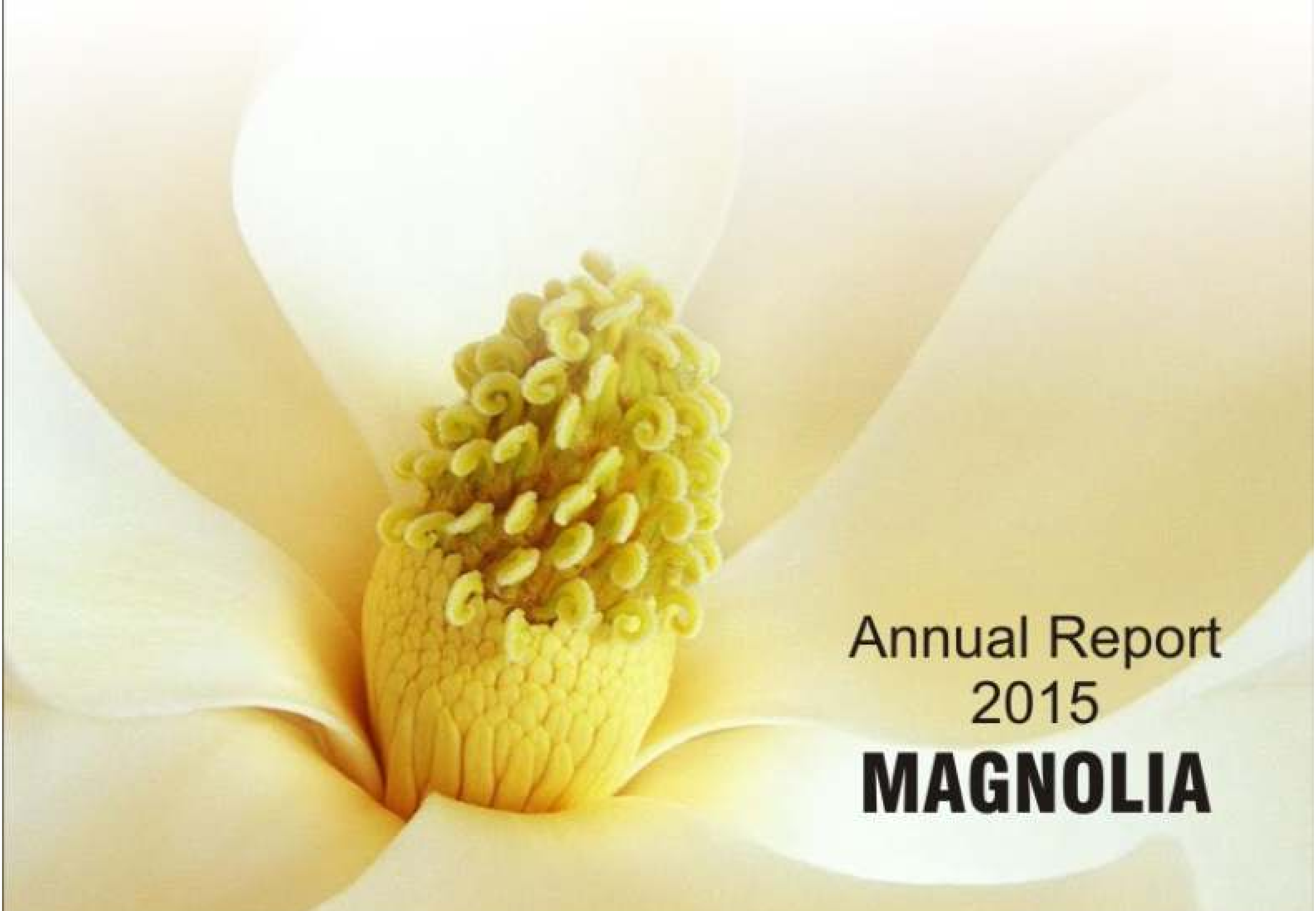
wateen



Annual Report 2015

MAGNOLIA

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CORPORATE INFORMATION

BOARD OF DIRECTORS
List of Board of Directors as of June 30, 2015
H.H. NAHAYAN MABARAK AL NAHAYAN
ADEEL KHALID BAJWA
RIZWAN ALI TIWANA
ABID HASAN
KHWAJA AHMAD HOSAIN

MANAGEMENT TEAM
Management as of June 30, 2015
RIZWAN ALI TIWANA
CHIEF EXECUTIVE OFFICER
MUHAMMAD AQIB ZULFIQAR
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY
HASSAN HAYAT QURESHI
HEAD OF LEGAL
ZAFAR IQBAL CH.
VICE PRESIDENT HR & ADMIN
TAHIR HAMEED
CHIEF COMMERCIAL OFFICER
ZAFAR MASOOD
DIRECTOR PROGRAMS
MUHAMMAD BILAL CH.
DIRECTOR NETWORK ENGINEERING
JAUHER ALI
DIRECTOR FIELD ENGINEERING
MUHAMMAD SALEEM AKHTAR
DIRECTOR BUSINESS DEVELOPMENT
JUNAID SHEIKH
DIRECTOR CORPORATE BUSINESS

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

REGISTERED OFFICE
Main Walton Road, Opp. Bab-e-Pakistan,
Walton Cantt., Lahore.

PRESENT PLACE OF BUSINESS
Main Walton Road, Opp. Bab-e-Pakistan,
Walton Cantt., Lahore.

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

BANKERS

Standard Chartered Bank Pakistan
Habib Bank Limited
Bank Al Habib Limited
National Bank Of Pakistan
Pak Libya Holding Company Limited
Summit Bank Limited
Askari Bank Limited
Soneri Bank Limited
Pak Brunei Investment Company Limited
The Bank of Khyber
Bank Alfalah Limited
Allied Bank Limited
Tameer Micro Finance Bank
NIB Bank Limited
The Bank of Punjab
Dubai Islamic Bank Limited
Meezan Bank Limited

LEGAL ADVISORS

Ijaz Ahmed & Associates
Suite No. 425, 4th Floor, Siddique Trade Centre,
72 Main Boulevard, Gulberg, Lahore, Pakistan

DIRECTORS' REPORT

The Directors' of the Company are pleased to present the audited financial statements of the Company for the year ended June 30, 2015.

INDUSTRY OUTLOOK

FY 2014-15 has been a landmark for Pakistan's ICT sector with the launch of mobile 3G/4G services. The spectrum auction brought in much needed FDI and stimulus for the Telecom sector, which will help serve the larger economy. Total Tele density fell to 62.9% (FY 2013-14: 79.89%) as the market corrected its numbers as a result of regulatory measures taken to improve law and order situation in the country. Broadband penetration grew to 4% (including 3G/4G subscribers), offering a large untapped potential for the players but requiring infrastructure deployments to offer reliable, quality services.

Dissolution of the ICH revived competition within the LDI industry and the regulator is working on best efforts to crackdown on illegal exchanges. Wateen rejuvenated its LDI business to capture the opportunity although margin will be reduced, topline would increase due to larger volume.

With its strategic presence in the Telecom Sector, Wateen played a vital role in establishing 3G/4G presence for operators across Pakistan. Over the period, Wateen extended its fiber infrastructure to more than 18,000 Km, which enabled Wateen Telecom to serve all Cellular Mobile Operators, even in remote regions like Swat and Baluchistan. Wateen is also the prominent player in delivering branch-level connectivity for the banking sector.

Although major efforts have been made to improve performance, the situation remained challenging due to multiple factors such as energy crisis, inconsistent tax regime; lower ARPU's and demand in semi-urban areas.

SIGNIFICANT DISCLOSURES
IMPAIRMENT OF INVESTMENT IN SUBSIDIARY COMPANY

Pursuant to the termination notice served by Subsidiary company and Augere Holdings under MTA, the management reviewed the business performance of subsidiary company Wateen WiMAX (Pvt) Limited (WWL), considering it a cash generating unit. An assessment has been made in respect of triggering events as specified by IAS 36 applicable to the impairment of subsidiary relating to WiMAX business. Based on the following indicators applicable to WiMAX business, an impairment test has been carried out by management to determine the impairment of WiMAX business:

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

For the purpose of determining the value in use, the WiMAX subsidiary has been considered as separate Cash Generating Unit (CGU), the value in use has been determined using discounted cash flow method. The financial projections of the CGU for two years have been derived from a latest business plan approved by the Board of Directors (BOD) of the Company based on curtailment strategy as discussed above. The value in use of WiMAX CGU determined by a management is negative Rs 1,595 million using discount rate of 12%.

The fair value is scrap value of the assets in the subsidiary, which is not determinable till the assets are sold to third party as these assets have no active market. Keeping in view above, the management has recognized an impairment loss of Rs 2,129 million based on negative value in use, any consequential difference between scrap value and carrying amount as recognized above will be dealt in the financial statements of ensuing periods in which the disposal or sale of these assets takes place.

DEBT RESTRUCTURING

During the year, the Company and the lenders signed second amendatory agreement with Syndicate of banks. Under the agreement, Bank Alfalah's running finance facility - I has become part of Syndicate Finance Facility. Further, Rs 1,112 million was also transferred to wholly owned subsidiary WWL. As part of further restructuring, Deutsche Bank AG facility will be novated from Company to WTI and facility from ECGD will also be restructured on the same terms. Furthermore, Ijarah finance facility from DIB has been restructured as per terms of Syndicate Finance Facility. In addition to the above, USD 10 million was paid to the lenders on signing of the second amendatory agreement in proportion to their principal outstanding at June 30, 2013. As per restructured agreements, principal portion will be settled in six monthly unequal installments starting from April 2015 till October 2024.

FINANCIAL PERFORMANCE

Wateen's financial continued to show steady performance toward improvements with the measures taken by the management to stabilize the business with more emphasis on profitable business lines and discontinuation of loss making line of business. Although the financial number don't support this assertion as Company saw a 16% decrease in the topline, which was mainly attributable to the decline in ICH revenue as compared to previous year. Company has made immense efforts and time to re-build LDI business structure and the relationship in both local and international market after termination of ICH in February 2015. The curtailed economic activities in the ICT sector and discontinuation of WiMAX operations also played a significant role in this regard. Despite the above facts Company has achieved 95% of its revenues targets and 259% of EBITDA as compared to business plan duly approved by the Board of Directors for FY 14-15. A quick glance at the key financial results is given below:

	FY 15	FY 14
Revenue (PKR million)	4,980	5,906
EBITDA (PKR million)	853	1,514
Cash flow from Operations (PKR million)	406	412
(Loss) per share – PKR	(9.16)	(0.73)

Revenue from continued operations for the year stood lower for FY15 (PKR 4,980 million) than the previous year FY14 (PKR 5,906 million), due to curtailed economic activity and decline in ICH revenues as compare to previous year. LDI revenue significantly lowers for FY15 at PKR 1,996 million compared to PKR 3,417 million in FY14. After the termination of ICH Company restore its arrangement with International Operators for incoming traffic in the country and this will results in improvement in LDI's revenues for the ensuing years.

A significant growth in OFC revenue which closes at PKR 1,511 million in FY15 compared to PKR 916 million in FY14. This was mainly attributable to the delivery of major Optical dark fiber projects during the financial year to the mobile operators namely, CMPAK (over 400 Km) and Warid Telecom (Pvt) Limited (Over 190 Km) respectively. The Company is in negotiations with other parties for the sale of its dark fiber, which will results in enrichment of revenues for the ensuing years.

Tele housing revenue for the ADM (Add- drop Multiplexer) shows growth of PKR 30 million as compare to FY 14.

Due to the major curtailment of WiMAX operation, a large number of enterprise links were shifted from WiMAX to fiber/VSAT connectivity (where feasible). Despite of the said activity and limitations, 848 new enterprise links are sold during the year which resulted increase in revenues of PKR 15M, management is confident that this trend will increase in the ensuing years.

Revenue for VSAT was recorded lower for FY 15 and stood at PKR 401 million as compared to PKR 563 million for FY14. Although Wateen won a major three year contract with the State Bank of Pakistan for the redundancy of its branch network, revenues dropped as Afghanistan's Roshan Telecom handed its satellite backhauling to Spacecom in order to reduce the costs. However during the FY 14-15 company's arrangement of buying Satellite bandwidth at lower cost as compare to prior years will results in improve margins of VSAT business in the years to come.

EARNINGS PER SHARE

Earnings per share is PKR (9.16) for FY 2015 as compared to PKR (0.73) in FY 2014, mainly due to provision for impairment of investment in subsidiary Company as disclosed above and due to adverse fluctuation in exchange rate.

DIVIDEND

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

FUTURE OUTLOOK

Services such as voice and SMS are reaching maturity with the data are poised to be the main driver for growth in the future. With the promulgation of 3G/4G services, operators would face a growing demand for data and bandwidth. As newer cities are added to the footprint, Wateen will be suitably placed to take advantage of this demand for its OFC business, although it may negatively affect its fixed-broadband business.

More players may enter the consumer broadband market and fiber is poised to become the dominant delivery medium for urban areas in the next few years. Wateen is already gearing itself to launch its fiber based Gigabit-capable Passive Optical Network (GPON), offering triple play services with Digital TV in selected areas.

The LDI industry will continue to remain challenged with the lower margins and high competition for the next year. Although business performance will gradually streamline, there is a need to reform the industry so that players may get better returns.

It remains to be seen whether the Universal Services Fund (USF) will announce new packages to stimulate growth in under-served areas. With the launch of 3G/4G services, consumers are more likely to adopt mobile broadband services in such areas.

BOARD AUDIT COMMITTEE

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

Composition of Board Audit Committee		Meetings Attended
ABID HASAN (Independent Director)	Chairman	2
KHWAJA AHMAD HOSAIN (Independent Director)	Member	2

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

AUDITORS
The present Auditors M/s A.F.Ferguson & Co, Chartered Accountants have completed their assignment for the year ended June 30, 2015 and shall retire on the conclusion of the Annual General Meeting. Audit Committee and the Board of Directors considered and recommended the re- appointment of M/s A.F.Ferguson & Co, Chartered Accountants as Auditors of the Company for the year ending June 30, 2016.

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

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

ATTENDANCE OF THE BOARD MEMBERS

S. No.	Name of Directors	Board Meetings Attendance during 2014-15
1	H.H. NAHAYAN MABARAK AL NAHAYAN	1
2	H.E. SHAIKH MOHAMMAD NAHAYAN MUBARAK AL NAHAYAN (Alternative Director)	1
3	ADEEL KHALID BAJWA	2
4	RIZWAN ALI TIWANA	1
5	ABID HASAN	2
6	KHWAJA AHMAD HOSAIN	1
7	NAEEM ZAMINDAR (Outgoing Director)	1
8	DAVID JOHN BURLISON (Outgoing Director)	1

Financial Statements

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Wateen Telecom Limited (the Company) as at June 30, 2015 and the related income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984 except as explained in note 47 to the financial statements that the Company is in the process of reconstructing its records for the period July 1, 2008 to June 30, 2011, which were lost by fire incident on February 10, 2012.

(b) in our opinion:

(i) the statement of financial position and income statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

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

A.F.Ferguson & Co

Chartered Accountants
Islamabad: October 30, 2015

Engagement Partner: JehanZeb Amin

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

	Note	2015	2014
		(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		**(33,703,119)**	(28,015,802)
		(27,393,692)	(21,706,375)
NON-CURRENT LIABILITIES			
Long term finance - secured	7	**-**	-
Long term portion of deferred mark up	8	**-**	-
Long term finance from shareholders - unsecured	9	**13,334,608**	10,814,754
Medium term finance from an associated company - unsecured	10	**600,000**	600,000
Obligations under finance leases	11	**-**	182
Long term deposits	12	**35,680**	35,709
		13,970,288	11,450,645
DEFERRED LIABILITIES			
Deferred government grants	13	**3,233,958**	2,794,218
CURRENT LIABILITIES			
Current portion of long term finance - secured	7	**16,624,016**	14,615,680
Current portion of deferred mark up	8	**2,946,219**	1,297,134
Current portion of obligations under finance leases	11	**-**	908
Short term running finance - secured	14	**787,135**	2,151,680
Trade and other payables	15	**5,786,267**	6,929,596
Interest / markup accrued	16	**1,766,089**	2,100,015
		27,909,726	27,095,013
Liabilities of disposal group classified as held for sale	17	**-**	1,266,818
CONTINGENCIES AND COMMITMENTS	18		
		17,720,280	20,900,319

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

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	19	**8,519,310**	7,727,067
Capital work in progress	20	**1,506,592**	1,548,633
Intangible assets	21	**22,488**	32,750
		10,048,390	9,308,450
LONG TERM INVESTMENT IN SUBSIDIARY COMPANIES	22	**137,661**	137,671
DEFERRED INCOME TAX ASSET	23	**-**	-
LONG TERM LOAN TO SUBSIDIARY COMPANY	24	**-**	-
LONG TERM DEPOSITS AND PREPAYMENTS			
Long term deposits	25	**468,647**	249,113
Long term prepayments	26	**56,127**	65,571
		524,774	314,684
CURRENT ASSETS			
Trade debts	27	**2,504,788**	3,069,660
Contract work in progress	28	**230,725**	21,458
Stores, spares and loose tools	29	**501,890**	399,510
Advances, deposits, prepayments and other receivables	30	**2,936,128**	3,000,560
Income tax refundable		**746,093**	559,620
Cash and bank balances	31	**89,831**	563,942
		7,009,455	7,614,750
Assets of disposal group classified as held for sale	17	**-**	3,524,764
		17,720,280	20,900,319

Chief Executive

Director

INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
Continuing operations		(Rupees in thousand)	
Revenue	32	**4,979,589**	5,905,912
Cost of sales (excluding depreciation and amortisation)	33	**2,810,867**	3,384,631
General and administration expenses	34	**1,339,148**	1,201,673
Advertisement and marketing expenses		**18,350**	10,944
Selling and distribution expenses		**11,702**	20,436
Provisions	35	**545,266**	39,787
Other income	36	**(598,692)**	(265,679)
Profit before interest, taxation, impairment depreciation and amortisation		**852,948**	1,514,120
Less: Depreciation and amortisation		**612,628**	595,342
Finance cost	37	**2,170,106**	1,605,002
Provision for impairment of investment and long term loan in/to subsidiary company	38	**3,895,065**	-
Finance income	39	**(219,117)**	(235,896)
Loss before taxation from continuing operations		**(5,605,734)**	(450,328)
Taxation	40	**52,590**	-
Loss for the year from continuing operations		**(5,658,324)**	(450,328)
Discontinued Operations			
Revenue		**20,468**	998,747
Operating expenses	17	**(42,394)**	(1,843,316)
Loss before interest, taxation, impairment depreciation and amortisation		**(21,926)**	(844,569)
Less: Depreciation and amortisation		**-**	437,984
Finance cost		**-**	120,541
Loss before taxation and impairment		**(21,926)**	(1,403,094)
Reversal of impairment of WiMAX assets	19	**-**	521,067
Loss before taxation for the year from discontinued operations		**(21,926)**	(882,027)
Taxation	40	**205**	-
Loss for the year from discontinued operations		**(22,131)**	(882,027)
Loss for the year		**(5,680,455)**	(1,332,355)

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

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	**2015**	2014
		(Rupees in thousand)	
Loss for the year		**(5,680,455)**	(1,332,355)
Other comprehensive income/ (loss)			
Items that will not be reclassified to income statement:			
Remeasurement loss on staff retirement benefit plan	44.4	**(6,862)**	(8,536)
Total comprehensive loss for the year		**(5,687,317)**	(1,340,891)
Attributable to:			
- Continuing operations		**(5,665,186)**	(458,864)
- Discontinued operations		**(22,131)**	(882,027)
		(5,687,317)	(1,340,891)

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

Chief Executive

Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation including discontinued operations	**(5,627,660)**	(1,332,355)
Adjustment of non cash items:		
Depreciation and amortisation	**612,628**	1,033,326
Finance cost	**2,170,106**	1,725,543
(Profit) on sale of operating assets	**(9,297)**	-
Reversal of impairment of WiMAX assets	**-**	(521,067)
Cost associated with IRU of optic fiber cable	**154,090**	97,020
Insurance claim received	**-**	(60,000)
Deferred USF grant recognised during the year	**(178,230)**	(205,679)
Provisions	**545,266**	39,787
Provision for impairment investment and long term loan to subsidiary company	**3,895,065**	-
Provision of markup on advances to associated companies	**53,193**	21,247
Remeasurement loss on staff retirement benefit plan	**(6,862)**	(8,536)
Write back of liability	**(407,799)**	-
	6,828,160	2,121,641
	1,200,500	789,286
Changes in working capital:		
(Increase)/ decrease in trade debts	**461,161**	(341,023)
(Increase)/ decrease in contract work in progress	**(209,267)**	(4,092)
(Increase)/ decrease in stores, spares and loose tools	**83,186**	(71,805)
(Increase)/ decrease in advances, deposits, prepayments and other receivables	**(21,360)**	(177,934)
Increase in trade and other payables	**(868,947)**	436,726
	(555,227)	(158,128)
Income taxes paid	**(239,268)**	(219,369)
Cash flow from operating activities	**406,005**	411,789
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment additions	**(1,483,942)**	(1,138,707)
Proceeds from sale of property, plant and equipment	**13,371**	5,998
Proceeds from insurance claim	**-**	60,000
Long term loan to subsidiary company	**(543,035)**	-
Long term deposits receivable (paid) / received	**(219,534)**	(8,227)
Long term prepayments	**9,444**	322
Cash flow from investing activities	**(2,223,696)**	(1,080,614)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	(Rupees in thousand)	
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance from shareholders - unsecured received	**2,194,375**	-
Decrease in finance from supplier - unsecured	**-**	(40,542)
Increase in long term finance - secured (net)	**1,875,753**	-
Long term finance repaid	**(1,032,125)**	-
Deferred grants received	**222,110**	1,049,491
Obligations under finance leases repaid	**(1,090)**	(3,257)
Long term deposits (repaid)	**(21,430)**	(1,110)
Finance cost paid-net	**(529,468)**	(817,602)
Cash flow from financing activities	**2,708,125**	186,980
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**890,434**	(481,845)
Cash and cash equivalents at beginning of the year	**(1,587,738)**	(1,105,893)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**(697,304)**	(1,587,738)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	**89,831**	563,942
Short term running finance - secured	**(787,135)**	(2,151,680)
	(697,304)	(1,587,738)

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

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	General reserve	Accumulated (loss)	Total
	---------------(Rupees in thousand)-----------			
Balance at July 1, 2013	6,174,746	134,681	(26,674,911)	(20,365,484)
Total comprehensive loss for the year				
Loss for the year	-	-	(1,332,355)	(1,332,355)
Other comprehensive loss	-	-	(8,536)	(8,536)
	-	-	(1,340,891)	(1,340,891)
Balance at June 30, 2014	6,174,746	134,681	(28,015,802)	(21,706,375)
Total comprehensive loss for the year				
Loss for the year	-	-	(5,680,455)	(5,680,455)
Other comprehensive loss	-	-	(6,862)	(6,862)
	-	-	(5,687,317)	(5,687,317)
Balance at June 30, 2015	**6,174,746**	**134,681**	**(33,703,119)**	**(27,393,692)**

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

Chief Executive

Director

1. Legal status and operations

Wateen Telecom Limited (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 and thereafter, the Company was listed on Karachi, Lahore and Islamabad Stock Exchanges. Subsequently, the Karachi, Lahore and Islamabad Stock Exchanges accepted the request for delisting of the Company and accordingly the Company stood delisted from these stock exchanges with effect from February 17, 2014. The registered office of the Company is situated at Lahore. The Company is a subsidiary of Warid Telecom International LLC, United Arab Emirates (WTI.)

1.1 Disposal group classified as held for sale and discontinued operations

The Company along its wholly owned subsidiary Wateen WiMAX (Private) Limited (WWL) entered into a Master Transaction Agreement (MTA) with Augere Holdings (Netherlands) B.V (Augere Holdings) on December 4, 2013 for consolidation of their respective WiMAX businesses in Pakistan. In this respect, parties were required to take certain steps pursuant to the aforesaid agreement. In furtherance of the terms of MTA, the shareholders of the Company in their Extra-Ordinary General Meeting held on October 3, 2014 approved transfer of WiMAX related net assets as at July 10, 2014 to WWL for consideration other than cash in accordance with the terms of share issuance agreement dated September 9, 2014 between the Company and WWL.

During the year, the Company transferred the assets and liabilities envisaged in the agreement to WWL. As a result, the Company's operations are divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, 'Non-current assets held for sale and Discontinued operations'. WiMAX operations are classified as Discontinued operations. Continuing operation include the operations other than WiMAX. In view of above, assets and liabilities, as were envisaged under the share issuance agreement between the Company and WWL and transferred to the WWL were classified as held for sale under IFRS 5 and are reflected in note 17 of these financial statements.

However, during the year, the subsidiary company WWL served a termination notice under the MTA which has been acknowledged and accepted by a Pakistan subsidiary of Augere Holdings without prejudice to any accrued rights and interests in the matter. Accordingly, it has resulted in discontinuation of the plan for consolidation of respective WiMAX buisnesses in Pakistan. Further, the management decided to materially curtail its WiMAX operations to those cities only wherein it has contractual obligations towards Universal Service Fund (USF). The recoverable amount of WiMAX as a cash generating unit (CGU) has also been determined by the management whereby the financial projections of the CGU for two years were derived from a latest business plan approved by the Board of Directors (BOD) of the company and by considering the curtailment strategy as referred to above. The recoverable amount determined by management through value in use of WiMAX assets is negative Rs 1,595 million using discount rate of 12%. Based on this, management has fully impaired the carrying value of investment in WWL amounting to Rs 2,129 million and is reflected in the continuing operations of the income statement under IFRS 5.

2. Basis of preparation

(i) Statement of compliance

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

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

(ii) Accounting convention

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

(iii) Management's assessment of going concern

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

Operational performance

During the year ended June 30, 2015, the Company incurred loss of Rs 5,680 million and had net current liabilities as at June 30, 2015 of Rs 20,900 million, of which Rs 14,064 million relate to loan installments classified as current liabilities as mentioned in note 7.6 and Rs 2,946 million relates to deferred markup classified as current liability as mentioned in note 8.4 which are due for repayment after June 30, 2016. The Company has negative equity of Rs 27,394 million at June 30, 2015. It is important to note that during these period of losses the majority shareholder of the Company has continued to provide financial support in the form of long term finance amounting to Rs 13,335 million to meet the requirements of the Company.

Following continuing losses, the Board had directed management to implement a 'Containment plan' that would stem the losses of the Company and provide stability. This containment plan included a cost cutting exercise, assessment of options for the WiMAX business, and continued support of the other business lines. With regards to the WiMAX business, the Company transferred all its WiMAX assets and liabilities to the wholly owned subsidiary company, WWL. Thereafter, the management decided to curtail its WiMAX operations to USF cities only under the agreement with USF company. This will free up the resources of the Company to meet its obligations as they fall due.

The Company incurred capital expenditure on different Universal Service Fund (USF) Projects awarded by USF Company, (total contract of Rs 4,022 million value awarded to date) of which Rs 3,171 million has been received by the Company to date. Further certain milestones have been achieved and the Company is in the process of issuing the project milestone notice(s) for audit to the USF Company during the ensuing year. Upon successful completion of said audit, the Company will be entitled to claim the balance amount from USF Company related to completed milestones, and collect further receipts from the USF Company which will benefit the cash flow.

Debt restructuring

During the year, the Company and the lenders signed second amendatory agreement with Syndicate of banks. Under the agreement, Bank Alfalah's running finance facility - I has become part of Syndicate Finance Facility. Further, Rs 1,112 million was also transferred to wholly owned subsidiary WWL. As part of further restructuring, Deutsche Bank AG facility will be novated from Company to WTI and facility from ECGD will also be restructured in the same manner. Furthermore, Ijarah finance facility from DIB has been restructured as per terms of Syndicate Finance Facility. In addition to the above, USD 10 million was paid to the lenders on signing of the second amendatory agreement in proportion to their principal outstanding at June 30, 2013. As per restructured agreements, principal portion is to be settled in six monthly unequal installments starting from April 2015 till October 2024. The Company is required to mandatorily prepay the outstanding amount out of net cash proceeds from sale of WWL or any excess cash generated by the Company after taking into account a minimum cash balance, capital expenditure and working capital requirements in each financial year. Local lenders are also entitled to designate a member at Board of Directors of the Company. The management is of the view that restructuring will improve the liquidity position.

The Company is in process of fulfilling certian conditions precedent to make the debt restructuring effective as referred to in note 7.

Ongoing Shareholder Support

The Company's majority shareholder WTI continues to provide management with comfort with regards to it’s ongoing support, as this is evident from further loan of USD 22 million extended to the Company during the year for the repayment of USD 10 million to Syndicate of banks and remaining USD 12 million for operations of the Company.

In addition to this WTI guarantees the local Syndicate Finance Facility, and certain sponsors guarantees are provided to the foreign debt holders. WTI is expected to provide strong support to the management through the ongoing restructuring. The guarantees and financial assistance from WTI will enable the Company to continue its operations and fulfill its financial obligations for a minimum period of twelve months from the year end. Keeping in view the foregoing and other related operational facts, the management believes that the Company is able to operate on a going concern basis in the foreseeable future and these financial statements have been prepared reflecting this assumption.

(iv) Critical accounting estimates and judgments

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

(i) Operating assets - estimated useful life of property, plant and equipment (note 19)
(ii) Impairment of WiMAX assets (note 19)
(iii) Impairment of DSL assets (note 20)
(iv) Impairment of investment in subsidiary company (note 22)
(v) Provision for doubtful debts (note 27)
(vi) Provision for obsolete stores (note 29)
(vii) Provision for doubtful advances and other receivables (note 30)
(viii) Provision for current and deferred income tax (note 23)
(ix) Employees' retirement benefits (note 44)
(x) Deferred government grants (note 13)

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 early adopted by Company:

		Effective date (annual periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 10	Consolidated Financial Statements	January 1, 2015
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurement	January 1, 2015
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investments in Associates and Joint Ventures	January 1, 2015
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation/disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been notified upto June 30, 2015 by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1 First-time adoption of International Financial Reporting Standards
IFRS 9 Financial instruments

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

IFRIC 4 Determining whether an arrangement contains lease
IFRIC 12 Service concession arrangements

4. Summary of significant accounting policies

4.1 Employees' retirement benefits

(i) Upto February 28, 2015, the Company provided gratuity to all permanent employees in accordance with the rules of the Company. Effective March 1, 2015, the benefit has been discontinued and amount due to employees as at February 28, 2015 will be payable at the time of final settlement. Actuarial valuation is conducted periodically using "Projected Unit Credit Method"and latest valuation was carried out at June 30, 2015. The details of actuarial valuation are given in note 44.

Actuarial gains and losses (remeasurement gains / losses) on employees' retirement benefit plans are recognised immediately in other comprehensive income and past service cost is recognized in profit and loss when they occur. Calculation of gratuity requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

(ii) Contributory provident fund for all permanent employees of the Company is in place. Contribution for the year amounted to Rs 27.332 million (2014: Rs 32.096 million) is charged to income for the year.

4.2 Taxation

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

Current

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

Deferred

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

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

4.3 Government grant

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

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

4.4 Borrowings and borrowing costs

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

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

4.5 Trade and other payables

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

4.6 Provisions

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

4.7 Contingent liabilities

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

4.8 Dividend distribution

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

4.9 Property, plant and equipment

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

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

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

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

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

4.10 Intangible assets

(i) Licenses

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

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

(ii) Computer software

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

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

4.11 Impairment of non-financial assets

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

4.12 Non current assets/disposal group held for sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

4.13 Investment in subsidiaries

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

4.14 Right of way charges

Right of way charges paid to local governments, concerned authorities 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.

4.15 Trade debts and other receivables

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

4.16 Stores, spares and loose tools

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

4.17 Cash and cash equivalents

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

4.18 Revenue recognition

Revenue is recognised as related services are rendered.

Revenue from granting of Indefeasible Right of Use (IRU) of dark fiber upto 25 years or more is recognised at the time of delivery and acceptance by the customer.

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

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

Interest income is recognised using the effective yield method.

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

4.19 Functional and presentation currency

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

4.20 Foreign currency transactions and translations

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

4.21 Financial instruments

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

(a) Financial assets

Classification and subsequent measurement

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

(i) Fair value through profit and loss

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

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

(ii) Held to maturity

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

(iii) Loans and receivables

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

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

(iv) Available for sale

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

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

Impairment

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

(b) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

(i) Fair value through profit or loss

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

(ii) Other financial liabilities

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

(c) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.22 Derivative financial instruments

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

	June 30, 2015		June 30, 2014	
5. Share capital	**Number of Shares**	**Rs ('000)**	Number of Shares	Rs ('000)
Authorised share capital:				
Ordinary shares of Rs 10 each	**1,000,000,000**	**10,000,000**	1,000,000,000	10,000,000
Issued, subscribed and paid up share capital:				
Shares issued for cash				
Ordinary shares of Rs 10 each	**408,737,310**	**4,087,373**	408,737,310	4,087,373
Shares issued as fully paid				
bonus shares of Rs 10 each	**208,737,310**	**2,087,373**	208,737,310	2,087,373
	617,474,620	**6,174,746**	617,474,620	6,174,746

5.1 The parent company, Warid Telecom International LLC, U.A.E held 588,577,066 (2014: 465,082,734) ordinary shares, the associated companies Bank Alfalah Limited held Nil (2014: 83,494,920) ordinary shares, Taavun (Private) Limited held Nil (2014: 28,034,821) ordinary shares at year end.

6. General reserve

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

	Note	2015	2014
7. Long term finance - secured		(Rupees in thousand)	
Syndicate of banks	7.1	**7,796,452**	8,142,335
Export Credit Guarantee Department (ECGD)	7.2	**2,603,529**	2,528,009
Dubai Islamic Bank (DIB)	7.3	**335,627**	424,000
Deutsche Bank AG	7.4	**4,880,335**	4,738,771
Loan guaranteed on behlaf of WWL	7.5	**1,111,000**	-
Total		**16,726,943**	15,833,115
Less: Transferred to disposal group classified as held for sale	17	**-**	(1,112,000)
		16,726,943	14,721,115
Unamortised transaction and other ancillary cost			
Opening balance		**105,435**	142,741
Additions during the year		**50,200**	-
Amortisation for the year		**(52,708)**	(37,306)
		(102,927)	(105,435)
		16,624,016	14,615,680
Less: Amount shown as current liability			
Amount payable within next twelve months		**(2,560,463)**	(2,431,415)
Amount due after June 30, 2016		**(14,063,553)**	(12,184,265)
	7.6	**(16,624,016)**	(14,615,680)
		-	-

7.1 The Company obtained syndicate term finance facility from a syndicate of banks with Standard Chartered Bank Limited (SCB), Habib Bank Limited (HBL), Bank Al-HabibLimited (BAHL) and National Bank of Pakistan (NBP), being lead arrangers to finance the capital requirements of the Company. During the year, the Company and the Syndicate of Banks signed second amendatory agreement to restructure Syndicate term finance facility and the short term running finance from Bank Alfalah Limited (BAF) running finance facility-I. All the finance facilities have been fully availed by the Company till June 30, 2015. The principal is now repayable in twenty unequal six monthly instalments. The first such instalment being due on April 1, 2015 and subsequently every six months until October 1, 2024. The Company is required to mandatorily prepay the outstanding amount out of net cash proceeds from sale of WWL or any excess cash generated by the Company after taking into account a minimum cash balance, capital expenditure and working capital requirements in each financial year. The rate of mark-up is 12% per annum from July 1, 2013 which shall stand deferred till payment of the final installment of principal portion (deferred payment) as referred to in note 8.1. Earlier, pricipal was repayable in ten unequal semi annual installments with first installment due on July 1, 2014 and it carried a mark up of 6 months KIBOR per annum till December 31, 2013 and 6 months KIBOR per annum till December 31, 2013, and 6 months KIBOR + 2.5 % per annum for remaining period.

Certain conditions precedent to the second amendatory agreement are not yet fulfilled, management of the Company is taking steps to fulfill those conditions. Once conditions precedent to restructured agreements are fulfilled, a formal letter shall be issued to the Company by the Syndicate of aforesaid Banks, which shall complete the restructuring process.

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets, a mortgage by deposit of title deeds in respect of immoveable properties of the Company, pledge over fully paid ordinary shares (entire present and future) owned by the Company in Wateen WiMAX (Private) Limited and owned by WTI in the capital of the Company, a guarantee from WTI for amounts payable under second amendatory agreement and undertaking from shareholders from WTI for retaining the shareholding and control of WTI. Syndicate is entitled to designate one nominee to be appointed as director in the Board of directors of the Company.

7.2 The Company obtained long term finance facility amounting to USD 42 million (2014: USD 42 million) from ECGD UK, of which USD 35 million (2014: USD 35 million) was availed till June 30, 2015. During the year ended June 30, 2012, the Company and ECGD UK signed an agreement to restructure the terms of loan agreement including repayment schedule. Amount outstanding at June 30, 2015 was USD 25.60 million (2014: 25.60 million). The principal is repayable in ten semi annual installments. The first such installment was due on July 1, 2014 and subsequently every six months until January 1, 2019. The rate of mark-up is six month LIBOR + 1.5% (interest rate) per annum till June 30, 2011 and six month LIBOR + 1.9% (interest rate) for the remaining period. If the amount of installment payable and/or interest payable is not paid on the due date, the Company shall pay interest on such amount the interest rate + 2% per annum.

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 and assets which are subject to lien in favour of USF), a mortgage by deposit of title deeds in respect of immoveable properties of the Company, lien over collection accounts and Debt Service Reserve Account and personal guarantees by three Sponsors of the Company.

As explained in note 2(iii), the Company is in negotiation with the lenders to restructure the above finance facility.

7.3 The Company obtained Ijarah finance facility of Rs 530 million (2014: Rs 530 million) from DIB. During the year, the Company and DIB signed an agreement to restructure the terms of the Ijarah finance facility. The principal is now repayable in twenty unequal six-monthly instalments. The first such instalment was due on April 1, 2015 and subsequently every six months until October 1, 2024. The rate of mark-up is 12% per annum from commencement date which shall stand deferred till payment of the final installment of principal portion (deferred payment) as referred to in note 8.2. Earlier, principal was repayable in ten unequal semi annual installments with first such installment due on July 1, 2014 and it carried a markup of 6 months KIBOR per annum till December 31, 2013 and 6 months KIBOR + 2.5% per annum for remaining period.

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

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets (movable and immoveable), pledge over fully paid ordinary shares (entire present and future) owned by the Company in Wateen WiMAX (Private) Limited and owned by WTI in the capital of the Company, a corporate guarantee from WTI and undertaking from shareholders from WTI for retaining the shareholding and control of WTI.

7.4 The Company obtained term finance facility of USD 65 million (2014: USD 65 million) from Motorola Credit Corporation (MCC) of which USD 64 million (2014: USD 64 million) has been availed till June 30, 2015. On August 19, 2011, MCC has transferred all of its rights, title benefits and interests in the original facility agreement to Deutsche Bank AG as lender, effective August 19, 2011. During the year ended June 30, 2012, the Company and Deutsche Bank AG signed an agreement to restructure the terms of loan agreement. Amount outstanding at June 30, 2015 was USD 48 million (2014: USD 48 million). The principal is repayable in ten semi annual installments commencing from July 1, 2014 until and including the final maturity date which is December 31, 2019. The rate of mark-up is six month LIBOR + 1% per annum provided that rate shall be capped at 2.5% per annum. If the Company fails to pay any amount payable on its due date, interest shall accrue on the unpaid sum from the due date up to the date of actual payment at a rate which is 2% higher than the rate of interest in effect thereon at the time of such default until the end of the then current interest period. Thereafter, for each successive interest period, 2% above the six-month LIBOR plus margin provided the Company is in breach of its payment obligations hereof.
The loan is secured through personal guarantee by one Sponsor of the Company and is ranked pari passu with unsecured and unsubordinated creditors.

As explained in note 2(iii), the Company is in negotiation with the lenders to restructure the above finance facility.

7.5 As explained in note 7.1, the Company transferred a portion of outstanding principal amount under Syndicate Term Finance Agreement to its wholly owned subsidiary WWL. Under the terms of agreement, the Company guaranteed the amount on behalf of WWL and the amount guaranteed has been recognized by the Company due to curtailed scale of operations of WWL, negative value in use of WiMAX, substantial loss of the year, termination of MTA and existence of no realistic basis of preparation of financial statements of WWL on a going concern basis.

7.6 The Company is required to make payments of loan installments and markup of long term finance on due dates. The Company has not paid loan installment of ECGD amounting to USD 6.323 million and loan installment of Deutsche Bank AG amounting to USD 11.853 million which fell due during the year ended June 30, 2015. Further, the Company was not able to make payments of markup to ECGD and Deutsche Bank AG of Rs 31.367 million and Rs 74.279 million on due dates. Furthermore, certain applicable ratios specified in the above loan agreements have not been maintained at June 30, 2015. In addition, latest restructured loan agreements have not yet become effective as certain conditions precedent to the restructured agreements are not yet fulfilled and the Company is obliged to prepay the outstanding amounts in certain events mentioned therein. Accordingly, the lenders shall be entitled to declare all outstanding amount of the loans immediately due and payable. In terms of provisions of InternationalAccounting Standard on Presentation of financial statements (IAS 1), since the Company does not have an unconditional right to defer settlement of liabilities for at least twelve months after the statement of financial position date, all liabilities under these loan agreements are required to be classified as current liabilities. Based on above, loan installments for an amount of Rs 14,064 million due after June 30, 2016 have been shown as current liability.

8. Long term portion of deferred mark up

	Note	2015	2014
		(Rupees in thousand)	
Syndicate of banks	8.1	**2,893,165**	1,077,478
Dubai Islamic Bank (DIB)	8.2	**53,054**	4,904
Bank Alfalah Limited	8.3	**-**	214,752
Total		**2,946,219**	1,297,134
Less: Amount shown as current liability			
Amount payable within next twelve months		**-**	(129,223)
Amount due after June 30, 2016		**(2,946,219)**	(1,167,911)
	8.4	**(2,946,219)**	(1,297,134)
		-	-

8.1 As explained in note 7.1, the markup (deferred payments) has been restructured under the second amendatory agreement. The deferred payments are payable in following order of priority and sequence:

i) Deferred payment of Rs 1,023 million pertaining to the period of January 1, 2011 till June 30, 2013 shall be paid in seven unequal six-monthly installments starting from April 1, 2015 and ending on April 1, 2028;

ii) Deferred payment at 8% per annum for the period from July 1, 2013 till March 31, 2014 shall be paid in four unequal six-monthly installments starting from April 1, 2028 and ending on October 1, 2029;

iii) Deferred payment at 5% per annum for the period from April 1, 2014 upto final due date under second amendatory agreement shall be paid in two unequal installments due on October 1, 2029 and April 1, 2030; and

iv) After payments of all amounts above, the deferred payment at 4% per annum for the period of July 1, 2013 till March 31, 2014 and at 7% per annum for the period from April 1, 2014 upto final date under second amendatory agreement shall be payable as a bullet payment in the year 2030 subject to availability of the excess cash generated by the Company.

8.2 As explained in note 7.3, the markup (deferred payments) has been restructured. The markup is payable in the following sequence:

i) Markup calculated at 5% per annum for the period from commencement date till October 1, 2024 shall be paid in eleven six-monthly installments starting from April 1, 2025 and ending on April 1, 2030; and

ii) Markup at 7% per annum shall be paid as a bullet payment in the year 2030 subject to availabilityof the excess cash generated by the Company.

8.3 During the year, the Company and Syndicate of banks signed an agreement to restructure running finance from Bank Alfalah Limited (BAF) running finance Facility - I and consolidated this with Syndicate Finance facility as referred in note 7.1 above.

8.4 As explained in note 7.6, the entire amount has been shown as current liability.

9. Long term finance from shareholders - unsecured

	Note	2015	2014
		(Rupees in thousand)	
Facility 1	9.1	**2,443,343**	2,372,469
Facility 2	9.2	**10,891,265**	8,442,285
		13,334,608	10,814,754

9.1 The Company obtained long term finance from a shareholder amounting to USD 24 million (2014: USD 24 million). This loan is subordinated to all secured finance facilities availed by the Company. This loan is repayable within 30 days of the expiry of a period of five years from the last date the lender has disbursed the loans, which shall be on or about January 29, 2015. The rate of mark-up is 6 months LIBOR + 1.5% with 24 months payment grace period payable half yearly. Alternativelyloans may be converted into equity by way of issuance of the Company's ordinary shares at the option of the lender at any time prior to, at or after the repayment date on the best possible terms but subject to fulfillment of all legal requirements at the cost of the Company. The said conversion of loan shall be affected at such price per ordinary share of the Company as shall be calculated after taking into account the average share price of the last 30 calendar days, counted backwards from the conversion request date, provided that such conversion is permissible under the applicable laws of Pakistan.

This loan together with accrued interest will have at all times priority over all unsecured debts of the Company except as provided under Law. In the event the Company defaults on its financial loans or in case Warid Telecom InternationalLLC, 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. As the loan is subordinated to all secured finance facilities availed by the Company, the entire amount of loan has been classified as non current liability.

9.2 The Company has obtained long term finance facility from a shareholder amounting to USD 185 million (2014: USD 185 million) of which USD 107 million (2014: USD 85 million) has been availed at June 30, 2015. The rate of mark-up is 6 months LIBOR + 1.5% payable half yearly. The Company shall repay the loan in full in five equal annual installments from June 30, 2014 with final maturity date of June 30, 2018. Alternativelythe lender shall also have the option to instruct the Company any time during the term of this agreement to convert the remaining unpaid amount of the loan and the interest in part or in its entirety into equity by way of issuance of ordinary shares of the Company in favour of the lender in compliance with all applicable laws of Pakistan.

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

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

10. Medium term finance from an associated company - unsecured

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

	2015	2014
	(Rupees in thousand)	
11. Obligations under finance leases		
Present value of minimum lease payments	-	1,090
Less: Current portion shown under current liabilities	-	(908)
	-	182

The Company acquired vehicles under lease from commercial banks. During the year, the Company has repaid the entire obligation under finance lease to commercial banks. The financing was 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% (2014: KIBOR+3% to 3.5%).

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

	2015	2014
	(Rupees in thousand)	
Due within one year		
Minimum lease payments	-	990
Less: Financial charges not yet due	-	(82)
Present value of minimum lease payments	-	908
Due after one year but not later than five years		
Minimum lease payments	-	186
Less: Financial charges not yet due	-	(4)
Present value of minimum lease payments	-	182
	-	1,090

12. Long term deposits

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

13. Deferred grants

This represents amount received and receivable from Universal Service Fund (USF) as subsidy to assist in meeting the cost of deployment of USF Fiber Optic Network for providing USF Fiber Optic Communication Services in Sindh, Baluchistan, Punjab and broad band services in Faisalabad Telecom Region, Hazara Telecom Region and Gujranwala Telecom Region. USF Fiber Optic Network and broad band network will be owned and operated by the Company. Total amount of USF contracts is Rs 4,022 million (2014: Rs 4,662 million) payable by USF in five installments in contracts with project implementation milestones.

Movement during the year is as follows:

	Note	2015	2014
		(Rupees in thousand)	
Balance at beginning of the year- excluding amount receivable		**2,555,221**	1,711,409
Amount received during the year - net		**222,110**	1,049,491
Amount receivable at year end		**634,857**	238,997
Amount recognised as income during the year	36	**(178,230)**	(205,679)
Balance at end of the year		**3,233,958**	2,794,218

14. Short term running finance - secured

	Note	2015	2014
Facility - I	14.1	**-**	1,668,315
Facility - II	14.2	**787,135**	483,365
		787,135	2,151,680

14.1 During the year, the Company and Syndicate of banks signed an agreement to restructure the short term running finance from Bank Alfalah Limited (BAF) running finance Facility - I and consolidated this with Syndicate Finance facility as referred in note 7.1.

14.2 The Company has a cash finance facility of Rs 790 million (2014: Rs 790 million) of which Rs 2.865 million (2014: Rs 307 million) was unutilised as at June 30, 2015. The facility has been renewed during the year with certain changes in its terms. The facility is available till December 31, 2015. Markup on the facility is to be serviced on quarterly basis. The rate of mark-up is 3 months KIBOR + 1% per annum.

This facility is secured by lien marked on an amount of USD 8.764 million held under the name "Dhabi One Investment Services LLC" maintained at Bank Alfalah.

15. Trade and other payables

	Note	2015	2014
		(Rupees in thousand)	
Creditors	15.1	**406,615**	508,154
Due to related parties	15.2	**187,327**	162,880
Due to international carriers	15.3	**1,088,924**	1,062,094
Payable to Pakistan Telecommunication Authority		**562,283**	1,000,315
Accrued liabilities		**2,454,419**	3,481,882
Payable to gratuity fund	44	**-**	64,861
Payable to provident fund		**73,373**	27,043
Advance from customers	15.4	**884,323**	549,616
Income tax deducted at source		**129,003**	72,751
		5,786,267	6,929,596

		2015	2014
		(Rupees in thousand)	
15.1	Trade creditors include following amounts due to related parties:		
	Wateen Solutions (Pvt) Limited	**218,309**	212,462

15.2 Due to associated companies

	2015	2014
Wateen Satellite Services (Pvt) Limited	**145,945**	146,001
Bank Alfalah Limited	**17,521**	16,879
Warid International LLC, UAE - Parent company	**23,861**	-
	187,327	162,880

15.3 Due to international carriers includes Rs Nil (2014: Rs 10.485 million) due to a related party Wateen Telecom UK Limited.

15.4 Advance from customers

This includes advance of Rs 48.983 million (2014: Rs 48.983 million) received from associated companies.

	Note	2015	2014
		(Rupees in thousand)	

16. Interest / markup accrued

	Note	2015	2014
Long term finance from shareholders		**922,616**	663,796
Long term finance - secured		**420,600**	966,771
Medium term finance - unsecured	16.1	**391,928**	317,648
Short term running finance - secured	16.2	**30,945**	151,800
		1,766,089	2,100,015

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

16.2 This includes markup payable to an associated company Bank Alfalah Limited amounting to Rs 17.032 million (2014: 20.925 million).

17. Disposal group classified as held for sale and discontinued operations

As more fully explained in note 1.1 to these financial statements, assets along with liabilities of WiMAX operations were transferred to wholly owned subsidiary Company WWL effective July 10, 2014. The disposal group comprises of the WiMAX operations. The assets and liabilities of disposal group are separately classified as held for sale and the income statement for these operations has also been separately presented as a discontinued operation in note 17.2.

17.1 Assets and liabilities of disposal group classified as held for sale

	Note	2015	2014
		(Rupees in thousand)	
i) Assets of disposal group			
Operating assets	19	-	3,214,376
Capital work in progress	20	-	26,790
Intangible assets	21	-	111,780
Stores, spares and loose tools		-	154,818
Advances, deposits, prepayments and other receivables		-	17,000
		-	3,524,764
ii) Liabilities of disposal group			
Long term finance - secured	7	-	1,112,000
Trade and other payables		-	133,417
Long term deposits		-	21,401
		-	1,266,818
		-	2,257,946

17.2 Operating expenses relating to discontinued operations

	2015	2014
Cost of sales (excluding depreciation and amortisation)	**42,394**	1,446,767
General and administration expenses	-	343,912
Advertisement and marketing expenses	-	43,878
Selling and distribution expenses	-	8,759
	42,394	1,843,316

17.3 Cash flows from discontinued operations

	2015	2014
Cash flows from operating activities	**(21,926)**	(993,312)
Cash flows from investing activities	-	-
Cash flows from financing activities	-	(88,755)
Total cash flows	**(21,926)**	(1,082,067)

18. Contingencies and Commitments

	2015	2014
18.1 Claims against the Company not acknowledged as debt	**319,561**	314,728
18.2 Performance guarantees issued by banks on behalf of the Company	**1,175,447**	2,401,801

18.3 Under the Access Promotion Regulations, 2005, the Company is liable to make payments of Access Promotion Charges (APC) for Universal Service Fund (USF) within 90 days of close of the month to which such payment relates. The Company has disputed the APC Regulations, 2005 and the case is currently pending with High Court. The Company has not recorded the penalty on delayed payment of APC for USF amounting to Rs 1,152 million as required by the Access Promotion Regulations, 2005 as the management and legal advisor of the Company are of the view, that the Company has a strong case and chances of success are very high.

18.4 WWL under the terms of the MTA served the termination notice to Augere Holdings and claimed certain expenditures as reimbursable to WWL on account of business consolidation not successful as per MTA. In response to Company's termination notice, Augere Pakistan (Pvt) Limited served notice to the Company as acknowledgement of termination of MTA and claimed certain charges. WWL and the Company, being a party to MTA, is in process of initiating related proceedings for settlement of its charges incurred under MTA.

18.5 The Deputy Commissioner Inland Revenue (DCIR), Enforcement Unit IV, Large Taxpayers Unit (LTU), Islamabad had issued Order-in-Original based on the observations of Director General Intelligence and Investigation and raised a demand of Rs 31.830 million to be paid along with penalty and default surcharge and also issued recovery notice. The Commissioner Inland Revenue - Appeals [CIR(Appeals)] and Appellate Tribunal Inland Revenue upheld the orders of the DCIR. The Company preferred its case before the Honorable High Court which remanded the case to Appellate Tribunal for fresh determination.

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

18.7 The Additional Commissioner Inland Revenue, Audit - II, Large Taxpayers Unit, Islamabad (ACIR) issued show cause notice dated June 6, 2014 for the period July 2009 to June 2010 alleging claim of inadmissible input tax, suppression of sale, non payment of sales tax on fixed asset, non compliance of sales tax withholding rules, etc. The Company could not furnish the requisite information to the ACIR because of fire effected records. The ACIR passed ex-parte orders and raised the demand of Rs 518 million along with penalty and default surcharge. The Company filed appeal before Commissioner (Appeals- I) and the same was rejected. Company has filed appeal before ATIR which is pending for adjudication.

18.8 The ACIR issued notice to the Company for the period of July 2010 to June 2011 and confronted to charge sales tax on the difference of sales reported in financial statements and sales reported in monthly sales tax returns and passed ex-parte order with demand of Rs 1,048 million. The Company filed appeal before CIR Appeals and same was rejected. Resultantly appeal was filed before ATIR which is not fixed till date. In addition, the Company has also obtained stay from High Court.

18.9 The Assistant Commissioner - I, Sindh Revenue Board, disallowed input tax claim of the Company for the months of March 2014 to June 2014 and raised a demand of Rs 66 million. The Company filed appeal before Commissioner Appeals and hearing is pending for adjudication.

18.10 The Assistant Commissioner Inland Revenue alleged that Company had not withheld tax on payments made to foreign telecom operators during the tax years 2008, 2009, 2010 and 2011. Further the ACIR ordered the Company to pay alleged demand of Rs 477.767 million representing principal amount and default surcharge for the aforesaid tax years. The CIR - Appeals upheld the contentions of the assessing officer and directed the assessing officer to recalculate the withholding tax by applying the rates as given in the Division II of Part III of the First Schedule to the Income Tax Ordinance, 2001. The Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR), and same was rejected. The Company filed reference before the High Court and case was remanded back for fresh proceedings. The proceedings were finalized by the assessing officer and a demand of 1,911 million was created. The Company preferred an appeal before CIR - Appeals, which is pending for adjudication. Furthermore, assessing officer has also raised tax demand for Rs. 55 million in respect of tax year 2013 for alleged non deduction of tax while making payments to foreign telecom operators. The Company has filed an appeal before CIR Appeals which is pending for adjudication.

18.11 The Officer Inland Revenue, Audit - V, Large Taxpayers Unit, Islamabad (OIR) issued orders with an aggregate demand of Rs 422 million relating to tax years 2008, 2009, 2011 ,2012 and 2013 by holding that the taxes paid under section 148 (7) on imports of the Company are not adjustable against the income tax liability as the Company is not covered under the definition of industrial undertaking. The OIR also levied minimum tax under section 113 of the Income Ordinance, 2001 for tax years 2011, 2012 & 2013 by rejecting the stance of Company of gross loss. The Company preferred appeals against the aforesaid orders before CIR - Appeals and same were rejected by the CIR - Appeals except for the issue of levy of minimum tax which was remanded back for fresh hearing. The Company also filed appeal before ATIR on issue of industrial undertaking, which are pending for adjudication. The OIR also charged minimum tax for tax year 2012 by rejecting the stance of gross loss. The Company preferred an appeal/stay application before CIR - Appeals against the orders of OIR which is pending for adjudication.

18.12 DCIR issued notice to the Company and required to provide the details of tax deduction while making payment of finance cost for the year ended June 30, 2012. Subsequently, the DCIR raised a demand of Rs 253 million on gross amount of finance cost paid. The Company contended that DCIR did not considered the impact of exchange loss and bank charges. Appeal was filed before CIR - Appeals and rectification application before DCIR, which is pending for adjudication.

No provision on account of contingencies disclosed in note 18.3 - 18.12 above has been made in these financial statements as the management and its advisors are of the view, that these matters will eventually be settled in favour of the Company.

		2015	2014
		(Rupees in thousand)	
18.13	Outstanding commitments for capital expenditure	**668,447**	475,118

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 fixture	Motor Vehicles owned	Motor Vehicles leased	Total
	(Rupees in thousand)											
At June 30, 2013												
Cost	64,829	934,138	118,133	4,291,244	20,529,766	117,595	111,313	784,561	198,537	154,915	13,408	27,318,439
Accumulated depreciation	-	(132,264)	(34,179)	(494,556)	(5,966,359)	(107,180)	(46,205)	(717,003)	(76,050)	(134,432)	(7,558)	(7,715,786)
Accumulated impairment	-	-	-	-	(8,348,496)	-	(110)	(13,003)	-	(2,950)	-	(8,364,559)
Net book amount	64,829	801,874	83,954	3,796,688	6,214,911	10,415	64,998	54,555	122,487	17,533	5,850	11,238,094
Year ended June 30, 2014												
Opening net book amount	64,829	801,874	83,954	3,796,688	6,214,911	10,415	64,998	54,555	122,487	17,533	5,850	11,238,094
Additions	-	-	107	105,694	132,190	15,139	11,396	26,295	1,484	208	-	292,513
Disposals/ transfer												
- Cost	-	-	-	(97,020)	(6,447)	(1,262)	(408)	(1,255)	-	(1,647)	-	(108,039)
- Accumulated depreciation	-	-	-	-	595	1,262	358	1,159	-	1,647	-	5,021
- Net book value	-	-	-	(97,020)	(5,852)	-	(50)	(96)	-	-	-	(103,018)
Depreciation charge	-	(23,353)	(11,768)	(171,715)	(722,634)	(8,918)	(11,196)	(30,626)	(19,724)	(4,581)	(2,698)	(1,007,213)
Reversal of impairment	-	-	-	-	520,912	-	6	149	-	-	-	521,067
Assets classified as held for sale (Note 19)												
Cost	-	-	-	-	(16,210,466)	(2,467)	(301)	(26,547)	-	(33,642)	-	(16,273,423)
Accumulated depreciation	-	-	-	-	5,169,464	2,467	162	12,770	-	30,692	-	5,215,555
Accumulated impairment	-	-	-	-	7,827,584	-	104	12,854	-	2,950	-	7,843,492
Transferred to assets classified as held for sale	-	-	-	-	(3,213,418)	-	(35)	(923)	-	-	-	(3,214,376)
Closing net book amount	64,829	778,521	72,293	3,633,647	2,926,109	16,636	65,119	49,354	104,247	13,160	3,152	7,727,067
At June 30, 2014												
Cost	64,829	934,138	118,240	4,299,918	4,445,043	129,005	122,000	783,054	200,021	119,834	13,408	11,229,490
Accumulated depreciation	-	(155,617)	(45,947)	(666,271)	(1,518,934)	(112,369)	(56,881)	(733,700)	(95,774)	(106,674)	(10,256)	(3,502,423)
Net book amount	64,829	778,521	72,293	3,633,647	2,926,109	16,636	65,119	49,354	104,247	13,160	3,152	7,727,067
Year ended June 30, 2015												
Opening net book amount	64,829	778,521	72,293	3,633,647	2,926,109	16,636	65,119	49,354	104,247	13,160	3,152	7,727,067
Additions	5,714	-	47,202	1,112,130	265,701	23,915	37,947	16,684	37,965	5,515	-	1,552,773
Disposals/ transfer												
- Cost	-	-	-	(154,090)	(1,146)	-	(6,283)	(283)	-	(26,015)	-	(187,817)
- Accumulated depreciation	-	-	-	-	603	-	4,948	99	-	24,003	-	29,653
- Net book value	-	-	-	(154,090)	(543)	-	(1,335)	(184)	-	(2,012)	-	(158,164)
Depreciation charge	-	(23,353)	(12,181)	(175,208)	(307,853)	(10,618)	(11,666)	(36,388)	(20,116)	(4,967)	(16)	(602,366)
Closing net book amount	70,543	755,168	107,314	4,416,479	2,883,414	29,933	90,065	29,466	122,096	11,696	3,136	8,519,310
At June 30, 2015												
Cost	70,543	934,138	165,442	5,257,958	4,709,598	152,920	153,664	799,455	237,986	99,334	13,408	12,594,446
Accumulated depreciation	-	(178,970)	(58,128)	(841,479)	(1,826,184)	(122,987)	(63,599)	(769,989)	(115,890)	(87,638)	(10,272)	(4,075,136)
Net book amount	70,543	755,168	107,314	4,416,479	2,883,414	29,933	90,065	29,466	122,096	11,696	3,136	8,519,310
Annual rate of depreciation %	-	2.5	10	4	6.67-20	33.33	10	33.33	10	20	20	

19.1 Impairment

During the year ended June 30, 2012, the management reviewed the business performance of the WiMAX operations, considering it a separate cash generating unit (CGU), and recorded an impairment loss. The assessment of impairment of these assets was made on account of the certain triggering events as described below, which met the criteria specified under IAS 36 for assessment of impairment of assets.

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

The Company transferred assets and liabilities to WWL against issuance of shares at a mutually agreed price. The difference between the carrying values of net assets transferred to WWL and the consideration agreed against transfer of net assets related to the WiMAX operations to WWL under the share issuance agreement and as approved by the shareholders of the Company in extra ordinary general meeting was recognised as reversal of impairment loss in the prior year.

19.2 The cost of fully depreciated assets which are still in use as at June 30, 2015 is Rs 6,237 million (2014: Rs. 5,297 million).

		Note	**2015**	2014
20.	**Capital work in progress**		(Rupees in thousand)	
	Lease hold improvements		**7,328**	10,912
	Line and wire		**1,374,472**	1,326,058
	Network equipment (net of impairment of DSL assets Rs 353.515 million)		**124,792**	211,663
			1,506,592	1,548,633
20.1	Movement during the year			
	Balance as at July 1		**1,548,633**	729,229
	Additions during the year		**1,349,254**	943,214
	Less: Transferred to disposal group classified as held for sale	17	**-**	(26,790)
	Capitalised during the year		**(1,391,295)**	(97,020)
	Balance as at June 30		**1,506,592**	1,548,633
21.	**Intangible assets**			
	LDI license fee	21.1		
	Cost		**28,934**	28,934
	Amortisation			
	Opening balance		**14,348**	12,901
	Amortisation for the year		**1,447**	1,447
			(15,795)	(14,348)
	Net book value		**13,139**	14,586
	WLL license fee	21.2		
	Cost		**-**	176,366
	Amortisation			
	Opening balance		**-**	54,682
	Amortisation for the year		**-**	9,904
			-	(64,586)
	Net book value		**-**	111,780
	Less: Transferred to disposal group classified as held for sale	17	**-**	(111,780)
			-	-

	Note	2015	2014
		(Rupees in thousand)	
Software license	21.3		
Cost		**84,417**	84,417
Amortisation			
Opening balance		**66,253**	52,145
Amortisation for the year		**8,815**	14,108
		75,068	66,253
Net book value		**9,349**	18,164
ERP license	21.4		
Cost		**7,832**	7,832
Amortisation			
Opening balance		**7,832**	7,178
Amortisation for the year		**-**	654
		7,832	7,832
Net book value		**-**	-
Total net book value		**22,488**	32,750

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

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

(ii) PTA granted WLL license for a period of 20 years to Wateen Solutions (Pvt) Limited (WSPL), 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) During the year, Wireless Local Loop (WLL) License was transferred to wholly owned subsidiary WWL.

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

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

22. Long term investment in subsidiary companies - at cost

	June 30, 2015		June 30, 2014	
Unquoted	**%age Holding**	**Rs (000)**	%age Holding	Rs (000)
Wateen Solutions (Pvt) Limited				
413,212 fully paid ordinary shares of Rs 100 each	**51**	**52,656**	51	52,656
397,027 fully paid ordinary shares purchased during the year (note 22.2)	**49**	**85,000**		-
Advance against purchase of shares	**-**	**-**	-	85,000
	100	**137,656**	51	137,656
Wateen Satellite Services (Pvt) Limited	**100**	**5**	100	5
500 fully paid ordinary shares of Rs 10 each				
Netsonline Services (Pvt) Limited	**100**	**4,400**	100	4,400
4,000 fully paid ordinary shares of Rs 100 each				
Wateen Telecom UK Limited				
10,000 fully paid ordinary shares of GBP 1 each (note 22.3)	**100**	**1,390**	100	1,390
Wateen WiMAX (Pvt) Limited (WWL)				
1,000 fully paid ordinary shares of Rs 10 each	**100**	**10**	100	10
Shares acquired during the year (note 22.4)		**2,129,240**		-
		2,272,701		143,461
Provision for impairment of investment in				
Netsonline Services (Pvt) Limited		**(4,400)**		(4,400)
Wateen Telecom UK Limited		**(1,390)**		(1,390)
Wateen WiMAX (Pvt) Limited (note 22.5)		**(2,129,250)**		-
		(2,135,040)		(5,790)
		137,661		137,671

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

22.2 The Company acquired 49% shares (397,027 fully paid ordinary shares of Rs 100 each) of Wateen Solutions (Pvt) Limited effective November 18, 2014 for Rs 85 million .

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

22.4 As per the terms of share issuance agreement dated September 9, 2014 between the Company and WWL, WWL issued shares to the Company at par value for consideration against transfer of assets and liabilities pertaining to the WiMAX operations.

22.5 Pursuant to the termination notice served by WWL upon Pakistan subsidiary of Augere Holdings under the MTA, as referred to in note 18.4, the management reviewed the buisness performance of subsidiary company WWL, considering it a cash generating unit. An assessment has been made in respect of triggering events as specified by IAS 36 applicable to the impairment of investment in subsidiary relating to WiMAX business. Based on the following indicators applicable to WiMAX business, an impairment test has been carried out by management to determine the impairment of WiMAX business:

- Decline in the market value of WiMAX assets;
- Significant change in the technological and economic conditions;
- Decrease in the economic performance of WiMAX business; and
- indications suggested that WiMAX business is likely to become idle and management plans to materially curtails WiMAX business.

For the purpose of determining the value in use, the WiMAX subsidiary has been considered as separate Cash Generating Unit (CGU). The value in use has been determined using discounted cash flow method. The financial projections of the CGU for two years have been derived from a latest business plan approved by the Board of Directors (BOD) of the Company based on curtailment strategy as discussed above. The value in use of WiMAX CGU determined by a management is negative Rs 1,595 million using discount rate of 12%.

The fair value is scrap value of the assets in the subsidiary, which is not determinable till the assets are sold to third party as these assets have no active market. Keeping in view above, the management has recognized an impairment loss of Rs 2,129 million based on negative value in use, any consequential difference between scrap value and carrying amount as recongnized above will be dealt in the financial statements of ensuing periods in which the disposal or sale of these assets takes place.

23. Deferred income tax asset

	2015	2014
	(Rupees in thousand)	
Taxable temporary differences between accounting and tax depreciation	**(5,022,735)**	(1,627,377)
Unused tax losses - recognised to extent of taxable temporary differences	**5,022,735**	1,627,377
	-	-

The aggregate tax losses available to the Company for set off against future taxable profits at June 30, 2015 amounted to Rs 15,368 million. Of these, losses aggregating Rs 5,023 million have been recognized in the financial statements against taxable temporary differences at June 30, 2015 netted off by tax depreciation losses transferred to WWL of Rs 12,843 million.

Deferred tax asset, the potential tax benefit of which amounts to Rs 5,253 million has not been recognized on balance representing business losses aggregating to Rs 4,913 million, tax depreciation losses aggregating Rs 5,431 million, tax credits aggregating to Rs 53 million and deductible temporary differences on account of provisions and share issue cost aggregating Rs 5,413 million as at June 30, 2015. Business losses expire as follows:

Tax losses	Tax Year	Rs in million
	2018	3,413
	2019	508
	2020	883
	2021	109
Tax Credit	2020	53

24. Long term loan to subsidiary company (fully provided)

	Note	**2015**	2014
		(Rupees in thousand)	
Loan guaranteed on behalf of WWL		**1,111,000**	-
Long term loan to subsidiary company		**654,815**	-
		1,765,815	-
Less: provision for long term loan	24.1	**(1,765,815)**	-
		-	-

24.1 This represents loan given to subsidiary company, WWL and is interest free. The amount has been provided for during the year due to curtailed scale of operations of WWL, negative value in use of WiMAX, substantial loss of the year, termination of MTA and existence of no realistic basis of preparation of financial statements of WWL on a going concern basis.

25. Long term deposits

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

26. Long term prepayments

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

27. Trade debts - unsecured

	Note	**2015**	2014
		(Rupees in thousand)	
Considered good	27.1	**2,504,788**	3,069,660
Considered doubtful		**1,025,773**	922,062
		3,530,561	3,991,722
Provision for doubtful debts	27.4	**(1,025,773)**	(922,062)
		2,504,788	3,069,660

27.1 Trade debts include following balances due from related parties:

	2015	2014
Warid Telecom (Pvt) Limited	**128,892**	69,526
Warid International LLC, UAE - Parent company	**101,500**	98,600
Wateen Telecom UK Limited	**21,412**	-
Alfalah Insurance Company	**10,289**	7,556
Bank Alfalah Limited	**27,904**	-
	289,997	175,682

27.2 Trade debts include receivable under finance lease of optic fiber cable and telecom equipment as follows:

2015

	Total future payments	Unearned interest income	Present value
	(Rupees in thousand)		
Not later than one year	**121,180**	**91,095**	**30,085**
Between one and five years	**484,718**	**307,909**	**176,809**
Later than five years	**665,286**	**318,770**	**346,516**
	1,271,184	**717,774**	**553,410**

2014

	Total future payments	Unearned interest income	Present value
	(Rupees in thousand)		
Not later than one year	121,180	95,244	25,935
Between one and five years	484,718	332,295	152,423
Later than five years	786,466	385,479	400,988
	1,392,364	813,018	579,346

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

	Note	2015	2014
		(Rupees in thousand)	
0 to 6 months		**179,554**	72,649
6 to 12 months		**1,122**	-
Above 12 months		**109,321**	103,033
		289,997	175,682

27.4 Provision for doubtful debts

	Note	2015	2014
Opening balance		**922,062**	907,275
Provision made during the year - other than related parties		**103,711**	14,787
Closing balance	27.4.1	**1,025,773**	922,062

27.4.1 These include Rs 977 million (2014: Rs 874 million) based on age analysis of the debts as follows:

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

28. Contract work in progress

	Note	2015	2014
		(Rupees in thousand)	
Balance as at July 1		**21,458**	17,366
Additions during the year		**312,767**	4,092
Adjustments during the year		**(103,500)**	-
Balance as at June 30	28.1	**230,725**	21,458

28.1 This includes balance amounting to Rs 227 million (2014: Rs Nil) pertaining to associated company.

	Note	2015	2014
		(Rupees in thousand)	

29. Stores, spares and loose tools

	Note	2015	2014
Cost		**592,649**	611,776
Less: Provision for obsolete stores	29.1	**(90,759)**	(212,266)
		501,890	399,510

29.1 Provision for obsolete stores

Opening balance		**212,266**	212,266
Transfer to subsidiary company WWL		**(121,507)**	-
Closing balance		**90,759**	212,266

30. Advances, deposits, prepayments and other receivables

	Note	2015	2014
Advances to suppliers and contractors - considered good		**587,725**	746,906
Advances to employees - considered good		**40,520**	50,130
Security deposits and earnest money		**119,170**	102,569
Margin held by bank against letters of guarantee		**321,996**	337,395
Prepayments	30.1	**85,820**	104,415
Sales tax refundable		**155,496**	152,895
Due from associated companies	30.2	**1,945,449**	1,772,220
Receivable from gratuity fund		**5,582**	-
Accrued interest		**9,673**	7,842
Government grant receivable		**634,857**	238,997
Others		**124,206**	86,809
		4,030,494	3,600,178
Less:			
Provision for doubtful receivables - related parties	30.3		
Opening balance		**468,854**	447,607
Provision for the year - charged against finance income		**53,193**	21,247
Closing balance		**522,047**	468,854
Provision for doubtful receivables - other parties			
Opening balance		**130,764**	105,764
Provision for the year		**441,555**	25,000
Closing balance		**572,319**	130,764
		1,094,366	599,618
		2,936,128	3,000,560

30.1 These include current portion of right of way charges of Rs 17.036 million (2014: Rs 15.872 million).

30.2 Due from associated companies

	2015	2014
Wateen Solutions (Pvt) Limited	**1,106,770**	996,700
Wateen Telecom UK Limited	**385,310**	361,026
Warid Telecom (Pvt) Limited	**-**	7,162
Wateen Multi Media (Pvt) Limited	**207,555**	225,228
Advance for construction of Warid Tower	**68,916**	68,916
Warid International LLC, UAE - Parent company	**70,012**	52,717
Raseen Technologies (Pvt) Limited	**25,877**	23,261
Warid Telecom Georgia Limited	**21,820**	19,641
Netsonline services (Pvt) Limited	**8,351**	8,311
Warid Telecom International - Bangladesh	**7,909**	7,119
Wateen WiMAX (Pvt) Limited	**-**	2,022
Bank Alfalah Limited	**-**	117
Innov8 Limited	**42,929**	-
	1,945,449	1,772,220

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

	2015	2014
	(Rupees in thousand)	
Wateen Telecom UK Limited	**319,202**	288,889
Advance for construction of Warid Tower	**68,916**	68,916
Warid International LLC, UAE - Parent company	**70,012**	52,717
Raseen Technologies (Pvt) Limited	**25,877**	23,261
Warid Telecom Georgia Limited	**21,820**	19,641
Netsonline Services (Pvt) Limited	**8,311**	8,311
Warid Telecom International Bangladesh	**7,909**	7,119
	522,047	468,854

Provision for doubtful receivables other than Netsonline Services (Pvt) Limited was approved by shareholders of the Company in Extra Ordinary General Meetings held on December 31, 2011 and October 3, 2014.

31. Cash and bank balances

	2015	2014
	(Rupees in thousand)	
Balance with banks on		
- current accounts	**39,669**	113,537
- collection accounts	**17,378**	14,055
- deposit accounts	**32,534**	435,513
Cash in hand	**250**	837
	89,831	563,942

31.1 Bank balances amounting to Rs 29.651 million were under lien with banks (2014: Rs 25.213 million).

31.2 Cash and bank balances include foreign currency balances aggregating USD 0.082 million (2014: USD 1.046 million).

31.3 Bank balances on deposit accounts carried interest at an average rate of 5% - 8 % per annum (2014: 5%-8% per annum).

32. Revenue

	Note	2015	2014
		(Rupees in thousand)	
Gross revenue	32.1	**5,386,301**	6,416,743
Less: Sales tax / Federal excise duty		**406,712**	510,831
		4,979,589	5,905,912

32.1 This includes an amount of Rs. 560 million (2014: Rs. 1,528 million) representing the Company's share of gross revenue from the incoming international voice traffic, generated under the International Clearing House (ICH) arrangement. In accordance with PTA's directive of August 23, 2012, an agreement was signed on August 30, 2012 amongst Long Distance International (LDI) operators operating in Pakistan to establish the ICH for International incoming voice traffic terminating in Pakistan. Under the terms of the agreement, one operator was selected as the international operator. The agreement was approved by the Ministry of Information and Technology (MoIT) and became operational with effect from October 1, 2012. Under the agreement, the Company had a net share equal to its allocated percentage in total gross revenue of ICH, along with related costs. On February 24, 2015, the Honorable Supreme Court of Pakistan ordered to cancel the ICH arrangement. Accordingly, the operations of ICH were terminated with immediate effect by the Company.

	Note	2015	2014
		(Rupees in thousand)	

33. Cost of sales

LDI Interconnect cost		**992,446**	1,720,645
Leased circuit charges		**106,668**	242,061
Contribution to PTA Funds		**65,881**	62,130
PTA regulatory and spectrum fee		**16,470**	31,251
Cost associated with IRU of Optic Fibre Cable		**154,090**	97,020
Operational cost		**679,514**	491,215
Repair and maintenance		**181,632**	55,239
Bandwidth cost of VSAT services		**268,759**	551,920
LTE equipment		**206,306**	-
Others		**139,101**	133,150
		2,810,867	3,384,631

34. General and administration expenses

	Note	2015	2014
Salaries, wages and benefits	34.1	**929,984**	796,076
Rent		**92,101**	76,188
Repairs and maintenance		**8,745**	16,450
Vehicle repairs and maintenance		**11,012**	29,924
Travel and conveyance		**35,522**	47,560
Postage and stationery		**9,952**	24,806
Auditor's remuneration	34.2	**10,059**	6,956
Legal and professional charges		**48,577**	70,062
Communication expenses		**17,078**	26,449
Employee training		**3,361**	3,548
Customer services charges		**75,981**	45,314
Fees and subscription		**3,303**	1,000
Insurance		**37,908**	28,401
Entertainment		**12,947**	15,719
General office expenses		**42,618**	13,220
		1,339,148	1,201,673

34.1 These include charges against employee's retirement benefits as referred to in note 44.

	2015	2014
	(Rupees in thousand)	
34.2 Auditor's remuneration		
Annual audit	**2,200**	2,200
Audit of consolidated accounts and review of		
Half yearly accounts	**300**	1,100
Tax services	**7,464**	3,558
Out of pocket expenses	**95**	98
	10,059	6,956

35. Provisions

Provision for doubtful trade debts	**103,711**	14,787
Provision for doubtful advances and other receivables	**441,555**	25,000
	545,266	39,787

		Note	2015	2014
			(Rupees in thousand)	

36. Other income

	Note	2015	2014
<u>Income from non-financial assets</u>:			
Gain on sale of operating assets		**9,297**	-
Government grant recognised	13	**178,230**	205,679
Insurance claim received		**-**	60,000
Write back of liability		**407,799**	-
Others		**3,366**	-
		598,692	265,679

37. Finance cost

	Note	2015	2014
Markup on long term and medium term finance	37.1	**1,301,193**	1,244,809
Amortization of ancillary cost of long term finance		**52,708**	37,306
Mark up on short term borrowings	37.2	**88,471**	241,054
Finance cost of leased assets		**25**	334
Bank charges, commission, fees and other charges		**46,643**	54,037
Late payment charges on other payables		**1,967**	-
Exchange (gain)/loss		**574,209**	27,462
Others	37.3	**104,890**	-
		2,170,106	1,605,002

37.1 This includes markup related to long term finance from shareholders of Rs. 238.687 million (2014: Rs. 216.279 million), medium term finance from an associated company of Rs 74.279 million (2014: Rs 72.484 million) and markup related to associated company of Rs 157.643 million (2014: Rs Nil).

37.2 This includes markup related to an associated company of Rs. 75.993 million (2014: Rs. 240.256 million).

37.3 These represent charges paid in relation to termination of USF CTR Project.

	Note	2015	2014
		(Rupees in thousand)	

38. Provision for impairment of investment and long term loan in/to subsidiary company

	Note	2015	2014
Impairment of investment in subsidiary company	22	**2,129,250**	-
Provision for loan guaranteed on behalf of WWL	7.5	**1,111,000**	-
Provision for long term loan to subsidiary company	24	**654,815**	-
		3,895,065	-

39. Finance income

	2015	2014
Finance income on lease	**95,244**	98,821
Markup on advance to associated companies	**162,261**	124,562
Provision of markup on advances to associated companies	**(53,193)**	(21,247)
	109,068	103,315
Income on bank deposit accounts	**14,805**	33,760
	219,117	235,896

	Note	2015	2014
		(Rupees in thousand)	

40. TAXATION

	Note	2015	2014
Current - for the year			
Continuing operations		**52,590**	-
Discontinued Operations		**205**	-
	40.1	**52,795**	-

40.1 Reconciliation of tax charge

	%	%
Applicable tax rate	**33**	34
Tax effect of (income)/expense that are not allowed for tax purpose	**(1)**	-
Deferred tax asset on unused tax losses not recognised	**(33)**	(34)
Average effective tax rate	**(1)**	-

41. Financial instruments by category

41.1 Financial assets and liabilities

	Loans and receivables	Total
	(Rupees in thousand)	
2015		
Financial assets		
Maturity up to one year		
Trade debts-net of provision	2,504,788	2,504,788
Contract work in progress	230,725	230,725
Advances, deposits and other receivables	2,262,583	2,262,583
Bank balances	89,581	89,581
	5,087,677	5,087,677
Maturity after one year - Long term deposits	468,647	468,647

	Other financial liabilities	Total
	(Rupees in thousand)	
Financial liabilities		
Maturity up to one year		
Long term finance - secured	2,560,463	2,560,463
Short term running finance - secured	787,135	787,135
Trade and other payables	4,901,944	4,901,944
Interest/mark-up accrued	1,766,089	1,766,089
	10,015,631	10,015,631
Maturity after one year		
Long term finance - secured	14,063,553	14,063,553
Long term portion of deferred mark up	2,946,219	2,946,219
Long term finance from shareholders-unsecured	13,334,608	13,334,608
Medium term finance from an associated		-
company - unsecured	600,000	600,000
Long term deposits	35,680	35,680
	30,980,060	30,980,060

	Loans and receivables	Total
	(Rupees in thousand)	
2014		
Financial assets		
Maturity up to one year		
Trade debts-net of provision	3,069,660	3,069,660
Contract work in progress	21,458	21,458
Advances, deposits and other receivables	2,149,239	2,149,239
Bank balances	563,105	563,105
	5,803,462	5,803,462
Maturity after one year - Long term deposits	249,113	249,113

	Other financial liabilities	Total
	(Rupees in thousand)	
Financial liabilities		
Maturity up to one year		
Long term finance - secured	3,543,415	3,543,415
Long term portion of deferred mark up	129,223	129,223
Obligations under finance leases	908	908
Short term running finance - secured	2,151,680	2,151,680
Trade and other payables	6,379,980	6,379,980
Long term deposits	21,401	21,401
Interest/mark-up accrued	2,100,015	2,100,015
	14,326,622	14,326,622
Maturity after one year		
Long term finance - secured	12,184,265	12,184,265
Long term portion of deferred mark up	1,167,911	1,167,911
Long term finance from shareholders - unsecured	10,814,754	10,814,754
Medium term finance from an associated company - unsecured	600,000	600,000
Obligations under finance leases	182	182
Long term deposits	35,709	35,709
	24,802,821	24,802,821

41.2 Credit quality of financial assets

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

	Rating	**2015**	2014
		(Rupees in thousand)	
Trade debts			
	A1+	**122,508**	127,109
Counterparties with external credit rating	A1	**10,248**	5,208
	A2	**-**	494
	A3	**-**	2,562
	A-1	**4,052**	-
	A-1+	**73,771**	-
	A-2	**1,339**	-
	P-2	**26**	-
Counterparties without external credit rating			
Due from related parties		**289,997**	175,682
Others		**2,002,847**	2,758,605
		2,504,788	3,069,660

	Rating	2015	2014
		(Rupees in thousand)	
Advances, deposits and other receivables			
Counterparties with external credit rating	A1+	**1,740**	202,174
	A-1+	**4,577**	-
	A1	**1,000**	-
	A3	**-**	125,000
	AA	**-**	-
Counterparties without external credit rating			
Due from related parties		**1,423,402**	1,303,366
Others		**831,864**	518,699
		2,262,583	2,149,239
Long term deposits			
Others		**468,647**	249,113
Bank balances			
	A1+	**62,976**	220,173
	A-1+	**13,056**	327,201
	A-1	**13,549**	14,368
	P-1	**-**	70
	A3	**-**	1,293
		89,581	563,105

42. FINANCIAL RISK MANAGEMENT

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

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks. Management's policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors oversees how management monitors compliance with the Company's policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The directors are assisted in their oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

42.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to financial instruments fails to meet its contractual obligations, and arises principally from the Company's receivable from customers, deposits, contract work in progress, advances, deposits and other receivables and bank balances. The Company assesses the credit quality of counterparties as satisfactory. The Company does not hold any collateral as security against any of its financial assets. The Company limits its exposure to credit risk by investing only in liquid securities.

Company's exposure to credit risk is influenced mainly by the individual characteristics of each operator including the default risk of the industry and country in which the operator works. Significant portion of the Company’s receivables is attributable to operators. Company regularly monitors the status of receivables.

	2015	2014
	(Rupees in thousand)	
Trade debts-net of provision	**2,504,788**	3,069,660
Contract work in progress	**230,725**	21,458
Advances, deposits and other receivables	**2,262,583**	2,149,239
Bank balances	**89,581**	563,105
Long term deposits	**468,647**	249,113

Impairment losses

The aging of these trade debts at the reporting date is as follows:

	2015		2014	
	Gross	Impairment	Gross	Impairment
		(Rupees in thousand)		
Up to 3 months	**487,892**	**-**	2,105,065	-
3 to 6 months	**252,737**	**-**	267,108	-
6 to 9 months	**257,489**	**153,494**	62,945	31,374
Above 9 months	**2,532,443**	**872,279**	1,556,604	890,688
	3,530,561	**1,025,773**	3,991,722	922,062

The Company has recorded an allowance for impairment in respect of advances, deposits and other receivables of Rs 1,094 million (2014: Rs 600 million).

42.2 Liquidity risk

Liquidity risk is the risk that Company will not be able to meet its financial obligations as they fall due. Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines. Further shareholders of the Company has provided financial support in the form of long term finance to meet capital requirements of the Company. Management believes the same support will continue in future. Further, the Company has restructured the long term finance facilities and short term borrowings which will facilitate the Company to greater extent to meet its obligations/ covenants under loan agreements.

As June 30, 2015, the Company has financial assets of Rs 5,556 million (2014: Rs. 6,053 million) and Rs 7,893 million (2014: Rs. 10,314 million) unavailed borrowing facilities from financial institution.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amounts disclosed in the table are contractual undiscounted cash flows except for employee's retirement benefit obligations.

				Carrying Amount	
	Carrying amount	Contractual Cash flows	Less than 1 Year	Between 1 to 5 years	Above 5 years
			(Rupees in thousand)		
2015					
Long term finance - secured	**16,624,016**	**16,726,943**	**2,560,463**	**6,957,669**	**7,105,884**
Long term portion of deferred mark up	**2,946,219**	**2,946,219**	**-**	**-**	**2,946,219**
Long term finance from shareholders-unsecured	**13,334,608**	**21,255,300**	**-**	**-**	**13,334,608**
Medium term finance from an associated company - unsecured	**600,000**	**600,000**	**-**	**-**	**600,000**
Short term running finance - secured	**787,135**	**790,000**	**787,135**	**-**	**-**
Trade and other payables	**4,901,944**	**4,901,944**	**4,901,944**	**-**	**-**
Long term deposits	**35,680**	**35,680**	**-**	**35,680**	**-**
Interest/mark-up accrued	**1,766,089**	**1,766,089**	**1,766,089**	**-**	**-**
	40,995,691	**49,022,175**	**10,015,631**	**6,993,349**	**23,986,711**

	Carrying amount	Contractual Cash flows	Less than 1 Year	Carrying Amount Between 1 to 5 years	Above 5 years
			(Rupees in thousand)		
2014					
Long term finance - secured	15,727,680	15,833,115	3,543,415	12,184,265	-
Long term portion of deferred mark up	1,297,134	1,297,134	129,223	1,167,911	-
Long term finance from shareholders - unsecured	10,814,754	20,649,200	-	-	10,814,754
Medium term finance from an associated					-
company - unsecured	600,000	600,000	-	-	600,000
Obligations under finance leases	1,090	1,176	908	182	-
Short term running finance - secured	2,151,680	2,590,000	2,151,680	-	-
Trade and other payables	6,379,980	6,379,980	6,379,980	-	-
Long term deposits	57,110	57,110	21,401	35,709	-
Interest/mark-up accrued	2,100,015	2,100,015	2,100,015	-	-
	39,129,443	49,507,730	14,326,622	13,388,067	11,414,754

42.3 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Interest rate risk

As the significant financial assets and liabilities carry variable interest rates, Company's operating cash flows are dependent on changes in the market interest rates. Financial assets of Rs 987 million (2014: Rs 1,401 million) and financial liabilities of Rs 31,449 million (2014: Rs 29,401 million) were subject to interest rate risk.

At June 30, 2015, had interest rates been 1% higher/lower with all other variables held constant, loss for the year would have been Rs 305 million (2014: Rs 279.80 million) higher/lower.

b) Currency Risk

The Company is exposed to currency risk on long term finance, bank balance and receivables/payables which are denominated in currency other than the functional currency of the Company. Financial assets include Rs 2,849 million (2014: Rs 1,350 million) and financial liabilities include Rs 21,908 million (2014: Rs 18,900 million) in foreign currency which were exposed to exchange risk.

At June 30, 2015, if the currency had weakened/strengthened by 10% against US dollar with all other variables held constant, net loss for the year would have been Rs 1,906 million (2014: Rs 1,755 million) higher/lower.

c) Fair value of financial instruments.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

	2015	2014
	(Rupees in thousand)	
Financial assets - Loans and receivable		
Trade debts	**2,504,788**	3,069,660
Contract work in progress	**230,725**	21,458
Advances, deposits and other receivables	**2,262,583**	2,149,239
Bank balances	**89,581**	563,105
Long term deposits	**468,647**	249,113
	5,556,324	6,052,575
Financial liabilities - Other financial liabilities		
Long term finance - secured	**16,624,016**	15,727,680
Long term portion of deferred mark up	**2,946,219**	1,297,134
Long term finance from shareholders - unsecured	**13,334,608**	10,814,754
Medium term finance from an associated company - unsecured	**600,000**	600,000
Obligation under finance leases	**-**	1,090
Short term borrowings - secured	**787,135**	2,151,680
Trade and other payables	**4,901,944**	6,379,980
Long term deposits	**35,680**	57,110
Interest / markup accrued	**1,766,089**	2,100,015
	40,995,691	39,129,443

d) 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 sell assets to reduce debts. The Company is required to maintain debt equity ratio as specified in loan agreements and continuation of support from majority shareholder is vital for the Company's operations. Under the terms of loan agreements, the Company can not declare dividends, make any distributions or pay any other amount to its shareholders until the repayment of loan and the interest in full to the lenders. Further, the Syndicate shall be entitled to designate one nominee to be appointed as director in the Board of directors of the Company as referred in note 7.1.

43. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

43.1 Financial assets subject to offsetting

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	----------Rupees in thousand----------		
As at June 30, 2015			
Trade debts			
Due from international carriers	**3,165,672**	**518,947**	**2,646,725**
Pakistan Telecommunication Authority	**654,068**	**654,068**	**-**
Other trade receivables	**503,773**	**503,773**	**-**
	4,323,513	**1,676,788**	**2,646,725**
As at June 30, 2014			
Trade debts			
Due from international carriers	1,250,557	186,055	1,064,502
	1,250,557	186,055	1,064,502

43.2 Financial liabilities subject to offsetting

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position
	----------Rupees in thousand----------		
As at June 30, 2015			
Trade and other payables			
Due to international carriers	**1,607,871**	**518,947**	**1,088,924**
Pakistan Telecommunication Authority	**654,068**	**654,068**	**-**
Creditors	**1,108,825**	**1,108,825**	**-**
	3,370,764	**2,281,840**	**1,088,924**
As at June 30, 2014			
Trade and other payables			
Due to international carriers	1,248,149	186,055	1,062,094
	1,248,149	186,055	1,062,094

		2015	2014
		(Rupees in thousand)	

44. Employees' retirement benefits

		2015	2014
44.1	Liability/(asset) for funded staff gratuity	**(5,582)**	64,861
	The amounts recognised in the statement of financial position:		
	Present value of defined benefit obligation	**108,187**	198,837
	Benefits due but not paid	**4,616**	4,616
	Fair value of plan assets	**(118,385)**	(138,592)
	Net liability / (asset)	**(5,582)**	64,861

44.2 The amounts recognised in the statement of financial position are as follows:

	2015	2014
Opening liability / (asset)	**64,861**	69,858
Expense recognised in income statement	**(50,543)**	40,157
Contributions made during the year	**(26,762)**	(53,690)
Remeasurement loss/(gain) recognised in statement of comprehensive income	**6,862**	8,536
Closing liability / (asset)	**(5,582)**	64,861

44.3 The amounts recognised in income statement are as follows:

	2015	2014
Current service cost	**27,764**	36,141
Past service cost/(credit)	**(84,516)**	-
Interest cost	**22,246**	15,275
Expected return on plan assets	**(16,037)**	(11,259)
	(50,543)	40,157

44.4 Remeasurements recognised in other comprehensive income (OCI) are as follows:

	2015	2014
Remeasurement loss/(gain) on obligations:		
Experience loss	**5,741**	12,176
Loss/(gain) due to remeasurement of investment return	**1,121**	(3,490)
Remeasurement gain of prior period	**-**	(150)
	6,862	8,536

44.5 Changes in the present value of defined benefit obligation are as follows:

	2015	2014
Opening defined benefit obligation	**198,837**	155,706
Current service cost	**27,763**	36,141
Past service cost/(credit)	**(84,516)**	-
Interest cost	**22,246**	15,275
Remeasurement loss	**5,741**	12,176
Benefits paid	**(61,884)**	(20,461)
Closing defined benefit obligation	**108,187**	198,837

	2015	2014
	(Rupees in thousand)	

44.6 Changes in fair value of plan assets:

Opening fair value of plan assets	**138,592**	90,614
Remeasurement gain / (loss)	**(1,121)**	3,490
Contributions by employer	**26,761**	53,690
Benefits paid	**(61,884)**	(20,461)
Expected return on plan assets	**16,037**	11,259
Closing fair value of plan assets	**118,385**	138,592

Actual return on plan assets for the year is Rs 22.246 million.

During the next financial year, the expected (refund)/contribution to be paid to the gratuity fund by the Company is Rs (2.30) million (2014: Rs 46.07 million).

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

	2015		2014	
	Rupees ('000)	**%age**	Rupees ('000)	%age
Cash and bank	**32,073**	**27**	63,752	46
Investments	**86,312**	**73**	74,840	54
	118,385	**100**	138,592	100

44.8 Significant actuarial assumptions:

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

	2015	2014
Valuation discount rate-p.a	**9.75%**	13.25%
Expected rate of increase in salaries-p.a	**-**	13.25%
Expected rate of return on plan assets-p.a	**19%**	12%
Average expected remaining working life time of employees	**8 years**	8 years

44.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the defined benefit obligation at the end of reporting period would have increased/ (decreased) as a result of change in respective assumptions by one percent.

	Defined benefit obligation Effect of 1%	
	Increase	(Decrease)
	(Rupees in thousand)	
Discount rate	**4,164**	(4,651)

44.10 The weighted average number of years of defined benefit obligation is 8 years as at June 30, 2015.

44.11 The Company contributes to gratuity fund on the advice of fund's actuary. The contribution is equal to current service cost with the adjustment for any deficit.

	2015	2014
	(Rupees in thousand)	
Salaries, wages and benefits as appearing in note 34 include amounts in respect of the following:		
Provident fund	**27,332**	32,096
Gratuity fund	**(50,543)**	40,157
	(23,211)	72,253

45. Defined contribution plan

Details of provident funds are as follows:

Staff provident fund

	2015	2014
Net assets	**203,954**	199,764
Cost of investments made	**96,580**	150,173
Fair value of investments made	**118,593**	165,087
%age of investments made	**58%**	83%

	2015		2014	
Breakup of investment - at cost	**Rs '000**	**%age**	Rs '000	%age
Shares	**25,656**	**27**	25,656	17
Mutual Funds	**60,546**	**63**	60,546	40
Bank deposits	**10,378**	**10**	63,971	43
	96,580	**100**	150,173	100

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

46. General

46.1 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 46.2.

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

	2015	2014
	(Rupees in thousand)	
Parent Company		
Warid Telecom International LLC, UAE (WTI)		
Markup charged to WTI	**17,295**	4,909
Shareholders		
Long term finance received from shareholders	**2,194,375**	-
Markup on long term finance from shareholders	**238,687**	216,279
Subsidiary companies		
Wateen Solutions (Pvt) Limited (WSPL)		
Receipt of services	**3,021**	-
Markup charged to WSPL	**88,187**	100,941
Payments made by WSPL on behalf of Company	**8,976**	51,277
General and administrative expenses reimbursable on behalf of WSPL	**32,627**	36,642
Wateen Satellite Services Private Limited		
Payment made on behalf of Wateen Satellite	**55**	55
Wateen Telecom UK Limited (Wateen UK)		
Sale of services	**141**	1,067
Markup charged to Wateen UK	**30,313**	-
Netsonline Services (Private) Limited (NOSPL)		
Payments made by the Company on behalf of NOSPL	**40**	40
Wateen WiMAX (Pvt) Limited (WWL)		
Transfer of assets	**3,524,764**	-
Transfer of liabilities	**1,266,818**	-
Payments made by the Company on behalf of WWL	**524,013**	1,698
Subscriptions for new ordinary shares by WTL against consideration other than cash	**2,129,240**	-
Impairment of investment in WWL	**2,129,250**	-
Provision for loan guaranteed on behalf of WWL	**1,111,000**	-
Provision for long term loan to WWL	**654,815**	-

	2015	2014
	(Rupees in thousand)	
Associated companies:		
Warid Telecom (Pvt) Limited (WTPL)		
Sale of services	**1,289,650**	1,102,015
Cost and expenses charged by WTPL	**316,539**	648,220
Wateen Multimedia (Pvt) Limited (WMM)		
Markup charged to WMM	**20,891**	21,420
Warid Telecom Georgia Limited		
Markup charged on advances	**2,180**	2,106
Innov8 Limited		
Sale of services	**39,108**	-
Cost and expenses charged by WTL	**38,387**	-
Payments made by WTL on behalf of Company	**4,541**	-
Raseen Technology (Pvt) Limited		
Markup charged on advances	**2,616**	2,233
Warid Telecom International - Bangladesh		
Markup charged on advances	**791**	764
Bank Alfalah Limited (BAL)		
Sale of services	**110,804**	100,363
Markup charged by BAL on short term running finance	**233,636**	240,256
Markup charged on bank deposits with BAL	**141**	4,531
Taavun (Pvt) Limited		
Markup on long term finance	**74,279**	72,484
Provident Fund Trust		
Employer contribution to trust	**27,332**	32,096
Gratuity Fund		
Employer contribution to fund	**26,761**	40,157

46.2 Remuneration of Executive Directors and Chief Executive

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

	Chief Executive		Directors		Key management personnel		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	(Rupees in thousand)							
Managerial remuneration	**15,484**	15,484	**6,476**	5,465	**309,650**	304,218	**331,610**	325,167
Bonus	**-**	12,000	**-**	-	**-**	113,093	**-**	125,093
Housing and utilities	**8,516**	8,516	**-**	-	**170,308**	167,320	**178,824**	175,836
Company's contribution to provident and gratuity funds	**1,304**	1,290	**-**	-	**26,290**	26,473	**27,594**	27,763
Leave fair assistance	**1,304**	1,290	**-**	-	**26,277**	26,414	**27,581**	27,704
	26,608	38,580	**6,476**	5,465	**532,525**	637,518	**565,609**	681,563
Number of persons	**1**	1	**2**	2	**331**	333	**334**	336

46.3 Capacity

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

46.4 Number of employees	**2015**	2014
Total number of employees at end of the year	**536**	701
Average number of employees for the year	**590**	695

47. Reconstruction of accounting records destroyed in fire incident

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

Financial and accounting records and data (including computerized soft data) were lost pertaining to the period July 1, 2008 to February 10, 2012. The management of the Company commenced a comprehensive exercise to recreate necessary accounting records, documents, supports, agreements and other information which resulted in a successful completion of the data reconstruction assignment for the period starting from July 01, 2008 to February 10, 2012.

48. Date of authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on October 30, 2015.

Chief Executive

Director

Consolidated Financial Statements

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Wateen Telecom Limited (Wateen) and its subsidiary companies, Wateen Solutions (Pvt) Limited, Wateen Satellite Services (Pvt) Limited, Wateen Telecom UK Limited, Netsonline Services (Pvt) Limited and Wateen WiMAX (Private) Limited as at June 30, 2015 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Wateen Telecom Limited, subsidiary companies Wateen Satellite Services (Pvt) Limited and Wateen WiMAX (Private) Limited. Financial statements of subsidiary companies, Wateen Solutions (Pvt) Limited, Netsonline Services (Pvt) Limited and Wateen Telecom UK Limited have been audited by other firms of Chartered Accountants and whose reports have been furnished to us. Our opinion in so far as it relates to the amounts included in respect of these subsidiary companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of Wateen's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of Wateen Telecom Limited and its subsidiary companies as at June 30, 2015 and the result of their operations for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

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

As explained in note 48 to the consolidated financial statement, the Company is in the process of reconstructing its records for the period July 1, 2008 to June 30, 2011, which were lost by fire incident on February 10, 2012.

A.F.Ferguson & Co

Chartered Accountants
Islamabad:October 30, 2015

Engagement Partner: JehanZeb Amin

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

	Note	2015	2014
		(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		**(34,750,251)**	(28,077,077)
Currency translation differences		**(7,997)**	(30,891)
		(28,448,821)	(21,798,541)
Non-controlling interest		**-**	(108,405)
		(28,448,821)	(21,906,946)
NON CURRENT LIABILITIES			
Long term finance - secured	7	**-**	-
Term finance from associated company - unsecured	8	**-**	294,300
Long term portion of deferred mark up	9	**-**	-
Long term finance from shareholders - unsecured	10	**13,334,608**	10,814,754
Medium term finance from an associated company - unsecured	11	**600,000**	600,000
Obligations under finance leases	12	**-**	182
Long term deposits	13	**35,680**	35,709
		13,970,288	11,744,945
DEFERRED LIABILITIES			
Deferred government grants	14	**3,233,958**	2,794,218
CURRENT LIABILITIES			
Current portion of long term finance - secured	7	**16,624,016**	14,615,680
Term finance from associated company - unsecured	8	**305,100**	-
Current portion of deferred mark up	9	**3,017,066**	1,297,134
Current portion of obligations under finance leases	12	**-**	908
Short term running finance - secured	15	**787,135**	2,151,680
Trade and other payables	16	**6,179,124**	6,782,563
Interest / markup accrued	17	**1,766,089**	2,153,874
		28,678,530	27,001,839
Liabilities of disposal group classified as held for sale	18	-	1,266,818
CONTINGENCIES AND COMMITMENTS	19		
		17,433,955	20,900,874

The annexed notes 1- 50 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	20	**8,523,654**	7,731,598
Capital work in progress	21	**1,506,592**	1,548,633
Intangible assets	22	**116,839**	127,101
		10,147,085	9,407,332
ADVANCE AGAINST PURCHASE OF SHARES OF WATEEN SOLUTIONS (PVT) LTD		**-**	85,000
DEFERRED INCOME TAX ASSET	23	**8,254**	-
LONG TERM DEPOSITS AND PREPAYMENTS			
Long term deposits	24	**468,647**	249,113
Long term prepayments	25	**56,127**	65,571
		524,774	314,684
CURRENT ASSETS			
Trade debts	26	**2,907,326**	3,469,964
Contract work in progress		**339,764**	47,925
Stores, spares and loose tools	27	**501,890**	399,510
Stocks	28	**11,631**	16,876
Advances, deposits, prepayments and other receivables	29	**2,022,748**	2,179,160
Income tax refundable		**763,149**	565,637
Cash and bank balances	30	**207,334**	890,022
		6,753,842	7,569,094
Assets of disposal group classified as held for sale	18	**-**	3,524,764
		17,433,955	20,900,874

Chief Executive **Director**

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014 Represented
		(Rupees in thousand)	
Revenue	31	**6,109,147**	7,350,896
Cost of sales (excluding depreciation and amortisation)	32	**4,019,239**	5,199,871
General and administration expenses	33	**1,764,573**	1,576,576
Advertisement and marketing expenses		**30,644**	54,822
Selling and distribution expenses		**12,275**	29,195
Provisions	34	**810,230**	46,131
Other (income) / expenses	35	**(604,312)**	(271,668)
Profit before interest, taxation, impairment depreciation and amortisation		**76,498**	715,969
Less: Depreciation and amortisation		**996,739**	1,033,634
Finance cost	36	**2,253,857**	1,732,738
Impairment/(reversal) of WiMAX assets		**3,354,846**	(521,067)
Finance income	37	**(130,969)**	(134,955)
Loss before taxation		**(6,397,975)**	(1,394,381)
Income tax expense	38	**(74,932)**	(23,209)
Loss for the year		**(6,472,907)**	(1,417,590)
Loss attributable to:			
-owners of Wateen Telecom Limited		**(6,458,578)**	(1,378,531)
-non-controlling interest		**(14,329)**	(39,059)
		(6,472,907)	(1,417,590)

The annexed notes 1- 50 form an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	**2015**	2014 Represented
		(Rupees in thousand)	
Loss for the year		**(6,472,907)**	(1,417,590)
Other comprehensive income/ (loss)			
Currency translation differences		**22,894**	3,482
Remeasurement loss on staff retirement benefit plan	43.4	**(6,862)**	(8,536)
		16,032	(5,054)
Total comprehensive loss for the year		**(6,456,875)**	(1,422,644)
Total comprehensive loss attributable to:			
-owners of Wateen Telecom Limited		**(6,442,546)**	(1,383,585)
-non-controlling interest		**(14,329)**	(39,059)
		(6,456,875)	(1,422,644)

The annexed notes 1- 50 form an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	**(6,397,975)**	(1,394,381)
Adjustment of non cash items:		
Depreciation and amortisation	**996,739**	1,033,634
Finance cost	**2,253,857**	1,732,738
(Profit)/loss on sale of operating assets	**(10,934)**	-
Impairment/(reversal) of WiMAX assets	**3,354,846**	(521,067)
Operational cost associated with lease	**-**	-
Cost associated with IRU of optic fiber cable	**154,090**	97,020
Insurance claim received	**-**	(60,000)
Deferred USF grant recognised during the year	**(178,230)**	(205,679)
Provisions	**810,230**	46,131
Provision of markup on advances to associated companies	**22,880**	21,247
Remeasurement loss on staff retirement benefit plan	**(6,862)**	(8,536)
Write back of liability	**(407,799)**	-
	6,988,817	2,135,488
	590,842	741,107
Changes in working capital:		
(Increase) in trade debts	**416,058**	(431,077)
(Increase)/ decrease in contract work in progress	**(291,839)**	112,771
(Increase)/ decrease in stores, spares and loose tools	**(91,982)**	(71,805)
(Increase)/ decrease in stocks	**3,848**	(14,466)
(Increase)/ decrease in advances, deposits, prepayments and other receivables	**28,559**	(251,986)
Increase in trade and other payables	**(333,027)**	441,610
	(268,383)	(214,953)
Income taxes paid	**(280,698)**	(250,712)
Cash flow from operating activities	**41,761**	275,442
CASH FLOW FROM INVESTING ACTIVITIES		
Property, plant and equipment additions	**(1,781,233)**	(1,138,707)
Intangible assets additions	**(85,225)**	-
Proceeds from sale of property, plant and equipment	**15,008**	5,998
Proceeds from insurance claim	**-**	60,000
Long term deposits receivable (paid) / received	**(219,534)**	(8,227)
Long term prepayments	**9,444**	322
Cash flow from investing activities	**(2,061,540)**	(1,080,614)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	(Rupees in thousand)	
CASH FLOW FROM FINANCING ACTIVITIES		
Term finance from associated company - unsecured	**2,194,375**	293,701
Decrease in finance from supplier - unsecured	**-**	(40,542)
Increase in long term finance - secured	**1,926,953**	-
Long term finance repaid	**(1,033,125)**	-
Deferred grants received	**222,110**	1,049,491
Obligations under finance leases repaid	**(1,090)**	(3,257)
Long term deposits (repaid) / received	**(21,430)**	(1,110)
Finance cost paid	**(585,431)**	(795,509)
Cash flow from financing activities	**2,702,362**	502,774
INCREASE IN CASH AND CASH EQUIVALENTS	**682,583**	(302,398)
Effects of exchange rates on cash and cash equivalents	**(726)**	3,599
Cash and cash equivalents at beginning of the year	**(1,261,658)**	(962,859)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**(579,801)**	(1,261,658)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	**207,334**	890,022
Short term running finance - secured	**(787,135)**	(2,151,680)
	(579,801)	(1,261,658)

The annexed notes 1- 50 form an integral part of these financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Attributable to owners of Wateen Telecom Limited						
	Share capital	General reserve	Accumulated loss	Currency translation differences	Total	Non controlling interest	Total
	----------	----------	----------	----------(Rupees in thousand)----------	----------	----------	----------
Balance at July 1, 2013	6,174,746	134,681	(26,690,010)	(34,373)	(20,414,956)	(69,346)	(20,484,302)
Total comprehensive income / (loss) for the year							
Loss for the year	-	-	(1,378,531)	-	(1,378,531)	(39,059)	(1,417,590)
Other comprehensive loss	-	-	(8,536)	3,482	(5,054)	-	(5,054)
	-	-	(1,387,067)	3,482	(1,383,585)	(39,059)	(1,422,644)
Balance at June 30, 2014	6,174,746	134,681	(28,077,077)	(30,891)	(21,798,541)	(108,405)	(21,906,946)
Total comprehensive income/ (loss) for the year							
Loss for the year	-	-	(6,458,578)	-	(6,458,578)	(14,329)	(6,472,907)
Other comprehensive income/ (loss)	-	-	(6,862)	22,894	16,032	-	16,032
	-	-	(6,465,440)	22,894	(6,442,546)	(14,329)	(6,456,875)
Acquisition of non-controlling interest (49%) in Wateen Solutions (Pvt) Limited on Nevember 18, 2014	-	-	(207,734)	-	(207,734)	122,734	(85,000)
Balance at June 30, 2015	6,174,746	134,681	(34,750,251)	(7,997)	(28,448,821)	-	(28,448,821)

The annexed notes 1- 50 form an integral part of these financial statements.

Chief Executive

Director

1. Legal status and operations

The consolidated financial statements include the financial statements of Wateen Telecom Limited (Wateen) and its subsidiary companies Wateen Solutions (Pvt) Limited (100% owned) (2014: 51%), Wateen Satellite Services (Pvt) Limited (100% owned), Wateen Telecom UK Limited (100% owned), Netsonline Services (Pvt) Limited (100% owned) and Wateen WiMAX (Pvt) Limited (100% owned). For the purpose of these financial statements, Wateen and consolidated subsidiaries are referred to as the Company.

Wateen was incorporated in Pakistan as a Private Limited Company under the 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. Wateen commenced its LDI business commercial operations from May 1, 2005. The legal status of Wateen was changed from "Private Limited" to "Public Limited" with effect from October 19, 2009 and thereafter, it was listed on Karachi, Lahore and Islamabad Stock Exchanges. Subsequently, the Karachi, Lahore and Islamabad Stock Exchanges accepted the request for delisting of Wateen and accordingly Wateen stood delisted from these stock exchanges with effect from February 17, 2014. The registered office of Wateen is situated at Lahore. Wateen is a subsidiary of Warid Telecom International LLC, United Arab Emirates (WTI).

The subsidiary company, Wateen Solutions (Pvt) Limited (WSPL), 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, and acquired back 49% shares (397,027 fully paid ordinary shares of Rs 100 each) on November 18, 2014 for Rs 85 million.

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

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

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

The subsidiary company, Wateen WiMAX (Private) Limited (WWL), is incorporated as a Private Limited Company under the Companies Ordinance, 1984 on December 6, 2012 to carry on business of WiMAX telecommunications services. The shareholders of Wateen in their Extra Ordinary General Meeting held during the year consented for the approval of transfer of WiMAX related net assets as at July 10, 2014 to the WWL for consideration other than cash in terms of the share issuance agreement dated September 9, 2014 between WWL and the Company as referred to in note 1.1.

Subsidiaries are all entities over which Wateen 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. Wateen 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 Wateen's voting rights relative to the size and dispersion of holdings of other shareholders give Wateen the power to govern the financial and operating policies, etc.

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

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

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

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

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

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

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

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

1.1 Disposal group classified as held for sale and discontinued operations

Wateen along its wholly owned subsidiary Wateen WiMAX (Private) Limited (WWL) entered into a Master Transaction Agreement (MTA) with Augere Holdings (Netherlands) B.V (Augere Holdings) on December 4, 2013 for consolidation of their respective WiMAX buisnesses in Pakistan. In this respect, the parties were required to take certain steps pursuant to the aforesaid agreement. In furtherance of the terms of MTA, the shareholders of Wateen in their Extra-Ordinary General Meeting held on October 3, 2014 approved transfer of WiMAX related net assets as at July 10, 2014 to WWL for consideration other than cash in accordance with the terms of share issuance agreement dated September 9, 2014 between Wateen and WWL.

During the year, Wateen transferred the assets and liabilities envisaged in the agreement to WWL. However, during the year, the subsidiary company WWL served a termination notice under the MTA which has been acknowledged and accepted by a Pakistan subsidiary of Augere Holdings without prejudice to any accrued rights and interests in the matter. Accordingly, it has resulted in discontinuation of the plan for consolidation of respective WiMAX buisnesses in Pakistan. Further, the management decided to materially curtail its WiMAX operations to those cities only wherein it has contractual obligations towards Universal Service Fund (USF). The recoverable amount of WiMAX as a cash generating unit (CGU) has also been determined by the management whereby the financial projections of the CGU for two years were derived from a latest business plan approved by the Board of Directors (BOD) of Wateen and by considering the curtailment strategy as referred to above. The recoverable amount determined by management through value in use of WiMAX assets is negative Rs 1,595 million using discount rate of 12%. Based on this, management has fully impaired the carrying value of non current assets including operating assets amounting to Rs 3,154 million, intangible assets amounting to Rs 169 million and capital work in progress amounting to Rs 31 million. In addition, the Company has provided for the carrying amounts of obsolete stores amounting to Rs 266 million and doubtful advances amounting to Rs 60 million.

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) Management's assessment of going concern

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

Operational Performance

During the year ended June 30, 2015, the Company incurred loss of Rs 6,473 million and had net current liabilities as at June 30, 2015 of Rs 21,925 million, of which Rs 14,369 million relate to loan installments classified as current liabilities as mentioned in note 7.5 and note 8 and Rs 3,017 million relates to deferred markup classified as current liability as mentioned in note 9.5 which are due for repayment after June 30, 2016. The Company has negative equity of Rs 28,449 million at June 30, 2015. It is important to note that during these period of losses the majority shareholder of the Company has continued to provide financial support in the form of long term finance amounting to Rs 13,335 million to meet the requirements of the Company.

Following continuing losses, the Board had directed management to implement a 'Containment plan' that would stem the losses of the Company and provide stability. This containment plan included a cost cutting exercise, assessment of options for the WiMAX business, and continued support of the other business lines. With regards to the WiMAX business, Wateen transferred all its WiMAX assets and liabilities to the wholly owned subsidiary company, WWL. Thereafter, the management decided to curtail its WiMAX operations to USF cities only under the agreement with USF company. This will free up the resources of the Company to meet its obligations as they fall due.

The Company incurred capital expenditure on different Universal Service Fund (USF) Projects awarded by USF Company, (total contract of Rs 4,022 million value awarded to date) of which Rs 3,171 million has been received by the Company to date. Further certain milestones have been achieved and the Company is in the process of issuing the project milestone notice(s) for audit to the USF Company during the ensuing year. Upon successful completion of said audit, the Company will be entitled to claim the balance amount from USF Company related to completed milestones, and collect further receipts from the USF Company which will benefit the cash flow.

Debt restructuring

During the year, the Company and the lenders signed second amendatory agreement with Syndicate of banks. Under the agreement, Bank Alfalah's running finance facility - I has become part of Syndicate Finance Facility. Further, Rs 1,112 million was also transferred to wholly owned subsidiary WWL. As part of further restructuring, Deutsche Bank AG facility will be novated from Company to WTI and facility from ECGD will also be restructured in the same manner. Furthermore, Ijarah finance facility from DIB has been restructured as per terms of Syndicate Finance Facility. In addition to the above, USD 10 million was paid to the lenders on signing of the second amendatory agreement in proportion to their principal outstanding at June 30, 2013. As per restructured agreements, principal portion is to be settled in six monthly unequal installments starting from April 2015 till October 2024. The Company is required to mandatorily prepay the outstanding amount out of net cash proceeds from sale of WWL or any excess cash generated by the Company after taking into account a minimum cash balance, capital expenditure and working capital requirements in each financial year. Local lenders are also entitled to designate a member at Board of Directors of the Company. The management is of the view that restructuring will improve the liquidity position.

The Company is in process of fulfilling certian conditions precedent to make debt restructuring effective as referred to in note 7.

Ongoing Shareholder Support

The Company's majority shareholder WTI continues to provide management with comfort with regards to it's ongoing support, as this is evident from further loan of USD 22 million extended to the Company during the year for the repayment of USD 10 million to Syndicate of banks and remaining USD 12 million for operations of the Company.

In addition to this WTI guarantees the local Syndicate Finance Facility, and certain sponsors guarantees are provided to the foreign debt holders. WTI is expected to provide strong support to the management through the ongoing restructuring. The guarantees and financial assistance from WTI will enable the Company to continue its operations and fulfill its financial obligations for a minimum period of twelve months from the year end. Keeping in view the foregoing and other related operational facts, the management believes that the Company is able to operate on a going concern basis in the foreseeable future and these financial statements have been prepared reflecting this assumption.

(iv) Critical accounting estimates and judgments

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

(i) Operating assets - estimated useful life of property, plant and equipment (note 20)
(ii) Impairment of WiMAX assets (note 20)
(iii) Impairment of DSL assets (note 21)
(iv) Impairment of intangible assets (note 22)
(v) Provision for doubtful debts (note 26)
(vi) Provision for obsolete stores (note 27)
(vii) Provision for stocks (note 28)
(viii) Provision for doubtful advances and other receivables (note 29)
(ix) Provision for current and deferred income tax (note 23)
(x) Employees' retirement benefits (note 43)
(xi) Deferred government grants (note 14)

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 early adopted by Company:

		Effective date (annual periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 1, 2016
IFRS 10	Consolidated Financial Statements	January 1, 2015
IFRS 11	Joint Arrangements	January 1, 2015
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2015
IFRS 13	Fair Value Measurement	January 1, 2015
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 1, 2016
IAS 27	Separate Financial Statements (Amendments)	January 1, 2016
IAS 28	Investments in Associates and Joint Ventures	January 1, 2015
IAS 38	Intangible Assets (Amendments)	January 1, 2016
IAS 41	Agriculture (Amendments)	January 1, 2016

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation/disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been notified upto June 30, 2015 by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1 First-time adoption of International Financial Reporting Standards
IFRS 9 Financial instruments

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

IFRIC 4 Determining whether an arrangement contains lease
IFRIC 12 Service concession arrangements

4. Summary of significant accounting policies

4.1 Employees' retirement benefits

(i) Upto February 28, 2015, the Company provided gratuity to all permanent employess in accordance with the rules of the Company. Effective March 1, 2015, the benefit has been discontinued and amount due to employees as at February 28, 2015 will be payable at the time of final settlement. Actuarial valuation is conducted periodically using "Projected Unit Credit Method" and latest valuation was carried out at June 30, 2015. The details of actuarial valuation are given in note 43.

Actuarial gains and losses (remeasurement gains / losses) on employees' retirement benefit plans are recognised immediately in other comprehensive income and past service cost is recognized in profit and loss when they occur. Calculation of gratuity requires assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

(ii) Contributory provident fund for all permanent employees of the Company is in place. Contribution for the year amounted to Rs 28.370 million (2014: Rs 32.833 million) is charged to income for the year.

4.2 Taxation

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

Current

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

Deferred

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

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

4.3 Government grant

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

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

4.4 Borrowings and borrowing costs

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

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

4.5 Trade and other payables

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

4.6 Provisions

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

4.7 Contingent liabilities

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

4.8 Property plant and equipment

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

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

Depreciation on operating assets is calculated, using the straight line method, to allocate their cost over their estimated useful lives, at the rates mentioned in note 20.

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

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

4.9 Intangible assets

(i) Licenses

These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated using the straight line method from the date of commencement of commercial operations, to allocate the cost of the license over its estimated useful life specified in note 22, and is charged to income for the year.

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

(ii) Computer software

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

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

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

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

4.10 Impairment of non-financial assets

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

4.11 Right of way charges

Right of way charges paid to local governments, concerned authorities 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 debts and other receivables

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

4.13 Stores, spares and loose tools

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

4.14 Stocks

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

4.15 Cash and cash equivalents

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

4.16 Revenue recognition

Revenue is recognised as related services are rendered.

Revenue from granting of Indefeasible Right of Use (IRU) of dark fiber upto 25 years or more is recognised at the time of delivery and acceptance by the customer.

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

Revenue from prepaid cards is recognised as credit is used, unutilized credit is carried in Statement of Financial Position 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.

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

4.17 Foreign currency translation

a) Functional and presentation currency

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

b) Foreign currency transactions and translations

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

c) Foreign operations

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

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

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

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

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

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

4.18 Financial instruments

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

(a) Financial assets

Classification and subsequent measurement

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

(i) Fair value through profit and loss

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

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

(ii) Held to maturity

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

(iii) Loans and receivables

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

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

(iv) Available for sale

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

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

Impairment

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

(b) Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

(i) Fair value through profit or loss

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

(ii) Other financial liabilities

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

(c) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

4.19 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, 2015		June 30, 2014	
	Number of Shares	Rs '000	Number of Shares	Rs '000
5. Share capital				
Authorised share capital:				
Ordinary shares of Rs 10 each	**1,000,000,000**	**10,000,000**	1,000,000,000	10,000,000
Issued, subscribed and paid up share capital:				
Shares issued for cash				
Ordinary shares of Rs 10 each	**408,737,310**	**4,087,373**	408,737,310	4,087,373
Shares issued as fully paid				
bonus shares of Rs 10 each	**208,737,310**	**2,087,373**	208,737,310	2,087,373
	617,474,620	**6,174,746**	617,474,620	6,174,746

5.1 The parent company, Warid Telecom International LLC, U.A.E held 588,577,066 (2014: 465,082,734) ordinary shares, the associated companies Bank Alfalah Limited held Nil (2014: 83,494,920) ordinary shares, Taavun (Private) Limited held Nil (2014: 28,034,821) 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	2015	2014
		(Rupees in thousand)	
Syndicate of banks	7.1	**8,861,625**	8,142,335
Export Credit Guarantee Department - (ECGD)	7.2	**2,603,529**	2,528,009
Dubai Islamic Bank (DIB)	7.3	**381,454**	424,000
Deutsche Bank AG	7.4	**4,880,335**	4,738,771
Total		**16,726,943**	15,833,115
Less: Transferred to disposal group classified as held for sale	18	**-**	(1,112,000)
		16,726,943	14,721,115
Unamortized transaction and other ancillary cost			
Opening balance		**105,435**	142,741
Addition during the year		**50,200**	-
Amortisation for the year		**(52,708)**	(37,306)
		(102,927)	(105,435)
		16,624,016	14,615,680
Less: Amount shown as current liability			
Amount payable within next twelve months		**(2,560,463)**	(2,431,415)
Amount due after June 30, 2016		**(14,063,553)**	(12,184,265)
	7.5	**(16,624,016)**	(14,615,680)
		-	-

		Note	2015	2014
7.1	Facility 1	7.1.1	**7,796,452**	8,142,335
	Facility 2	7.1.2	**1,065,173**	-
			8,861,625	8,142,335

7.1.1 The Company obtained syndicate term finance facility from a syndicate of banks with Standard Chartered Bank Limited (SCB), Habib Bank Limited (HBL), Bank Al-Habib Limited (BAHL) and National Bank of Pakistan (NBP), being lead arrangers to finance the capital requirements of the Company. During the year, the Company and the Syndicate of Banks signed second amendatory agreement to restructure Syndicate term finance facility and the short term running finance from Bank Alfalah Limited (BAF) running finance facility-I. All the finance facilities have been fully availed by the Company till June 30, 2015. The principal is now repayable in twenty unequal six monthly instalments. The first such instalment being due on April 1, 2015 and subsequently every six months until October 1, 2024.

The Company is required to mandatorily prepay the outstanding amount out of net cash proceeds from sale of WWL or any excess cash generated by the Company after taking into account a minimum cash balance, capital expenditure and working capital requirements in each financial year. The rate of mark-up is 12% per annum from July 1, 2013 which shall stand deferred till payment of the final installment of principal portion (deferred payment) as referred to in note 9.1. Earlier, principal was repayable in ten unequal semi annual installments with first installment due on July 1, 2014 and it carried a mark up of 6 months KIBOR per annum till December 31, 2013 and 6 months KIBOR + 2.5% per annum for remaining period.

Certain conditions precedent to the second amendatory agreement are not yet fulfilled, management of the Company is taking steps to fulfill those conditions. Once conditions precedent to restructured agreements are fulfilled, a formal letter shall be issue to the Company by the Syndicate of aforesaid Banks, which shall complete the restructuring process.

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets, a mortgage by deposit of title deeds in respect of immoveable properties of the Company, pledge over fully paid ordinary shares (entire present and future) owned by the Company in Wateen WiMAX (Private) Limited and owned by WTI in the capital of the Company, a guarantee from WTI for amounts payable under second amendatory agreement and undertaking from shareholders from WTI for retaining the shareholding and control of WTI. Syndicate is entitled to designate one nominee to be appointed as director in the Board of directors of the Company.

7.1.2 During the year, WTL transferred a portion of principal amount outstanding under Syndicate Term Finance Agreement (STFA) to WWL. Accordingly, WWL entered into an agreement with Syndicate of banks for transfer of loan amounting to Rs 1,066 million with Standard Chartered Bank Limited (SCB), Bank Alfalah Limited (BAFL), Bank Al-Habib Limited (BAHL) and Habib Bank Limited (HBL) being lead arrangers. Under the terms of the agreement between WWL and Syndicate of banks, the principal is repayable by the Company in eight unequal semi-annual installments. The first such installment was due on April 1, 2015 and subsequently every six months until October 1, 2018. The rate of mark-up is 6% per annum. Entire markup shall be paid by the Company on a date falling six months from the date of payment of last installment of principal amount.

The facility is secured with a margin of 25% over the principal amount outstanding, by way of hypothecation over all WiMAX assets, corporate guarantee from WTL and pledge over fully paid ordinary shares (entire present and future shareholding) owned by the WTL in the capital of WWL.

7.2 The Company obtained long term finance facility amounting to USD 42 million (2014: USD 42 million) from ECGD UK, of which USD 35 million (2014: USD 35 million) was availed till June 30, 2015. During the year ended June 30, 2012, the Company and ECGD UK signed an agreement to restructure the terms of loan agreement including repayment schedule. Amount outstanding at June 30, 2015 was USD 25.60 million (2014: 25.60 million). The principal is repayable in ten semi annual installments. The first such installment was due on July 1, 2014 and subsequently every six months until January 1, 2019. The rate of mark-up is six month LIBOR + 1.5% (interest rate) per annum till June 30, 2011 and six month LIBOR + 1.9% (interest rate) for the remaining period. If the amount of installment payable and/or interest payable is not paid on the due date, the Company shall pay interest on such amount the interest rate + 2% per annum.

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 and assets which are subject to lien in favour of USF), a mortgage by deposit of title deeds in respect of immoveable properties of the Company, lien over collection accounts and Debt Service Reserve Account and personal guarantees by three Sponsors of the Company.

As explained in note 2(iii), the Company is in negotiation with the lenders to restructure the above finance facility.

			2015	2014
			(Rupees in thousand)	
7.3	Facility 1	7.3.1	**335,627**	424,000
	Facility 2	7.3.2	**45,827**	-
			381,454	424,000

7.3.1 The Company obtained Ijarah finance facility of Rs 530 million (2014: Rs 530 million) from DIB. During the year, the Company and DIB signed an agreement to restructure the terms of the Ijarah finance facility. The principal is now repayable in twenty unequal six-monthly instalments. The first such instalment was due on April 1, 2015 and subsequently every six months until October 1, 2024. The rate of mark-up is 12% per annum from commencement date which shall stand deferred till payment of the final installment of principal portion (deferred payment) as referred to in note 9.2. Earlier, principal was repayable in ten unequal semi annual installments with first such installment due on July 1, 2014 and it carried a markup of 6 months KIBOR per annum till December 31, 2013 and 6 months KIBOR + 2.5% per annum for remaining period.

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

The facility is secured by way of hypothecation over all present and future moveable assets (including all current assets) and present and future current/ fixed assets (movable and immoveable), pledge over fully paid ordinary shares (entire present and future) owned by the Company in Wateen WiMAX (Private) Limited and owned by WTI in the capital of the Company, a corporate guarantee from Warid Telecom International LLC and undertaking from shareholders from WTI for retaining the shareholding and control of WTI.

7.3.2 During the year, WTL transferred a portion of principal amount outstanding under Ijara Finance Facility to WWL. Accordingly, WWL entered into an agreement with DIB for transfer of loan amounting to Rs 45.9 million. Under the terms of agreement between DIB and the Company, the principal is repayable by the Company in eight unequal semi-annual installments. The first such installment is due on April 1, 2015 and subsequently every six months until October 1, 2018. The rate of mark-up is 6% per annum. Payment of markup shall be deferred until the date of payment of last installment of principal amount and aggregate of all such deferred amounts shall be paid by the Company on April 1, 2019.

The facility is secured with a margin of 25% over the principal amount outstanding, by way of hypothecation over all WiMAX assets, corporate guarantee from parent company and pledge over fully paid ordinary shares (entire present and future shareholding) owned by the parent company in the capital of the Company.

7.4 The Company obtained term finance facility of USD 65 million (2014: USD 65 million) from Motorola Credit Corporation (MCC) of which USD 64 million (2014: USD 64 million) has been availed till June 30, 2015. On August 19, 2011, MCC has transferred all of its rights, title benefits and interests in the original facility agreement to Deutsche Bank AG as lender, effective August 19, 2011. During the year ended June 30, 2012, the Company and Deutsche Bank AG signed an agreement to restructure the terms of loan agreement. Amount outstanding at June 30, 2015 was USD 48 million (2014: USD 48 million). The principal is repayable in ten semi annual installments commencing from July 1, 2014 until and including the final maturity date which is December 31, 2019. The rate of mark-up is six month LIBOR + 1% per annum provided that rate shall be capped at 2.5% per annum. If the Company fails to pay any amount payable on its due date, interest shall accrue on the unpaid sum from the due date up to the date of actual payment at a rate which is 2% higher than the rate of interest in effect thereon at the time of such default until the end of the then current interest period. Thereafter, for each successive interest period, 2% above the six-month LIBOR plus margin provided the Company is in breach of its payment obligations hereof.

The loan is secured through personal guarantee by one Sponsor of the Company and is ranked pari passu with unsecured and unsubordinated creditors.

As explained in note 2(iii), the Company is in negotiation with the lenders to restructure the above finance facility.

7.5 The Company is required to make payments of loan installments and markup of long term finance on due dates. The Company has not paid loan installment of ECGD amounting to USD 6.323 million and loan installment of Deutsche Bank AG amounting to USD 11.853 million which fell due during the year ended June 30, 2015. Further, the Company was not able to make payments of markup to ECGD and Deutsche Bank AG of Rs 31.367 million and Rs 74.279 million on due dates. Furthermore, certain applicable ratios specified in the above loan agreements have not been maintained at June 30, 2015. In addition, latest restructured loan agreements have not yet become effective as certain conditions precedent to the restructured agreements are not yet fulfilled and the Company is obliged to prepay the outstanding amounts in certain events mentioned therein. Accordingly, the lenders shall be entitled to declare all outstanding amount of the loans immediately due and payable. In terms of provisions of International Accounting Standard on Presentation of financial statements (IAS 1), since the Company does not have an unconditional right to defer settlement of liabilities for at least twelve months after the statement of financial position date, all liabilities under these loan agreements are required to be classified as current liabilities. Based on above, loan installments for an amount of Rs 14,064 million due after June 30, 2016 have been shown as current liability.

8. Term finance from associated company - unsecured

This represents long term finance provided by Dhabi One Investment Services LLC to fulfil requirements of MTA and is a subordinated loan to be repaid in twelve equal semi annual installments commencing from March 1, 2018. The rate of mark-up is 6 months LIBOR + 1% payable on six monthly basis. The interest shall be payable in arrears and no interest shall be payable until March 1, 2018, and till that date, interest shall be accumulated and thereafter be payable in cash accordingly. Although the loan is subordinated to all secured finance facilities availed by WWL, yet the entire amount has been classified as current liability as the financial statements of WWL are being prepared on the management estimate that entity is a non- going concern.

	Note	**2015**	2014
		(Rupees in thousand)	
9. Long term portion of deferred mark-up			
Syndicate of banks	9.1	**2,955,551**	1,077,478
Dubai Islamic Bank (DIB)	9.2	**55,738**	4,904
Bank Alfalah Limited	9.3	**-**	214,752
Dhabi One Investment Services LLC (DOIS)	9.4	**5,777**	-
Total		**3,017,066**	1,297,134
Less: Amount shown as current liability			
Amount payable within next twelve months		**-**	(129,223)
Amount due after June 30, 2016		**(3,017,066)**	(1,167,911)
	9.5	**(3,017,066)**	(1,297,134)
		-	-

9.1 As explained in note 7.1, the markup (deferred payments) has been restructured under the second amendatory agreement. The deferred payments are payable in following order of priority and sequence:

i) Deferred payment of Rs 1,023 million pertaining to the period of January 1, 2011 till June 30, 2013 shall be paid in seven unequal six-monthly installments starting from April 1, 2015 and ending on April 1, 2028;

ii) Deferred payment at 8% per annum for the period from July 1, 2013 till March 31, 2014 shall be paid in four unequal six-monthly installments starting from April 1, 2028 and ending on October 1, 2029.

iii) Deferred payment at 5% per annum for the period from April 1, 2014 upto final due date under second amendatory agreement shall be paid in two unequal installments due on October 1, 2029 and April 1, 2030;

iv) After payments of all amounts above, the deferred payment at 4% per annum for the period of July 1, 2013 till March 31, 2014 and at 7% per annum for the period from April 1, 2014 upto final date under second amendatory agreement shall be payable as a bullet payment in the year 2030 subject to availability of the excess cash generated by the Company; and

v) Under the terms of Syndicate Term Finance Facility signed on October 31, 2014 between Syndicate of banks and WWL, markup for the period July 1, 2014 to June 30, 2015 on long term loan from Syndicate of banks is payable by WWL in full on April 1, 2019.

9.2 As explained in note 7.3, the markup (deferred payments) has been restructured. The markup is payable in the following sequence:

i) Markup calculated at 5% per annum for the period from commencement date till October 1, 2024 shall be paid in eleven six-monthly installments starting from April 1, 2025 and ending on April 01, 2030.

ii) Markup at 7% per annum shall be paid as a bullet payment in the year 2030 subject to availability of the excess cash generated by the Company; and

iii) As per agreement signed with WWL, the amount accrued at 6% from October 1, 2014 till October 1, 2018 shall be paid as a bullet payment in the year 2019.

9.3 During the year, the Company and Syndicate of banks signed an agreement to restructure running finance from Bank Alfalah Limited (BAF) running finance Facility - I and consolidated this with Syndicate Finance facility as referred in note 7.1 above.

9.4 This amount is payable in six-monthly installments commencing from March 1, 2018. As the loan associated with markup is classified as current liability as referred to in note 8, the entire amount has been classified as current liability.

9.5 As explained in note 7.5, the entire amount has been shown as current liability.

10. Long term finance from shareholders - unsecured

	Note	**2015**	2014
		(Rupees in thousand)	
Facility 1	10.1	**2,443,343**	2,372,469
Facility 2	10.2	**10,891,265**	8,442,285
		13,334,608	10,814,754

10.1 The Company obtained long term finance from a shareholder amounting to USD 24 million (2014: USD 24 million). This loan is subordinated to all secured finance facilities availed by the Company. This loan is repayable within 30 days of the expiry of a period of five years from the last date the lender has disbursed the loans, which shall be on or about January 29, 2015. The rate of mark-up is 6 months LIBOR + 1.5% with 24 months payment grace period payable half yearly. Alternativelyloans may be converted into equity by way of issuance of the Company's ordinary shares at the option of the lender at any time prior to, at or after the repayment date on the best possible terms but subject to fulfillment of all legal requirements at the cost of the Company. The said conversion of loan shall be affected at such price per ordinary share of the Company as shall be calculated after taking into account the average share price of the last 30 calendar days, counted backwards from the conversion request date, provided that such conversion is permissible under the applicable laws of Pakistan.

This loan together with accrued interest will have at all times priority over all unsecured debts of the Company except as provided under Law. In the event the Company defaults on its financial loans or in case Warid Telecom InternationalLLC, 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. As the loan is subordinated to all secured finance facilities availed by the Company, the entire amount of loan has been classified as non current liability.

10.2 The Company has obtained long term finance facility from a shareholder amounting to USD 185 million (2014: USD 185 million) of which USD 107 million (2014: USD 85 million) has been availed at June 30, 2015. The rate of mark-up is 6 months LIBOR + 1.5% payable half yearly. The Company shall repay the loan in full in five equal annual installments from June 30, 2014 with final maturity date of June 30, 2018. Alternativelythe lender shall also have the option to instruct the Company any time during the term of this agreement to convert the remaining unpaid amount of the loan and the interest in part or in its entirety into equity by way of issuance of ordinary shares of the Company in favour of the lender in compliance with all applicable laws of Pakistan.

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

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

11. Medium term finance from an associated company - unsecured

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

	2015	2014
	(Rupees in thousand)	

12. Obligations under finance leases

Present value of minimum lease payments	-	1,090
Less: Current portion shown under current liabilities	-	(908)
	-	182

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% (2014: KIBOR+3% to 3.5%).

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

	2015	2014
	(Rupees in thousand)	
Due within one year		
Minimum lease payments	-	990
Less: Financial charges not yet due	-	(82)
Present value of minimum lease payments	-	908
Due after one year but not later than five years		
Minimum lease payments	-	186
Less: Financial charges not yet due	-	(4)
Present value of minimum lease payments	-	182
	-	1,090

13. Long term deposits

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

14. Deferred grants

This represents amount received and receivable from Universal Service Fund (USF) as subsidy to assist in meeting the cost of deployment of USF Fiber Optic Network for providing USF Fiber Optic Communication Services in Sindh, Baluchistan, Punjab and broad band services in Faisalabad Telecom Region, Hazara Telecom Region and Gujranwala Telecom Region. USF Fiber Optic Network and broad band network will be owned and operated by the Company. Total amount of USF contracts is Rs 4,022 million (2014: Rs 4,662 million) payable by USF in five installments in contracts with project implementation milestones.

Movement during the year is as follows:

	Note	2015	2014
		(Rupees in thousand)	
Balance at beginning of the year - excluding amount receivable		**2,555,221**	1,711,409
Amount received during the year		**222,110**	1,049,491
Amount receivable at year end - net		**634,857**	238,997
Amount recognised as income during the year	35	**(178,230)**	(205,679)
Balance at end of the year		**3,233,958**	2,794,218

15. Short term running finance - secured

	Note	2015	2014
		(Rupees in thousand)	
Facility - I	15.1	**-**	1,668,315
Facility - II	15.2	**787,135**	483,365
		787,135	2,151,680

15.1 During the year, the Company and Syndicate of banks signed an agreement to restructure the short term running finance from Bank Alfalah Limited (BAF) running finance Facility - I and consolidated this with Syndicate Finance facility as referred in note 7.1.

15.2 The Company has a cash finance facility of Rs 790 million (2014: Rs 790 million) of which Rs 2.865 million (2014: Rs 307 million) was unutilised as at June 30, 2015. The facility has been renewed during the year with certain changes in its terms. The facility is available till December 31, 2015. Markup on the facility is to be serviced on quarterly basis. The rate of mark-up is 3 months KIBOR + 1% per annum.

This facility is secured by lien marked on an amount of USD 8.764 million held under the name "Dhabi One Investment Services LLC" maintained at Bank Alfalah.

16. Trade and other payables

	Note	2015	2014
		(Rupees in thousand)	
Creditors		**617,038**	446,600
Due to associated companies	16.1	**41,382**	16,879
Due to international carriers		**1,088,924**	1,051,609
Payable to Pakistan Telecommunication Authority		**584,535**	1,010,844
Accrued liabilities		**2,661,259**	3,516,495
Payable to gratuity fund	43	**-**	64,861
Payable to provident fund		**75,343**	27,043
Unearned revenue		**39,207**	643
Advance from customers	16.2	**907,087**	570,553
Workers' Welfare Fund		**794**	-
Security deposits		**20,786**	-
Income tax deducted at source		**138,306**	77,036
Others		**4,463**	-
		6,179,124	6,782,563

16.1 Due to associated companies

	2015	2014
Bank Alfalah Limited	**17,521**	16,879
Warid Telecom International LLC, UAE - Parent Company	**23,861**	-
	41,382	16,879

16.2 Advance from customers

This includes advance of Rs 48.983 million (2014: Rs 48.983 million) received from associated companies.

17. Interest / markup accrued

	Note	2015	2014
		(Rupees in thousand)	
Long term finance from shareholders/ sponsors		**922,616**	663,796
Long term finance - secured		**420,600**	966,771
Long term finance - unsecured	8	**-**	33
Medium term finance - unsecured	17.1	**391,928**	317,648
Short term running finance - secured	17.2	**30,945**	205,626
		1,766,089	2,153,874

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 amounting to Rs 17.032 million (2014: Rs 20.925 million).

18. Disposal group classified as held for sale

Assets alongwith liabilities of WiMAX operations were transferred to wholly owned subsidiary company WWL during the year. The disposal group comprised WiMAX operations. The assets and liabilities of disposal group were separately classified as held for sale and income statement has been represented as referred to in note 1.1 after discontinnuation of plan to consolidate WiMAX businesses.

18.1 Assets and liabilities of disposal group classified as held for sale

	Note	**2015**	2014
i) Assets of disposal group		(Rupees in thousand)	
Operating assets	20	-	3,214,376
Capital work in progress	21	-	26,790
Intangible assets	22	-	111,780
Stores, spares and loose tools		-	154,818
Advances, deposits, prepayments and other receivables		-	17,000
		-	3,524,764
ii) Liabilities of disposal group classified as held for sale			
Long term finance - secured	7	-	1,112,000
Trade and other payables		-	133,417
Long term deposits		-	21,401
		-	1,266,818
		-	2,257,946

19. Contingencies and Commitments

	2015	2014
	(Rupees in thousand)	
19.1 Claims against the Company not acknowledged as debt	**355,157**	314,728
19.2 Performance guarantees issued by banks on behalf of the Company	**1,261,677**	2,485,101

19.3 Under the Access Promotion Regulations, 2005, the Company is liable to make payments of Access Promotion Charges (APC) for Universal Service Fund (USF) within 90 days of close of the month to which such payment relates. The Company has disputed the APC Regulations, 2005 and the case is currently pending with High Court. The Company has not recorded the penalty on delayed payment of APC for USF amounting to Rs 1,152 million as required by the Access Promotion Regulations, 2005 as the management and legal advisor of the Company are of the view, that the Company has a strong case and chances of success are very high.

19.4 WWL under the terms of the MTA served the termination notice to Augere Holdings and claimed certain expenditures as reimbursable to WWL on account of business consolidation not successful as per MTA. In response to Company's termination notice, Augere Pakistan (Pvt) Limited served notice to the Company as acknowledgement of termination of MTA and claimed certain charges. WWL and the Company, being a party to MTA, is in process of initiating arbitration proceedings for settlement of its charges incurred under MTA.

19.5 The Deputy Commissioner Inland Revenue (DCIR), Enforcement Unit IV, Large Taxpayers Unit (LTU), Islamabad had issued Order-in-Original based on the observations of Director General Intelligence and Investigation and raised a demand of Rs 31.830 million to be paid along with penalty and default surcharge and also issued recovery notice. The Commissioner Inland Revenue - Appeals [CIR(Appeals)] and Appellate Tribunal Inland Revenue upheld the orders of the DCIR. The Company preferred its case before the honorable High Court which remanded the case to Appellate Tribunal for fresh determination.

19.6 The Assistant Commissioner Inland Revenue (ACIR), Enforcement Unit IV, LTU, Islamabad, had issued show cause notices based on the observation that Company has not furnished Sales Tax and Federal Excise returns for the periods from August 2009 to March 2010, November 2010 and December 2010. In this respect, ACIR issued Order-in-Original and assessed demand of Rs 249.471 million (calculated on the basis of alleged minimum liability) payable along with penalty and default surcharge and also issued recovery notice. The Company deposited principal amount of Rs 138.709 million and default surcharge of Rs 26.231 million based on actual liability as per own working of the Company. The Appellate Tribunal Inland Revenue, Islamabad has remanded the case to the assessing officer with certain directions. The Company submitted certain information in response to the related proceedings initiated by ACIR, Enforcement-IV, LTU, Islamabad and proceedings are not yet completed in this respect by the ACIR.

19.7 The Additional Commissioner Inland Revenue, Audit - II, Large Taxpayers Unit, Islamabad (ACIR) issued show cause notice dated June 6, 2014 whereby ACIR alleged the Company is claiming inadmissible input tax, suppression of sale, non payment of sales tax on fixed asset, non compliance of sales tax special procedure withholding rules, penalty on late filing of sales tax and federal excise returns and non withholding of federal excise duty on advertisement services. The Company could not furnish the requisite information to the ACIR because of fire effected records. The ACIR passed ex-parte orders and raised the demand of Rs 518 million along with penalty and default surcharge. The Company filed appeal before Commissioner (Appeals- I) and same was rejected. Appeal was filed before ATIR which is pending for adjudication.

19.8 The ACIR issued notice to the Company for the period of July 2010 to June 2011 and confronted to charge sales tax on the difference of sales reported in financial statements and sales reported in monthly slaes tax returns and passed ex-parte order with demand of Rs 1,048 million. The Company filed appeal before CIR Appeals and same was rejected. Resultantly appeal was filed before ATIR which is not fixed till date. In addition, the Company has also obtained stay from High Court.

19.9 The Assistant Commissioner - I, Sindh Revenue Board, disallowed input tax claim of the Company for the months of March 2014 to June 2014 and raised a demand of Rs. 66 million. The Company filed appeal before Commissioner Appeals and hearing is pending for adjudication.

19.10 The Assistant Commissioner Inland Revenue (ACIR) LTU Islamabad alleged that Company had not withheld tax on payments made to foreign telecom operators during the tax years 2008, 2009, 2010 and 2011. Further the ACIR ordered the Company to pay alleged demand of Rs 477.767 million representing principal amount and default surcharge for the aforesaid tax years. The CIR - Appeals upheld the contentions of the ACIR and directed the assessing officer to recalculate the withholding tax by applying the rates as given in the Division II of Part III of the First Schedule to the Income Tax Ordinance, 2001. The Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR), and same was rejected. The Company filed reference before the High Court and case was remanded back to the DCIR for fresh proceedings. The proceedings were finalized by the DCIR and a demand of 1,911 million was created. The Company preferred an appeal before CIR - Appeals, and also filed the stay application against the aforesaid demand of income which are pending for adjudication. Furthermore, DCIR has also raised tax demand for Rs. 55 million in respect of tax year 2013 for alleged non deduction of tax while making payments to foreign telecom operators. The Company filed appeal before CIR Appeals which is pending for adjudication.

19.11 The Officer Inland Revenue, Audit - V, Large Taxpayers Unit, Islamabad (OIR) issued orders with an aggregate demand of Rs 422 million relating to tax years 2008, 2009, 2011 ,2012 and 2013 by holding that the taxes paid under section 148 (7) on imports of the Company are not adjustable against the income tax liability as the Company is not covered under the definition of industrial undertaking. The OIR also levied minimum tax under section 113 of the Income Ordinance, 2001 for tax years 2011, 2012 & 2013 by rejecting the stance of Company of gross loss. The Company preferred appeals against the aforesaid orders before CIR - Appeals and same were rejected by the CIR - Appeals except for the issue of levy of minimum tax which was remanded back for fresh hearing. The Company also filed appeal before ATIR on issue of industrial undertaking, which are pending for adjudication. The OIR also charged minimum tax for tax year 2012 by rejecting the stance of gross loss. The Company preferred an appeal/stay application before CIR - Appeals against the orders of OIR which is pending for adjudication.

19.12 DCIR issued notice to the Company and required to provide the details of tax deduction while making payment of finance cost for the year ended June 30, 2012. Subsequently, the DCIR raised a demand of Rs 253 million on gross amount of finance cost paid. The Company contended that DCIR did not consider the impact of exchnage loss and bank charges. Appeal was filed before CIR - Appeals and rectification application before DCIR, which is pending for adjudication.

19.13 In relation to financial years 2008 and 2009 of WSPL, FBR contended to levy sales tax and federal excise duty of Rs. 113.30 million. WSPL paid Rs. 10.98 million under amnesty scheme against such order. An appeal was filed before Commissioner Inland Revenue Appeals which upheld the demand raised by the Department. The Company preferred appeal before Appellate Tribunal Inland Revenue (ATIR) and the ATIR vide its order vacated the demand and remanded back the issue to the assessing officer with certain directions and the related proceedings are yet to be finalised.

19.14 The Deputy Commissioner Inland Revenue issued an order raising demand of Rs. 1.2 million in the case of WSPL by contending that the same has been inadmissible as vendors have not deposited the sales tax. WSPL has filed an appeal before Commissioner Inland Revenue which is pending for adjudication.

19.15 In relation to financial year 2008, the Additional Commissioner Inland Revenue raised demand of Rs. 173.8 million by contending that exports of WSPL shall be taxed at the rate of 35% and also disallowed certain provisions amounting Rs. 21.35 million. WSPL filed its reply and took the plea that the notice dated June 19, 2014 is barred by time and also furnished the related information. WSPL obtained stay from the High Court against the aforesaid demand and preferred an appeal before Commissioner Inland Revenue Appeals which is pending for adjudication.

19.16 The Officer Inland Revenue, Audit - V, Large Taxpayers Unit, Islamabad issued show cause under the provisions of section 122 (5) of the Ordinance for the amendment of assessment for tax year 2009 of WSPL on account of non-withholding of taxes on salaries, services purchased and incorrect apportionment of expenses. The Company furnished the related information/details in response to show cause notice. The OIR did not acceeded to WSPL's submissions and raised the income tax demand of Rs 43.322 million. WSPL preferred appeal before the CIR Appeals which is pending for adjudication. WSPL also filed rectification application under section 221 of the Ordinance on account of incorrect apportionment and restriction of credit of taxes paid which is pending for adjudication.

19.17 The Assistant Commissioner Inland Revenue, Regional Tax Office - I, Lahore passed an order under section 122C of the Ordinance in case of WSPL and raised the demand of Rs 113,840. The Company preferred appeal before the CIR Appeals, Lahore against the aforesaid orders.

19.18 The Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit (LTU), Lahore issued notice under section 161/205 of the Income Tax Ordinance, 2001 (the Ordinance) and required WSS to provide the related proof of withholding taxes. WSS contended that the jurisdiction of the Company rests with Regional Tax Office, Islamabad not with the LTU Lahore. WSS had not provided the related documents. The DCIR proceeded ex-parte and levied the tax of Rs 57 million. The Company preferred appeal before the CIR (Appeals) and the CIR (Appeals) after due hearings remanded the case to the DCIR. The DCIR initiated the proceeding under section 124 of the Ordinance on June 12, 2015 and fixed the compliance for June 19, 2015. WSS filed extension in time for 15 days. The DCIR did not concur to the Company's request and proceeded to pass an exparte orders and again levied the demand of Rs 57 million. WSS preferred appeal before the Commissioner Appeals and also filed stay application.

19.19 WSS case for tax year 2013 was selected for tax audit under section 214C of the Income Tax Ordinance, 2001 through random computer ballot. The DCIR requested the Company to furnish information and the Company provided the necessary information/details. The DCIR after considering the Company's submissions passed orders on December 31, 2014 and raised the income tax demand of Rs 6,627,494. The Company filed the rectification application against the aforesaid orders by contending that the adjustment of current tax year and prior periods tax losses were not allowed and the DCIR has also not allowed the credit of prior period tax refund. The DCIR while disposing off the rectification application restricted the income tax demand to Rs 3,536,000 and adjusted the current and prior period tax losses from the taxable income. The Company also preferred an appeal before the CIR (Appeals) which is pending for adjudication.

No provision on account of contingencies disclosed in note 19.3 - 19.19 above has been made in these financial statements as the management and advisors of the Company are of the view, that these matters will eventually be settled in favour of the Company.

		2015	2014
		(Rupees in thousand)	
19.20	Outstanding commitments for capital expenditure	**754,677**	475,118

20. **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
	Rs '000												
At June 30, 2013													
Cost	64,829	934,138	118,133	4,291,244	20,724,957	7,911	117,595	111,314	793,558	198,538	158,992	13,408	27,534,617
Accumulated depreciation	-	(132,264)	(34,179)	(494,556)	(6,000,266)	(7,911)	(107,180)	(46,206)	(726,001)	(76,049)	(138,509)	(7,558)	(7,770,679)
Accumulated Impairment	-	-	-	-	(8,505,424)	-	-	(110)	(13,003)	-	(2,950)	-	(8,521,487)
Net book amount	64,829	801,874	83,954	3,796,688	6,219,267	-	10,415	64,998	54,554	122,489	17,533	5,850	11,242,451
Year ended June 30, 2014													
Opening net book amount	64,829	801,874	83,954	3,796,688	6,219,267	-	10,415	64,998	54,554	122,489	17,533	5,850	11,242,451
Additions	-	-	107	105,694	132,190	-	15,139	11,396	26,295	1,484	208	-	292,513
Disposals/ transfer													
- Cost	-	-	-	(97,020)	(6,447)	-	(1,262)	(408)	(1,255)	-	(1,647)	-	(108,039)
- Accumulated depreciation	-	-	-	-	595	-	1,262	358	1,159	-	1,647	-	5,021
- Net book value	-	-	-	(97,020)	(5,852)	-	-	(50)	(96)	-	-	-	(103,018)
Depreciation charge	-	(23,353)	(11,768)	(171,715)	(722,942)	-	(8,918)	(11,196)	(30,626)	(19,724)	(4,581)	(2,698)	(1,007,521)
Reversal of impairment	-	-	-	-	520,912	-	-	6	149	-	-	-	521,067
Assets classified as held for sale (note 20.1)													
Cost	-	-	-	-	(16,210,466)	-	(2,467)	(301)	(26,547)	-	(33,642)	-	(16,273,423)
Accumulated depreciation	-	-	-	-	5,169,464	-	2,467	162	12,770	-	30,692	-	5,215,555
Accumulated impairment	-	-	-	-	7,827,584	-	-	104	12,854	-	2,950	-	7,843,492
Transferred to assets classified as held for sale	-	-	-	-	(3,213,418)	-	-	(35)	(923)	-	-	-	(3,214,376)
Currency translation difference	-	-	-	-	482		-	-	-	-		-	482
Closing net book amount	64,829	778,521	72,293	3,633,647	2,930,639	-	16,636	65,119	49,353	104,249	13,160	3,152	7,731,598
At June 30, 2014													
Cost	64,829	934,138	118,240	4,299,918	4,640,234	7,911	129,005	122,001	792,051	200,022	123,911	13,408	11,445,668
Accumulated depreciation	-	(155,617)	(45,947)	(666,271)	(1,553,149)	(7,911)	(112,369)	(56,882)	(742,698)	(95,773)	(110,751)	(10,256)	(3,557,624)
Accumulated impairment	-	-	-	-	(156,928)	-	-	-	-	-	-	-	(156,928)
Currency translation difference					482								482
Net book amount	64,829	778,521	72,293	3,633,647	2,930,639	-	16,636	65,119	49,353	104,249	13,160	3,152	7,731,598
Year ended June 30, 2015													
Opening net book amount	64,829	778,521	72,293	3,633,647	2,930,639	-	16,636	65,119	49,353	104,249	13,160	3,152	7,731,598
Reclassification of assets previously held for sale (note 1.1)	-	-	-	-	3,213,418	-	-	35	923	-	-	-	3,214,376
Additions	5,714	-	47,202	1,112,130	560,523	-	23,915	37,947	18,928	38,190	5,515	-	1,850,064
Disposals/ transfer													
- Cost	-	-	-	(154,090)	(1,146)	(7,911)	-	(6,283)	(283)	-	(26,015)	-	(195,728)
- Accumulated depreciation	-	-	-	-	603	7,911	-	4,948	99	-	24,003	-	37,564
- Net book value	-	-	-	(154,090)	(543)	-	-	(1,335)	(184)	-	(2,012)	-	(158,164)
Depreciation charge	-	(23,353)	(12,181)	(175,208)	(662,506)	-	(10,618)	(11,672)	(39,262)	(20,139)	(4,967)	(16)	(959,922)
Impairment during the year	-	-	-	-	(3,153,843)	-	-	(29)	-	(202)	-	-	(3,154,074)
Currency translation differences	-	-	-	-	(224)		-	-	-	-	-	-	(224)
Closing net book amount	70,543	755,168	107,314	4,416,479	2,887,688	-	29,933	90,065	29,758	122,098	11,696	3,136	8,523,654
Cost	70,543	934,138	165,442	5,257,958	21,410,077	-	155,387	153,966	837,243	238,212	137,053	13,408	29,373,427
Accumulated depreciation	-	(178,970)	(58,128)	(841,479)	(7,384,516)	-	(125,454)	(63,768)	(794,631)	(115,912)	(122,407)	(10,272)	(9,695,537)
Accumulated impairment	-	-	-	-	(11,138,355)	-	-	(133)	(12,854)	(202)	(2,950)	-	(11,154,494)
Currency translation differences	-	-	-	-	258	-	-	-	-	-	-	-	258
Net book amount	70,543	755,168	107,314	4,416,479	2,887,464	-	29,933	90,065	29,758	122,098	11,696	3,136	8,523,654
Annual rate of depreciation %	-	2.5	10	4	6.67-20	33.33	33.33	10	33.33	10	20	20	

20.1 Pursuant to the termination notice served by WWL and Pakistan subsidiary of Augere Holdings under MTA as referred to in note 1.1, the management reviewed the buisness performance of WiMAX operations, considering it a cash generating unit. An assessment has been made in respect of triggering events as specified by IAS 36 applicable to the impairment of assets relating to WiMAX business. Based on the following indicators applicable to WiMAX business, an impairment test has been carried out by management to determine the impairment of its assets relating to WiMAX business:

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

For the purpose of determining the value in use, the WiMAX business has been considered as Cash Generating Unit (CGU). The value in use has been determined using discounted cash flow method. The financial projections of the CGU for two years have been derived from a latest business plan approved by the Board of Directors (BOD) of the Company based on curtailment strategy as discussed above. The value in use of WiMAX assets determined by a management is negative Rs 1,595 million using discount rate of 12% .

The fair value is scrap value of these assets which is not determinable till the assets are sold to third party as these assets have no active market. Keeping in view above, the management has recognized an impairment loss of Rs 3,154 million based on negative value in use, any consequential difference between scrap value and carrying amount as recongnized above will be dealt in the financial statements of ensuing periods accordingly.

20.2 The cost of fully depreciated assets which are still in use as at June 30, 2015 is Rs. 6,246 million (2014: Rs. 5,305 million).

20.3 This includes assets amounting to Rs 284 million which are under the use of third party.

	Note	**2015**	2014
21. Capital work in progress		(Rupees in thousand)	
Lease hold improvements		**7,882**	10,912
Line and wire		**1,405,211**	1,326,058
Network equipment (net of impairment of DSL assets Rs 384.908 million)		**93,499**	211,663
		1,506,592	1,548,633
21.1 Movement during the year			
Balance as at July 1		**1,548,633**	729,229
Additions during the year		**1,353,857**	943,214
Reclassified from / (transferred) to disposal group classified as held for sale	18	**26,790**	(26,790)
Capitalised during the year		**(1,391,295)**	(97,020)
		1,537,985	1,548,633
Provision for impairment of capital work in progress	21.2	**(31,393)**	-
Balance as at June 30		**1,506,592**	1,548,633
21.2 Provision for impairment of capital work in progress			
Opening balance		**353,515**	353,515
Provision made during the year		**31,393**	-
Closing balance		**384,908**	353,515

	Note	2015	2014
		(Rupees in thousand)	
22. Intangible assets			
LDI license fee	22.1		
Cost		**28,934**	28,934
Amortisation			
Opening balance		**14,348**	12,901
Amortisation for the year		**1,447**	1,447
		(15,795)	(14,348)
Net book value		**13,139**	14,586
WLL license fee	22.2		
Cost			
Opening Balance		**176,366**	176,366
Additions during the year		**17,000**	-
Closing Balance		**193,366**	176,366
Amortisation			
Opening balance		**64,586**	54,682
Amortisation for the year		**18,709**	9,904
		(83,295)	(64,586)
Net book value		**110,071**	111,780
Less: Transferred to disposal group classified as held for sale	18	**-**	(111,780)
		110,071	-
Less: Provision for impairment of WLL License		**(110,071)**	-
		-	-
Software license	22.3		
Cost			
Opening Balance		**84,417**	84,417
Additions during the year		**67,254**	-
Closing Balance		**151,671**	84,417
Amortisation			
Opening balance		**66,253**	52,145
Amortisation for the year		**16,661**	14,108
		82,914	66,253
NBV - Software license		**68,757**	150,670
Less: Provision for impairment		**(59,408)**	-
Net book value		**9,349**	18,164
ERP license	22.4		
Cost		**7,832**	7,832
Amortisation			
Opening balance		**7,832**	7,178
Amortisation for the year		**-**	654
		(7,832)	(7,832)
Net book value		**-**	-
Goodwill			
Goodwill arising on acquisition of Netsonline Services (Pvt) Limited	22.5	**5,766**	5,766
Less: Provision for impairment of goodwill		**(5,766)**	(5,766)
		-	-
Goodwill arising on acquisition of Wateen Solutions (Pvt) Limited	22.6	**11,333**	11,333
Goodwill arising on business acquisition by the subsidiary company	22.7	**83,018**	83,018
		94,351	94,351
Total net book value		**116,839**	127,101

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

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

(ii) PTA granted WLL license for a period of 20 years to Wateen Solutions (Pvt) Limited (WSPL), 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) During the year, Wireless Local Loop (WLL) License has been transferred to wholly owned subsidiary WWL.

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

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

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

22.6 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 acquired 49% shares (397,027 fully paid ordinary shares of Rs 100 each) of Wateen Solutions (Pvt) Limited for Rs 85 million, effective November 14, 2014.

22.7 Goodwill

22.7.1 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.

22.7.2 Impairment testing of goodwill

Goodwill acquired through business combination has been tested for impairment. The recoverable amount has been determined based on a value in use calculation using cash flow projections from the financial budgets approved by the Board covering a five-year period. The discount rate applied to cash flow projections is 13% (2014: 15%) per annum, which is the expected rate of return required by WTL.
Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

Revenue growth

Growth in revenues have been projected after taking into account order backlogs and follow on orders and best estimates. The management believes that these assumptions are reasonable considering the current market dynamics and their expectation of market conditions going forward.

Discount rates

The discount rate reflects management estimates of the rate of return required by the parent company.

Key business assumptions
These assumptions are important, as well as using industry data for growth rates, management assesses how the position might change over the projected period and ready to trade off amongst various revenue options to meet the desired results.

Sensitivity to changes in assumptions
Management believes that reasonable possiblechanges in other assumptions used to determine the recoverable amounts will not result in an impairment of goodwill.

23. Deferred income tax asset

	2015	2014
	(Rupees in thousand)	
Deductable temporary differences on account of provisions	**8,254**	-

The aggregate tax losses available to the Company for set off against future taxable profits at June 30, 2015 amounted to Rs 50,875 million. Of these, losses aggregating Rs 5,023 million have been recognized in the financial statements against taxable temporary differences at June 30, 2015.

Deferred tax asset, the potential tax benefit of which amounts to Rs 20,656 million has not been recognized on balance representing business losses aggregating to Rs 20,043 million, tax depreciation losses aggregating Rs 18,921 million, tax credit aggregating to Rs 53 million, decelerated tax depreciation and amortisation on operating and intangible assets of Rs 3,205 million and deductible temporary differences on account of provisions and share issue cost aggregating Rs 20,263 million as at June 30, 2015. Business losses expire as follows:

Tax Year	(Rupees in million)
2016	1,175
2017	1,949
2018	3,561
2019	8,266
2020	3,808
2021	1,283
Tax Credit	
2020	53

24. Long term deposits

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

25. Long term prepayments

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

	Note	2015	2014
		(Rupees in thousand)	
26. Trade debts - unsecured			
Considered good	26.1	**2,907,326**	3,469,964
Considered doubtful		**1,193,272**	1,046,692
		4,100,598	4,516,656
Provision for doubtful debts	26.4	**(1,193,272)**	(1,046,692)
		2,907,326	3,469,964

26.1 Trade debts include following balances due from associated companies:

	2015	2014
Warid Telecom (Pvt) Limited	**224,297**	107,179
Warid International LLC, UAE - Parent company	**101,500**	98,600
Bank Alfalah Limited	**44,063**	16,736
Alfalah Insurance Company	**11,578**	8,335
INOV8 Limited	**2,131**	-
	383,569	230,850

26.2 Trade debts include receivable under finance lease of optic fiber cable and telecom equipment as follows:

2015

	Total future payments	Unearned Interest	Present value
		(Rupees in thousand)	
Not later than one year	**121,180**	**91,095**	**30,085**
Between one and five years	**484,718**	**307,909**	**176,809**
Later than five years	**665,286**	**318,770**	**346,516**
	1,271,184	**717,774**	**553,410**

2014

	Total future payments	Unearned Interest	Present value
		(Rupees in thousand)	
Not later than one year	121,180	95,244	25,935
Between one and five years	484,718	332,295	152,423
Later than five years	786,466	385,479	400,988
	1,392,364	813,018	579,346

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

	2015	2014
	(Rupees in thousand)	
0 to 6 months	**219,117**	74,202
6 to 12 months	**18,082**	24,423
Above 12 months	**146,370**	132,225
	383,569	230,850

26.4 Provision for doubtful debts

	Note	2015	2014
Opening balance		**1,046,692**	1,027,340
Provision made during the year - other than related parties		**146,580**	19,352
Closing balance	26.4.1	**1,193,272**	1,046,692

26.4.1 These include Rs 1,133 million (2014: Rs 987 million) based on age analysis of the debts as follows:

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

		Note	2015	2014
			(Rupees in thousand)	
27.	**Stores, spares and loose tools**			
	Cost		**858,576**	611,776
	Less: Provision for obsolete stores	27.1	**(356,686)**	212,266
			501,890	399,510
27.1	Provision for obsolete stores			
	Opening balance		**212,266**	212,266
	Provision made during the year		**144,420**	-
	Closing balance		**356,686**	212,266
28.	**Stocks**			
	Cost		**25,144**	28,992
	Less: Provision for obsolete stocks	28.1	**13,513**	12,116
			11,631	16,876
28.1	Provision for obsolete stocks			
	Opening balance		**12,116**	10,337
	Provision made during the year		**1,397**	1,779
	Closing balance		**13,513**	12,116
29.	**Advances, deposits, prepayments and other receivables**			
	Advances to suppliers and contractors - considered good		**761,791**	806,300
	Advances to employees - considered good		**40,855**	50,347
	Security deposits and earnest money		**173,212**	170,449
	Margin held by bank against letters of guarantee		**344,500**	449,097
	Prepayments	29.1	**88,562**	104,415
	Sales tax refundable		**254,635**	176,819
	Due from associated companies	29.2	**445,018**	404,161
	Accrued interest		**10,760**	12,171
	Government grant receivable		**634,857**	238,997
	Receivable from gratuity fund		**5,582**	-
	Others		**125,740**	88,455
			2,885,512	2,501,211
	Less:			
	Provision for doubtful receivables - related parties	29.3		
	Opening balance		**171,654**	150,407
	Provision for the year - charged against finance income		**22,880**	21,247
	Written off against provisions		**-**	-
	Closing balance		**194,534**	171,654
	Less: Provision for doubtful receivables - other parties			
	Opening balance		**150,397**	125,397
	Provision for the year		**517,833**	25,000
	Closing balance		**668,230**	150,397
			862,764	322,051
			2,022,748	2,179,160

29.1 These include current portion of right of way charges of Rs 17.036 million (2014: Rs 15.872 million).

29.2 Due from associated companies

	2015	2014
	(Rupees in thousand)	
Wateen Multi Media (Pvt) Limited	**207,555**	225,228
Warid International LLC, UAE - Parent company	**70,012**	52,717
Warid Telecom (Pvt) Limited	**-**	7,162
Raseen Technologies (Pvt) Limited	**25,877**	23,261
Warid Telecom Georgia Limited	**21,820**	19,641
Warid Telecom International - Bangladesh	**7,909**	7,119
Advance for construction of Warid Tower	**68,916**	68,916
INOV8 Limited	**42,929**	-
Bank Alfalah Limited	**-**	117
	445,018	404,161

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

	2015	2014
Advance for construction of Warid Tower	**68,916**	68,916
Warid International LLC, UAE - Parent company	**70,012**	52,717
Raseen Technologies (Pvt) Limited	**25,877**	23,261
Warid Telecom - Georgia Limited	**21,820**	19,641
Warid Telecom - International	**7,909**	7,119
	194,534	171,654

Provision for doubtful receivables was approved by shareholders of Wateen in Extra Ordinary General Meetings held on December 31, 2011 and October 3, 2014.

30. Cash and bank balances

	Note	2015	2014
		(Rupees in thousand)	
Balance with banks on			
- current accounts		**84,404**	363,285
- collection accounts		**17,378**	14,055
- deposit accounts		**105,299**	511,835
Cash in hand		**253**	847
		207,334	890,022

30.1 Bank balances amounting to Rs 30.620 million were under lien with banks (2014: Rs 99.69 million).

30.2 Cash and bank balances include foreign currency balances aggregating USD 0.082 million and GBP 0.088 million (2014: USD 1.046 million and GBP 0.032 million).

30.3 Bank balances on deposit accounts carried interest at an average rate of 5% - 8 % per annum (2014: 5%-8% per annum).

31. Revenue

	Note	2015	2014 Represented
		(Rupees in thousand)	
Gross revenue	31.1	**6,611,040**	7,900,058
Less: Sales tax / Federal excise duty		**501,893**	549,162
		6,109,147	7,350,896

31.1 This includes an amount of Rs. 560 million (2014: Rs. 1,528 million) representing the Company's share of gross revenue from the incoming international voice traffic, generated under the International Clearing House (ICH) arrangement. In accordance with PTA's directive of August 23, 2012, an agreement was signed on August 30, 2012 amongst Long Distance International (LDI) operators operating in Pakistan to establish the ICH for International incoming voice traffic terminating in Pakistan. Under the terms of the agreement, one operator was selected as the international operator. The agreement was approved by the Ministry of Information and Technology (MoIT) and became operational with effect from October 1, 2012. Under the agreement, the Company had a net share equal to its allocated percentage in total gross revenue of ICH, along with related costs. On February 24, 2015, the Honorable Supreme Court of Pakistan ordered to cancel the ICH arrangement. Accordingly, the operations of ICH were terminated with immediate effect by the Company.

	Note	2015	2014 Represented
		(Rupees in thousand)	

32. Cost of sales

	Note	2015	2014 Represented
LDI Interconnect cost		**1,017,078**	1,817,424
Leased circuit charges		**142,159**	242,061
Contribution to PTA Funds		**65,887**	62,130
PTA regulatory and spectrum fee		**32,189**	31,251
Cost associated with IRU of Optic Fibre Cable		**154,090**	97,020
Operational cost		**1,558,540**	1,937,982
Repair and maintenance		**181,632**	55,239
Bandwidth cost of VSAT services		**268,759**	551,920
LTE Equipment		**206,306**	-
Others		**392,599**	404,844
		4,019,239	5,199,871

33. General and administration expenses

	Note	2015	2014 Represented
Salaries, wages and benefits	33.1	**1,189,236**	1,002,407
Rent		**97,610**	76,188
Repairs and maintenance		**9,456**	16,512
Vehicle repairs and maintenance		**20,007**	29,924
Travel and conveyance		**39,385**	70,234
Postage and stationery		**11,917**	24,806
Auditor's remuneration	33.2	**10,966**	7,556
Legal and professional charges		**59,596**	113,879
Communication expenses		**18,583**	37,820
Employee training		**3,399**	4,356
Customer services charges		**79,938**	64,735
Fees and subscription		**10,538**	1,000
Insurance		**40,206**	39,360
Entertainment		**13,710**	15,719
Utilities		**48,966**	-
General office expenses		**104,042**	72,080
Others		**7,018**	-
		1,764,573	1,576,576

33.1 These include charges against employee's retirement benefits as referred to in note 44.

33.2 Auditor's remuneration

	2015	2014 Represented
Annual audit	**2,560**	2,450
Audit of consolidated accounts and review of half yearly accounts	**300**	1,100
Tax services	**7,994**	3,898
Out of pocket expenses	**112**	108
	10,966	7,556

34. Provisions

	2015	2014 Represented
Provision for doubtful trade debts	**146,580**	19,352
Provision for doubtful advances and other receivables	**517,833**	25,000
Contract work in progress written off	**-**	-
Provision for obsolete stores	**144,420**	1,779
Provision for obsolete stocks	**1,397**	-
	810,230	46,131

	Note	2015	2014
		(Rupees in thousand)	

35. Other income / (expenses)

	Note	2015	2014
Income from non-financial assets:			
Government grant recognised	14	**178,230**	205,679
Insurance claim received		**-**	60,000
Gain on sale of operating assets		**10,934**	-
Write back of liability		**407,799**	-
Other income		**8,143**	-
Income from financial assets:			-
Profit on long term deposits		**-**	5,989
Workers' Welfare Fund charge for the prior year		**(794)**	-
		604,312	271,668

36. Finance cost

	Note	2015	2014 Represented
		(Rupees in thousand)	
Markup on long term and medium term finance	36.1	**1,372,007**	1,365,383
Amortization of ancillary cost of long term finance		**52,708**	37,306
Mark up on short term borrowings	36.2	**88,471**	241,054
Finance cost of leased assets		**25**	334
Bank charges, commission, fees and other charges		**49,527**	80,359
Late payment charges on other payables		**1,967**	2,527
Exchange loss		**584,262**	5,775
Others	36.3	**104,890**	-
		2,253,857	1,732,738

36.1 This includes markup related to long term finance from shareholders of Rs. 238.687 million (2014: Rs. 216.279 million), medium term finance from an associated company of Rs 74.279 million (2014: Rs 72.484 million) and markup related to associated company of Rs 157.643 million (2014: Rs Nil).

36.2 This includes markup related to an associated company of Rs 75.993 million (2014: Rs 240.256 million).

36.3 These represent charges paid in relation to termination of USF CTR Project.

37. Finance income

	2015	2014
	(Rupees in thousand)	
Finance income on lease	**95,244**	98,821
Markup on advance to associated companies	**43,800**	23,621
Provision of markup on advances to associated companies	**(22,880)**	(21,247)
	20,920	2,374
Income on bank deposit accounts	**14,805**	33,760
	130,969	134,955

38. Income tax expense

	2015	2014
Current		
- prior year	**(622)**	8,507
- for the year	**83,808**	14,702
- deferred tax - prior year	**(8,254)**	-
	74,932	23,209

39. Reconciliation of tax charge

	2015 %	2014 %
Applicable tax rate	**33**	34
Tax effect of (income)/expense that are not allowed for tax purpose	**(1)**	
Deferred tax asset on unused tax loss not recognised	**33**	(32)
Average effective tax rate	**(1)**	2

40. Financial instruments by category

40.1 Financial assets and liabilities

2015	**Loans and receivables**	Total
	(Rupees in thousand)	
Financial assets		
Maturity up to one year		
Trade debts-net of provision	**2,907,326**	**2,907,326**
Contract work in progress	**339,764**	**339,764**
Advances, deposits and other receivables	**1,172,395**	**1,172,395**
Bank balances	**207,081**	**207,081**
	4,626,566	**4,626,566**
Maturity after one year - Long term deposits	**468,647**	**468,647**

Financial liabilities	**Other financial liabilities**	Total
	(Rupees in thousand)	
Maturity up to one year		
Long term finance - secured	**2,560,463**	**2,560,463**
Short term running finance - secured	**787,135**	**787,135**
Trade and other payables	**5,232,830**	**5,232,830**
Interest/mark-up accrued	**1,766,089**	**1,766,089**
	10,346,517	**10,346,517**
Maturity after one year		
Long term finance - secured	**14,063,553**	**14,063,553**
Term finance from associated company - unsecured	**305,100**	**305,100**
Long term portion of deferred mark up	**3,017,066**	**3,017,066**
Long term finance from shareholders-unsecured	**13,334,608**	**13,334,608**
Medium term finance from an associated		**-**
company - unsecured	**600,000**	**600,000**
Long term deposits	**35,680**	**35,680**
	31,356,007	**31,356,007**

2014	**Loans and receivables**	Total
	(Rupees in thousand)	
Financial assets		
Maturity up to one year		
Trade debts-net of provision	3,469,964	3,469,964
Contract work in progress	47,925	47,925
Advances, deposits and other receivables	1,268,445	1,268,445
Bank balances	889,175	889,175
	5,675,509	5,675,509
Maturity after one year - Long term deposits	314,684	314,684

Financial liabilities	**Other financial liabilities**	Total
	(Rupees in thousand)	
Maturity up to one year		
Long term finance - secured	3,543,415	3,543,415
Current portion of deferred mark up	129,223	129,223
Obligations under finance leases	908	908
Short term running finance - secured	2,151,680	2,151,680
Trade and other payables	6,211,367	6,211,367
Long term deposits	21,401	21,401
Interest/mark-up accrued	2,153,874	2,153,874
	14,211,868	14,211,868
Maturity after one year		
Long term finance - secured	12,184,265	12,184,265
Term finance from associated company - unsecured	294,300	294,300
Long term portion of deferred mark up	1,167,911	1,167,911
Long term finance from shareholders - unsecured	10,814,754	10,814,754
Medium term finance from an associated		
company - unsecured	600,000	600,000
Obligations under finance leases	182	182
Long term deposits	35,709	35,709
	25,097,121	25,097,121

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	2015	2014
		(Rupees in thousand)	
Trade debts			
Counterparties with external credit rating	A1+	**122,508**	127,109
	A1	**10,248**	5,208
	A2	**-**	494
	A-1	**4,052**	2,562
	A-1+	**73,771**	-
	A-2	**1,339**	-
	P-1	**-**	-
	P-2	**26**	-
Counterparties without external credit rating			
Due from related parties		**383,569**	230,850
Others		**2,311,813**	3,103,741
		2,907,326	3,469,964
Advances, deposits and other receivables			
Counterparties with external credit rating			
	A1+	**1,740**	202,174
	A-1+	**4,577**	-
	A1	**1,000**	-
	A3	**-**	125,000
	AA	**-**	-
Counterparties without external credit rating			
Due from related parties		**273,364**	232,507
Others		**891,237**	725,764
		1,171,918	1,285,445
Long term deposits			
Others		**468,647**	249,113
Bank balances			
	A1+	**151,985**	537,464
	A-1+	**14,659**	332,985
	A-1	**26,396**	17,341
	A-2	**-**	22
	A1	**-**	-
	P-1	**14,041**	71
	A3	**-**	1,293
		207,081	889,176

41. FINANCIAL RISK MANAGEMENT

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

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks. Management's policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors oversees how management monitors compliance with the Company's policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The directors are assisted in their oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

41.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to financial instruments fails to meet its contractual obligations, and arises principally from the Company's receivable from customers, deposits, contract work in progress, advances, deposits and other receivables and bank balances. The Company assesses the credit quality of counterparties as satisfactory. The Company does not hold any collateral as security against any of its financial assets. The Company limits its exposure to credit risk by investing only in liquid securities.

Company's exposure to credit risk is influenced mainly by the individual characteristics of each operator including the default risk of the industry and country in which the operator works. Significant portion of the Company's receivables is attributable to operators. Company regularly monitors the status of receivables.

	2015	2014
	(Rupees in thousand)	
Trade debts-net of provision	**2,907,326**	3,469,964
Contract work in progress	**339,764**	47,925
Advances, deposits and other receivables	**1,172,395**	1,285,445
Bank balances	**207,081**	889,175
Long term deposits	**468,647**	249,113

Impairment losses

The aging of these trade debts at the reporting date is as follows:

	2015		2014	
	Gross	Impairment	Gross	Impairment
		(Rupees in thousand)		
Up to 3 months	**572,612**	**-**	2,145,740	-
3 to 6 months	**282,522**	**-**	310,861	-
6 to 9 months	**552,729**	**128,745**	287,809	88,105
Above 9 months	**2,692,735**	**1,064,527**	1,772,246	958,587
	4,100,598	**1,193,272**	4,516,656	1,046,692

The Company has recorded an allowance for impairment in respect of advances, deposits and other receivables of Rs 863 million (2014: Rs 322 million).

41.2 Liquidity risk

Liquidity risk is the risk that Company will not be able to meet its financial obligations as they fall due. Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines. Further shareholders of the Company has provided financial support in the form of long term finance to meet capital requirements of the Company. Management believes the same support will continue in future. Further, the Company has restructured the long term finance facilities and short term borrowings which will facilitate the Company to greater extent to meet its obligations/ covenants under loan agreements.

As June 30, 2015, the Company has financial assets of Rs 5,095 million (2014: Rs 5,942 million) and Rs 7,893 million (2014: Rs 10,314 million) unavailed borrowing facilities from financial institution.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amounts disclosed in the table are contractual undiscounted cash flows except for employee's retirement benefit obligations.

			Carrying Amount		
	Carrying amount	Contractual Cashflows	Less than 1 Year	Between 1 to 5 years	Above 5 years
				(Rupees in thousand)	
2015					
Long term finance - secured	**16,624,016**	**16,726,943**	**2,560,463**	**6,957,669**	**7,105,884**
Term Finance from associated company - unsecured	**305,100**	**305,100**	**-**	**305,100**	**-**
Long term portion of deferred mark up	**3,017,066**	**3,017,066**	**-**	**-**	**3,017,066**
Long term finance from shareholders - unsecured	**13,334,608**	**21,255,300**	**-**	**-**	**13,334,608**
Medium term finance from an associated				**-**	**-**
company - unsecured	**600,000**	**600,000**	**-**	**-**	**600,000**
Long term deposits	**35,680**	**35,680**	**-**	**35,680**	**-**
Short term running finance - secured	**787,135**	**790,000**	**787,135**	**-**	**-**
Trade and other payables	**5,232,830**	**5,232,830**	**5,232,830**	**-**	**-**
Interest/mark-up accrued	**1,766,089**	**1,766,089**	**1,766,089**	**-**	**-**
	41,702,524	**49,729,008**	**10,346,517**	**7,298,449**	**24,057,558**

	Carrying amount	Contractual Cashflows	Carrying Amount		
			Less than 1 Year	Between 1 to 5 years	Above 5 years
			(Rupees in thousand)		
2014					
Long term finance - secured	15,727,680	15,833,115	3,543,415	12,184,265	-
Term Finance from associated company - unsecured	294,300	294,000	-	294,300	-
Long term portion of deferred mark up	1,297,134	1,297,134	129,223	1,167,911	-
Long term finance from shareholders - unsecured	10,814,754	20,649,200	-	-	10,814,754
Medium term finance from an associated					-
company - unsecured	600,000	600,000	-	-	600,000
Obligations under finance leases	1,090	1,176	908	182	-
Long term deposits	57,110	57,110	21,401	35,709	-
Short term running finance - secured	2,151,680	2,590,000	2,151,680	-	-
Trade and other payables	6,211,367	6,211,367	6,211,367	-	-
Interest/mark-up accrued	2,153,874	2,153,874	2,153,874	-	-
	39,308,989	49,686,976	14,211,868	13,682,367	11,414,754

41.3 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Interest rate risk

As the significant financial assets and liabilities carry variable interest rates, Company's operating cash flows are dependent of changes in the market interest rates. Financial assets of Rs 318 million (2014: Rs 916 million) and financial liabilities of Rs 31,754 million (2014: Rs 29,695 million) were subject to interest rate risk.

At June 30, 2015, had interest rates been 1% higher/lower with all other variables held constant, net loss for the year would have been Rs 314 million (2014: Rs 288 million) higher/lower.

b) Currency Risk

The Company is exposed to currency risk on long term finance, bank balance and receivables / payables which are denominated in currency other than the functional currency of the Company. Financial assets include Rs 3,182 million (2014: Rs 1,551 million) and financial liabilities include Rs 22,214 million (2014: Rs 19,104 million) in foreign currency which were exposed to exchange risk.

At June 30, 2015, if the currency had weakened/strengthenedby 10% against US dollar with all other variables held constant, net loss for the year would have been Rs 1,903 million (2014: Rs 1,755 million) higher/lower.

c) Fair value of financial instruments.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

	2015	2014
	(Rupees in thousand)	
Financial assets - Loans and receivable		
Trade debts - net of provision	**2,907,326**	3,469,964
Contract work in progress	**339,764**	47,925
Advances, deposits and other receivables	**1,172,395**	1,285,445
Bank balances	**207,081**	889,175
Long term deposits	**468,647**	249,113
	5,095,213	5,941,622
Financial liabilities - Other financial liabilities		
Long term finance - secured	**16,624,016**	15,727,680
Term finance from associated company - unsecured	**305,100**	294,300
Long term portion of deffered mark up	**3,017,066**	1,297,134
Finance from supplier - unsecured	**13,334,608**	10,814,754
Medium term finance from an associated company - unsecured	**600,000**	600,000
Obligation under finance leases	**-**	1,090
Long term deposits	**35,680**	57,110
Short term running finance - secured	**787,135**	2,151,680
Trade and other payables	**5,232,830**	6,211,367
Interest / markup accrued	**1,766,089**	2,153,874
	41,702,524	39,308,989

d) 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 underlyingassets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, issue new shares or sell assets to reduce debts. The Company is required to maintain debt equity ratio as specified in loan agreements and continuation of support from majority shareholder is vital for the Company's operations. Under the terms of loan agreements, the Company can not declare dividends, make any distributions or pay any other amount to its shareholders until the repayment of loan and the interest in full to the lenders. Further, the Syndicate shall be entitled to designate one nominee to be appointed as director in the Board of directors of the Company as referred in note 7.1.

42. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

42.1 Financial assets subject to offsetting

	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
	---Rupees in thousand---		
As at June 30, 2015			
Trade debts			
Due from international carriers	**3,165,672**	**518,947**	**2,646,725**
Pakistan Telecommunication Authority	**654,068**	**654,068**	**-**
Other trade receivables	**503,773**	**503,773**	**-**
	4,323,513	**1,676,788**	**2,646,725**
As at June 30, 2014			
Trade debts			
Due from international carriers	1,250,557	186,055	1,064,502
	1,250,557	186,055	1,064,502

42.2 Financial liabilities subject to offsetting

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position
As at June 30, 2015			
Trade and other payables			
Due to international carriers	**1,607,871**	**518,947**	**1,088,924**
Pakistan Telecommunication Authority	**654,068**	**654,068**	**-**
Creditors	**1,108,825**	**1,108,825**	**-**
	3,370,764	**2,281,840**	**1,088,924**
As at June 30, 2014			
Trade and other payables			
Due to international carriers	1,248,149	186,055	1,062,094
	1,248,149	186,055	1,062,094

43 Employees' retirement benefits

		2015	2014
		(Rupees in thousand)	
43.1	Liability for funded staff gratuity	**(5,582)**	64,861

The amounts recognised in the statement of financial position are as follows:

	2015	2014
Present value of defined benefit obligation	**108,187**	198,837
Benefits due but not paid	**4,616**	4,616
Fair value of plan assets	**(118,385)**	(138,592)
Net liability / (asset)	**(5,582)**	64,861

43.2 The amounts recognised in the statement of financial position are as follows:

	2015	2014
Opening liability / (asset)	**64,861**	69,858
Expense recognised in income statement	**(50,543)**	40,157
Contributions made during the year	**(26,762)**	(53,690)
Remeasurement loss/(gain) recognised in statement of comprehensive income	**6,862**	8,536
Closing liability / (asset)	**(5,582)**	64,861

43.3 The amounts recognised in income statement are as follows:

	2015	2014
Current service cost	**27,764**	36,141
Past service cost/(credit)	**(84,516)**	-
Interest cost	**22,246**	15,275
Expected return on plan assets	**(16,037)**	(11,259)
	(50,543)	40,157

43.4 Remeasurements recognised in other comprehensive income (OCI) are as follows:

	2015	2014
Remeasurement loss/(gain) on obligations:		
Experience loss	**5,741**	12,176
Loss/(gain) due to remeasurement of investment return	**1,121**	(3,490)
Remeasurement gain of prior period	**-**	(150)
	6,862	8,536

43.5 Changes in the present value of defined benefit obligation are as follows:

	2015	2014
Opening defined benefit obligation	**198,837**	155,706
Current service cost	**27,763**	36,141
Past service cost/(credit)	**(84,516)**	-
Interest cost	**22,246**	15,275
Remeasurement loss	**5,741**	12,176
Benefits paid	**(61,884)**	(20,461)
Closing defined benefit obligation	**108,187**	198,837

	2015	2014
	(Rupees in thousand)	

43.6 Changes in fair value of plan assets:

	2015	2014
Opening fair value of plan assets	**138,592**	90,614
Remeasurement gain / (loss)	**(1,121)**	3,490
Contributions by employer	**26,761**	53,690
Benefits paid	**(61,884)**	(20,461)
Expected return on plan assets	**16,037**	11,259
Closing fair value of plan assets	**118,385**	138,592

Actual return on plan assets for the year is Rs 22.246 million.

During the next financial year, the expected (refund)/contribution to be paid to the gratuity fund by the Company is Rs (2.30) million (2014: Rs 46.07 million).

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

	2015		2014	
	Rupees ('000)	%age	Rupees ('000)	%age
Cash and bank	**32,073**	**27**	63,752	46
Investments	**86,312**	**73**	74,840	54
	118,385	**100**	138,592	100

43.8 Significant actuarial assumptions:

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

	2015	2014
Valuation discount rate-p.a	**9.75%**	13.25%
Expected rate of increase in salaries-p.a	**-**	13.25%
Expected rate of return on plan assets-p.a	**19%**	12%
Average expected remaining working Life time of employees	**8 years**	8 years

43.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the defined benefit obligation at the end of reporting period would have increased/ (decreased) as a result of change in respective assumptions by one percent.

	Defined benefit obligation Effect of 1%	
	Increase	(Decrease)
	(Rupees in thousand)	
Discount rate	**4,164**	(4,651)

43.10 The weighted average number of years of defined benefit obligation is 8 years as at June 30, 2015.

43.11 The Company contributes to gratuity fund on the advice of fund's actuary. The contribution is equal to current service cost with the adjustment for any deficit.

	2015	2014
	(Rupees in thousand)	
Salaries, wages and benefits as appearing in note 33 include amounts in respect of the following:		
Provident fund	**27,332**	32,096
Gratuity fund	**(50,543)**	40,157
	(23,211)	72,253

44. Defined contribution plan

Details of provident funds are as follows:

Staff provident fund	**2015**	2014
	(Rupees in thousand)	
Net assets	**203,954**	199,764
Cost of investments made	**96,580**	150,173
Fair value of investments made	**118,593**	165,087
%age of investments made	**58%**	83%

	2015		2014	
Breakup of investment - at cost	Rs '000	%age	Rs '000	%age
Shares	**25,656**	**27**	25,656	21
Mutual Funds	**60,546**	**63**	60,546	38
Bank deposits	**10,378**	**10**	63,971	41
	96,580	**100**	150,173	100

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

45. General

45.1 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 46.

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

	2015	2014
	(Rupees in thousand)	
Parent Company		
Warid Telecom International LLC, UAE (WTI)		
Markup charged to WTI	**17,295**	4,909
Shareholders/ Sponsors		
Long term finance received from shareholders	**2,194,375**	-
Markup on long term finance from shareholders	**238,687**	216,279
Long term finance - unsecured received	**-**	294,300
Mark up on long term finance - unsecured	**5,744**	33
Associated companies:		
Warid Telecom (Pvt) Limited (WTPL)		
Sale of services	**1,299,825**	1,117,920
Sale of goods	**90,576**	-
Cost and expenses charged by WTPL	**316,539**	648,220
Wateen Multimedia (Pvt) Limited (WMM)		
Cost and expenses charged by WMM	**-**	-
Markup charged to WMM	**20,891**	21,420
Warid Telecom Georgia Limited		
Markup charged on advance	**2,180**	2,106
Raseen Technology (Pvt) Limited		
Markup charged on advance	**2,616**	2,233
Warid Telecom International - Bangladesh		
Markup charged on advance	**791**	764
Innov8 Limited		
Sale of services	**39,108**	-
Cost and expenses charged by WTL	**38,387**	-
Payments made by WTL on behalf of Company	**4,541**	-
Bank Alfalah Limited (BAL)		
Sale of services	**122,204**	17,892
Sale of goods	**51,254**	143,682
Markup charged	**244,518**	240,256
Markup charged on bank deposits with BAL	**141**	4,531
Alfalah Insurance Limited		
Rendering of services	**510**	268
Taavun (Pvt) Limited		
Markup on long term finance	**74,279**	72,484
Provident Fund Trust		
Employer contribution to trust	**28,370**	32,832
Gratuity Fund		
Employer contribution to fund	**26,761**	40,157

46 **Remuneration of Executive Directors and Chief Executive**

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

	Chief Executive		Directors		Key management personnel		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	(Rupees in thousand)							
Managerial remuneration	**15,484**	15,484	**6,476**	5,465	**309,650**	304,218	**331,610**	325,167
Bonus	**-**	12,000	**-**	-	**-**	113,093	**-**	125,093
Housing and utilities	**8,516**	8,516	**-**	-	**170,308**	167,320	**178,824**	175,836
Company's contribution to provident and gratuity funds	**1,304**	1,290	**-**	-	**26,290**	26,473	**27,594**	27,763
Leave fair assistance	**1,304**	1,290	**-**	-	**26,277**	26,414	**27,581**	27,704
	26,608	38,580	**6,476**	5,465	**532,524**	637,518	**565,608**	681,563
Number of persons	**1**	1	**2**	2	**331**	333	**334**	336

47 Capacity

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

47.1 Number of employees	**2015**	2014
Total number of employees at end of the year	**576**	701
Average number of employees for the year	**673**	695

48 Reconstruction of accounting records destroyed in fire incident

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

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

49. Corresponding figures

Comparative figures have been reclassified for representing the results of discontinued operations in accordance with IFRS 5 as referred to in note 1.1, 18, 31, 32 and 33 to the financial statements.

50. Date of authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on October 30, 2015.

Chief Executive

Director

Pattern of Shareholding
as on June 30, 2015

No. of Shareholders	From	To	Shares Held	Percentage
185	1	100	5,211	0.0008
2,596	101	500	1,287,285	0.2085
1,672	501	1,000	1,666,863	0.2699
1,247	1,001	5,000	4,929,770	0.7984
450	5,001	10,000	4,389,378	0.7109
49	10,001	15,000	696,807	0.1128
111	15,001	20,000	2,216,352	0.3589
18	20,001	25,000	444,301	0.072
32	25,001	30,000	952,300	0.1542
7	30,001	35,000	240,804	0.039
8	35,001	40,000	320,000	0.0518
1	40,001	45,000	45,000	0.0073
65	45,001	50,000	3,247,300	0.5259
1	50,001	55,000	50,196	0.0081
3	55,001	60,000	175,055	0.0284
1	60,001	65,000	65,000	0.0105
1	70,001	75,000	75,000	0.0121
1	80,001	85,000	80,932	0.0131
26	95,001	100,000	2,600,000	0.4211
1	145,001	150,000	150,000	0.0243
3	195,001	200,000	600,000	0.0972
1	495,001	500,000	500,000	0.081
1	675,001	680,000	680,000	0.1101
1	3,475,001	3,480,000	3,480,000	0.5636
1	28,120,001	28,122,321	28,122,321	4.5544
1	94,485,001	94,488,940	94,488,940	15.3025
1	132,665,001	132,669,505	132,669,505	21.4858
1	333,295,001	333,296,300	333,296,300	53.9773
6,485			**617,474,620**	**100**

Categories of Shareholding
as on June 30, 2015

Particulars	No. of Folio	Balance Shares	Percentage
DIRECTORS, CEO & CHILDREN	5	1,400	0.00
ASSOCIATED COMPANIES	3	494,088,126	80.02
GENERAL PUBLIC (LOCAL)	6,445	121,980,594	19.75
GENERAL PUBLIC (FOREIGN)	16	840,000	0.14
OTHERS	16	564,500	0.09
Company Total	6,485	617,474,620	100

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 6th Annual General Meeting (**"AGM"**) of Wateen Telecom Limited (the **"Company"**) will be held on Monday, November 30, 2015, at Marvel Hotel, 31-B, Sector XX, DHA, Lahore Cantt., Pakistan at 10:00 AM, to transact the following business:

Ordinary Business

1. To confirm the minutes of Annual General Meeting held on January 16, 2015.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2015, together with the reports of the Board of Directors and Auditors thereon.

3. To re-appoint M/s A. F. Ferguson & Co., Chartered Accountants, as the Statutory Auditors of the Company for the financial year 2015-2016 and to fix their remuneration.

4. To elect five (5) directors of the Wateen Telecom Limited as fixed by the Board of Directors in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years commencing from November 30, 2015. The following are the retiring directors, who are eligible for re-election:

    1. H.H. Sheikh Nahayan Mabarak Al Nahayan
    2. Mr. Adeel Khalid Bajwa
    3. Mr. Rizwan Ali Tiwana
    4. Mr. Abid Hasan
    5. Mr. Khwaja Ahmad Hosain

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

By the Order of the Board

Lahore
Date: November 06, 2015

Muhammad Aqib Zulfiqar
Company Secretary & CFO

NOTES:

A. PARTICIPATION IN ANNUAL GENERAL MEETING

(i) A member entitled to attend and vote at this meeting may appoint another person as his/ her proxy to attend and vote for him/ her.

(ii) Duly completed instrument of Proxy, and other authority under which it is signed, thereof, must be lodged with the Company Secretary at the registered office of the Company Wateen Telecom Limited, Main Walton Road, Opp. Bab-e- Pakistan, Walton Road, Walton Cantt, Lahore at least 48 hours before the time of the meeting.

B. CDC ACCOUNTS HOLDERS

(a) ***For attending the meeting***

(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 authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending the meeting.

(ii) 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 transaction with respect to the sale/purchase of the Company's shares shall be accepted, from November 23, 2015 to November 30, 2015, (both days inclusive).

D. CHANGE IN ADDRESS

Members are requested to promptly notify any change in their address to the share registrar of the Company, THK Associates (Private) Limited, Second Floor, State Life Building-3, Dr. Zia Uddin Ahmed Road, Karachi.

E. FOR CANDIDATES PARTICIPATING IN THE ELECTION OF DIRECTORS

Any person (including a retiring Director) who seeks to contest election for directorship of the Company shall, not later than 14 days before the date of the above said Annual General Meeting, file with the Company at its registered office.

(i) Notice of his/her intention to stand for election, along with duly completed and signed Form 28 giving his/her consent to act as Director of the Company if elected, and certify that he is not ineligible to become a Director under the Provisions of the Companies Ordinance 1984 and that he/she holds the qualification shares as per Articles.

(ii) Attested copy of valid CNIC and NTN.

F. PROVISION OF COPY OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)

In order to comply with the requirement of SECP SRO 381(I)/2012 dated July 05, 2012 those shareholders who have not yet submitted attested copy of their valid CNICs are once again reminded to provide the same with their folio numbers to the Company's share registrar, THK Associates (Private) Limited.

FORM OF PROXY
6th ANNUAL GENERAL MEETING

Company Secretary
Wateen Telecom Limited
Main Walton Road, Opposite Bab-e- Pakistan
Walton Cantt. Lahore.

I/We ____________________________ of ____________________________ being member(s) of Wateen Telecom Limited holding ____________________________ ordinary shares hereby appoint ____________________________ of ____________________________(the "Appointee") and in case of failure of the Appointee to act as my/our proxy, I/we hereby appoint ____________________________ of ____________________________ who is/are also member(s) of Wateen Telecom Limited as my/our proxy in my/our absence to attend and vote for me/ us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, November 30, 2015, at Marvel Hotel, 31-B, Sector XX, DHA, Lahore Cantt., Pakistan at 10:00 AM, and / or any adjournment thereof.

As witness my/our hand/seal this ________ day of ______________________, 2015.

Witnesses

Signature on Five Rupees Revenue Stamp.

The signature should match with the specimen registered with the Company

1.________________________

2.________________________

Shareholder Folio No. _____________

Or

CDC Participant I.D. No. _____________

&

Sub Account No. ______________

Wateen.com
Wateen Telecom Ltd.
Main Walton Road,
Opposite Bab-e-Pakistan,
WaltonCantt., Lahore.
UAN: 111 999 919

Decent **PRINTSHOP**
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