatives are progressing well.

In addition to this WTI guarantees the local Syndicate Finance Facility, and certain personal guarantees are provided to the foreign debt holders. Based on the provision of these Guarantees WTI is providing strong support to the management through the restructuring discussions.

The Company's shareholders in the Extra Ordinary General Meeting held on October 19, 2013 approved the delisting of the Company. Thereafter, the required number of shares has been purchased by the majority shareholder and the respective stock exchanges have informed the Company that the Company shares will be delisted from these stock exchanges effective February 17, 2014.

(iv) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

(i) Operating assets - estimated useful life of property, plant and equipment (note 19)
(ii) Impairment of WiMAX assets (note 19.1)
(iii) Impairment of DSL assets (note 20)
(iv) Provision for doubtful debts (note 26)
(v) Provision for obsolete stores (note 27)
(vi) Provision for doubtful advances and other receivables (note 28)
(vii) Provision for current and deferred income tax (note 23)
(viii) Employees' retirement benefits (note 41)

3 Adoption of new and revised standards and Interpretations

a) The following amendments, revisions and interpretations to published accounting standards were not effective during the year and have not been early adopted by the Company:

		Effective for periods beginning on or after
IFRS 7	Financial instruments: Disclosures (Amendments)	January 01, 2013
IAS 1	Presentation of financial statements (Amendments)	January 01, 2013
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2013
IAS 19	Employee benefits (Amendments)	January 01, 2013
IAS 27	Separate Financial Statements (Revised)	January 01, 2013
IAS 28	Investments in Associates and Joint Venture (Revised)	January 01, 2013
IAS 32	Financial Instruments: Presentation (Amendments)	January 01, 2013 & January 01, 2014
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2013
IAS 36	Impairment of assets (Amendments)	January 01, 2014
IAS 39	Financial Instruments: Recognition and measurement (Amendments)	January 01, 2014
IFRIC 20	Stripping costs in production phase of a surface mine	January 01, 2013

The management anticipates that, except for the effects on the financial statements of amendments in IAS 19 "Employee Benefits", the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than the impact on presentation / disclosures. The application of amendments in IAS 19 require immediate recognition of cumulative unrecognized actuarial gains/losses in other comprehensive income in the period of initial application and to replace with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Company is yet to assess the full impact of the amendments.

b) The following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan:

		Effective for periods beginning on or after
IFRS 1	First-time adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IFRIC 21	Levies	January 1, 2014

c) The following interpretations issued by the IASB have been waived off by the SECP, effective January 16, 2012:

IFRIC 4 Determining Whether an Arrangement Contains a Lease
IFRIC 12 Service Concession Arrangements

Notes to and Forming Part of the Financial Statements
for the year ended June 30, 2013

4 Summary of significant accounting policies

4.1 Employees' retirement benefits

4.1.1 The Company operates funded gratuity scheme for all permanent employees. The expense is recognised on the basis of actuarial valuation. Actuarial gains and losses in excess of the 'corridor' (10% of the higher of fair value of plan assets or present value of defined benefit obligation) are recognised over the remaining working life of employees. The latest actuarial valuation was carried out as at June 30, 2013, related details of which are given in note 41 to the financial statement.

4.1.2 Contributory provident fund for all permanent employees of the Company is in place. Contribution for the year amounted to Rs 29.386 million (2012: Rs 31.452 million).

4.2 Taxation

The tax expense for the year comprises of current and deferred income tax, and is recognized in income for the year, except to the extent that it relates to items recognized directly in other comprehensive income, in which case the related tax is also recognized in other comprehensive income.

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit.

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized 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.

Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse, and the tax rates that have been enacted, or substantively enacted, at the date of the statement of financial position.

4.3 Government grant

Government grants are recognized at their fair values and included in non-current liabilities, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

4.4 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using effective interest method.

Borrowing costs incurred that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. All other borrowing costs are charged to income for the year. Qualifying assets are assets that necessarily takes substantial period of time to get ready for their extended use.

4.5 Trade and other payables

Liabilities for creditors and other amounts payable including payable to related parties are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

4.6 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.7 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.8 Dividend distribution

The distribution of the final dividend, to the Company's shareholders, is recognized as a liability in the financial statements in the period in which the dividend is approved by the Company's shareholders; the distribution of the interim dividend is recognized in the period in which it is declared by the Board of Directors.

4.9 Property, plant and equipment

Property, plant and equipment, except freehold land and capital work-in-progress, is stated at cost less accumulated depreciation and any identified impairment losses; freehold land is stated at cost less identified impairment losses, if any. Cost includes expenditure, related overheads, mark-up and borrowing costs (note 4.4) that are directly attributable to the acquisition of the asset.

Subsequent costs, if reliably measurable, are included in the asset's carrying amount, or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to income during the period in which they are incurred.

Depreciation on operating assets is calculated, using the straight line method, to allocate their cost over their estimated useful lives, at the rates mentioned in note 19.

Depreciation on additions to property, plant and equipment, is charged from the month in which the relevant asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off. Impairment loss, if any, or its reversal, is also charged to income for the year. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its estimated useful life.

The gain or loss on disposal of an asset, calculated as the difference between the sale proceeds and the carrying amount of the asset, is recognized in income for the year.

4.10 Intangible assets

(i) Licenses

These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated using the straight line method from the date of commencement of commercial operations, to allocate the cost of the license over its estimated useful life specified in note 21, and is charged to income for the year.

The amortization on licenses acquired during the year, is charged from the month in which a license is acquired / capitalized, while no amortization is charged in the month of expiry / disposal of the license.

(ii) Computer software

These are carried at cost less accumulated amortisation and any identified impairment losses. Amortisation is calculated using the straight line method, to allocate the cost of the software over its estimated useful life, and is charged in income statement. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

The amortization on computer software acquired during the year is charged from the month in which the software is acquired or capitalized, while no amortization is charged for the month in which the software is disposed off.

4.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment on the date of the statement of financial position, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. An impairment loss, or the reversal of an impairment loss, are both recognized in the income statement.

4.12 Investment in subsidiaries

Investments in subsidiaries, where the Company has control or significant influence, are measured at cost in the Company's financial statements. The profits and losses of subsidiaries are carried in the financial statements of the respective subsidiaries, and are not dealt within the financial statements of the Company, except to the extent of dividends declared by these subsidiaries.

4.13 Right of way charges

Right of way charges paid to local governments and land owners for access of land are carried at cost less amortisation. Amortisation is provided to write off the cost on straight line basis over the period of right of way.

4.14 Trade debts and other receivables

Trade debts and other receivables are carried at their original invoice amounts, less any estimates made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.15 Stores, spares and loose tools

Stores, spares and loose tools are carried at cost less allowance for obsolescence. Cost is determined on weighted average cost formula basis. Items in transit are valued at cost, comprising invoice values and other related charges incurred up to the date of the statement of financial position.

4.16 Stocks

Stocks are valued at lower of cost and net realisable value. Cost is determined on weighted average cost formula basis.

4.17 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank and short term highly liquid investments with original maturities of three months or less, and that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

4.18 Revenue recognition

Revenue is recognised as related services are rendered.

Revenue from granting of Indefeasible Right of Use (IRU) of dark fiber for 20 years or more is recognised at the time of delivery and acceptance by the customer.

Revenue from sale of equipment is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Revenue from prepaid cards is recognised as credit is used, unutilised credit is carried in statement of financial position as unearned revenue in trade and other payables.

Interest income is recognised using the effective yield method.

Dividend income is recognised when the right to receive payment is established.

4.19 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Pakistan Rupees (Rs), which is the Company's functional currency.

4.20 Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary items at year end exchange rates, are charged to income for the year.

4.21 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expires. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

(a) Financial assets

Classification and subsequent measurement

The Company classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset.

(i) Fair value through profit and loss

Financial assets at fair value through profit or loss, include financial assets held for trading and financial assets, designated upon initial recognition, at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at their fair value, with changes therein recognized in the income for the year. Assets in this category are classified as current assets.

(ii) Held to maturity

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold these assets to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment, if any.

(iii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments, that are not quoted in an active market. After initial measurement, these financial assets are measured at amortized cost, using the effective interest rate method, less impairment, if any.

The Company's loans and receivables comprise 'Long term deposits', 'Trade debts', 'Contract work in progress', 'Advances, deposits and other receivables,' 'Income tax refundable' and 'Cash and bank balances'.

(iv) Available for sale

Available-for-sale financial assets are non-derivatives, that are either designated in this category, or not classified in any of the other categories. These are included in non current assets, unless management intends to dispose them off within twelve months of the date of the statement of financial position.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains or losses recognized as other comprehensive income, until the investment is derecognized, at which time the cumulative gain or loss is recognized in income for the year.

Impairment

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(b) Financial liabilities

Initial recognition and measurement

The Company classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss, include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at their fair value, with changes therein recognized in the income for the year.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method.

(c) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.22 Derivative financial instruments

Derivates are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. Changes in fair value of derivates that are designated and qualify as fair value hedges are recorded in income statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

	June 30, 2013		June 30, 2012	
	Number of Shares	Rs ('000)	Number of Shares	Rs ('000)
5. Share capital				
Authorised share capital:				
Ordinary shares of Rs 10 each	1,000,000,000	10,000,000	1,000,000,000	10,000,000
Issued, subscribed and paid up share capital:				
Shares issued for cash				
Ordinary shares of Rs 10 each	408,737,310	4,087,373	408,737,310	4,087,373
Shares issued as fully paid bonus shares of Rs 10 each	208,737,310	2,087,373	208,737,310	2,087,373
	617,474,620	6,174,746	617,474,620	6,174,746

5.1 The parent company, Warid Telecom International LLC, U.A.E held 333,295,700 (2012: 333,295,350) ordinary shares, the associated companies Bank Alfalah Limited held 83,494,920 (2012: 83,494,920) ordinary shares, Taavun (Private) Limited held 28,034,821 (2012: 28,034,821) ordinary shares, Wincom (Private) Limited held 3,000,000 (2012: 3,000,000) ordinary shares and Bank Alfalah Limited - Employees Gratuity Fund held 21,000,000 (2012: 21,000,000) ordinary shares at year end.

6. General reserve

The company is to place at least 10% of the profits in the general reserve account till it reaches 50% of the issued, subscribed and paid up capital of the company.

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
7. Long term finance - secured			
Syndicate of banks	7.1	8,142,335	8,142,335
Export Credit Guarantee Department (ECGD)	7.2	2,529,289	2,411,528
Dubai Islamic Bank (DIB)	7.3	424,000	424,000
Deutsche Bank AG	7.4	4,741,171	4,520,428
Total		15,836,795	15,498,291
Unamortised transaction and other ancillary cost			
Opening balance		180,048	217,355
Amortisation for the year		(37,307)	(37,307)
		(142,741)	(180,048)
		15,694,054	15,318,243
Less: Amount shown as current liability			
Amount payable within next twelve months		-	-
Amount due after June 30, 2014		(15,694,054)	(15,318,243)
	7.5	(15,694,054)	(15,318,243)
		-	-

7.1 The Company has obtained syndicate term finance facility from a syndicate of banks with Standard Chartered Bank Limited (SCB), Habib Bank Limited (HBL), Bank Al-Habib Limited (BAHL) and National Bank of Pakistan (NBP), being lead arrangers to finance the capital requirements of the Company. During the year ended June 30, 2012, the Company and the Syndicate of Banks signed an agreement to restructure Syndicate term finance facility and the short term running finance from SCB of Rs 1,497 million, term finance facility from SCB of Rs 1,016 million, running finance facility of Rs 529 million from BAHL, running finance facility of Rs 200 million from Soneri Bank Limited and finance facility of Rs 135 million from Summit Bank Limited effective from January 1, 2011. All the finance facilities have been fully availed by the Company till June 30, 2013. The principal is repayable in ten unequal semi annual installments . The first such installment shall be due on July 1, 2014 and subsequently every six months thereafter until January 1, 2019. The rate of mark-up is 6 months KIBOR per annum till December 31, 2013 and 6 months KIBOR + 2.5% per annum for the remaining period. The Company shall pay the mark up at 8% per annum from January 1, 2011 to December 31, 2013 (deferment period). The remaining amount of all installments falling due in the deferment period shall be paid in ten equal six-monthly installments on each January 1 and July 1 commencing from July 1, 2014 and ending January 1, 2019.

Certain conditions precedent to the restructured agreements are not yet fulfilled, management of the Company has taken steps to fulfill those conditions. Once conditions precedent to restructured agreements are fulfilled bank will formally issue letter to the Company which will complete the restructuring process.

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets (excluding assets under specific charge of CM Pak, CISCO, DIB, assets procured from WorldCall and USF), a mortgage by deposit of title deeds in respect of immoveable properties of the company, lien over collection accounts and Debt Service Reserve Account and a corporate guarantee from Warid Telecom International LLC.

7.2 The Company has obtained long term finance facility amounting to USD 42 million (2012: USD 42 million) from ECGD UK, of which USD 35 million (2012: USD 35 million) has been availed till June 30, 2013. During the year ended June 30, 2012, the Company and ECGD UK signed an agreement to restructure the terms of loan agreement including repayment schedule. Amount outstanding at June 30, 2013 was USD 25.60 million (2012: 25.60 million). The principal is repayable in ten semi annual installments. The first such installment shall be due on July 1, 2014 and subsequently every six months thereafter until January 1, 2019. The rate of mark-up is six month LIBOR + 1.5% (interest rate) per annum till June 30, 2011 and six month LIBOR + 1.9% (interest rate) for the remaining period. If the amount of installment payable and/or interest payable is not paid on the due date, the Company shall pay interest on such amount the interest rate + 2% per annum.

Certain conditions precedent to the restructured agreement are not yet fulfilled, management of the Company has taken steps to fulfill those conditions. Once conditions precedent to restructured agreement are fulfilled ECGD will formally issue letter to the Company which will complete the restructuring process.

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets (excluding assets under specific charge of CM Pak, Motorola, CISCO, assets which are subject to lien in favour of USF), a mortgage by deposit of title deeds in respect of immoveable properties of the company, lien over collection accounts and Debt Service Reserve Account and personal guarantees by three Sponsors of the Company.

7.3 The Company has obtained Ijarah finance facility of Rs 530 million (2012: Rs 530 million) from DIB. During the year ended June 30, 2012, the Company and DIB signed an agreement to restructure the terms of the Ijarah finance facility. The principal is repayable in ten unequal semi annual installments. The first such installment shall be due on July 1, 2014 and subsequently every six months thereafter until January 1, 2019. The rate of mark-up is 6 months KIBOR per annum till December 31, 2013 and KIBOR + 2.5% per annum for the remaining period. The Company shall pay the mark up at 8% per annum from January 1, 2011 to December 31, 2013 (deferment period). The remaining amount of all installments falling due in the deferment period shall be paid in ten equal six-monthly installments on each January 1 and July 1 commencing from July 1, 2014 and ending January 1, 2019.

Certain conditions precedent to the restructured agreement are not yet fulfilled, management of the Company has taken steps to fulfill those conditions. Once conditions precedent to restructured agreement are fulfilled bank will formally issue letter to the Company which will complete the restructuring process.

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets (movable and immoveable) and a corporate guarantee from Warid Telecom International LLC.

7.4 The Company has obtained term finance facility of USD 65 million (2012: USD 65 million) from Motorolla Credit Corporation (MCC) of which USD 64 million (2012: USD 64 million) has been availed till June 30, 2013. On August 19, 2011, MCC has transferred all of its rights, title benefits and interests in the original facility agreement to Deutsche Bank AG as lender, effective August 19, 2011. During the year ended June 30, 2012, the Company and Deutsche Bank AG signed an agreement to restructure the terms of loan agreement. Amount outstanding at June 30, 2013 was USD 48 million (2012: USD 48 million). The principal is repayable in ten semi annual installments commencing from July 1, 2014 until and including the final maturity date which is December 31, 2019. The rate of mark-up is six month LIBOR + 1% per annum provided that rate shall be capped at 2.5% per annum. If the Company fails to pay any amount payable on its due date, interest shall accrue on the unpaid sum from the due date up to the date of actual payment at a rate which is 2% higher than the rate of interest in effect thereon at the time of such default until the end of the then current interest period. Thereafter, for each successive interest period, 2% above the six-month LIBOR plus margin provided the Company is in breach of its payment obligations hereof.

Certain conditions precedent to the restructured agreement are not yet fulfilled, management of the Company has taken steps to fulfill those conditions. Once conditions precedent to restructured agreement are fulfilled bank will formally issue letter to the Company which will complete the restructuring process. The loan is secured through personal guarantee by one Sponsor of the Company and is ranked pari passu with unsecured and unsubordinated creditors.

7.5 The company is required to make payments of markup of long term finance on due dates. The Company was not able to make payments of markup to Deutsche Bank AG of Rs 165.67 million on due dates. Further the Company has not complied with the requirements of the loan agreements to maintain Long Term Debt to Equity Ratio of 80:20 at June 30, 2013. Further restructured loan agreements have not yet become effective as certain conditions precedent to the restructured arrangements are not yet fulfilled. Accordingly, the lenders shall be entitled to declare all outstanding amount of the loans immediately due and payable. In terms of provisions of International Accounting Standard on Presentation of financial statements (IAS 1), since the Company does not have an unconditional right to defer settlement of liabilities for at least twelve months after the statement of financial position date, all liabilities under these loan agreements are required to be classified as current liabilities. Based on above, loan installments for an amount of Rs 15,694 million due after June 30, 2014 have been shown as current liability.

	Note	2013	2012
		(Rupees in thousand)	
8. Long term portion of deferred mark up			
Syndicate of banks	8.1	847,952	626,567
Dubai Islamic Bank (DIB)	8.1	42,203	30,610
Bank Alfalah Limited	8.1	175,803	133,566
Total		1,065,958	790,743
Less: Amount shown as current liability			
Amount payable within next twelve months		-	-
Amount due after June 30, 2014		(1,065,958)	(790,743)
		(1,065,958)	(790,743)
		-	-

8.1 These amounts are payable in ten equal six-monthly installments on each January 1 and July 1 commencing from July 1, 2014 and ending January 1, 2019. As explained in note 7.5, amount has been shown as current liability.

	Note	2013	2012
		(Rupees in thousand)	
9. Long term finance from shareholders - unsecured			
Facility 1	9.1	2,373,670	2,263,155
Facility 2	9.2	8,446,560	7,113,092
		10,820,230	9,376,247

9.1 The Company has obtained long term finance from a shareholder amounting to USD 24 million (2012: USD 24 million). This loan is subordinated to all secured finance facilities availed by the Company. This loans is repayable within 30 days of the expiry of a period of five years from the last date the lender has disbursed the loans, which shall be on or about January 29, 2015. The rate of mark-up is 6 months LIBOR + 1.5% with 24 months payment grace period payable half yearly. Alternatively loans may be converted into equity by way of issuance of the Company's ordinary shares at the option of the lender at any time prior to, at or after the repayment date on the best possible terms but subject to fulfillment of all legal requirements at the cost of the Company. The said conversion of loan shall be affected at such price per ordinary share of the Company as shall be calculated after taking into account the average share price of the last 30 calendar days, counted backwards from the conversion request date, provided that such conversion is permissible under the applicable laws of Pakistan.

This loan together with accrued interest will have at all times priority over all unsecured debts of the Company except as provided under Law. In the event the Company defaults on its financial loans or in case Warid Telecom International LLC, Abu Dhabi, UAE, no longer remains the holding company of the Company and sells its 100% shares to any other person or party or relinquishes the control of its management then, unless otherwise agreed in writing by the lender, the entire loan together with the accrued interest will become due and payable for with and shall be paid within 15 working days of the event of default or decision of the Board of Directors of the Company accepting such a change in the shareholding as the case may be, and until repaid in full, the loan shall immediately become part of financial loans, ranking pari passu therewith subject to the consent of the Company's existing financial loan providers.

9.2 The Company has obtained long term finance from a shareholder amounting to USD 185 million (2012: USD 185 million) of which USD 85 million (2012: USD 75 million) has been availed at June 30, 2013. The rate of mark-up is 6 months LIBOR + 1.5% payable half yearly. The Company shall repay the loan in full in five equal annual installments beginning on June 30, 2014 with final maturity date of June 30, 2018. Alternatively the lender shall also have the option to instruct the Company any time during the term of this agreement to convert the remaining unpaid amount of the loan and the interest in part or in its entirety into equity by way of issuance of ordinary shares of the Company in favour of the lender in compliance with all applicable laws of Pakistan.

Upon the request of the Company for conversion of the loan and the interest into equity, the lender and the Company shall, with mutual consent, appoint an independent auditor to determine the fair market value per share of the borrower prevailing at the time of such request. If the lender agrees to the price per share as determined by the independent auditor then the loan and the interest shall be converted into equity at the rate per share decided by the independent auditor. In case the lender, in its sole discretion, disagrees with the price per share as determined by the independent auditor then the request for conversion shall stand revoked and the loan shall subsist.

The loan together with the interest shall have priority over all other unsecured debts of the Company. Further, after the execution of this agreement, the Company shall not avail any other loan or funding facility from any other source without prior written consent of the lender. The Company undertakes that it shall not declare dividends, make any distributions or pay any other amount to its shareholders unless the repayment of the loan and the interest in full to the lender. The rights of the lender in respect of the loan are subordinated to any indebtedness of the Company to any secured lending by any financial institution in any way, both present and future notwithstanding whether such indebtedness is recoverable by process of law or is conditional or unconditional. Furthermore, in the event that insolvency proceedings are initiated against the Company or that it is unable to pay its Financial Loans as they fall due or if the Company has proposed any composition, assignment or arrangement with respect to its Financial Loans, the obligation to repay the outstanding amount of the loan shall be subordinated to the Financial Loans but will have priority over all other unsecured debts of the Company.

10. Medium term finance from an associated company - unsecured

The Company has obtained an aggregate medium term finance facility of Rs 600 million from an associated company Taavun (Pvt) Limited. As per the terms of loan agreement, this loan is subordinated to all secured finance facilities availed by the Company. The principal was repayable within 30 days of the expiry of twenty four months from the effective date i.e. September 30, 2010, which was further extendable to twelve months. The rate of mark-up is six month KIBOR + 2.5% with 24 months grace period payable quarterly. As the loan is subordinated to all secured finance facilities availed by the Company, the entire amount of loan has been classified as non current liability.

	2013	**2012**
	(Rupees in thousand)	
11. Obligations under finance leases		
Present value of minimum lease payments	4,347	4,760
Less: Current portion shown under current liabilities	(3,257)	(2,616)
	1,090	2,144

The Company acquired vehicles under lease from commercial banks. The financing is repayable in equal monthly installments over a period of three to five years and carries a finance charge of six months KIBOR+3% to 3.5% (2012: KIBOR+3% to 3.5%).

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

	2013	2012
	(Rupees in thousand)	
Due within one year		
Minimum lease payments	3,624	3,160
Less: Financial charges not yet due	(367)	(544)
Present value of minimum lease payments	3,257	2,616
Due after one year but not later than five years		
Minimum lease payments	1,175	2,294
Less: Financial charges not yet due	(85)	(150)
Present value of minimum lease payments	1,090	2,144
	4,347	4,760

12. Long term deposits

These represent security deposits received from customers. These are interest free and refundable on termination of relationship with the Company.

13. Deferred grants

This represents amount received and receivable from Universal Service Fund (USF) as subsidy to assist in meeting the cost of deployment of USF Fiber Optic Network for providing USF Fiber Optic Communication Services in Sindh, Baluchistan, Punjab and broad band services in Faisalabad Telecom Region, Hazara Telecom Region, Gujranwala Telecom Region and Central Telecom Region. USF Fiber Optic Network and broad band network will be owned and operated by the Company. Total amount of USF subsidy is Rs 4,848 million (2012: Rs 4,848 million) payable by USF in five installments in accordance with project implementation milestones.

Movement during the year is as follows:

	Note	2013	2012
		(Rupees in thousand)	
Balance at beginning of the year- excluding amount receivable		1,523,604	1,136,310
Amount received during the year		255,986	454,438
Amount receivable at year end		58,710	224,896
Amount recognised as income during the year	34	(68,181)	(67,144)
Balance at end of the year		1,770,119	1,748,500

14. Finance from supplier - unsecured

This represents deferred payment in respect of supply of equipment and is interest free.

		Note	2013	2012
			(Rupees in thousand)	
15.	**Short term borrowings - secured**			
	Facility - I	15.1	1,283,380	1,503,656
	Facility - II	15.2	274,846	-
			1,558,226	1,503,656

15.1 The Company has a running finance facility of Rs 1,800 million (2012: Rs 1,800 million), of which Rs 517 million (2012: Rs 296 million) was unutilised as at June 30, 2013. The facility is available till December 31, 2019. The principal is payable on expiry/on demand. The rate of mark-up is 6 months KIBOR per annum till December 31, 2013 and KIBOR + 1.5% per annum for the remaining period. Mark up at 8% is payable on bi-annual basis and remaining amount is deferred which is payable in 10 bi-annual installments with the first installment becoming payable on July 1, 2014.

This facility is secured by hypothecation of first pari passu charge on all fixed assets(movable and immoveable) plus current assets of the company with a margin of 25 %.

15.2 During the year , the Company has obtained cash finance facility of Rs 440 million, of which Rs 166 million was unutilised as at June 30, 2013. The facility is available till September 30, 2013. Repayment will be through internal cash generation of the company. Markup to be serviced on quarterly basis. The rate of mark-up is 3 months KIBOR + 1% per annum.

This facility is secured by lien marked on an amount of USD 10.571 million held under the name "Dhabi One Investment Services LLC" maintained at Bank Alfalah.

		Note	2013	2012
			(Rupees in thousand)	
16.	**Trade and other payables**			
	Creditors	16.1	705,165	818,249
	Due to associated companies	16.2	150,006	150,154
	Due to international carriers	16.3	526,721	407,079
	Payable to Pakistan Telecommunication Authority		1,050,582	885,795
	Accrued liabilities		3,625,765	3,577,082
	Payable to gratuity fund	41	69,858	128,049
	Payable to provident fund		26,008	22,856
	Unearned revenue		128,177	117,696
	Advance from customers	16.4	266,325	344,753
	Income tax deducted at source		77,680	96,611
			6,626,287	6,548,324

		2013	2012
		(Rupees in thousand)	
16.1	**Trade creditors include following amounts due to related parties:**		
	Wateen Solutions (Pvt) Limited	210,135	210,135
	Warid Telecom (Pvt) Limited	413,045	61,016
		623,180	271,151
16.2	**Due to associated companies**		
	Wateen Satellite Services (Pvt) Limited	146,056	146,204
	Bank Alfalah Limited	3,950	3,950
		150,006	150,154

16.3 Due to international carriers includes Rs 5.925 million (2012: Rs 18.311 million) due to a related party Wateen Telecom UK Limited.

16.4 Advance from customers

This includes advance of Rs 48.983 million (2012: Rs 48.983 million) received from associated companies.

		Note	2013	2012
			(Rupees in thousand)	
17.	**Interest / markup accrued**			
	Long term finance from shareholders		456,581	168,634
	Long term finance - secured		625,940	450,201
	Medium term finance - unsecured	17.1	245,164	164,554
	Short term running finance - secured	17.2	123,715	109,473
			1,451,400	892,862

17.1 This represents markup payable to an associated company Taavun (Private) Limited.

17.2 This includes markup payable to an associated company Bank Alfalah Limited and to the employee's provident fund amounting to Rs 64.665 million and Rs 1.436 million (2012: Rs 64.554 million and Rs 3.863 million) respectively.

		2013	2012
		(Rupees in thousand)	
18.	**Contingencies and Commitments**		
18.1	Claims against the Company not acknowledged as debt	350,954	319,338
18.2	Performance guarantees issued by banks on behalf of the Company	2,129,829	1,749,452

18.3 The Company implemented policy directives of Ministry of Information Technology conveyed by the Pakistan

Telecommunication Authority regarding termination of all international incoming calls into Pakistan. On suspension of these directives by the Honorable Lahore High Court, the Honorable Supreme Court of Pakistan dismissed the pertinent writ petitions by directing Competition Commission of Pakistan (CCP) to decide the case. The Honorable Sind High Court suspended the adverse decision of CCP by granting stay order and the case is pending for adjudication.

18.4 Under the Access Promotion Regulations, 2005, the Company is liable to make payments of Access Promotion Charges (APC) for Universal Service Fund (USF) within 90 days of close of the month to which such payment relates. The Company has disputed the APC Regulations, 2005 and the case is currently pending with High Court. The Company has not recorded the penalty on delayed payment of APC for USF amounting to Rs 375 million as required by the Access Promotion Regulations, 2005 as the management and legal advisor of the Company are of the view, that the Company has a strong case and chances of success are very high.

18.5 The Deputy Commissioner Inland Revenue, Enforcement Unit IV, Large Taxpayers Unit, Islamabad (DCIR) had issued Order-in-Original based on the observations of Director General Intelligence and Investigation and raised a demand of Rs 31.830 million to be paid along with penalty and default surcharge and also issued recovery notice. The Commissioner Inland Revenue - Appeals [CIR(Appeals)] and Appellate Tribunal Inland Revenue upheld the orders of the DCIR. The Company preferred Writ Petition in the High Court against the orders of the Officer Inland Revenue and the Honourable High court has granted stay against the demand till the disposal of writ petition.

18.6 The Assistant Commissioner Inland Revenue, Enforcement Unit IV, Large Taxpayers Unit, Islamabad (AC), had issued show cause notices based on the observation that Company has not furnished Sales Tax and Federal Excise returns for the periods from August 2009 to March 2010, November 2010 and December 2010. In this respect, AC issued Order-in-Original and assessed demand of Rs 249.471 million (calculated on the basis of alleged minimum liability) payable along with penalty and default surcharge and also issued recovery notice. The Company deposited principal amount of Rs 138.709 million and default surcharge of Rs 26.231 million based on actual liability as per own working of the Company. The Appellate Tribunal Inland Revenue, Islamabad has remanded the case to the assessing officer with certain directions. The related proceedings are not yet finalized by the assessing officer. The management and the Company's advisors believe that Company has high chances to amicably settle the issue of disputed amount.

18.7 The Assistant Commissioner Inland Revenue (ACIR) has alleged that Company has not withheld tax on payments made to foreign telecom operators during the tax years 2008, 2009, 2010 and 2011. Further the ACIR has ordered the Company to pay alleged demand of Rs 477.767 million representing principal amount and default surcharge for the aforesaid tax years. The CIR - Appeals has upheld the contentions of the ACIR and directed the assessing officer to recalculate the withholding tax by applying the rates as given in the Division II of Part III of the First Schedule to the Income Tax Ordinance, 2001. The Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR). The Company and its advisors are of the view that Company has fair chance to succeed in appeal.

No provision on account of contingencies disclosed in note 18.3 - 18.7 above has been made in these financial statements as the management and its advisors are of the view, that these matters will eventually be settled in favour of the Company.

		2013	2012
		(Rupees in thousand)	
18.8	Outstanding commitments for capital expenditure	845,316	891,566

18.9 Acquisition of 49% shares in subsidiary Wateen Solutions (Pvt) Limited

The Board of Directors of the Company in their meetings held on November 15, 2009 and November 19, 2009 approved the acquisition of 49% shareholding of Wateen Solutions (Private) Limited from Mr. Jahangir Ahmed for a total sale consideration of Rs 490 million. On the basis of the approval of the Board of Directors of the Company, the Company entered into a Share Purchase Agreement dated April 1, 2010 (SPA) with Mr. Jahangir Ahmed for the acquisition of the 49% shareholding of Wateen Solutions (Private) Limited.

However, in light of the dividend payment of Rs 149.94 million by Wateen Solutions (Private) Limited to Mr. Jahangir Ahmed, the Company entered into negotiations with Mr. Jahangir Ahmed for the purposes of negotiating a downward revision to the purchase price as agreed in the SPA from Rs 490 million to Rs 340 million. This reduction in the purchase price and the resultant change in utilization of the IPO proceeds was approved by the shareholders of the Company in the Extra Ordinary General Meeting dated August 13, 2010.

Under the terms of the SPA, the Company has paid an advance of Rs 85 million as partial payment of the purchase price and the balance of Rs 255 million is payable by the Company to Mr. Jahangir Ahmed. In light of change in the future assumptions of the business of WS, the current business dynamics and the resultant devaluation of its share price, the new management entered into negotiations as a result of which Mr. Jahangir Ahmed has agreed to transfer the shares of Wateen Solutions (Private) Limited to the Company without requiring payment of the balance of Rs 255 million, however the finalization of renegotiated agreement is in process.

Same has been approved by shareholders in Extra Ordinary General Meeting dated December 31, 2011.

19. Operating assets

	Freehold Land	Buildings freehold	Lease hold improvements	Line and wire	Network equipment	Tools and gears	Office equipment	Computers & accessories	Furniture & fixtures	Motor Vehicles owned	Motor Vehicles leased	Total
	(Rupees in thousand)											
At June 30, 2011												
Cost	59,964	934,138	100,074	2,606,014	18,513,589	106,180	237,835	814,317	285,363	140,202	10,939	23,808,615
Accumulated depreciation	-	(85,524)	(25,074)	(263,924)	(3,655,939)	(98,367)	(86,463)	(664,622)	(71,527)	(103,502)	(3,182)	(5,058,124)
Net book amount	59,964	848,614	75,000	2,342,090	14,857,650	7,813	151,372	149,695	213,836	36,700	7,757	18,750,491
Year ended June 30, 2012												
Opening net book amount	59,964	848,614	75,000	2,342,090	14,857,650	7,813	151,372	149,695	213,836	36,700	7,757	18,750,491
Additions	430	-	2,213	437,022	1,884,810	8,690	5,287	24,304	6,447	4,085	-	2,373,288
Disposals/ transfer												
- Cost	-	-	-	-	-	(1,506)	-	(802)	-	(2,113)	-	(4,421)
- Accumulated depreciation	-	-	-	-	-	1,156	-	775	-	1,743	-	3,674
- Net book value	-	-	-	-	-	(350)	-	(27)	-	(370)	-	(747)
Destroyed due to fire (note 19.3)												
- Cost	-	-	(25,314)	(2,754)	(166,828)	(1,688)	(144,264)	(114,791)	(98,467)	-	-	(554,106)
- Accumulated depreciation	-	-	11,724	294	33,273	1,688	66,545	108,198	38,971	-	-	260,693
- Net book value	-	-	(13,590)	(2,460)	(133,555)	-	(77,719)	(6,593)	(59,496)	-	-	(293,413)
Depreciation charge	-	(23,387)	(8,966)	(107,371)	(1,781,432)	(6,218)	(16,035)	(127,280)	(24,394)	(24,478)	(2,188)	(2,121,749)
Impairment (note 19.1)	-	-	-	-	(9,605,819)	-	(125)	(14,047)	-	(2,982)	-	(9,622,973)
Closing net book amount	60,394	825,227	54,657	2,669,281	5,221,654	9,935	62,780	26,052	136,393	12,955	5,569	9,084,897
At June 30, 2012												
Cost	60,394	934,138	76,973	3,040,282	20,231,571	111,676	98,858	723,028	193,343	142,174	10,939	25,623,376
Accumulated depreciation	-	(108,911)	(22,316)	(371,001)	(5,404,098)	(101,741)	(35,953)	(682,929)	(56,950)	(126,237)	(5,370)	(6,915,506)
Accumulated impairment (note 19.1)	-	-	-	-	(9,605,819)	-	(125)	(14,047)	-	(2,982)	-	(9,622,973)
Net book amount	60,394	825,227	54,657	2,669,281	5,221,654	9,935	62,780	26,052	136,393	12,955	5,569	9,084,897
Year ended June 30, 2013												
Opening net book amount	60,394	825,227	54,657	2,669,281	5,221,654	9,935	62,780	26,052	136,393	12,955	5,569	9,084,897
Additions	4,435	-	41,160	1,521,198	574,391	5,919	12,455	61,533	5,194	12,741	2,469	2,241,495
Disposals/ transfer (note 19.2)												
- Cost	-	-	-	(270,236)	(276,196)	-	-	-	-	-	-	(546,432)
- Accumulated depreciation	-	-	-	22,580	674	-	-	-	-	-	-	23,254
- Net book value	-	-	-	(247,656)	(275,522)	-	-	-	-	-	-	(523,178)
Depreciation charge	-	(23,353)	(11,863)	(146,135)	(562,935)	(5,439)	(10,252)	(34,074)	(19,100)	(8,195)	(2,188)	(823,534)
Reversal of impairment	-	-	-	-	1,257,323	-	15	1,044	-	32	-	1,258,414
Closing net book amount	64,829	801,874	83,954	3,796,688	6,214,911	10,415	64,998	54,555	122,487	17,533	5,850	11,238,094
At June 30, 2013												
Cost	64,829	934,138	118,133	4,291,244	20,529,766	117,595	111,313	784,561	198,537	154,915	13,408	27,318,439
Accumulated depreciation	-	(132,264)	(34,179)	(494,556)	(5,966,359)	(107,180)	(46,205)	(717,003)	(76,050)	(134,432)	(7,558)	(7,715,786)
Accumulated impairment	-	-	-	-	(8,348,496)	-	(110)	(13,003)	-	(2,950)	-	(8,364,559)
Net book amount	64,829	801,874	83,954	3,796,688	6,214,911	10,415	64,998	54,555	122,487	17,533	5,850	11,238,094
Annual rate of depreciation %	-	2.5	10	4	6.67-20	33.33	10	33.33	10	20	20	

19.1 Impairment

During the year ended June 30, 2012, the management reviewed the business performance of the WiMAX operations and booked an impairment loss of Rs 9,623 million against the carrying value of these assets. The assessment of impairment of these assets was made on account of the certain triggering events as described below, which met the criteria specified under IAS 36 for assessment of impairment of assets.

- Decline in the market value of WiMAX operations assets
- Significant change in the technological and economic conditions
- Decrease in the economic performance of WiMAX business
- Indications suggest that WiMAX business is likely to become idle and management plans to restructure the WiMAX operations

The Company signed a Master Transaction Agreement (MTA) with Augere Holdings (Netherlands) B.V. (Augere) dated December 4, 2013 for consolidation of their respective WiMAX businesses.

Impairment test was again carried out at June 30, 2013 against the carrying value of WiMAX assets which stood at Rs 1,863 million. For this purpose the WiMAX operations has been considered as separate Cash Generating Unit (CGU). The recoverable amount of these assets has been determined by an external consultant amounts to Rs 3,121 million and is based on consolidated business plan contemplated in MTA as referred above. The recoverable amount represents fair value less cost to sell (FVLCS) of the Company's WiMAX business, determined on the basis of Discounted Cash Flow (DCF) value of its future cash flows of the consolidated business using discount rate of 17.7%. The excess of this fair value over the carrying value has resulted in reversal of impairment of the WiMAX assets by PKR 1,258 million. The conclusive selling price of these assets will be confirmed on consolidation of WiMAX business and any consequential difference from recoverable amount estimated above will be recognized in the financial statements of the subsequent period.

19.2 Disposal of property, plant and equipment

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees in thousand)				
Line and wire						
	Higher Education Commission - HEC	270,236	22,580	247,656	226,956	Negotiation
Network						
	Alfalah Insurance Company	1,651	321	1,330	1,115	Mutual consent
	Shahzad Studio	424	125	299	409	Mutual consent
	Higher Education Commission - HEC	273,893	-	273,893	434,749	Negotiation
	Others (19.2.1)	228	228	-	59	Insurance claim
		276,196	674	275,522	436,332	
		546,432	23,254	523,178	663,288	

19.2.1 Aggregate of others having individual net book values not exceeding Rs 50,000.

19.3 The Company had lodged an insurance claim of Rs 508 million in respect of items destroyed due to fire during the year ended June 30, 2012. The Company had received Rs 200 million from the insurer during the year ended June 30, 2012 and remaining claim is under finalization.

Notes to and Forming Part of the Financial Statements
for the year ended June 30, 2013

		Note	2013	2012
			(Rupees in thousand)	
20.	**Capital work in progress**			
	Lease hold improvements		1,006	33,978
	Line and wire		630,171	1,405,356
	Network equipment (net of impairment of DSL assets Rs 353.515 million)		98,052	750,696
			729,229	2,190,030
20.1	**Movement during the year**			
	Balance as at July 01		2,190,030	2,304,106
	Additions during the year		712,535	1,537,900
	Capitalised during the year		(2,173,336)	(1,651,976)
	Balance as at June 30		729,229	2,190,030
21.	**Intangible assets**			
	LDI license fee	21.1		
	Cost		28,934	28,934
	Amortisation			
	Opening balance		11,454	10,007
	Amortisation for the year		1,447	1,447
			(12,901)	(11,454)
	Net book value		16,033	17,480
	WLL license fee	21.2		
	Cost		176,366	176,366
	Amortisation			
	Opening balance		44,778	34,874
	Amortisation for the year		9,904	9,904
			(54,682)	(44,778)
	Net book value		121,684	131,588
	Software license	21.3		
	Cost			
	Opening balance		72,621	63,123
	Additions during the year		11,796	9,498
	Closing balance		84,417	72,621
	Amortisation			
	Opening balance		37,623	23,904
	Amortisation for the year		14,522	13,719
			(52,145)	(37,623)
	Net book value		32,272	34,998

	Note	2013	2012
		(Rupees in thousand)	
ERP license	21.4		
Cost		7,832	7,832
Amortisation			
Opening balance		5,612	4,046
Amortisation for the year		1,566	1,566
		(7,178)	(5,612)
Net book value		654	2,220
Total net book value		170,643	186,286

21.1 Pakistan Telecommunication Authority (PTA) granted Long Distance International (LDI) license for a period of 20 years from July 26, 2004.

21.2 **(i)** PTA granted Wireless Local Loop (WLL) License for a period of 20 years from December 1, 2004 covering twelve telecom regions. This includes license granted by PTA for WLL for a period of 20 years for Azad Jammu and Kashmir (AJK) region. Commercial operations of AJK region have not yet commenced.

(ii) PTA granted WLL license for a period of 20 years to Wateen Solutions (Pvt) Limited (WSL), from November 4, 2004. On August 31, 2006 the license was transferred by Wateen Solutions (Pvt) Limited to the Company covering four telecom regions.

21.3 Software license is amortised over a period of 5 years.

21.4 ERP license is amortised over a period of 5 years.

22. **Long term investment in subsidiary companies - at cost**

	June 30, 2013		June 30, 2012	
Unquoted	**%age Holding**	**Rs (000)**	**%age Holding**	**Rs (000)**
Wateen Solutions (Pvt) Limited				
413,212 fully paid ordinary shares of Rs 100 each	51	52,656	51	52,656
Advance against purchase of shares		85,000	-	85,000
		137,656		137,656
Wateen Satellite Services (Pvt) Limited	100	5	100	5
500 fully paid ordinary shares of Rs 10 each				
Netsonline Services (Pvt) Limited	100	4,400	100	4,400
4,000 fully paid ordinary shares of Rs 100 each				
Wateen Telecom UK Limited				
10,000 fully paid ordinary shares of GBP 1 each (note 22.2)	100	1,390	100	1,390
Wateen Wimax (Pvt) Limited				
1,000 fully paid ordinary shares of Rs 10 each (note 22.3)	100	10	-	-
		143,461		143,451
Provision for impairment of investment in				
Netsonline Services (Pvt) Limited		(4,400)		(4,400)
Wateen Telecom UK Limited		(1,390)		(1,390)
		(5,790)		(5,790)
		137,671		137,661

22.1 All the companies are incorporated in Pakistan except for Wateen Telecom UK Limited which is incorporated in United Kingdom (UK).

22.2 Approval of State Bank of Pakistan for investing in equity abroad is in process and shares of Wateen Telecom UK Limited will be issued to the Company after receipt of such approval.

22.3 Wateen WiMAX (Private) Limited was incorporated on December 6, 2012 for the purpose of carrying out WiMAX business. The Company has not yet commenced its operations. In terms of Memorendum of Association of the company dated December 17 ,2012, the Wateen Telecom Limited (Parent Company) has subscribed and taken fully paid 997 shares and 3 nominee directors have taken fully paid 3 shares of Rs 10 each.

	2013	2012
	(Rupees in thousand)	
23. Deferred income tax asset		
Taxable temporary differences between accounting and tax depreciation	(1,376,535)	(615,343)
Unused tax losses - recognised to extent of taxable temporary differences	1,376,535	615,343
	-	-
The gross movement in deferred tax liability during the year is as follows:		
Balance at July 1	-	1,718,574
Deferred tax expense for the year	-	(1,718,574)
Balance at June 30	-	-

The aggregate tax losses available to the Company for set off against future taxable profits at June 30, 2013 amounted to Rs 25,026 million. Of these, losses aggregating Rs 4,049 million have been recognised in the financial statements against taxable temporary differences at June 30, 2013.

Deferred tax asset, the potential tax benefit of which amounts to Rs 10,695 million has not been recognized on balance representing business losses aggregating to Rs 4,914 million, tax depreciation losses aggregating Rs 16,063 million and deductible temporary differences on account of provisions and share issue cost aggregating Rs 10,479 million as at June 30, 2013. Business losses expire as follows:

Tax Year	Rs in million
2017	659
2018	3,729
2019	526

24. Long term deposits

These represent the security deposits paid to government authorities on account of utilities and suppliers on account of rent, DPLC and satellite bandwidth.

25. Long term prepayments

These represent long term portion of right of way charges paid to local governments and various land owners for access of land.

		Note	2013	2012
			(Rupees in thousand)	
26.	**Trade debts - unsecured**			
	Considered good	26.1	2,743,424	1,892,362
	Considered doubtful		907,275	755,547
			3,650,699	2,647,909
	Provision for doubtful debts	26.4	(907,275)	(755,547)
			2,743,424	1,892,362
26.1	**Trade debts include following balances due from associated companies:**			
	Warid Telecom (Pvt) Limited		507,573	469,671
	Warid International LLC, UAE - Parent company		98,600	93,200
	Alfalah Insurance Company		4,453	-
	Bank Alfalah Limited		-	33,202
			610,626	596,073

26.2 Trade debts include receivable under finance lease as follows:

2013	Total future payments	Unearned Interest income	Present value
	(Rupees in thousand)		
Not later than one year	212,359	194,065	18,294
Between one and five years	454,718	332,295	122,423
Later than five years	846,466	385,479	460,987
	1,513,543	911,839	601,704

2012	Total future payments	Unearned Interest income	Present value
	(Rupees in thousand)		
Not later than one year	-	-	-
Between one and five years	-	-	-
Later than five years	-	-	-
	-	-	-

26.3 Age analysis of trade debts from associated companies, past due but not impaired is as follows:

	2013	2012
	(Rupees in thousand)	
0 to 6 months	28,492	64,718
6 to 12 months	480,393	208,481
Above 12 months	101,741	322,874
	610,626	596,073

		Note	2013	2012
			(Rupees in thousand)	
26.4	**Provision for doubtful debts**			
	Opening balance		755,547	542,220
	Provision made during the year - other than related parties		151,728	258,049
	Write off against provisions		-	(44,722)
	Closing balance	26.4.1	907,275	755,547

26.4.1 These include Rs 835 million (2012: Rs 683million) based on age analysis of the debts as follows:
- Balances 181 - 360 days past due - 50 %
- Balances over 360 days past due - 100 %

		Note	2013	2012
			(Rupees in thousand)	
27.	**Stores, spares and loose tools**			
	Cost		694,789	715,487
	Less: Provision for obselete stores		212,266	212,266
			482,523	503,221
28.	**Advances, deposits, prepayments and other receivables**			
	Advances to suppliers and contractors - considered good		745,218	759,040
	Advances to employees - considered good		38,944	27,408
	Security deposits and earnest money		111,410	118,818
	Margin held by bank against letters of guarantee		171,609	141,913
	Prepayments	28.1	115,139	102,732
	Sales tax refundable		91,798	75,990
	Due from associated companies	28.2	1,831,501	1,400,765
	Accrued interest		9,908	6,101
	Government grant receivable		58,710	224,896
	Others		84,720	92,361
			3,258,957	2,950,024
	Less:			
	Provision for doubtful receivables - related parties	28.3		
	Opening balance		475,567	475,567
	Written off against provisions		(27,960)	-
	Closing balance		447,607	475,567
	Provision for doubtful receivables - other parties			
	Opening balance		60,764	41,357
	Provision for the year		45,000	19,407
	Closing balance		105,764	60,764
			553,371	536,331
			2,705,586	2,413,693

28.1 These include current portion of right of way charges of Rs 47.730 million (2012: Rs 19.074 million).

		2013	2012
		(Rupees in thousand)	
28.2	**Due from associated companies**		
	Wateen Solutions (Pvt) Limited	1,032,932	750,423
	Wateen Telecom UK Limited	358,684	318,887
	Warid Telecom (Pvt) Limited	94,293	-
	Wateen Multi Media (Pvt) Limited	165,702	144,660
	Advance for construction of Warid Tower	78,410	68,916
	Warid International LLC, UAE - Parent company	47,808	42,019
	Amoon Media Group (Pvt) Limited	-	27,960
	Raseen Technologies (Pvt) Limited	21,028	18,482
	Warid Telecom Georgia Limited	17,535	15,403
	Netsonline services (Pvt) Limited	8,311	8,311
	Warid Telecom International - Bangladesh	6,357	5,587
	Wateen WiMAX (Pvt) Limited	324	-
	Bank Alfalah Limited	117	117
		1,831,501	1,400,765

28.3 Provision for doubtful receivables includes provision for doubtful receivables from following related parties:

	Wateen Telecom UK Limited	288,889	288,889
	Advance for construction of Warid Tower	68,916	68,916
	Warid International LLC, UAE - Parent company	42,019	42,019
	Amoon Media Group (Pvt) Limited	-	27,960
	Raseen Technologies (Pvt) Limited	18,482	18,482
	Warid Telecom Georgia Limited	15,403	15,403
	Netsonline Services (Pvt) Limited	8,311	8,311
	Warid Telecom International Bangladesh	5,587	5,587
		447,607	475,567

Provision for doubtful receivables other than Netsonline Services (Pvt) Limited was approved by shareholders of the Company in Extra Ordinary General Meeting held on December 31, 2011.

		2013	2012
		(Rupees in thousand)	
29.	**Cash and bank balances**		
	Balance with banks on		
	- current accounts	72,068	114,122
	- collection accounts	11,379	7,329
	- deposit accounts	368,306	338,696
	Cash in hand	580	287
		452,333	460,434

29.1 Bank balances amounting to Rs 251.177 million were under lien with banks (2012: Rs 323.180 million).

Notes to and Forming Part of the Financial Statements
for the year ended June 30, 2013

29.2 Cash and bank balances include foreign currency balances aggregating USD 0.380 million (2012: USD 0.842 million).

29.3 Bank balances on deposit accounts carried interest at an average rate of 5% - 8 % per annum (2012: 5%-7% per annum).

		Note	2013	2012
			(Rupees in thousand)	
30.	**Revenue**			
	Gross revenue		8,865,299	7,424,603
	Less: Sales tax / Federal excise duty		318,589	291,806
			8,546,710	7,132,797
31.	**Cost of sales**			
	LDI Interconnect cost		2,065,127	2,998,665
	Leased circuit charges		289,702	377,074
	Contribution to PTA Funds		273,544	320,585
	PTA regulatory and spectrum fee		35,279	24,029
	Operational cost		2,695,461	2,619,769
	Bandwidth cost of VSAT services		582,009	615,630
	Others		75,564	165,562
			6,016,686	7,121,314
32.	**General and administration expenses**			
	Salaries, wages and benefits	32.1	914,441	721,317
	Rent		72,131	118,757
	Repairs and maintenance		6,114	20,111
	Vehicle repairs and maintenance		15,765	14,887
	Travel and conveyance		61,682	35,514
	Postage and stationery		19,296	26,371
	Auditor's remuneration	32.2	4,652	9,300
	Legal and professional charges		192,103	102,433
	Communication expenses		47,275	78,235
	Employee training		4,806	9,990
	Customer services charges		54,350	44,475
	Fees and subscription		1,674	662
	Insurance		11,616	26,180
	Entertainment		15,614	17,523
	General office expenses		77,142	69,529
			1,498,661	1,295,284

32.1 These include charges against employee's retirement benefits of Rs 70.351 million (2012: Rs 72.335 million).

		Note	2013	2012
			(Rupees in thousand)	
32.2	**Auditor's remuneration**			
	Annual audit		2,000	5,000
	Audit of consolidated accounts, review of corporate governance compliance and review of half yearly accounts		1,000	1,500
	Tax services		1,462	2,410
	Out of pocket expenses		190	390
			4,652	9,300
33.	**Provisions**			
	Provision for doubtful trade debts		151,728	258,049
	Trade debts written off		-	74,204
	Provision for doubtful advances and other receivables		45,000	19,407
			196,728	351,660
34.	**Other income**			
	Income from non-financial assets:			
	Government grant recognised		68,181	67,144
	Profit/(Loss) on sale of operating assets		(46)	2,811
	Other income		5,178	-
			73,313	69,955
35.	**Other expenses**			
	Loss on assets destroyed in fire		-	93,425
	Other expenses		-	241
			-	93,666
36.	**Finance cost**			
	Markup on long term and medium term finance	36.1	1,378,054	1,416,908
	Amortization of ancillary cost of long term finance		37,307	37,307
	Mark up on short term borrowings	36.2	185,309	228,137
	Finance cost of leased assets		986	1,155
	Bank charges, commission, fees and other charges		32,632	190,680
	Late payment charges on other payables		730	15,954
	Exchange loss		847,201	1,321,469
			2,482,219	3,211,610

36.1 This includes markup related to long term finance from shareholders of Rs 223.848 million (2012: Rs 168.634 million) and medium term finance from an associated company of Rs 80.610 million (2012: Rs 92.743 million).

36.2 This includes markup related to an associated company of Rs 185.309 million (2012: Rs 200.163 million).

Notes to and Forming Part of the Financial Statements
for the year ended June 30, 2013

		2013	2012
		(Rupees in thousand)	
37.	**Finance income**		
	Markup on advance to associated companies	172,102	108,213
	Income on bank deposit accounts	37,827	32,000
		209,929	140,213
38.	**Reconciliation of tax charge**	%	%
	Applicable tax rate	35	35
	Deferred tax asset on unused tax loss not recognised	(35)	(45)
	Average effective tax rate	-	(10)
39.	**(Loss) per share - Basic and diluted**		
	(Loss) for the year - Rs in thousand	(1,036,757)	(18,556,529)
	Weighted average number of shares outstanding during the year in thousand	617,475	617,475
	(Loss) per share in Rs	(1.68)	(30.05)

There is no dilutive effect on the basic loss per share of the Company.

40. Financial instruments and risk management

40.1 Financial assets and liabilities

	2013	2012
FINANCIAL ASSETS		
Maturity upto one year		
Loans and receivables		
Trade debts	2,743,424	1,892,362
Contract work in progress	17,366	15,876
Advances, deposits, prepayments and other receivables	1,845,229	1,551,921
Cash and bank balances	452,333	460,434
	5,058,352	3,920,593
Maturity after one year to five years		
Loans and receivables		
Long term deposits	240,886	257,040
	5,299,238	4,177,633
FINANCIAL LIABILITIES		
Maturity upto one year		
Other financial liabilities		
Current portion of long term finance - secured	15,694,054	15,318,243
Current portion of deferred mark up	1,065,958	790,743
Current portion of obligation under finance leases	3,257	2,616
Finance from supplier - unsecured	40,542	40,542
Short term borrowings - secured	1,558,226	1,503,656
Trade and other payables	6,231,785	6,085,875
Interest / markup accrued	1,451,400	892,862
	26,045,222	24,634,537

	2013	2012
	(Rupees in thousand)	
Maturity after one year to five years		
Other financial liabilities		
Long term finance from sponsor - unsecured	10,820,230	9,376,247
Medium term finance from an associated company - secured	600,000	600,000
Obligation under finance leases	1,090	2,144
Long term deposits	58,220	65,672
	11,479,540	10,044,063
	37,524,762	34,678,600

40.2 Credit quality of financial assets

The credit quality of Company's financial assets assessed by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA), JCR - VIS Credit Rating Company Limited (JCR-VIS), Standard and Poor's and Moody's and other international credit rating agencies are as follows:

	Rating	2013	2012
		(Rupees in thousand)	
Trade debts			
Counterparties with external credit rating	A1+	73,026	105,020
	A1	1,772	31,517
	A2	3,844	75,611
	A-1	12,457	135
	A-1+	33,889	-
	A-2	1,801	-
	P-1	236	-
	P-2	334	-
Counterparties without external credit rating			
Due from related parties		610,626	596,073
Others		2,005,439	1,084,006
		2,743,424	1,892,362
Advances, deposits and other receivables			
Counterparties with external credit rating			
	A1+	48,839	2,306
	A1	3,123	-
	A-2	-	125,000
	A3	125,580	-
	AA	11,856	-
Counterparties without external credit rating			
Due from related parties		1,383,894	925,198
Others		271,937	499,417
		1,845,229	1,551,921

	Rating	2013	2012
		(Rupees in thousand)	
Long term deposits			
Others		240,886	257,040
Bank balances			
	A1+	353,575	367,037
	A-1+	6,849	-
	A-1	88,363	-
	A-2	1,022	-
	A1	-	88,322
	P-1	1,943	3,769
	A2	-	1,019
		451,753	460,147

40.3 Financial risk management

40.3.1 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. All financial assets are subject to credit risk. Credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

As of June 30, 2013 trade debts of Rs 2,743 million (2012: Rs 1,614 million) were past due but not impaired. The aging analysis of these trade debts is as follows:

	2013	2012
	(Rupees in thousand)	
Up to 3 months	1,296,808	424,048
3 to 6 months	552,850	276,319
6 to 9 months	350,052	346,182
Above 9 months	543,714	568,331
	2,743,424	1,614,880

40.3.2 Interest rate risk

Financial assets of Rs 1,694 million (2012: Rs 1,051 million) and financial liabilities of Rs 28,820 million (2012: Rs 26,983 million) were subject to interest rate risk.

At June 30, 2013, had interest rates been 1% higher/lower with all other variables held constant, loss for the year would have been Rs 271.261 million (2012: Rs 168.558 million) higher/lower.

40.3.3 Foreign exchange risk

Financial assets include Rs 1,520 million (2012: Rs 1,209 million) and financial liabilities include Rs 18,658 million (2012: Rs 16,753 million) which were subject to foreign exchange risk.

At June 30, 2013, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, loss for the year would have been Rs 1,714 million (2012: Rs 1,010 million) higher/lower.

40.3.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding to an adequate amount of committed credit facilities. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines. Further shareholders of the Company has provided financial support in the form of long term finance to meet capital requirements of the Company. Management believes the same support will continue in future. Further, the Company has restructured the long term finance and short term borrowings which would facilitate the Company to greater extent to meet its obligations/ covenants under loan agreements.

At June 30, 2013 the Company has financial assets of Rs 5,299 million (2012: Rs 4,178 million) and Rs 9,081 million (2012: Rs 296 million) available unavailed borrowing limit from financial institutions.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity dates as per loan agreements.

	Less than Year	Between 1 to 5 years
	(Rupees in thousand)	
2013		
Long term finance - secured	-	15,694,054
Long term portion of deferred mark up	-	1,065,958
Medium term finance from an associated company - unsecured	-	600,000
Long term finance from sponsor - unsecured	-	10,820,230
Obligations under finance leases	3,257	1,090
Long term deposits	-	58,220
Finance from supplier - unsecured	40,542	-
Short term borrowings	1,558,226	-
Trade and other payables	6,231,785	-
Interest/mark-up accrued	1,451,400	-
	9,285,210	28,239,552
2012		
Long term finance - secured	-	15,318,243
Long term portion of deferred mark up	-	790,743
Medium term finance from an associated company - unsecured	-	600,000
Long term finance from sponsor - unsecured	-	9,376,247
Obligations under finance leases	2,616	2,144
Long term deposits	-	65,672
Finance from supplier - unsecured	40,542	-
Short term borrowings - secured	1,503,656	-
Trade and other payables	6,085,875	-
Interest/mark-up accrued	892,862	-
	8,525,551	26,153,049

40.3.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values at the statement of financial position date, except for long term loans and payables which are stated at cost or amortised cost.

40.3.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain a capital base to support the sustained development of its businesses.

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 adjust the amount of dividend to shareholders, issue new shares or sale assets to reduce debts. The Company is required to maintain debt equity ratio as specified in loan agreements and continuation of support from majority shareholder is vital for the Company's operations . Under the terms of loan agreements, the Company can not declare dividends, make any distributions or pay any other amount to its shareholders until the repayment of loan and the interest in full to the lenders.

	2013	2012
	(Rupees in thousand)	
41. Employees' retirement benefits		
Liability for funded staff gratuity	69,858	128,049
The amounts recognised in the statement of financial position are as follows:		
Present value of defined benefit obligation	155,706	138,147
Benefits due but not paid	4,616	4,626
Fair value of plan assets	(90,614)	(20,433)
Actuarial gain not recognised	150	5,709
Net liability	69,858	128,049
The amounts recognised in income statement are as follows:		
Current service cost	38,560	32,737
Interest cost	17,959	13,807
Expected return on plan assets	(2,656)	(3,858)
Settlement (gain)/loss	(12,897)	-
Actuarial (gain)/ loss	-	(2,209)
	40,966	40,477
Actual return on plan assets	1,190	2,365
Changes in the present value of defined benefit obligation:		
Opening defined benefit obligation	138,147	98,620
Current service cost	38,560	32,737
Interest cost	17,959	13,807
Liability transferred from Wateen Solutions (Pvt) Limited	9,995	-
Actuarial gain	4,093	11,494
Benefits paid	(39,387)	(18,511)
Settlement (gain)/loss	(12,897)	-
Benefits due but not paid	(764)	-
Closing defined benefit obligation	155,706	138,147

	2013	2012
	(Rupees in thousand)	
Changes in fair value of plan assets:		
Opening fair value of plan assets	20,433	27,557
Actuarial gain/ (loss)	(1,466)	(1,493)
Contributions by employer	109,152	32,440
Benefits paid	(40,161)	(41,929)
Expected return on plan assets	2,656	3,858
Closing fair value of plan assets	90,614	20,433

Break-up of category of assets in respect of staff gratuity:

	2013		2012	
	Rupees in thousand	%age	Rupees in thousand	%age
Cash and bank	28,080	31	7,157	35
Investments	62,534	69	13,276	65
	90,614	100	20,433	100

Principal actuarial assumptions:

The Projected Unit Credit Method using the following significant assumptions was used for the valuation of these schemes:

	2013	2012
Valuation discount rate-p.a	10.5%	13%
Expected rate of increase in salaries-p.a	10.5%	13%
Expected rate of return on plan assets-p.a	13%	14%
Average expected remaining working life time of employees	6 years	5 years

Amounts for current and previous four annual periods are as follows:

	2013	2012	2011	2010	2009
			(Rupees in thousand)		
As at June 30,					
Defined benefit obligation	155,706	138,147	98,620	119,576	113,009
Fair value of plan assets	(90,614)	(20,433)	(27,557)	(25,598)	(43,151)
Deficit	65,092	117,714	71,063	93,978	69,858
Experience adjustments on defined benefit	4,093	11,494	(13,867)	(5,935)	(1,524)
Experience adjustments on plan assets	(1,466)	(1,493)	(3,386)	3,044	3,190

During the next financial year, the expected contribution to be paid to the funded gratuity fund by the Company is Rs 38 million (2012: Rs 40 million).

	2013	2012
	(Rupees in thousand)	
42. Defined contribution plan		
Details of provident funds are as follows:		
Staff provident fund		
Net assets	172,482	152,348
Cost of investments made	129,352	120,235
Fair value of investments made	133,657	120,341
%age of investments made	78%	83%

	2013		2012	
	Rupees in thousand	%age	Rupees in thousand	%age
Breakup of investment - at cost				
Shares	25,656	20%	25,656	21%
Mutual Funds	10,000	8%	10,000	8%
Bank deposits	93,696	72%	84,579	70%
	129,352	100%	120,235	100%

42.1 Investments out of provident funds have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

43. General

43.1 Related party transactions

The Company's related parties comprise its subsidiaries, associated undertakings, employees' retirement benefit plans and key management personnel. Amounts due from / (to) related parties, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 43.2.

Aggregate transactions with related parties during the year were as follows:

	2013	2012
	(Rupees in thousand)	
Parent Company		
Warid Telecom International LLC, UAE (WTI)		
Markup charged to WTI	5,789	-
Shareholders		
Long term finance received from shareholders	956,576	4,458,020
Markup on long term finance from shareholders	223,848	168,634
Subsidiary companies		
Wateen Solutions (Pvt) Limited (WSPL)		
Receipt of services	3,737	24,680
Markup charged to WSPL	94,108	98,067
Payments made by the Company on behalf of WSPL	51,795	166,469

	2013	2012
	(Rupees in thousand)	
Wateen Satellite Services Private Limited		
Payment made on behalf of Wateen Satellite	148	98
Wateen Telecom UK Limited (Wateen UK)		
Sale of services	54,205	174,060
Markup charged to Wateen UK	39,797	-
Expenses charged by Wateen UK	29,981	127,944
Wateen WiMAX (Pvt) Limited		
Incorporation expenses paid on behalf of WWL	324	-
Associated companies:		
Warid Telecom (Pvt) Limited (WTL)		
Sale of services	1,023,869	1,249,682
Markup charged to WTL	9,494	-
Cost and expenses charged by WTL	680,866	883,208
Wateen Multimedia (Pvt) Limited (WMM)		
Cost and expenses charged by WMM	1,500	8,004
Markup charged to WMM	19,761	10,029
Warid Telecom Georgia Limited		
Markup charged on advance	2,133	-
Raseen Technology (Pvt) Limited		
Markup charged on advance	2,546	-
Warid Telecom International - Bangladesh		
Markup charged on advance	770	-
Bank Alfalah Limited (BAL)		
Sale of services	74,215	82,916
Markup charged by BAL on short term running finance	185,309	200,163
Markup charged to BAL	-	117
Taavun (Pvt) Limited		
Markup on long term finance	80,610	92,743
Provident Fund Trust		
Employer contribution to trust	29,386	31,452
Gratuity Fund		
Employer contribution to fund	40,966	40,477

43.2 Remuneration of Directors and Executive

The aggregate amount charged in the financial statements for remuneration, including all benefits, to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)							
Managerial remuneration	13,290	12,194	9,218	-	282,931	275,205	296,221	287,399
Housing and utilities	7,310	6,706	-	-	155,612	151,363	162,922	158,069
Company's contribution to provident and gratuity funds	1,107	1,016	-	-	24,068	23,068	25,175	24,084
Leave fair assistance	1,108	1,587	-	-	23,788	31,908	24,896	33,495
	22,815	21,503	9,218	-	486,399	481,544	509,214	503,047
Number of persons	1	1	2	-	220	304	223	305

In addition, the Chief Executive and 10 (2012: 10) executives were provided with use of company's cars. The Chief Executive and all executives were provided with medical and mobile phone facilities.

The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to seven (2009: five) non-executive directors of the Company amounted to Rs Nil (2009: Nil).

43.3 Capacity

Considering the nature of the Company's business, information regarding capacity has no relevance.

	2013	2012
43.4 Number of employees		
Total number of employees at end of the year	718	992
Average number of employees for the year	756	1,082

44. Reconstruction of accounting records destroyed in fire incident

During the year ended June 30, 2012, a fire broke out at the New Auriga Centre, Lahore where the Head Office of the Company was situated. Besides the loss of furniture and fixtures, computers, telecom and other office equipment, the fire incident also resulted in the destruction of documents, records and other historical information of the Company.

Financial and accounting records and data (including computerized soft data) were lost pertaining to the period July 1, 2008 to February 10, 2012. The management of the Company commenced a comprehensive exercise to recreate necessary accounting records, documents, supports, agreements and other information. The Company has managed to rearrange records for the period July 1, 2011 to February 10, 2012 till the date of issuance of these financial statements. The exercise related to the period July 1, 2008 to June 30, 2011 is in progress.

45. Subsequent events after the reporting period

45.1 Delisting of Wateen Telecom Limited

The majority shareholders of the Company (Warid Telecom International LLC, UAE) made an announcement on March 28, 2013 of its intentions to acquire all of the ordinary shares held by the other shareholders of the Company at a proposed price of Rs 4.5 per ordinary share and to seek delisting of the shares of the Company from the stock exchanges of Pakistan, in accordance with the voluntary delisting provision of the listing regulations.

Subsequently on August 29, 2013, the Company submitted the required information to the stock exchanges. The Karachi stock exchange vide its letter dated September 17, 2013 agreed to the minimum price of Rs 4.5 per ordinary share and required the majority shareholders to purchase a minimum of 92 million ordinary shares out of the total 283.94 million ordinary shares outstanding with the shareholders other than the majority shareholders to qualify for de-listing. The said de-listing proposal was also approved by the shareholders of the Company in the Extra ordinary General Meeting held on October 19, 2013. Thereafter, the Company vide its letter dated October 24, 2013 informed the shareholders about the terms and conditions and procedures for the purchase of ordinary shares of the Company by majority shareholder (Warid Telecom International LLC, UAE), including the information about the initial share purchase offer period valid from October 28, 2013 to December 26, 2013.

On January 7, 2014 the Company informed the Karachi, Lahore and Islamabad stock exchanges that as of December 26, 2013, the majority shareholder had bought 215.41 million shares during the offer period, thus, raising its shareholding to 88.86% of the total ordinary shares issued; and the stock exchanges were requested to delist the shares of the Company from the respective stock exchanges. The stock exchanges have accepted the request for delisting of the Company and accordingly Company shall stand delisted from the exchanges with effect from February 17, 2014.

45.2 Wateen Telecom Limited and Augere Holdings BV have signed a Master Transaction Agreement dated December 4, 2013 for consolidation of their respective WiMAX businesses. Pursuant to the aforesaid agreement, both companies are required to complete the necessary steps to close the transaction by May 31, 2014 failing which the aforementioned agreement shall stand terminated unless mutually agreed to be renewed. The salient features of aforesaid agreement include:

- Wateen to transfer its WLL Network, Wateen Licenses, Wateen USF Agreements to its wholly owned subsidiary Company namely Wateen WiMAX (Pvt) Limited (WWL).
- WWL to acquire the 100% shares of Augere Pakistan (Private) Limited from its parent company Augere Holdings (Netherlands) BV (Augere Holdings) in consideration of issuance of own shares. Resultantly, Augere Holdings will hold 51% shares and the Wateen will hold 49% shares in the combined business.
- Lenders of Wateen Telecom Limited to approve transfer of debts to WWL.
- Wateen and Augere to inject funds in to WWL to an equivalent of USD 6 million and USD 6.2 million respectively as subordinated debt.
- Obtaining specified necessary regulatory approvals for this transaction.

46. Corresponding figure

Previous years figures have been reclassified to conform to current year's presentation as follows:

Reclassified from	Reclassified to	Rupees (in thousands)
Salaries, wages and benefits under general and administration expenses	Operational cost under cost of sales	436,053
Access promotion charges under cost of sales	Netted of with gross revenue	368,872
Other expenses	Operational cost under cost of sales	52,370
Other (income) / expenses	Other income	(69,955)
	Other expenses	146,036

47. Date of authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on February 26, 2014.

Chief Executive

Director

Consolidated Financial Statements

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Wateen Telecom Limited (Wateen) and its subsidiary companies, Wateen Solutions (Pvt) Limited, Wateen Satellite Services (Pvt) Limited, Wateen Telecom UK Limited, Netsonline Services (Pvt) Limited, Wateen WiMAX (Private) Limited and as at June 30, 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Wateen Telecom Limited, subsidiary companies Wateen Satellite Services (Pvt) Limited and Wateen WiMAX (Private) Limited. Financial statements of subsidiary companies, Wateen Solutions (Pvt) Limited, Netsonline Services (Pvt) Limited and Wateen Telecom UK Limited have been audited by other firms of Chartered Accountants and whose reports have been furnished to us. Our opinion in so far as it relates to the amounts included in respect of these subsidiary companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of Wateen's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As explained in note 19.1 to the consolidated financial statements, the Company has reversed an impairment loss of Rs 1,258 million representing excess of estimated recoverable amount of operating assets related to its WiMAX operations over the recoverable amount previously estimated. The recoverable amount of these assets estimated by an external consultant amounts to Rs 3,121 million and is based on consolidated business plan contemplated in the Master Transaction Agreement entered between the Company and another company for consolidation of business as referred to in note 46.2 of the consolidated financial statements. The conclusive selling price of these assets will be confirmed on consolidation of WiMAX business and any consequential difference from recoverable amount estimated above will be recognised in the financial statements of the subsequent period. In the absence of a conclusive agreed selling price of these assets, we were unable to form our opinion on the recoverable amount of these assets.

In our opinion, except for the possible effect of the matter described in the preceding paragraph, the consolidated financial statements present fairly the financial position of Wateen Telecom Limited and its subsidiary companies as at June 30, 2013 and the result of their operations for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

We draw attention to note 2 (iii) to the consolidated financial statements related to management's assessment of going concern. Our opinion is not qualified in respect of this matter.

As explained in note 45 to the consolidated financial statement, the Company is in the process of reconstructing its records for the period July 1, 2008 to June 30, 2011, which were lost by fire incident on February 10, 2012.

A.F.Ferguson & Co.

Chartered Accountants
Islamabad
Dated: February 26, 2014

Engagement Partner: JehanZeb Amin

Consolidated Statement of Financial Position
as at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital	5	10,000,000	10,000,000
Issued, subscribed and paid-up capital	5	6,174,746	6,174,746
General reserve	6	134,681	134,681
Accumulated loss		(26,690,010)	(25,591,114)
Currency translation differences		(34,373)	(32,212)
		(20,414,956)	(19,313,899)
Non-controlling interest		(69,346)	(51,901)
		(20,484,302)	(19,365,800)
NON CURRENT LIABILITIES			
Long term finance - secured	7	-	-
Long term portion of deferred mark up	8	-	-
Long term finance from shareholders - unsecured	9	10,820,230	9,376,247
Medium term finance from an associated company - unsecured	10	600,000	600,000
Obligations under finance leases	11	1,090	2,144
Long term deposits	12	58,220	65,672
		11,479,540	10,044,063
DEFERRED LIABILITIES			
Employees' retirement benefits	42	-	11,291
Deferred grants	13	1,770,119	1,748,500
		1,770,119	1,759,791
CURRENT LIABILITIES			
Current portion of long term finance - secured	7	15,694,054	15,318,243
Current portion of deferred mark up	8	1,065,958	790,743
Current portion of obligations under finance leases	11	3,257	2,616
Finance from supplier - unsecured	14	40,542	40,542
Short term running finance - secured	15	1,558,226	1,503,656
Trade and other payables	16	6,474,370	6,440,558
Interest / markup accrued	17	1,475,971	892,862
		26,312,378	24,989,220
CONTINGENCIES AND COMMITMENTS	18		
		19,077,735	17,427,274

The annexed notes 1 to 48 form an integral part of these financial statements.

Consolidated Statement of Financial Position
as at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	19	11,242,451	9,089,468
Capital work in progress	20	729,229	2,190,030
Intangible assets	21	264,994	280,637
		12,236,674	11,560,135
ADVANCE AGAINST PURCHASE OF SHARES OF WATEEN SOLUTIONS (PVT) LTD		85,000	85,000
DEFERRED INCOME TAX ASSET	22	-	-
LONG TERM DEPOSITS AND PREPAYMENTS			
Long term deposits	23	240,886	257,040
Long term prepayments	24	65,893	69,447
		306,779	326,487
CURRENT ASSETS			
Trade debts	25	3,058,239	2,138,862
Contract work in progress		160,696	136,388
Stores, spares and loose tools	26	482,523	503,221
Stocks	27	4,189	13,386
Advances, deposits, prepayments and other receivables	28	1,810,134	1,811,196
Income tax refundable		338,134	359,761
Cash and bank balances	29	595,367	492,838
		6,449,282	5,455,652
		19,077,735	17,427,274

Chief Executive

Director

Consolidated Income Statement
for the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
Revenue	30	8,876,935	7,366,874
Cost of sales (excluding depreciation and amortisation)	31	6,280,187	7,291,697
General and administration expenses	32	1,519,141	1,327,367
Advertisement and marketing expenses		51,074	290,758
Selling and distribution expenses		28,782	45,273
Provisions and write off	33	224,044	403,007
Other income	34	(122,290)	(138,225)
Other expenses	35	-	96,827
Profit / (loss) before interest, taxation, impairment depreciation and amortisation		895,997	(1,949,830)
Less: Depreciation and amortisation		851,298	2,158,416
Provision / (reversal) of impairment of WiMAX assets	19.1	(1,258,414)	9,622,973
Finance cost	36	2,487,135	3,193,790
Finance income	37	(76,525)	(42,758)
Loss before taxation		(1,107,497)	(16,882,251)
Income tax expense	38	(8,844)	(1,729,363)
Loss for the year		(1,116,341)	(18,611,614)
Loss attributable to:			
- owners of Wateen Telecom Limited		(1,098,896)	(18,586,280)
- non-controlling interest		(17,445)	(25,334)
		(1,116,341)	(18,611,614)
Loss per share attributable to owners of Wateen Telecom Limited			
- Basic and diluted	40	(1.78)	(30.10)

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Executive

Director

Consolidated Statement of Comprehensive Income
for the year ended June 30, 2013

	2013	2012
	(Rupees in thousand)	
Loss for the year	(1,116,341)	(18,611,614)
Currency translation differences	(2,161)	(20,560)
Total comprehensive loss for the year	(1,118,502)	(18,632,174)
Total comprehensive loss attributable to:		
- owners of Wateen Telecom Limited	(1,101,057)	(18,606,840)
- non-controlling interest	(17,445)	(25,334)
	(1,118,502)	(18,632,174)

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Executive

Director

Consolidated Statement of Cash Flows

for the year ended June 30, 2013

	2013	2012
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(1,107,497)	(16,882,251)
Adjustment of non cash items:		
Depreciation and amortisation	851,298	2,158,416
Finance cost	2,487,135	3,193,790
(Profit) / loss on sale of operating assets	46	(2,811)
Loss on sale of assets destroyed in fire	-	93,425
Provision / (reversal) of impairment of WiMAX assets	(1,258,414)	9,622,973
Operational cost associated with lease	521,549	-
Deferred grant recognised during the year	(68,181)	(67,144)
Provisions and write off	224,044	403,007
	2,757,477	15,401,656
	1,649,980	(1,480,595)
Changes in working capital:		
(Increase) in trade debts	(1,084,503)	(442,553)
(Increase) in contract work in progress	(24,308)	(114,138)
Decrease in stores, spares and loose tools	20,698	28,210
(Increase)/ decrease in stocks	4,133	(9,734)
(Increase)/ decrease in advances, deposits, prepayments and other receivables	(218,978)	(466,554)
Increase in trade and other payables	33,812	1,570,506
	(1,269,146)	565,737
Employees' accumulated absences paid	(11,291)	(51,896)
Income taxes paid	12,783	(97,476)
Cash flow from operating activities	382,326	(1,064,230)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment additions	(778,225)	(2,259,212)
Intangible assets additions	(11,796)	(9,498)
Proceeds from sale of property, plant and equipment	1,583	3,558
Proceeds from insurance claim	-	200,000
Long term deposits receivable / received	16,154	36,003
Long term prepayments	3,554	(5,353)
Cash flow from investing activities	(768,730)	(2,034,502)

Consolidated Statement of Cash Flows
for the year ended June 30, 2013

	2013	2012
	(Rupees in thousand)	
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance from shareholders - unsecured	956,575	4,458,020
Long term finance repaid	-	(27,000)
Increase in long term finance - secured	-	2,862,591
Finance from supplier - unsecured	-	(18,570)
Deferred grant received	255,986	454,438
Obligations under finance leases repaid	(2,882)	(3,253)
Long term deposits (repaid) - payable	(7,452)	4,084
Finance cost paid	(765,594)	(2,309,753)
Cash flow from financing activities	436,633	5,420,557
INCREASE IN CASH AND CASH EQUIVALENTS	50,229	2,321,825
Effects of exchange rates on cash and cash equivalents	(2,270)	953
Cash and cash equivalents at beginning of the year	(1,010,818)	(3,333,596)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(962,859)	(1,010,818)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	595,367	492,838
Short term running finance - secured	(1,558,226)	(1,503,656)
	(962,859)	(1,010,818)

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Executive

Director

Consolidated Statement of Changes in Equity
for the year ended June 30, 2013

	Attributable to owners of Wateen Telecom Limited						
	Share capital	General reserve	Accmulated loss	Currency translation differences	Total	Non controlling interest	Total
	(Rupees in thousand)						
Balance at July 1, 2011	6,174,746	134,681	(7,004,834)	(11,652)	(707,059)	(26,567)	(733,626)
Total comprehensive loss for the year							
Loss for the year	-	-	(18,586,280)	-	(18,586,280)	(25,334)	(18,611,614)
Other comprehensive income	-	-	-	(20,560)	(20,560)	-	(20,560)
	-	-	(18,586,280)	(20,560)	(18,606,840)	(25,334)	(18,632,174)
Balance at June 30, 2012	6,174,746	134,681	(25,591,114)	(32,212)	(19,313,899)	(51,901)	(19,365,800)
Total comprehensive loss for the year							
Loss for the year	-	-	(1,098,896)	-	(1,098,896)	(17,445)	(1,116,341)
Other comprehensive income	-	-	-	(2,161)	(2,161)	-	(2,161)
	-	-	(1,098,896)	(2,161)	(1,101,057)	(17,445)	(1,118,502)
Balance at June 30, 2013	6,174,746	134,681	(26,690,010)	(34,373)	(20,414,956)	(69,346)	(20,484,302)

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Executive

Director

1. Legal status and operations

The consolidated financial statements include the financial statements of Wateen Telecom Limited (Wateen) and its subsidiary companies Wateen Solutions (Pvt) Limited (51% owned), Wateen Satellite Services (Pvt) Limited (100% owned), Wateen Telecom UK Limited (100% owned) , Netsonline Services (Pvt) Limited (100% owned) and Wateen WiMAX (Pvt) Limited (100% owned). For the purpose of these financial statements, Wateen and consolidated subsidiaries are referred to as the Company.

Wateen Telecom Limited was incorporated in Pakistan as a Private Limited Company under Companies Ordinance, 1984 on March 4, 2005 for providing Long Distance and International public voice telephone (LDI) services and Wireless Local Loop (WLL) service in Pakistan. The Company commenced its LDI business commercial operations from May 1, 2005. The legal status of the Company was changed from "Private Limited" to "Public Limited" with effect from October 19, 2009. The Company got listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Lahore. The Company is a subsidiary of Warid Telecom International LLC, U.A.E. The Karachi, Lahore and Islamabad Stock Exchanges have accepted the request for delisting of Wateen and communicated to delist the same with effect from February 17, 2014.

The subsidiary company, Wateen Solutions (Pvt) Limited, is incorporated under Companies Ordinance, 1984 as a Private Limited Company on May 17, 2004. The principal activities of the Company are to sell and deploy telecom equipment and provide related services. The registered office of the Company is situated at Lahore. Wateen acquired 100 % interest in Wateen Solutions (Pvt) Limited on August 2, 2006. Wateen sold 49% shares (397,027 fully paid ordinary shares of Rs 100 each) of Wateen Solutions (Pvt) Limited on July 1, 2008.

The subsidiary company, Wateen Satellite Services (Pvt) Limited (WSS), is incorporated as a Private Limited Company under the Companies Ordinance, 1984 and is engaged in providing back haul and satellite data connectivity services in Pakistan. On March 1, 2009, the Company transferred all contracts for providing back haul and satellite data connectivity services to Wateen Telecom Limited. Wateen acquired 100% shares of Wateen Satellite Services (Pvt) Limited on July 1, 2008.

The subsidiary company, Wateen Telecom UK Limited, is incorporated as a Private Limited Company under the UK Companies Act, 2006 and is engaged in providing internet and other technology related services in United Kingdom. Wateen held 51% shares in Wateen Telecom UK Limited since its incorporation. Wateen acquired remaining shares of Wateen Telecom UK Limited on March 31, 2011.

The subsidiary company, Netsonline Services (Pvt) Limited, is incorporated as a Private Limited Company under the Companies Ordinance, 1984 and is engaged in providing internet and other technology related services in Pakistan. Wateen acquired 100% shares of Netsonline Services (Pvt) Limited on July 1, 2008.

The subsidiary company, Wateen WiMAX (Private) Limited, is incorporated as a Private Limited Company under the companies Ordinance, 1984 on December 6, 2012 to carry on business of WiMAX telecommunications services. In terms of Memorandum of Association of Company dated December 17, 2012, Wateen Telecom Limited subscribed and have taken 997 fully paid ordinary shares and 3 nominee directors have taken 3 fully paid ordinary shares of Rs 10 each. The Company has not yet commenced its operations.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Company's voting rights relative to the size and dispersion of holdings of other shareholders give the Company the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Company applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through income statement.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in income statement.

All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2. Basis of preparation

(i) Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies

Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

(ii) Accounting convention

These financial statements have been prepared on the basis of 'historical cost convention' except as otherwise stated in the respective accounting policies notes.

(iii) Management's assessment of going concern

In assessing the going concern status of the Company, management has carefully assessed a number of factors covering the operational performance of the business, the ability to implement a significant debt restructuring of the Company's existing debts and the appetite of majority shareholder to continue financial support. Based on the analysis of these, management is comfortable that the Company will be able to continue as a going concern in the foreseeable future. Set out below are the key areas of evidence that management has considered.

Operational Performance

During the year ended June 30, 2013, the Company incurred loss of Rs 1,116 million and had net current liabilities as at June 30, 2013 of Rs 19,862 million, of which Rs 15,694 million relate to loan installments classified as current liabilities as mentioned in note 7.5 and Rs 1,066 million relates to deferred markup classified as current liability as mentioned in note 8.1 which are due for repayment after June 30, 2014. The Company has negative equity of Rs 20,484 million at June 30, 2013. It is important to note that during this period of losses the majority shareholder of the Company has continued to provide financial support in the form of long term finance amounting to Rs 10,820 million to meet the requirements of the Company.

During the year ended June 30, 2012, the Board directed management to implement a 'Containment plan' that would stem the losses of the Company and provide stability. This containment plan included a cost cutting exercise, assessment of options for the WiMAX business, and continued support of the other business lines. With regards to the WiMAX business, subsequent to the reporting period the company and Augere Holdings (Netherlands) B.V. signed a Master Transaction Agreement dated December 4, 2013 for combination of their respective WiMAX businesses.

The Company has incurred capital expenditures on different Universal Service Fund (USF) Projects awarded by USF Company, (total contract of Rs 4,848 million value awarded to date) of which Rs 1,899 million have been received by the Company to date. Further certain milestones have been achieved and the Company is in the process of offering the project milestone notice(s) for audit to the USF Company during the ensuing year. Upon successful completion of audit, the Company will be entitled to claim the balance amount from USF Company related to completed milestones, and collect further material receipts from the USF Company which will benefit the cash flow.

Debt restructuring

Discussions are at advance stage with the local syndicate lenders, foreign debt lenders and our majority shareholders, constructive discussions are taking place and there is a willingness on all sides to find a solution, including a willingness from our majority shareholder to provide further financial support. Given this, management is of the view that based on these constructive discussions and information that is currently available there is a high likelihood of a successful outcome.

Ongoing Shareholder Support

The Company's majority shareholder Warid Telecom International LLC U.A.E.(WTI) continues to provide management with comfort with regards to its ongoing support, key requirements of which are the delisting of the Company from all stock exchanges of Pakistan where the Company is listed, and the successful restructuring of the debt. Both of these initiatives are progressing well.

In addition to this WTI guarantees the local Syndicate Finance Facility, and certain personal guarantees are provided to the foreign debt holders. Based on the provision of these Guarantees WTI is providing strong support to the management through the restructuring discussions.

The Company's shareholders in the Extra Ordinary General Meeting held on October 19, 2013 approved the delisting of the Company. Thereafter, the required number of shares has been purchased by the majority shareholder and the respective stock exchanges informed the Company that the Company shares will be delisted from these stock exchanges effective February 17, 2014.

The board of directors of the parent company in their meeting held on November 22, 2011 decided to voluntary wind up of subsidiary companies Wateen Satellite Services (Pvt) Limited and Netsonline Services (Pvt) Limited. Accordingly, the financial statements of these companies have not been prepared on a going concern basis.

(iv) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

(i) Operating assets - estimated useful life of property, plant and equipment (note 19)
(ii) Impairment of WiMAX assets (note 19.1)
(iii) Impairment of DSL assets (note 20)
(iv) Provision for doubtful debts (note 25)
(v) Provision for obsolete stores (note 26)
(vi) Provision for obsolete stocks (note 27)
(vii) Provision for doubtful advances and other receivables (note 28)
(viii) Provision for current and deferred income tax (note 22)
(ix) Employees' retirement benefits (note 42)

3. Adoption of new and revised standards and Interpretations

a) The following amendments, revisions and interpretations to published accounting standards were not effective during the year and have not been early adopted by the Company:

		Effective for periods beginning on or after
IFRS 7	Financial instruments: Disclosures (Amendments)	January 01, 2013
IAS 1	Presentation of financial statements (Amendments)	January 01, 2013
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2013
IAS 19	Employee benefits (Amendments)	January 01, 2013
IAS 27	Separate Financial Statements (Revised)	January 01, 2013
IAS 28	Investments in Associates and Joint Venture (Revised)	January 01, 2013
IAS 32	Financial Instruments Presentation (Amendments)	January 01, 2013 & January 01, 2014
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2013
IAS 36	Impairment of assets (Amendments)	January 01, 2014
IAS 39	Financial Instruments: Recognition and measurement (Amendments)	January 01, 2014
IFRIC 20	Stripping costs in production phase of a surface mine	January 01, 2013

The management anticipates that, except for the effects on the financial statements of amendments in IAS 19 "Employee Benefits", the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than the impact on presentation / disclosures. The application of amendments in IAS 19 require immediate recognition of cummulative unrecognized actuarial gains/ losses in other comprehensive income in the period of initial application and to replace with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Company is yet to assess the full impact of the amendments.

b) The following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan:

		Effective for periods beginning on or after
IFRS 1	First-time adoption of International Financial Reporting Standards (Amendments)	July 1, 2009
IFRS 9	Financial instruments	January 1, 2015
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IFRS 13	Fair value measurement	January 1, 2013
IFRIC 21	Levies	January 1, 2014

c) The following interpretations issued by the IASB have been waived off by the SECP, effective January 16, 2012:

IFRIC 4	Determining Whether an Arrangement Contains a Lease
IFRIC 12	Service Concession Arrangements

4. Summary of significant accounting policies

4.1 Employees' retirement benefits

4.1.1 The Company operates funded gratuity scheme for all permanent employees. The expense is recognised on the basis of actuarial valuation. Actuarial gains and losses in excess of the 'corridor' (10% of the higher of fair value of plan assets or present value of defined benefit obligation) are recognised over the remaining working life of employees. The latest actuarial valuation was carried out as at June 30, 2013, related details of which are given in note 42 to the financial statements.

4.1.2 Wateen Solutions (Pvt) Limited (WSPL) operated unfunded gratuity scheme for all permanent employees. Deferred liability of post employment benefits (gratuity fund) has been transferred to Wateen Telecom Limited (parent company) with effect from October 1, 2012 due to transfer of all employees of WSPL to the parent company. The expense is recognised on the basis of actuarial valuation. Actuarial gains and losses in excess of the 'corridor' (10% of the higher of fair value of plan assets or present value of defined benefit obligation) are recognised over the remaining working life of employees. The latest actuarial valuation was carried out as at June 30, 2012, related details of which are given in note 42.2 to the financial statements.

4.1.3 Contributory provident fund for all permanent employees of the Company is in place. Contribution for the year amounted to Rs 72.335 million (2012: Rs 32.347 million).

4.2 Taxation

The tax expense for the year comprises of current and deferred income tax, and is recognized in income for the year, except to the extent that it relates to items recognized directly in other comprehensive income, in which case the related tax is also recognized in other comprehensive income.

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit.

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized 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.

Deferred income tax is calculated at the rates that are expected to apply to the period when the differences reverse, and the tax rates that have been enacted, or substantively enacted, at the date of the statement of financial position.

4.3 Government grant

Government grants are recognized at their fair values and included in non-current liabilities, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

4.4 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using effective interest method.

Borrowing costs incurred that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. All other borrowing costs are charged to income for the year. Qualifying assets are assets that necessarily takes substantial period of time to get ready for their extended use.

4.5 Trade and other payables

Liabilities for creditors and other amounts payable including payable to related parties are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Company.

4.6 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.7 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.8 Property plant and equipment

Property, plant and equipment, except freehold land and capital work-in-progress, is stated at cost less accumulated depreciation and any identified impairment losses; freehold land is stated at cost less identified impairment losses, if any. Cost includes expenditure, related overheads, mark-up and borrowing costs (note 4.4) that are directly attributable to the acquisition of the asset.

Subsequent costs, if reliably measurable, are included in the asset's carrying amount, or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to income during the period in which they are incurred.

Depreciation on operating assets is calculated, using the straight line method, to allocate their cost over their estimated useful lives, at the rates mentioned in note 19.

Depreciation on additions to property, plant and equipment, is charged from the month in which the relevant asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off. Impairment loss, if any, or its reversal, is also charged to income for the year. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its estimated useful life.

The gain or loss on disposal of an asset, calculated as the difference between the sale proceeds and the carrying amount of the asset, is recognized in income for the year.

4.9 Intangible assets

(i) Licenses

These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated using the straight line method from the date of commencement of commercial operations, to allocate the cost of the license over its estimated useful life specified in note 21, and is charged to income for the year.

The amortization on licenses acquired during the year, is charged from the month in which a license is acquired / capitalized, while no amortization is charged in the month of expiry / disposal of the license.

(ii) Computer software

These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated using the straight line method, to allocate the cost of the software over its estimated useful life, and is charged in income statement. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

The amortization on computer software acquired during the year is charged from the month in which the software is acquired or capitalized, while no amortization is charged for the month in which the software is disposed off.

(iii) Non compete fee is stated at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost over its estimated useful life.

(iv) On acquisition of an entity, difference between the purchase consideration and the fair value of the identifiable assets and liabilities acquired, is initially recognised as goodwill. Following initial recognition, goodwill is measured at cost less accumulated impairment , if any.

4.10 Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment on the date of the statement of financial position, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. An impairment loss, or the reversal of an impairment loss, are both recognized in the income statement.

4.11 Right of way charges

Right of way charges paid to local governments and land owners for access of land are carried at cost less amortization. Amortization is provided to write off the cost on straight line basis over the period of right of way.

4.12 Trade debts and other receivables

Trade debts and other receivables are carried at their original invoice amounts, less any estimates made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.13 Stores, spares and loose tools

Stores, spares and loose tools are carried at cost less allowance for obsolescence. Cost is determined on weighted average cost formula basis. Items in transit are valued at cost, comprising invoice values and other related charges incurred up to the date of the statement of financial position.

4.14 Stocks

Stocks are valued at lower of cost and net realizable value. Cost is determined on weighted average cost formula basis.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand and bank and short term highly liquid investments with original maturities of three months or less, and that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

4.16 Revenue recognition

Revenue is recognised as related services are rendered.

Revenue from granting of Indefeasible Right Of Use (IRU) of dark fiber for 20 years or more is recognised at the time of delivery and acceptance by the customer.

Revenue from sale of equipment is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Revenue from prepaid cards is recognised as credit is used, unutilized credit is carried in Statement of Financial Position as unearned revenue in trade and other payables.

Revenue from sale of goods is recognised upon dispatch of goods to customers.

Interest income is recognised using the effective yield method.

Dividend income is recognised when the right to receive payment is established.

4.17 Foreign currency translation

a) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Pakistan Rupees (Rs), which is the Company's functional currency.

b) Foreign currency transactions and translation

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary items at year end exchange rates, are charged to income for the year.

c) Foreign operations

The results and financial position of all the Company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and

(iii) all resulting currency translation differences are recognised in the statement of comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation) all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Company losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

4.18 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expires. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

(a) Financial assets

Classification and subsequent measurement

The Company classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset.

(i) Fair value through profit and loss

Financial assets at fair value through profit or loss, include financial assets held for trading and financial assets, designated upon initial recognition, at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at their fair value, with changes therein recognized in the income for the year. Assets in this category are classified as current assets.

(ii) Held to maturity

Non derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold these assets to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment, if any.

(iii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments, that are not quoted in an active market. After initial measurement, these financial assets are measured at amortized cost, using the effective interest rate method, less impairment, if any.

The Company's loans and receivables comprise 'Long term Deposits', 'Trade debts', 'Contract Work in Progress', 'Advances, deposits and other receivables,' 'Income tax refundable' and 'Cash and bank balances'.

(iv) Available for sale

Available-for-sale financial assets are non-derivatives, that are either designated in this category, or not classified in any of the other categories. These are included in non current assets, unless management intends to dispose them off within twelve months of the date of the statement of financial position.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains or losses recognized as other comprehensive income, until the investment is derecognized, at which time the cumulative gain or loss is recognized in income for the year.

Impairment

The Company assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(b) Financial liabilities

Initial recognition and measurement

The Company classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss, include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at their fair value, with changes therein recognized in the income for the year.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method.

(c) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.19 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. Changes in fair value of derivates that are designated and qualify as fair value hedges are recorded in income statement together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

	June 30, 2013		June 30, 2012	
	Number of Shares	Rs ('000)	Number of Shares	Rs ('000)
5. Share capital				
Authorised share capital:				
Ordinary shares of Rs 10 each	1,000,000,000	10,000,000	1,000,000,000	10,000,000
Issued, subscribed and paid up share capital:				
Shares issued for cash				
Ordinary shares of Rs 10 each	408,737,310	4,087,373	408,737,310	4,087,373
Shares issued as fully paid bonus shares of Rs 10 each	208,737,310	2,087,373	208,737,310	2,087,373
	617,474,620	6,174,746	617,474,620	6,174,746

5.1 The parent company, Warid Telecom International LLC, U.A.E held 333,295,700 (2012: 333,295,350) ordinary shares, the associated companies Bank Alfalah Limited held 83,494,920 (2012: 83,494,920) ordinary shares, Taavun (Private) Limited held 28,034,821 (2012: 28,034,821) ordinary shares, Wincom (Private) Limited held 3,000,000 (2012: 3,000,000) ordinary shares and Bank Alfalah Limited - Employees Gratuity Fund held 21,000,000 (2012: 21,000,000) ordinary shares at year end.

6. General reserve

The company is to place atleast 10% of the profits in the general reserve account till it reaches 50% of the issued, subscribed and paid up capital of the company.

	Note	2013	2012
		(Rupees in thousand)	
7. Long term finance - secured			
Syndicate of banks	7.1	8,142,335	8,142,335
Export Credit Guarantee Department - (ECGD)	7.2	2,529,289	2,411,528
Dubai Islamic Bank (DIB)	7.3	424,000	424,000
Deutsche Bank AG	7.4	4,741,171	4,520,428
Total		15,836,795	15,498,291
Unamortized transaction and other ancillary cost			
Opening balance		180,048	217,355
Amortisation for the year		(37,307)	(37,307)
		(142,741)	(180,048)
		15,694,054	15,318,243
Less: Amount shown as current liability			
Amount payable within next twelve months		-	-
Amount due after June 30, 2014	7.5	(15,694,054)	(15,318,243)
		(15,694,054)	(15,318,243)
		-	-

7.1 The company has obtained syndicate term finance facility from a syndicate of banks with Standard Chartered Bank Limited (SCB), Habib Bank Limited (HBL), Bank Al-Habib Limited (BAHL) and National Bank of Pakistan (NBP), being lead arrangers to finance the capital requirements of the Company. During the year ended June 30, 2012, the Company and the Syndicate of Banks signed an agreement to restructure Syndicate term finance facility and the short term running finance from SCB of Rs 1,497 million, term finance facility from SCB of Rs 1,016 million, running finance facility of Rs 529 million from BAHL, running finance facility of Rs 200 million from Soneri Bank Limited and finance facility of Rs 135 million from Summit Bank Limited effective from January 1, 2011. All the finance facilities have been fully availed by the Company till June 30, 2013. The principal is repayable in ten unequal semi annual instalments . The first such instalment shall be due on July 1, 2014 and subsequently every six months thereafter until January 1, 2019. The rate of mark-up is 6 months KIBOR per annum till December 31, 2013 and 6 months KIBOR + 2.5% per annum for the remaining period. The Company shall pay the mark up at 8% per annum from January 1, 2011 to December 31, 2013 (deferment period). The remaining amount of all instalments falling due in the deferment period shall be paid in ten equal six-monthly instalments on each January 1 and July 1 commencing from July 1, 2014 and ending January 1, 2019.

Certain conditions precedent to the restructured agreements are not yet fulfilled, management of the Company has taken steps to fulfill those conditions. Once conditions precedent to restructured agreements are fulfilled bank will formally issue letter to the Company which will complete the restructuring process.

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets (excluding assets under specific charge of CM Pak, CISCO, DIB, assets procured from World call and USF), a mortgage by deposit of title deeds in respect of immoveable properties of the Company, lien over collection accounts and Debt Service Reserve Account and a corporate guarantee from Warid Telecom International LLC.

7.2 The Company has obtained long term finance facility amounting to USD 42 million (2012: USD 42 million) from ECGD UK, of which USD 35 million (2012: USD 35 million) has been availed till June 30, 2013. During the year ended June 30, 2012, the Company and ECGD UK signed an agreement to restructure the terms of loan agreement including repayment schedule. Amount outstanding at June 30, 2013 was USD 25.60 million (2012: 25.60 million). The principal is repayable in ten semi annual instalments. The first such instalment shall be due on July 1, 2014 and subsequently every six months thereafter until January 1, 2019. The rate of mark-up is six month LIBOR + 1.5% (interest rate) per annum till June 30, 2011 and six month LIBOR + 1.9% (interest rate) for the remaining period. If the amount of instalment payable and/or interest payable is not paid on the due date, the Company shall pay interest on such amount the interest rate + 2% per annum.

Certain conditions precedent to the restructured agreement are not yet fulfilled, management of the Company has taken steps to fulfill those conditions. Once conditions precedent to restructured agreement are fulfilled ECGD will formally issue letter to the Company which will complete the restructuring process.

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets (excluding assets under specific charge of CM Pak, Motorola, CISCO, assets which are subject to lien in favour of USF), a mortgage by deposit of title deeds in respect of immoveable properties of the company, lien over collection accounts and Debt Service Reserve Account and personal guarantees by three Sponsors of the Company.

7.3 The Company has obtained Ijarah finance facility of Rs 530 million (2012: Rs 530 million) from DIB. During the year ended June 30, 2012, the Company and DIB signed an agreement to restructure the terms of the Ijarah finance facility. The principal is repayable in ten unequal semi annual instalments. The first such instalment shall be due on July 1, 2014 and subsequently every six months thereafter until January 1, 2019. The rate of mark-up is 6 months KIBOR per annum till December 31, 2013 and KIBOR + 2.5% per annum for the remaining period. The Company shall pay the mark up at 8% per annum from January 1, 2011 to December 31, 2013 (deferment period). The remaining amount of all instalments falling due in the deferment period shall be paid in ten equal six-monthly instalments on each January 1 and July 1 commencing from July 1, 2014 and ending January 1, 2019.

Certain conditions precedent to the restructured agreement are not yet fulfilled, management of the Company has taken steps to fulfill those conditions. Once conditions precedent to resructured agreement are fulfilled bank will formally issue letter to the Company which will complete the restructuring process.

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets (movable and immoveable) and a corporate guarantee from Warid Telecom International LLC.

7.4 The Company has obtained term finance facility of USD 65 million (2012: USD 65 million) from Motorolla Credit Corporation (MCC) of which USD 64 million (2012: USD 64 million) has been availed till June 30, 2013. On August 19, 2011, MCC has transferred all of its rights, title benefits and interests in the original facility agreement to Deutsche Bank AG as lender, effective August 19, 2011. During the year ended June 30, 2012, the Company and Deutsche Bank AG signed an agreement to restructure the terms of loan agreement. Amount outstanding at June 30, 2013 was USD 48 million (2012: USD 48 million). The principal is repayable in ten semi annual instalments commencing from July 1, 2014 until and including the final maturity date which is December 31, 2019. The rate of mark-up is six month LIBOR + 1% per annum provided that rate shall be capped at 2.5% per annum. If the Company fails to pay any amount payable on its due date, interest shall accrue on the unpaid sum from the due date up to the date of actual payment at a rate which is 2% higher than the rate of interest in effect thereon at the time of such default until the end of the then current interest period. Thereafter, for each successive interest period, 2% above the six-month LIBOR plus margin provided the Company is in breach of its payment obligations hereof.

Certain conditions precedent to the restructured agreement are not yet fulfilled, management of the Company has taken steps to fulfill those conditions. Once conditions precedent to resructured agreement are fulfilled bank will formally issue letter to the Company which will completes the restructuring process. The loan is secured through personal guarantee by one Sponsor of the Company and is ranked pari passu with unsecured and unsubordinated creditors.

7.5 The company is required to make payments of markup of long term finance on due dates. The Company was not able to make payments of markup to Deutsche Bank AG of Rs 165.67 million on due dates. Further the Company has not complied with the requirements of the loan agreements to maintain Long Term Debt to Equity Ratio of 80:20 at June 30, 2013. Further restructured loan agreements have not yet become effective as certain conditions precedent to the restructured arrangements are not yet fulfilled. Accordingly, the lenders shall be entitled to declare all outstanding amount of the loans immediately due and payable. In terms of provisions of International Accounting Standard on Presentation of financial statements (IAS 1), since the Company does not have an unconditional right to defer settlement of liabilities for at least twelve months after the statement of financial position date, all liabilities under these loan agreements are required to be classified as current liabilities. Based on above, loan installments for an amount of Rs 15,694 million due after June 30, 2014 have been shown as current liability.

		Note	2013	2012
			(Rupees in thousand)	
8.	**Long term portion of deferred mark up**			
	Syndicate of banks	8.1	847,952	626,567
	Dubai Islamic Bank (DIB)	8.1	42,203	30,610
	Bank Alfalah Limited	8.1	175,803	133,566
	Total		1,065,958	790,743
	Less: Amount shown as current liability			
	Amount payable within next twelve months		-	-
	Amount due after June 30, 2014		(1,065,958)	(790,743)
			(1,065,958)	(790,743)
			-	-

8.1 These amounts are payable in ten equal six-monthly instalments on each January 1 and July 1 commencing from July 1, 2014 and ending January 1, 2019. As explained in note 7.5, amount has been shown as current liability.

		Note	2013	2012
			(Rupees in thousand)	
9.	**Long term finance from shareholders - unsecured**			
	Facility 1	9.1	2,373,670	2,263,155
	Facility 2	9.2	8,446,560	7,113,092
			10,820,230	9,376,247

9.1 The Company has obtained long term finance from a shareholder amounting to USD 24 million (2012: USD 24 million). This loan is subordinated to all secured finance facilities availed by the Company. This loans is repayable within 30 days of the expiry of a period of five years from the last date the lender has disbursed the loans, which shall be on or about January 29, 2015. The rate of mark-up is 6 months LIBOR + 1.5% with 24 months payment grace period payable half yearly. Alternatively loans may be converted into equity by way of issuance of the Company's ordinary shares at the option of the lender at any time prior to, at or after the repayment date on the best possible terms but subject to fulfillment of all legal requirements at the cost of the Company. The said conversion of loan shall be affected at such price per ordinary share of the Company as shall be calculated after taking into account the average share price of the last 30 calendar days, counted backwards from the conversion request date, provided that such conversion is permissible under the applicable laws of Pakistan.

This loan together with accrued interest will have at all times priority over all unsecured debts of the Company except as provided under Law. In the event the Company defaults on its financial loans or in case Warid Telecom International LLC, Abu Dhabi, UAE, no longer remains the holding company of the Company and sells its 100% shares to any other person or party or relinquishes the control of its management then, unless otherwise agreed in writing by the lender, the entire loan together with the accrued interest will become due and payable for with and shall be paid within 15 working days of the event of default or decision of the Board of Directors of the Company accepting such a change in the shareholding as the case may be, and until repaid in full, the loan shall immediately become part of financial loans, ranking pari passu therewith subject to the consent of the Company's existing financial loan providers.

9.2 The Company has obtained long term finance from a shareholder amounting to USD 185 million (2012: USD 185 million) of which USD 85 million (2012: USD 75 million) has been availed at June 30, 2013. The rate of mark-up is 6 months LIBOR + 1.5% payable half yearly. The Company shall repay the loan in full in five equal annual installments beginning on June 30, 2014 with final maturity date of June 30, 2018. Alternatively the lender shall also have the option to instruct the Company any time during the term of this agreement to convert the remaining unpaid amount of the loan and the interest in part or in its entirety into equity by way of issuance of ordinary shares of the Company in favour of the lender in compliance with all applicable laws of Pakistan.

Upon the request of the Company for conversion of the loan and the interest into equity, the lender and the Company shall, with mutual consent, appoint an independent auditor to determine the fair market value per share of the borrower prevailing at the time of such request. If the lender agrees to the price per share as determined by the independent auditor then the loan and the interest shall be converted into equity at the rate per share decided by the independent auditor. In case the lender, in its sole discretion, disagrees with the price per share as determined by the independent auditor then the request for conversion shall stand revoked and the loan shall subsist.

The loan together with the interest shall have priority over all other unsecured debts of the Company. Further, after the execution of this agreement, the Company shall not avail any other loan or funding facility from any other source without prior written consent of the lender. The Company undertakes that it shall not declare dividends, make any distributions or pay any other amount to its shareholders unless the repayment of the loan and the interest in full to the lender. The rights of the lender in respect of the loan are subordinated to any indebtedness of the Company to any secured lending by any financial institution in any way, both present and future notwithstanding whether such indebtedness is recoverable by process of law or is conditional or unconditional. Furthermore, in the event that insolvency proceedings are initiated against the Company or that it is unable to pay its Financial Loans as they fall due or if the Company has proposed any composition, assignment or arrangement with respect to its Financial Loans, the obligation to repay the outstanding amount of the loan shall be subordinated to the Financial Loans but will have priority over all other unsecured debts of the Company.

10. Medium term finance from an associated company - unsecured

The Company has obtained an aggregate medium term finance facility of Rs 600 million from an associated company Taavun (Pvt) Limited. As per the terms of loan agreement, this loan is subordinated to all secured finance facilities availed by the Company. The principal is repayable within 30 days of the expiry of twenty four months from the effective date i.e. September 30, 2010, which was further extendable to twelve months. The rate of mark-up is six month KIBOR + 2.5% with 24 months grace period payable quarterly. As the loan is subordinated to all secured finance facilities availed by the Company, the entire amount of loan has been classified as non current liability.

	Note	2013	2012
		(Rupees in thousand)	
11. Obligations under finance leases			
Present value of minimum lease payments		4,347	4,760
Less: Current portion shown under current liabilities		(3,257)	(2,616)
		1,090	2,144

The Company acquired vehicles under lease from commercial banks. The financing is repayable in equal monthly installments over a period of three to five years and carries a finance charge of six months KIBOR+3% to 3.5% (2012: KIBOR+3% to 3.5%).

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

	2013	2012
	(Rupees in thousand)	
Due within one year		
Minimum lease payments	3,624	3,160
Less: Financial charges not yet due	(367)	(544)
Present value of minimum lease payments	3,257	2,616
Due after one year but not later than five years		
Minimum lease payments	1,175	2,294
Less: Financial charges not yet due	(85)	(150)
Present value of minimum lease payments	1,090	2,144
	4,347	4,760

12. Long term deposits

These represent security deposits received from customers. These are interest free and refundable on termination of relationship with the Company.

13. Deferred grants

This represents amount received and receivable from Universal Service Fund (USF) as subsidy to assist in meeting the cost of deployment of USF Fiber Optic Network for providing USF Fiber Optic Communication Services in Sindh, Baluchistan, Punjab and broad band services in Faisalabad Telecom Region, Hazara Telecom Region, Gujranwala Telecom Region and Central Telecom Region. USF Fiber Optic Network and broad band network will be owned and operated by the Company. Total amount of USF subsidy is Rs 4,848 million (2012: Rs 4,848 million) payable by USF in five installments in accordance with project implementation milestones.

Movement during the year is as follows:

	Note	2013	2012
		(Rupees in thousand)	
Balance at beginning of the year - excluding amount receivable		1,523,604	1,136,310
Amount received during the year		255,986	454,438
Amount receivable at year end		58,710	224,896
Amount recognised as income during the year	34	(68,181)	(67,144)
Balance at end of the year		1,770,119	1,748,500

14. Finance from supplier - unsecured

This represents deferred payment in respect of supply of equipment and is interest free.

15. Short term running finance - secured

	Note	2013	2012
Facility - I	15.1	1,283,380	1,503,656
Facility - II	15.2	274,846	-
		1,558,226	1,503,656

15.1 The Company has a running finance facility of Rs 1,800 million (2012: Rs 1,800 million), of which Rs 517 million (2012: Rs 296 million) was unutilised as at June 30, 2013. The facility is available till December 31, 2019. The principal is payable on expiry/on demand. The rate of mark-up is 6 months KIBOR per annum till December 31, 2013 and KIBOR + 1.5% per annum for the remaining period. Mark up at 8% is payable on bi-annual basis and remaining amount is deferred which is payable in 10 bi-annual instalments with the first instalment becoming payable on July 1, 2014.

This facility is secured by hypothecation of first pari passu charge on all fixed assets (movable and immoveable) plus current assets of the company with a margin of 25 %.

15.2 During the year, the Company has availed cash finance facility of Rs 440 million, of which Rs 166 million was unutilised as at June 30, 2013. The facility is available till September 30, 2013. Repayment will be through internal cash generation of the company. Markup to be serviced on quarterly basis. The rate of mark-up is 3 months KIBOR + 1% per annum.

This facility is secured by lien marked on an amount of USD 10.571 million held under the name “Dhabi One Investment Services LLC” maintained at Bank Alfalah.

		Note	2013	2012
			(Rupees in thousand)	
16.	**Trade and other payables**			
	Creditors	16.1	624,025	801,575
	Due to associated companies	16.2	3,950	3,950
	Due to international carriers		520,796	388,768
	Payable to Pakistan Telecommunication Authority		1,061,111	896,324
	Accrued liabilities		3,686,744	3,628,845
	Payable to gratuity fund	42	69,858	128,049
	Payable to provident fund		26,008	22,856
	Unearned revenue		128,177	117,696
	Advance from customers	16.3	272,721	348,980
	Income tax deducted at source		80,980	103,515
			6,474,370	6,440,558
16.1	**Trade creditors include following amounts due to related parties:**			
	Warid Telecom (Pvt) Limited		413,045	61,016
16.2	**Due to associated companies**			
	Bank Alfalah Limited		3,950	3,950

16.3 **Advance from customers**

This includes advance of Rs 48.983 million (2012: Rs 48.983 million) received from associated companies.

		Note	2013 (Rupees in thousand)	2012
17.	**Interest / markup accrued**			
	Accrued mark up on long term finance from shareholders		456,581	168,634
	Accrued mark-up on long term finance - secured		625,940	450,201
	Accrued mark-up on medium term finance - unsecured	17.1	245,164	164,554
	Accrued markup on short term borrowings - secured	17.2	148,286	109,473
			1,475,971	892,862

17.1 This represents markup payable to an associated company Taavun (Private) Limited.

17.2 This includes markup payable to an associated company Bank Alfalah Limited and to the employee's provident fund amounting to Rs 64.665 million and Rs 1.436 million (2012: Rs 64.554 million and Rs 3.863 million) respectively.

		Note	2013 (Rupees in thousand)	2012
18.	**Contingencies and Commitments**			
18.1	Claims against the Company not acknowledged as debt		350,954	319,338
18.2	Performance guarantees issued by banks on behalf of the Company		2,200,629	1,753,952

18.3 The Company implemented policy directives of Ministry of Information Technology conveyed by the Pakistan Telecommunication Authority regarding termination of all international incoming calls into Pakistan. On suspension of these directives by the Honorable Lahore High Court, the Honorable Supreme Court of Pakistan dismissed the pertinent writ petitions by directing Competition Commission of Pakistan (CCP) to decide the case. The Honorable Sind High Court suspended the adverse decision of CCP by granting stay order and the case is pending for adjudication.

18.4 Under the Access Promotion Regulations, 2005, the Company is liable to make payments of Access Promotion Charges (APC) for Universal Service Fund (USF) within 90 days of close of the month to which such payment relates. The Company has disputed the APC Regulations, 2005 and the case is currently pending with High Court. The Company has not recorded the penalty on delayed payment of APC for USF amounting to Rs 375 million as required by the Access Promotion Regulations, 2005 as the management and legal advisor of the Company are of the view, that the Company has a strong case and chances of success are very high.

18.5 The Deputy Commissioner Inland Revenue, Enforcement Unit IV, Large Taxpayers Unit, Islamabad (DCIR) had issued Order-in-Original based on the observations of Director General Intelligence and Investigation and raised a demand of Rs 31.830 million to be paid along with penalty and default surcharge and also issued recovery notice. The Commissioner Inland Revenue - Appeals [CIR(Appeals)] and Appellate Tribunal Inland Revenue upheld the orders of the DCIR. The Company preferred Writ Petition in the High Court against the orders of the Officer Inland Revenue and the Honourable High court has granted stay against the demand till the disposal of writ petition.

18.6 The Assistant Commissioner Inland Revenue, Enforcement Unit IV, Large Taxpayers Unit, Islamabad (AC), had issued show cause notices based on the observation that Company has not furnished Sales Tax and Federal Excise returns for the periods from August 2009 to March 2010, November 2010 and December 2010. In this respect, AC issued Order-in-Original and assessed demand of Rs 249.471 million (calculated on the basis of alleged minimum liability) payable along with penalty and default surcharge and also issued recovery notice. The Company deposited principal amount of Rs 138.709 million and default surcharge of Rs 26.231 million based on actual liability as per own working of the Company. The Appellate Tribunal Inland Revenue, Islamabad has remanded the case to the assessing officer with certain directions. The related proceedings are not yet finalized by the assessing officer. The management and the Company's advisors believe that Company has high chances to amicably settle the issue of disputed amount.

18.7 The Assistant Commissioner Inland Revenue (ACIR) has alleged that Company has not withheld tax on payments made to foreign telecom operators during the tax years 2008, 2009, 2010 and 2011. Further the ACIR has ordered the Company to pay alleged demand of Rs 477.767 million representing principal amount and default surcharge for the aforesaid tax years. The CIR - Appeals has upheld the contentions of the ACIR and directed the assessing officer to recalculate the withholding tax by applying the rates as given in the Division II of Part III of the First Schedule to the Income Tax Ordinance, 2001. The Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) .The Company and its advisors are of the view that Company has fair chance to succeed in appeal.

18.8 In relation to financial years 2008 and 2009 of Wateen Solution (Pvt) Limited, FBR contended sales tax and federal excise duty of Rs. 113.30 million. The Company paid Rs. 10.98 million under amnesty scheme against such order. An appeal had been filed before Commissioner Inland Revenue Appeals which upheld the demand raised by the Department. The Company preferred appeal before Appellate Tribunal Inland Revenue (ATIR) and the ATIR vide its order vacated the demand and remanded back the issue to the assessing officer with certain direction.

18.9 The show cause notice has been issued to Wateen Solutions (Pvt) Limited by the Department raising demand of Rs 1.2 million by contending that same has been inadmissible as vendors have not deposited sales tax. The Company has filed an appeal before Commissioner Inland Revenue Appeals which is pending for adjudication.

No provision on account of contingencies disclosed in note 18.3 - 18.9 above has been made in these financial statements as the management and advisors of the Company are of the view, that these matters will eventually be settled in favour of the Company.

		2013	2012
		(Rupees in thousand)	
18.10	Outstanding commitments for capital expenditure	845,316	891,566

18.11 Acquisition of 49% shares in subsidiary Wateen Solutions (Pvt) Limited

The Board of Directors of the Company in their meetings held on November 15, 2009 and November 19, 2009 approved the acquisition of 49% shareholding of Wateen Solutions (Private) Limited from Mr. Jahangir Ahmed for a total sale consideration of Rs 490 million. On the basis of the approval of the Board of Directors of the Company, the Company entered into a Share Purchase Agreement dated April 1, 2010 (SPA) with Mr. Jahangir Ahmed for the acquisition of the 49% shareholding of Wateen Solutions (Private) Limited.

However, in light of the dividend payment of Rs 149.94 million by Wateen Solutions (Private) Limited to Mr. Jahangir Ahmed, the Company entered into negotiations with Mr. Jahangir Ahmed for the purposes of negotiating a downward revision to the purchase price as agreed in the SPA from Rs 490 million to Rs 340 million. This reduction in the purchase price and the resultant change in utilization of the IPO proceeds was approved by the shareholders of the Company in the Extra Ordinary General Meeting dated August 13, 2010.

Under the terms of the SPA, the Company has paid an advance of Rs 85 million as partial payment of the purchase price and the balance of Rs 255 million is payable by the Company to Mr. Jahangir Ahmed. In light of change in the future assumptions of the business of WS, the current business dynamics and the resultant devaluation of its share price, the new management entered into negotiations as a result of which Mr. Jahangir Ahmed has agreed to transfer the shares of Wateen Solutions (Private) Limited to the Company without requiring payment of the balance of Rs 255 million, however the finalization of renegotiated agreement is in process.

Same has been approved by shareholders in Extra Ordinary General Meeting dated December 31, 2011.

19. Operating assets

	Freehold Land	Buildings freehold	Lease hold improvements	Line and wire	Network equipment	Base Station	Tools and gears	Office equipment	Computers and accessories	Furniture and fixtures	Motor Vehicles owned	Motor Vehicles leased	Total
	(Rupees in thousand)												
At June 30, 2011													
Cost	59,964	934,138	100,074	2,606,014	18,709,304	7,911	106,180	242,903	823,314	287,804	144,279	10,939	24,032,824
Accumulated depreciation	-	(85,524)	(25,074)	(263,924)	(3,682,786)	(7,911)	(98,367)	(88,999)	(673,620)	(72,899)	(107,032)	(3,182)	(5,109,318)
Accumulated Impairment	-	-	-	-	(156,928)	-	-	-	-	-	-	-	(156,928)
Net book amount	59,964	848,614	75,000	2,342,090	14,869,590	-	7,813	153,904	149,694	214,905	37,247	7,757	18,766,578
Year ended June 30, 2012													
Opening net book amount	59,964	848,614	75,000	2,342,090	14,869,590	-	7,813	153,904	149,694	214,905	37,247	7,757	18,766,578
Additions	430	-	2,213	437,022	1,884,810	-	8,690	5,287	24,304	6,447	4,085	-	2,373,288
Disposals/ transfer													
- Cost	-	-	-	-	-	-	(1,506)	-	(802)	-	(2,113)	-	(4,421)
- Accumulated depreciation	-	-	-	-	-	-	1,156	-	775	-	1,743	-	3,674
- Net book value	-	-	-	-	-	-	(350)	-	(27)	-	(370)	-	(747)
Destroyed due to fire (note 19.3)													
- Cost	-	-	(25,314)	(2,754)	(166,828)	-	(1,688)	(144,264)	(114,791)	(98,467)	-	-	(554,106)
- Accumulated depreciation	-	-	11,724	294	33,273	-	1,688	66,545	108,198	38,971	-	-	260,693
- Net book value	-	-	(13,590)	(2,460)	(133,555)	-	-	(77,719)	(6,593)	(59,496)	-	-	(293,413)
Write offs													
- Cost	-	-	-	-	(1,045)	-	-	(5,067)	-	(2,440)	-	-	(8,552)
- Accumulated depreciation	-	-	-	-	172	-	-	2,938	-	1,550	-	-	4,660
- Net book value	-	-	-	-	(873)	-	-	(2,129)	-	(890)	-	-	(3,892)
Depreciation charge	-	(23,387)	(8,966)	(107,371)	(1,788,356)	-	(6,218)	(16,438)	(127,280)	(24,571)	(25,008)	(2,188)	(2,129,783)
Impairment (note 19.1)	-	-	-	-	(9,605,819)	-	-	(125)	(14,047)	-	(2,982)	-	(9,622,973)
Currecny translation differences	-	-	-	-	410	-	-	-	-	-	-	-	410
Closing net book amount	60,394	825,227	54,657	2,669,281	5,226,207	-	9,935	62,780	26,051	136,395	12,972	5,569	9,089,468
At June 30, 2012													
Cost	60,394	934,138	76,973	3,040,282	20,426,651	7,911	111,676	98,859	732,025	193,344	146,251	10,939	25,839,443
Accumulated depreciation	-	(108,911)	(22,316)	(371,001)	(5,437,697)	(7,911)	(101,741)	(35,954)	(691,927)	(56,949)	(130,297)	(5,370)	(6,970,074)
Accumulated Impairment	-	-	-	-	(9,762,747)	-	-	(125)	(14,047)	-	(2,982)	-	(9,779,901)
Net book amount	60,394	825,227	54,657	2,669,281	5,226,207	-	9,935	62,780	26,051	136,395	12,972	5,569	9,089,468
Year ended June 30, 2013													
Opening net book amount	60,394	825,227	54,657	2,669,281	5,226,207	-	9,935	62,780	26,051	136,395	12,972	5,569	9,089,468
Additions	4,435	-	41,160	1,521,198	574,391	-	5,919	12,455	61,533	5,194	12,741	2,469	2,241,495
Disposals/ transfer (note 19.2)													
- Cost	-	-	-	(270,236)	(276,196)	-	-	-	-	-	-	-	(546,432)
- Accumulated depreciation	-	-	-	22,580	674	-	-	-	-	-	-	-	23,254
- Net book value	-	-	-	(247,656)	(275,522)	-	-	-	-	-	-	-	(523,178)
Depreciation charge	-	-	(23,353)	(11,863)	(146,135)	(563,243)	(5,439)	(10,252)	(34,074)	(19,100)	(8,212)	(2,188)	(823,859)
Reversal of impairment	-	-	-	-	1,257,323	-	-	15	1,044	-	32	-	1,258,414
Currency translation difference		-	-	-	-	111	-	-	-	-	-	-	111
Closing net book amount	64,829	801,874	83,954	3,796,688	6,219,267	-	10,415	64,998	54,554	122,489	17,533	5,850	11,242,451
At June 30, 2013													
Cost	64,829	934,138	118,133	4,291,244	20,724,957	7,911	117,595	111,314	793,558	198,538	158,992	13,408	27,534,617
Accumulated depreciation	-	(132,264)	(34,179)	(494,556)	(6,000,266)	(7,911)	(107,180)	(46,206)	(726,001)	(76,049)	(138,509)	(7,558)	(7,770,679)
Accumulated impairment	-	-	-	-	(8,505,424)	-	-	(110)	(13,003)	-	-	(2,950)	(8,521,487)
Net book amount	64,829	801,874	83,954	3,796,688	6,219,267	-	10,415	64,998	54,554	122,489	17,533	5,850	11,242,451
Annual rate of depreciation %	-	2.5	10	4	6.67-20	33.33	33.33	10	33.33	10	20	20	

19.1 Impairment

During the year ended June 30, 2012, the management reviewed the business performance of the WiMAX operations and booked an impairment loss of Rs 9,623 million against the carrying value of these assets. The assessment of impairment of these assets was made on account of the certain triggering events as described below, which met the criteria specified under IAS 36 for assessment of impairment of assets.

- Decline in the market value of WiMAX operations assets
- Significant change in the technological and economic conditions
- Decrease in the economic performance of WiMAX business
- Indications suggest that WiMAX business is likely to become idle and management plans to restructure the WiMAX operations

The Company signed a Master Transaction Agreement (MTA) with Augere Holdings (Netherlands) B.V. (Augere) dated December 4, 2013 for consolidation of their respective WiMAX businesses.

Impairment test was again carried out at June 30, 2013 against the carrying value of WiMAX assets which stood at Rs 1,863 million. For this purpose the WiMAX operations has been considered as separate Cash Generating Unit (CGU). The recoverable amount of these assets has been determined by an external consultant amounts to Rs 3,121 million and is based on consolidated business plan contemplated in MTA as referred above. The recoverable amount represents fair value less cost to sell (FVLCS) of the Company's WiMAX business, determined on the basis of Discounted Cash Flow (DCF) value of its future cash flows of the consolidated business using discount rate of 17.7%. The excess of this fair value over the carrying value has resulted in reversal of impairment of the WiMAX assets by PKR 1,258 million. The conclusive selling price of these assets will be confirmed on consolidation of WiMAX business and any consequential difference from recoverable amount estimated above will be recognized in the financial statements of the subsequent period.

19.2 Disposal of property, plant and equipment

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
		(Rupees in thousand)				
Line and wire						
	Higher Education Commission - HEC	270,236	22,580	247,656	226,956	Negotiation
Network						
	Alfalah Insurance Company	1,651	321	1,330	1,115	Mutual consent
	Shahzad Studio	424	125	299	409	Mutual consent
	Higher Education Commission - HEC	273,893	-	273,893	434,749	Negotiation
	Others (note 19.2.1)	228	228	-	59	Insurance claim
		276,196	674	275,522	436,332	
		546,432	23,254	523,178	663,288	

19.2.1 Aggregate of others having individual net book values not exceeding Rs 50,000.

19.3 The Company had lodged an insurance claim of Rs 508 million in respect of items destroyed due to fire during the year ended June 30, 2012. The Company had received Rs 200 million from the insurer during the year ended June 30, 2012 and remaining claim is under finalization.

		Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
20.	**Capital work in progress**			
	Lease hold improvements		1,006	33,978
	Line and wire		630,171	1,405,356
	Network equipment (net of impairment of DSL assets Rs 353.515 million)		98,052	750,696
			729,229	2,190,030
20.1	**Movement during the year**			
	Balance as at July 01		2,190,030	2,304,106
	Additions during the year		712,535	1,537,900
	Capitalised during the year		(2,173,336)	(1,651,976)
	Balance as at June 30		729,229	2,190,030
21.	**Intangible assets**			
	LDI license fee	21.1		
	Cost		28,934	28,934
	Amortisation			
	Opening balance		11,454	10,007
	Amortisation for the year		1,447	1,447
			(12,901)	(11,454)
	Net book value		16,033	17,480
	WLL license fee	21.2		
	Cost		176,366	176,366
	Amortisation			
	Opening balance		44,778	34,874
	Amortisation for the year		9,904	9,904
			(54,682)	(44,778)
	Net book value		121,684	131,588
	Software license	21.3		
	Cost			
	Opening balance		72,621	63,123
	Additions during the year		11,796	9,498
	Closing balance		84,417	72,621
	Amortisation			
	Opening balance		37,623	23,904
	Amortisation for the year		14,522	13,719
			(52,145)	(37,623)
	Net book value		32,272	34,998

	Note	2013	2012
		(Rupees in thousand)	
ERP license	21.4		
Cost		7,832	7,832
Amortisation			
Opening balance		5,612	4,046
Amortisation for the year		1,566	1,566
		(7,178)	(5,612)
Net book value		654	2,220
Goodwill			
Goodwill arising on acquisition of Netsonline Services (Pvt) Limited	21.6	5,766	5,766
Less: Provision for impairment of goodwill		(5,766)	(5,766)
		-	-
Goodwill arising on acquisition of Wateen Solutions (Pvt) Limited	21.7	11,333	11,333
Goodwill arising on business acquisition by the subsidiary company	21.8	83,018	83,018
		94,351	94,351
Total net book value		264,994	280,637

21.1 Pakistan Telecommunication Authority (PTA) granted Long Distance International (LDI) license for a period of 20 years from July 26, 2004.

21.2 **(i)** PTA granted Wireless Local Loop (WLL) License for a period of 20 years from December 1, 2004 covering twelve telecom regions. This includes license granted by PTA for WLL for a period of 20 years for Azad Jammu and Kashmir (AJK) region. Commercial operations of AJK region have not yet commenced.

(ii) PTA granted WLL license for a period of 20 years to Wateen Solutions (Pvt) Limited (WSL), from November 4, 2004. On August 31, 2006 the license was transferred by Wateen Solutions (Pvt) Limited to the Company covering four telecom regions.

21.3 Software license is amortised over a period of 5 years.

22.4 ERP license is amortised over a period of 5 years.

21.5 Non compete fee is for a period of 5 years from January 1, 2007.

21.6 The goodwill resulting from acquisition of Netsonline Services (Pvt) Limited by Wateen Telecom Limited effective July 1, 2008. The amount represents the excess of cost of acquisition over the fair value of identifiable assets and liabilities of Netsonline services (Pvt) Limited as at the date of acquisition, which was impaired in 2011.

21.7 The goodwill resulting from acquisition of Wateen Solutions (Pvt) Limited by Wateen Telecom Limited effective August 2, 2006. The amount represents the excess of cost of acquisition over the fair value of identifiable assets and liabilities of Wateen Solutions (Pvt) Limited as at the date of acquisition.

The Company sold 49% shares (397,027 fully paid ordinary shares of Rs 100 each) of Wateen Solutions (Pvt) Limited for Rs 52,000 thousand, effective July 1, 2008.

21.8 The goodwill resulting from acquisition of National Engineers (AOP) by Wateen Solutions (Pvt) Limited as on January 1, 2007. The amount represents the excess of cost of acquisition over the fair value of identifiable assets and liabilities of National Engineers (AOP) as at the date of acquisition.

	2013	2012
	(Rupees in thousand)	
22. Deferred income tax asset		
Taxable temporary differences between accounting and tax depreciation	(1,376,535)	(615,343)
Unused tax losses - recognised to extent of taxable temporary differences	1,376,535	615,343
	-	-
The gross movement in deferred tax liability during the year is as follows:		
Balance at July 1	-	1,718,574
Deferred tax expense for the year	-	(1,718,574)
Balance at June 30	-	-

The aggregate tax losses available to the Company for set off against future taxable profits at June 30, 2013 amounted to Rs 25,059 million. Of these, losses aggregating Rs 4,049 million have been recognised in the financial statements against taxable temporary differences at June 30, 2013.

Deferred tax asset, the potential tax benefit of which amounts to Rs 10,706 million has not been recognized on balance representing business losses aggregating to Rs 4,935 million, tax depreciation losses aggregating Rs 16,063 million and deductible temporary differences on account of provisions and share issue cost aggregating Rs 10,490 million as at June 30, 2013. Business losses expire as follows:

Tax Year	Rs in million
2016	19
2017	661
2018	3,729
2019	526

23. Long term deposits

These represent the security deposits paid to government authorities on account of utilities and suppliers on account of rent, DPLC and satellite bandwidth.

24. Long term prepayments

These represent long term portion of right of way charges paid to local governments and various land owners for access of land.

		Note	2013 (Rupees in thousand)	2012
25.	**Trade debts - unsecured**			
	Considered good	25.1	3,058,239	2,138,862
	Considered doubtful		1,027,340	862,214
			4,085,579	3,001,076
	Provision for doubtful debts	25.4	(1,027,340)	(862,214)
			3,058,239	2,138,862

25.1 Trade debts include following balances due from associated companies:

	2013	2012
Warid Telecom (Pvt) Limited	542,052	510,661
Warid International LLC, UAE - Parent company	98,600	93,200
Bank Alfalah Limited	11,516	36,645
Alfalah Insurance Company	4,950	192
	657,118	640,698

25.2 Trade debts include receivable under finance lease as follows:

2013	Total future payments	Unearned Interest income (Rupees in thousand)	Present value
Not later than one year	212,359	194,065	18,294
Between one and five years	454,718	332,295	122,423
Later than five years	846,466	385,479	460,987
	1,513,543	911,839	601,704

2012	Total future payments	Unearned Interest income (Rupees in thousand)	Present value
Not later than one year	-	-	-
Between one and five years	-	-	-
Later than five years	-	-	-
	-	-	-

25.3 Age analysis of trade debts from associated companies, past due but not impaired is as follows.

	Note	2013 (Rupees in thousand)	2012
0 to 6 months		48,811	109,343
6 to 12 months		486,284	340,917
Above 12 months		122,023	190,438
		657,118	640,698

		Note	2013	2012
			(Rupees in thousand)	
25.4	**Provision for doubtful debts**			
	Opening balance		862,214	618,470
	Provision made during the year - other than related parties		165,126	293,288
	Reversal of provision during the year		-	(4,822)
	Write off against provisions		-	(44,722)
	Closing balance	25.4.1	1,027,340	862,214

25.4.1 These include Rs 955 million (2012: Rs 789 million) based on age analysis of the debts as follows:

- Balances 181 - 360 days past due - 50 %
- Balances over 360 days past due - 100 %

		Note	2013	2012
			(Rupees in thousand)	
26.	**Stores, spares and loose tools**			
	Cost		694,789	715,487
	Less: Provision for obsolete stores		212,266	212,266
			482,523	503,221
27.	**Stocks**			
	Cost		14,526	18,660
	Less: Provision for obsolete stock		10,337	5,274
			4,189	13,386
28.	**Advances, deposits, prepayments and other receivables**			
	Advances to suppliers and contractors - considered good		853,965	875,732
	Advances to employees - considered good		38,944	27,408
	Security deposits and earnest money		185,904	44,561
	Margin held by bank against letters of guarantee		189,121	161,413
	Prepayments	28.1	115,139	102,732
	Sales tax refundable		110,459	81,812
	Due from associated companies	28.2	431,250	323,144
	Accrued interest		9,908	6,101
	Government grant receivable		58,710	224,896
	Others		92,538	213,307
			2,085,938	2,061,106
	Less:			
	Provision for doubtful receivables - related parties			
	Opening balance		178,367	178,367
	Written off against provisions		(27,960)	-
	Closing balance	28.3	150,407	178,367
	Less: Provision for doubtful receivables - other parties			
	Opening balance		71,543	42,864
	Provision for the year		53,854	28,679
	Closing balance		125,397	71,543
			1,810,134	1,811,196

28.1 These include current portion of right of way charges of Rs 47.730 million (2012: Rs 19.074 million).

		2013	2012
		(Rupees in thousand)	
28.2	**Due from associated companies**		
	Wateen Multi Media (Pvt) Limited	165,702	144,660
	Warid International LLC, UAE - Parent company	47,808	42,019
	Warid Telecom (Pvt) Limited	94,293	-
	Amoon Media Group (Pvt) Limited	-	27,960
	Raseen Technologies (Pvt) Limited	21,028	18,482
	Warid Telecom Georgia Limited	17,535	15,403
	Warid Telecom International - Bangladesh	6,357	5,587
	Advance for construction of Warid Tower	78,410	68,916
	Bank Alfalah Limited	117	117
		431,250	323,144
28.3	Provision for doubtful receivables includes provision for doubtful receivables from following related parties:		
	Advance for construction of Warid Tower	68,916	68,916
	Warid International LLC, UAE - Parent company	42,019	42,019
	Amoon Media Group (Private) Limited	-	27,960
	Raseen Technologies (Pvt) Limited	18,482	18,482
	Warid Telecom - Georgia Limited	15,403	15,403
	Warid Telecom - International	5,587	5,587
		150,407	178,367
29.	**Cash and bank balances**		
	Balance with banks on		
	- current accounts	141,130	140,099
	- collection accounts	11,379	7,329
	- deposit accounts	442,268	345,123
	Cash in hand	590	287
		595,367	492,838

29.1 Bank balances amounting to Rs 251.177 million were under lien with banks (2012: Rs 323.180 million).

29.2 Cash and bank balances include foreign currency balances aggregating USD 0.380 million and GBP 0.145 million (2012: USD 0.842 million and GBP 0.121 million).

29.3 Bank balances on deposit accounts carried interest at an average rate of 5% - 8 % per annum (2012: 0.5%-7% per annum).

		2013	2012
		(Rupees in thousand)	
30.	**Revenue**		
	Gross revenue	9,233,746	7,688,352
	Less: Sales tax / Federal excise duty	356,811	321,478
		8,876,935	7,366,874

		Note	2013	2012
			(Rupees in thousand)	
31.	**Cost of sales**			
	LDI Interconnect cost		2,076,148	2,980,502
	Leased circuit charges		289,702	377,074
	Contribution to PTA Funds		273,544	320,585
	PTA regulatory and spectrum fee		35,279	24,029
	Operational cost		2,695,461	2,619,769
	Bandwidth cost of VSAT services		582,009	615,630
	Others		328,044	354,108
			6,280,187	7,291,697
32.	**General and administration expenses**			
	Salaries, wages and benefits	32.1	931,757	744,946
	Rent		72,131	118,757
	Repairs and maintenance		6,114	20,132
	Vehicle repairs and maintenance		15,765	14,888
	Travel and conveyance		61,745	35,558
	Postage and stationery		19,296	26,371
	Auditor's remuneration	32.2	5,026	10,338
	Legal and professional charges		193,897	104,988
	Communication expenses		47,275	78,235
	Employee training		4,806	10,477
	Customer services charges		54,350	44,475
	Fees and subscription		1,674	785
	Insurance		11,953	26,432
	Entertainment		15,614	17,523
	General office expenses		77,142	69,529
	Others		596	3,933
			1,519,141	1,327,367

32.1 These include charge against employee retirement benefits of Rs 72.314 million (2012: Rs 75.134 million).

		2013	2012
		(Rupees in thousand)	
32.2	**Auditor's remuneration**		
	Annual audit	2,130	5,790
	Audit of consolidated accounts, review of corporate governance compliance and review of half yearly accounts	1,000	1,500
	Tax services	1,585	2,500
	Out of pocket expenses	311	548
		5,026	10,338

		Note	2013	2012
			(Rupees in thousand)	
33.	**Provisions**			
	Provision for doubtful trade debts		165,126	288,466
	Trade debts written off		-	74,204
	Provision for doubtful advances and other receivables		53,854	28,679
	Contract work in progress written off		-	7,969
	Provision for obsolete stores and spares		-	3,689
	Provision for obsolete stock		5,064	-
			224,044	403,007
34	**Other income**			
	Income from non-financial assets:			
	Loss/ (profit) on long term deposits		933	-
	(Loss)/ profit on sale of operating assets		(46)	2,811
	Government grant recognised		68,181	67,144
	Liability written back		48,030	68,270
	Other income		5,192	-
			122,290	138,225
35.	**Other expenses**			
	Loss on assets destroyed in fire		-	93,425
	Other expenses		-	3,402
			-	96,827
36.	**Finance cost**			
	Markup on long term and medium term finance	36.1	1,378,054	1,427,581
	Amortization of ancillary cost of long term finance		37,307	37,307
	Mark up on short term borrowings	36.2	185,309	228,137
	Finance cost of leased assets		986	1,155
	Bank charges, commission, fees and other charges		33,701	191,768
	Late payment charges on other payables		8,310	15,954
	Exchange loss		843,468	1,291,888
			2,487,135	3,193,790

36.1 This includes markup related to long term finance from a shareholder of Rs 223.848 million (2012: Rs 168.634 million) and medium term finance from an associated company of Rs 80.610 million (2012: Rs 92.743 million).

36.2 This includes markup related to an associated company of Rs 185.309 million (2012: Rs 200.163 million).

		2013	2012
		(Rupees in thousand)	
37.	**Finance income**		
	Markup on advance to associated companies	38,698	10,147
	Income on bank deposit accounts	37,827	32,611
		76,525	42,758

		Note	2013	2012
			(Rupees in thousand)	
38.	**Income tax expense**			
	Current - for the year		8,844	10,789
	Deferred income tax expense	22	-	1,718,574
			8,844	1,729,363

		2013	2012
		%	%
39.	**Reconciliation of tax charge**		
	Applicable tax rate	35	35
	Deferred tax asset on unused tax loss not recognised	(35)	(45)
	Average effective tax rate	-	(10)

		2013	2012
		(Rupees in thousand)	
40.	**(Loss) per share - Basic and diluted**		
	(Loss) for the year - Rs in thousand	(1,098,896)	(18,586,280)
	Weighted average number of shares outstanding during the year in thousand	617,475	617,475
	(Loss) per share in Rs	(1.78)	(30.10)

There is no dilutive effect on the basic loss per share of the Company.

41. Financial instruments and risk management

41.1 Financial assets and liabilities

	2013	2012
FINANCIAL ASSETS		
Maturity upto one year		
Loans and receivables		
Trade debts	3,058,239	2,138,862
Contract work in progress	160,696	136,388
Advances, deposits, prepayments and other receivables	841,030	832,732
Cash and bank balances	595,367	492,838
	4,655,332	3,600,820
Maturity after one year to five years		
Loans and receivables		
Long term deposits	240,886	257,040
	4,896,218	3,857,860

	2013	2012
	(Rupees in thousand)	
FINANCIAL LIABILITIES		
Maturity upto one year		
Other financial liabilities		
Current portion of long term finance - secured	15,694,054	15,318,243
Current portion of deferred mark up	1,065,958	790,743
Current portion of obligation under finance lease	3,257	2,616
Finance from supplier - unsecured	40,542	40,542
Short term borrowings - secured	1,558,226	1,503,656
Trade and other payables	6,073,472	5,973,882
Interest / markup accrued	1,475,971	892,862
	25,911,480	24,522,544
Maturity after one year		
Other financial liabilities		
Long term finance from sponsor - unsecured	10,820,230	9,376,247
Medium term finance from an associated company - unsecured	600,000	600,000
Obligation under finance lease	1,090	2,144
Long term deposits	58,220	65,672
Employees' retirement benefits	-	11,291
	11,479,540	10,055,354
	37,391,020	34,577,898

41.2 Credit quality of financial assets

The credit quality of Company's financial assets assessed by reference to external credit ratings of counterparties determined by The Pakistan Credit Rating Agency Limited (PACRA), JCR - VIS Credit Rating Company Limited (JCR-VIS), Standard and Poor's and Moody's and other international credit rating agencies are as follows:

	Rating	2013	2012
		(Rupees in thousand)	
Trade debts			
Counterparties with external credit rating	A1+	73,026	105,020
	A1	1,772	31,517
	A2	3,844	75,611
	A-1	12,457	135
	A-1+	33,889	-
	A-2	1,801	-
	P-1	236	-
	P-2	334	-
Counterparties without external credit rating			
Due from related parties		657,118	640,698
Others		2,273,762	1,285,881
		3,058,239	2,138,862
Advances, deposits and other receivables			

	Rating	2013	2012
		(Rupees in thousand)	
Counterparties with external credit rating			
	A1+	48,839	2,306
	A1	3,123	-
	A-2	-	125,000
	A3	125,580	-
	AA	11,856	-
Counterparties without external credit rating			
Due from related parties		280,843	144,777
Others		370,789	560,649
		841,030	832,732
Long term deposits			
Others		240,886	257,040
Bank balances			
	A1+	493,605	394,978
	A-1+	6,849	1,435
	A-1	91,336	88,322
	A-2	1,044	1,019
	A1	-	3,006
	P-1	1,943	3,769
	A2	-	22
		594,777	492,551

41.3 Financial risk management

41.3.1 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. All financial assets are subject to credit risk. Credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

As of June 30, 2013 trade debts of Rs 3,058 million (2012: Rs 1,931 million) were past due but not impaired. The aging analysis of these trade debts is as follows:

	2013	2012
	(Rupees in thousand)	
Up to 3 months	1,386,660	463,526
3 to 6 months	639,013	285,186
6 to 9 months	350,052	613,912
Above 9 months	682,479	568,331
	3,058,204	1,930,955

41.3.2 Interest rate risk

Financial assets of Rs 725 million (2012: Rs 483 million) and financial liabilities of Rs 28,820 million (2012: Rs 26,983 million) were subject to interest rate risk.

At June 30, 2013, if interest rates had been 1% higher / lower with all other variables held constant, loss for the year would have been Rs 281 million (2012: Rs 172 million) higher / lower.

41.3.3 Foreign exchange risk

Financial assets include Rs 1,543 million (2012: Rs 1,033 million) and financial liabilities include Rs 18,781 million (2012: Rs 16,890 million) which were subject to foreign exchange risk.

At June 30, 2013, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, loss for the year would have been Rs 1,724 million (2012: Rs 1,031 million) higher/lower.

41.3.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding to an adequate amount of committed credit facilities. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines. Further shareholders of the Company has provided financial support in the form of long term finance to meet capital requirements of the Company. Management believes the same support will continue in future. Further, the Company has restructured the long term finance and short term borrowings which would facilitate the Company to greater extent to meet its obilgations/ covenants under loan agreements.

At June 30, 2013 the Company has financial assets of Rs 4,896 million (2012: Rs 3,858 million) and Rs 9,081 million (2012: Rs 296 million) available unavailed borrowing limit from financial institutions.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the maturity dates as per loan agreements.

	Less than 1 Year	Between 1 to 5 years
	(Rupees in thousand)	
2013		
Long term finance - secured	-	15,694,054
Long term portion of deferred mark up	-	1,065,958
Medium term finance from an associated company - unsecured	-	600,000
Long term finance from shareholders - unsecured	-	10,820,230
Obligations under finance leases	3,257	1,090
Long term deposits	-	58,220
Finance from supplier - unsecured	40,542	-
Short term running finance - secured	1,558,226	-
Trade and other payables	6,073,472	-
Interest/mark-up accrued	1,475,971	-
	9,151,468	28,239,552
2012		
Long term finance - secured	-	15,318,243
Long term portion of deferred mark up	790,743	
Long term finance from an associated company - unsecured	-	600,000
Long term finance from shareholders - unsecured	-	9,376,247
Obligations under finance leases	2,616	2,144
Long term deposits	-	65,672
Finance from supplier - unsecured	40,542	-
Short term running finance - secured	1,503,656	-
Trade and other payables	5,973,882	-
Interest/mark-up accrued	892,862	-
Employee retirement benefit	-	11,291
	8,413,558	26,164,340

41.3.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values at the Statement of Financial Position date, except for long term loans and payables which are stated at cost or amortised cost.

41.3.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain a capital base to support the sustained development of its businesses.

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 adjust the amount of dividend to shareholders, issue new shares or sale assets to reduce debts. The Company is required to maintain debt equity ratio as specified in loan agreements and continuation of support from majority shareholder is vital for the Company's operations . Under the terms of loan agreements, the Company can not declare dividends, make any distributions or pay any other amount to its shareholders until the repayment of loan and the Interest in full to the lenders.

	Note	2013	2012
		(Rupees in thousand)	
42. Employees' retirement benefits			
These comprise of :			
Liability for funded staff gratuity	42.1	69,858	128,049
Liability for unfunded staff gratuity	42.2	-	11,291
		69,858	139,340
These are shown in the financial statements as follows:			
Deferred liabilities			
Employees retirement benefits			
Liability for staff gratuity (unfunded)		-	11,291
Trade and other payables			
Payable to gratuity fund		69,858	128,049

42.1 Liability for staff gratuity

	2013	2012
The amounts recognised in the statement of financial position are as follows:		
Present value of defined benefit obligation	155,706	138,147
Benefits due but not paid	4,616	4,626
Fair value of plan assets	(90,614)	(20,433)
Actuarial gain not recognised	150	5,709
Net liability	69,858	128,049
The amounts recognised in income statement are as follows:		
Current service cost	38,560	32,737
Interest cost	17,959	13,807
Expected return on plan assets	(2,656)	(3,858)
Settlement (gain)/ loss	(12,897)	-
Actuarial (gain)/ loss	-	(2,209)
	40,966	40,477
Actual return on plan assets	1,190	(2,365)

	2013	2012
	(Rupees in thousand)	
Changes in the present value of defined benefit obligation:		
Opening defined benefit obligation	138,147	98,620
Current service cost	38,560	32,737
Interest cost	17,959	13,807
Liability transferred from Wateen Solutions (Pvt) Limited	9,995	-
Actuarial gain	4,093	11,494
Benefits paid	(39,387)	(18,511)
Settlement (gain)/loss	(12,897)	-
Benefits due but not paid	(764)	-
Closing defined benefit obligation	155,706	138,147
Changes in fair value of plan assets:		
Opening fair value of plan assets	20,433	27,557
Actuarial gain/ (loss)	(1,466)	(1,493)
Contributions by employer	109,152	32,440
Benefits paid	(40,161)	(41,929)
Expected return on plan assets	2,656	3,858
Closing fair value of plan assets	90,614	20,433

Break-up of category of assets in respect of staff gratuity:

	2013		2012	
	Rupees in thousand	%age	Rupees in thousand	%age
Cash and bank	28,080	31	7,157	35
Investments	62,534	69	13,276	65
	90,614	100	20,433	100

Principal actuarial assumptions:

The Projected Unit Credit Method using the following significant assumptions was used for the valuation of these schemes:

	2013	2012
Valuation discount rate-p.a	10.5%	13%
Expected rate of increase in salaries-p.a	10.5%	13%
Expected rate of return on plan assets-p.a	13%	14%
Average expected remaining working life time of employees	6 years	5 years

Amounts for current and previous four annual periods are as follows:

	2013	2012	2011	2010	2009
	(Rupees in thousand)				
As at June 30,					
Defined benefit obligation	155,706	138,147	98,620	119,576	113,009
Fair value of plan assets	(90,614)	(20,433)	(27,557)	(25,598)	(43,151)
Deficit	65,092	117,714	71,063	93,978	69,858
Experience adjustments on defined benefit obligation	4,093	11,494	(13,867)	(5,935)	(1,524)
Experience adjustments on plan assets	(1,466)	(1,493)	(3,386)	3,044	3,190

During the next financial year, the expected contribution to be paid to the funded gratuity fund by the Company is Rs 38 million (2012: Rs 40 million).

	2013	2012
	(Rupees in thousand)	
41.2 Liability for staff gratuity (unfunded)		
The amounts recognised in the statement of financial position are as follows:		
Present value of defined benefit obligation	-	7,286
Actuarial gain not recognised	-	4,005
Net liability	-	11,291
The amounts recognised in income statement are as follows:		
Current service cost	-	2,348
Interest cost	-	1,205
Actuarial (gain) recognised	-	(257)
	-	3,296

	2013	2012
	(Rupees in thousand)	
Changes in the present value of defined benefit obligation:		
Opening defined benefit obligation	-	8,606
Current service cost	-	2,347
Interest cost	-	1,205
Actuarial (gain)	-	(2,116)
Benefits paid	-	(2,756)
Closing defined benefit obligation	-	7,286

Principal actuarial assumptions:

The Projected Unit Credit Method using the following significant assumptions was used for the valuation of these schemes:

	2012
Valuation discount rate-p.a	13%
Expected rate of increase in salaries-p.a	13%
Average expected remaining working life time of employees	5 years

Amounts for current and previous four annual periods in respect of staff gratuity are as follows:

	2013	2012	2011	2010	2009
		(Rupees in thousand)			
As at June 30,					
Defined benefit obligation	-	11,291	10,752	11,928	9,196
Experience adjustments on defined benefit obligation	-	4,005	2,146	1,453	1,366

Deferred liability of post employment benefits (gratuity fund) has been transferred to Wateen Telecom Limited (parent company) with effect from October 1, 2012 due to transfer of employees of WSPL to parent company.

	2013	2012
	(Rupees in thousand)	
43. Defined contribution plan		
Details of provident funds are as follows:		
Staff provident fund		
Net assets	172,482	154,612
Cost of investments made	129,352	117,430
Fair value of investments made	133,657	127,073
%age of investments made	78%	82%

	2013		2012	
Breakup of investment - at cost	**Rs '000**	**%age**	**Rs '000**	**%age**
Shares	25,656	20%	25,656	21%
Mutual Funds	10,546	8%	10,000	8%
Bank deposits	93,699	72%	84,579	70%
	129,902	100%	120,235	100%

43.1 Investments out of provident funds have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

44. General

44.1 Related party transactions

The Company's related parties comprise its subsidiaries, associated undertakings, employees' retirement benefit plans and key management personnel. Amounts due from / (to) related parties, are shown under receivables and payables. Remuneration of key management personnel is disclosed in note 44.2.

Aggregate transactions with related parties during the year were as follows:

	2013	2012
	(Rupees in thousand)	
Parent Company		
Warid Telecom International LLC, UAE (WTI)		
Markup charged to WTI	5,789	-
Shareholders		
Long term finance received from shareholder	956,575	4,458,020
Markup on long term finance from shareholder	223,848	168,634
Associated Companies:		
Warid Telecom (Private) Limited		
Sale of services	1,038,066	1,342,520
Markup charged to WTL	9,494	-
Cost and expenses charged by WTL	680,866	883,208
Wateen Multimedia (Private) Limited (WMM)		
Cost and expenses charged by WMM	1,500	8,004
Markup charged to WMM	19,761	10,029
Warid Telecom Georgia Limited		
Markup charged on advance	2,133	-
Raseen Technology (Pvt) Limited		
Markup charged on advance	2,546	-
Warid Telecom International - Bangladesh		
Markup charged on advance	770	-
Bank Alfalah Limited (BAL)		
Sale of services	171,991	109,163
Rendering of services	10,203	-
Markup charged by BAL on short term running finance	185,309	200,163
Markup charged to BAL	-	117
AlFalah Insurance Limited		
Sale of goods	-	234
Rendering of services	1,050	400
Taavun (Pvt) Limited		
Markup on long term finance	80,610	92,743
Provident Fund		
Employer contribution	72,335	32,347
Gratuity Fund		
Employer contribution	40,966	40,477

44.2 Remuneration of Directors and Executive

The aggregate amount charged in the financial statements for remuneration, including all benefits, to Chief Executive, Directors and Executives of the Company is as follows:

	Chief Executive		Directors		Executives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)							
Managerial remuneration	13,290	12,194	9,218	-	282,931	275,205	296,221	287,399
Housing and utilities	7,310	6,706	-	-	155,612	151,363	162,922	158,069
Company's contribution to provident and gratuity funds	1,107	1,016	-	-	24,068	23,068	25,175	24,084
Leave fair assistance	1,108	1,587	-	-	23,788	31,908	24,896	33,495
	22,815	21,503	9,218	-	486,399	481,544	509,214	503,047
Number of persons	1	1	2	-	220	304	223	305

In addition, the Chief Executive and 10 (2012: 10) executives were provided with use of company's cars. The Chief Executive and all executives were provided with medical and mobile phone facilities.

44.3 Capacity

Considering the nature of the Company's business, information regarding capacity has no relevance.

	2013	2012
44.4 Number of employees		
Total number of employees at end of the year	718	992
Average number of employees for the year	756	1,082

45. Reconstruction of accounting records destroyed in fire incident

During the year ended June 30, 2012, a fire broke out at the New Auriga Centre, Lahore where the Head Office of the Company was situated. Besides the loss of furniture and fixtures, computers, telecom and other office equipment, the fire incident also resulted in the destruction of documents, records and other historical information of the Company.

Financial and accounting records and data (including computerized soft data) were lost pertaining to the period July 1, 2008 to February 10, 2012. The management of the Company commenced a comprehensive exercise to recreate necessary accounting records, documents, supports, agreements and other information. The Company has managed to rearrange records for the period July 1, 2011 to February 10, 2012 till the date of issuance of these financial statements. The exercise related to the period July 1, 2008 to June 30, 2011 is in progress.

46. Subsequent events after the reporting period

46.1 Delisting of Wateen Telecom Limited

The majority shareholders of the Company (Warid Telecom International LLC, UAE) made an announcement on March 28, 2013 of its intentions to acquire all of the ordinary shares held by the other shareholders of the Company at a proposed price of Rs 4.5 per ordinary share and to seek delisting of the shares of the Company from the stock exchanges of Pakistan, in accordance with the voluntary delisting provision of the listing regulations.

Subsequently on August 29, 2013, the Company submitted the required information to the stock exchanges. The Karachi stock exchange vide its letter dated September 17, 2013 agreed to the minimum price of Rs 4.5 per ordinary share and required the majority shareholders to purchase a minimum of 92 million ordinary shares out of the total 283.94 million ordinary shares outstanding with the shareholders other than the majority shareholders to qualify for de-listing. The said de-listing proposal was also approved by the shareholders of the Company in the Extra ordinary General Meeting held on October 19, 2013. Thereafter, the Company vide its letter dated October 24, 2013 informed the shareholders about the terms and conditions and procedures for the purchase of ordinary shares of the Company by majority shareholder (Warid Telecom International LLC, UAE), including the information about the initial share purchase offer period valid from October 28, 2013 to December 26, 2013.

On January 7, 2014 the Company informed the Karachi, Lahore and Islamabad stock exchanges that as of December 26, 2013, the majority shareholder had bought 215.41 million shares during the offer period, thus, raising its shareholding to 88.86% of the total ordinary shares issued; and the stock exchanges were requested to delist the shares of the Company from the respective stock exchanges. The stock exchanges have accepted the request for delisting of the Company and accordingly Company shall stand delisted from the exchanges with effect from February 17, 2014.

46.2 Wateen Telecom Limited and Augere Holdings BV have signed a Master Transaction Agreement dated December 4, 2013 for consolidation of their respective WiMAX businesses. Pursuant to the aforesaid agreement, both companies are required to complete the necessary steps to close the transaction by May 31, 2014 failing which the aforementioned agreement shall stand terminated unless mutually agreed to be renewed. The salient features of aforesaid agreement include:

- Wateen to transfer its WLL Network, Wateen Licenses, Wateen USF Agreements to its wholly owned subsidiary Company namely Wateen WiMAX (Pvt) Limited (WWL).

- WWL to acquire the 100% shares of Augere Pakistan (Private) Limited from its parent company Augere Holdings (Netherlands) BV (Augere Holdings) in consideration of issuance of own shares. Resultantly, Augere Holdings will hold 51% shares and the Wateen will hold 49% shares in the combined business.

- Lenders of Wateen Telecom Limited to approve transfer of debts to WWL.

- Wateen and Augere to inject funds in to WWL to an equivalent of USD 6 million and USD 6.2 million respectively as subordinated debt.

- Obtaining specified necessary regulatory approvals for this transaction.

47. Corresponding figure

Previous years figures have been reclassified to conform to current year's presentation as follows:

Reclassified from	Reclassified to	Rupees (in thousands)
Salaries, wages and benefits under general and administration expenses	Operational cost under cost of sales	436,053
Access promotion charges under cost of sales	Netted of with gross revenue	368,872
Other (income)/ expenses	Other income	(138,225)
	Other expenses	96,827
	Operational cost under cost of sales	52,370

47. Date of authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on February 26, 2014.

Chief Executive

Director

Annexures

Pattern of Shareholding

as on June 30, 2013

No. of Shareholders	Having Shares From	To	Shares held	Percentage
218	1	100	7,810	0.0013
3239	101	500	1,604,327	0.2598
2215	501	1000	2,203,304	0.3568
2099	1001	5000	8,169,436	1.3230
891	5001	10000	8,594,104	1.3918
140	10001	15000	1,967,550	0.3186
250	15001	20000	4,947,006	0.8012
106	20001	25000	2,589,507	0.4194
99	25001	30000	2,932,000	0.4748
23	30001	35000	792,304	0.1283
36	35001	40000	1,423,962	0.2306
15	40001	45000	659,639	0.1068
168	45001	50000	8,384,878	1.3579
2	50001	55000	110,000	0.0178
11	55001	60000	649,923	0.1053
3	60001	65000	190,000	0.0308
4	65001	70000	279,000	0.0452
5	70001	75000	371,000	0.0601
6	75001	80000	469,500	0.0760
4	80001	85000	330,932	0.0536
1	85001	90000	90,000	0.0146
2	90001	95000	182,500	0.0296
103	95001	100000	10,289,796	1.6664
1	100001	105000	101,000	0.0164
3	105001	110000	326,000	0.0528
2	110001	115000	225,500	0.0365
2	115001	120000	240,000	0.0389
5	120001	125000	625,000	0.1012
1	130001	135000	134,000	0.0217
1	135001	140000	140,000	0.0227
2	140001	145000	283,100	0.0458
13	145001	150000	1,948,000	0.3155
2	150001	155000	306,500	0.0496
1	165001	170000	170,000	0.0275
1	170001	175000	175,000	0.0283
1	180001	185000	185,000	0.0300
1	190001	195000	191,000	0.0309
18	195001	200000	3,600,000	0.5830
1	225001	230000	226,000	0.0366
1	230001	235000	235,000	0.0381
11	245001	250000	2,745,500	0.4446
1	270001	275000	275,000	0.0445
2	285001	290000	580,000	0.0939
6	295001	300000	1,800,000	0.2915
1	350001	355000	353,253	0.0572
1	375001	380000	380,000	0.0615

Pattern of Shareholding
as on June 30, 2013

No. of Shareholders	Having Shares From	To	Shares held	Percentage
2	395001	400000	800,000	0.1296
2	475001	480000	959,850	0.1554
1	480001	485000	485,000	0.0785
7	495001	500000	3,500,000	0.5668
1	525001	530000	530,000	0.0858
1	545001	550000	550,000	0.0891
1	550001	555000	553,000	0.0896
2	570001	575000	1,148,500	0.1860
2	595001	600000	1,200,000	0.1943
1	675001	680000	680,000	0.1101
1	705001	710000	710,000	0.1150
1	745001	750000	750,000	0.1215
1	845001	850000	850,000	0.1377
1	920001	925000	925,000	0.1498
8	995001	1000000	7,999,000	1.2954
1	1030001	1035000	1,035,000	0.1676
1	1155001	1160000	1,160,000	0.1879
1	1395001	1400000	1,400,000	0.2267
1	1495001	1500000	1,500,000	0.2429
1	1655001	1660000	1,660,000	0.2688
1	1720001	1725000	1,725,000	0.2794
1	1995001	2000000	2,000,000	0.3239
1	2595001	2600000	2,600,000	0.4211
1	2995001	3000000	3,000,000	0.4858
1	3005001	3010000	3,009,500	0.4874
1	3245001	3250000	3,250,000	0.5263
1	3495001	3500000	3,500,000	0.5668
1	3555001	3560000	3,560,000	0.5765
1	3995001	4000000	4,000,000	0.6478
1	5975001	5980000	5,975,200	0.9677
1	6320001	6325000	6,320,037	1.0235
1	9180001	9185000	9,181,000	1.4869
1	9780001	9785000	9,784,961	1.5847
1	20895001	20900000	20,899,621	3.3847
1	20995001	21000000	21,000,000	3.4009
1	83490001	83495000	83,494,920	13.5220
1	333295001	333300000	333,295,700	53.9772
9772		**Company Total**	**617,474,620**	**100**

ANNEXURE-I

Categories of Shareholding
as on June 30, 2013

Particulars	Folio No.	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	7	2,000	0.0003
ASSOCIATED COMPANIES	6	447,825,441	72.5253
NIT & ICP	1	3,500,000	0.5668
BANKS, DFI & NBFI	2	3,309,500	0.5360
INSURANCE COMPANIES	2	1,500,000	0.2429
MODARABAS & MUTUAL FUNDS	6	24,708,251	4.0015
GENERAL PUBLIC (LOCAL)	9655	103,532,771	16.7671
GENERAL PUBLIC (FOREIGN)	33	1,845,967	0.2990
OTHERS	60	31,250,690	5.0610
Company Total	**9,772**	**617,474,620**	**100.000**

ANNEXURE-I

Detailed Categories of Shareholding
as on June 30, 2013

FOLIO NO.	NAME	CODE	SHARES	PERCENTAGE
000000000004	H.H. NAHAYAN MABARAK AL NAHAYAN	001	1,000	0.0002
000000000023	ADEEL KHALID BAJWA	001	100	0.0000
000000007630	ZOUHAIR ABDUL KHALIQ	001	500	0.0001
000000007631	NAEEM ZAMINDAR	001	100	0.0000
000000007653	JINAH HAJALI	001	100	0.0000
000000007666	KHAWAJA AHMAD HOSAIN	001	100	0.0000
000000007667	ABID HASAN	001	100	0.0000
000000000018	WARID TELECOM INTERNATIONAL L.L.C.	002	333,295,700	53.9772
000000000019	BANK ALFALAH LIMITED	002	83,494,920	13.5220
003525077025	WINCOM (PVT) LTD	002	3,000,000	0.4858
005884008920	TAAVUN (PVT.) LIMITED	002	1,160,000	0.1879
006452017435	TAAVUN PRIVATE LIMITED	002	20,899,621	3.3847
006650003323	TAAVUN (PRIVATE) LIMITED	002	5,975,200	0.9677
002154000027	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	003	3,500,000	0.5668
000000003005	KARAKURAM CO OPERATIVE BANK LIMITED	004	300,000	0.0486
003889000044	NATIONAL BANK OF PAKISTAN	004	3,009,500	0.4874
003277002538	EFU LIFE ASSURANCE LTD	005	500,000	0.0810
003277009371	JUBILEE LIFE INSURANCE COMPANY LIMITED	005	1,000,000	0.1619
005520000028	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	006	1,000,000	0.1619
005645000024	CDC - TRUSTEE PICIC INVESTMENT FUND	006	6,320,037	1.0235
005777000029	CDC - TRUSTEE PICIC GROWTH FUND	006	9,784,961	1.5847
006197000029	CDC - TRUSTEE ALFALAH GHP VALUE FUND	006	353,253	0.0572
006619000026	CDC - TRUSTEE AKD OPPORTUNITY FUND	006	3,250,000	0.5263
012120000028	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	006	4,000,000	0.6478
000000000151	IHSAN COTTON PRODUCTS PVT LTD	010	1,000	0.0002
000000000152	IHSAN RAIWIND MILLS PVT LTD	010	1,000	0.0002
000000000541	INDUS JUTE MILLS LIMITED	010	100,000	0.0162
000000000542	MUGHAL IRON AND STEEL IND LIMITED	010	100,000	0.0162
000000001044	RYK MILLS LIMITED	010	100,000	0.0162
000000001085	ORIENT ELECTRONICS PVT LTD	010	100,000	0.0162
000000001086	EPCT PRIVATE LIMITED	010	50,000	0.0081
000000001088	PAK ELECTRON LIMITED	010	100,000	0.0162

Detailed Categories of Shareholding
as on June 30, 2013

FOLIO NO.	NAME	CODE	SHARES	PERCENTAGE
000000001111	HASSAN CARGO SERVICES	010	100,000	0.0162
000000001406	PEOPLE LOGIC PAKISTAN PRIVATE LIMITED	010	100,000	0.0162
000000001453	PUNJAB BEVERAGE COMPANY (PVT) LIMITED	010	20,000	0.0032
000000001463	BEST EXPORTS PRIVATE LIMITED	010	10,000	0.0016
000000001483	HASAN CORPORATION	010	50,000	0.0081
000000001486	ARZOO TEXTILE MILLS LIMITED	010	20,000	0.0032
000000001490	PAK GRAIN RICE MILLS	010	50,000	0.0081
000000001791	MS. IMAB (PVT) LTD,	010	100,000	0.0162
000000003050	AFZAL COTTON GINNING AND ALLIED INDUSTRIES	010	30,000	0.0049
000000003052	S-A COTTON GINNERS	010	30,000	0.0049
000000003053	MAHAR COTTON GINNERS	010	25,000	0.0040
000000005051	FINE GROUP INDUSTRIES	010	10,000	0.0016
000000005249	METRO HI TECH PVT LTD	010	25,000	0.0040
000000006302	IHSAN SONS (PVT.) LIMITED	010	1,000	0.0002
000000006839	PAKARAB FERTILIZER LIMITED	010	2,000,000	0.3239
001669000026	SHAFFI SECURITIES (PVT) LIMITED	010	10	0.0000
003103011200	TRUSTEE - IQBAL ADAMJEE TRUST	010	28,000	0.0045
003277010711	QUETTA TEXTILE MILLS LIMITED	010	250,000	0.0405
003277017862	SITARA INTERNATIONAL (PVT) LTD	010	20,000	0.0032
003277071716	TRUSTEE OF BANK ALFALAH LTD. EMPLOYEES GRATUITY FUND TRUST	010	21,000,000	3.4009
003277075960	TRUSTEES OF BOSICOR CHEMICALS PAKISTAN LTD EMP. PRO. FUND	010	600,000	0.0972
003277075961	TRUSTEES OF BOSICOR OIL PAKISTAN LTD EMPLOYEE PROVIDENT FUND	010	400,000	0.0648
003525028788	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	010	25,000	0.0040
003863000020	ACE SECURITIES (PVT.) LIMITED	010	55,000	0.0089
003939011093	HIGHLINK CAPITAL (PVT) LTD	010	141,100	0.0229
003939012463	CAPITAL VISION SECURITIES PVT LIMITED	010	46,581	0.0075
004184000022	AZEE SECURITIES (PRIVATE) LIMITED	010	154,500	0.0250
004226010900	TRUSTEE MAYMAR HOUSING SERVICES LIMITED STAFF PROVIDENT FUND	010	20,000	0.0032
004366000053	MULTILINE SECURITIES (PVT) LIMITED	010	925,000	0.1498

Detailed Categories of Shareholding
as on June 30, 2013

FOLIO NO.	NAME	CODE	SHARES	PERCENTAGE
004440000020	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	010	25,000	0.0040
004705050687	TRUSTEES OF GENERAL RAHIM KHAN TRUST(GRK TRUST)	010	20,000	0.0032
004895000026	DJM SECURITIES (PRIVATE) LIMITED	010	91,000	0.0147
005116000028	TIME SECURITIES (PVT.) LTD.	010	97,500	0.0158
005264010806	TRUSTEE-NISHAT MILLS LTD. PROVIDENT FUND	010	999,000	0.1618
005264037403	S.Z.SECURITIES (PVT.) LIMITED	010	50,000	0.0081
005405010923	UNIFIED JUNCTIONS SERVICES (PVT) LTD	010	750,000	0.1215
005512062961	SHUJABAD AGRO INDUSTRIES (PRIVATE) LIMITED	010	500,000	0.0810
005587000055	FIRST NATIONAL EQUITIES LIMITED	010	24,510	0.0040
005660000022	ABBASI SECURITIES (PRIVATE) LIMITED	010	235,000	0.0381
005660001806	STANLEY HOUSE INDUSTRIES (PVT) LTD.	010	8,000	0.0013
006445000028	DARSON SECURITIES (PVT) LIMITED	010	56,368	0.0091
006650000022	SAAO CAPITAL (PVT) LIMITED	010	479,850	0.0777
007179000020	MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	010	5,000	0.0008
010629005432	KASHMIR FEEDS LIMITED	010	150,000	0.0243
010629064934	TRUSTEE CHERAT CEMENT COMPANY LTD.STAFF GRATUITY FUND	010	300,000	0.0486
011072000026	SEVEN STAR SECURITIES (PVT.) LTD.	010	250,000	0.0405
011148000027	AMCAP SECURITIES (PVT) LTD	010	10,000	0.0016
011692000021	ABA ALI HABIB SECURITIES (PVT) LIMITED	010	304	0.0000
011940006191	AMCAP SECURITIES (PVT) LTD.	010	100,000	0.0162
014019002686	PEARL CAPITAL MANAGEMENT (PRIVATE) LIMITED	010	967	0.0002
014043000026	ACM GLOBAL (PVT.) LIMITED	010	300,000	0.0486
014241000022	FIKREE`S (SMC-PVT) LTD.	010	10,000	0.0016

Detailed Categories of Shareholding
as on June 30, 2013

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

FOLIO NO.	NAME	ADDRESS	NO. OF SHARES
000000000019	BANK ALFALAH LIMITED	KARACHI.	83,494,920
000000000018	WARID TELECOM INTERNATIONAL L.L.C.	ABU DHABI, UAE.	333,295,700
	TOTAL NO. OF SHARES		**416,790,620**

ALL TRADE IN SHARES CARRIED OUT BY DIRECTORS, EXECUTIVES AND THEIR SPOUSES AND MINOR CHILDREN REPORTED AS UNDER

FOLIO NO.	NAME	FATHER\HUSBAND NAME	NO. OF SHARES
011692004130	NAEEM ZAMINDAR	YAQOOB ALI ZAMINDAR	2,600,000

Notice of Annual General Meeting

NOTICE is hereby given that the 4th Annual General Meeting (AGM) of WATEEN TELECOM LIMITED (the "Company") will be held on Monday, March 31, 2014, at Liberty Castle, 79-D-1, Main Boulevard, Gulberg-III, Lahore, Pakistan, at 10:00 AM, to transact the following business:

A. Ordinary Business

1. To confirm the minutes of last Extraordinary General Meeting held on October 19, 2013.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2013, together with the reports of the Board of Directors and Auditors thereon.
3. To re-appoint M/s A. F. Ferguson & Co., Chartered Accountants, as the Auditors of the Company for the financial year 2013-14 and to fix their remuneration.

B. Other Business

To transact any other business with the permission of the Chair.

Lahore
Date: March 10, 2014

By the Order of the Board

Sajid Farooq Hashmi
Company Secretary & Legal Head

NOTES:

A. Participation in Annual General Meeting

A member entitled to attend and vote at this meeting may appoint another person as his/ her proxy to attend and vote for him/ her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.

B. CDC Accounts Holders

(a) For attending the meeting

In case of individuals, the account holder or the sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per CDC regulations, shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of the meeting.

In the case of corporate entities, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

Notice of Annual General Meeting

(b) For appointing proxies

(i) In case of individuals, the account holder or the sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per CDC regulations, shall submit the proxy form as per the above requirement.

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

(iii) Attested copies for CNICs or the passports of the beneficial owners and of the proxy shall be furnished with the proxy form.

(iv) The proxies shall produce their original CNICs or original passports at the time of the meeting.

(v) In case of corporate entities, the Board of Directors' resolution / power of attorney with the specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

C. Closure of Share Transfer Books

The share transfer books of the Company will remain closed, and no transaction with respect to the sale / purchase of the Company's shares shall be accepted, from March 25, 2014 to March 31, 2014, (both days inclusive).

D. Change in Address

Members are requested to promptly notify any change in their address.

Form of Proxy

4th Annual General Meeting

THK Associates (Pvt) Limited
(Acting as Share Registrar's Office for Wateen Telecom Limited)
2nd Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi, Pakistan.

I/We ______________________________ of ______________________________

being member(s) of Wateen Telecom Limited holding __________ ordinary shares hereby appoint ____________________

of ____________________ (the "Appointee") and in case of failure of the Appointee to act as my/our proxy, I/we

hereby appoint ____________________ of ____________________ who is/are also member(s)

of Wateen Telecom Limited as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, March 31, 2014 at Liberty Castle, 79-D-1, Main Boulevard, Gulberg-III, Lahore, Pakistan, at 10.00 am and/or any adjournment thereof.

As witness my/our hand/seal this __________ day of ______________, 2014.

Witness

1. ____________________

2. ____________________

Signature on Five Rupees Revenue Stamp

The signature should match with the specimen registered with the Company

Shareholder Folio No. ____________________

or

CDC Participant I.D. No. ____________________

&

Sub Account No. ____________________

AFFIX
CORRECT
POSTAGE

Shares Registrar
THK Associates (Pvt) Limited
(Acting as Share Registrar's Office for Wateen Telecom Limited)
2nd Floor, State Life Building No. 3,
Dr. Ziauddin Ahmed Road, Karachi,
Pakistan.