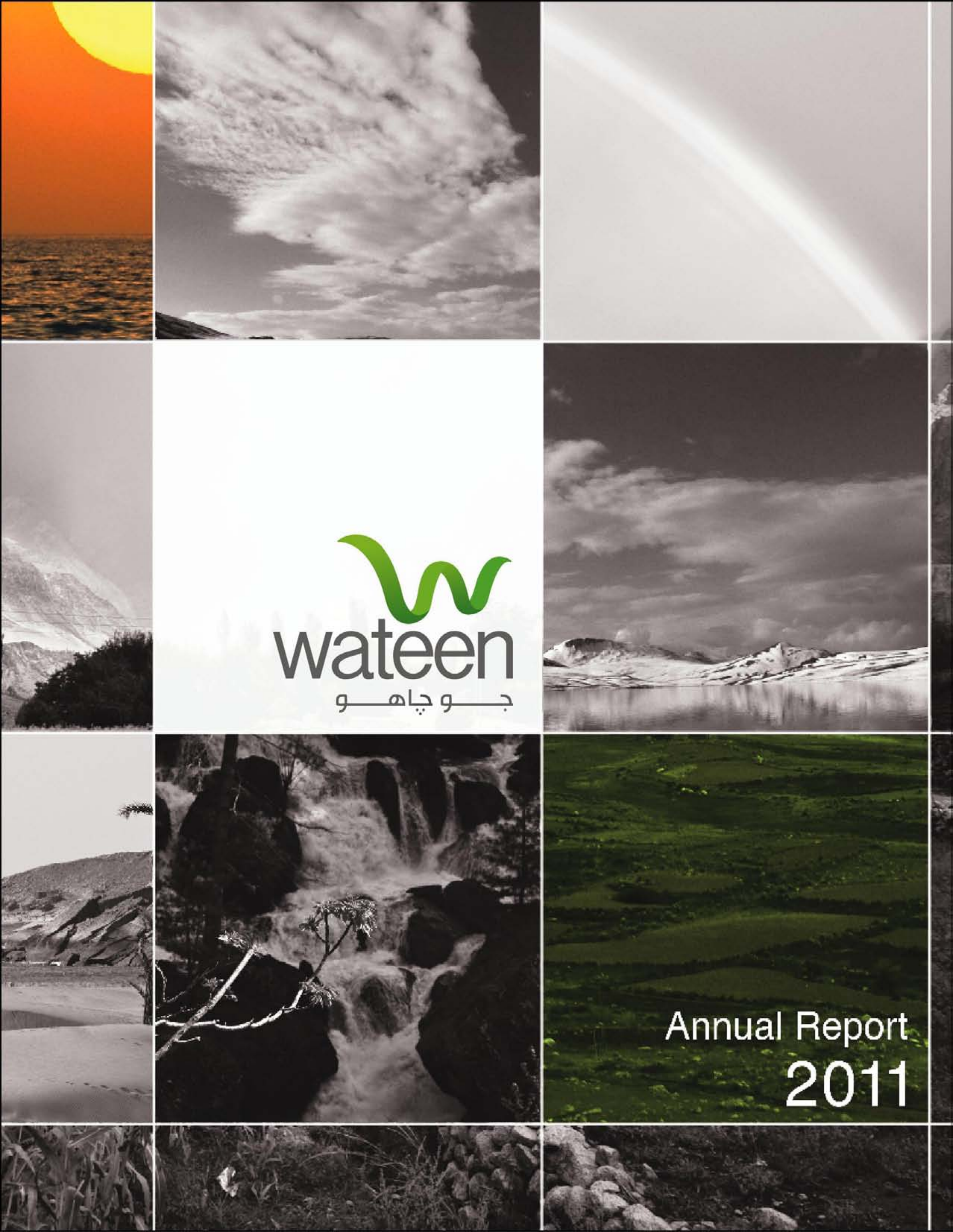

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Annual Report 2011


ENABLING
LIVES

CONTENTS

02. Corporate Vision & Mission
03. Core Values
04. CEO's Message
07. Board of Directors
08. Corporate Information
09. Financial Highlights
10. Director's Report
18. Attendance of Board Members
19. Statement of Compliance (CCG)
21. Review Report to the Members
22. Auditor's Review Report to the Members

FINANCIAL STATEMENTS

24. Balance Sheet
26. Profit and Loss Account
27. Statement of Comprehensive Income
28. Cash Flow Statement
30. Statement of Changes in Equity
31. Notes to and Forming Part of Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

73. Auditor's Report to the Members
74. Consolidated Balance Sheet
76. Consolidated Profit and Loss Account
77. Consolidated Statement of Comprehensive Income
78. Consolidated Cash Flow and Statement
80. Consolidated Statement of Changes in Equity
81. Notes to and Forming Part of the Consolidated Financial Statements

ANNEXURES

125. Pattern of Shareholding
127. Category of Shareholders
131. Notice of Annual General Meeting
133. Form of Proxy

SHAPING TRENDS THROUGH INNOVATION

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.

CORE VALUES

Serve & Enable the World Around Us (Internal & External)
Passion, Energy & Fun
Teamwork & Respect
Ownership & Accountability of Results and Company
Innovation & Creativity

CEO's Message

Mr. Naeem Zamindar

Dear Shareholder,

Greetings!

Wateen has gone through very challenging times in the recent years with revenues and profitability declining over the last two years. The Board decided to change this course by bringing in a new management team in December 2010, led by myself and guided by Zouhair Khaliq at the Board level; a team that has a track record of building successful communications and technology companies not only in Pakistan but internationally.

The Sponsors of Wateen see a significant long-term potential in the Pakistan market and are continuing to support the growth of business in the country. The new management team is in place with a credible business plan, in line with current market realities and a more focused approach on returns, are now in execution for turning around the company. Under the new plan, three core areas of focus have been identified: (a) to improve the current liquidity position and generate enough room to expand our network and revive the Wateen brand; (b) to focus on high growth and profitable segments with recurring revenue streams; and (c) to align the whole organization to "serve and enable the world around us" and building this as a core value of the new Wateen.

In the past twelve months, Sponsors have shown great confidence in Wateen and the new management and have provided cash support of over $57 million. The same confidence has been reciprocated by all lenders and syndicate of banks, providing a three years grace period with reduced interest payments, enhancing the execution capacity of the business. Wateen recently signed a term sheet and is in the process of finalizing a debt restructuring deal, providing it the necessary space for realigning our strategies of growth. The Sponsor support was supplanted by the establishment of an Executive Management Committee that has approved significant financial support to turnaround this situation. All these measures have generated fiscal space for Wateen to execute and gain the required business momentum in the next eighteen to twenty-four months.

CEO's Message

Wateen has unveiled a new brand identity inspired with the vision of "Enable and empower every man, woman and child in Pakistan through leading edge technology and services thereby transforming their lives" and a clear positioning of "Jo Chaho" i.e. "enabler". This vision is the core value for each employee, who is responsible and accountable - demonstrating it in every action they undertake. This, I believe, will generate a culture of service and enablement for which Wateen exists today.

We are laying strong foundations for the organization - taking an approach of long term sustainable growth, profitability and value creation rather than short run quick fixes which cannot be sustained in such a volatile business environment like Pakistan. We are continuously improving sustainability through transparent and viable corporate governance policies, and are now making sure that our relationship with all related parties is based on competitive market pricing. During the course of this evolution, we have revised our bad debt provisioning policy, reviewed the value of our assets and inventory, and resolved outstanding disputes with related parties resulting in successful recoveries and settlement of issues. In resolving outstanding disputes with related parties, we have had to make difficult choices and trade-offs which have significantly impacted our financials but these were necessary for Wateen to move forward in a more sustainable manner.

The Government of Pakistan and regulatory authority, Pakistan Telecommunication Authority, continue to provide and support an enabling environment for a progressive telecom regime. Broadband penetration will continue to improve drastically in the coming years, particularly in the under-served areas of the country, through projects of the Universal Services Fund in which Wateen is playing an instrumental role. In 2011, Wateen signed a significant landmark contract with the USF for providing an optic Fiber cable network in the remote regions of Balochistan, bringing hope and enlightenment to a new generation of Pakistani's. With the upcoming auction of a 3G license in 2012, we stand to gain more, as operators gear up to switch from voice optimized services to video enabled platforms. The Higher Education Commission is also playing a vital role in bringing centers of higher learning online through the PERN-2 project, in which Wateen is delivering the infrastructure to bring educational institutes on the global information highway.

The Banking sector under the patronage of the State Bank of Pakistan, is one of the biggest buyers for technology solutions and Wateen is the leading service provider for the banking industry. Our reputation of providing reliable, responsive services and management solutions on a cutting-edge network, complete with data storage facilities is enabling them to better serve their customers. Our Enterprise Solutions business line is expected to steadily grow in the coming eighteen to twenty four months as online and mobile banking services will create a new eco-system of businesses.

It gives me great satisfaction to inform you that Wateen has revived its LDI business, with the rationalization of Access Promotion Charges. With this revision, we made considerable progress in the reported period and Wateen improved its market share although revenues were lower than the previous year.

CEO's Message

To improve our services for consumers, we have analyzed the reasons for high churn predominant in the broadband industry and have proactively started working on improving our services to minimize it. During the course of the year, Wateen relocated over 200 WiMAX sites to areas of high-interest to maximize its potential and optimizing its network to deliver 99.5% availability. Wateen has placed one of the largest orders for new high-gain on the go mobile devices which are in high-demand in the country.

My goal is to create an organization that delivers extraordinary customer value in each business line by virtue of an outstanding internal culture of service and high performance, sustained and supported by streamlined processes in each department. We are investing in our employees in developing a culture of excellence and have taken initiatives that will significantly impact the organizational capacity to deliver the required results.

At Wateen, we strongly believe in the power of technology as a means to connect and enable people's lives and businesses. We believe that technology is going to change everything about how companies and societies operate and Wateen is the company that has the capabilities to realize this potential. We believe that our success will only happen if we enable our customers to succeed. Over the last year, we have invested heavily in improving and expanding our network, our workforce, systems and processes that will ensure outstanding customer experience in the future.

I would take this opportunity to thank the Government of Pakistan and Pakistan Telecommunication Authority for providing an environment of enablement; the Sponsors and shareholders for their continued support; and especially our customers for choosing Wateen as their preferred choice for their digital needs.

Naeem Zamindar
CEO

Board of Directors

H.H. NAHAYAN MABARAK AL NAHAYAN

H.E. SULTAN KHALFAN SULTAN HUDAIREM AL KTEBI

MR. ABDULLA KHALIL MUHAMMAD SAMEA AL MUTAWA

MR. ZOUHAIR ABDUL KHALIQ

MR. ATIF ASLAM BAJWA

MR. ADEEL KHALID BAJWA

MR. NAEEM ZAMINDAR

Corporate Information

MANAGEMENT TEAM

Naeem Zamindar
Chief Executive Officer

Sajjeed Aslam
Chief Financial Officer

Sajid Farooq Hashmi
Company Secretary & Head of Legal

Syed Jibran Ali
Chief Commercial Officer

Faisal Sattar
Chief Technology Officer

Asad Rezzvi
Chief Transformation Officer

Zafar Iqbal Ch.
GM HR, Admin & Infrastructure

Zeeshan Hasan
GM Customer Care

Ali Khan
GM Enterprise & Carrier Sales

Adnan Kareem
Head of Product Development

Brig(R) Mazhar Qayyum Butt
GM Corporate Affairs

Saleem Akhtar
Head of Project Management Office

Naila Bhatti
GM Media

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.

SHARE REGISTRAR

THK Associates (Pvt.) Limited
Ground 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 Limited
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

Financial Highlights

Financial Highlights		2011	2010	2009	2008	2007	2006
Operating							
Gross Margin (Operating Profit Margin)	%	35.69	39.83	32.36	48.60	38.30	38.71
Net Margin/(Loss)	%	(0.73)	(0.25)	8.12	8.70	13.00	7.10
Performance							
Return on Operating Assets	%	(26.57)	(11.85)	6.60	12.04	18.27	21.28
Debtors' Turnover	Times	5.55	2.44	5.55	6.57	6.68	10.84
Return on Equity	%	(120.16)	(48.00)	21.53	21.37	14.37	10.26
Leverage							
Debt Equity	Times	76:24	81:19	76:24	52:48	48:52	10:90
Leverage	%	2.80	0.22	0.72	0.42	0.36	0.14
Time Interest Earned	Times	(1.08)	0.18	4.82	7.29	4.65	33.50
Liquidity							
Current	Times	0.21	0.34	0.75	0.59	1.05	1.27
Quick	Times	0.19	0.30	0.64	0.47	1.05	1.27
Valuation							
Earnings/(Loss) per share (pre tax)	Rs	(10.97)	(6.77)	6.93	5.62	2.76	5.48
Earnings/(Loss) per share	Rs	(8.07)	(4.43)	2.22	3.46	1.85	3.35
Breakup value per share	Rs	(1.25)	9.22	20.65	16.20	12.84	32.66
Historical Trends							
Operating Results							
Revenue	Rs.(m)	6,779	7,961	15,410	8,343	4,389	2,794
Profit/ (loss) before Tax	Rs.(m)	(6,775)	(3,092)	1,447	1,174	571	371
Profit/ (loss) after Tax	Rs.(m)	(4,982)	(2,021)	928	723	382	227
Financial Position							
Paid up Share Capital	Rs.(m)	6,175	6,175	2,087	2,087	2,087	2,020
Reserves	Rs.(m)	135	135	393	300	228	-
Shareholders' Equity	Rs.(m)	4,146	4,210	4,309	3,382	2,659	2,210
Current Assets	Rs.(m)	4,801	8,201	7,780	5,521	4,147	2,390
Non Current Liabilities	Rs.(m)	1,202	1,200	10,887	2,443	1,467	369

Directors' Report

The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended June 30, 2011.

FY'2011 was a year of change for Wateen. Its challenge was to arrest the declining revenue trends. A new management and improved governance structures were introduced including change in the Board of Directors, CEO, CFO and Company Secretary of the Company, apart from other key positions. The establishment of an Executive Management Committee and reconstitution of the Board Audit Committee were necessary to re-enforce compliance with rigorous requirements of corporate governance and streamlined processes to enhance transparency in the overall operations.

The new Board of Directors appreciate and recognize the significance of sound corporate governance and sustainable practices, hence, are giving high priority to regularize matters to ensure compliance with the legal and regulatory requirements.

Industry Outlook

The economic scenario remained erratic in FY'2011, due to the worst floods in Pakistan's history, coupled with the ongoing energy crises, economic instability due to the security situation and domineering inflation, hampering the growth of businesses across the country. Total investment in telecom sector shrunk to USD 496 million in FY'2011 compared to USD 1,137 million in FY'2010. The telecom sector remained highly competitive, under the pressure of declining Average Revenue Per User (ARPU), and rates of international inbound termination ranging below the Access Promotion Charges (APC) for most of the period. Spending on telecom services by carriers curtailed until the emergence of a new telecom policy. Trust-deficit of foreign investors resulted in a sharp decline in foreign direct investment (FDI) in telecom sector, which stood at USD 79 million in FY'2011 compared to USD 374 million in FY'2010.

Pakistan Telecommunication Authority (PTA), Ministry of Information and Telecom (MOIT) along with Universal Service Fund Company (USF) have undertaken several initiatives to improve and revive the Telecom Sector. PTA has revised the APC downward to curb grey traffic, leading to a more promising outlook for Long Distance and International (LDI) business. MOIT has announced the auction of spectrum and 3G licenses in March 2012 which is expected to raise the demand in data services. USF is also aggressively investing in the underserved areas of the country to enable provisioning of telecom services across Pakistan assuring an increase in market uptake.

Keeping in view the above scenario, the Company revised its business plan to meet the prevailing economic challenges, which was approved by the Board of Directors in April 2011. The Company is also in the process of rescheduling existing finance facilities, which would assist the Company to a great extent in meeting its obligations/covenants.

Directors' Report

Financial Performance

Wateen's revenue at PKR 6.8 billion for the FY'2010-11 was 13% lower as compared to PKR 7.9 billion for FY'2009-10. During the period, Wateen incurred a loss of PKR 4.9 billion compared to PKR 2 billion in FY'2010. New members of the Board of Directors have taken a prudent view of the business, evaluating each business line thoroughly and recommended discontinuation of certain operations/business lines which did not fit with the growth and profitability objectives of the Company. Upon an internal due diligence conducted by the new management, it appeared that there may have been certain statutory non-compliances under the previous management, particularly in relation to related party transactions. Accordingly, the new management has in good faith and in the interest of full disclosure to all stakeholders, embarked upon an exercise to take all appropriate remedial steps to ensure compliance with legal and regulatory requirements. Also significant efforts have been made towards resolving disputes with related parties, leading to successful recoveries of the agreed amounts which were long outstanding from various local and international entities. Policy for provision of doubtful receivables has been reevaluated and an appropriate amount has been provided for in the Company's books of accounts. All these transactions have resulted in provisions/write offs of PKR 1.7 billion in FY'2011 compared to PKR 60.7 million in FY'2010. Concrete measures have been taken and will continue to be taken to recover these amounts.

Resultant Earnings/(loss) Per Share (EPS) stands at PKR (8.07) during the period compared to PKR (4.43) in FY'2010.

Payment of any dividend is subject to compliance with financial covenants agreed and prior consent of lenders.

A major part of the decline in the Company's revenues was attributable to its Long Distance International (LDI) business which was under fierce competition from grey traffic during the period. The Company has taken all possible measures including all legal recourse available to it to revive this business segment. In the first half of FY'2011 the company has generated PKR 153 million on account of inbound termination compared to PKR 889 million in the second half of FY'2011 showing six times growth. Total minutes terminated by Wateen during the period were 1.2 billion minutes compared 1.0 billion minutes showing 20% growth in minutes. Decline in absolute revenue is a function of drop in market prices materially because of reduced APC which was at weighted average of 5.5 cents in FY'2010 compared to weighted average of 3.83 cents in the current period under review.

Broadband, including data and voice services, grew to PKR 1.7 billion, showing 22% growth compared to PKR 1.4 billion for FY'2010. Total revenue from Optic Fiber Cable has also shown a growth of 10% with revenue at PKR 839 million compared to PKR 759 million in FY'2010.

Decline in VSAT revenue is materially attributable to downward revision of prices of existing contracts in Pakistan. Operators are also shifting to fiber as a cheap alternate in remote areas with the expansion in fiber foot print through USF initiatives. Wateen is expanding its VSAT presence in neighboring countries and has signed a USD 7.9 million deal with the Afghan telecom operator, Roshan, for provisioning services for the next two years.

Compared to last year, general and administrative expenses increased by 17%, representing one-off cost related with organization restructuring, general inflation and energy prices. The Company has taken several cost control initiatives including renegotiating the rents downwards, impact of which will be evident in subsequent periods.

The Sponsors of the Company remained committed to Pakistan and the Company and has injected PKR 4.9 billion as a subordinated loan directly and PKR 600 million through an associated company. The Company has engaged its local and foreign lenders for restructuring of the existing facilities by deferring principal repayment by three years and reduction in interest/markup rates and payments. Sponsors and lenders support will provide enough cash flow cushions to the Company to support its operations going forward. We believe that all required steps are being taken to ensure long term sustainable growth and profitability. Despite the current downturn in economic activity in Pakistan, we remain

Directors' Report

cautiously optimistic about the easing of pressures in the next eighteen to twenty-four months, and are about substantial improvement in performance in the years to come.

Products and Services

Broadband Internet

During FY'2011 your Company invested in increasing its outreach by extending its fiber network to around 11,000 kilometers and optimizing its network by redeploying its WiMAX sites from areas of low utilization to locations with higher uptake. Company's efforts in maximizing its potential reach helped Pakistan greatly in the growth of broadband subscribers, as Pakistan was ranked one of the fastest growing countries in the world in this regard.

For the Optic Fiber Cable business, China Mobile Pakistan, one of the fastest growing telecom operators in the country, engaged Wateen to provide services on new routes. This project helped your Company in securing additional revenue of USD 4.2 million on IRU basis.

With the increase in competition due to the addition of a new WiMAX player in the market, sales remained slow through most of the year. WiMAX sales momentum however picked up in the second half of FY'2011 as over 34,000 new customers were brought on board, but at the same time churn remained a major challenge. The Company has also launched new online and retail payment services by partnering with NADRA, Telenor, EasyPaisa, and selected banks for auto debit facilities. With a growing market for mobile and online payments and constantly evolving customer needs, these facilities will be helpful in retaining customers in the future.

During the reporting period, Wateen completed the Universal Services Fund's (USF) Hazara Telecom Region Project and offered it for audit in June 2011. The Company added 898 kilometers of fiber in Sindh and 425 kilometers of fiber in Balochistan as part of the USF fiber optic packages. Wateen also added 13,463 subscribers in the Gujranwala Telecom Region, 10,603 subscribers in the Faisalabad Telecom Region and 20,707 subscribers in the Central Telecom Region.

In addition to the above, Wateen also won the bid for the USF project BP-4 for the provision of fiber optic services in remote areas of Balochistan, which would help connect twenty towns along the Iran-Afghanistan border. The total value for the project is PKR 2.4 billion.

We believe, network expansion with the USF will place Wateen in the best position to monetize on the digital revolution, as experienced in the rest of the world by offering value added and community services through internet.

The Company is also successfully providing various communication services that include but are not limited to IP Bandwidth, Co-Location, IP Services, and DPLP to different LDI operators in Pakistan. Wateen also managed to successfully deliver the project of one pair of metro dark fiber in multiple cities to the Higher Education Commission (HEC), connecting different universities across Pakistan.

Telephony

Wateen's Long Distance and International (LDI) business of minute reselling suffered during the first half of FY'2011 due to the increase in the grey traffic market and high Access Promotion Charges. In order to revive this business, Wateen took all available legal recourse and worked closely with PTA to curb illegal traffic termination. This has resulted in lowering the APC weighted average cost from 5.5 cents to 3.83 cents in the period under review. In first half of FY'2011, the Company has generated PKR 153 million on account of inbound termination compared to PKR 889 million in the second half FY'2011 showing six times growth. Total minutes terminated by Wateen during the period were 1.2 billion minutes compared 1.0 billion minutes in FY'2010 showing 20% growth in minutes.

Enterprise Solutions

With the dampening economic scenario, the Enterprise Solutions business suffered due to stagnancy of spends by large organizations and lack of major projects during the year. Major impetus was given to the business when the new management renewed the Cisco Gold certification and principal agreements were reached with major banks for installation of wireless networks and video conferencing solutions. Revenue during the reported period dropped to 37% (i.e. PKR 279 million) compared to FY'2010.

Directors' Report

Multimedia
The Company was successful in expanding its cable TV service distribution network through partnerships. This has helped Wateen gain access to over 200,000 households in Lahore.

Operations

Technical
An initiative of capacity and coverage enhancement was rolled out in the second half of FY'2011 with relocation of over 200 sites from areas of low network utilization. Long haul and metro fiber roll-out continued in line with the company's expansion policies, helping Wateen reach new areas of long-term interest.

Network availability remained consistent with fiber & LDI networks performing over 99% and WiMAX network improving gradually from 93% to 99.5%, helping the Company meet customer expectations.

Information Technology
During the year under review, new enterprise billing system was deployed to enable timely and accurate billing/invoicing to our enterprise customers. This will help considerably in improving the payment cycles for the Company in the future.

IT also worked closely with the Business Intelligence team to predict the churn pattern. These efforts would considerably help the Customer Care teams devise retention plans and develop a 360° view of customer information for an improved customer relationship management.

Human Resources
The organization was brought in line the requirement of new business plan. A scientific approach was adopted with the help of external consultants in identification and removal of redundant roles in the organization. The Company has also appointed a Chief Transformation Officer for initiating a culture of excellence; change of mindset and for raising the bar of performance. Training programs are being planned to equip the employees with soft and technical skills to prepare them to serve our customers with improved productivity.

Marketing
The Company unveiled a new brand identity in light of the new vision and mission of the organization - i.e. 'The Enabler'. The tag line - 'Jo Chaho' was chosen in Urdu to increase receptiveness of the local market. The brand image was changed from being just a WiMAX service provider to a converged communication service provider for data, voice, enterprise solutions and multimedia. For the first time, a corporate profile for the organization was established to help the enterprise sales teams engage more clients. Wateen explored new technology solutions presented at the Gulf IT Exhibition in Dubai along with key customers in October 2011. This initiative helped in signing new strategic partnerships and interconnects with carriers.

In order to ensure effective communication and strategic thrusts, marketing carried aggressive below-the-line activities in low network utilization areas, helping gain sales in metro's and USF regions. Customers were incentivized to recharge on-time through lucky draws. Win back campaigns were successful in retaining churned customers.

Customer Care
"Serve & Enable the World Around Us" became the core value of the organization aligning each employee to a single point of agenda. The focus is to create a rewarding customer experience through the best care and service. Enterprise customers are being provided with dedicated relationship managers and enterprise customer care support teams to enable their businesses round the clock. Teams are undergoing continuous trainings to anticipate customers' need and proactively address them through more innovative and effective solutions. A feedback loop is in place to bring the whole organization in line with customer service requirements.

For retail customers, paramount efforts are being directed towards improving convenience and speed. Systems have been upgraded to ease the login through MAC ID rather than through captive portals, saving their valuable time. Multiple channels for recharge were deployed including scratch cards, easy-paisa, direct debit facilities, over the air (OTA) recharge and through NADRA e-sahulat centers. Behavioral prediction modules are being used to preempt the future needs and service offerings. Several researches are being conducted to evaluate customer expectations so as to align future strategies accordingly. In addition to its conventional call center, Wateen is also present on social media for direct consumer engagement, collecting feedback and providing support.

Future Outlook

Wateen has undergone two challenging years of low receptiveness in the market. To arrest the declining trend, concrete measures are being taken to lay a strong foundation and develop a resilient culture of excellence. This is essential for long term sustainable growth and profitability. This phase of turnaround is going to take another eighteen to twenty-four months in order for it to reflect on results for initiatives being taken today.

We believe that convergence in communications will drive the market and is essential for meeting the evolving needs of customers. Data centric services will pave way for a paradigm shift from voice-centric to multimedia-oriented services. PTA plans to issue licenses for 3G mobile telecom services which will bring additional opportunity for backhauling through Wateen metro and long-haul fiber. Operators from neighboring countries have also shown an interest in developing terrestrial route for IP bandwidth through Wateen long-haul fiber.

Wireless technology has shown higher growth in broadband services over fixed line services. With only 1.5 million connections in the country, Pakistan promises to be one of the fastest growing markets for broadband growth in the world. We believe, by optimizing its wireless network Wateen is well placed to claim its respective share of broadband connectivity.

Wateen, with its hosting solution infrastructure, terrestrial and wireless access network across the country, strong relationship with carriers and enterprises, multi-play offerings for households along with local and international voice services is well placed to enter into a new era of cloud computing and value added services.

Subsidiaries

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:

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

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 voluntary winding up.

NetsOnline Services (Private) Limited - (NOSPL)
Wateen Telecom Limited holds 100% shares of NOSPL. NOSPL was incorporated on November 2, 2005. Wateen has discontinued DSL operations and this entity is in the process of voluntary winding up.

Other Investments

Wateen Telecom UK Limited - (WTUL)
Wateen Telecom Limited has investment in 100% shares of Wateen Telecom UK Limited of par value GBP 10,000 (2010: 51% shares of par value of GBP 5,099). WTUL was incorporated in UK in 2008 for wholesale and retail voice business. Approval from State Bank of Pakistan for investment in foreign equity abroad is in process and shares of WTUL will be issued to Wateen Telecom Limited after receipt of such approval. In absence of this specific approval, the holding company cannot control the financial and operating

policies of WTUL to obtain the benefit in term of dividends, repatriation of investment, advance or receive any loan or interest thereon. Hence despite of the 100% ownership, WTUL is not treated as a subsidiary of Wateen Telecom Limited.

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 unaudited value of employees' retirement benefit assets as per management accounts amounted to PKR 225 million at June 30, 2011. (FY'2010: PKR 213 million) as per unaudited accounts.

Our People, Our Governance

Wateen values its employees and believes in investing in its people. Our employees are our biggest asset, for we depend on them to deliver quality services to our customers. We offer a competitive and dynamic work environment, competitive packages and opportunities for employee enrichment and improvement through trainings. At Wateen, we expect our employees and our management to follow the principles and ethics defined in our company statement of responsibility. Wateen's corporate governance framework observes high standards of ethics and code of conduct and supports accountability. We believe in empowering our employees, in maintaining public and shareholder trust and observing the laws and regulations governing our business.

Our employees are an integral part of our identity. We are an equal opportunity employer with an anti-discrimination and fair outlook. Wateen is careful to observe fair treatment, working hours, wages and benefits.

Our health and safety regulations cover occupational injury prevention, chemical exposure prevention, emergency prevention, readiness and response; ergonomically planned work areas, in-house dining arrangements, and health and safety communication and standards. Wateen welcomes employee feedback and participation; being a responsible company, we also follow accountability for actions and corrective action processes. We adhere to business integrity and disclosure of information, while also providing complaint resolution, whistleblower protection and an anonymous complaint handling.

Our Community & Corporate Citizenship

Society and business health share a symbiotic relationship, and we appreciate the fact that businesses and the community in which they operate are inter-dependent on each other. As responsible corporate citizens, we are committed to community service and outreach endeavors. Wateen offers summer internship programmes as part of its corporate citizenship. Students intern at Wateen to enrich their curriculum learning with corporate exposure and experience.

We have partnered with The Universal Services Fund, established by the Government of Pakistan, to develop the telecommunications infrastructure and promoting Internet and computer literacy with a special focus on underserved areas by offering subsidised Internet and Telephony services. Our collaboration and subsidised services are provided in Faisalabad Telecom Region, Hazara Telecom Region, Gujranwala Telecom Region and Central Telecom Region. Support and value addition is also provided with planned Education and Community Broadband Centers. Wateen mobile units and vans operate in these areas to educate and increase Internet and computer literacy. In recent months, Pakistan was hit with one of the worst natural disasters to date. In this crisis, Wateen's employees donated their salary (on personal discretion ranging from 1 day salary and going up to 7 days) and carried out an aggressive drive to collect relief goods and personal donations. Some were directly affected by the floods and Wateen responded with priority attention to the respective employees. Even through its communication, Wateen reflected its obligations as a responsible corporate entity and initiated a 'Go Green with Wateen' campaign aimed at helping people to adopt 'greener' lifestyles.

BOARD AUDIT COMMITTEE

The Board Audit Committee at Wateen 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. Zouhair A. Khaliq — **Chairman**
(Non-Executive Director)

Mr. Atif Bajwa — **Member**
(Non-Executive Director)

Mr. Adeel Bajwa — **Member**
(Non-Executive Director)

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 of the Stock Exchanges.

The Audit Committee, among other matters, is responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and consideration of any questions of 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; and
  - compliance with listing regulations and other statutory and regulatory requirements.

- 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 system and reporting structure are adequate and effective;
- Considering major findings of internal audit and management's responses thereto; and
- Monitoring compliance with the Company's policies and procedures and the best practices of corporate governance.s

Directors' Report

Additionally, the Board Audit Committee has explicit authority to investigate any matter and has full cooperation of and access to the Company's 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.

The reviews performed by ARG are aimed at assisting the Board in promoting a culture of sound risk management and good corporate governance, through assessing the design and operating effectiveness of internal control systems that govern key business processes. The reviews also focus on compliance with the Company's policies & procedures and regulatory requirements.

AUDITORS

The present Auditors M/s A.F. Ferguson & Co., Chartered Accountants have completed their assignment for the year ended June 30, 2011 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, 2012.

Acknowledgements

On behalf of the Board of Directors of the Company, we would like to thank all our customers, suppliers, contractors, service providers 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.

Naeem Zamindar
Chief Executive Officer &
Director

Zouhair Khaliq
Director

Attendence of the Board Members

(From July 01, 2010 to June 30, 2011)

Under the previous management, three Board meetings were held in the Second Quarter. As a result of complications arising out of a change in management, it was however not possible to hold Board meetings for the last two quarters.

S. No.	Name of Directors	Meetings Attended	Status
1	H.H. NAHAYAN MABARAK AL NAHAYAN	03	Present Director
2	ABDULLA KHALIL MUHAMMAD SAMEA AL MUTAWA	01	Present Director
3	H.E. SULTAN KHALFAN SULTAN HUDAIREM AL KTEBI	01	Present Director
4	ADEEL KHALID BAJWA	-	Present Director
5	ATIF ASLAM BAJWA	-	Present Director
6	ZOUHAIR ABDUL KHALIQ	-	Present Director
7	NAEEM ZAMINDAR	-	Present Director
8	BASHIR AHMED TAHIR	03	Outgoing Director
9	PARVEZ AHMED SHAHID	02	Outgoing Director
10	H.E. SHEIKH SAIF BIN MUHAMMAD BIN BUTTI HAMID AL HAMID	01	Outgoing Director
11	KHALID MANEA SAEED AHMED AL OTAIBA	01	Outgoing Director

Statement of Compliance
with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited, Islamabad Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Company went through a management change in December, 2010. The new Board of Directors appreciate and recognize the significance of sound corporate governance practices and are hence, giving high priority to regularize matters to ensure compliance with the Code of Corporate Governance.

The company was listed on May 27, 2010 and applied the principles contained in the Code of Corporate Governance, as applicable, for the period ended June 30, 2011 in the following manner:

1. At present the Board comprises of seven members of whom six are non-executive directors and one is an executive director, being the Chief Executive Officer.

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

3. All the resident directors of the Company are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by the stock exchange.

4. A casual vacancy occurred on the Board on December 8, 2010 and was filled immediately. Further two casual vacancies occurred on the Board on January 6, 2011 and were filled up by directors immediately. Further two more causal vacancies occurred on the Board on March 2, 2011and were filled up by directors immediately.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been approved, implemented and has been circulated and acknowledged by all employees.

6. The Company has developed a Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and terms and conditions of employment of the CEO, have been approved / regularized by the Board.

8. The meetings of the Board were presided over by the Chairman of the Board of Directors, and the Board met three times during the second quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated. As a result of complications arising out of change in management, it was however not possible to hold Board meetings for the first quarter and last two quarters.

9. The Board could not arrange orientation courses for its directors during the year to apprise them of their duties and obligations as a result of complications arising out of a change in management.

Statement of Compliance
with the Code of Corporate Governance

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance 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 Code except that it has not been possible to issue half yearly and third quarterly financial statements due to complications arising out of change in management

15. The Board has formed an audit committee. It comprises of three directors all of whom are non executive directors. The terms of reference of the committee have been formed and advised to the committee. Two meetings of the audit committee were held in the second quarter prior to the approval of the interim result of the Company. As a result of complications arising out of a change in management, it was however not possible to hold audit committee meetings for the first quarter and last two quarters. The audit committee did however meet prior to the approval of final results of the Company.

16. The Board has set-up an internal audit function comprising of suitably qualified and experienced professionals, who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

17. 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 Institute of Chartered Accountants of Pakistan.

18. 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.

19. The related party transactions have been approved / regularized by the Audit Committee and the Board of Directors along with pricing methods for such transactions. Where approval could not be granted for lack of quorum, related party transactions have been referred to shareholders.

20. We confirm that all other material principles contained in the Code of Corporate Governance have been substantially complied with.

Naeem Zamindar
Chief Executive Officer
January 20, 2012

Review Report to the Members
on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Wateen Telecom Limited (the Company) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

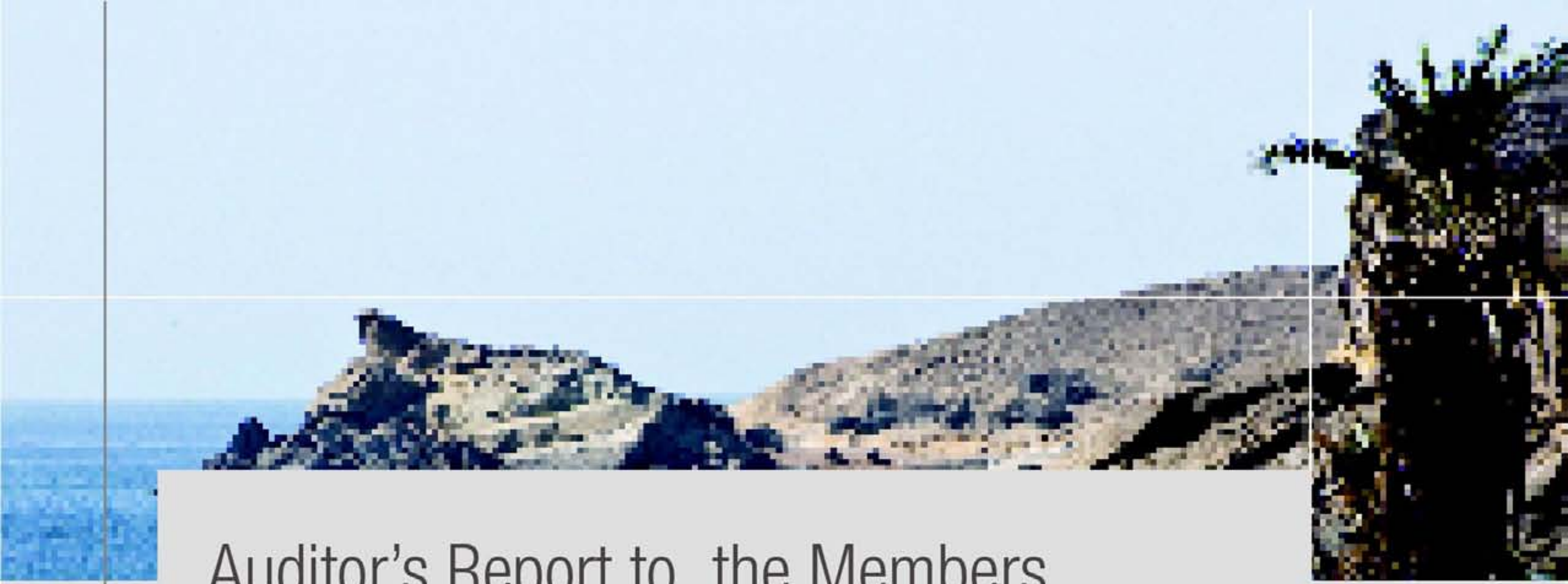
As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks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

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended June 30, 2011.

A.F. Ferguson & Co.
Chartered Accountants
Islamabad
January 20, 2012

Engagement Partner: M. Imtiaz Aslam



Auditor's Report to the Members

We have audited the annexed balance sheet of Wateen Telecom Limited ("the Company") as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:
   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
   ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2011 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.

A.F. Ferguson & Co.
Chartered Accountants
Islamabad
January 20, 2012

Engagement Partner: M. Imtiaz Aslam

FINANCIAL STATEMENTS

BALANCE SHEET

AS AT JUNE 30, 2011

	Note	2011	2010
		(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		(7,081,625)	(2,099,760)
		(772,198)	4,209,667
NON-CURRENT LIABILITIES			
Long term finance- secured	7	-	-
Medium term finance from an associated company - unsecured	8	-	-
Long term finance from a shareholder - unsecured	9	4,918,227	-
Cross currency and interest rate swap - fair value	7.4	-	139,053
Obligations under finance leases	10	4,406	5,429
Long term deposits	11	61,588	110,455
		4,984,221	254,937
DEFERRED LIABILITIES			
Employees' retirement benefits	40	-	43,690
Deferred income tax liability	12	-	74,593
Deferred USF grants	13	1,136,310	827,159
		1,136,310	945,442
CURRENT LIABILITIES			
Current portion of long term finance - secured	7	12,347,893	12,411,659
Current portion of medium term finance from an associated company - unsecured	8	600,000	-
Payable to supplier to be settled through long term finance		-	433,798
Current portion of obligations under finance leases	10	3,607	1,556
Finance from supplier - unsecured	14	59,112	77,668
Short term borrowings - secured	15	4,107,540	4,604,346
Trade and other payables	16	5,006,345	5,922,431
Interest / markup accrued	17	799,568	848,888
		22,924,065	24,300,346
CONTINGENCIES AND COMMITMENTS	18		
		28,272,398	29,710,392

The annexed notes 1- 42 are an integral part of these financial statements.

BALANCE SHEET
AS AT JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	19	18,750,491	17,045,929
Capital work in progress	20	2,304,106	3,883,565
Intangible assets	21	203,424	204,726
		21,258,021	21,134,220
LONG TERM INVESTMENT IN SUBSIDIARY COMPANIES	22	137,661	57,061
DEFERRED INCOME TAX ASSET	12	1,718,574	-
LONG TERM DEPOSITS AND PREPAYMENTS			
Long term deposits	23	293,043	238,584
Long term prepayments	24	64,094	79,139
		357,137	317,723
CURRENT ASSETS			
Trade debts	25	1,768,046	3,097,982
Contract work in progress		15,178	18,782
Stores, spares and loose tools	26	531,431	847,528
Advances, deposits, prepayments and other receivables	27	1,615,479	2,001,340
Income tax refundable		248,826	238,841
Cash and bank balances	28	622,045	1,996,915
		4,801,005	8,201,388
		28,272,398	29,710,392

Chief Executive

Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Revenue	29	6,778,628	7,961,103
Cost of sales (excluding depreciation and amortisation)	30	5,672,673	5,917,801
General and administration expenses	31	1,734,364	1,471,175
Advertisement and marketing expenses		243,011	183,146
Selling and distribution expenses		13,935	20,486
Provisions and write off	32	1,741,185	60,773
Other charges	33	-	28,936
Other (income)/ expenses	34	(110,192)	(75,822)
(Loss)/ earnings before interest, taxation, depreciation and amortisation		(2,516,348)	354,608
Less: Depreciation and amortisation		2,067,457	1,648,499
Finance cost	35	2,337,949	1,974,257
Finance income	36	(146,722)	(176,602)
Loss before taxation		(6,775,032)	(3,091,546)
Deferred income tax credit		1,793,167	1,071,033
Loss for the year		(4,981,865)	(2,020,513)
Loss per share - Basic and diluted (Rs)	38	(8.07)	(4.43)

The annexed notes 1- 42 are an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rupees in thousand)	
Loss for the year	(4,981,865)	(2,020,513)
Other comprehensive income	-	-
Total comprehensive loss for the year	(4,981,865)	(2,020,513)

The annexed notes 1- 42 are an integral part of these financial statements.

Chief Executive

Director

	2011	2010
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(6,775,032)	(3,091,546)
Adjustment of non cash items:		
Depreciation and amortisation	2,067,457	1,648,499
Finance cost	2,337,949	1,974,257
Loss/ (profit) on sale of operating assets	57,183	(17,265)
Loss on sale of inventories	40,878	-
Cost associated with IRU of Optic Fiber Cable	27,477	-
Deferred USF grant recognised during the year	(50,605)	(1,746)
Dividend income from subsidiary company	(156,060)	-
Provisions and write off	1,741,185	60,773
Provision for employees' accumulated absences	28,940	28,123
Cross currency and interest rate swap contract costs	-	139,053
	6,094,404	3,831,694
	(680,628)	740,148
Changes in working capital:		
Decrease/ (increase) in trade debts	677,246	(176,194)
Decrease/ (increase) in contract work in progress	3,604	(714)
Decrease/ (increase) in stores, spares and loose tools	103,831	(49,598)
Decrease in stocks	-	39,005
(Increase)/ decrease in advances, deposits, prepayments and other receivables	(327,196)	1,174,260
(Decrease)/ increase in cross currency and interest rate swap liability	(139,053)	-
(Decrease)/ increase in trade and other payables	(963,118)	321,752
	(644,686)	1,308,511
Employees' accumulated absences paid	(25,598)	(20,496)
Taxes paid	(9,985)	(45,124)
Cash flow from operating activities	(1,360,897)	1,983,039
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment additions (including finance cost)	(2,626,244)	(5,173,035)
Intangible assets additions	(22,087)	(600)
Proceeds from sale of property, plant and equipment	22,402	208,449
Proceeds from sale of inventories	18,602	-
Advance against purchase of shares in subsidiary companies	(85,000)	-
Long term deposits receivable- (paid)/ received	(54,459)	51,453
Long term prepayments	15,045	8,094
Dividend income received	156,060	-
Cash flow from investing activities	(2,575,681)	(4,905,639)

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rupees in thousand)	
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	2,000,000
Shares issue cost paid	-	(121,919)
Long term finance from shareholder - unsecured	4,918,228	-
Long term finance received	989,030	5,864,620
Long term finance repaid	(917,570)	(1,074,860)
Finance from supplier - unsecured	(18,556)	(260,862)
Medium term finance from an associated company - unsecured	600,000	-
Payable to supplier to be settled through long term finance repaid	(433,798)	(2,735,147)
Deferred USF grant received	359,756	421,734
Obligations under finance leases repaid	(2,476)	(2,308)
Long term deposits payable- (repaid)	(48,867)	(15,277)
Short term borrowings (paid)/ received	(1,545,415)	1,680,165
Finance cost paid	(2,387,233)	(1,436,124)
Cash flow from financing activities	1,513,099	4,320,022
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(2,423,479)	1,397,422
Cash and cash equivalents at beginning of the year	(927,266)	(2,324,688)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(3,350,745)	(927,266)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	622,045	1,996,915
Short term running finance	(3,972,790)	(2,924,181)
	(3,350,745)	(927,266)

The annexed notes 1- 42 are an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2011

	Share capital	General reserve	Accumulated profit/(loss)	Total
	(Rupees in thousand)			
Balance at July 1, 2009	2,087,373	392,908	1,829,146	4,309,427
Issue of 208,737,310 bonus shares	2,087,373	(258,227)	(1,829,146)	-
Issue of 200,000,000 shares for cash on April 20, 2010	2,000,000	-	-	2,000,000
Shares issue cost (net of tax benefit)	-	-	(79,247)	(79,247)
Total comprehensive income for the year				
Loss for the year	-	-	(2,020,513)	(2,020,513)
Other comprehensive income	-	-	-	-
	-	-	(2,020,513)	(2,020,513)
Balance at June 30, 2010	6,174,746	134,681	(2,099,760)	4,209,667
Total comprehensive income for the year				
Loss for the year	-	-	(4,981,865)	(4,981,865)
Other comprehensive income	-	-	-	-
	-	-	(4,981,865)	(4,981,865)
Balance at June 30, 2011	6,174,746	134,681	(7,081,625)	(772,198)

The annexed notes 1- 42 are an integral part of these financial statements.

Chief Executive

Director

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 was listed on Karachi, Lahore and Islamabad Stock Exchanges with effect from May 27, 2010. The registered office of the Company is situated at Lahore. The Company is a subsidiary of Warid Telecom International LLC, U.A.E.

2. BASIS OF PREPARATION

(i) Statement of compliance

These are separate financial statements of the Company. 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.

(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) Net current liabilities

Net current liabilities as at June 30, 2011 were Rs 18.123 billion of which Rs 9.723 billion relate to loan installments due for repayment after June 30, 2012 and Rs 5.567 billion relate to current portion of long term finance and short term finance. A shareholder of the Company has provided financial support in the form of long term finance amounting to Rs 4.918 billion to meet the requirements of the Company and this arrangement is expected to continue. Subsequent to the year end, the Company has negotiated with the lenders to restructure long term finance and convert short term finance, except for short term running finance from Bank Alfalah Limited amounting to Rs 1.765 billion, into long term finance facilities. The tenure of the restructured facilities is eight years w.e.f January 1, 2011 (inclusive of grace period of three years). The principal of restructured facilities will be repayable in 10 semiannual installments commencing July 1, 2014. Compliance with financial covenants is required after the grace period except for the Long Term Debt to Equity Ratio of 80:20, which should not be breached during the grace period. The Company is in the phase of finalizing addendum agreements to restructure term finance facilities with lenders.

The Company has also negotiated with associated company Taavun (Pvt) Limited to reschedule its medium term finance facility. The associated company has agreed to reschedule its facility. Principal will be repayable in semi-annual equal installments within two years after the expiry of grace period i.e. from January 01, 2011 to December 31, 2019, subject to the approval of the Board of Directors of Taavun (Pvt) Limited, the Company will finalize addendum agreement to restructure the term finance facility with lender.

(iv) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where assumptions and estimates are significant to the Company's financial statements are as follows:

(i) Fixed assets - estimated useful life of property, plant and equipment (note 19)
(ii) Capital work in progress - provision for impairment (note 20)
(iii) Provision for doubtful debts (note 25)
(iv) Provision for obsolete stores (note 26)
(v) Provision for doubtful advances and other receivables (note 27)
(vi) Provision for current and deferred income tax (note 12)
(vii) Employees' retirement benefits (note 40)

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Amendments, revisions and interpretations to existing standards that are not yet effective and have not been adopted early by the Company:

		Effective for periods beginning on or after
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2011 & July 1, 2011
IAS 1	Presentation of financial statements (Amendments)	January 1, 2011 & July 1, 2012
IAS 12	Income taxes (Amendments)	January 1, 2012
IAS 19	Employee benefits (Amendments)	January 1, 2013
IAS 24	Related party disclosures (Revised)	January 1, 2011
IAS 27	Separate Financial Statements (Revised)	January 1, 2013
IAS 28	Investments in Associates and Joint Venture (Revised)	January 1, 2013
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2011
IFRIC 13	Customer Loyalty Programmes (Amendments)	January 1, 2011
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction (Amendments)	January 1, 2011

The management anticipate that, except for the effects on the financial statements of amendments to 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 in presentation / disclosures. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognised actuarial gains / losses in other comprehensive income in the period of initial application, which cannot be presently quantified at the balance sheet date.

Further, 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, 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, 2013
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

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, 2011, related details of which are given in note 40 to the financial statement.

4.1.2 Upto June 30, 2011 the Company provided compensated absences for all permanent employees in accordance with the rules of the Company. Effective July 1, 2011, the policy has been curtailed and amount due to employees as at June 30, 2011 has been shown as current liability in trade and other payables and settled subsequently.

4.1.3 Contributory provident fund for all permanent employees. Contribution for the year amounted to Rs 28.816 million (2010: Rs 21.361 million).

4.2 Taxation

Current

Provision for current taxation is based on taxable profit at the current rates of taxation.

Deferred

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

4.3 Government grant

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

Grant that compensate the Company for expenses incurred are recognised in profit and loss account on a systematic basis in the same period in which the expenses are recognised. Grant that compensate the Company for the cost of an asset are recognised in the profit and loss account on a systematic basis over the expected useful life of the asset upon capitalisation.

4.4 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised 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 upto the date of commencement of commercial operations are capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

4.5 Trade and other payables

Liabilities for trade 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 goods and services.

4.6 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when 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.

4.7 Contingent liability

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 recognised 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 recognised in the period in which it is declared by the Board of Directors.

4.9 Property, plant and equipment

Property, plant and equipment, except free hold land and capital work in progress, are stated at cost less accumulated depreciation and any identified impairment losses; freehold land and capital work in progress are stated at cost less identified impairment losses, if any. Cost includes expenditure, related overheads, mark-up and borrowing costs referred to in 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 recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company.

Depreciation on operating assets is provided on straight line method to write off the cost of an asset over its estimated useful life at the annual rates specified in note 19.

Depreciation on additions to operating assets, is charged from the month in which the relevant asset is acquired or capitalised, 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 in profit and loss account. Where an impairment loss is recognised, 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.

Gains and losses on disposals are recognised in profit and loss account currently.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

4.10 Intangible assets

(i) Licences
These are carried at cost less accumulated amortisation and any identified impairment losses. Amortisation 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 and is charged in profit and loss account.

(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 profit and loss account. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

Amortisation on additions to computer software, is charged from the month in which the software is acquired or capitalised, while no amortisation 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 land, are not subject to amortisation or depreciation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment at each balance sheet date or when ever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the original cost of the asset. An impairment loss or reversal of impairment loss is recognised in the profit and loss account.

4.12 Investment in subsidiary companies

Investments in subsidiary companies are carried at cost less impairment losses, if any. The profit and loss of the subsidiary company is carried forward in the financial statements of the subsidiary and is not dealt with in or for the purpose of these financial statements except to the extent of dividend declared by the subsidiary company.

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 and other receivables

Trade and other receivables are stated at cost less allowances for impairment losses, if any.

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 value plus other charges paid there on.

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

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments less short term running finance.

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 prepaid cards is recognised as credit is used, unutilised credit is carried in balance sheet 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 Company operates. The financial statements are presented in Pakistan rupees (Rs), which is the Company's functional currency.

4.20 Foreign currency transactions

Transactions in currencies other than rupees are converted into rupees at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through profit and loss account.

4.21 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and de-recognised 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 recognised 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 recognised at fair value, and transaction costs are charged in profit and loss account. These are subsequently measured at fair value, amortised 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: investments at 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 recognised 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 balance sheet at their fair value, with changes therein recognised in profit and loss account. Assets in this category are classified as current assets.

(ii) Held to maturity investment

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 amortised cost using the effective interest method, less impairment.

(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 amortised cost, using the effective interest rate method, less impairment.

The Company's loans and receivables comprise 'Trade debts', 'Advances, deposits, prepayments 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 balance sheet date.

After initial measurement, available-for-sale financial investments are measured at fair value, with unrealised gains or losses recognised as other comprehensive income, until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit and loss account.

Impairment

The Company assesses at the end of each reporting period whether there is 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: at 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 recognised 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 and 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. The Company has not designated any financial liabilities upon initial recognition as being at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortised 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 balance sheet, if the Company has a legally enforceable right to set-off the recognised amounts, and the Company either intends to settle on a net basis, or realise 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.

5. SHARE CAPITAL

	June 30, 2011		June 30, 2010	
	Number of Shares	Rupees in thousand	Number of Shares	Rupees in thousand
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
Movement in issued, subscribed and paid up capital:				
Balance at July 1	617,474,620	6,174,746	208,737,310	2,087,373
Shares issued as fully paid bonus shares during the year	-	-	208,737,310	2,087,373
Shares issued for cash during the year	-	-	200,000,000	2,000,000
Balance at June 30	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 333,292,700 (2010: 333,292,700) ordinary shares, the associated companies Bank Alfalah Limited held 83,494,920 (2010: 83,494,920) ordinary shares, Taavun (Private) Limited held 28,034,821 (2010: 28,034,821) ordinary shares and Wincom (Private) Limited held 3,000,000 (2010: 3,000,000) 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	2011	2010
			(Rupees in thousand)	
7.	**LONG TERM FINANCE - SECURED**			
	Syndicate of banks	7.1	4,766,000	4,766,000
	Export Credit Guarantee Department (ECGD)	7.2	2,202,888	2,450,304
	Dubai Islamic Bank (DIB)	7.3	424,000	477,000
	Motorola Credit Corporation (MCC)	7.4	4,129,330	4,963,819
	Standard Chartered Bank (SCB)	7.5	1,043,030	54,000
	Total		12,565,248	12,711,123
	Unamortised transaction and other ancillary cost			
	Opening alanceb		299,464	-
	Additions during the year		-	400,862
	Amortisation for the year		(82,109)	(101,398)
			(217,355)	(299,464)
			12,347,893	12,411,659
	Less: Amount shown as current liability			
	Amount payable within next twelve months		(3,225,026)	(1,991,174)
	Amount due after June 30, 2012		(9,122,867)	(10,420,485)
		7.6	(12,347,893)	(12,411,659)
			-	-

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 amounting to Rs 5 billion (2010: Rs 5 billion), of which Rs 4.8 billion (2010: Rs 4.8 billion) has been availed till June 30, 2011. The tenure of the facility is 5 years commencing from November 4, 2009. The principal is repayable in six unequal stepped -up- semi annual installments . The first such installment shall be due on May 15, 2012 and subsequently every six months thereafter until December 31, 2014. The rate of mark-up is 6 months KIBOR + 2.75% per annum for 1-2 years and KIBOR + 2.5% per annum for next 3-5 years.

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, Motorola, 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 (2010: USD 42 million) from ECGD UK, of which USD 35 million (2010: USD 35 million) has been availed till June 30, 2011. Amount outstanding at June 30, 2011 was USD 25.600 million (2010: USD 28.625 million). The loan is repayable in 14 semi annual installments of USD 3.025 million each started from October 14, 2009. The rate of mark-up is LIBOR + 1.5% per annum. Additional markup at 2% per annum will be payable on default payment from the due date for payment upto the date of payment. If the finance charge is not paid then additional interest rate will be payable at 1.5% per annum above CIRR rate applicable to the period during which the finance charge remained unpaid or at 5% per annum whichever is higher. The loan is secured by personal guarantees by three Sponsors of the Company.

7.3 The Company has obtained Ijarah finance facility of Rs 530 million (2010: Rs 530 million) from DIB. The principal is repayable in 10 semi annual installments of Rs 53 million each commencing from February 1, 2010. The rate of mark up is 6 month KIBOR plus 1.5% per annum. Additional interest is payable on default payment at KIBOR + 4% per annum from the due date for payment upto the date of payment. The loan is secured by specific fixed assets (DWDM equipment, eltek cabinets and batteries).

7.4 The Company has obtained term finance facility of USD 65 million (2010: USD 65 million) from MCC of which USD 64 million (2010: USD 64 million) has been availed till June 30, 2011. Amount outstanding at June 30, 2011 was USD 48 million (2010: USD 58 million). The principal amount of outstanding facility is repayable in 12 unequal semi annual installments commencing from June 30, 2009 until and including the final maturity date which is December 31, 2014. The rate of mark-up is six month LIBOR + 1.7% per annum. Additional interest is payable on default payment at six month LIBOR + 2% per annum from the due date for payment upto the date of payment. The loan is secured through hypothecation charge over specific assets of the Company supplied under supply and services agreements with Motorola.

Repayment of principal and interest payments thereon (except for margin of 1.7 % per annum) amounting to USD 23.2 million and USD 53.5 million respectively at December 31, 2010 (2010: USD 25.5 million and USD 58.5 million) were hedged through cross currency and interest rate swap contracts with SCB. In consideration, the Company paid the difference between interest based on LIBOR and KIBOR + 2.2 % per annum and 3.05 % on the notional amount to the bank in case of cross currency swap and interest rate swap contracts respectively. These contracts were terminated by the Company on January 18, 2011 and the cost of termination has been recognised in profit and loss account.

Subsequent to year end MCC has transferred all of its rights, title benefits and interests in the original facility agreement to the Deutsche Bank AG as lender, effective August 19, 2011.

		Note	2011	2010
			(Rupees in thousand)	
7.5	**Standard Chartered Bank (SCB)**			
	Medium term finance facility	7.5.1	27,000	54,000
	Term finance facility	7.5.2	291,433	-
	Term finance facility	7.5.3	217,397	-
	Term finance facility	7.5.4	507,200	-
			1,043,030	54,000

7.5.1 The Company has obtained an aggregate medium term finance facility of USD 3 million (2010: USD 3 million) from SCB. The principal is repayable in 8 equal semi annual installments commenced from October 1, 2007. The rate of interest is six month average KIBOR + 1.25%. The loan is secured by first pari passu hypothecation charge over the specific assets of the Company amounting to Rs 275 million.

7.5.2 During the year, the Company has obtained term finance facility from SCB amounting to Rs 291.433 million against letter of credit facilities availed till June 30, 2010. The principal is repayable in five installments commencing from June 30, 2011. The rate of mark-up is six months KIBOR + 2.5%. The facility is secured by way of hypothecation over all of its current and fixed assets (excluding cellular license and CM Pak, CISCO & Motorola financed assets) for a sum of Rs 1,000 million, which charge shall no later than thirty days from the execution of this agreement be enhanced to a first pari passu charge inter se, SCB and the existing creditors of the Company, however it has not yet been enhanced to first pari passu charge.

7.5.3 During the year, the Company has obtained term finance facility from SCB amounting to Rs 217.397 million. The principal is repayable in five installments commencing from June 30, 2011. The rate of mark-up is six months KIBOR + 2.5%. The facility is secured by way of hypothecation over all of its current and fixed assets (excluding cellular license and CM Pak, CISCO & Motorola financed assets) for a sum of Rs 500 million, which charge shall no later than thirty days from the execution of this agreement be enhanced to a first pari passu charge inter se, SCB and the existing creditors of the Company, however it has not yet been enhanced to first pari passu charge.

7.5.4 During the year, the Company has obtained a term finance facility from SCB amounting to Rs 507.200 million. The principal is repayable in thirty six months in eight unequal installments. The first such installment is due on September 30, 2011 and last installment will be due on December 31, 2013. The rate of mark-up is six months KIBOR+2.5% per annum. The facility is secured by way of ranking charge over all current and fixed assets (excluding assets under specific charge of CM Pak, CISCO, Motorola, DIB, assets procured from World call and USF) for a sum of Rs 625 million.

7.6 The Company is required to make payments of long term loans on due dates and to maintain certain ratios as specified in loan agreements. The Company paid ECGD loan installment of USD 3.025 million on December 24, 2010 which was due on October 14, 2010, DIB loan installment of Rs 53.0 million on February 8, 2011 which was due on January 31, 2011 and SCB loan installment of Rs 13.50 million on January 31, 2011 which was due on October 25, 2010. Further the Company was not able to make payment of ECGD loan installment of USD 3.025 million due on April 14, 2011, DIB loan installment of Rs 53.0 million due on February 1, 2011, MCC loan installment of USD 5.50 million due on June 30, 2011, SCB loan installment of Rs 13.50 million due on April 24, 2011 and SCB loan installments of Rs 21.740 million and Rs 29.143 million due on June 30, 2011. Further, certain ratios specified in the loan agreements have not been maintained at June 30, 2011. As a consequence, 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 balance sheet date, all liabilities under these loan agreements are required to be classified as current liabilities. Based on above, loan installments due as per loan agreements after June 30, 2012 amounting to Rs 9.123 billion have been shown as current liability.

Subsequent to year end, the Company has negotiated with the lenders to restructure its existing long term finance facilities as explained in note 2 (iii).

8. MEDIUM TERM FINANCE FROM AN ASSOCIATED COMPANY - UNSECURED

During the year, the Company has obtained an aggregate medium term finance facility of Rs 600 million from an associated company Taavun (Pvt) Limited. 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. The rate of mark-up is six month KIBOR + 2.5% with 24 months grace period payable quarterly. As explained in note 7.6, entire loan amount has been shown as current liability.

Subsequent to the year end the Company has negotiated with associated Company Taavun (Pvt) Limited to reschedule its finance facility. The associated Company has agreed to restructure its facility as explained in note 2 (iii).

9. LONG TERM FINANCE FROM A SHAREHOLDER - UNSECURED

During the year, the Company has obtained two separate loans from a shareholder amounting to USD 24 million and USD 52 million. These loans are subordinated to all secured finance facilities availed by the Company. These loans are 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 and February 9, 2015 respectively. 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.

These loans 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.

10. OBLIGATIONS UNDER FINANCE LEASES

	2011	2010
	(Rupees in thousand)	
Present value of minimum lease payments	8,013	6,985
Less: Current portion shown under current liabilities	(3,607)	(1,556)
	4,406	5,429

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% (2010: KIBOR+3%).

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

	2011	2010
	(Rupees in thousand)	
Due within one year		
Minimum lease payments	4,858	2,508
Less: Financial charges not yet due	(1,251)	(952)
Present value of minimum lease payments	3,607	1,556
Due after one year but not later than five years		
Minimum lease payments	5,259	6,791
Less: Financial charges not yet due	(853)	(1,362)
Present value of minimum lease payments	4,406	5,429
	8,013	6,985

11. LONG TERM DEPOSITS

These represent security deposits received from customers. These are interest free and refundable on termination of relationship with the Company. This includes deposit received from associated companies amounting to Rs Nil as at June 30, 2011 (2010: Rs 51 million).

	Note	2011	2010
		(Rupees in thousand)	
12. DEFERRED INCOME TAX ASSET/ (LIABILITY)			
Taxable temporary differences between accounting and tax depreciation		(3,835,305)	(3,423,807)
Unused tax losses	12.1	4,945,800	3,268,671
Unused tax benefit related to share issue cost		37,329	34,138
Deductible temporary differences on account of provisions		570,750	46,405
		1,718,574	(74,593)
The gross movement in deferred tax liability during the year is as follows:			
Balance at July 1		(74,593)	(1,188,299)
Deferred tax credit for the year		1,793,167	1,071,033
Tax benefit related to share issue cost (credited) directly to equity		-	42,673
Balance at June 30		1,718,574	(74,593)

12.1 Unused tax losses for which no deferred tax asset has been recognised amounts to Rs 478,585 thousand representing business losses of Rs 1,367,386 thousand which will expire in tax year 2016.

12.2 The existence of future taxable profits sufficient to absorb these losses is based on a business plan prepared by management of the company which involves making judgments regarding key assumptions underlying the estimation of future taxable profits estimated in the plan. These assumptions if not met have a significant risk of causing a material adjustment to the carrying amount of the deferred tax asset. In the management's view it is probable that the company will be able to achieve the profits projected in the plan.

13. DEFERRED UNIVERSAL SERVICE FUND (USF) GRANTS

This represents amount received and receivable from USF as subsidy to assist in meeting the cost of deployment of USF Fiber Optic Network for providing USF Fiber Optic Communication Services in Sind, Baluchistan, Punjab and broad band services in Sargodah, Hazara district, 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 2.873 billion (2010: Rs 2.873 billion) payable by USF in five installments in accordance with project implementation milestones.

Movement during the year is as follows:

	2011	2010
	(Rupees in thousand)	
Balance at beginning of the year	827,159	212,428
Amount received during the year	359,756	421,734
Amount receivable at year end	-	194,743
Amount recognised as income during the year	(50,605)	(1,746)
Balance at end of the year	1,136,310	827,159

14. FINANCE FROM SUPPLIER - UNSECURED

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

15. SHORT TERM BORROWINGS - SECURED

	Note	2011	2010
		(Rupees in thousand)	
Short term borrowings	15.1	134,750	1,680,165
Short term running finance	15.2	3,972,790	2,924,181
		4,107,540	4,604,346

15.1 Short term borrowings - secured

	Note	2011	2010
Habib Bank Limited	15.1.1	-	1,545,415
Summit Bank Limited	15.1.2	134,750	134,750
		134,750	1,680,165

15.1.1 The entire amount has been repaid during the year.

15.1.2 The Company obtained a short term finance facility of Rs 180 million (2010: Rs 180 million) from Summit Bank Limited (Formerly Atlas Bank Limited), of which Rs 45.250 million was unutilised at June 30, 2011 (2010: Rs 45.250 million). The balance was repayable in 3 equal installments due on May 1, 2010, August 1, 2010 and November 1, 2010, however no installment has been paid during the year. The Company is in the process of rescheduling this borrowing as long term finance as explained in note 2 (iii). The rate of mark up is 12 month KIBOR + 5.25% per annum. The facility is secured by ranking hypothecation charge on the Company's all present and future current assets with a margin of 25 %.

	Note	2011	2010
		(Rupees in thousand)	
15.2 Short term running finance - secured			
Standard Chartered Bank	15.2.1	1,497,005	1,498,657
Bank Alfalah Limited	15.2.2	1,765,127	1,226,783
Soneri Bank Limited	15.2.3	199,220	198,741
Bank Al Habib Limited	15.2.4	511,438	-
		3,972,790	2,924,181

15.2.1 The Company has a running finance facility of Rs 1,500 million (2010: Rs 1,500 million), of which Rs 3 million (2010: Rs 1 million) was unutilised at June 30, 2011. This facility has been expired on November 30, 2010. The Company is in the process of rescheduling this borrowing as long term finance as explained in note 2 (iii). The facility carries mark-up at three months KIBOR + 2% per annum. This facility is secured by hypothecation of present and future fixed and current assets of the Company ranking pari passu in all respects with the first charge holders amounting to Rs 2,000 million with a margin of 25%.

15.2.2 The Company has a running finance facility of Rs 1,800 million (2010: Rs 1,800 million), of which Rs 35 million (2010: Rs 573 million) was unutilised as at June 30, 2011. This facility will expire in March 31, 2012 and is renewable. The facility carries mark-up at three months KIBOR + 2.5 % per annum. This facility is secured by first pari passu charge of Rs 2,534 million (plus third ranking charge of Rs 266 million) over all present and future current assets of the Company, 1st pari passu charge of Rs 2,534 million over fixed assets (land and buildings), 2nd pari passu charge of Rs 2,534 million over movable assets (plant and machinery) of the Company.

15.2.3 The Company has a running finance facility of Rs 200 million (2010: Rs 200 million), of which Rs 0.780 million (2010: Rs 1 million) was unutilised as at June 30, 2011. This facility will expire on November 30, 2011 and is renewable. The Company is in the process of rescheduling this borrowing as long term finance as explained in note 2 (iii). The facility carries mark-up at six months KIBOR + 2.5 % per annum. This facility is secured by hypothecation of first pari passu charge on fixed movable and current assets of the company with a margin of 25 %.

15.2.4 During the year, the Company obtained a running finance facility of Rs 514.162 million, of which Rs 2.724 million was unutilised as at June 30, 2011. This facility will expire on June 30, 2012 and is renewable. The Company is in the process of rescheduling this borrowing as long term finance as explained in note 2 (iii). The facility carries mark-up at three months KIBOR + 2 % per annum. This facility is secured by hypothecation of first pari passu charge on fixed and current assets of the company to the extent of Rs 598.500 million.

		Note	2011	2010
			(Rupees in thousand)	
16.	**TRADE AND OTHER PAYABLES**			
	Creditors	16.1	1,096,328	927,719
	Due to associated companies	16.2	150,154	199,067
	Due to international carriers		624,125	621,058
	Fees/ contribution payable to Pakistan Telecommunication Authority (PTA)		564,370	291,092
	Accrued liabilities		2,058,475	3,111,514
	Payable to gratuity fund	40	120,013	104,041
	Payable to employees on account of accumulated compensated absences	40	47,032	-
	Payable to provident fund		35,926	11,569
	Unearned revenue		72,706	114,434
	Advance from customers	16.3	103,689	317,527
	Sales tax payable		-	59,248
	Income tax deducted at source		133,527	165,162
			5,006,345	5,922,431

16.1 Trade creditors include following amounts due to related parties:

	2011	2010
Wateen Solutions (Pvt) Limited	210,135	165,283
Warid Telecom (Pvt) Limited	-	81,267
	210,135	246,550

16.2 Due to associated companies

	2011	2010
Wateen Satellite Services (Pvt) Limited	146,204	146,204
Bank Alfalah Limited	3,950	-
Warid Telecom Uganda Limited	-	47,474
Warid Telecom (Pvt) Limited	-	5,389
	150,154	199,067

16.3 Advance from customers

This includes advance of Rs 48.983 million (2010: Rs 151 million) received from associated companies.

		Note	2011	2010
			(Rupees in thousand)	
17.	**INTEREST / MARKUP ACCRUED**			
	Accrued mark-up on long term finance - secured		539,638	422,367
	Accrued mark-up on medium term finance - unsecured	17.1	71,811	-
	Accrued mark-up on short term borrowings - secured	17.2	188,119	426,521
			799,568	848,888

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 provident fund amounting to Rs 71.384 million and Rs 3.863 million (2010: Rs 38.505 million and Rs Nil) respectively.

		2011	2010
		(Rupees in thousand)	
18.	**CONTINGENCIES AND COMMITMENTS**		
18.1	Claims against the Company not acknowledged as debt	295,767	264,038
18.2	Performance guarantees issued by banks in favour of the Company	1,264,217	1,476,816
18.3	Outstanding commitments for capital expenditure	938,734	1,799,824

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

49% of the shareholding of Wateen Solutions is held by Mr. Jahangir Ahmed. 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 from Mr. Jahangir Ahmed for a total sale consideration of Rs 490,000 thousand. 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.

However, in light of the dividend payment of Rs 150,000 thousand by Wateen Solutions 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 490,000 thousand to Rs 340,000 thousand. 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 85,000 thousand as partial payment of the purchase price and the balance of Rs 255,000 thousand is payable by the Company to Mr. Jahangir Ahmed. In light of the current business dynamics of Wateen Solutions and the resultant devaluation of its share price, the new management entered into negotiations as a result of which Mr. Jahangir Ahmad has agreed to transfer the shares of Wateen Solutions to the Company without requiring payment of the balance of Rs 255,000 thousand, however the finalization of renegotiated agreement is in process.

Same have 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 and accessories	Furniture and fixtures	Motor Vehicles owned	Motor Vehicles leased	Total
	----- (Rupees in thousand) -----											
At July 1, 2009												
Cost	58,659	823,387	58,198	1,609,694	11,808,420	96,388	195,352	576,774	102,842	149,169	-	15,478,883
Accumulated depreciation	-	(40,275)	(8,206)	(99,903)	(904,695)	(56,925)	(46,039)	(196,429)	(22,107)	(53,751)	-	(1,428,330)
Net book amount	58,659	783,112	49,992	1,509,791	10,903,725	39,463	149,313	380,345	80,735	95,418	-	14,050,553
Year ended June 30, 2010												
Opening net book amount	58,659	783,112	49,992	1,509,791	10,903,725	39,463	149,313	380,345	80,735	95,418	-	14,050,553
Additions	819	108,426	48,960	376,549	3,819,893	2,815	39,053	219,790	183,696	3,101	9,293	4,812,395
Disposals												
- Cost	-	-	-	-	(195,926)	-	-	(284)	-	(12,272)	-	(208,482)
- Accumulated depreciation	-	-	-	-	11,743	-	-	170	-	5,385	-	17,298
- Net book value	-	-	-	-	(184,183)	-	-	(114)	-	(6,887)	-	(191,184)
Depreciation charge	-	(21,851)	(7,545)	(69,313)	(1,178,772)	(31,576)	(19,547)	(244,075)	(23,117)	(28,181)	(1,858)	(1,625,835)
Closing net book amount	59,478	869,687	91,407	1,817,027	13,360,663	10,702	168,819	355,946	241,314	63,451	7,435	17,045,929
At June 30, 2010												
Cost	59,478	931,813	107,158	1,986,243	15,432,387	99,203	234,405	796,280	286,538	139,998	9,293	20,082,796
Accumulated depreciation	-	(62,126)	(15,751)	(169,216)	(2,071,724)	(88,501)	(65,586)	(440,334)	(45,224)	(76,547)	(1,858)	(3,036,867)
Net book amount	59,478	869,687	91,407	1,817,027	13,360,663	10,702	168,819	355,946	241,314	63,451	7,435	17,045,929
Year ended June 30, 2011												
Opening net book amount	59,478	869,687	91,407	1,817,027	13,360,663	10,702	168,819	355,946	241,314	63,451	7,435	17,045,929
Additions	486	2,325	4,761	648,510	3,162,797	6,977	4,403	19,445	2,001	483	3,504	3,855,692
Disposals/ ransfer t												
- Cost	-	-	(11,845)	(28,739)	(81,595)	-	(973)	(1,408)	(3,176)	(279)	(1,858)	(129,873)
- Accumulated depreciation	-	-	1,262	1,262	17,244	-	129	894	1,180	158	682	22,811
- Net book value	-	-	(10,583)	(27,477)	(64,351)	-	(844)	(514)	(1,996)	(121)	(1,176)	(107,062)
Depreciation charge	-	(23,398)	(10,585)	(95,970)	(1,601,459)	(9,866)	(21,006)	(225,182)	(27,483)	(27,113)	(2,006)	(2,044,068)
Closing 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
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
Annual rate of depreciation %	-	2.5	10	4	6.67-20	33.33	10	33.33	10	20	20	

19.1 Network equipment additions include finance cost of Rs 169 million (2010: Rs 49 million) capitalised during the year.

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)				
Lease Hold Improvements						
	Zam Zam Telecom, Multan	2,614	457	2,157	1,859	Negotiation
	Mashallah Com, Bahawalpur	1,180	108	1,072	1,100	Negotiation
	Firelink Communication, Lahore	6,378	478	5,900	2,000	Negotiation
	Mr.Abdul Rehman, Rahim Yar Khan	553	78	475	759	Negotiation
	Dr. Iftikhar Amjad, Okara	1,120	141	979	1,008	Negotiation
		11,845	1,262	10,583	6,726	
Line and wire						
Line and wire related to IRU	CM Pak	28,739	1,262	27,477	223,823	IRU agreement
Network equipment						
Sun server sylantro	TechAccess, Islamabad	46,427	11,093	35,334	-	Settlement
VSAT BUC 80 watt commtech KU band	Spacecom, USA	5,669	189	5,480	1,714	Negotiation
Sun server Enum	TechAccess, Islamabad	13,790	3,259	10,531	-	Settlement
Rack common optical tributary board installation	Alfalah insurance company	3,617	623	2,994	2,570	Insurance claim
VSAT BUCs 80 watt	Spacecom, USA	1,968	333	1,635	471	Negotiation
OADM rack, multiplexer, compensation	Alfalah insurance company	1,370	236	1,134	973	Insurance claim
VSAT BUCs 16 watt	Spacecom, USA	5,323	985	4,338	1,971	Negotiation
Diesel genset 13 KVA with Perkin engine	Aramus power management, Islamabad	599	60	539	450	Negotiation
Diesel genset 13 KVA with Perkin engine	Flare magzine, Lahore	1,197	153	1,044	987	Negotiation
Diesel genset 13 KVA with Perkin engine	Alfalah insurance company	569	92	477	266	Insurance claim
VSAT 3.7m antennas	AVT channels, Islamabad	424	76	348	437	Negotiation
AC DC convertor	Alfalah insurance company	309	53	256	220	Insurance claim
Battery 650 AH	Alfalah insurance company	171	48	123	122	Insurance claim
Rectifiers 200A	Alfalah insurance company	142	40	102	101	Insurance claim
	Others (note19.2.1)	20	4	16	14	Negotiation
		81,595	17,244	64,351	10,296	
Office equipment						
Misc. Office equipment	Dr. Iftikhar Amjad, Okara	438	55	383	394	Negotiation
	Mashallah Com, Bahawalpur	160	15	145	149	Negotiation
Air conditioner	Mr. Abdul Rehman, Rahim Yar Khan	108	15	93	148	Negotiation
	Zam Zam Telecom, Multan	82	14	68	58	Negotiation
LCD	Zam Zam Telecom, Multan	75	13	62	53	Negotiation
	Mr. Abdul Rehman, Rahim Yar Khan	70	10	60	96	Negotiation
	Others (note19.2.1)	40	7	33	28	Negotiation
		973	129	844	926	
Computer and accessories						
Computers	Dr. Iftikhar Amjad, Okara	235	97	138	212	Negotiation
	Mashallah Com, Bahawalpur	195	59	136	182	Negotiation
	Zam Zam Telecom, Multan	201	117	84	143	Negotiation
	Ex. CEO Tariq Malik	310	232	78	-	Settlement
	Others (note19.2.1)	467	389	78	242	Negotiation
		1,408	894	514	779	
Furniture and fixtures						
	Dr. Iftikhar Amjad, Okara	874	109	765	787	Negotiation
	Zam Zam Telecom, Multan	344	60	284	245	Negotiation
	Mr. Abdul Rehman, Rahim Yar Khan	267	37	230	367	Negotiation
	Mashallah Com, Bahawalpur	181	19	162	169	Negotiation
	Others (note19.2.1)	1,510	955	555	141	Negotiation
		3,176	1,180	1,996	1,709	
Motor vehicles						
Honda Civic	Adamjee insurance	1,858	682	1,176	1,703	Insurance claim
	Others (note19.2.1)	279	158	121	263	Insurance claim
		2,137	840	1,297	1,966	
		129,873	22,811	107,062	246,225	

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

		2011	2010
		(Rupees in thousand)	
20.	**CAPITAL WORK IN PROGRESS**		
	Lease hold improvements	21,233	23,334
	Line and wire	1,288,678	1,319,762
	Network equipment	994,195	2,540,469
		2,304,106	3,883,565
20.1	**Movement during the year**		
	Balance as at July 01	3,883,565	3,513,632
	Additions during the year	1,094,212	2,998,940
	Capitalised during the year	(2,320,156)	(2,629,007)
	Provision for impairment	(353,515)	-
	Balance as at June 30	2,304,106	3,883,565

20.2 Capital work in progress includes finance cost of Rs 234.392 million (2010: Rs 550.020 million) capitalised during the year using capitalisation rate of 15.02% (2010: 15.45%).

		Note	2011	2010
			(Rupees in thousand)	
21.	**INTANGIBLE ASSETS**			
	LDI license fee	21.1		
	Cost		28,934	28,934
	Amortisation			
	Opening balance		8,560	7,114
	Amortisation for the year		1,447	1,446
			(10,007)	(8,560)
	Net book value		18,927	20,374
	WLL license fee	21.2		
	Cost		168,366	168,366
	Additions during the year		8,000	-
	Closing balance		176,366	168,366
	Amortisation			
	Opening balance		24,970	15,065
	Amortisation for the year		9,904	9,905
			(34,874)	(24,970)
	Net book value		141,492	143,396

	Note	2011	2010
		(Rupees in thousand)	
Software license	21.3		
Cost			
Opening balance		49,036	48,436
Additions during the year		14,087	600
Closing balance		63,123	49,036
Amortisation			
Opening balance		13,432	3,685
Amortisation for the year		10,472	9,747
		(23,904)	(13,432)
Net book value		39,219	35,604
ERP license	21.4		
Cost			
Opening balance		7,832	7,832
Amortisation			
Opening balance		2,480	914
Amortisation for the year		1,566	1,566
		(4,046)	(2,480)
Net book value		3,786	5,352
Total net book value		203,424	204,726

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.

(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.

(iii) Additions during the year represent license granted by PTA for WLL for a period of 20 years for Azad Jammu and Kashmir region. Commercial operations have not yet commenced.

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, 2011		June 30, 2010	
	%age Holding	Rupees in thousand	%age Holding	Rupees in thousand
Unquoted				
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		-
		137,656		52,656
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				
		142,061		57,061
Provision for impairment of investment in Netsonline Services (Pvt) Limited		(4,400)		-
		137,661		57,061

22.1 All the companies are incorporated in Pakistan.

23. LONG TERM DEPOSITS

These represents 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	2011	2010
		(Rupees in thousand)	
25. TRADE DEBTS - UNSECURED			
Considered good	25.1	1,768,046	3,097,982
Considered doubtful		542,220	132,586
		2,310,266	3,230,568
Provision for doubtful debts	25.2	(542,220)	(132,586)
		1,768,046	3,097,982

25.1 Trade debts include following balances due from associated companies:

	2011	2010
	(Rupees in thousand)	
Warid Telecom (Pvt) Limited	543,051	457,957
Warid International LLC, UAE - Parent company	41,298	85,400
Wateen Telecom UK Limited	24,284	105,643
Bank Alfalah Limited	19,241	12,125
Warid Telecom Uganda Limited	-	85,816
Warid Telecom Congo S.A	-	1,060,716
	627,874	1,807,657

These balances are net of trade debts written off during the period related to following associated companies, which have been approved by the shareholders in Extra Ordinary General Meeting held on December 31, 2011.

	Note	2011	2010
		(Rupees in thousand)	
Warid Telecom Congo S.A		125,127	-
Warid Telecom (Pvt) Limited		76,834	-
Warid Telecom Uganda Limited		4,266	-
Bank Alfalah Limited		-	8,451
		206,227	8,451
25.2 Provision for doubtful debts			
Opening balance		132,586	85,131
Provision made during the year - other than related parties		409,634	47,455
Closing balance	25.2.1	542,220	132,586

25.2.1 These include Rs 489 million based on age analysis of the debts as follows:

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

26. STORES, SPARES AND LOOSE TOOLS

	2011	2010
Cost	743,697	847,528
Less: Provision for obselete stores	212,266	-
	531,431	847,528

		Note	2011	2010
			(Rupees in thousand)	
27.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to suppliers and contractors - considered good		507,814	434,799
	Advances to employees - considered good		10,537	53,488
	Margin held by bank against letters of guarantee		126,018	133,709
	Prepayments	27.1	82,329	64,092
	Sales tax refundable		87,996	-
	Due from associated companies	27.2	1,116,459	909,954
	Accrued interest		3,098	1,920
	Government grant receivable		-	194,743
	Others		199,542	208,635
			2,133,793	2,001,340
	Less: Provision for doubtful receivables - related parties	27.3	476,957	-
	- other parties		41,357	-
			1,615,479	2,001,340

27.1 These include current portion of right of way charges of Rs 21.117 million (2010: Rs 17.120 million).

		Note	2011	2010
			(Rupees in thousand)	
27.2	**Due from associated companies**			
	Wateen Solutions (Pvt) Limited		543,340	488,943
	Wateen Telecom UK Limited	27.4	290,279	108,720
	Wateen Multi Media (Pvt) Limited		96,162	137,160
	Advance for construction of Warid Tower		68,916	65,716
	Warid International LLC, UAE - Parent company		42,019	35,855
	Amoon Media Group (Pvt) Limited		27,960	27,960
	Raseen Technologies (Pvt) Limited		18,482	-
	Warid Telecom Georgia Limited		15,403	15,403
	Netsonline services (Pvt) Limited		8,311	6,847
	Warid Telecom International - Bangladesh		5,587	5,587
	Warid Telecom Congo S.A		-	5,384
	Bank Alfalah Limited		-	12,379
			1,116,459	909,954

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

	2011	2010
	(Rupees in thousand)	
Wateen Telecom Limited - UK	290,279	-
Advance for construction of Warid Tower	68,916	-
Warid International LLC, UAE - Parent company	42,019	-
Amoon Media Group (Pvt) Limited	27,960	-
Raseen Technologies (Pvt) Limited	18,482	-
Warid Telecom Georgia Limited	15,403	
Netsonline Services (Pvt) Limited	8,311	-
Warid Telecom International Bangladesh	5,587	-
	476,957	-

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

27.4 This includes investment in 100 % shares of Wateen Telecom UK Limited of par value GBP 10,000 (2010: 51 % shares of par value of GBP 5,099). This company was incorporated in UK in 2008 for wholesale and retail voice business. Approval from State Bank of Pakistan for investment in foreign equity abroad is in process and shares of Wateen Telecom UK Limited will be issued to Wateen Telecom Limited after receipt of such approval. In absence of this specific approval holding company cannot control the financial and operating policies of Wateen Telecom UK Limited to obtain the benefit in terms of dividend, repatriation of investment, advance or receive any loan or interest thereon. Hence despite the 100% ownership Wateen Telecom UK Limited is not treated as subsidiary of the Company.

28. CASH AND BANK BALANCES

	2011	2010
	(Rupees in thousand)	
Balance with banks on		
- current accounts	209,760	1,738,986
- collection account	199,595	18,353
- deposit accounts	212,136	238,850
Cash in hand	554	726
	622,045	1,996,915

28.1 Bank balances amounting to Rs 46.938 million were under lien with banks (2010: Rs 31.215 million).

28.2 Cash and bank balances include foreign currency balances aggregating USD 0.367 million (2010: USD 1.125 million).

28.3 Bank balances on deposit accounts carried interest at an average rate of 7 % per annum (2010: 8% per annum).

	Note	2011	2010
		(Rupees in thousand)	

29. REVENUE

Long distance and international		2,856,157	3,576,237
Optical fiber cable			
Indefeasible Right of Use (IRU)		223,823	-
Operation and Maintenance		559,553	683,824
Managed capacity		56,104	76,163
Broadband and voice		1,799,240	1,471,798
Hybrid Fiber Cable Services		34,544	31,124
Very Small Aperture Terminal services (VSAT)		801,408	1,525,963
ADM sites rentals		110,683	176,149
Others		337,116	419,845
		6,778,628	7,961,103

30. COST OF SALES

LDI Interconnect cost		2,056,685	2,240,556
Leased circuit charges		381,390	214,579
Contribution to PTA Funds		970,156	799,805
PTA regulatory and spectrum fee		27,021	26,783
Cost associated with IRU of Optic Fibre Cable		27,477	-
Operational cost		1,313,055	1,413,339
Bandwidth cost of VSAT services		768,623	1,078,929
Others		128,266	143,810
		5,672,673	5,917,801

31. GENERAL AND ADMINISTRATION EXPENSES

Salaries, wages and benefits	31.1	1,074,058	934,765
Rent		111,035	112,421
Repairs and maintenance		28,234	16,579
Vehicle repairs and maintenance		43,678	37,904
Travel and conveyance		26,113	17,466
Postage and stationery		25,681	19,858
Auditor’s remuneration	31.2	6,324	6,406
Legal and professional charges		133,061	66,833
Communication expenses		109,273	78,138
Employee training		4,509	2,866
Customer services charges		41,018	43,051
Fees and subscription		3,734	2,193
Insurance		25,626	31,703
Entertainment		14,702	15,430
General office expenses		87,318	84,637
Others		-	925
		1,734,364	1,471,175

31.1 These includes charge against employee retirement benefits of Rs 103.886 million (2010: Rs 102.860 million).

	2011	2010
	(Rupees in thousand)	
31.2 Auditor's remuneration		
Annual audit	1,000	750
Audit of consolidated accounts, review of corporate governance compliance, review and audit of half yearly accounts and special certifications	1,450	1,453
Tax services	3,764	4,103
Out of pocket expenses	110	100
	6,324	6,406
32. PROVISIONS AND WRITE OFF		
Provision for doubtful trade debts		
- related parties	206,227	-
- other parties	446,463	60,773
Provision for doubtful advances and other receivables		
- related parties	476,957	-
- other parties	41,357	-
Provision for impairment of capital work in progress	353,515	-
Provision for obsolete stores and spares	212,266	-
Provision for impairment of long term investment in subsidiary company	4,400	-
	1,741,185	60,773
33. OTHER CHARGES		
Workers' Welfare Fund charge for the prior year	-	28,936
34. OTHER (INCOME)/ EXPENSES		
(Income) from financial assets:		
Early contract termination charges received from associated companies	-	(52,918)
(Income)/ expense from non-financial assets:		
Dividend income from subsidiary company	(156,060)	-
Loss/ (Profit) on sale of operating assets	57,183	(17,265)
Loss on sale of inventories	40,878	-
Government grant recognised	(50,605)	(1,746)
Other income	(1,588)	-
Rental income	-	(3,893)
	(110,192)	(75,822)

35. FINANCE COST

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Markup on long term and medium term finance	35.1	1,204,948	894,175
Cross currency and interest rate swap contract costs		377,948	486,939
Amortization of ancillary cost of long term finance		82,109	101,398
Mark up on short term borrowings	35.2	642,033	524,132
Finance cost of leased assets		1,332	1,145
Bank charges, commission, fees and other charges		67,547	179,089
Late payment charges on other payables		148,093	20,847
Exchange loss		48,331	365,552
		2,572,341	2,573,277
Mark up on long term finance capitalised under property, plant and equipment		(234,392)	(599,020)
		2,337,949	1,974,257

35.1 This includes markup related to long term finance from a shareholder of Rs 38.902 million (2010: Rs Nil) and medium term finance from an associated company of Rs 71.811 million (2010: Rs Nil).

35.2 This includes markup related to an associated company of Rs 272.802 million (2010: Rs 238.939 million).

36. FINANCE INCOME

	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Markup on advance to associated companies	131,678	-
Income on bank deposit accounts	15,044	25,700
Late payment charges received from associated companies	-	150,902
	146,722	176,602

37. RECONCILIATION OF TAX CHARGE

	2011 %	2010 %
Applicable tax rate	35	35
Tax effect of income chargeable to tax at reduced rate	(1)	-
Deferred tax asset on unused tax loss not recognised	(7)	-
Average effective tax rate	27	35

38. (LOSS) PER SHARE - BASIC AND DILUTED

	2011	2010
(Loss) for the year - Rs in thousand	(4,981,865)	(2,020,513)
Weighted average number of shares outstanding during the year in thousand	617,475	456,379
(Loss) per share in Rs	(8.07)	(4.43)

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

39. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

39.1 Financial assets and liabilities

FINANCIAL ASSETS

	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Maturity upto one year		
Loans and receivables		
Trade debts	1,768,046	3,097,982
Contract work in progress	15,178	18,782
Advances, deposits and other receivables	1,025,336	1,502,449
Cash and bank balances	622,045	1,996,915
	3,430,605	6,616,128
Maturity after one year to five years		
Loans and receivables		
Long term deposits	293,043	238,584
	3,723,648	6,854,712

	2011	2010
	(Rupees in thousand)	
FINANCIAL LIABILITIES		
Maturity upto one year		
Other financial liabilities		
Current portion of long term finance - secured	12,347,893	12,411,659
Current portion of long term finance from an associated company - secured	600,000	-
Payable to supplier to be settled through long term finance	-	433,798
Current portion of obligation under finance leases	3,607	1,556
Finance from supplier - unsecured	59,112	77,668
Short term borrowings - secured	4,107,540	4,604,346
Trade and other payables	4,829,950	5,490,470
Interest / markup accrued	799,568	848,888
	22,747,670	23,868,385
Maturity after one year to five years		
Other financial liabilities		
Long term finance from sponsor - unsecured	4,918,227	-
Cross currency and interest rate swap - fair value	-	139,053
Obligation under finance leases	4,406	5,429
Long term deposits	61,588	110,455
Employees' retirement benefits	-	43,690
	4,984,221	298,627
	27,731,891	24,167,012

39.2 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	2011	2010
		(Rupees in thousand)	
Trade debts			
Counterparties with external credit rating	A1+	19,241	38,888
	A+	-	78,555
	AA+	-	25,185
	A1+	20,257	3,006
	A1	-	13,443
	2A	-	157,139
	A-1	57,066	3,000
Counterparties without external credit rating			
Due from related parties		627,874	1,807,657
Others		1,043,608	971,109
		1,768,046	3,097,982
Advances, deposits and other receivables			
Counterparties with external credit rating	A1+	1,861	8,596
	A +	20,292	-
	A-2	125,000	125,000
	BBB	68,728	-
Counterparties without external credit rating			
Due from related parties		639,502	909,954
Others		169,953	458,899
		1,025,336	1,502,449
Long Term Deposits			
Others		293,043	238,584
Bank balances			
	A1+	580,100	1,960,880
	A1	31,359	33,576
	P-1	8,988	373
	A2	1,044	1,360
		621,491	1,996,189

39.3 Financial risk management

39.3.1 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, 2011 trade debts of Rs 1,184 million (2010: Rs 1,935 million) were past due but not impaired. The aging analysis of these trade debts is as follows:

	2011	2010
	(Rupees in thousand)	
Up to 3 months	730,287	258,826
3 to 6 months	198,554	215,481
6 to 9 months	18,040	604,755
Above 9 months	237,244	855,943
	1,184,125	1,935,005

39.3.2 Interest rate risk

Financial assets of Rs 852 million (2010: Rs 238.850 million) and financial liabilities of Rs 22,191 million (2010: Rs 17,023 million) were subject to interest rate risk.

At June 30, 2011, if interest rates had been 1% higher/lower with all other variables held constant, loss for the year would have been Rs 138.706 million (2010: Rs 109.097 million) higher/lower.

39.3.3 Foreign exchange risk

Financial assets include Rs 1,047 million (2010: Rs 2,280 million) and financial liabilities include Rs 11,959 million (2010: Rs 6,456 million) which were subject to foreign exchange risk.

At June 30, 2011, 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 709 million (2010: Rs 271 million) higher/lower.

39.3.4 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 a Sponsor 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 untill the Company is able to finance from its own sources. Further, the Company is in the process of rescheduling its long term finance and short term borrowings to long term finance which would facilitate the Company to greater extent to meet its obilgations/ covenants under loan agreements.

At June 30, 2011 the Company has financial assets of Rs 3,723 million (2010: Rs 6,854 million) and Rs 2,678 million (2010: Rs 1,135 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 balance sheet date to the maturity dates as per loan agreements.

	Less than 1 Year	Between 1 to to 5 Years
	(Rupees in thousand)	
2011		
Long term finance - secured	3,225,026	9,122,867
Long term finance from an associated company - unsecured	-	600,000
Long term finance from sponsor - unsecured	-	4,918,227
Obligations under finance leases	3,607	4,406
Long term deposits	-	61,588
Finance from supplier - unsecured	59,112	-
Short term borrowings	4,107,540	-
Trade and other payables	4,829,950	-
Interest/mark-up accrued	799,568	-
	13,024,803	14,707,088
2010		
Long term finance - secured	1,991,174	10,420,485
Payable to supplier to be settled through long term finance	-	433,798
Obligations under finance leases	1,556	5,429
Long term deposits	-	110,455
Finance from supplier - unsecured	77,668	-
Short term borrowings - secured	4,604,346	-
Trade and other payables	5,490,470	-
Interest/mark-up accrued	848,888	-
Cross currency and interest rate swap - fair value	-	139,053
Employee retirement benefit	-	43,690
	13,014,102	11,152,910

39.3.5 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 balance sheet date, except for long term loans and payables which are stated at cost or amortised cost.

39.3.6 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 certain ratios as specified in loan agreements and the shareholders are required to provide additional equity or subordinated loan to maintain these financial ratios. Under the terms of loan agreements, the Company cannot declare cash dividend before June 30, 2011 and thereafter dividend can be declared after compliance with financial ratios specified in loan agreements.

		Note	2011	2010
			(Rupees in thousand)	
40.	**EMPLOYEES' RETIREMENT BENEFITS**			
	These comprise of:			
	Liability for funded staff gratuity	40.1	120,013	104,041
	Liability for unfunded accumulated compensated absences	40.2	47,032	43,690
40.1	**Liability for staff gratuity**			
	The amounts recognised in the balance sheet are as follows:			
	Present value of defined benefit obligation		98,620	119,576
	Benefits due but not paid		28,045	-
	Fair value of plan assets		(27,557)	(25,958)
	Actuarial gain not recognised		20,905	10,423
	Net liability		120,013	104,041
	The amounts recognised in profit and loss account are as follows:			
	Current service cost		29,138	40,295
	Interest cost		14,349	13,561
	Expected return on plan assets		(3,115)	(5,178)
			40,372	48,678
	Actual return on plan assets		(271)	8,222

	2011	2010
	(Rupees in thousand)	
Changes in the present value of defined benefit obligation:		
Opening defined benefit obligation	119,576	113,009
Current service cost	29,138	40,295
Interest cost	14,349	13,561
Actuarial gain	(13,867)	(5,935)
Benefits paid	(22,531)	(41,354)
Benefits due but not paid	(28,045)	-
Closing defined benefit obligation	98,620	119,576
Changes in fair value of plan assets:		
Opening fair value of plan assets	25,958	43,151
Actuarial gain/ (loss)	(3,386)	3,044
Contributions by employer	24,401	15,939
Benefits paid	(22,531)	(41,354)
Expected return on plan assets	3,115	5,178
Closing fair value of plan assets	27,557	25,958

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

	2011		2010	
	Rupees in thousand	%age	Rupees in thousand	%age
Cash and bank	14,473	53	4,341	17
Investments	13,084	47	21,617	83
	27,557	100	25,958	100

Principal actuarial assumptions:

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

	2011	2010
Valuation discount rate-p.a	14%	12%
Expected rate of increase in salaries-p.a	14%	12%
Expected rate of return on plan assets-p.a	14%	12%
Average expected remaining working life time of employees	5 years	5 years

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

	2011	2010	2009	2008	2007
	(Rupees in thousand)				
As at June 30,					
Defined benefit obligation	98,620	119,576	113,009	64,876	30,049
Contributions from associated companies	-	-	-	(4,156)	-
Fair value of plan assets	(27,557)	(25,598)	(43,151)	(26,585)	-*
Deficit	71,063	93,978	69,858	34,135	30,049
Experience adjustments on defined benefit obligation	(13,867)	(5,935)	(1,524)	2,987	(1,057)
Experience adjustments on plan assets	(3,386)	3,044	3,190	747	-

*Gratuity was funded from 2008.

During the next financial year, the expected contribution to be paid to the funded gratuity fund by the Company is Rs 35 million (2010: Rs 24 million).

40.2 Liability for unfunded accumulated compensated absences

Upto June 30, 2011 the Company provided compensated absences for all permanent employees in accordance with the rules of the Company. Effective July 1, 2011, the policy has been curtailed and all amounts due to employees as at June 30, 2011 has been shown as current liability in trade and other payables and settled subsequently.

41. GENERAL

41.1 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 41.3.

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

	2011	2010
	(Rupees in thousand)	
Parent Company		
Warid Telecom International LLC, UAE (WTI)		
Markup charged to WTI	6,186	-
Revenue	-	80,200
Provision for doubtful advances	42,019	-
Technical service fee (note 41.2)	-	-
Shareholder		
Long term finance received from shareholder	4,918,227	-
Markup on long term finance from shareholder	38,902	-

	2011	2010
	(Rupees in thousand)	
Subsidiary companies		
Wateen Solutions (Pvt) Limited (WSPL)		
Cost and expenses charged by WSPL	50,989	32,916
Dividend income received	156,060	-
Markup charged to WSPL	87,690	-
Purchase of intangible assets	4,300	-
Payments made by WSPL on behalf of the Company	33,097	-
Payments made by the Company on behalf of WSPL	-	139,918
Netsonline Services (Pvt) Limited		
Provision for doubtful advances	8,311	-
Provision for impairment of investment	4,400	-
Associated Companies		
Warid Telecom (Pvt) Limited (WTL)		
Sale of services	1,619,128	2,115,633
Cost and expenses charged by WTL	489,511	209,120
Trade debts written off	76,834	-
Unearned revenue reversed	147,315	-
Wateen Multimedia (Pvt) Limited (WMM)		
Cost and expenses charged by WMM	45,423	-
Bank Alfalah Limited (BAL)		
Sale of services	80,388	70,006
Markup charged by BAL on short term borrowings	272,802	238,939
Trade debts written off	-	8,451
Wateen Telecom UK Limited (Wateen UK)		
Sale of services	213,960	96,945
Expenses charged by Wateen UK	341,522	76,414
Provision for doubtful advances	290,279	-
Taavun (Pvt) Limited		
Long term finance received	600,000	-
Markup on long term finance	71,811	-
Amoon Media Group (Pvt) Limited		
Provision for doubtful advances	27,960	-
Warid Telecom Congo S.A (Warid Congo)		
Trade debts written off	125,127	-
Cost and expenses charged by Warid Congo	-	3,675
Finance income - Late payment charges	-	150,902
Other income - Early contract termination charges	-	46,184

	2011	2010
	(Rupees in thousand)	
Warid Telecom Uganda Limited (Warid Uganda)		
Trade debts written off	4,266	-
Cost and expenses charged by Warid Uganda	-	6,200
Other income - Early contract termination charges	-	6,734
Payments made on behalf of associated company	-	38,590
Warid Telecom Georgia Limited		
Provision for doubtful advances	15,403	-
Warid Telecom International - Bangladesh		
Provision for doubtful advances	5,587	-
Raseen Technology (Pvt) Limited		
Provision for doubtful advances	18,482	-
Advance for construction of Warid Tower		
Advance paid during the year	3,200	16,000
Provision for doubtful advances	68,916	-
Provident Fund Trust		
Employer contribution to trust	28,816	21,361
Gratuity Fund		
Employer contribution to fund	40,372	48,678

41.2 Technical service fee was payable @ 5% of revenue as per Technical Services Agreement between the Company and Warid Telecom International LLC, UAE approved by the Board of Directors of the Company. Warid Telecom International LLC, UAE (WTI) has waived technical service fee for a period of two years from July 1, 2008 to June 30, 2010. This agreement was expired on June 30, 2010 and has not been renewed.

41.3 Remuneration of Directors and Executive

No remuneration was paid to the directors of the company during the year ended June 30, 2011.

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

	Chief Executive		Executives		Total	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)		(Rupees in thousand)		(Rupees in thousand)	
Managerial remuneration	11,964	10,839	332,914	271,394	344,878	282,233
Bonus	-	6,097	-	55,232	-	61,329
Housing and utilities	6,580	5,961	117,704	149,267	124,284	155,228
Company's contribution to provident and gratuity funds	1,179	903	20,452	22,607	21,631	23,510
Leave fair assistance	213	903	16,166	21,365	16,379	22,268
	19,936	24,703	487,236	519,865	507,172	544,568
Number of persons	1	1	184	282	185	283

In addition, the Chief Executive and 13 (2010: 7) executives were provided with use of company's cars. The Chief Executive and all executives were provided with medical and mobile phone facilities.

41.4 Capacity

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

42. Date of authorisation for issue

These financial statements have been authorised for issue by the Board Of Directors of the Company on January 20, 2012.

Chief Executive

Director

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Wateen Telecom Limited (Wateen) and its subsidiary companies, Wateen Satellite Services (Pvt) Limited, Wateen Solutions (Pvt) Limited and Netsonline Services (Pvt) Limited as at June 30, 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Wateen Telecom Limited and a subsidiary company Wateen Satellite Services (Pvt) Limited. The audit report of Wateen Satellite Services (Pvt) Limited, without qualifying audit opinion, states that the board of directors of the parent company have decided to voluntary winding up the Company and the financial statements have not been prepared on a going concern basis. Financial statements of subsidiary companies, Wateen Solutions (Pvt) Limited and Netsonline Services (Pvt) Limited have been audited by other firms of Chartered Accountants who expressed unqualified opinions on these financial statements and whose reports have been furnished to us. The audit report of Netsonline Services (Pvt) Limited, without qualifying audit opinion, states that the board of directors of the parent company have decided to voluntary winding up the Company and the financial statements have not been prepared on a going concern basis. 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.

In our Opinion, the consolidated financial statements present fairly the financial position of Wateen Telecom Limited and its subsidiary companies as at June 30, 2011 and the results of their operations for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

A.F. Ferguson & Co.,
Chartered Accountants
Islamabad
January 20, 2012

Engagement partner: M. Imtiaz Aslam

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2011

	Note	2011	2010
		(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		(7,015,267)	(1,794,123)
		(705,840)	4,515,304
Non controlling interest in equity of Subsidiary Company Wateen Solutions (Pvt) Ltd		(26,567)	206,999
		(732,407)	4,722,303
NON CURRENT LIABILITIES			
Long term finance- secured	7	-	-
Medium term finance from an associated company - unsecured	8	-	-
Long term finance from a shareholder - unsecured	9	4,918,227	-
Cross currency and interest rate swap - fair value	7.4	-	139,053
Obligations under finance leases	10	4,406	5,429
Long term deposits	11	61,588	110,455
		4,984,221	254,937
DEFERRED LIABILITIES			
Employees' retirement benefits	41	10,752	60,059
Deferred income tax liability	12	-	76,807
Deferred USF grant	13	1,136,310	827,159
		1,147,062	964,025
CURRENT LIABILITIES			
Current portion of long term finance - secured	7	12,347,893	12,411,659
Current portion of medium term finance from an associated company - unsecured	8	600,000	-
Payable to supplier to be settled through long term finance		-	433,798
Current portion of obligations under finance leases	10	3,607	1,556
Finance from supplier - unsecured	14	59,112	77,668
Short term borrowings - secured	15	4,107,540	4,604,346
Trade and other payables	16	4,847,664	6,030,371
Interest / markup accrued	17	799,568	848,888
		22,765,384	24,408,286
CONTINGENCIES AND COMMITMENTS	18		
		28,164,260	30,349,551

The annexed notes 1-43 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	19	18,755,581	17,053,114
Capital work in progress	20	2,304,106	3,883,565
Intangible assets	21	299,775	310,843
		21,359,462	21,247,522
ADVANCE AGAINST PURCHASE OF SHARES OF WATEEN SOLUTIONS (PVT) LTD		85,000	-
DEFERRED INCOME TAX ASSET	12	1,718,574	-
LONG TERM DEPOSITS AND PREPAYMENTS			
Long term deposits	22	293,043	239,474
Long term prepayments	23	64,094	79,139
		357,137	318,613
CURRENT ASSETS			
Trade debts	24	2,041,152	4,060,687
Contract work in progress		30,219	47,394
Stores, spares and loose tools	25	531,431	847,528
Stocks	26	7,341	8,091
Advances, deposits, prepayments and other receivables	27	1,141,732	1,558,692
Income tax refundable		259,545	246,298
Cash and bank balances	28	632,667	2,014,726
		4,644,087	8,783,416
		28,164,260	30,349,551

Chief Executive

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Revenue	29	7,007,010	8,608,482
Cost of sales (excluding depreciation and amortisation)	30	5,853,881	6,445,974
General and administration expenses	31	1,789,993	1,532,153
Advertisement and marketing expenses		243,011	183,146
Selling and distribution expenses		13,935	20,486
Provisions and write off	32	1,821,613	66,271
Other charges	33	-	28,998
Other expenses/ (income)	34	17,387	(77,487)
(Loss)/ earnings before interest, taxation, depreciation and amortisation		(2,732,810)	408,941
Less: Depreciation and amortisation		2,073,552	1,657,488
Finance cost	35	2,346,742	1,951,237
Finance income	36	(59,361)	(177,685)
Loss before taxation		(7,093,743)	(3,022,099)
Income tax credit	37	1,788,973	1,056,238
Loss after taxation		(5,304,770)	(1,965,861)
Non controlling interest in profit of consolidated subsidiary company		83,626	(27,499)
Loss for the year		(5,221,144)	(1,993,360)
Loss per share - Basic and diluted (Rs)	39	Rs (8.46)	Rs (4.37)

The annexed notes 1-43 are an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rupees in thousand)	
Loss for the year	(5,221,144)	(1,993,360)
Other comprehensive income	-	-
Total comprehensive income for the year	(5,221,144)	(1,993,360)

The annexed notes 1-43 are an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(7,093,743)	(3,022,099)
Adjustment of non cash items:		
Depreciation and amortisation	2,073,552	1,657,488
Finance cost	2,346,742	1,951,237
Loss/ (profit) on sale of operating assets	57,183	(17,887)
Loss on sale of inventories	40,878	-
Cost associated with IRU of Optic Fiber Cable	27,477	-
Deferred USF grant recognised during the year	(50,605)	(1,746)
Provisions and write off	1,821,613	66,271
Provision for employees' retirement benefits	31,877	32,450
Cross currency and interest rate swap contract costs	-	139,053
	6,348,717	3,826,866
	(745,026)	804,767
Changes in working capital:		
Decrease/ (increase) in trade debts	1,282,565	(406,172)
Decrease in contract work in progress	17,175	2,618
Decrease/ (increase) in stores, spares and loose tools	103,831	(49,598)
(Increase)/ decrease in stocks	(836)	150,773
(Increase)/decrease in advances, deposits, prepayments and other receivables	(289,293)	1,294,724
(Increase)/ decrease in cross currency and interest rate swap liability	(139,053)	-
(Decrease)/ increase in trade and other payables	(1,235,142)	196,609
	(260,753)	1,188,954
Employees' accumulated absences	(28,749)	(20,982)
Taxes paid	(19,655)	(58,160)
Cash flow from operating activities	(1,054,183)	1,914,579
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment additions (including finance cost)	(2,626,375)	(5,174,093)
Intangible assets additions	(22,087)	(600)
Proceeds from sale of property, plant and equipment	22,402	209,419
Proceeds from sale of inventories	18,602	-
Advance against purchase of shares	(85,000)	-
Long term deposits receivable - (paid)/ received	(53,569)	51,453
Long term prepayments	15,045	8,094
Cash flow from investing activities	(2,730,982)	(4,905,727)

	2011	2010
	(Rupees in thousand)	
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	2,000,000
Shares issue cost paid	-	(121,919)
Long term finance from shareholder - unsecured	4,918,228	-
Long term finance received	989,030	5,864,620
Long term finance repaid	(917,570)	(1,074,860)
Finance from supplier - unsecured	(18,556)	(260,862)
Medium term finance from an associated company - unsecured	600,000	-
Payable to supplier to be settled through long term finance repaid	(433,798)	(2,735,147)
Deferred USF grant received	359,756	421,734
Obligations under finance leases repaid	(2,476)	(2,308)
Long term deposits payable - (repaid)	(48,867)	(15,277)
Dividend paid to non controlling interests	(149,940)	-
Short term borrowings (paid)/ received	(1,545,415)	1,680,165
Finance cost paid	(2,395,895)	(1,413,104)
Cash flow from financing activities	1,354,497	4,343,042
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(2,430,668)	1,351,894
Cash and cash equivalents at beginning of the year	(909,455)	(2,261,349)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(3,340,123)	(909,455)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	632,667	2,014,726
Short term running finance	(3,972,790)	(2,924,181)
	(3,340,123)	(909,455)

The annexed notes 1-43 are an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2011

	Attributable to owners of Wateen Telecom Limited					
	Share capital	General reserve	Accumulated profit/(loss)	Total	Non controlling interest in equity of subsidiary	Total
	---------------------------- (Rupees in thousand) ----------------------------					
Balance at July 1, 2009	2,087,373	392,908	2,107,630	4,587,911	179,500	4,767,411
Issue of 208,737,310 bonus shares	2,087,373	(258,227)	(1,829,146)	-		-
Issue of 200,000,000 shares for cash on April 20, 2010	2,000,000			2,000,000		2,000,000
Shares issue cost (net of tax benefit)			(79,247)	(79,247)		(79,247)
Total comprehensive income for the year						
Loss for the year	-	-	(1,993,360)	(1,993,360)	27,499	(1,965,861)
Other comprehensive income	-	-	-	-	-	-
	-	-	(1,993,360)	(1,993,360)	27,499	(1,965,861)
Balance at June 30, 2010	6,174,746	134,681	(1,794,123)	4,515,304	206,999	4,722,303
Balance at July 1, 2010	6,174,746	134,681	(1,794,123)	4,515,304	206,999	4,722,303
Dividend to non-controlling interest by a subsidiary company Wateen Solutions (Pvt) Ltd	-	-	-	-	(149,940)	(149,940)
Total comprehensive income for the year						
Loss for the year	-	-	(5,221,144)	(5,221,144)	(83,626)	(5,304,770)
Other comprehensive income	-	-	-	-	-	-
	-	-	(5,221,144)	(5,221,144)	(83,626)	(5,304,770)
Balance at June 30, 2011	6,174,746	134,681	(7,015,267)	(705,840)	(26,567)	(732,407)

The annexed notes 1-43 are 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 and its subsidiary companies Wateen Solutions (Pvt) Limited (51% owned), Wateen Satellite Services (Pvt) Limited (100% owned) and Netsonline Services (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 was listed on Karachi, Lahore and Islamabad Stock Exchanges with effect from May 27, 2010. The registered office of the Company is situated at Lahore. The Company is a subsidiary of Warid Telecom International LLC, U.A.E.

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.

WSS has transferred all of its assets to parent company on March 31, 2009. Further, subsequent to year end the Board of Directors of the parent company in their meeting held on November 22, 2011 has decided to voluntary winding up the Company. Accordingly, the financial statements of the WSS has not been prepared on a going concern basis.

The subsidiary company, Netsonline Services (Pvt) Limited (NSPL), 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 NSPL on July 1, 2008.

Further, subsequent to year end the Board of Directors of the parent company in their meeting held on November 22, 2011 has decided to voluntary winding up the NSPL. Accordingly, the financial statements of the NSPL has not been prepared on a going concern basis.

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 recognises 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 recognised 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 profit or loss.

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 recognised 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 recognised in profit or loss.

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 recognised 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 recognised 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 recognised 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 recognised in other comprehensive income are reclassified to profit or loss.

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.

(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) Net current liabilities

Net current liabilities as at June 30, 2011 were Rs 18.121 billion of which Rs 9.723 billion relate to loan installments due for repayment after June 30, 2012 and Rs 5.567 billion relate to current portion of long term finance and short term finance. A shareholder of the Company has provided financial support in the form of long term finance amounting to Rs 4.918 billion to meet the requirements of the Company and this arrangement is expected to continue. Subsequent to the year end, the Company has negotiated with the lenders to restructure long term finance and convert short term finance, except for short term running finance from Bank Alfalah Limited amounting to Rs 1.765 billion, into long term finance facilities. The tenure of the restructured facilities is eight years w.e.f January 1, 2011 (inclusive of grace period of three years). The principal of restructured facilities will be repayable in 10 semiannual installments commencing July 1, 2014. Compliance with financial covenants is required after the grace period except for the Long Term Debt to Equity Ratio of 80:20, which should not be breached during the grace period. The Company is in the phase of finalizing addendum agreements to restructure term finance facilities with lenders.

The Company has also negotiated with associated company Taavun (Pvt) Limited to reschedule its medium term finance facility. The associated company has agreed to reschedule its facility. Principal will be repayable in semi-annual equal installments within two years after the expiry of grace period i.e. from January 01, 2011 to December 31, 2019, subject to the approval of the Board of Directors of Taavun (Pvt) Limited, the Company will finalize addendum agreement to restructure the term finance facility with lender.

(iv) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where assumptions and estimates are significant to the Company's financial statements are as follows.

(i) Fixed assets - estimated useful life of property, plant and equipment (note 19)
(ii) Capital work in progress - provision for impairment (note 20)
(iii) Provision for doubtful debts (note 24)
(iv) Provision for obsolete stores (note 25)
(v) Provision for doubtful advances and other receivables (note 27)
(vi) Provision for current and deferred income tax (note 12)
(vii) Employees' retirement benefits (note 41)

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

		Effective for periods beginning on or after
IFRS 7	Financial instruments: Disclosures (Amendments)	January 1, 2011 & July 1, 2011
IAS 1	Presentation of financial statements (Amendments)	January 1, 2011 & July 1, 2012
IAS 12	Income taxes (Amendments)	January 1, 2012
IAS 19	Employee benefits (Amendments)	January 1, 2013
IAS 24	Related party disclosures (Revised)	January 1, 2011
IAS 27	Separate Financial Statements (Revised)	January 1, 2013
IAS 28	Investments in Associates and Joint Venture (Revised)	January 1, 2013
IAS 34	Interim Financial Reporting (Amendments)	January 1, 2011
IFRIC 13	Customer Loyalty Programmes (Amendments)	January 1, 2011
IFRIC 14	IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction	January 1, 2011

The management anticipate that, except for the effects on the financial statements of amendments to 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 in presentation / disclosures. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial gains / losses in other comprehensive income in the period of initial application, which cannot be presently quantified at the balance sheet date.

Further, 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, 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, 2013
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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Employees' retirement benefits

4.1.1 Wateen Telecom Limited 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, 2011, related details of which are given in note 41.1 to the financial statement.

4.1.2 Wateen Solutions (Pvt) Limited operates unfunded 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, 2011, related details of which are given in note 41.2 to the financial statement.

4.1.3 Upto June 30, 2011 the Company provided compensated absences for all permanent employees in accordance with the rules of the Company. Effective July 1, 2011, the policy has been curtailed and amount due to employees as at June 30, 2011 has been shown as current liability in trade and other payables and settled subsequently.

4.1.4 Contributory provident fund for all permanent employees. Contribution for the year amounted to Rs 29.09 million (2010: Rs 21.88 million).

4.2 Taxation

Current

Provision for current taxation is based on taxable profit at the current rates of taxation.

Deferred

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

4.3 Government grant

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

Grant that compensate the Company for expenses incurred are recognised in profit and loss account on a systematic basis in the same period in which the expenses are recognised. Grant that compensate the Company for the cost of an asset are recognised in the profit and loss account on a systematic basis over the expected useful life of the asset upon capitalisation.

4.4 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised 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 upto the date of commencement of commercial operations are capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred. Qualifying assets are assets that necessarily take substantial period of time to get ready for their intended use.

4.5 Trade and other payables

Liabilities for trade 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 goods and services.

4.6 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when 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.

4.7 Contingent liability

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 free hold land and capital work in progress, are stated at cost less accumulated depreciation and any identified impairment losses; freehold land and capital work in progress are stated at cost less identified impairment losses, if any. Cost includes expenditure, related overheads, mark-up and borrowing costs referred to in 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 recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Company.

Depreciation on operating assets is provided on straight line method to write off the cost of an asset over its estimated useful life at the annual rates specified in note 19.

Depreciation on additions to operating assets, is charged from the month in which the relevant asset is acquired or capitalised, 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 in profit and loss account. Where an impairment loss is recognised, 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.

Gains and losses on disposals are recognised in profit and loss account currently.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

4.9 Intangible assets

(i) Licences
These are carried at cost less accumulated amortisation and any identified impairment losses. Amortisation 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 and is charged in profit and loss account.

(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 profit and loss account. Costs associated with maintaining computer software, are recognised as an expense as and when incurred.

Amortisation on additions to computer software, is charged from the month in which the software is acquired or capitalised, while no amortisation is charged for the month in which the software is disposed off.

(iii) Non compete fee is stated at cost less accumulated amortisation. Amortisation 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 land, are not subject to amortization or depreciation and are tested annually for impairment. Assets that are subject to depreciation/amortization are reviewed for impairment at each balance sheet date or when ever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the original cost of the asset. An impairment loss or reversal of impairment loss is recognised in the profit and loss account.

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 amortisation. Amortisation is provided to write off the cost on straight line basis over the period of right of way.

4.12 Trade and other receivables

Trade and other receivables are stated at cost less allowances for impairment losses, if any.

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 value plus other charges paid there on.

4.14 Stocks

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

4.15 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments less short term running finance.

4.16 Revenue recognition

Revenue is recognized 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 prepaid cards is recognised as credit is used. Unutilised credit is carried in balance sheet 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.

4.17 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 Company operates. The financial statements are presented in Pakistan Rupees (Rs), which is the Company's functional currency.

4.18 Foreign currency transactions

Transactions in currencies other than rupees are converted into rupees at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through profit and loss account.

4.19 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized 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 in profit and loss account. 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: investments at 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 balance sheet at their fair value, with changes therein recognized in profit and loss account. Assets in this category are classified as current assets.

(ii) Held to maturity investment

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.

(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.

The Company's loans and receivables comprise 'Trade debts', 'Advances, deposits, prepayments 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 balance sheet date.

After initial measurement, available-for-sale financial investments 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 profit and loss account.

Impairment

The Company assesses at the end of each reporting period whether there is 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: at 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 and 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. The Company has not designated any financial liabilities upon initial recognition as being at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing 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 balance sheet, 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.

4.20 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, 2011		June 30, 2010	
	Number of Shares	Rupees in thousand	Number of Shares	Rupees in thousand
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
Movement in issued, subscribed and paid up capital:				
Balance at July 1	617,474,620	6,174,746	208,737,310	2,087,373
Shares issued as fully paid bonus shares during the year	-	-	208,737,310	2,087,373
Shares issued for cash during the year	-	-	200,000,000	2,000,000
Balance at June 30	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 333,292,700 (2010: 333,292,700) ordinary shares, the associated companies Bank Alfalah Limited held 83,494,920 (2010: 83,494,920) ordinary shares, Taavun (Private) Limited held 28,034,821 (2010: 28,034,821) ordinary shares and Wincom (Private) Limited held 3,000,000 (2010: 3,000,000) 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.

7. LONG TERM FINANCE - SECURED

	Note	2011	2010
		(Rupees in thousand)	
Syndicate of banks	7.1	4,766,000	4,766,000
Export Credit Guarantee Department (ECGD)	7.2	2,202,888	2,450,304
Dubai Islamic Bank (DIB)	7.3	424,000	477,000
Motorola Credit Corporation (MCC)	7.4	4,129,330	4,963,819
Standard Chartered Bank (SCB)	7.5	1,043,030	54,000
Total		12,565,248	12,711,123
Unamortised transaction and other ancillary cost			
Opening balance		299,464	-
Additions during the year		-	400,862
Amortisation for the year		(82,109)	(101,398)
		(217,355)	(299,464)
		12,347,893	12,411,659
Less: Amount shown as current liability			
Amount payable within next twelve months		(3,225,026)	(1,991,174)
Amount due after June 30, 2012	7.6	(9,122,867)	(10,420,485)
		(12,347,893)	(12,411,659)
		-	-

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 amounting to Rs 5 billion (2010: Rs 5 billion), of which Rs 4.8 billion (2010: Rs 4.8 billion) has been availed till June 30, 2011. The tenure of the facility is 5 years commencing from November 4, 2009. The principal is repayable in six unequal stepped -up- semi annual installments . The first such installment shall be due on May 15, 2012 and subsequently every six months thereafter until December 31, 2014. The rate of mark-up is 6 months KIBOR + 2.75% per annum for 1-2 years and KIBOR + 2.5% per annum for next 3-5 years.

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, Motorola, 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 (2010: USD 42 million) from ECGD UK, of which USD 35 million (2010: USD 35 million) has been availed till June 30, 2011. Amount outstanding at June 30, 2011 was USD 25.600 million (2010: USD 28.625 million). The loan is repayable in 14 semi annual installments of USD 3.025 million each started from October 14, 2009. The rate of mark-up is LIBOR + 1.5% per annum. Additional markup at 2% per annum will be payable on default payment from the due date for payment upto the date of payment. If the finance charge is not paid then additional interest rate will be payable at 1.5% per annum above CIRR rate applicable to the period during which the finance charge remained unpaid or at 5% per annum whichever is higher. The loan is secured by personal guarantees by three Sponsors of the Company.

7.3 The Company has obtained Ijarah finance facility of Rs 530 million (2010: Rs 530 million) from DIB. The principal is repayable in 10 semi annual installments of Rs 53 million each commencing from February 1, 2010. The rate of mark up is 6 month KIBOR plus 1.5% per annum. Additional interest is payable on default payment at KIBOR + 4% per annum from the due date for payment upto the date of payment. The loan is secured by specific fixed assets (DWDM equipment, eltek cabinets and batteries).

7.4 The Company has obtained term finance facility of USD 65 million (2010: USD 65 million) from MCC of which USD 64 million (2010: USD 64 million) has been availed till June 30, 2011. Amount outstanding at June 30, 2011 was USD 48 million (2010: USD 58 million). The principal amount of outstanding facility is repayable in 12 unequal semi annual installments commencing from June 30, 2009 until and including the final maturity date which is December 31, 2014. The rate of mark-up is six month LIBOR + 1.7% per annum. Additional interest is payable on default payment at six month LIBOR + 2% per annum from the due date for payment upto the date of payment. The loan is secured through hypothecation charge over specific assets of the Company supplied under supply and services agreements with Motorola.

Repayment of principal and interest payments thereon (except for margin of 1.7 % per annum) amounting to USD 23.2 million and USD 53.5 million respectively at December 31, 2010 (2010: USD 25.5 million and USD 58.5 million) were hedged through cross currency and interest rate swap contracts with SCB. In consideration, the Company paid the difference between interest based on LIBOR and KIBOR + 2.2 % per annum and 3.05 % on the notional amount to the bank in case of cross currency swap and interest rate swap contracts respectively. These contracts were terminated by the Company on January 18, 2011 and the cost of termination has been recognised in profit and loss account.

Subsequent to year end MCC has transferred all of its rights, title benefits and interests in the original facility agreement to the Deutsche Bank AG as lender, effective August 19, 2011.

	Note	2011	2010
		(Rupees in thousand)	
7.5 Standard Chartered Bank (SCB)			
Medium term finance facility	7.5.1	27,000	54,000
Term finance facility	7.5.2	291,433	-
Term finance facility	7.5.3	217,397	-
Term finance facility	7.5.4	507,200	-
		1,043,030	54,000

7.5.1 The Company has obtained an aggregate medium term finance facility of USD 3 million (2010: USD 3 million) from SCB. The principal is repayable in 8 equal semi annual installments commenced from October 1, 2007. The rate of interest is six month average KIBOR + 1.25%. The loan is secured by first pari passu hypothecation charge over the specific assets of the Company amounting to Rs 275 million.

7.5.2 During the year, the Company has obtained term finance facility from SCB amounting to Rs 291.433 million against letter of credit facilities availed till June 30, 2010. The principal is repayable in five installments commencing from June 30, 2011. The rate of mark-up is six months KIBOR + 2.5%. The facility is secured by way of hypothecation over all of its current and fixed assets (excluding cellular license and CM Pak, CISCO & Motorola financed assets) for a sum of Rs 1,000 million, which charge shall no later than thirty days from the execution of this agreement be enhanced to a first pari passu charge inter se, SCB and the existing creditors of the Company, however it has not yet been enhanced to first pari passu charge.

7.5.3 During the year the Company has obtained term finance facility from SCB amounting to Rs 217.397 million. The principal is repayable in five installments commencing from June 30, 2011 . The rate of mark-up is six months KIBOR + 2 .5%. The facility is secured by way of hypothecation over all of its current and fixed assets (excluding cellular license and CM Pak, CISCO & Motorola financed assets) for a sum of Rs 500 million, which charge shall no later than thirty days from the execution of this agreement be enhanced to a first pari passu charge inter se, SCB and the existing creditors of the Company, however it has not yet been enhanced to first pari passu charge.

7.5.4 During the year, the Company has obtained a term finance facility from SCB amounting to Rs 507.200 million. The principal is repayable in thirty six months in eight unequal installments. The first such installment is due on September 30, 2011 and last installment will be due on December 31, 2013. The rate of mark-up is six months KIBOR+2.5% per annum. The facility is secured by way of ranking charge over all current and fixed assets (excluding assets under specific charge of CM Pak, CISCO, Motorola, DIB, assets procured from World call and USF) for a sum of Rs 625 million.

7.6 The Company is required to make payments of long term loans on due dates and to maintain certain ratios as specified in loan agreements. The Company paid ECGD loan installment of USD 3.025 million on December 24, 2010 which was due on October 14, 2010, DIB loan installment of Rs 53.0 million on February 8, 2011 which was due on January 31, 2011 and SCB loan installment of Rs 13.50 million on January 31, 2011 which was due on October 25, 2010. Further the Company was not able to make payment of ECGD loan installment of USD 3.025 million due on April 14, 2011, DIB loan installment of Rs 53.0 million due on February 1, 2011, MCC loan installment of USD 5.50 million due on June 30, 2011, SCB loan installment of Rs 13.50 million due on April 24, 2011 and SCB loan installments of Rs 21.740 million and Rs 29.143 million due on June 30, 2011. Further, certain ratios specified in the loan agreements have not been maintained at June 30, 2011. As a consequence, 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 balance sheet date, all liabilities under these loan agreements are required to be classified as current liabilities. Based on above, loan installments due as per loan agreements after June 30, 2012 amounting to Rs 9.123 billion have been shown as current liability.

Subsequent to year end, the Company has negotiated with the lenders to restructure its existing long term finance facilities as explained in note 2 (iii).

8. MEDIUM TERM FINANCE FROM AN ASSOCIATED COMPANY - UNSECURED

During the year, the Company has obtained an aggregate medium term finance facility of Rs 600 million from an associated company Taavun (Pvt) Limited. 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. The rate of mark-up is six month KIBOR + 2.5% with 24 months grace period payable quarterly. As explained in note 7.6, entire loan amount has been shown as current liability.

Subsequent to the year end the Company has negotiated with associated Company Taavun (Pvt) Limited to reschedule its finance facility. The associated Company has agreed to restructure its facility as explained in note 2 (iii).

9. LONG TERM FINANCE FROM A SHAREHOLDER - UNSECURED

During the year, the Company has obtained two separate loans from a shareholder amounting to USD 24 million and USD 52 million. These loans are subordinated to all secured finance facilities availed by the Company. These loans are 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 and February 9, 2015 respectively. 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.

These loans 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.

10. OBLIGATIONS UNDER FINANCE LEASES

	2011	2010
	(Rupees in thousand)	
Present value of minimum lease payments	8,013	6,985
Less: Current portion shown under current liabilities	(3,607)	(1,556)
	4,406	5,429

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% (2010: KIBOR+3%).

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

	2011	2010
	(Rupees in thousand)	
Due within one year		
Minimum lease payments	4,858	2,508
Less: Financial charges not yet due	(1,251)	(952)
Present value of minimum lease payments	3,607	1,556
Due after one year but not later than five years		
Minimum lease payments	5,259	6,791
Less: Financial charges not yet due	(853)	(1,362)
Present value of minimum lease payments	4,406	5,429
	8,013	6,985

11. LONG TERM DEPOSITS

These represent security deposits received from customers. These are interest free and refundable on termination of relationship with the Company. This includes deposit received from associated companies amounting to Rs Nil as at June 30, 2011 (2010: Rs 51 million).

12. DEFERRED INCOME TAX ASSET/ (LIABILITY)

	2011	2010
	(Rupees in thousand)	
Taxable temporary differences between accounting and tax depreciation	(3,835,305)	(3,423,722)
Unused tax losses	4,945,800	3,268,671
Unused tax benefit related to share issue cost	37,329	34,138
Deductible temporary differences on account of provisions	570,750	47,102
Deferred cost	-	72
Trade debts - exchange gain	-	(3,068)
	1,718,574	(76,807)

The gross movement in deferred tax liability during the year is as follows:

	2011	2010
Balance at July 1	(76,807)	(1,187,887)
Deferred tax credit for the year	1,795,381	1,068,407
Tax benefit related to share issue cost (credited) directly to equity	-	42,673
Balance at June 30	1,718,574	(76,807)

12.1 Unused tax losses for which no deferred tax asset has been recognised amounts to Rs 508,891 thousand representing temporary differences of provision for doubtful debts of Rs 11,169 thousand and business losses of Rs 1,442,805 thousand which will expire as follows:

Tax Year	Rs('000)
2016	1,368,623
2017	74,182

12.2 The existence of future taxable profits sufficient to absorb these losses is based on a business plan prepared by management of the company which involves making judgments regarding key assumptions underlying the estimation of future taxable profits estimated in the plan. These assumptions if not met have a significant risk of causing a material adjustment to the carrying amount of the deferred tax asset. In the management's view it is probable that the company will be able to achieve the profits projected in the plan.

13. DEFERRED UNIVERSAL SERVICE FUND (USF) GRANTS

This represents amount received and receivable from USF as subsidy to assist in meeting the cost of deployment of USF Fiber Optic Network for providing USF Fiber Optic Communication Services in Sind, Baluchistan, Punjab and broad band services in Sargodah, Hazara district, 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 2.873 billion (2010: Rs 2.873 billion) payable by USF in five installments in accordance with project implementation milestones.

Movement during the year is as follows:

	2011	2010
	(Rupees in thousand)	
Balance at beginning of the year	827,159	212,428
Amount received during the year	359,756	421,734
Amount receivable at year end	-	194,743
Amount recognised as income during the year	(50,605)	(1,746)
Balance at end of the year	1,136,310	827,159

14. FINANCE FROM SUPPLIER - UNSECURED

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

15. SHORT TERM BORROWINGS - SECURED

	Note	2011	2010
		(Rupees in thousand)	
Short term borrowings	15.1	134,750	1,680,165
Short term running finance	15.2	3,972,790	2,924,181
		4,107,540	4,604,346

15.1 Short term borrowings - secured

	Note	2011	2010
Habib Bank Limited	15.1.1	-	1,545,415
Atlas Bank Limited	15.1.2	134,750	134,750
		134,750	1,680,165

15.1.1 The entire amount has been repaid during the year.

15.1.2 The Company obtained a short term finance facility of Rs 180 million (2010: Rs 180 million) from Summit Bank Limited (Formerly Atlas Bank Limited), of which Rs 45.250 million was unutilised at June 30, 2011 (2010: Rs 45.250 million). The balance was repayable in 3 equal installments due on May 1, 2010, August 1, 2010 and November 1, 2010, however no installment has been paid during the year. The Company is in the process of rescheduling this borrowing as long term finance as explained in note 2 (iii). The rate of mark up is 12 month KIBOR + 5.25% per annum. The facility is secured by ranking hypothecation charge on the Company's all present and future current assets with a margin of 25 %.

	Note	2011	2010
		(Rupees in thousand)	
15.2 Short term running finance - secured			
Standard Chartered Bank	15.2.1	1,497,005	1,498,657
Bank Alfalah Limited	15.2.2	1,765,127	1,226,783
Soneri Bank Limited	15.2.3	199,220	198,741
Bank Al Habib Limited	15.2.4	511,438	-
		3,972,790	2,924,181

15.2.1 The Company has a running finance facility of Rs 1,500 million (2010: Rs 1,500 million), of which Rs 3 million (2010: Rs 1 million) was unutilised at June 30, 2011. This facility has been expired on November 30, 2010. The Company is in the process of rescheduling this borrowing as long term finance as explained in note 2 (iii). The facility carries mark-up at three months KIBOR + 2% per annum. This facility is secured by hypothecation of present and future fixed and current assets of the Company ranking pari passu in all respects with the first charge holders amounting to Rs 2,000 million with a margin of 25%.

15.2.2 The Company has a running finance facility of Rs 1,800 million (2010: Rs 1,800 million), of which Rs 35 million (2010: Rs 573 million) was unutilised as at June 30, 2011. This facility will expire in March 31, 2012 and is renewable. The facility carries mark-up at three months KIBOR + 2.5 % per annum. This facility is secured by first pari passu charge of Rs 2,534 million (plus third ranking charge of Rs 266 million) over all present and future current assets of the Company, 1st pari passu charge of Rs 2,534 million over fixed assets (land and buildings), 2nd pari passu charge of Rs 2,534 million over movable assets (plant and machinery) of the Company.

15.2.3 The Company has a running finance facility of Rs 200 million (2010: Rs 200 million), of which Rs 0.780 million (2010: Rs 1 million) was unutilised as at June 30, 2011. This facility will expire on November 30, 2011 and is renewable. The Company is in the process of rescheduling this borrowing as long term finance as explained in note 2 (iii). The facility carries mark-up at six months KIBOR + 2.5 % per annum. This facility is secured by hypothecation of first pari passu charge on fixed movable and current assets of the company with a margin of 25 %.

15.2.4 During the year, the Company obtained a running finance facility of Rs 514.162 million, of which Rs 2.724 million was unutilised as at June 30, 2011. This facility will expire on June 30, 2012 and is renewable. The Company is in the process of rescheduling this borrowing as long term finance as explained in note 2 (iii). The facility carries mark-up at three months KIBOR + 2 % per annum. This facility is secured by hypothecation of first pari passu charge on fixed and current assets of the company to the extent of Rs 598.500 million.

	Note	2011	2010
		(Rupees in thousand)	
16. TRADE AND OTHER PAYABLES			
Creditors	16.1	907,683	930,956
Due to associated companies	16.2	3,950	52,863
Due to international carriers		624,125	621,058
Fees/ contribution payable to Pakistan Telecommunication Authority (PTA)		564,370	291,092
Accrued liabilities		2,110,267	3,179,186
Payable to gratuity fund	41	120,013	104,041
Payable to employees on account of accumulated compensated absences	41	52,435	-
Payable to provident fund		36,737	11,569
Unearned revenue		81,267	155,845
Advance from customers	16.3	203,669	451,010
Sales tax payable		-	56,168
Income tax deducted at source		143,148	176,583
		4,847,664	6,030,371

16.1 Trade creditors include following amounts due to related parties:

	2011	2010
Warid Telecom (Pvt) Limited	-	81,267
	-	81,267

16.2 Due to associated companies

	2011	2010
Bank Alfalah Limited	3,950	-
Warid Telecom - Uganda	-	47,474
Warid Telecom (Pvt) Limited	-	5,389
	3,950	52,863

16.3 Advance from customers

This includes advance of Rs 48.983 million (2010: Rs 151 million) received from associated companies.

	Note	2011	2010
		(Rupees in thousand)	
17. INTEREST / MARKUP ACCRUED			
Accrued mark-up on long term finance - secured		539,638	422,367
Accrued mark-up on medium term finance - unsecured	17.1	71,811	-
Accrued markup on short term borrowings - secured	17.2	188,119	426,521
		799,568	848,888

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 provident fund amounting to Rs 71.384 million and Rs 3.863 million (2010: Rs 38.505 million and Rs Nil) respectively.

	2011	2010
	(Rupees in thousand)	
18. CONTINGENCIES AND COMMITMENTS		
18.1 Claims against the Company not acknowledged as debt	295,767	264,038
18.2 Performance guarantees issued by banks in favour of the Company	1,267,812	1,509,896
18.3 Outstanding commitments for capital expenditure	938,734	1,799,824

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

49% of the shareholding of Wateen Solutions is held by Mr. Jahangir Ahmed. 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 from Mr. Jahangir Ahmed for a total sale consideration of Rs 490,000 thousand. 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.

However, in light of the dividend payment of Rs 150,000 thousand by Wateen Solutions 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 490,000 thousand to Rs 340,000 thousand. 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 85,000 thousand as partial payment of the purchase price and the balance of Rs 255,000 thousand is payable by the Company to Mr. Jahangir Ahmed. In light of the current business dynamics of Wateen Solutions and the resultant devaluation of its share price, the new management entered into negotiations as a result of which Mr. Jahangir Ahmad has agreed to transfer the shares of Wateen Solutions to the Company without requiring payment of the balance of Rs 255,000 thousand, however the finalization of renegotiated agreement is in process.

Same have been approved by shareholders in EOGM 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, 2009													
Cost	58,659	823,387	58,198	1,609,694	11,810,403	7,911	96,388	200,407	585,771	105,283	154,099	-	15,510,200
Accumulated depreciation	-	(40,275)	(8,206)	(99,903)	(906,678)	(6,593)	(56,925)	(47,769)	(202,632)	(23,125)	(56,077)	-	(1,448,183)
Net book amount	58,659	783,112	49,992	1,509,791	10,903,725	1,318	39,463	152,638	383,139	82,158	98,022	-	14,062,017
Year ended June 30, 2010													
Opening net book amount	58,659	783,112	49,992	1,509,791	10,903,725	1,318	39,463	152,638	383,139	82,158	98,022	-	14,062,017
Additions	819	108,426	48,960	376,549	3,820,938	-	2,815	39,066	219,790	183,696	3,101	9,293	4,813,453
Disposals - cost	-	-	-	-	(195,926)	-	-	-	(284)	-	(13,125)	-	(209,335)
Disposals - accumulated depreciation	-	-	-	-	11,743	-	-	-	170	-	5,890	-	17,803
Disposals at net book value	-	-	-	-	(184,183)	-	-	-	(114)	-	(7,235)	-	(191,532)
Depreciation charge	-	(21,851)	(7,545)	(69,313)	(1,178,804)	(1,318)	(31,576)	(19,950)	(246,240)	(23,294)	(29,075)	(1,858)	(1,630,824)
Closing net book amount	59,478	869,687	91,407	1,817,027	13,361,676	-	10,702	171,754	356,575	242,560	64,813	7,435	17,053,114
At June 30, 2010													
Cost	59,478	931,813	107,158	1,986,243	15,435,415	7,911	99,203	239,473	805,277	288,979	144,075	9,293	20,114,318
Accumulated depreciation	-	(62,126)	(15,751)	(169,216)	(2,073,739)	(7,911)	(88,501)	(67,719)	(448,702)	(46,419)	(79,262)	(1,858)	(3,061,204)
Net book amount	59,478	869,687	91,407	1,817,027	13,361,676	-	10,702	171,754	356,575	242,560	64,813	7,435	17,053,114
Year ended June 30, 2011													
Opening net book amount	59,478	869,687	91,407	1,817,027	13,361,676	-	10,702	171,754	356,575	242,560	64,813	7,435	17,053,114
Additions	486	2,325	4,761	648,510	3,162,797	-	6,977	4,403	19,445	2,001	483	3,504	3,855,692
Disposals - cost	-	-	(11,845)	(28,739)	(81,595)	-	-	(973)	(1,408)	(3,176)	(279)	(1,858)	(129,873)
Disposals - accumulated depreciation	-	-	1,262	1,262	17,244	-	-	129	894	1,180	158	682	22,811
Disposals at net book value	-	-	(10,583)	(27,477)	(64,351)	-	-	(844)	(514)	(1,996)	(121)	(1,176)	(107,062)
Depreciation charge	-	(23,398)	(10,585)	(95,970)	(1,601,529)	-	(9,866)	(21,409)	(225,812)	(27,660)	(27,928)	(2,006)	(2,046,163)
Closing net book amount	59,964	848,614	75,000	2,342,090	14,858,593	-	7,813	153,904	149,694	214,905	37,247	7,757	18,755,581
At June 30, 2011													
Cost	59,964	934,138	100,074	2,606,014	18,516,617	7,911	106,180	242,903	823,314	287,804	144,279	10,939	23,840,137
Accumulated depreciation	-	(85,524)	(25,074)	(263,924)	(3,658,024)	(7,911)	(98,367)	(88,999)	(673,620)	(72,899)	(107,032)	(3,182)	(5,084,556)
Net book amount	59,964	848,614	75,000	2,342,090	14,858,593	-	7,813	153,904	149,694	214,905	37,247	7,757	18,755,581
Annual rate of depreciation %	-	2.5	10	4	6.67-20	33.33	33.33	10	33.33	10	20	20	

19.1 Network equipment additions include finance cost of Rs 169 million (2010: Rs 49 million) capitalised during the year.

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)				
Lease Hold Improvements						
	Zam Zam Telecom, Multan	2,614	457	2,157	1,859	Negotiation
	Mashallah Com, Bahawalpur	1,180	108	1,072	1,100	Negotiation
	Firelink Communication, Lahore	6,378	478	5,900	2,000	Negotiation
	Mr.Abdul Rehman, Rahim Yar Khan	553	78	475	759	Negotiation
	Dr. Iftikhar Amjad, Okara	1,120	141	979	1,008	Negotiation
		11,845	1,262	10,583	6,726	
Line and wire						
Line and wire related to IRU	CM Pak	28,739	1,262	27,477	223,823	IRU agreement
Network equipment						
Sun server sylantro	TechAccess, Islamabad	46,427	11,093	35,334	-	Settlement
VSAT BUC 80 watt commtech KU band	Spacecom, USA	5,669	189	5,480	1,714	Negotiation
Sun server Enum	TechAccess, Islamabad	13,790	3,259	10,531	-	Settlement
Rack common optical tributary board installation	Alfalah insurance company	3,617	623	2,994	2,570	Insurance claim
VSAT BUCs 80 watt	Spacecom, USA	1,968	333	1,635	471	Negotiation
OADM rack, multiplexer, compensation	Alfalah insurance company	1,370	236	1,134	973	Insurance claim
VSAT BUCs 16 watt	Spacecom, USA	5,323	985	4,338	1,971	Negotiation
Diesel genset 13 KVA with Perkin engine	Aramus power management, Islamabad	599	60	539	450	Negotiation
Diesel genset 13 KVA with Perkin engine	Flare magzine, Lahore	1,197	153	1,044	987	Negotiation
Diesel genset 13 KVA with Perkin engine	Alfalah insurance company	569	92	477	266	Insurance claim
VSAT 3.7m antennas	AVT channels, Islamabad	424	76	348	437	Negotiation
AC DC convertor	Alfalah insurance company	309	53	256	220	Insurance claim
Battery 650 AH	Alfalah insurance company	171	48	123	122	Insurance claim
Rectifiers 200A	Alfalah insurance company	142	40	102	101	Insurance claim
	Others (note19.2.1)	20	4	16	14	Negotiation
		81,595	17,244	64,351	10,296	
Office equipment						
Misc. Office equipment	Dr. Iftikhar Amjad, Okara	438	55	383	394	Negotiation
	Mashallah Com, Bahawalpur	160	15	145	149	Negotiation
Air conditioner	Mr. Abdul Rehman, Rahim Yar Khan	108	15	93	148	Negotiation
	Zam Zam Telecom, Multan	82	14	68	58	Negotiation
LCD	Zam Zam Telecom, Multan	75	13	62	53	Negotiation
	Mr. Abdul Rehman, Rahim Yar Khan	70	10	60	96	Negotiation
	Others (note19.2.1)	40	7	33	28	Negotiation
		973	129	844	926	
Computer and accessories						
Computers	Dr. Iftikhar Amjad, Okara	235	97	138	212	Negotiation
	Mashallah Com, Bahawalpur	195	59	136	182	Negotiation
	Zam Zam Telecom, Multan	201	117	84	143	Negotiation
	Ex. CEO Tariq Malik	310	232	78	-	Settlement
	Others (note19.2.1)	467	389	78	242	Negotiation
		1,408	894	514	779	
Furniture and fixtures						
	Dr. Iftikhar Amjad, Okara	874	109	765	787	Negotiation
	Zam Zam Telecom, Multan	344	60	284	245	Negotiation
	Mr. Abdul Rehman, Rahim Yar Khan	267	37	230	367	Negotiation
	Mashallah Com, Bahawalpur	181	19	162	169	Negotiation
	Others (note19.2.1)	1,510	955	555	141	Negotiation
		3,176	1,180	1,996	1,709	
Motor vehicles						
Honda Civic	Adamjee insurance	1,858	682	1,176	1,703	Insurance claim
	Others (note19.2.1)	279	158	121	263	Insurance claim
		2,137	840	1,297	1,966	
		129,873	22,811	107,062	246,225	

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

		2011	2010
		(Rupees in thousand)	
20.	**CAPITAL WORK IN PROGRESS**		
	Lease hold improvements	21,233	23,334
	Line and wire	1,288,678	1,319,762
	Network equipment	994,195	2,540,469
		2,304,106	3,883,565
20.1	**Movement during the year**		
	Balance as at July 01	3,883,565	3,513,632
	Additions during the year	1,094,212	2,998,940
	Capitalised during the year	(2,320,156)	(2,629,007)
	Provision for impairment	(353,515)	-
	Balance as at June 30	2,304,106	3,883,565

20.2 Capital work in progress includes finance cost of Rs 234.392 million (2010: Rs 550.020 million) capitalised during the year using capitalisation rate of 15.02% (2010: 15.45%).

		Note	2011	2010
			(Rupees in thousand)	
21.	**INTANGIBLE ASSETS**			
	LDI license fee	21.1		
	Cost		28,934	28,934
	Amortisation			
	Opening balance		8,560	7,114
	Amortisation for the year		1,447	1,446
			(10,007)	(8,560)
	Net book value		18,927	20,374
	WLL license fee	21.2		
	Cost			
	Opening balance		168,366	168,366
	Additions during the year		8,000	-
	Closing balance		176,366	168,366
	Amortisation			
	Opening balance		24,970	15,065
	Amortisation for the year		9,904	9,905
			(34,874)	(24,970)
	Net book value		141,492	143,396

	Note	2011	2010
		(Rupees in thousand)	
Software license	21.3		
Cost			
Opening balance		49,036	48,436
Additions during the year		14,087	600
Closing balance		63,123	49,036
Amortisation			
Opening balance		13,432	3,685
Amortisation for the year		10,472	9,747
		(23,904)	(13,432)
Net book value		39,219	35,604
ERP license	21.4		
Cost		7,832	7,832
Opening balance		2,480	914
Amortisation for the year		1,566	1,566
		(4,046)	(2,480)
Net book value		3,786	5,352
Non compete fee	21.5		
Cost		20,000	20,000
Amortisation:			
Opening balance		14,000	10,000
Amortisation for the year		4,000	4,000
		(18,000)	(14,000)
Closing balance		2,000	6,000
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	100,117
Total net book value		299,775	310,843

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.

(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.

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 has been impaired during the year.

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.

22. LONG TERM DEPOSITS

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

23. 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	2011	2010
		(Rupees in thousand)	
24. TRADE DEBTS - UNSECURED			
Considered good	24.1	2,041,152	4,060,687
Considered doubtful		618,470	157,035
		2,659,622	4,217,722
Provision for doubtful debts	24.2	618,470	157,035
		2,041,152	4,060,687

24.1 Trade debts include following balances due from associated companies:

	2011	2010
	(Rupees in thousand)	
Warid Telecom (Pvt) Limited	550,954	560,627
Warid International LLC, UAE - Parent company	41,298	85,400
Wateen Telecom UK Limited	24,284	105,643
Bank Alfalah Limited	19,241	22,095
Warid Telecom Uganda Limited	-	201,540
Warid Telecom Congo S.A	-	1,191,305
	635,777	2,166,610

These balances are net of trade debts written off during the period related to following associated companies, which have been approved by the shareholders in Extra Ordinary General Meeting held on December 31, 2011.

	Note	2011	2010
		(Rupees in thousand)	
Warid Telecom Congo S.A		125,127	-
Warid Telecom (Pvt) Limited		76,834	-
Warid Telecom Uganda Limited		4,266	-
Bank Alfalah Limited		-	8,451
		206,227	8,451
24.2 Provision for doubtful debts			
Opening balance		157,035	105,125
Provision made during the year - other parties		461,817	52,953
Recovery during the year		(382)	(1,043)
Closing balance	24.2.1	618,470	157,035

24.2.1 These include Rs 565 million based on age analysis of the debts as follows:

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

25. STORES, SPARES AND LOOSE TOOLS

	2011	2010
Cost	743,697	847,528
Less: Provision for obselete stores	212,266	-
	531,431	847,528

26. STOCKS

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Cost		8,927	8,091
Less: Provision for obsolete stock		1,586	-
		7,341	8,091

27. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2011	2010
Advances to suppliers and contractors - considered good		530,127	454,046
Advances to employees - considered good		11,033	55,616
Margin held by bank against letters of guarantee		134,906	136,541
Prepayments	27.1	82,329	64,525
Sales tax refundable		90,914	-
Due from associated companies	27.2	564,808	414,164
Accrued interest		3,098	1,920
Government grant receivable		-	194,743
Others		209,879	237,137
Short term security deposit		26,148	-
		1,653,242	1,558,692
Less: Provision for doubtful receivables - related parties		468,646	-
Less: Provision for doubtful receivables - other parties		42,864	-
		1,141,732	1,558,692

27.1 These include current portion of right of way charges of Rs 21.117 million (2010: Rs 17.120 million).

27.2 Due from associated companies

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Wateen Telecom Limited - UK	27.4	290,279	108,720
Wateen Multimedia (Pvt) Limited		96,162	137,160
Advance for construction of Warid Tower		68,916	65,716
Warid International LLC, UAE - Parent company		42,019	35,855
Amoon Media Group (Pvt) Limited		27,960	27,960
Raseen Technologies (Pvt) Limited		18,482	-
Warid Telecom - Georgia		15,403	15,403
Warid Telecom -Bangladesh		5,587	5,587
Bank Alfalah Limited		-	12,379
Warid Telecom - Congo		-	5,384
		564,808	414,164

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

	2011	2010
	(Rupees in thousand)	
Wateen Telecom Limited - UK	290,279	-
Advance for construction of Warid Tower	68,916	-
Warid International LLC, UAE - Parent company	42,019	-
Amoon Media Group (Pvt) Limited	27,960	-
Raseen Technologies (Pvt) Limited	18,482	-
Warid Telecom Georgia Limited	15,403	
Warid Telecom International Bangladesh	5,587	-
	468,646	-

Provision for doubtful receivables have been approved by shareholders of the Company in Extra Ordinary General Meeting held on December 31, 2011.

27.4 This includes investment in 100 % shares of Wateen Telecom UK Limited of par value GBP 10,000 (2010: 51 % shares of par value of GBP 5,099). This company was incorporated in UK in 2008 for wholesale and retail voice business. Approval from State Bank of Pakistan for investment in foreign equity abroad is in process and shares of Wateen Telecom UK Limited will be issued to Wateen Telecom Limited after receipt of such approval. In absence of this specific approval holding company cannot control the financial and operating policies of Wateen Telecom UK Limited to obtain the benefit in terms of dividend, repatriation of investment, advance or receive any loan or interest thereon. Hence despite the 100% ownership Wateen Telecom UK Limited is not treated as subsidiary of the Company.

28. CASH AND BANK BALANCES

	2011	2010
	(Rupees in thousand)	
Balance with banks on		
- current accounts	217,111	1,752,691
- collection account	199,595	18,353
- deposit accounts	215,407	242,956
Cash in hand	554	726
	632,667	2,014,726

28.1 Bank balances amounting to Rs 50.394 million were under lien with banks (2010: Rs 42.224 million).

28.2 Cash and bank balances include foreign currency balances aggregating USD 0.367 million (2010: USD 1.125 million).

28.3 Bank balances on deposit accounts carried interest at an average rate of 1%-7% per annum (2010: 1%-8% per annum).

		Note	2011	2010
			(Rupees in thousand)	
29.	**REVENUE**			
	Long distance and international		2,856,157	3,576,237
	Optical fiber cable			
	Indefeasible Right of Use (IRU)		223,823	-
	Operation and Maintenance		559,553	683,824
	Managed capacity		56,104	76,163
	Broadband and voice		1,799,240	1,471,798
	Hybrid Fiber Cable Services		34,544	31,124
	Very Small Aperture Terminal services (VSAT)		801,408	1,525,963
	ADM sites rentals		110,683	176,149
	Others		565,498	1,067,224
			7,007,010	8,608,482
30.	**COST OF SALES**			
	LDI Interconnect cost		2,056,685	2,240,556
	Leased circuit charges		381,390	214,579
	Contribution to PTA Funds		970,156	799,805
	PTA regulatory and spectrum fee		27,021	26,783
	Cost associated with IRU of Optic Fibre Cable		27,477	-
	Operational cost		1,313,055	1,413,339
	Bandwidth cost of VSAT services		768,623	1,078,929
	Others		309,474	671,983
			5,853,881	6,445,974
31.	**GENERAL AND ADMINISTRATION EXPENSES**			
	Salaries, wages and benefits	31.1	1,119,294	984,910
	Rent		111,165	112,488
	Repairs and maintenance		28,919	54,712
	Vehicle repairs and maintenance		45,644	
	Travel and conveyance		26,795	22,137
	Postage and stationery		25,681	19,858
	Auditor's remuneration	31.2	7,443	6,406
	Legal and professional charges		133,312	68,239
	Communication expenses		109,273	78,145
	Employee training		5,307	4,487
	Customer services charges		41,018	43,051
	Fees and subscription		3,751	2,329
	Insurance		26,173	32,256
	Entertainment		14,720	15,457
	General office expenses		89,870	86,753
	Others		1,628	925
			1,789,993	1,532,153

31.1 These includes charge against employee retirement benefits of Rs 107.509 million (2010: Rs 106.901 million).

	2011	2010
	(Rupees in thousand)	
31.2 Auditor's remuneration		
Annual audit	1,790	750
Audit of consolidated accounts, review of corporate governance compliance, review and audit of half yearly accounts and special certifications	1,500	1,453
Tax services	3,944	4,103
Out of pocket expenses	209	100
	7,443	6,406

32. PROVISIONS AND WRITE OFF

	2011	2010
Provision for doubtful trade debts		
- related parties	206,227	-
- other parties	530,743	66,271
Provision for doubtful advances and other receivables		
- related parties	468,646	-
- other parties	42,864	-
Provision for impairment of capital work in progress	353,515	-
Provision for obsolete stores and spares	212,266	-
Provision for obsolete stock	1,586	-
Provision for impairment of goodwill	5,766	-
	1,821,613	66,271

33. OTHER CHARGES

	2011	2010
Workers' Welfare Fund charge for the prior year	-	28,998

34. OTHER (INCOME)/ EXPENSES

	2011	2010
(Income) from financial assets:		
Early contract termination charges received from associated companies	-	(52,918)
Income from non-financial assets:		
Loss/ (Profit) on sale of operating assets	57,183	(17,887)
Loss on sale of inventories	40,878	-
Rental income	-	(3,893)
Government grant realised	(50,605)	(1,746)
Other income	(30,069)	(1,043)
	17,387	(77,487)

	Note	2011	2010
		(Rupees in thousand)	
35. FINANCE COST			
Markup on long term and medium term finance	35.1	1,204,948	894,175
Cross currency and interest rate swap contract costs		377,948	486,939
Amortization of ancillary cost		82,109	101,398
Mark up on short term borrowings	35.2	644,089	524,132
Finance cost of leased assets		1,332	1,145
Bank charges, commission, fees and other charges		69,509	180,173
Late payment charges on other payables		151,632	20,847
Exchange loss		49,567	341,448
		2,581,134	2,550,257
Mark up on long term finance capitalised under property, plant and equipment		(234,392)	(599,020)
		2,346,742	1,951,237

35.1 This includes markup related to long term finance from a shareholder of Rs 38.902 million (2010: Rs Nil) and medium term finance from an associated company of Rs 71.811 million (2010: Rs Nil).

35.2 This includes markup related to an associated company of Rs 272.802 million (2010: Rs 238.939 million).

	2011	2010
	(Rupees in thousand)	
36. FINANCE INCOME		
Late payment charges received from customers	-	150,902
Markup on advance to associated companies	43,988	-
Income on bank deposit accounts	15,373	26,783
	59,361	177,685
37. INCOME TAX CREDIT		
Current		
- for the year	(2,821)	(11,404)
- for prior year	(3,587)	(765)
	(6,408)	(12,169)
Deferred tax credit for the year	1,795,381	1,068,407
	1,788,973	1,056,238

	2011 %	2010 %
38. RECONCILIATION OF TAX CHARGE		
Applicable tax rate	35	35
Tax effect of income chargeable to tax at reduced rate	(3)	-
Deferred tax asset on unused tax loss not recognised	(7)	-
Average effective tax rate	25	35

39. (LOSS) PER SHARE - BASIC AND DILUTED

	2011	2010
(Loss) for the year - Rs in thousand	(5,221,144)	(1,993,360)
Weighted average number of shares outstanding during the year in thousand	617,475	456,379
(Loss) per share in Rs	(8.46)	(4.37)

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

	2011	2010
	(Rupees in thousand)	
FINANCIAL ASSETS		
Maturity upto one year		
Loans and receivables		
Trade debts	2,041,152	4,060,687
Contract work in progress	30,219	47,394
Advances, deposits and other receivables	529,276	1,040,121
Cash and bank balances	632,667	2,014,726
	3,233,314	7,162,928
Maturity after one year to five years		
Loans and receivables		
Long term deposits	293,043	239,474
	3,526,357	7,402,402

	2011	2010
	(Rupees in thousand)	
FINANCIAL LIABILITIES		
Maturity upto one year		
Other financial liabilities		
Current portion of long term finance - secured	12,347,893	12,411,659
Current portion of long term finance from associated company - secured	600,000	-
Payable to supplier to be settled through long term finance	-	433,798
Obligation under finance lease	3,607	1,556
Finance from supplier - unsecured	59,112	77,668
Short term running finance - secured	4,107,540	4,604,346
Trade and other payables	4,562,728	5,423,516
Interest / markup accrued	799,568	848,888
	22,480,448	23,801,431
Maturity after one year		
Other financial liabilities		
Long term finance from sponsor - unsecured	4,918,227	-
Cross currency and interest rate swap - fair value	-	139,053
Obligation under finance lease	4,406	5,429
Long term deposits	61,588	110,455
Employees' retirement benefits	10,752	60,059
	4,994,973	314,996
	27,475,421	24,116,427

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	2011	2010
		(Rupees in thousand)	
Trade debts			
Counterparties with external credit rating	AA+	19,241	25,185
	A1+	-	41,894
	LAA	-	-
	A1	20,257	16,443
	A+	-	78,555
	2A	-	157,139
	A2	57,066	-
Counterparties without external credit rating			
Due from related parties		635,777	2,166,610
Others		1,308,811	1,574,861
		2,041,152	4,060,687
Advances, deposits and other receivables			
Counterparties with external credit rating	A1+	8,596	8,596
	A +	20,292	-
	A-2	125,000	125,000
	BBB	68,728	-
Counterparties without external credit rating			
Due from related parties		96,162	414,164
Others		210,498	492,361
		529,276	1,040,121
Long Term Deposits			
Others		293,043	239,474
Bank balances	A1+	586,707	1,969,609
	A-1+	270	-
	A1	35,082	43,009
	P-1	8,988	-
	A2	1,044	1,382
	A-2	22	-
		632,113	2,014,000

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, 2011 trade debts of Rs 1,569 million (2010: Rs 3,024 million) were past due but not impaired. The aging analysis of these trade debts is as follows:

	2011	2010
	(Rupees in thousand)	
Up to 3 months	812,198	442,980
3 to 6 months	212,352	374,146
6 to 9 months	307,099	1,059,434
Above 9 months	237,244	1,146,943
	1,568,893	3,023,503

40.3.2 Interest rate risk

Financial assets of Rs 519.216 million (2010: Rs 242.956 million) and financial liabilities of Rs 22,191 million (June 30, 2010: Rs 17,023 million) were subject to interest rate risk.

At June 30, 2011, if interest rates had been 1% higher/lower with all other variables held constant, loss for the year would have been Rs 140.866 million (2010: Rs 109.070 million) higher/lower.

40.3.3 Foreign exchange risk

Financial assets include Rs 1,418 million (2010: Rs 3,079 million) and financial liabilities include Rs 12,024 million (2010: Rs 6,545 million) which were subject to foreign exchange risk.

At June 30, 2011, 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 690 million (2010: Rs 225.262 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 a Sponsor 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 until the Company is able to finance from its own sources. Further, the Company is in the process of rescheduling its long term finance and short term borrowings to long term finance which would facilitate the Company to greater extent to meet its obligations/ covenants under loan agreements.

At June 30, 2011 the Company has financial assets of Rs 3,526 million (2010: Rs 7,402 million) and Rs 2,678 million (2010: Rs 1,135 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 balance sheet date to the maturity dates as per loan agreements.

	Less than 1 Year	Between 1 to to 5 Years
	(Rupees in thousand)	
2011		
Long term finance - secured	3,225,026	9,122,867
Long term finance from an associated company - unsecured	-	600,000
Long term finance from sponsor - unsecured	-	4,918,227
Obligations under finance leases	3,607	4,406
Long term deposits	-	61,588
Finance from supplier	59,112	-
Short term borrowings	4,107,540	-
Trade and other payables	4,562,728	-
Interest/mark-up accrued	799,568	-
Employee retirement benefit	-	10,752
	12,757,581	14,717,840
2010		
Long term finance - secured	1,991,174	10,420,485
Payable to supplier to be settled through long term finance	-	433,798
Obligations under finance leases	1,556	5,429
Long term deposits	-	110,455
Finance from supplier - unsecured	77,668	-
Short term borrowings - secured	4,604,346	-
Trade and other payables	5,423,516	-
Interest/mark-up accrued	848,888	-
Cross currency and interest rate swap - fair value	-	139,053
Employee retirement benefit	-	60,059
	12,947,148	11,169,279

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 balance sheet 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 certain ratios as specified in loan agreements and the shareholders are required to provide additional equity or subordinated loan to maintain these financial ratios. Under the terms of loan agreements, the Company cannot declare cash dividend before June 30, 2011 and thereafter dividend can be declared after compliance with financial ratios specified in loan agreements.

	Note	2011	2010
		(Rupees in thousand)	
41. EMPLOYEES' RETIREMENT BENEFITS			
These comprise of :			
Liability for staff gratuity (funded)	41.1	120,013	104,041
Liability for staff gratuity (unfunded)	41.2	10,752	11,928
Liability for accumulated compensated absences	41.3	52,435	48,131
		183,200	164,100
These are shown in the financial statements as follows:			
Deferred liabilities			
Employees retirement benefits			
Liability for staff gratuity (unfunded) - (note 41.2)		10,752	11,928
Liability for accumulated compensated absences		-	48,131
		10,752	60,059
Trade and other payables			
Payable to gratuity fund		120,013	104,041
Payable to employees on account of accumulated compensated absences		52,435	-

41.1 Liability for staff gratuity

The amounts recognised in the balance sheet are as follows:

	2011	2010
Present value of defined benefit obligation	98,620	119,576
Benefits due but not paid	28,045	-
Fair value of plan assets	(27,557)	(25,958)
Actuarial gain not recognised	20,905	10,423
Net liability	120,013	104,041

	2011	2010
	(Rupees in thousand)	
The amounts recognised in profit and loss account are as follows:		
Current service cost	29,138	40,295
Interest cost	14,349	13,561
Expected return on plan assets	(3,115)	(5,178)
	40,372	48,678
Actual return on plan assets	(271)	8,222
Changes in the present value of defined benefit obligation:		
Opening defined benefit obligation	119,576	113,009
Current service cost	29,138	40,295
Interest cost	14,349	13,561
Actuarial gain	(13,867)	(5,935)
Benefits paid	(22,531)	(41,354)
Benefits due but not paid during the year	(28,045)	-
Closing defined benefit obligation	98,620	119,576
Changes in fair value of plan assets:		
Opening fair value of plan assets	25,958	43,151
Actuarial gain/ (loss)	(3,386)	3,044
Contributions by employer	24,401	15,939
Benefits paid	(22,531)	(41,354)
Expected return on plan assets	3,115	5,178
Closing fair value of plan assets	27,557	25,958

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

	2011		2010	
	Rupees in thousand	%age	Rupees in thousand	%age
Cash and bank	14,473	53	4,341	17
Investments	13,084	47	21,617	83
	27,557	100	25,958	100

Principal actuarial assumptions:

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

	2011	2010
Valuation discount rate-p.a	14%	12%
Expected rate of increase in salaries-p.a	14%	12%
Expected rate of return on plan assets-p.a	14%	12%
Average expected remaining working life time of employees	5 years	5 years

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

	2011	2010	2009	2008	2007
	(Rupees in thousand)				
As at June 30,					
Defined benefit obligation	98,620	119,576	113,009	64,876	30,049
Contributions from associated companies	-	-	-	(4,156)	-
Plan liabilities / (assets)	(27,557)	(25,598)	(43,151)	(26,585)	-*
Deficit	71,063	93,978	69,858	34,135	30,049
Experience adjustments on defined benefit obligation	(13,867)	(5,935)	(1,524)	2,987	(1,057)
Experience adjustments on plan assets	(3,386)	3,044	3,190	747	-

*Gratuity of Wateen Telecom Limited was funded from 2008.

During the next financial year, the expected contribution to be paid to the funded gratuity fund by the Company is Rs 35 million (2010: Rs 24 million).

	2011	2010
	(Rupees in thousand)	

41.2 Liability for staff gratuity (unfunded)

The amounts recognised in the balance sheet are as follows:

	2011	2010
Present value of defined benefit obligation	8,606	10,475
Actuarial gain not recognised	2,146	1,453
Net liability	10,752	11,928

The amounts recognised in profit and loss account are as follows:

	2011	2010
Current service cost	2,278	3,885
Interest cost	1,257	940
Actuarial (gain) recognised	(68)	(73)
	3,467	4,752

	2011	2010
	(Rupees in thousand)	
Changes in the present value of defined benefit obligation:		
Opening defined benefit obligation	10,475	7,830
Current service cost	2,278	3,885
Interest cost	1,257	940
Actuarial (gain)	(760)	(160)
Benefits paid	(4,644)	(2,020)
Closing defined benefit obligation	8,606	10,475

Principal actuarial assumptions:

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

	2011	2010
Valuation discount rate-p.a	14%	12%
Expected rate of increase in salaries-p.a	14%	12%
Average expected remaining working life time of employees	5 years	6 years

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

	2011	2010	2009	2008	2007
	-------------- (Rupees in thousand) --------------				
As at June 30, Defined benefit obligation	10,752	11,928	9,196	* -	* -
Experience adjustments on defined benefit obligation	2,146	1,453	1,366	* -	* -

* Gratuity of Wateen Solutions (Private) Limited was commenced from 2009.

41.3 Liability for unfunded accumulated compensated absences

Upto June 30, 2011 the Company provided compensated absences for all permanent employees in accordance with the rules of the Company. Effective July 1, 2011, the policy has been curtailed and all amounts due to employees as at June 30, 2011 has been shown as current liability in trade and other payables and settled subsequently.

42. GENERAL

42.1 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 42.3.

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

	2011	2010
	(Rupees in thousand)	
Parent Company		
Warid Telecom International LLC, UAE (WTI)		
Markup charged to WTI	6,186	-
Revenue	-	80,200
Provision for doubtful advances	42,019	-
Technical service fee (note 42.2)		
Shareholder		
Long term finance received from shareholder	4,918,227	-
Markup on long term finance from shareholder	38,902	-
Associated Companies		
Warid Telecom (Private) Limited		
Sale of services	1,646,979	2,219,776
Cost and expenses charged by company	497,075	228,729
Trade debts written off	76,834	-
Unearned revenue reversed	147,315	-
Wateen Multimedia (Private) Limited (WMM)		
Cost and expenses charged by WMM	45,423	-
Bank Alfalah Limited (BAL)		
Sale of services	99,113	149,672
Cost and expenses charged by BAL	21,509	24,948
Markup charged by BAL on short term borrowings	272,802	238,939
Trade debts written off	-	8,451
Wateen Telecom UK Limited (Wateen UK)		
Sale of services	213,960	96,945
Expenses charged by Wateen UK	341,522	76,414
Provision for doubtful advances	290,279	-
Taavun (Pvt) Limited		
Long term finance received	600,000	-
Markup on long term finance	71,811	-

	2011	2010
	(Rupees in thousand)	
Amoon Media Group (Private) Limited		
Provision for doubtful advances	27,960	-
Warid Congo S.A (Warid Congo)		
Trade debts written off	125,127	-
Cost and expenses charged by Warid Congo	-	3,675
Finance income - Late payment charges	-	150,902
Other income - Early contract termination charges	-	46,184
Warid Telecom Uganda Limited (Warid Uganda)		
Trade debts written off	4,266	-
Cost and expenses charged by Warid Uganda	-	6,200
Other income - Early contract termination charges	-	6,734
Payments made on behalf of associated company	-	38,590
Warid Telecom Georgia Limited		
Provision for doubtful advances	15,403	-
Warid Telecom International - Bangladesh		
Provision for doubtful advances	5,587	-
Advance for construction of Warid Tower		
Advance paid during the year	3,200	16,000
Provision for doubtful advances	68,916	-
Raseen Technology (Pvt) Limited		
Provision for doubtful advances	18,482	-
Provident Fund Trust		
Employer contribution to trust	20,090	21,880
Gratuity Fund		
Employer contribution to fund	40,372	48,678

42.2 Technical service fee was payable @ 5% of revenue as per Technical Services Agreement between the Company and Warid Telecom International LLC, UAE approved by the Board of Directors of the Company. Warid Telecom International LLC, UAE (WTI) has waived technical service fee for a period of two years from July 1, 2008 to June 30, 2010. This agreement was expired on June 30, 2010 and has not been renewed.

42.3 Remuneration of Directors and Executive

No remuneration was paid to the directors of the company during the year ended June 30, 2011.

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

	Chief Executive (Rupees in thousand)		Executives (Rupees in thousand)		Total (Rupees in thousand)	
	2011	2010	2011	2010	2011	2010
Managerial remuneration	11,964	10,839	342,262	299,844	354,226	310,683
Bonus	-	6,097	-	57,227	-	63,324
Housing and utilities	6,580	5,961	122,845	164,915	129,425	170,876
Company's contribution to provident and gratuity funds	1,179	903	21,227	25,031	22,406	25,934
Leave fair assistance	213	903	17,231	24,226	17,444	25,129
	19,936	24,703	503,565	571,243	523,501	595,946
Number of persons	1	1	194	321	195	322

In addition, the Chief Executive and 13 (2010: 7) executives were provided with use of company's cars. The Chief Executive and all executives were provided with medical and mobile phone facilities.

42.4 Capacity

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

43. Date of authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on January 20, 2012.

Chief Executive

Director

ANNEXURES

PATTERN OF SHAREHOLDING

As On 30/06/2011

No. of Shareholders	From	To	Shares Held	Percentage
128	1	100	5408	0.0009
3415	101	500	1693154	0.2742
2337	501	1000	2324116	0.3764
2212	1001	5000	8523507	1.3804
941	5001	10000	9020005	1.4608
153	10001	15000	2107730	0.3413
279	15001	20000	5496001	0.8901
82	20001	25000	1994798	0.3231
101	25001	30000	3002135	0.4862
23	30001	35000	780436	0.1264
35	35001	40000	1378313	0.2232
13	40001	45000	557068	0.0902
155	45001	50000	7744967	1.2543
7	50001	55000	375667	0.0608
18	55001	60000	1057705	0.1713
4	60001	65000	250600	0.0406
4	65001	70000	274496	0.0445
2	70001	75000	146331	0.0237
8	75001	80000	631854	0.1023
1	80001	85000	80932	0.0131
3	85001	90000	267000	0.0432
3	90001	95000	284490	0.0461
91	95001	100000	9092513	1.4725
3	100001	105000	310100	0.0502
5	105001	110000	546177	0.0885
4	115001	120000	478000	0.0774
1	120001	125000	122500	0.0198
2	125001	130000	251543	0.0407
1	135001	140000	140000	0.0227
1	140001	145000	145000	0.0235
11	145001	150000	1649600	0.2672
3	160001	165000	490001	0.0794
1	165001	170000	170000	0.0275
2	170001	175000	350000	0.0567
1	175001	180000	180000	0.0292
15	195001	200000	3000000	0.4858
2	210001	215000	421226	0.0682
1	220001	225000	225000	0.0364
2	225001	230000	454000	0.0735
7	245001	250000	1750000	0.2834
1	255001	260000	256040	0.0415
2	265001	270000	534575	0.0866
1	275001	280000	277002	0.0449

No. of Shareholders	From	To	Shares Held	Percentage
1	285001	290000	290000	0.0470
5	295001	300000	1495164	0.2421
1	300001	305000	302250	0.0489
1	305001	310000	310000	0.0502
1	315001	320000	315122	0.0510
1	320001	325000	325000	0.0526
1	330001	335000	331518	0.0537
1	375001	380000	380000	0.0615
1	380001	385000	383251	0.0621
2	395001	400000	800000	0.1296
1	485001	490000	490000	0.0794
4	495001	500000	2000000	0.3239
1	500001	505000	500132	0.0810
2	595001	600000	1200000	0.1943
1	605001	610000	609000	0.0986
1	615001	620000	620000	0.1004
1	635001	640000	637650	0.1033
1	675001	680000	680000	0.1101
2	745001	750000	1500000	0.2429
1	970001	975000	971175	0.1573
1	975001	980000	980000	0.1587
7	995001	1000000	6999000	1.1335
1	1155001	1160000	1160000	0.1879
1	1395001	1400000	1400000	0.2267
2	1495001	1500000	3000000	0.4858
2	1995001	2000000	4000000	0.6478
1	2495001	2500000	2500000	0.4049
1	2995001	3000000	3000000	0.4858
1	3495001	3500000	3500000	0.5668
1	3995001	4000000	4000000	0.6478
1	4880001	4885000	4882813	0.7908
1	4995001	5000000	5000000	0.8098
1	5490001	5495000	5492269	0.8895
1	5975001	5980000	5975200	0.9677
1	6350001	6355000	6351199	1.0286
1	6825001	6830000	6827898	1.1058
1	10735001	10740000	10738748	1.7391
1	20895001	20900000	20899621	3.3847
1	20995001	21000000	21000000	3.4009
1	83490001	83495000	83494920	13.5220
1	333290001	333295000	333292700	53.9767
10140		**Company Total**	**617474620**	**100**

CATEGORY OF SHAREHOLDERS

AS ON JUNE 30, 2011

Particulrs	No of Folio	Balance Share	Percentage
DIRECTORS, CEO & CHILDREN	7	2350	0.00040
ASSOCIATED COMPANIES	6	447824091	72.5248
NIT & ICP	1	3500000	0.5668
BANKS, DFI & NBFI	7	22902622	3.7091
INSURANCE COMPANIES	3	1620000	0.2624
MODARABAS & MUTUAL FUNDS	10	28418164	4.6023
GENERAL PUBLIC (LOCAL)	10011	75433884	12.2165
GENERAL PUBLIC (FOREIGN)	29	2085623	0.3378
OTHERS	66	35687886	5.7797
Company Total	**10,140**	**617,474,620**	**100**

Folio No	Name	Code	Balance Held	Percentage
DIRECTORS, CEO & CHILDREN				
000000000004	H.H. NAHAYAN MABARAK AL NAHAYAN	001	1000	0.0002
000000000022	H.E. SULTAN KHALFAN SULTAN HUDAIREM AL KTEBI	001	100	0.0000
000000000021	ABDULLA KHALIL MUHAMMAD SAMEA AL MUTAWA	001	450	0.0001
000000000023	ADEEL KHALID BAJWA	001	100	0.0000
000000000023	ATIF ASLAM BAJWA	001	100	0.0000
000000007630	ZOUHAIR ABDUL KHALIQ	001	500	0.0001
000000007631	NAEEM ZAMINDAR	001	100	0.0000
			2,350	0.0004
ASSOCIATED COMPANIES				
000000000018	WARID TELECOM INTERNATIONAL L.L.C.	002	333294350	53.9767
000000000019	BANK ALFALAH LIMITED	002	83494920	13.5220
000000001089	WINCOM PRIVATE LIMITED	002	3000000	0.4858
005884008920	TAAVUN (PVT.) LIMITED	002	1160000	0.1879
006452017435	TAAVUN PRIVATE LIMITED	002	20899621	3.3847
006650003323	TAAVUN (PRIVATE) LIMITED	002	5975200	0.9677
			447,824,091	72.525
NIT & ICP				
002154000027	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	003	3500000	0.5668
			3,500,000	0.567
BANKS, DFI & NBFI				
000000003005	KARAKURAM CO OPERATIVE BANNK	004	300000	0.0486
002295000039	FAYSAL BANK LIMITED	004	267341	0.0433
002659000034	PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	004	5000000	0.8097
002980000043	IGI INVESTMENT BANK LIMITED	004	609000	0.0986
004127000028	MCB BANK LIMITED - TREASURY	004	5492269	0.8895
005132000026	ASKARI BANK LIMITED	004	6351199	1.0286
007393000024	SUMMIT BANK LIMITED	004	4882813	0.7908
			22,902,622	3.709
INSURANCE COMPANIES				
000000002138	THE UNITED INSURANCE CO OF PAKISTAN LTD	005	120000	0.0194
003277002538	EFU LIFE ASSURANCE LTD	005	500000	0.0810
003277009371	NEW JUBILEE LIFE INSURANCE CO.LTD	005	1000000	0.1619
			1,620,000	0.262

Folio No	Name	Code	Balance Held	Percentage
003277014768	AL NOOR MODARABA MANAGEMENT (PVT) LTD.	006	20000	0.0032
005645000024	CDC - TRUSTEE PICIC INVESTMENT FUND	006	6827898	1.1058
005777000029	CDC - TRUSTEE PICIC GROWTH FUND	006	10738748	1.7391
006197000029	CDC - TRUSTEE ALFALAH GHP VALUE FUND	006	331518	0.0537
006395000025	ASIAN STOCK FUND LIMITED	006	1000000	0.1619
006486000024	SAFEWAY MUTUAL FUND LIMITED	006	1000000	0.1619
009480000021	CDC - TRUSTEE NAFA STOCK FUND	006	1500000	0.2429
009506000026	CDC - TRUSTEE NAFA MULTI ASSET FUND	006	1000000	0.1619
012120000028	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	006	4000000	0.6478
012302000026	MC FSL TRUSTEE ALFALAH GHP PRINCIPAL PROTECTED FUND-II	006	2000000	0.3239
			28,418,164	4.602

GENERAL PUBLIC (LOCAL)

GENERAL PUBLIC (LOCAL)	75433884	12.2165
	75,433,884	12.217

GENERAL PUBLIC (FOREIGN)

GENERAL PUBLIC (FOREIGN)	2085623	0.3378
	2,085,623	0.338

OTHERS

000000000151	IHSAN COTTON PRODUCTS PVT LTD	010	1000	0.0002
000000000152	IHSAN RAIWIND MILLS PVT LTD	010	1000	0.0002
000000000541	INDUS JUTE MILLS LIMITED	010	100000	0.0162
000000000542	MUGHAL IRON AND STEEL IND LIMITED	010	100000	0.0162
000000001044	RYK MILLS LIMITED	010	100000	0.0162
000000001085	ORIENT ELECTRONICS PVT LTD	010	100000	0.0162
000000001086	EPCT PRIVATE LIMITED	010	50000	0.0081
000000001088	PAK ELECTRON LIMITED	010	100000	0.0162
000000001111	HASSAN CARGO SERVICES	010	100000	0.0162
000000001406	PEOPLE LOGIC PAKISTAN PRIVATE LIMITED	010	100000	0.0162
000000001453	PUNJAB BEVERAGE COMPANY (PVT) LIMITED	010	20000	0.0032
000000001463	BEST EXPORTS PRIVATE LIMITED	010	10000	0.0016
000000001483	HASAN CORPORATION	010	50000	0.0081
000000001486	ARZOO TEXTILE MILLS LIMITED	010	20000	0.0032
000000001490	PAK GRAIN RICE MILLS	010	50000	0.0081
000000001791	MS. IMAB (PVT) LTD,	010	100000	0.0162
000000003050	AFZAL COTTON GINNING AND ALLIED IND	010	30000	0.0049
000000003052	S-A COTTON GINNERS	010	30000	0.0049
000000003053	MAHAR COTTON BINNERS	010	25000	0.0040
000000005051	FINE GROUP INDUSTRIES	010	10000	0.0016
000000005249	METRO HI TECH PVT LTD	010	25000	0.0040
000000006302	IHSAN SONS (PVT.) LIMITED	010	1000	0.0002

Folio No	Name	Code	Balance Held	Percentage
000000006839	PAKARAB FERTILIZER LIMITED	010	2000000	0.3239
000307009500	Y.S. SECURITIES & SERVICES (PRIVATE) LIMITED	010	175000	0.0283
001339000034	INTERMARKET SECURITIES LIMITED	010	50000	0.0081
003210000028	Y.S. SECURITIES & SERVICES (PVT) LTD.	010	57500	0.0093
003277010711	QUETTA TEXTILE MILLS LIMITED	010	250000	0.0405
003277017862	SITARA INTERNATIONAL (PVT) LTD	010	20000	0.0032
003277071716	TRUSTEE OF BANK ALFALAH LTD. EMPLOYEES GRATUITY FUND TRUST	010	21000000	3.4009
003277075960	TRUSTEES OF BOSICOR CHEMICALS PAKISTAN LTD EMP. PRO. FUND	010	600000	0.0972
003277075961	TRUSTEES OF BOSICOR OIL PAKISTAN LTD EMPLOYEE PROVIDENT FUND	010	400000	0.0648
003525004185	CAPITAL INDUSTRIES (PVT) LTD	010	200000	0.0324
003525013182	TRUSTEES TREET CORP LTD EMP GRATUTY FUND	010	150000	0.0243
003525028788	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	010	25000	0.0040
003855000021	DARSON SECURITIES (PRIVATE) LIMITED	010	42923	0.0070
003939000021	PEARL SECURITIES LIMITED	010	980000	0.1587
003939000047	PEARL SECURITIES LIMITED	010	2500000	0.4049
003939011093	HIGHLINK CAPITAL (PVT) LTD	010	383251	0.0621
003939012463	CAPITAL VISION SECURITIES PVT LIMITED	010	295164	0.0478
003939015599	BLACK STONE EQUITIES (PRIVATE) LIMITED	010	35000	0.0057
004085000024	M.R.A. SECURITIES (PVT) LIMITED	010	150000	0.0243
004184000022	AZEE SECURITIES (PRIVATE) LIMITED	010	10212	0.0017
004226010900	TRUSTEE MAYMAR HOUSING SERVICES LIMITED STAFF PROVIDENT FUND	010	20000	0.0032
004234005651	FAIR EDGE SECURITIES (PVT) LTD	010	1000	0.0002
004952000028	SHERMAN SECURITIES (PRIVATE) LIMITED	010	302250	0.0489
005116000028	TIME SECURITIES (PVT.) LTD.	010	67496	0.0109
005264010806	TRUSTEE-NISHAT MILLS LTD. PROVIDENT FUND	010	999000	0.1618
005405010923	UNIFIED JUNCTIONS SERVICES (PVT) LTD	010	750000	0.1215
005470000026	B & B SECURITIES (PRIVATE) LIMITED	010	30000	0.0049
005512004096	AMCAP SECURITIES (PVT) LTD.	010	110000	0.0178
005512062961	SHUJABAD AGRO INDUSTRIES (PRIVATE) LIMITED	010	500000	0.0810
005546000026	STOCK MASTER SECURITIES (PRIVATE) LTD.	010	2848	0.0005
005587021382	UNEX SECURITIES (PVT) LTD	010	4001	0.0006
006445000028	DARSON SECURITIES (PVT) LIMITED	010	971175	0.1573
006601011016	BLACK STONE EQUITIES (PVT) LTD	010	325000	0.0526
006650000022	SAAO CAPITAL (PVT) LIMITED	010	277002	0.0449
006981000023	FAIR DEAL SECURITIES (PVT) LTD.	010	100000	0.0162
007179000020	MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	010	5000	0.0008
007294003111	1306 TRUSTEES TREET CORPORATION EMPOLYEES PROVIDENT FUND	010	250000	0.0405
7294003129	1307 TRUSTEES TREET CORP LTD SUPERNNUATION FUND	010	100000	0.0162
9563005318	CAPITAL INDUSTRIES (PRIVATE) LIMITED	010	267234	0.0433
10447000022	PEARL CAPITAL MANAGEMENT (PRIVATE) LIMITED	010	2330	0.0004
10629005432	KASHMIR FEEDS LIMITED	010	150000	0.0243
11148000027	AMCAP SECURITIES (PRIVATE) LIMITED	010	5000	0.0008
13417004073	BEAMING INVEST & SECURITIES (PRIVATE) LIMITED	010	1000	0.0002
13417023008	MONEY LINE SECURITIES (PRIVATE) LIMITED	010	500	0.0001
			35,687,886	5.780
	Grand Total		617,474,620	100

Notice is hereby given that the 2nd Annual General Meeting of WATEEN TELECOM LIMITED ("Company") shall be held on Friday, February 17, 2012, at Sunfort Hotel, Gulberg III, Lahore, Pakistan at 10 am, to transact the following business:

A. Ordinary Business

1. To confirm the minutes of the last Extraordinary General Meeting held on December 31, 2011.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2011, together with the reports of the Board of Directors and Auditors thereon.

3. To re-appoint Messrs. A. F. Ferguson & Co, Chartered Accountants, as the Auditors of the Company for the financial year 2011-12 and to fix their remuneration.

B. Other Business

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

By the Order of the Board

Sajid Hashmi
Company Secretary & Legal Head

Date: January 27, 2012

NOTES:

A. PARTICIPATION IN ANNUAL GENERAL MEETING

A member entitled to attend and vote at this meeting is entitled to appoint another person as his / her proxy to attend and vote. 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 ACCOUNT 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 Computerised 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.

(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 transfer of shares will be accepted for registration from February 10, 2012 to February 17, 2012 (both days inclusive). Transfer received in order at the offices of THK Associates (Pvt) Limited, Ground Floor, State Life Building No. 3, DR. Zia Ud Din Ahmed Road, Karachi being the share registrar by the close of business on February 9, 2012 will be treated in time.

D. CHANGE IN ADDRESS

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

FORM OF PROXY

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 17-02-2012 at Hotel Sunfort, Lahore at 10 A.M at and / or any adjournment thereof.

As witness my/our hand/seal this _______ day of ________________, 2012.

Witnesses
1.__________________________________

Signature on Five Rupees Revenue Stamp.

2.__________________________________

The signature should match with the specimen registered with the Company

Shareholder Folio No. __________________________

Or

CDC Participant I.D. No. __________________________

&

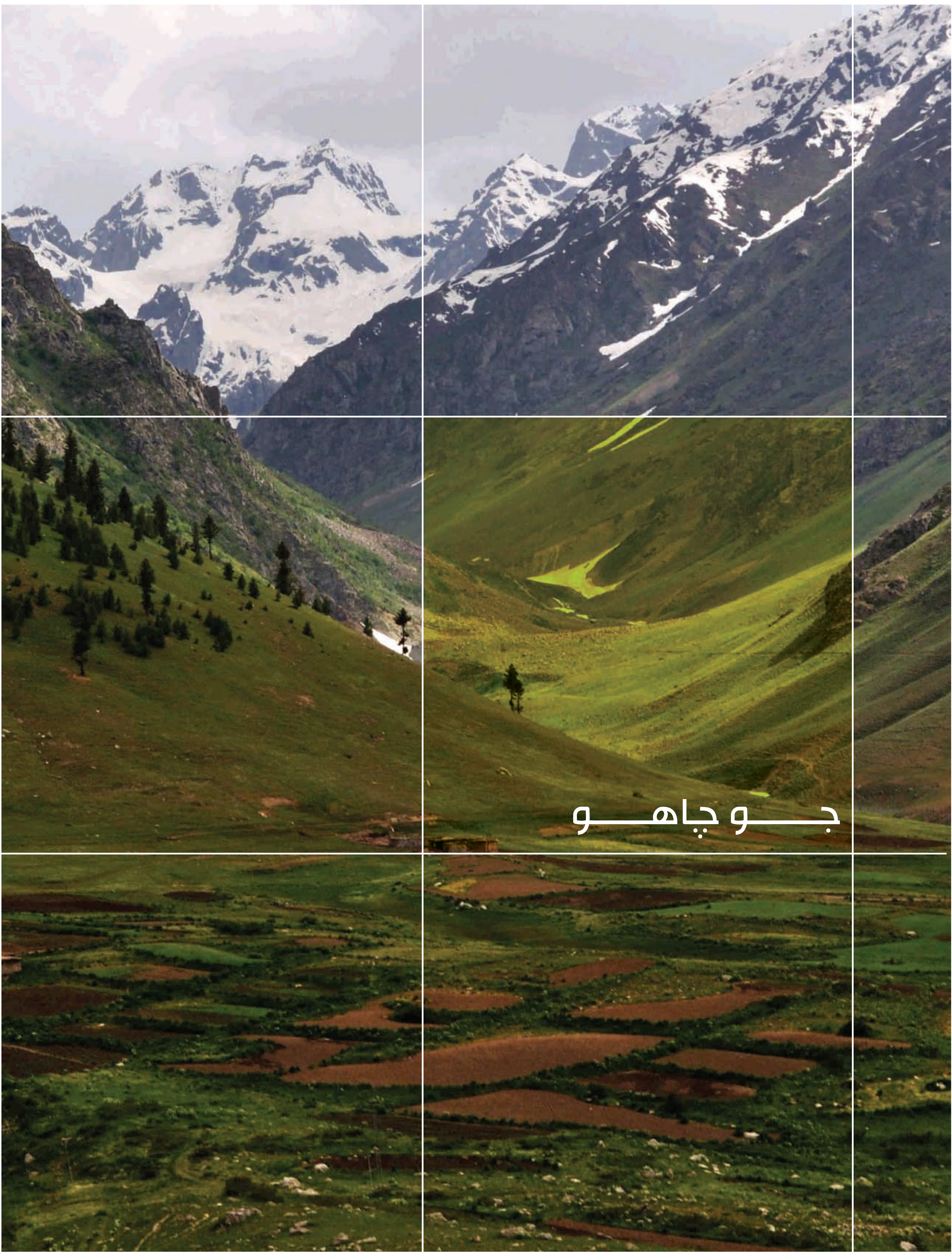
Sub Account No. __________________________

Notes

1. The proxy need not be a member of the Company.
2. The instrument appointing a proxy must be duly stamped, signed and deposited at the office of the Company Secretary Wateen Telecom Limited at 4th Floor New Auriga Complex, Gulberg II, Lahore, not less than 48 hours before the time fixed for holding the meeting.
3. Signature of the appointing member should match with his/her specimen signature registered with the Company.
4. If a proxy is granted by a member who has deposited his/her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account / subaccount number along with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.

AFFIX
CORRECT
POSTAGE

THK Associates (Pvt.) Limited
Ground Floor, State Life Building No.3,
Dr. Zia-ud-Din Ahmed Road, Karachi-75530, Pakistan
UAN: (021) 111-000-332   Fax: (021) 35655595


جو چاهو

wateen.com 111-365-111

Telephony

Internet

Enterprise Solutions

Television