



WATEEN TELECOM LIMITED
INFORMATION MEMORANDUM

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2 GLOSSARY

ADG..... Abu Dhabi Group	NG..... Next Generation
ADM Add Drop Multiplexer	NGN Next Generation Network
AHL Arif Habib Limited	NEPL National Engineers Private Limited
AP Access Point	NMS Network Management System
ASON..... Automatically Switched Optical Network	NOC Network Operations Centre
ATM..... Asynchronous Transfer Mode	NTR 1..... Northern Telecom Region 1
BW Bandwidth	NTR 2..... Northern Telecom Region 2
CAPEX..... Capital Expenditure	OEM Original Equipment Manufacturer
CATV Community Access Television / Cable Television	OFC Optic Fiber Cable
CCTV Closed Circuit Television	O&M..... Operations and Maintenance
C & C..... Credit and Collection	OPEX..... Operational Expenditure
CDC..... Central Depository Company	PKR..... Pakistan Rupee
CNBC..... Consumer News and Business Channel	PTA Pakistan Telecommunications Authority
CRM NG.. Customer Relationship Management Next Generation	PTCL Pakistan Telecommunications Company Limited
CPE Customer Premises Equipment	PDH..... Plesiochronous Digital Hierarchy
CPS Carrier-Pre-Select	PLC Private Leased Circuit
CTR..... Central Telecom Region	PBX..... Private Branch Exchange
CTI Computer Telephone Integration	PRI..... Primary Rate Interface
DID Direct inward Dialing	POTS..... Plain Old Telephone Service
DHA..... Defence Housing Authority	PSTN..... Public Switching Telephone Network
DOD..... Direct Outward Dialing	POS..... Point of Sale
DSNG Digital Satellite News Gathering	PC Personal Computers
DTH..... Direct to Home	PRS..... Premium Rate Service
DVB-ASI .. Digital Video Broadcast-Asynchronous Serial Interface	PPV Pay Per View
DVB-RCS Digital Video Broadcasting - Return Channel via Satellite	PS Professional Services
EDN..... Enterprise Data Network	QOSs..... Quality of Services
EDGE..... Enhanced Data rates for GSM Evolution	RBO..... Re-broadcasting
E-Fax Electronic Fax	RF Radio Frequency
EPG Electronic Program Guide	RFI Ready for Installation
ESCON..... Enterprise Systems Connection	ROI..... Return on investment
Etc..... Etcetera	RTR..... Rawalpindi Telecom Region
EVDO Evolution Data Optimized	SAN..... Storage Area Network
FC/FICON . Fiber Channel / Fiber Connection,	SDH..... Synchronous Digital Hierarchy
FCR First Call Resolution	SECP Securities and Exchange Commission of Pakistan
FTR Faisalabad Telecom Region	SDS..... Sales Delivery and Service
FTTx..... Fiber To The 'x' ('x' can be home, curb, building etc.)	SI System Integrators
FWO Frontier Works Organization	SIP Session Initiation Protocol
Gbps..... Gigabit per second	SLA Service Level Agreement
GDP..... Gross Domestic Product	SME Small Medium Enterprises
GHz Gigahertz	SMEDA.... Small and Medium Enterprises Development Authority



GPRS..... General Packet Radio Service	SMSC Short Message Service Center
GPON Gigabit capable Passive Optical Network	SMTP Simple Mail Transfer Protocol
GSM Global System for Mobile communications	SoHo Small Office Home Office
GTR Gujranwala Telecom Region	STM Synchronous Transport Module
HFC Hybrid Fiber Coaxial	STR-1 Southern Telecom Region 1
HP House Passes	STR- V..... Southern Telecom Region V
HTR Hazara Telecom Region	UAE United Arab Emirates
IP Internet Protocol	UAN Universal Access Numbers
IPO Initial Public Offering	UK United Kingdom
IPLC International Private Leased Circuit	USD United States Dollar
ISP Internet Service Providers	USP Unique Selling Proposition
ISM Industrial, Scientific and Medical	VoD Video On Demand
ITR Islamabad Telecom Region	VAR Value Added Reselling
IVR Interactive Voice Response	VOIP Voice over Internet Protocol
KB Kilobyte	VDV Voice Data Video
KPI Key Performance Indicator	VPN Virtual Private Network
KSE Karachi Stock Exchange	VSAT Very Small Aperture Terminal
KTR Karachi Telecom Region	VAS Value Added Services
LL Local Loop	WAN Wide Area Network
LTE Long Term Evolution	WDM Wavelength-Division Multiplexing
LTR Lahore Telecom Region	WiMAX Worldwide Interoperability for Microwave Access
MAN Metropolitan Area Network	WLL Wireless Local Loop
MHZ Megahertz	WOG Wateen Online Gaming
MB Megabyte	WTI Warid Telecom International
MW Micro Wave	WTR Western Telecom Region
MPLS Multiprotocol Label Switching	WMM Wateen Multi Media
MTR Multan Telecom Region	

3 EXECUTIVE SUMMARY

THE TRANSACTION

After successful launch and operations, Wateen Telecom Limited has decided to list itself on the Karachi Stock Exchange (G) Limited. The sponsor shareholders of the Company have agreed to raise new capital of the Company to the tune of PKR 1,100 million by offering additional 110 million shares with a Greenshoe option of a further PKR 900 million by offering additional 90 million both at a price of PKR 10/- per share through Initial Public Offer (IPO) to the general public and institutional investors (the "Transaction").

THE COMPANY

Wateen Telecom Limited is Abu Dhabi Group's latest telecom venture in Pakistan. After the successful launch of Warid Telecom (Pvt) Limited, WTL was set up as a leading Telecom Infrastructure, Broadband and Media company with a vision to become a "Carrier's Carrier" and usher in a digital / broadband revolution by providing services based on quality / reliability and affordability / availability in the communication and media sector. The Company was incorporated in Pakistan under Companies Ordinance, 1984 on 4 March 2005 and commenced its Long Distance and International Public Voice Telephone (LDI) business from 1 May 2005 in Pakistan. It is a subsidiary of Warid Telecom International LLC. (WTI) which holds 79.8 percent shares of the Company and Bank Alfalah has strategic investment of 20.0 percent in the Company.

Wateen's existing shareholders have been strong supporters of Pakistan with a diversified portfolio of investments in banking, real estate development & hospitality, telecom & media and more recently also in healthcare (Bank Alfalah Limited, United Bank, Taavun, Warid, CNBC Pakistan, Arvato and Al-Razi Healthcare). They are one of the largest foreign investor groups in Pakistan.

Wateen's successful four years of operations in the telecom industry of Pakistan speak for itself, as it has successfully deployed the largest commercial and first nationwide 3.5 GHz WiMAX network rollout in the world covering 22 cities and 1,100 sites. Rapid customer take up has helped Wateen acquire over 150,000 wireless broadband customers representing more than 60 percent of the total wireless broadband market. Additionally, 12,000 broadband customers over fiber with 2,700 corporate links (including 26 of the 31 commercial banks) and relationship with almost all the major GSM and telecommunication companies in Pakistan as its customers. Wateen Telecom is also proudly the largest operator of Satellite services in the country with 500+ MHz in commercial use and now also providing Satellite

bandwidth services to telecom operators in Afghanistan.

Additionally, infrastructure of Optic Fiber network spanning over more than 10,000 km (including 3 of the 5 Government of Pakistan USF projects) across all the four provinces of Pakistan including metro connectivity in 22 cities powering 3 of the 5 GSM operators in Pakistan. Wateen also has been acknowledged as the largest alternative LDI operator in Pakistan (with over 1 billion minutes of traffic volume) duly acknowledged by the regulating authority PTA. Such remarkable performance has made Wateen the fastest growing telecommunication company in Pakistan, thus, making Wateen an icon in the industry and presents ample proof of the robustness of Wateen and its potential in the future.

Wateen's impressive financial performance to date with cumulative revenue crossing PKR 32 billion mark and return on equity of more than 165 percent as of 30 June 2009 represents a strong and tested potential with even a more lucrative future ahead of it. This is clearly evident by the strong year on year growth, annual return to shareholders and profitability since inception. After the initial investment by the shareholders there has not been a single cash call for equity despite approved equity by the board. Strong operational performance enabled Wateen to sustain its expansion and grow to new heights of telecom achievement in Pakistan and allowed the Company to both overperform from budget and surpass all industry expectations. Actual performance has always surpassed budgeted performance and with one of the best workforces in the telecommunication industry of Pakistan such positive trends are only to be rewritten with even more vigor and enthusiasm.

ARCH-e'-decon a leading valuer in the telecom industry was engaged to revalue Wateen's existing assets and after a thorough scrutiny of the assets comprising the company's fiber optic network (long haul and metro) and WiMAX licenses, their independent report suggested a replacement value of PKR 17,289 million translating into intrinsic book value of PKR 52.5 per share. Such a high intrinsic value share is available through the IPO at par value of PKR 10.0 per share.

Wateen has many competitors for specific products but Wateen's portfolio of offerings in the market is truly unique since no other singular player offers a similar product portfolio. Wateen since inception believed in exceeding customer expectations and providing bundled services to make a truly unique experience. In other words, Wateen is second to none. The closest competitor in terms of product range is PTCL but it does not offer VAR (Value Added Reselling) / PS (Professional Services) that form an integral part of Wateen's corporate



product portfolio for the provision of “one window operations” to the corporate and carrier market.

Wateen also did not face any issues of legacy infrastructure and therefore built the best NGN (Next Generation Network) allowing it to offer differentiated products at a lower cost of delivery compared to its competitors. On the other hand, competitors have to think twice before moving on to a newer technology since they have to weigh in the likely classification of a legacy infrastructure to sunk cost.

Wateen offers a balanced portfolio of products and services for both the short and long term. For short term profit generation it has a diverse product range such as LDI, Solutions and Managed Capacity (OFC and VSAT). For medium term cash generation, WiMAX is the major product while for long term shareholder value enhancement, FTTx (including WiMAX expansion) and Media are being developed to unleash the innovative potential of Wateen’s dynamic team. This well placed portfolio helps Wateen to better manage its operational risk profile as well as achieve optimization of cash flows.

Additionally, Wateen benefits from the following synergies from its various product segments allowing higher margins over industry norms and stability in profits:

- Strategic benefit of captive / long term telco customers with high volume and lower margin business with 3-20 year contracts
- Tower & Infrastructure sharing agreement meaning lower network opex, rapid time to market and scalable / flexible network
- Minimal media transmission costs as own fiber optic network
- 24 fiber network with only 3-4 sold so much more capacity to sell and make money
- 28 percent market share forecasted in Broadband market
- LDI market share of 20 percent given Wateen’s historic market share and outbound retail / own traffic
- Network OPEX savings by changing some vendors

SPONSORS & DIRECTORS OF THE COMPANY

The Company enjoys a strong sponsorship of Warid Telecom International LLC. (79.8 percent). Warid Telecom has operations in four countries and collectively entertains 27.7 million subscribers. Whereas Bank Alfalah Limited, the second major sponsor (20.0 percent), is a leading banking institution and has a 6.6 percent share in the overall deposits of commercial banks in Pakistan as of 30 September, 2009. The bank has a presence in different cities of Pakistan with 321 branches in its banking network as of 31 December 2009. Both companies are backed by the Abu Dhabi Group.

After the success of Abu Dhabi Group’s investments such as Bank Alfalah, United Bank Limited and Warid Telecom and further to the exemplary performance of Wateen over the past four years, Abu Dhabi Group has decided to list Wateen Telecom Limited at PAR to share in the profits with the people of Pakistan as a growth stock with a strong future even though the current book value per share (if asset revaluation activity were to be taken into account) is PKR 52 per share whereas; book value per share for fiscal year ending 30 June 2009 stood at PKR 20 per share.

Following directors are on the board of Wateen Telecom Limited:

H.H. Sheikh Nahayan Mabarak Al Nahayan – Chairman of the Board

Sheikh Saif Bin Mohammed Butti Al Hamid

Mr. Ahmed Darwish Dagher Al Marar

Mr. Bashir A. Tahir

Mr. Parvez A. Shahid

Mr. Abdulla Khalil Mohd Samea Al Mutawa

Mr. Khalid Mana Saeed Ahmed Al Otaiba

Underwriting considerations

- High growth / lucrative sector
- Fair competition & Regulatory framework
- Strong operational track record and balanced portfolio
- Strong sponsor profile

Some of the key achievements of Wateen include:

Key financial highlights for the last five years are:

All amounts are in PKR mn (except EPS)	2005	2006	2007	2008	2009
Revenue	14.6	2,793.8	4,448.3	9,289.1	16,184.8
Cost of sales	46.4	1,712.3	2,726.7	5,234.7	10,946.7
Gross Profit	-31.8	1,081.5	1,721.7	4,054.4	5,238.1
	-218 %	39 %	39 %	44 %	32 %
General & Admin	12.7	564.8	854.2	1,715.8	1,920.6
Marketing & Selling	-	14.0	82.0	340.5	299.7
Operating Profit	-44.5	502.7	785.5	1,998.1	3,017.8
	-305 %	18 %	18 %	22 %	19 %
Depreciation	12.5	122.3	67.2	434.6	960
Other income	-	5.8	25.8	200	191.4
Finance cost	-	15	165.9	204.7	568.4
PBT	-57	371.1	578.2	1,558.8	1,680.7
	-390 %	13 %	13 %	17 %	10 %
Provision for tax	-19.9	144.3	192.7	474.6	532.1
Non controlling interest	-	-	-	-	129.9
PAT	-37.1	226.8	385.5	1,084.2	1,018.7
EPS	-37.1	1.12	1.85	5.19	4.88
EPS net Mgt fee	-37.1	1.81	2.91	7.22	4.88

- Largest alternative LDI operator in the country; over 1 billion minutes per annum including direct LDI routes / interconnects with major incumbents i-e, Etisalat, STC, BT, MOC Kuwait etc.
- Deployed fully redundant fibre optic network in record time
 - 8,000+ km on long haul across the country
 - 1,700+ km metro in 22 cities in record duration
- Tele-housing / Co-location facilities in 70 cities
- Largest operator of Satellite services in the country (c. 500+ MHz in use)
- Deployed triple play HFC infrastructure in Pakistan for 20,000 house passes with 50 percent+ take-up of households within few months of launch
- Largest commercial and first nationwide WiMAX network rollout in the world covering 22 cities and more than 1,100 sites (900 live)
- Major clients include
 - Carrier: Warid, CM Pak for dark fibre, Telenor for managed capacity and VSAT, Mobilink for OFC joint preventive measures
 - Corporates: Clients include 26 Banks, 8 Media companies, 13 Telecoms & Carrier over 2,700 links in other corporates

- Consumers: 150,000+ subscribers on WiMAX and HFC
- 26 out of top 31 banks use Wateen data network connectivity with 1,600 of the 5,000 on-line branches connected
- 8 TV Channels
- 13 Telco & Carrier customers
- 150,000+ broadband customers and 2,700+ enterprise links
- SWAP deal of fibre with the incumbent for alternative redundancy
- On an investment of PKR 2 billion, Company delivered cumulative revenue of PKR 37.5 billion, EBITDA of PKR 5.8 billion and profit of PKR 2.1 billion since inception to November 2009 including management fee
- Strategic vendor relationships, preferential pricing and vendor deferment of \$75 million as a Greenfield project. Wateen has secured \$108 million dollars as vendor financing through reputable organizations such as MCC (\$65 million) and ECGD (\$43 million). Furthermore, Company secured local funding to the tune of PKR 14 billion and short term facility of PKR 3.5 billion
- Successfully completed VAR / PS (IP telephony, IP Contact Centre, Data Centre, Enterprise Data Network) project in Uganda, Congo and Bangladesh
- Cisco top customer Advocacy partner in the Middle East, Africa Region in 2006
- Established sales channel network which can be leveraged to ensure critical momentum
- Well trained Wireless Operation team for installation and support
- Tested business processes including entire customer life-cycle management
- Largest ISP call centre – (200 agents capacity)
- Robust pre/post paid billing system
- State of the art Business Intelligence (BI) system in place



4 THE TRANSACTION

4.1 TERM SHEET

Transaction	Initial Public Offering of Ordinary Shares
Company	Wateen Telecom Limited
No. of shares	Up to 110,000,000 ordinary shares through IPO Up to 90,000,000 ordinary share through Green shoe Option
Issue price	PKR 10/- per share
Issue amount	PKR 2,000,000,000/-
Advisors and Arrangers	Arif Habib Limited
Listing	Karachi Stock Exchange (Guarantee) Limited ("KSE")
Participants/Investors	Institutional investors and general public
Legal counsel to the Issue	Ijaz Ahmed and Associates
Underwriting commission	We recommend 1.00 percent underwriting commission of the amount underwritten. The amount will be payable at the time of execution of underwriting agreements.
Take-up commission	1.50 percent of the amount actually taken up by the underwriters
Transferability	In the case of shares inducted into CDC, transfer shall be in accordance with the Central Depositories Act, 1997 and other applicable CDC regulations. Shares issued in physical form shall be transferable using verified transfer deeds.
Governing law	The Transaction and its underlying documents / agreements shall be governed by the laws of the Islamic Republic of Pakistan.

4.2 UNDERWRITING CONSIDERATIONS

Participation in the underwriting of the IPO is recommended as it offers attractive valuation, striking demand outlook and strong sponsors' profile. These considerations are briefly discussed below:

4.2.1 HIGH GROWTH POTENTIAL

A total population of approx. 168 million of which 45 percent are under the age of 15 years provides a huge untapped market potential for products catering to the digital revolution of the 21st century with experts anticipating the medium term market size to be 5m+. Furthermore, Wateen's Telecom Infrastructure allows Wateen to benefit from the current Carrier and Corporate dynamics with ever increasing bandwidth requirements as a direct result of the ongoing price war in the telecom arena. Wateen with its wireless broadband platform has strategically positioned itself advantageously to serve the needs of a rapidly evolving and technology intensive demand. The total investment in the telecom sector stood at PKR 130 billion for the year ending June 2009 and despite the pessimistic outlook of the global economy the telecom sector attracted PKR 68 billion worth of foreign investment while generating revenues of PKR 328 billion in the same period with growth of 18 percent over the previous year. Such financial progress of the telecom sector provides good prospects for a player like Wateen which strives on innovation and creativity as some of its core values.

A struggling global and national economy is forcing companies to undertake cost rationalization programs for which they will seek Wateen's products and services to reduce cost and increase efficiency. As part of Wateen Solutions, Wateen adds value by selling high technology products backed with skilled and low cost deployment and support. Some of its products include IP Telephony, IP Contact Center, IP/MPLS, EDN's and Intelligent Video Surveillance Systems. Wateen has made strategic alliances with global players like Cisco Systems, Alcatel, Microsoft and IBM to expand and evolve on the technological front. Wateen's VAR Products are the foundation for the services and application needs of any business to realize its full potential in the digital age of the 21st century. Needless to mention that any incremental revenue from the Transmission business including but not limited to Dark Fiber, Lambda, etc. will directly hit the bottom line.

4.2.2 FAIR COMPETITION & REGULATORY FRAMEWORK

Pakistan telecommunication sector had remained a monopoly for a very long time. However, this sector has been liberalized since the announcement of Deregulation Policy on 13 July 2003 and exclusivity of PTCL in basic telephony has been abolished. So far Pakistan Telecommunication Authority (PTA) has issued LDI licenses to 14 Operators, LL licenses to 36 operators and in addition to that WLL licenses to 13 operators. New telecom operators have contributed over PKR 30 billion in this deregulation process. With all this, telecom sector of Pakistan is now open for competition. Impact of telecom liberalization has been tremendous with dramatic increase in access to telecom facilities for the common man. In addition to improvement in quality of telecom services,

prices of telecom services have also decreased enormously. PTA has never fallen short of ensuring that all the telecom operators including newly licensed should be provided with a level playing field.

At present though significant entry barriers exist in the telecom industry as no further licenses are available for LDI/WLL or right of way for deployment of fiber infrastructure thus providing Wateen with enormous potential to leverage its existing infrastructure in ways beyond the reach of any potential new entrants.

4.2.3 STRONG OPERATIONAL TRACK RECORD AND BALANCED PORTFOLIO

Wateen's impressive financial performance to date with cumulative revenue crossing PKR 32 billion mark and return on equity of more than 165 percent as of 30 June 2009 in only four years from a greenfield operation represents a strong and tested potential with even a more lucrative future ahead of it. Strong operational performance enabled Wateen to sustain its expansion and grow to new heights of telecom achievement in Pakistan. Actual performance has always surpassed budgeted performance and with one of the best workforces in the communication industry of Pakistan such positive trends are only to be rewritten with even more vigor and enthusiasm.

Wateen's gain in net worth during 2009 was PKR 841 million, which increased the book value of the stock by 22 percent. Over the last four years, book value has grown from PKR 1,394 million to PKR 4,767 million, a rate of 29 percent compounded annually. This growth has been the best in the telecommunication industry in Pakistan

Furthermore, similar growth has been witnessed in assets of the Company that soared from PKR 2,322 million in FY2005 to PKR 26,289 million in FY2009, a rate of 56 percent compounded annually. Revenues and earnings after tax have followed a similar trend by posting CAGR of 55 percent and 63 percent respectively over four years and profitable since inception.

Wateen offers a balanced portfolio of products and services for both the short and long term. For short term profit generation it has a diverse product range such as LDI, Solutions and Managed Capacity (OFC and VSAT). For medium term cash generation, WiMAX is the major product while for long term shareholder value enhancement, FTTx (including WiMAX expansion) and Media are being developed to unleash the innovative potential of Wateen's dynamic team. This well placed portfolio helps Wateen to better manage its operational risk profile as well as achieve optimization of cash flows.

4.2.4 STRONG SPONSORS PROFILE

Wateen's existing shareholders hold a diversified portfolio of investments in banking, real estate development & hospitality, telecom & media and more recently also in healthcare (Bank Alfalah Limited, United Bank, Taavun, Warid, CNBC Pakistan, Arvato and Al-Razi Healthcare). The Abu Dhabi Group is one of the largest foreign investor groups in Pakistan. The unmatched performance of Wateen Telecom has attracted strong commitment of its shareholders over the course of its operations which is further

cemented by the fact that the existing shareholders want to retain majority stake in the company and allowing a dilution and listing of shareholding in order to share benefits with the people of Pakistan.

Name of shareholders	No. of shares	percent Holding
Warid Telecom International L.L.C	333,292,700	79.84 %
Bank Alfalah Limited	83,494,920	20.00 %
Individual Shareholders	687,000	0.16 %
Total	417,474,620	100.00 %

The Company enjoys the strong sponsorship of Warid Telecom International limited (79.8 percent) which is already providing different telecom services in a number of countries other than Pakistan such as Bangladesh, Uganda and Congo. Whereas Bank Alfalah Limited is the second major sponsor (20 percent) and has a share in the overall deposits of commercial banks in Pakistan as of 30 September 2009. The bank has a presence in different cities of Pakistan with its 321 branches banking network as of 31 December 2009. Both companies are backed by the Abu Dhabi Group.

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5 THE COMPANY

5.1 WATEEN TELECOM LIMITED OVERVIEW

Wateen Telecom Limited was incorporated in Pakistan under the Companies Ordinance 1984, on 4 March 2005. The business model of the Company was to initially focus on the wholesale telecom market by becoming the leading carrier's carrier by providing Long Distance and International (LDI), national transmission network (over fiber and VSAT services) and telecoms infrastructure. After successfully achieving this milestone, Wateen then focused on the consumer market through true broadband internet and telephony services as well as multimedia, TV broadcast services (through an affiliate) and value added services in Pakistan. The registered office of the Company is situated in Lahore. The Company commenced its commercial operations in LDI segment on 1 May 2005.

Wateen Telecom is owned by the Abu Dhabi Group, one of the leading business conglomerates in the United Arab Emirates (UAE) and is one of the largest foreign investor groups in Pakistan.

Wateen's successful four years of operations in the telecom industry of Pakistan speak for itself, as it has successfully deployed the largest commercial and first nationwide 3.5 GHz WiMAX network rollout in the world covering 22 cities and 1,100 sites. Rapid customer take up has helped Wateen acquire over 150,000 wireless broadband customers representing more than 60 percent of the total wireless broadband market. Additionally, 12,000 broadband customers over fiber with 2,700 corporate links (including 26 of the 31 commercial banks) and relationship with almost all the major GSM and telecommunication companies in Pakistan as its customers. Wateen Telecom is also proudly the largest operator of Satellite services in the country with 500+ MHz in commercial use and now also providing Satellite bandwidth services to telecom operators in Afghanistan.

Additionally, infrastructure of Optic Fiber network spanning over more than 10,000 km (including Government of Pakistan USF projects) across all the four provinces of Pakistan including metro connectivity in 22 cities powering 3 of the 5 GSM operators in Pakistan. Wateen also has been acknowledged as the largest alternative LDI operator in Pakistan (with over 1 billion minutes of traffic volume) duly acknowledged by the regulating authority PTA. Such remarkable performance has made Wateen the fastest

growing telecommunication company in Pakistan, thus, making Wateen an icon in the industry and presents ample proof of the robustness of Wateen.

Sales performance has also been quite encouraging and consistent with over 20,000 monthly additions to the broadband internet and telephony subscriber base reflecting acceptance of the technology and more importantly of Wateen's brand value in the market. Sales growth rate has been far steeper compared to the industry average, evident from the fact that Wateen enjoys over 60 percent share of the wireless broadband market. Wateen has an established sales channel network with a well trained wireless operation team for installation and support which together can be leveraged to ensure critical momentum. It possesses efficient and effective business processes including entire customer lifecycle management as well as the largest ISP call centre – (200 agents capacity) and robust pre/post paid billing system supported by a state of the art Business Intelligence (BI) system.

All the GSM operators and almost 80 percent of the commercial banks in Pakistan are using Wateen's services in one form or the other including but not limited to dark fiber / data connectivity, VSAT (Satellite transmission), LDI services, etc. That just shows the reliability and dependability of Wateen's telecom network and further compliments Wateen's vision to be a "Carrier's Carrier". The current market dynamics of the telecom industry lead towards a price war between all the players - a natural result of a price war is increase in volume that will lead to higher capacity demand thus directly increasing business for Wateen's services to the telecom and corporate industry and majority of these contracts with other telecom and institutional companies are based on a longer term basis.

Over the course of its operations, Wateen has successfully achieved strategic vendor relationships and preferential pricing. Wateen has also entered into long term contracts with major vendors and customers thus securing certainty in future cash flows.

Wateen recently closed the largest syndicate financing transaction for the year 2009 raising PKR 4.7 billion from leading banks in the industry even in these challenging times showing the confidence of the market in Wateen's business model and operations. Moreover, Wateen also successfully closed one of the largest Is-

Islamic Financing deal in the same period. In addition to the above, Wateen has secured \$108 million dollars as vendor financing through reputable organizations such as MCC (\$65 million) and ECGD (\$43 million).

ARCH-e'-decon a leading valuer in the telecom industry was engaged to assess the current value of Wateen's key strategic assets and after a thorough scrutiny of the assets comprising the company's fiber optic network (long haul and metro) and WiMAX licenses, their independent report suggested a replacement value of PKR 17,289 million translating into intrinsic value of PKR 52.5 per share. Such a high book value share will now be available through the IPO at par value of PKR 10.0 per share - a huge discount for the people of Pakistan to benefit from.

While Pakistan's telecom industry continues to take positive steps towards the development of telecom infrastructure in the country, the massive boom in the mobile phone segment of telecom industry has also provided significant momentum for expansion and development in other segments of telecom as well.

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6 PRODUCT & SERVICES

Wateen's product portfolio can be broadly summarized as under:

- **Wholesale:** Managed capacity / transmission media (OFC, VSAT), VAR / PS, Infrastructure & Telehousing, Hosted / Managed Solutions

- **Retail:** Internet, Data, Voice, enhanced Voice, TV, VAS, Portal

By commissioning a ready-to-use nationwide 10,000 km optical fiber network infrastructure within such a short time, Wateen has surpassed expectations and surprised the market by delivering a Next Generation Network (NGN) which offers affordability, reliability and convenient scalability. Not much time passed, another first-of-its-kind achievement followed, when Wateen deployed the World's first 3.5 GHz WiMAX Broadband network country-wide in 22 cities of Pakistan which represents over 70 percent of the urban population and where over 85 percent of the national GDP is generated. More importantly, these cities represented approximately 90 percent of the target market of the 5 million internet users as predicted by industry experts. Concurrently, a multiple hub VSAT satellite network was put on air to enable transportation of information to places where no other telecommunication medium could be deployed that was not the end of the story, a Hybrid Fiber Copper (HFC) network was deployed in DHA, Lahore to deliver Triple Play (TV, Internet, Telephone) services followed by another 'first', a GPON network in Pakistan, deployed in Multan for triple play services. That done, within a short span of time, Wateen had accomplished the fastest deployment of a multi-media Converged Network (Optical Fiber, WiMAX Broadband, VSAT, ISM Radio, HFC, GPON) in Pakistan covering the entire country and more importantly – available at affordable rates for customer service.

Yet the challenge remained. What products and services to offer to the target market? Should we fulfill demand and flow with the tide, or should the path be driven by innovation? We chose the latter, albeit a difficult route. With an incumbent in monopolistic dominance, and the market yearning for an alternative, the latter paved the way. Concurrently, Wateen had created an entry barrier for the next entrant, financially and technologically. With almost every License available for telecommunication services approved and issued to Wateen by the Pakistan Telecommunication Authority (PTA), the writing on the wall said – Go Ahead, let's capture the market. The product roll-out commenced.

6.1 TARGET MARKET

The market space being inherently diverse and vast necessitated

a portfolio of products that should not only meet existing demand but should go beyond. Wateen's strategy was not to sell technology but to provide the best product line to customers so as to address their customer need at the right price. With a mobile phone industry booming, the broadband / data network segment growing, demand for access to the internet seeking exponential growth, and the voice (telephone service) market diversifying from the copper infrastructure to more flexible and conveniently usable and functionally superior products, the stage was set for Wateen. Primarily the market sought and continues to seek better, convenient, on-demand scalable facility for transporting information, or shall we say Content, from one point to another, with an insatiable appetite for capacity i.e. bandwidth colloquially called speed.

With the market ready to accept change for the better, our strategy was to sustain focus on the customer by meeting and exceeding their expectation, deliver innovative and functionally rich products, with rapid time to market. The imperative for sustained focus warranted a comprehensive understanding the customer. Market intelligence, primary research, and market demand factored in, identified two large segments namely the Corporate and Carrier segment and Consumer segment.

Data on consumer needs showed very high demand for internet access where consistent reliability, 24x7 availability, convenience of scalability or upgrades in bandwidth, responsiveness to customer service, nomadic or mobility of service i.e. quasi anytime-anywhere service and the ubiquitous demand for low on price. Supported by the ever increasing growth of personal computer penetration in the country and laptops becoming more and more affordable, and an estimated 5 million personal computer in use in Pakistan, lifestyle patterns demonstrate a changing pattern from talking to messaging and emails, partying out to virtual social networking, from outdoor sports to electronic gaming, from audio to audio-video, from listening to watching, and of course to more serious social aspects of learning, research, and sharing knowledge.

The Carrier and Corporate segment is far more complex yet comfortably segmented. Mobile phone operators, Internet Service Providers (ISPs), Long Distance and International (LDI) telephone service operators, Wireless Local Loop (WLL) telephone service operators, Local Loop (LL) telephone service operators singularly consume the largest chunk of bandwidth capacity in the country, approximately 70 percent consumed by 73 companies. Very high consumption of bandwidth, equally high availability of



network, concurrent utilization of multiple telecommunication medium, international connectivity, high focus on quality of service supported by Service Level Agreements (SLAs), geographically dispersed sites, decision making driven by value addition to business, and financially stable service provider, succinctly describes this segments expectations.

On the other side are the Corporate and Enterprise sectors of the national economy. We call it the Enterprise segment. With 57,000+ companies registered with the Securities and Exchange Commission of Pakistan (SECP), approximately 2,000 classify to be Enterprises i.e. multiple offices or outlets in the country. The Banking and Financial services industry is the largest member of this segment with 9,000+ branches. While another 6,000 outlets are estimated to represent other segment comprising Services and Distribution, Health and Education, Government and Defence, and Manufacturing and Construction. With this segment's customers demanding better service levels, and innovative products, business entities have recently made significant multi-million dollar investments in sophisticated information systems. It is these very information systems and the desire to expand their reach to a larger customer base, generates demand for Wateen network portfolio. Secure, reliable, responsive, SLA based service, price/performance, single window multiple medium availability preference, primary and backup network facility, and flexibility of service provider to enable connectivity characterizes this segment. A significant player in the market is the SME/SoHo segment. An estimated 350,000 entities make up this segment based on data available from SMEDA. The segment primarily demands access to internet and telephone service with characteristics similar to the Enterprise segment with one difference, price is the eventual denominator.

Pakistan currently presents extremely favorable demographics for broadband proliferation. Over 50 percent of the country's population is between the ages of 15 and 24 with an overall Computer penetration of around 5 million and 4 million internet subscriptions. With such huge opportunity for Broadband proliferation and traditional technologies such as DSL showing limitations due to a network of copper lines laid out in most areas around 50 years ago and hence failing to support transfer of heavy data, both wireless and optical fibre (HFC/GPON) based technologies are clearly going to lead the show for Broadband growth in Pakistan.

Wateen with its presence in 22 cities is ideally positioned to take-over as the runaway leader in the Broadband market; competitors in the WiMAX market such as wi-tribe (present in only 3 cities) and Augere/Qubee and Mobilink Infinity (present in Karachi only) will take at least another 2 years to break into the market. Similarly, with 1,700 KMs of carrier grade metro fibre; Wateen has set-up a huge entry barrier for any other operator who would have serious difficulties in securing right of ways to match this number.

As more and more vendors such as Motorola, Huawei, ZTE and Green packet enter the WiMAX market in Pakistan, the cost of acquiring customers is going down which means that the growth for Broadband and in turn WiMAX is going to be more and more profitable.

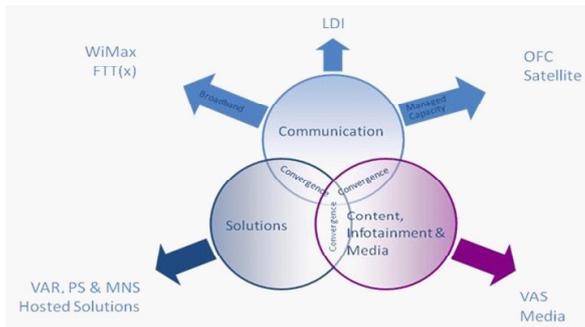
6.2 COMPETITION

With Wateen's product portfolio, the biggest challenge is the classification of competition. The breadth and depth of Wateen's services often creates a situation where in a customer for one product is a competitor for another. On the consumer side, cellular operators, ISPs, LDIs, and fixed & wire line operators make up the competition; whereas on the carrier side, it is the same entities that comprise the customer base. At present, major players offering competition on consumer Internet and entertainment products includes PTCL, World Call, wi-tribe, and Mobilink. The presence of substitute products such as GPRS and EDGE also puts the cellular operators in competition. On the business side, in addition to the competition offered by above mentioned players, Wateen also faces competition from system integrators, OEMs and other ISPs such as CyberNet and SuperNet, who have a strong presence in the enterprise (large and small) segment. Wateen has many competitors for specific products but Wateen's offering in the market is truly unique since no other singular player offers a similar product portfolio. In other words, Wateen is second to none. The closest competitor in terms product range is PTCL but it does not offer VAR (Value Added Reselling) and PS (Professional Services) that form an integral part of Wateen's product portfolio for the provision of "one window operations". Wateen also did not face any issues of legacy infrastructure and therefore built the best NGN (Next Generation Network) allowing it to offer differentiated products at a lower cost of delivery compared to its competitors. On the other hand, competitors have to think twice before moving on to a newer technology since they have to weigh in the likely classification of a legacy infrastructure to sunk cost.

	Long Haul	Metro	FTTH	Wireless Broadband	VSAT SCPC &	System Integration	Hosted Solutions
Wateen	✓	✓	✓	✓	✓	✓	✓
PTCL	✓	✓	X	✓	X	X	X
WorldCall	X	✓	X	✓	X	X	X
CyberNet	X	✓	X	✓	✓	X	X
Supernet	X	X	X	X	✓	X	X
MultiNet	✓	✓	X	✓	X	X	X
Mobilink	✓	✓	X	✓	X	X	X
Nayatel	X	✓	✓	X	X	X	X
Getronix	X	X	X	X	X	✓	X
Corvit	X	X	X	X	X	✓	X
DWP	X	X	X	X	X	✓	X

6.3 PRODUCT PORTFOLIO

Wateen offers a unique product mix allowing depth and breadth in its product portfolio to ensure we don't just cater for customers needs but become part of the customers' life. As Wateen was building a new company in a highly infant and fragmented market it leveraged its infrastructure and its key Unique Selling Proposition (USP) namely providing end to end solutions whether triple play for households (voice, internet, TV & mobility) or targeted corporate solutions across all the business needs for urban and rural connectivity.



6.4 WHOLESALE PRODUCTS

6.4.1 TRANSMISSION / CAPACITY

6.4.2 DARK FIBER

Never before had any telecommunication company in the country, created a Dark Fiber / IRU product. This entails a long term investment by the customer, creating an asset in the books of the customer, supported by a long term contract, with SLA and Operations and Maintenance (O&M) support, both preventive and corrective maintenance. Dark Fiber is leased to organizations seeking dark fiber connectivity on an IRU basis i.e. Indefeasible Right of Use which varies from 3 years to 20 years; depending on customer preference. Wateen only provides the customer with a pair of dark fiber and the customer is responsible for 'lighting' it up i.e. making it operational by setting up the required equipment. The product is positioned to match the insatiable appetite for bandwidth in the Carrier & Operator segment, specifically the mobile phone operators. With Wateen's nationwide optical fiber network capacity almost at an unlimited level, Wateen introduced this product in the market to gain high margins and a quick ROI from optical fiber network.

DARK FIBER		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Nationwide and metropolitan fiber network Very high capacity bandwidth Available on 5,10,15 and 20 years IRU SLA and O&M supported 	<ul style="list-style-type: none"> Ease of transporting high volume traffic, particularly voice traffic 24x7x365 availability Scalability without any additional CAPEX as customer base and grows 	<ul style="list-style-type: none"> Addition of asset appreciate net worth company Offer affordable products customers Grow market share

6.4.3 LAMBDA SERVICE

Wateen Lambda service provides 10Gbps connectivity over fiber, by 'lighting' up just a single wavelength from the full optical signal, stretching up on the nationwide fiber network. The allocation of bandwidth over the lit-up Lambda is targeted to serve as the

secondary/redundant link for the carrier, ensuring high reliability and availability imposed through the Service Level Agreement (SLA).

LAMBDA SERVICE		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Nationwide network Available on 5,10,15, and 20 years IRU SLA and O&M support 	<ul style="list-style-type: none"> Ease of transporting high volume traffic, particularly 24x7x365 availability Scalability without any additional CAPEX as customer base and demand grows 	<ul style="list-style-type: none"> Offer affordable products to customers Grow market share

6.4.4 MANAGED CAPACITY

Where customers seek lower capacities of bandwidth, Wateen offers managed capacity on its fiber and VSAT networks. Wateen's clear channel circuit or Layer 2 MPLS Virtual Private Network (VPN) also known as L2VPN, is a point-to-point "pseudo-wire" service. It is used to replace existing physical links based on TDM circuits. This model is mostly suitable for customers who have a traditional hub and spoke network topology. All sites are connected to an aggregation site which serves as the regional hub resulting in a point to multipoint link between the aggregation site (the hub) and the remote sites (spokes).

MANAGED CAPACITY		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Capacity available on nationwide and Metro network from E1 to STM64 (2Mbps to 10Gbps) Offered in 71 cities of Pakistan through fibre and VSAT Monthly service charge SLA and O&M supported Secure transmission 	<ul style="list-style-type: none"> End to End network 24x7x365 availability No CAPEX required 	<ul style="list-style-type: none"> Save infrastructure costs and expense Lower network management resources and expense Offer same rates for Karachi and upcountry sites

6.4.5 DPLC & IPLC AND IP TRANSIT

As the demand for consumer broadband grows, the supply required to fuel that growth will also increase. This is where the role of DPLC, IPLC, and IP-Transit comes in. DPLC provides for domestic transport within Pakistan, whereas IPLC provides transport across international destinations. For DPLC (Domestic private leased circuit) Wateen uses its own Optical Fiber network both on the nationwide and metropolitan area networks, whilst for an IPLC (International private leased circuit) various submarine cable systems are used.

IP-Transit, simply put, is raw Internet bandwidth which operators and large organizations acquire to have presence on the Internet backbone. With the growth of consumer broadband, not only has broadband proliferation increased, but also the size of average bandwidth pipe going into consumers households. Due to this reason, IP-Transit has consistently seen triple digit growth in the last two years. As per PTA's forecast of over 4.3 million broadband subscribers by the year 2013, IP-Transit will outgrow its current growth rate.



DPLC, IPLC AND IP TRANSIT		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Nationwide and International connectivity Available in Half as well as Full circuits Offered on various bandwidth levels Monthly service charge 	<ul style="list-style-type: none"> Can carry data, digitized voice, fax, video or any other form of digital transmission, at bandwidths from 64 kb/s to 1000 Mbps 24x7x365 availability 	<ul style="list-style-type: none"> Offer affordable products to customers for their domestic and international connectivity requirements Possibility of interconnects with various telecom operators abroad Solicits inbound traffic towards the customer from ISPs; and vice versa

6.4.6 CO-LOCATION/TELE-HOUSING

For our strategic partners, Wateen provides state of the art facilities for Co-location/Tele-housing, to deploy their infrastructure. The sites have a provisioning of inter carrier connectivity, space, security, fire detection/suppression, back up power and bandwidth capacity.

CO-LOCATION / TELEHOUSING		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Provision of inter carrier connectivity Fire detection/suppression Back up power and bandwidth capacity Monthly service charge 	<ul style="list-style-type: none"> 24x7x365 Technical Support NOC performance monitoring 	<ul style="list-style-type: none"> Closed Circuit Video monitoring and Logging at entry points Carrier neutral environment

6.4.7 SYSTEM INTEGRATION

Intricacy of IP and Unified Communication services is experiencing a spontaneous rise. This is the age of policy-based, network-intensive, and speedy and high bandwidth and business-critical multimedia applications that bring together secure data, voice and video capabilities. Yet it is unlikely that companies may find suitably skilled and specialized people in their own existing set up.

Wateen has largest team of highly skilled and certified staff, with international project experience in the products of **Cisco Systems, Polycom, IBM, Microsoft, Oracle, DELL, EMC, Riverbed, Axis, McAfee, Globitel, BARCO, Schmid** and other multiple leading technology providers. This has enabled Wateen to be the leading Solution Provider in the market, offering customised, cost effective solutions generating quick ROI's with expertise in design, swift deployment and seamless integration.

With this approach, Wateen has now the largest market share in System Integrator in Pakistan for the last three years with its penetration in Services Providers, Financial, Educational, Industrial Sectors, Hospitals, Hotels and Shopping Centre and SMEs.

Service Lines	Technology Offering		Partner Alliances		Human Capital
VAR	<ul style="list-style-type: none"> * Routing & Switching * Network & Systems Security * Enterprise Network management * Unified Communications * Contact Centre Solutions * Wireless Networks * Video Conferencing * DSL and Voice Communication for ATC * Document Management * SDH (SP specific solutions) * Software & Applications 	<ul style="list-style-type: none"> * Storage * Data Center Designing & Establishment * Physical Security & Building management Solutions * PC/Servers * Structured Cabling (as part of overall turn-key networking solution) * Testing Tools * WAN acceleration & Optimization * Content Filtering * IP Surveillance / Video analytic 	<ul style="list-style-type: none"> * Cisco Gold Partner * Juniper Reseller * McAfee Reseller * Ca Partner * IBM Business Partner * Riveted Partner * EMC Velocity Partner * Polycom Platinum Partner * Motorola Reseller * Brocade * DELL Partner * Axis Partner 	<ul style="list-style-type: none"> * Systimax Partner * Fluke Reseller * Sunrise partner * Websence Partner * Ahajar Reseller * Milestone Partner * Schmid Reseller * Laserfiche Partner * Teletabs Partner * 3M System Integrator * Panduit System Integrator 	<p>Cisco Certified Networking Experts (CCIEs), Cisco Certified Networking Professionals (CCNPs), Cisco Certified Network Associate (CCNAs), Project Management Professionals (PMPs), Microsoft Certified Engineers, Oracle Certified, VoIP specialists, Security Specialists, IP Contact Centre</p>
PS	<ul style="list-style-type: none"> * ICT Consultancy * Implementation & Integration Services * Audit Services (Network, Performance, Security) * Network Optimization 		Services		
MNS	<ul style="list-style-type: none"> * Managed LAN & Managed WAN * IP Conferencing * Managed Operations * Managed IP PBX * Managed NOC 		Services		
HOSTED	Hosted Data Centre Services	Hosted Contact Centre Service	Cisco & IBM		
	<ul style="list-style-type: none"> * Co-location * Servers * Storage 	<ul style="list-style-type: none"> * IP CC Technology * HR 			

PRODUCT OFFERINGS

VALUE ADDED RESELLING (VAR)

In year 2009, top 500 VAR companies generated a grand total of \$600b even in the global recession. That enormous number includes IT consultants, solution providers, traditional resellers and vendor services arms. Wateen's Value Added Reselling (VAR) with its vision to be the number one System Integrator in the region, takes the lead in local market and excels in offering customised services for the planning, designing, implementation and optimisation of IT/Telecom solutions including integration of multiple next generation technologies like:

CO-LOCATION / TELEHOUSING		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● Mobility and Wireless Technologies ● IP Telephony ● Unified Communication ● Collaboration 	<ul style="list-style-type: none"> ● IP Contact ● IT Solutions Industry Solutions ● Secure Multi Protocol Label Switching Network IP/MPLS 	<ul style="list-style-type: none"> ● Data Centre ● EDN - Enterprise Data Network ● IP Video Surveillance ● Visual Communication/Video Conferencing

PROFESSIONAL SERVICES (PS)

There is always need of right resources to understand the ultimate business objective. Wateen's Professional Services deliver customized services for the planning, designing, implementation, and optimization of IT/Telecom solutions based on business needs of the customer and the solutions offered in VAR technologies. Wateen helps its clients to achieve optimum accelerated performance levels by deploying innovative solutions to complex problems. Wateen provides nothing less than the very best to our clients in;

- Network Consultancy - gathering requirements
- Product/Service Selection and Procuring
- Integrating and deploying solutions – Implementation
- Transitioning to support & Operations

MANAGED NETWORK SERVICES (MNS)

Leading Technology providers have declared the “the future is Managed Services”. UK based consulting analyst consulting firm, Ovium has declared that Managed Services market has grown to over \$40 billion in year 2009. Wateen Solutions' with its largest number of skilled and certified resources offers MNS that helps customers to focus solely on their core competencies while Wateen takes care of customer's key value chain elements. Wateen's MNS offers services at rates such that our clients end up saving considerable amount of OPEX and CAPEX.

SYSTEM INTEGRATION (VAR, PS & MNS)		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● Complete suite of IP and Unified Communication, Network and Physical Security Product Line ● Consultation, Integrate and Managed Approach ● Complete Managed Services Support ● Designing Economical Solutions ● Cisco Solutions Partner of the Middle East and Africa (MEA) region for Year 2008. & Customer focus – Winner of Cisco Advocacy Award for 2006 ● Largest Business in Advance Technologies, like Security, Unified Communication, Customer Voice Portal and IP Video Surveillance. ● Managed NOC 	<ul style="list-style-type: none"> ● Customer can enjoy all services under one umbrella ● Easy to choose technology exactly meeting their business need ● Focus on core business thus ● Quick ROI ● Consultancy with right consultants in achieving Business objectives. ● End to End offering under one umbrella with most economical offerings ● Pro-active monitoring 	<ul style="list-style-type: none"> ● The only System Integrator with Service Providers Edge ● Improving Gross Margins with Services ● Revenue Assurance ● Customer loyalty ● Customer Trust with extended coverage in three continents like, APAC, MEA and North America ● Global reach in these areas

HOSTED SOLUTIONS

The “Hosted” concept is relatively new to the market and has emerged as a cost saving alternative to traditional premise based solutions. The Hosted model, a proven model in many western

nations, has injected life into cash flows of thousands of businesses all across the globe. Wateen Telecom being the leading Hosted Solutions Provider in Pakistan offerings Hosted Data Centre and Hosted Contact Centre, which add value to its customer in saving premise based system cost, investment in resources and money in building in-house data and contact centres.

HOSTED SOLUTIONS		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● Low start-up cost, small initial cash outlay with low total cost of ownership ● Small monthly payments that come out of the operating budget instead of the capital budget ● Wateen's responsibility for deployment, integration and ongoing maintenance regardless of application or network complexity ● Flexible in scaling up and down ● Ease of transition from a premise-based implementation, with minimal financial or system impact Simplification of contingency planning requirements. 	<ul style="list-style-type: none"> ● No Capex at all and cost saving model ● Economical Operational Model ● Saving HR overheads ● Pay as you grow Model ● Flexible for Customer 	<ul style="list-style-type: none"> ● Stretching Business for SMEs especially and DRs ● Complimenting other Wateen Products like connectivity ● Ensuring Services with high margins ● Customer loyalty ● Complimenting VAR Business

6.5 RETAIL PRODUCTS

6.5.1 BROADBAND INTERNET

For a market that demanded reliable, affordable and superior Broadband services, Wateen has come in and completely revolutionized the way Broadband services are offered to the consumer. With service offerings in more than 22 cities and an experienced set of individuals who specialize in WiMAX services, Wateen is miles ahead of current WiMAX players who merely learning the ropes at a time when the whole industry is growing at an explosive rate. For the premium seeking market, Broadband services through HFC (Hybrid Fibre Coax) and GPON (Gigabit Passive Optical Network) in Lahore, Multan and Karachi in the near future, offer the consumer a unique taste of unmatched service excellence.

There are currently 413,809 broadband subscribers in Pakistan; Wateen and PTCL are major players in the Broadband market having a combined share of over 65 percent. PTCL added almost 148,000 DSL subscribers in the previous year growing at a rate of 248 percent. Wateen at the same time added 135,476 Broadband subscribers through WiMAX and Optical Fibre (Hybrid Fibre Coax – HFC and Gigabit Passive Optical Network – GPON) deployments growing at a staggering rate of 349 percent; this growth is going to be sustainable as depicted by market dynamics presented below

BROADBAND INTERNET		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● WiMAX Internet packages ranging from 256 Kbps to 1 Mbps ● HFC and GPON Internet Packages ranging from 256 Kbps to 4 Mbps ● Download capped as well as Unlimited download service offering ● Online service and usage monitoring through a "Self Care Portal" ● Tripple play services on HFC and GPON and Dual Play services on WiMAX ● Account recharge through Scratch Cards, ATMs and POS machines ● Home Delivery of scratch cards ● Trained team of individuals who specialize in WiMAX and HFC/ GPON deployment 	<ul style="list-style-type: none"> ● Flexible and affordable packages that focus on customer needs ● Service offerings for the premium (niche) market as well ● Superior user experience ● Ease of paying bills for the customer ● Reliability of service 	<ul style="list-style-type: none"> ● High reach that has brought in volumes ● Growth in market share ● High ARPUs ● Customer Loyalty ● Differentiation as compared to competitive service offering

6.5.2 DATA PORTFOLIO

With the lack of quality enabled data services due to infrastructural issues generated a large demand-supply gap in the market, making Wateen's existing infrastructure very advantageous. For all our Enterprise customers virtual private network (VPN) provides a secure clear channel circuit, which is offered in Layer 2, Layer 3 and Any-to-Any configuration to cater to various needs of different customers. The product is offered on multiple platforms and on various bandwidths so that various bandwidth requirements could be fulfilled, along with the flexibility of the client to request a change in bandwidth.

VPN		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● Offered on multiple platforms ● Offered on various bandwidth levels ● Monthly service charge ● SLA (99 percent or higher) and O&M supported ● Secure transmission 	<ul style="list-style-type: none"> ● Scalability without any additional CAPEX as customer base and demand grows ● End to End network ● 24x7x365 availability ● Provide the inroads for cross-selling other portfolio products once an entry is made 	<ul style="list-style-type: none"> ● Save infrastructure costs and expense ● Stringent SLAs deliver availability of 99 percent or higher ● One window operation for all connectivity needs due to IP-convergence ● Lower network management resources and expense

6.5.3 TELEPHONY - CONSUMER

Wateen's Telephony service portfolio was developed in order to address the unmet needs of the Pakistani consumer - and to bridge the gap between the traditional services presently offered by various other operators and those that are required in the 21st century. Wateen's current services, ranging from basic digital voice to enhanced telephony, are a testament to its commitment to best serve the Pakistani consumer market.

The recent growth in the telecom sector has been staggering with cellular & local loop operators competing over their share of basic voice services. As a result the current teledensity now stands at 63 percent, a number that represents an extremely lucrative business opportunity for extending 'enhanced' telephony services to customers.

Owing to the scale of their Long Haul & Metro networks the only main players in the Enterprise Telephony Segment are Wateen, PTCL and WorldCall with GSM & other service providers only operating at the fringe. Unlike the consumer segment, business users are highly price sensitive, quality conscious and require

customized solutions to meet their unique needs – and Wateen, unlike its competition, can leverage its large and robust IP-based network to address these needs.

Wateen’s Fixed Line Telephony has been designed to meet and exceed the basic communication requirement of every customer – an affordable and high quality telephone service. Leveraging Wateen’s longhaul network and its LDI operations, Wateen provides its customers with reliable and superior services.

Wateen’s fixed line telephony seeks to enrich the ‘Telephony Lifestyle’ of its subscribers by offering them high quality services, user friendly call management features and empowering them through a self-care portal.

We put our customers first – not only do our competitive tariff plans allow the customers the flexibility to address his needs, we also extend the convenience of a ‘one-stop’ solution for all the telecommunication needs of our customers.

FIXED LINE TELEPHONY		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● A robust network ● Customer-centric tariff plans ● Self-care portal ● Keep your number for life ● Innovative and user-friendly value added features 	<ul style="list-style-type: none"> ● High quality of service ● Flexibility to choose services according to needs ● Transparency of charging ● Convenience of managing a single number ● Ability to differentiate our offering/ empower customer to get the most out of our service 	<ul style="list-style-type: none"> ● Greater customer satisfaction ● Increased customer savings ● Greater customer trust ● Increased loyalty ● Increased revenue potential

WATEEN AUDIO CONFERENCING

Growing from the basic human need to interact, Wateen audio conferencing services allow home users with a hassle-free tool to communicate with anyone and everyone in their social networks – speaking to many family members in different countries simultaneously or carrying out a group study session without ‘actually’ being present together is all easier than it sounds.

WATEEN AUDIO CONFERENCING		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● A high-end Audio Conferencing solution ● Low cost Network Scalability ● A ‘stand-alone’ service 	<ul style="list-style-type: none"> ● Innovative and user-friendly ● Ability to quickly cater to increased market demand ● Service offering can be extended to subscribers of other operators 	<ul style="list-style-type: none"> ● Greater customer satisfaction resulting in Increased service uptake ● Grow market share ● Increased revenue potential

WATEEN VIDEO TELEPHONY

Leveraging our network, Wateen video telephony seeks to add that ‘visual’ touch to simple voice conversations. An affordable product for the mass consumer market, Wateen Video Telephony will allow users to not only talk to one another but at the same time see each other, all with the convenience of a normal voice call. Imagine ‘virtually’ sitting across each other despite being hundreds of miles apart, imagine never missing a smile again.

WATEEN VIDEO CONFERENCING		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● Video-enabled service using video phone sets ● A robust nationwide network ● Multiple Last mile access ● Support for Multiple end-user devices 	<ul style="list-style-type: none"> ● Ability to differentiate our service & convenience of usage ● High service quality ● Potential for a large subscriber base ● Convenience & flexibility for the customer/ low barrier to entry 	<ul style="list-style-type: none"> ● Increased customer loyalty through a more satisfying user experience ● Increased revenue due to a ‘larger On-Net family’ ● Increased penetration

CARRIER PRE SELECT (CPS)

In addition to its focus on developing ‘enhanced’ services, Wateen realizes that significant revenue potential of ‘basic’ voice services targeting the masses. Carrier-pre-select (CPS) is an innovative product providing the end users of different operators the flexibility to choose the carrier for calling international, local or nationwide numbers. Wateen provides CPS services to various different LL and GSM service providers, where the end user benefits from cheaper rates with high quality voice and the operator enjoys additional revenues and increased subscriber base. This service generates over 5 million minutes per month, which also contributes to the LDI wholesale margins.

CARRIER PRE SELECT		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● Freedom to select a carrier before calling ● Hassle free dialing ● A ‘single’ billing for CPS & other usage ● 24x7 customer support 	<ul style="list-style-type: none"> ● Ability to use best tariffs available from the market ● Ease of use ● No minimum monthly/daily usage commitment ● Greater customer satisfaction 	<ul style="list-style-type: none"> ● Increase service uptake ● Increased revenue and margins through ‘swap’ deals ● Increased brand awareness through joint promotions with GSM vendors

CALLING CARD / CALLING ACCOUNT

WCard is a multi function card that enables customers to use it as a calling card from other operators in addition to top up their Wateen pre-paid account. Calling card services received the brand of the year award in the first year of launch and captured a major share of the market within the first 6 months. This service also contributes to the LDI (Long distance & international) wholesale business, where additional profits are generated through the wholesale service.

W CARD		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● Nationwide availability ● Easy to use ● Affordable tariffs for NWD. Mobile, IDD ● Available in multiple denominations ● Excellent customer support ● Ability to use from public phone 	<ul style="list-style-type: none"> ● User convenience ● Increased savings for the customer ● No minimum monthly/daily usage commitment ● Increased customer satisfaction 	<ul style="list-style-type: none"> ● Better service usage ● Increased revenues ● Increased brand awareness due to massive ‘grass roots’ level service uptake

6.5.4 TELEPHONY – CORPORATE / ENTERPRISE

Owing to the scale of their Long Haul & Metro networks the only main players in the Enterprise Telephony Segment are Wateen, PTCL and WorldCall with GSM & other service providers only operating at the fringe. Unlike the consumer segment, business users are highly price sensitive, quality conscious and require customized solutions to meet their unique needs – and Wateen, unlike its competition, can leverage its large and robust IP-based network to address these needs.

There is an increased predisposition of the business community to reduce their costs and adopt new cost-effective technologies. Wateen, through its customer-centric offerings that guarantee convenience & savings, is well placed to benefit from this trend. Wateen is also unique in its ability to quickly meet evolving needs of the Pakistani business community and that too without incurring significant marginal CAPEX, a benefit that Wateen will continue to pass on to its customers and shareholders. Similarly, Wateen’s network allows for a reduced time to the mar-

ket in wake of any potential changes in the regulatory environment. Wateen's Enterprise Services portfolio has been designed to address the needs of all our business users – from a large corporation with offices nationwide looking to reduce communication costs to a small business seeking to improve its professional outlook, all Wateen users will find Wateen's services tailor made to meet their needs.

TRUNKING SOLUTIONS

Wateen provides cost-effective & easily scalable trunking solutions to business users currently using a PBX (Private Branch Exchange) for communication. These trunks will terminate both inbound calls and complete external (off-site) calls that originate from 'behind' the PBX. Unlike its competitors, Wateen's strength lies in its ability to provide its services as one of many PBX interfaces such as POTS, PRI & SIP.

TRUNKING SOLUTIONS		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Support multiple termination interfaces (SIP, PRI, POTS) Interoperability with standard solutions & services (e.g. FAX, POS solutions) Ability to offer add-on services, such as UANs, DID-DOD Numbers etc. Single line, single number, supports multiple channels 	<ul style="list-style-type: none"> Flexibility to choose from multiple interfaces without having to invest in additional hardware One window operation for all telephony needs Scalability without any additional CAPEX as customer base and demand grows 	<ul style="list-style-type: none"> Wider target market, with the capability to cater to exact customer needs Complete customer satisfaction and increased revenue streams Complete customer facilitation and easy to manage operations

Direct Inward Dial / Direct Outward Dial (DID-DOD) service adds to the Enterprise Telephony Product portfolio, by allowing Wateen to become a one-stop solution for all the business needs of a customer.

In a typical PBX environment, a private numbering plan (or extension numbers) is used for communication within the office. Direct Inward Dial (DID) / Direct Outward Dial (DOD) numbers are logical PSTN numbers that can be 'mapped' onto a private numbering plan, allowing 'internal' users in an organization to directly receive or make a call; bypassing an auto-attendant or an operator.

DIRECT INWARD DIAL - DIRECT OUTWARD DIAL NUMBERS		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Provide a separate number to each individual in the organization Choose between DID only or DOD only service 	<ul style="list-style-type: none"> Flexibility to choose any Wateen number for DID-DOD, from the available lists Flexibility to select any extension, regardless of the DID - DOD number provided Scalability without any additional CAPEX as customer base and demand grows 	<ul style="list-style-type: none"> Complete customer facilitation and easy to manage operations Complete customer satisfaction with a one window operation Provide solutions that cater to the customers needs

UNIVERSAL ACCESS NUMBERS (UANs)

Universal Access Numbers (UAN) services were initiated to complete the Enterprise Telephony Product portfolio, to generate an additional revenue stream and to utilize the Wateen network already in place. UAN are 9 digit numbers that start with the digits 111. UANs enable customers to use a single and easy to remember number for incoming calls, while maintaining geographically dispersed locations. A few of the features, advantages and benefits of Wateen UANs are listed below:

UANs		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Provide a single number for all incoming calls Access to the Universal Access Number from all major cities Customized routing options 	<ul style="list-style-type: none"> Increase in customer facilitation and satisfaction with a single number to dial Flexibility to choose from a single location for UAN termination or multiple locations. Ensure complete business efficiency through customized routing Scalability without any additional CAPEX as customer base and demand grows 	<ul style="list-style-type: none"> Complete the enterprise telephony portfolio with the flexibility to cater to all market needs Complete customer facilitation and satisfaction with a one-window operation for all support and services

HOSTED PBX

Hosted PBX is an alternative to the traditional PBX model whereby a company's telephone operations reside with and are managed by the service provider. Wateen's Hosted PBX solution will be a scalable, cost-effective and feature rich solution which will allow customers to avail advanced PBX features without having to buy, install, maintain or upgrade PBX hardware. Additionally, this service will also allow small businesses to achieve the look and feel of larger entities.

HOSTED PBX		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Support for Hybrid solution Support over multiple trunking interface Customized Self Care portal 	<ul style="list-style-type: none"> No additional cost of a trunking interface Compatible with existing PBX in the market to facilitate companies in migrating to Hosted PBX. 	<ul style="list-style-type: none"> Customer can choose interfaces that best suit their need Advance PBX features without having to buy, install, maintain or upgrade PBX hardware Round the clock support.

WATEEN VIDEO TELEPHONY SOLUTIONS

For business users, video communication is no longer a luxury but a business need. Multi-site businesses can avail Wateen video telephony solutions to not only conduct their business operations more effectively but also enjoy significant reductions in their travel expenses. The service leverages Wateen's network to offer a high quality of service and allows the business users to choose the end-user device of their choice – from a low cost 'soft' video client to premium quality video phones.

WATEEN VIDEO TELEPHONY SOLUTIONS		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> A robust nationwide network Video-enabled service using video phone sets Multiple Last mile access Support for Multiple end-user devices 	<ul style="list-style-type: none"> High service quality Ability to differentiate our service Potential for a large subscriber base Convenience & flexibility for the customer/ low barrier to entry 	<ul style="list-style-type: none"> Increased savings to business users due to a reduction in travel expenses 'Brand' enhancement due to innovative product offering Increased penetration & revenue

AUDIO CONFERCING

Wateen's audio conferencing services will enable businesses to effectively deal with their internal and external clients especially for multi-site businesses, irrespective of whether conference participants are based in Pakistan or abroad. Wateen Audio Conferencing services will offer easy-to-use, browser based solution for scheduling, initiating, managing & terminating multi-party conferences. Plus, unlike traditional ad-hoc (3-6 persons) conferencing facility provided by Cellular or Fixed Line service

providers, the Wateen Audio Conferencing service would be accessible from a wide variety of end points including PC soft phones, IP phones, analogue phones & GSM handsets, thereby enabling us to reach out to any and every business, within and outside Wateen's network.

AUDIO CONFERENCING		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● A high end audio conferencing solution ● Low cost network scalability ● A 'stand alone' service 	<ul style="list-style-type: none"> ● Innovative and user friendly ● Ability to quickly cater to increased market demand ● Service offering can be extended to subscribers of other operators 	<ul style="list-style-type: none"> ● Greater customer satisfaction resulting in Increased service uptake ● Grow market share ● Increased revenue potential

Wateen's other planned Enterprise Telephony services include:

Toll free numbers - 9 digit non-geographic numbers that start with the digits 0800. Callers do not pay any charges for calling 0800 numbers when dialed from anywhere within the country. Instead the called party pays for call charges.

Premium Rate Service (PRS) - a telephone service (0900 numbers) that provides recorded information or live conversation for callers similar to 1-900 number service in the U.S. Callers are charged a higher rate on their phone bill, which is then split between the service provider and the network operator whose network is used for originating calls to the said PRS number.

Wateen's Electronic Fax (e-Fax) service will allow its users to send and receive faxes using a Wateen LL number without a fax machine. This will allow users to maintain a database of communication through fax, allowing for mobility & greater confidentiality without any CAPEX.

6.5.5 CONTENT & MEDIA

Wateen has taken home entertainment seriously and has brought a variety of value added services to its customers. Whether someone wants online gaming, music, news, TV or internet, Wateen brings it all to its customers under one roof as a one stop shop for world class entertainment. Under this umbrella, Wateen brings analogue and digital TV, Online Gaming, Music Portal, Infotainment Portal and many other first of its kind entertainment products. The brief description of the same is given below.

INFOTAINMENT PORTALS

Wateen's portals are an innovative project, the usability of which spans through the entire internet user community of Pakistan. They have quickly become one of the most visited sites in the county. The portal is broken down into the major segments – Wateen Music Portal and Wateen Infotainment portal.

Wateen's infotainment portal is designed to be the one stop solution to all online needs for a home user. The same has been designed keeping in mind the most sought after information on the internet and in order to improve efficiency most information has been provided in a single window operation. On the portal, users have access to services and information like the latest entertainment and business news (both local and international), weather, blogs, classified Ad portal, latest local events, auto pages, snippets and much more. Users also have access to numerous downloads including wallpapers, ringtones and a whole lot more.

WATEEN MUSIC PORTAL

For the first time in Pakistan, Wateen is providing the largest, legal selection of songs ranging from classic to techno, rock to heavy-metal, with a catalogue large enough to suit everyone's tastes. With a huge selection of music which is backed and supported by its partnership with Arvato under the brand name Getmo, Wateen has been able to bring legal music to Pakistan for the first time. The business model revolves around the fact that end users do not have to pay for legal downloads and the revenues are generated through advertising sales.

The first two phases have been successfully implemented and the third phase is in progress. Wateen also recently launched multiplayer online gaming in partnership with Arvato, which is one of the world's biggest content providers and aggregators.

The product focus cuts across people from all segments and both English and Urdu music is available. The marketing strategy for this product has been viral and online/BTL based. The same has resulted in making the Wateen portal one of the most visited sites of the country.

WATEEN MUSIC PORTAL		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> ● A dedicated team of media and VAS professionals ● High end servers in a world class data centre to ensure reliability and uptime ● Collaboration with content aggregators for licensed and legal content ● 24/7 round the clock updating of content 	<ul style="list-style-type: none"> ● Largest array of infotainment services including classifieds, music, news etc. ● Superior quality content unmatched by any other competitor in the market ● Free legal music, ring tone and wallpaper downloads ● Latest news, gossip and entertainment news ● Blogs and photo sharing ● Free access for customers 	<ul style="list-style-type: none"> ● Advertising based model to ensure free content for customers and focus on ad revenues ● Low Capex and direct costs/revenues on a revenue share basis ● All content supplied on a complete revenue share basis at no additional cost to Wateen

Wateen has a backing from one of the largest content aggregators in the world. Given that, Wateen is able to offer high quality music to its customers. There is tremendous opportunity to increase the number of hits on the website and thereby increase resultant revenues from ad sales and sponsorships. Since no other company is offering such a service in Pakistan, there is enough reason to believe that this niche market will be captured by Wateen and the testament of that is already seen in the ever increasing number of hits and downloads from the website.

ONLINE GAMING

Internationally, the gaming industry is worth USD 10 Billion and is the fastest growing entertainment sector in the world. Keeping that in mind, Wateen's Online Gaming (WOG) service is designed to link the gamers together for a richer gaming experience both at domestic and international levels.

WOG was envisioned as a three (3) phase project, with each phase targeting a separate consumer segment. The first phase targeted avid gamers through dedicated servers. The second phase targeted the casual market through a comprehensive web gaming portal while the third phase targets the avid segment and lays the groundwork for the console market through VPN connectivity and gamer profiles.

The first two phases have been successfully implemented and the third phase is in progress. Wateen also recently launched multiplayer online gaming in partnership with Arvato, which is

one of the world's biggest content providers and aggregators. Currently on the gaming portal, which forms part of the main Wateen portal there are; Web based games (Flash, Java), PC based games, Mobile Games, TV based Interactive games, Multiplayer Online Games. The product is focused on students and young professionals. The marketing strategy for this product has been viral and youth-focused to correspond to the tastes and interests of the existing market. Regular tournaments at cafes, universities and other youth hotspots and extensive branding at these low cost high opportunity venues have solidified our market presence.

ONLINE GAMING		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Proprietary gaming client for server based games High capacity fully redundant servers High availability and high QoS SLAs Collaboration with one of the largest gaming and mobile entertainment company in the world 	<ul style="list-style-type: none"> Largest portfolio of games for all segments High capacity servers ensure high quality game play for a large number of players Inclusion of latest games from time to time One stop solution for all kinds of gamers Best in the market service Round the clock tech support Large number of peers to play with and games to choose from 	<ul style="list-style-type: none"> Own the largest gaming community in Pakistan Increased hits on the portal to ensure greater demand for advertising space on the portal Games and content supplied by the vendor on a revenue share basis

Wateen has the largest, round the clock monitored and moderated gaming server farm in Pakistan. With the level of QoS that Wateen can offer there is ample opportunity for growth and thus to be the leader in premium quality service for all the gamers in Pakistan. Wateen has teamed up with the only International Gaming event – The World Cyber Games – to hold contests every year and the winners have participated on international forums. This has been a huge success and thus Wateen has established itself as the primary Gaming service provider in the country. With the positive indicators and over 12,000 gaming subscriptions in the last 3 months, the future outlook is extremely positive.

SURVEILLANCE SOLUTIONS

Wateen's Surveillance solution for home users is a comprehensive live video capture, monitoring, storage and retrieval solution designed for our customers. Our anytime, anywhere surveillance means that users can access live video feeds from anywhere in the world as long as they have access to internet. What makes it most interesting is the ability of users to view the camera footage through their internet enabled phones as well.

SURVEILLANCE SOLUTIONS		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> End to end IP based infrastructure Fully encrypted video feeds Media recording at world class data center 24/7, high availability redundant servers Dedicated team of professionals backed by one of the best surveillance companies in the world 	<ul style="list-style-type: none"> No need for DVR's as recording done remotely Cost effective solution Easy access through internet from anywhere in the world Access via internet enabled phones Easy access to recorded media in case of security breach Fully customized and supported by Wateen 	<ul style="list-style-type: none"> First mover advantage Attractive pricing to ensure high uptake Ability to provide services to all broadband users regardless of their provider ensures a huge potential market High quality authentication mechanisms ensure customers confidence in Wateen

Given the ever increasing need for vigilance and surveillance, the solution is a perfect fit for the market and has been designed

keeping individual customers in mind. Although the surveillance market has been around for a while, all legacy systems are CTV based and have an inherent flaw that all camera recordings on DVR's are saved at the same place as that is being monitored. In the event of a security breach, the backup recordings are as vulnerable as the monitored place being compromised. Furthermore, there is no provision for the owner to monitor the place and take preventive or reactive action which could save significant damage. With the above said, the needs of the market have changed and Wateen's surveillance solution is a solution designed to address the shortfalls of the legacy systems.

Wateen's solution is an end to end internet/IP based system with the surveillance recordings stored at our secure remote data centre. This ensures that in the event of a security breach, the affected party can readily access the recordings and use them as evidence in any situation. Currently there is no company that is offering such a solution in the market.

APPLICATIONS

Household security and surveillance including monitoring of indoor play areas, baby rooms etc. The video feeds can be viewed through mobile phones that have internet and java capability. Our biggest strength in this product is our ability to connect anything, anywhere & anytime. This means that the market for Wateen's surveillance solution is not dependent on Wateen's platforms only. The entire broadband market of Pakistan is the target market and with such low levels of penetration, growth outlook is extremely positive. Furthermore, it is an "Un-managed Hosted" service for the customer since it removes the need to have clumpy and messy looking systems sitting in homes.

WATEEN SAFENET

Wateen has teamed up with the world leader in computer security McAfee to bring to its customers latest in virus protection. With the service, Wateen will offer a full, genuine antivirus subscription for a full year at unbeatable prices. With the service, users can be sure to have a safe browsing experience without the threat of malware and viruses.

WATEEN SAFENET		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Latest anti-virus in collaboration with the world leader in virus protection Online distribution and selling via scratch cards or online purchase 	<ul style="list-style-type: none"> Complete end to end protection for consumers without the fear of virus or malware attacks Cost effective and fully legal ensures live updates and support 	<ul style="list-style-type: none"> Potential market of all internet users in Pakistan Representation and partnership with a world class brand ensures trust in the service and thereby increased uptake Removes the need for extensive logistical and supply chain changes as distribution to be done online

The target market is all home users and the pricing is done in such a way that most broadband users are also the potential customers for the product. The distribution model is envisioned in a way that with the purchase of a new connection a customer would have the option of signing up to an anti-virus account. The same would be done through a genuine key that would be given to a customer on a scratch card so that the first and genuine acti-

vation is done in customers name and he is able to download latest patches directly from McAfee's website. Due to the nature of the product, it will be offered to non-Wateen customers as well. Our position in the market is very strong since there is no other company that is offering a similar service on any scale. This is an inherent first mover advantage that Wateen enjoys and being the sole local partner for McAfee, it is a winning combination for both McAfee since it gets access to a huge market, for Wateen and most importantly its customers.

Wateen's TV Broadcast and Multimedia Services offer high-quality analogue and digital video channels and interactive TV services to all its subscribers. Currently the service is offering 99 high quality subscription channels tailored to the needs of the regional market. To ensure superiority of service; many free to air channels and channels that are not specific to our market are excluded.

Wateen also airs seven branded channels which provide customers more than 5,000 hours of quality entertainment every month.

Currently TV service is available in Lahore and Multan by providing direct feed through HFC network under the triple play project umbrella (through an arrangement with an affiliate company holding Cable TV Licenses), as well as through cable/loop operators and will be expanded to other parts of the country soon.

DHA Lahore Triple Play project (in collaboration with DHA) provides analogue television service together with telephony and internet services over a single broadband connection. This project stands out by virtue of its superior service, convenience and attractive packaging by offering its customers top entertainment at home by using the very latest technology. Electronic Program Guide (EPG) is being offered at above mentioned locations.

UPCOMING SERVICES

In addition to the existing services, planned services include Digital TV with an exciting channel line-up as well as interactive services like Video-On-Demand, Pay-Per-View etc. where customers can watch their favourite programs, movies or any special events at their convenience.

Other value ads include Parental Control with which users would be able to disable channels and limit what children can view. While the Electronic Program Guide will allow users to navigate their favourite channels and set on-line time reminders on their favourite programs and much more.

UPCOMING SERVICES		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> High end and latest delivery mechanism over fiber optic cable Very high capacity bandwidth Digital TV and satellite programming Dedicated team of professionals to ensure 24/7 availability 	<ul style="list-style-type: none"> Better channel catalogue as opposed to the competition Lack of VAS with other operators makes Wateen TV a better value offering Uninterrupted TV without distortion and downtime World class channels in one combo deal More control over viewing with VoD and EPG Lesser number of adverts as most channels are subscription based 	<ul style="list-style-type: none"> High uptake due to superior quality Advertising based model to attract greater ad revenues as viewership increases Ability to cross sell and upsell value added services at a premium

IVR

IVR based services have seen unprecedented success in their deployments in GSM networks. Wateen plans to deploy the same services on the fixed line platform in order to augment the service offerings on its voice platform.

IVR		
FEATURE	ADVANTAGES	BENEFITS
<ul style="list-style-type: none"> Existing high quality Wateen's voice infrastructure allows large traffic Feature set mirroring the services initially offered only to GSM customers 	<ul style="list-style-type: none"> Cost advantage in terms of price to customer and incentive to use voice services Increased choice in VAS without having to switch to a different line or to switch to GSM Better land line clarity with GSM services 	<ul style="list-style-type: none"> Promotes the use of voice services Increase product portfolio to target the niche IVR market Supplemental revenue stream Low additional cost as infrastructure already supports IVR

With the IVR solutions, Wateen will be able to offer Music on demand, voice chat and a host of other services. The target market will not only be limited to Wateen fixed line customers and all GSM customers will also have access to the services. Taking advantage of the difference in interconnect rates, Wateen will be able to entice GSM customers to access our services at very competitive rates.

The market size is therefore extremely huge whereas the deployment costs are very low. The deployment of the services is seen to come around the 2nd quarter of 2010 and the future outlook looks promising.



7 SALES, SERVICES AND OPERATIONS

7.1 CONSUMER SALES

The internet phenomenon has contributed towards the evolution of new social ecosystems across the world without any element of discrimination. Freedom of speech, access to information, ever increasing richness in content, undeterred extension of reach, and similar factors have been the frontline drivers for the growth of the internet. Demand for access has placed immense pressure on the telecommunication industry globally and in Pakistan.

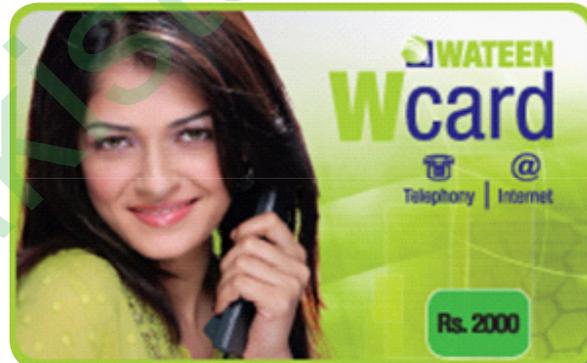
The single most influencing factor that has troubled the telecom gurus has been content, as it gets richer day after day, possibly with every passing minute. Demand for higher capacity networks capable of handling such rich content will remain at the forefront to determine the quality of the network which in turn will influence the quality of service that a service provider can deliver to its audience. To accentuate the issue further, the convergence of telecommunications, information technology, and the media industries is creating a challenge for the service providers in designing, operating and maintaining their backend equipment that supports the traffic traversing the internet up to the customers' personal computer. Robust and scalable technology is the key to the backend that supports multimedia content and an enabling network with rapidly scalable capacity that reaches as far as any corner of the geography where the service providers operates is the key to success of the service provider.

As reiterated earlier, it is the factors stated above that were key considerations in designing Wateen's Multi-Media, Multi-Function, Multi-Layered and Multi-Gigabit network to meet these challenges. An additional challenge in Pakistan was to respond to the low purchasing power by making the service affordable. As time has proven that the price point of PKR 1,000 per megabit demonstrated an upward skew in product uptake in the Pakistan market. Researchers predict that exponential growth can be achieved if the price point reaches PKR 500 per megabit. And this may well be true since the segment that forms the largest single user base is home users.

The demand drivers and the maximum time spenders on the internet are aged between 15 to 35 years. Broadly categorized as Youth, Young Professionals, and the other two significant segments categorized as Mature Professionals and Masses. All of them desire 24x7x365 availability, convenient access – nomadic or mobility, consistent reliability, freedom of choice to select

bandwidth and associated value added services, an option to pre-pay or post-pay for the service, a portal for rapid response from the service providers' servers, and of course low price. Lately, Pakistan is also witnessing the discerning users giving priority to price-performance instead of low price only, at least in the major towns and cities of the country.

While Wateen offers internet service on all available media in its portfolio i.e. optical fiber, VSAT, ISM Radio, WiMAX Broadband, HFC, and GPON the last three are the networks deployed to meet the demand of this customer segment. WiMAX being by far the



most pervasive at this time since it provides enablement in the shortest possible time.

Managing customer expectations is a function of customer education, and continuous awareness and education. Rendering high quality customer service relies heavily on support staff whose skill set demonstrates reliability, responsiveness, empathy, are assuring, and most importantly know the customer. The last of these requires a multidimensional Customer Relationship Management (CRM) system.

Since customer retention is crucial to steady revenue streams, Wateen's sales and service staff along with business partner sales and service staff undergo rigorous training to serve the customer. Each of these staff functions with established Key Performance Indicators (KPIs) and are retained in employment, based purely on performance

BROADBAND INTERNET

The challenge is to reach a large audience of existing 5 million+ internet users and bring on board new internet users growing at a



galloping triple digit rate year-on-year, with last year witnessing a growth of 145 percent as per the PTA Annual Report 2008-2009. Wateen has responded by deploying multiple sales channels to create strong retentive market presence. With over 30 Franchise outlets, a 200+ workforce making the Direct Sales team, Affinity Partners, and a large 400+ Dealer network (targeted to grow to 1,000). Wateen operates internet services for the target audience in 22 cities of Pakistan. This is supported by a Distribution Channel to deliver Scratch Cards for prepaid customers to enable them to recharge their accounts on a monthly basis.

Our push strategy to create awareness and garner the customer base supported by multimillion dollar advertising campaign in the electronic and print media has paid off dividends. In a short span, Wateen has the largest WiMAX Wireless Broadband internet customer base with over 150,000 and the second largest internet user base in the broadband market, second only to the incumbent which started with DSL Wired Broadband services 5 years ahead of Wateen. From the smallest locality in Sahiwal to the upmarket locales of DHA in Karachi, Wateen has penetrated households with its internet service.

The WiMAX USB has established itself as the leader of the pack enabling users to carry their CPE (Customer Premises Equipment) for customers possessing laptops. The most demanded and used WiMAX package is the 1mpbs bandwidth package. The former constitutes over 50 percent of all WiMAX sales while the latter takes a hefty 80 percent+ share of new connections over the past six months. This fact is supported further by the fact another reality that most sold Scratch Card is the PKR 1,000 denomination card.

DIRECT SALES

Direct Sales team comprising of more than 200 executives is build to access the ultimate customer base of SME/SOHO & corporate individuals nationwide. Certain sales target is given to each individual on monthly & yearly basis. Account management concept is introduced to maintain the customer relationship building & revenue assurance. Growth of more than 200 percent

is observed in last 6 months. Current market share stands at 14 percent.

USP	GO TO MARKET STRATEGY
<ul style="list-style-type: none"> In House channel Technically trained resource Sales & Service delivery at door step Trouble shoot customer end issues Bulk Deals Account Management / Customer relationship building. Direct Access to customer from Wateen's platform Support Corporate Services sales channel. Better team work & management 	<ul style="list-style-type: none"> SME/SOHO Corporate Individuals High value individuals. Educational Institutions Professional Communities Govt. Institutions Tele Sales Door to Door Brand Activations Commercial activity hubs
FUTURE VISION	
<ul style="list-style-type: none"> Target the higher ARPU customer base. Increase the spread to small cities Upto 400 percent growth in next 3 years Increase the market share to 50 percent Brand activation activities at education & financial intuitions Start Selling for surveillance & gaming products. 	

FRANCHISE & RETAIL

Wateen seek Co-Venture participants who contribute capital, energy, loyalty & entrepreneurialism in a controlled environment to achieve the common business objectives. Franchise and Retail the pioneer channel among other channels is providing services in 22 cities with 34 Business Units. The venture is a one window solution for every problem customer may come across. The channel has given tremendous growth during last two quarters both in terms of customer acquisitions and revenue enhancement.

USPS

- Reduce cost in providing services under one roof
- Product availability at arms reach
- Business Partners having diversified experience
- Nationwide presence with 36 zones, 80+ Support Staff and developing a retail network of 300 further outlets;

AFFINITY CHANNEL

This channel involves strategic alliances and partnerships which are based on mutual benefits. Wateen utilize partner's brand, captive customer base, its market reach and expertise in order to sell its product. This channel helps to serve the gaps in market and support the company's multi channel sales strategy. At present we have 3 Affinity Partners working with us. In addition, strategic alliances are being developed with several Head end Operators and with some other players with proven market reach.

USP	GO TO MARKET STRATEGY
<ul style="list-style-type: none"> A cost effective channel with direct access to captive customer base of strategic partners. Better customer experience in form of better customer retention and satisfaction Nationwide set-ups 	<ul style="list-style-type: none"> Approaching captive customer base of partners Telemarketing Field Sales Teams DTD Selling Kiosk Activities
FUTURE VISION	
<ul style="list-style-type: none"> Addition of 3-5 new partners who have proven market reach Increasing distribution depth of existing partners by both geographically and infrastructure-wise 	



DEALER NETWORK

Wateen Dealer Network has emerged as a continuous expanding channel with prominent emerging outlets at major cities. Dealer Network Sales Channel is in a business venture with Intel & non Intel dealers to channelize Wateen WiMAX sales across Pakistan. Dealer network is aimed at maximizing company’s visibility and expanding customer touch points where basic Sales & Services are offered. It is a cost effective solution where mutual beneficial collaboration is ensured between company and the business partners. This channel has been effective in making company’s reach in general public covering major segments in different markets such as electronics, mobile handsets, computers, cable operators, house hold etc. Currently around 400 branded dealers are operational across 22 cities where customers can avail company’s services in their own vicinities. It is planned to expand this network to 1000 dealers delivering a bench mark of 5000 sales per month. Amongst these dealers some focal outlets shall be encouraged to function as full-fledged service centers and some outlets as Wateen gaming zones.



in a given areas. After having larger area connected to Wateen’s Network we will be able to get good profit from our services i.e. competitive advertising rates for in-house channels, VOD rates and other additional advertisement gimmicks such as advertising on RBO’s TV Channels. This will provide us enough revenues to generate profitable business out of our CATV services.

USP	GO TO MARKET STRATEGY
<ul style="list-style-type: none"> ● A Maximizing touch points at customer vicinity. ● Co-branding opportunity 	<ul style="list-style-type: none"> ● Co branding major computer outlets in commercial areas
FUTURE VISION	
<ul style="list-style-type: none"> ● AExpansion of dealer network to 1000 outlets ● Establishment of Mega dealer across the country 	

DISTRIBUTION NETWORK (CONVERGED VOUCHER CARD)

All Wateen services are available in pre paid and post paid packages. To facilitate customers, prepaid vouchers can be used as payment mechanism. The availability of converged voucher card across the country is ensured through distributor network. Dealer network has ensured the reach of Wateen cards to nearly 40,000 outlets.

USP	GO TO MARKET STRATEGY
<ul style="list-style-type: none"> ● A Utilize existing strength of distributors to ensure product availability 	<ul style="list-style-type: none"> ● Availability at all major retail outlets ● Alliances with courier companies and alternative channels like banks (MCB, Alfalah) to ensure home delivery and availability of cards through ATM channels
FUTURE VISION	
<ul style="list-style-type: none"> ● Enhance reach of Wateen cards to 60,000 outlets 	

CATV DISTRIBUTORS (STRATEGIC PARTNERS)

This business concept revolves around the phenomenon of distribution partners. According to this phenomenon Wateen Multimedia is authorizing specific cable operators to transmit the CATV service provided by WMM on one’s own cable network. Along with this, we are also involved in connecting Loop operators to our WMM signal that shall allow us to increase the number of house passes free of cost. This strategy as a whole will cut down the building and installing cost of new infrastructure from scratch

TRIPLE PLAY

As it is akin to Wateen, to create innovative products, the GPON and HFC networks (also called FTTX networks) offer Triple Play services i.e. Internet, TV and telephone services on a single cable. With over 10,000 customers on these networks in DHA Lahore and Multan Cantonment, and with deployment in process to expand both networks in Lahore, the demand for Triple Play services is also expected to grow extensively. The combination of Broadband services, be it wireless or wired, makes Wateen the only operator offering access to internet and telephone services with both types of networks in this market segment. With 90 TV channels available for viewing, including 8 in-house channels delivering entertainment 24x7x365, the Wateen TV Network provides the highest digital quality TV transmission.

Telephone services have been devised around a strategy to primarily win-back existing customers of other operators and create our own new customers. A potential market in Wateen's reach will be over 12 million households. Since simplicity is Wateen's core value, the product requires no special telephone instrument, thus saving the customer the extra expense of a vendor specific and service provider specific desk set telephone. A Wateen telephone connection availing customer has to simply disconnect his existing telephone and connect it to the Wateen telephone network. Simple as that! The question that comes to mind is why should the customer switchover, because Wateen's telephone tariff is rationalized to meet the wallet of the target segment customers. Line rent as low as PKR 90 per month and a maximum line rent of PKR 270 per month. Usage measured at a pulse of 30 seconds. Supported by prepaid or postpaid billing options, produced from the state-of-the-art Wateen Converged Billing System makes it convenient for customers to switchover. An additional attraction for the customer is free-of-charge calls from a Wateen to Wateen telephone, also called On-Net calls. Imagine a conservative ARPU of PKR 100 and an even more conservative market penetration of 1 million telephone connections, the revenue will exceed PKR 1 billion per annum.

As stated earlier, customer retention is the key to success. The challenge is to enable the customer to spend more time in using the Wateen internet connection. This point is serviced by Wateen's Value Added Services (VAS) via a simple Wateen Portal interface.

VALUE ADDED SERVICES

VAS delivers some of the most popular computer games which users can play with others anywhere around the globe. Our relationship with Arvato, the subsidiary company of Sony BMG, one of the top most owners of digital content in the world, brings to fore the repository for access by Wateen internet users. Youth segment is the most involved seeking variety. From cybercafés to gaming clubs, the industry has started growing rapidly as a source of entertainment. This is a high bandwidth consumption market because of the multimedia nature of the content. An across the board demand exists for the ever popular entertainment source of Music. Wateen's VAS hosts a collection of tens of thousands songs for audiences from diverse backgrounds

including western, Indian, Pakistan and regional Pakistan songs. This repository is further complimented by videos of songs. The intent is to sustain the user at Wateen's portal instead of accessing and downloading from websites like YouTube. Effectively, the user gets faster downloads and a huge variety of entertainment. The Lifestyle section of the portal, exposes the world of fashion from the world over. Going forward this portal will be the mainstay of increasing user presence on the Wateen network and at some point in time the services will become chargeable to generate revenue. Going by the industry practices in the developed countries and India, this new line of revenue albeit small today,

promises the potential to become another Amazon Books story in the future.

Entertainment portals attract audience eyeballs. That in turn creates another source of revenue, the advertising revenue. A whole new industry has been created in recent years and is referred to by many names, Online Advertising, Internet Advertising, One on One Marketing etc. This phenomenon is catching up in Pakistan, and Wateen remains driven to grab the market. Since virtually, no one in the industry has created a portal as content rich as Wateen, and with the number of Wateen internet users growing at the rate of approximately 20,000 per month, the market is up for the taking. Our test marketing efforts have shown that the demand and desire to advertise on the Wateen portal is very high. This opportunity opens up a chain of revenue streams. Starts with a Portal, attracts the customer, sustains the presence, creates opportunity for advertising revenue, and goes up to create another opportunity for online purchases. With the banking regulator fully supportive of electronic banking, only technological delivery is awaited.



SALES SERVICE OPERATIONS

Sales & Service operations team has been acting as a backbone for the entire Sales division since launch. A dedicated resource at each Walk in center ensures FCR is provided customer walking in. Meeting & exceeding customer expectations is the main objective the entire team is striving for.

Following tasks are being continuously performed in order to ensure Sales as well as revenue targets are consistently achieved.

Sales & Service Operations Team

- Sales support in terms of commission reconciliation with Finance, sales fulfillment with C&C, SDS and Sales forecasting / reporting / analysis
- Ongoing support for Franchise/Business Centers in terms of day to day operations
- Minimizing churn ratio and maximizing First Contact Resolution at frontend / walk-in service centers nationwide.
- Training of Sales & Service team on effective Sales Pitch, Objection Handling and Sale Closing techniques as well as courteous customer services, problem diagnosis, proactive resolutions and follow ups.
- Development of a dependable regional support team to empower sales & service support at the grass root level.
- Process development and implementation for Sales & Service functions followed by gauging process efficacy.

Telesales & Quality Assurance Team

- Retention Calls to customers in order to convince them to recharge their account and help control churn.
- Welcome calls for sales quality & customer satisfaction survey analysis.
- Targeting the inactive customer base for issue resolution and device recovery
- Customer data verification calls to support Credit & Collection

CUSTOMER SERVICE

It is great to have technology and content, both of which Wateen has remarkably well. But customers are all human beings and that requires the personal touch. Here comes the prolific Wateen attitude for Customer Service.

Customer Service at Wateen operates 24/7 and consists of a front-end (Contact Centers) and back-end (Support Center) teams supported by a Quality Assurance unit, a Resource Development team and Business Reporting and Analysis team.

Contact Center is equipped with state of the art, CISCO Hosted Contact Center offering multitude of services both for Consumer and Enterprise customers. The channels of communication available to Wateen customers are call, email, web chat, SMS and fax round the clock. An in-house, fully customized, to meet the demands of our unique product offerings thereby making it possible to quickly introduce new products and value added services without dependency on any outside resources.

Wateen CRM provides complete track of customer and their account history which is then helpful in planning of loyalty and

retention campaigns. A “Workforce Management” software ensures maximum utilization of staff and resources in line with dynamic business needs. An internal Portal which serves as knowledge base for the customer service team enables them to access information quickly and easily while serving our customers.

The foremost customer service team is Contact Center populated with 100 seats, and planned to grow to 500 seats as our customer base expands. Rendering 24/7/365 service the facility operates in three shifts with current strength of 100 customer services representatives per shift to meet customer needs. The Support center provides back end services to not only internal customers but all other divisions of the company in terms of

Wateen celebrates freedom with the nation. Enjoy up to 60% off on subscription charges on all new connections till 31st August 2009.

Subscription Charges (one time only)	Old	New
Unlimited	2,500	1,000
10 GB	2,500	1,000
5 GB	2,000	1,500
Security Deposit	2,000	Zero

Monthly CPE, internet and telephony line rent charges will be in addition to subscription charges.

Also with these packages get UPS 600W for just Rs. 1000.
To get connected call 111 365 111, log on to wateen.com or visit your nearest Wateen Franchise.

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WATEEN

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complaint and provisioning requirements of customers. The Quality Assurance team is a crucial checkpoint and one of the most valued at Wateen. Introspection is the key. Monitoring performance of the customer service team call by call, action by action, email by email, etc. creates a learning curve that renders itself in the development of training material hence making continuous improvement the hallmark deliverable of this team.

The Resource Development team is engaged in providing training to all customer service staff and whenever required to other divisions of the company contribute their knowledge and experiences in areas of communication and product knowledge as well

as training on systems and other resources. This team is also responsible for maintaining skill inventory and custodian of customer service process manual with all latest updates and changes. A few words on the processes deployed. The processes are based in Industry Best Practices and conform to International Standards of Contact Center services. Necessary to state that the processes are reviewed and revised to fit local requirements with the remit of the international standards and best practices. The Business Analysis team is delegated the responsibility of generating daily, weekly and monthly reports including monitoring of internal SLAs with other divisions of the company to ensure that customers are served in promised time with Quality of Service (QoS) parameters are achieved and with full compliance to corporate governance standards. In addition this team also generates intra-division OLA/SLA reports and prepares management reports at different intervals.

The success story of Wateen's customer service is measured by a minimal less than 1 percent call abandon ratio, their high level of skill set is reflected over 70 percent calls being resolved at FCR (First Call Resolution). This has been achieved with meticulous planning and execution which is undertaken incessantly on an almost daily basis. Each customer service representative attends over 60 minutes of daily briefing and 8 hours of formal training every month. The front door at Wateen, has been equipped, trained, and operational and winning kudos from customers.

7.2 CORPORATE & CARRIER SALES ENTERPRISE & CARRIER SALES

Technology infrastructure creates opportunity to add value to business when market potential is appropriately addressed. Converting potential to revenue and profit requires meticulous execution of business processes, adoption of best practices and compliance to corporate governance. Enterprise & Carrier Sales strategy is based on four critical elements, namely:- understanding of customers' business, market intelligence, territory coverage, and customer feedback. Since relationship management is the key to acquiring customers and sustaining revenues, all actions undertaken with customers require a Face-To-Face (F2F) relationship management workforce. Our ultimate goal is customer loyalty. This milestone in sight, we achieve it with support from organization clusters of Operations and Support. We follow a simple principle for strategy execution i.e. more time spent with the customer, earns more revenue and greater customer satisfaction which ultimately creates loyalty.

Given one of the finest and cutting edge telecom infrastructure in the region accompanied by a diverse yet complex product portfolio, Wateen's vision to be the 'Carriers' Carrier' envisaged focusing on the market comprising of telecom operators, service providers, corporate business entities in Pakistan, and selectively addressing opportunities in international markets. Wateen's performance to-date, has been exemplary. The cornerstone of success is attributed to innovative business ideas exploiting the infrastructure to deliver excellence in customer experience.

INTERNATIONAL CARRIER SALES

Within the first year of its operations, Wateen established itself as the largest alternative Long Distance & International (LDI) operator in the country. With a very aggressive business development roadmap, establishing interconnect agreements and relationships with some of the leading international carriers and four GSM operators in Pakistan, Wateen quickly surpassed its competitors in Pakistan in terms of market share, without compromising on quality. With a network and infrastructure capable of carrying over 150 million minutes per month, and end-to-end control over its mission critical assets, the capacity and quality of service offered by Wateen was and still is unparalleled. As a result of this, many leading international carriers, including British Telecom, Etisalat, France Telecom, Saudi Telecom and Singapore Telecom, reposed their trust in Wateen's services. As of today, Wateen has over 60 international carriers on its panel of customers.

Other than focusing on quality alone, great emphasis was laid on establishing win-win relationships with international carriers i.e. conducting two-way, committed business deals. In other words, Wateen entered into bilateral trade agreements with international carriers, which enabled it to capture a higher market share, whilst commanding a premium over the prices available in the international wholesale market. The young, yet dynamic and dedicated team of account managers ensured seamless relationship management with their counterparts across the globe, while Wateen's pro-active 24x7 Network Operations Center kept a check and tab on network health and stability, in real-time, intervening to resolve problems before they even started. Leveraging the company's financial strength to provide credit to large international carriers also helped differentiate it from the competition.

All the aforementioned success factors helped propel Wateen to the alternative LDI operator of choice in Pakistan, commanding a market share of 15 percent at its peak, while maintaining a premium in its pricing. Fiscal year 2008 – 2009, showed a growth in traffic of 149 percent.

CARRIER & OPERATOR SALES

This segment has a small customer base with opportunities for high value, low volume transactions. The smallest opportunity can be as small as tens of thousands of dollars while on the other hand it could be in excess of 30 million dollars per transaction. It is the robust and technologically resilient infrastructure that catches the eye of the customer. Strong service levels, delivery commitments, dedicated project and account management and flexible commercial terms are the key differentiators which make Wateen stand out from the competitors.

The major breakthrough in this business segment was the Dark Fiber deal for the nationwide fiber network under an Indefeasible Right of Use (IRU) contract with Warid in July 2007, which was followed by a similar deal with CMPak. Both these deals combined brought in revenue that paid back the entire investment in the nationwide fiber network. Consequently, any additional sale of dark fiber or managed capacity on this network contributes directly to the bottom line. The cherry on the cake, is the monthly revenue that rolls in from Operations and Maintenance (O&M)



charges generating a multimillion dollar revenue stream annually and this will continue for the life of the 20 year contract.

Likewise, metro fiber has also been a product in demand from this segment. Collectively, this segment consumes over 1,700km of Wateen's metro fiber network. Given the backhauling capacity requirements of 3G cellular technology, the licensing of which is on the anvil, will create enormous demand and higher revenue opportunities for Wateen. The next big business to look out for is the metro network which is directly linked with 3G licenses. Nearly 1,000KM fiber network would be required by each operator over the next couple of years. Adding on to the metro fiber network is the Higher Education Commission, where Wateen has connected 28 universities in Pakistan under the PERN2 Project. And there are another 26 universities to connect in the next fiscal year.

Managed Capacity and DPLC services are also heavily consumed by these companies. All LDI operators who are Wateen customers are Managed Capacity and DPLC customers. This is a steady revenue line which brings in millions of dollars every year. To complete our managed capacity services, Wateen's ADM Sites infrastructure attracts these customers for Co-Location services, where customers place their equipment and create interconnects with their respective Network Operations Centres (NOCs). The 76 ADM Sites in Wateen's assets are second only to the incumbent, hence make a convenience offering for these customers to latch on the Wateen's network with a minor effort from anywhere in the country. Effectively, it reduces their cost of operations.

Recently Wateen has entered into an arrangement with Mobilink and Multinet, the other optical fiber network operators in the country, to swap managed capacity at one crucial routes at STM4 level. This in turn creates a double redundancy for Wateen's customer should a network outage occur due to a double cut in the specific fiber network ring at any given time. To the customer it ensure an almost 100 percent availability of the network on these routes. Going forward more swaps with possibly higher capacities will be done with these two companies.

Given the tough economic conditions in the country, and difficult market conditions for mobile phone operators, diversifying to international markets is imperative. With hardly a strand of fiber connecting Afghanistan with the outside world, the opportunity and attractive margins from mobile phone operators in that country have been explored. Wateen only needs to deploy 60+kms of optical fiber from Peshawar to Torkham, establish an interconnect at the border with any Afgan operator, and all of Afghanistan will have access to the world via Wateen's nationwide network traversing from Torkham to Karachi and the onwards to the submarine cable system. This opportunity for Dark Fiber, Lambda Service, Managed Capacity, IP Transit and IPLC services can deliver multimillion dollar revenue to Wateen. Similarly, interconnecting with India at Wagah and extending the fiber to China via the Karakoram Highway, from our Abbotabad is another multimillion dollar opportunity sitting on the block to capture.

For Managed Capacity revenue, the 150+ VSAT sites utilized by this segment deliver multi million dollars of revenue every month. This infrastructure is utilized by mobile phone operators for back-

hauling voice from remote areas of Pakistan as far as Gawadar and base Camp at the K2 mountain, as well as remote rural areas of the country. A major source of revenue for Wateen has been the VSAT business. Bandwidth of 270 MHz over a total of 150 sites have been provided to Warid, CMPak, Telenor and Ufone for coverage in remote locations. Over 550 MHz of satellite bandwidth is consumed by Wateen customers, making Wateen the largest satellite bandwidth provider in the country. This product adds tens of millions of dollars to the company's revenue.

As Wateen expands its nationwide footprint to previously underserved areas under the USF projects, GSM operators are bound to follow. Another area of high potential is the IP bandwidth market, which is the next target for the Carrier business. The former will create opportunity for Dark Fiber, Lambda Services and Managed Capacity business, while the latter will deliver business of IP Transit for internet access to mobile phone customers.

As densely populated areas of the major cities in Pakistan increase usage of mobile phone services, the mobile phone companies are actively working with Wateen to deploy Micro-Cell backhauling using Wateen's WiMAX network. This will open up a new revenue line for Wateen. The advent of 3G will create an even greater opportunity as Micro-Cell sites grow. Likewise, large ISPs, have expressed interest to avail Lambda services from Wateen under an IRU contract. This will open up a significant business value to Wateen. And that is not all, Wateen's Solutions, specifically VAR products, have been another significant source of revenue. Interestingly, PTCL is the largest single customer for this line of business, while mobile phone operators have sourced routing and switching equipment from Wateen.

Wateen's significant advantage over its competition has been and will remain the ability to demonstrate flexibility and take the network to where the customer wants us to take the network. This is Wateen only trail blazer. Add to this our ability to demonstrate minimum cuts in the industry, less than a dozen in a year, on our fiber network, ensuring almost 100 percent availability, thanks to a near perfect deployment and monitoring of our patrolling teams and a sophisticated world-class Network Monitoring System (NMS) called Tivoli from IBM, enables our teams to proactively monitor and maintain the fiber and VSAT network. Last but not the least a market that is perceived to be competition to Wateen, and is factually not a competition, demonstrates the industry collaborative model that was another Wateen first in the industry.

CORPORATE SALES

A market segment that is vast, contributes significantly to the GDP, and geographically located in 22 major cities creates a perfect overlap for Wateen's network. As large business entities made significant investments in sophisticated information systems, supported by falling prices of servers and resonating move to centralized processing, since it simplifies business process and corporate governance, the demand for centralized computing resulted in change of network strategy at these business entities. This computing environment, at a minimum requires, at least two Data VPN links per outlet/branch. They have two choices, one to select both links from Wateen using two different media, or select

one from Wateen and another from the other service provider. Either way, it suits Wateen's business immensely.

Strategically, from day one our focus was to capture the lucrative Banking sector. And success has been profound. Today, 26 of the 35 commercial banks use Wateen's network services taking advantage of every media in Wateen's portfolio i.e. WiMAX, metro fiber, nationwide fiber, DVB-RCS VSAT, and ISM Radios. As per State Bank of Pakistan, 5,100 branches of the 8,000+ branch network in the country, are connected online. Wateen has over 1,500 the 5,100 branches connected. What took others many years to achieve, we have accomplished in a much shorter span, and the orders keep flowing in every week. We were there at the right time at the right place and did the right job, almost to perfection. Market research shows that we are the second largest data network operator in a PKR 2.5 to 3.0 billion worth total market. With over 150 prime customers from this segment, and over 2,700 sites deployed, imagine the potential of plugging in telephones at these offices to the same network. And even those who do not avail Wateen's Data VPN and Internet services, are potential customer for Wateen's telephone services. With the incumbent occupying the largest telephone service market share, and customers in this segment seeking lower OPEX, our value proposition fits in hand in glove.

WATEEN DATA + TELEPHONE EXPENSE < CURRENT DATA + TELEPHONE EXPENSE

Enterprise telephone services launched recently, have clearly demonstrated that the above value proposition is true in letter and spirit. Just the telephone service expense has shown 27 percent to 36 percent savings for customers who deployed it at banks, hospitals and outbound call centers. Imagine a market that produces over PKR 3,000 ARPU per telephone line, and potential 350,000 lines in 22 major cities and a conservative market share of 20 percent means to our revenues.

After all, telecommunications is just a small piece of an operational business entity's information processing infrastructure. There are data centers, both primary and for disaster recovery, routing and switching equipment to support the data network, video conferencing for collaborative work environment, lower cost facility of hosted contact centre, given the security situation in the country Wateen provides security and surveillance solutions, and finally Telecom System Integration services for this segment to avail from Wateen.

As we stand today, we are only scratching the surface of the market potential, literally the tip of the iceberg. With success in the Data VPN marketplace, a reputation of a trusted network partner established with dedication and commitment to excellence in customer service, customer generally query Wateen's sales team for more services.

And why should they not do so? Which telecom company upgrades a 200+ branch bank's network to twice the bandwidth capacity in less than 4 hours, which telecom company deploys more than 150 sites for a single customer in 5 working days, which telecom company accepts purchase orders on basis of try-and-buy, which telecom company pays back the customer

without the customer asking for it in case of SLA slackness, which telecom company has dedicated Project Management teams to manage deployment of services, which telecom company delivers customized solutions to customers' business needs based on designs develop by a dedicated Solution Design team, which telecom company renditions a product and service portfolio so wide and deep to meet customers' business requirements and off load the technology pressure by rendering Telecom Systems Integration services. Wateen does and has done it, there is no reason why this should stop, and on the contrary this will grow and grow further rapidly. The proof is in the fact that every customer in this segment has issued repeat orders to Wateen and continues to do so to date.

One crucial element that produces a result as phenomenally successful as Wateen's success story is the inherent quality of the sales team to adhere to the principle of 'people buy from people they trust. And therefore the intense focus on creating value for the customer with a high quality effort on relationship management with customer audiences at all levels in the organization. The sales team of 40 salespersons split across International Carrier Sales, Carrier & Operator Sales, and Corporate Sales, works in tandem with each other, primarily because the experience of each member provides a learning curve for the other. Working around assigned KPIs and sales targets, they deliver results month after month, quarter after quarter. An equitable Sales Incentive Plan drives them to achieve more. Over the three year period, they have now settled down to be self driven and focus on the customer. Each salesperson meets a minimum of three customers every day, equally supported by all other divisions of the company.

It is the excellence of the service personnel at Wateen that contributes significantly to the success of the sales team. The service personnel work with their set of KPIs to perform installation, support and maintenance services for customers. It is these individuals who in collaboration with their Engineering Division colleagues ensure high availability of the network to ensure that the customers' customer also receives an excellent experience. This staff of professional engineers is trained to be sensitive to the needs of the customers' customer.



8 THE TECHNOLOGY

The purpose of this section is to shed light on the various technologies deployed by Wateen. To become the leading “carrier’s carrier” to usher in the digital revolution and to provide a variety of services with focus on high reliability, scalability and affordability, Wateen has selected cutting edge, futuristic technologies coupled with time tested infrastructure to compliment its vision. Being a customer centric company it was very important for Wateen to build a network with the capability of offering flexibility, scalability and reliability to deliver what customer wants rather than what the technology features. Wateen has always selected the leading international vendors based on open RFI’s to ensure the best technical solutions at the best price.

With the objective in sight and vision in mind, Wateen has built a transmission layer on fiber across the country and in major metro areas spanning over 10,000 kilometers and with having fiber in place it was important to build an access agnostic core to deliver technology agnostic services. Data centric Wireless (WiMAX) and wired line (FTTx) mediums were selected with a fiber based backbone having converged core to serve the end customer demand for generations to come. Technology and capacity shall pose no constraint for delivering customer needs in the time to come.

8.1 WIRELESS ACCESS - WiMAX

REGION	BAND	RANGE
CTR	21	3499.25-3520.25
FTR	42	3499.25-3541.25
GTR	42	3541.25-3583.25
HTR	21	3499.25-3520.25
ITR	42	3499.25-3541.25
KTR	42	3499.25-3541.25
LTR	42	3499.25-3541.25
MTR	21	3499.25-3520.25
NTR-1	21	3499.25-3520.25
NTR-2	21	3499.25-3520.25
RTR	21	3499.25-3520.25
STR-1	21	3499.25-3520.25
STR-V	21	3499.25-3520.25
WTR	21	3499.25-3520.25

WiMAX was selected as the preferred wireless access medium. The aforementioned technology has the capability of offering

higher throughput coupled with advanced features compared to other wireless technologies like eVDO. To mention just a few advantages, per sector throughput in WiMAX ranges up to 25MB vs. 1MB for eVDO and research is underway to enhance per sector capacity to over 100MB. Smooth convergence with LTE (4G technology) is considered another advantage of WiMAX over other wireless technologies available in the market.

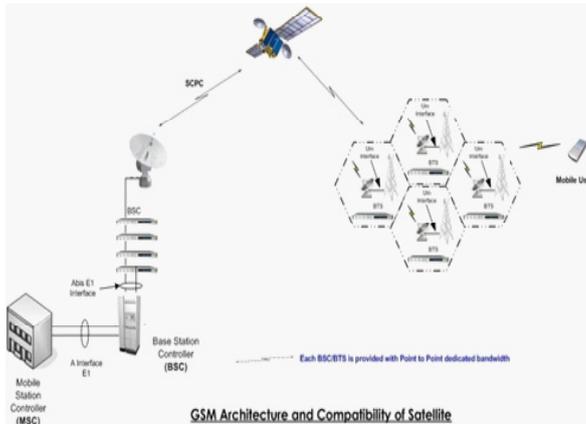
For deployment, Motorola was selected as the vendor of choice over Ericsson, Huawei, Cisco-Navini, Alcatel-Lucent and Redline through a multi stage evaluation process. Since then Motorola has sold ten thousand access points and nearly one million WiMAX terminals.

Wateen holds license to operate in 22 cities in all 14 WLL regions with wide frequency bands. In the urban regions, Wateen enjoys over 40MHz band, which is required for efficient Radio Frequency (RF) network design featuring minimum interference and high capacity using 7 MHz - 4 sector access points. The network comprises 1,081 sites of 4 sectors each. Amongst those, around 1,000 sites are already operational while the remaining are in the process of deployment. The overall capacity of the network for a typical subscriber profile with applicable contentions is beyond 1 million subscribers with a 512 Kbps profile which is the largest amongst the Wireless broadband operators in the region. State of the art high capacity IP Microwave (MW) links have been deployed to backhaul the traffic from the Access Point (AP) sites for aggregation to the hub sites which are further linked to the MPLS core network.

Most of the AP sites have been deployed on shared sites with other operators for minimizing capital and operating expenditure as well as for reducing the time to market; eventually contributing to enhanced availability and affordability for the end customer. Hub sites to gather the traffic from the overall network and backhaul to the core network have been built at strategic locations for a resilient optimized and scalable network design as well as to enable business to offer flexible corporate solutions.

8.2 WIRELESS ACCESS – SATELLITE

Wateen’s Satellite Division provides state of the art satellite based voice, data, video, fax, internet and TV uplinking turn-key solutions backed by 24/7 all year round professional support. Wateen enjoys a full-time, cross-disciplined skilled team of experienced and dedicated technical and business professionals who under-



stand the business and technology issues of different industries and therefore are fully capable of accurately translating customer requirements to viable and reliable technical solutions.

Satellite technology is best suited for remote areas where conventional transmission layer faces difficulties. Satellite backhaul has particularly established itself as a recognized and efficient medium to deliver services in geographically challenged areas. Sites connected via satellite provide instant infrastructure on both temporary and permanent basis, enabling rapid deployment in remote and inaccessible locations. Satellite is also the fastest method of restoring communications in disaster struck areas. It is the ideal medium to provide additional capacity for one-time events, such as cellular coverage to guests on a cruise ship or to attendees of major sports events.

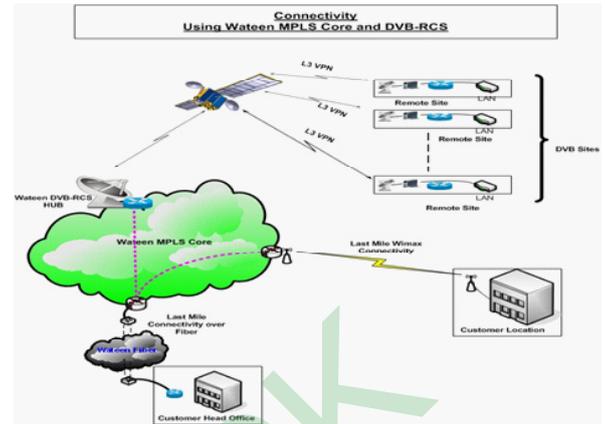
Wateen Satellite technology features a flexible and powerful architecture that can concurrently support any or combination of applications focused towards providing networks which are cost-effective, reliable, efficient, and scalable. Wateen through its Satellite services offers products and solutions to support various applications through top of the line Satellites orbiting the earth having footprints in Pakistan, Europe and Africa.

Wateen Satellite also provides complete turnkey solutions to its clients covering planning, survey, design, supply, delivery, installation, and commissioning, testing, and post-sales O&M support.

Few of the products and services offered over Satellite are:

- GSM Backhaul
- Carrier class telephony networks
- Broadband Internet, and multimedia access
- Enterprise private networks
- Rural telephony public networks
- Government and Military Networks
- TV Up-Linking
- Direct to Home (DTH)
- DSNG vans for news gathering

Wateen works with industry renowned manufactures which include STM Networks, Comtech EFDATA and iDirect to overcome the bandwidth challenges featuring turbo coding, 16QAM, drop and insert, CinC, silence suppression, and others. All these technologies are approved and recommended by ITU and all American / European Telecom authorities.



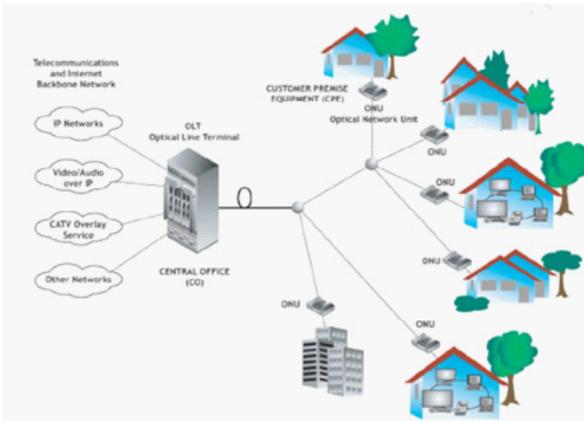
8.3 WIRELESS ACCESS – DVB-RCS

DVB-RCS (Digital Video Broadcasting – Return channel via satellite (DVB-RCS, also Return channel over system) is a satellite communication standard with highly efficient bandwidth management, making it a cost-efficient alternative in many cases. On top of traditional dedicated VSAT services, Wateen Satellite DVB-RCS product offering forms an integral part of the overall communication solution for its customers. DVB-RCS network facilitates the corporate and banking sector at over 500 distant locations all over Pakistan enabling customers to expand their ATM networks, business applications to remote localities while guaranteeing security. DVB-RCS HUBs located at Lahore, Hyderabad and Karachi are fully integrated with Wateen's Optical Fiber that extends to 77 cities across Pakistan with IP/MPLS core back bone for fast routing of data to the desired destination. The last miles are established on Metro Fiber Rings to the customer locations or through wireless WiMAX connectivity.

8.4 WIRELINE ACCESS - FTTH

Wateen has already launched HFC network of 30,000+ House Passes (HP) in DHA – Lahore for offering triple play services. In Pakistan, HFC networks have been successfully deployed by cable operators since the 1990's. In traditional HFC networks, fiber optic network extends to the main head end out to a virtual hub and finally to a fiber optic node. Each node is able to serve houses with and without amplifiers to provide VDV (voice, data and video) services at an optimal quality.

In today's increasingly competitive and technologically advanced telecom environment, broadband networks offer telecom operators both new business opportunities and challenges. Carriers are now confronted with many problems such fierce competition, subscriber churn, lower revenue, high costs of operation and etc. At the same time, subscribers demand more bandwidth, better services and cheaper packages, more personalized applications, and quicker troubleshooting to support a vast array of VDV services. To address all the demand, capacity and financial concerns of this evolving technological business environment, Wateen has opted for GPON technology because it can make a high bandwidth capacity and low OPEX Fiber To The Home (FTTH) access platform for carriers.



The IP Core transport layer comprises GSR12800 based core nodes in Lahore, Karachi, Islamabad and Faisalabad connected over STM16 links in a ring topology. 16 other cities are being aggregated through Cisco 7609 MPLS routers with STM4 and STM1 level connectivity scalable to much higher bandwidth (BW). The traffic in the cities with Metro Ethernet rings is aggregated on Metro Ethernet Hub sites and backhauled over the metro rings to the MPLS network. The traffic in the remote cities is aggregated directly to the MPLS core node in the city for onward connectivity to service platforms and nationwide connectivity.

Internet service is being provided by a Cisco supplied geographically distributed pair of Data centers in Lahore and Karachi. Wateen partnering with Tier 1 BW providers like Singtel and TWA is presently the largest ISP in Pakistan with 5xSTM4 of internet bandwidth and expanding exponentially. The rapidly increasing usage of BW demonstrates great trust of Wateen customers in its network and services. The largest Data centers are deployed in a geographically redundant fashion to provide high resiliency of services to its customers. The data centers are currently being expanded to handle multiples of STM16s to handle the BW growth requirements.

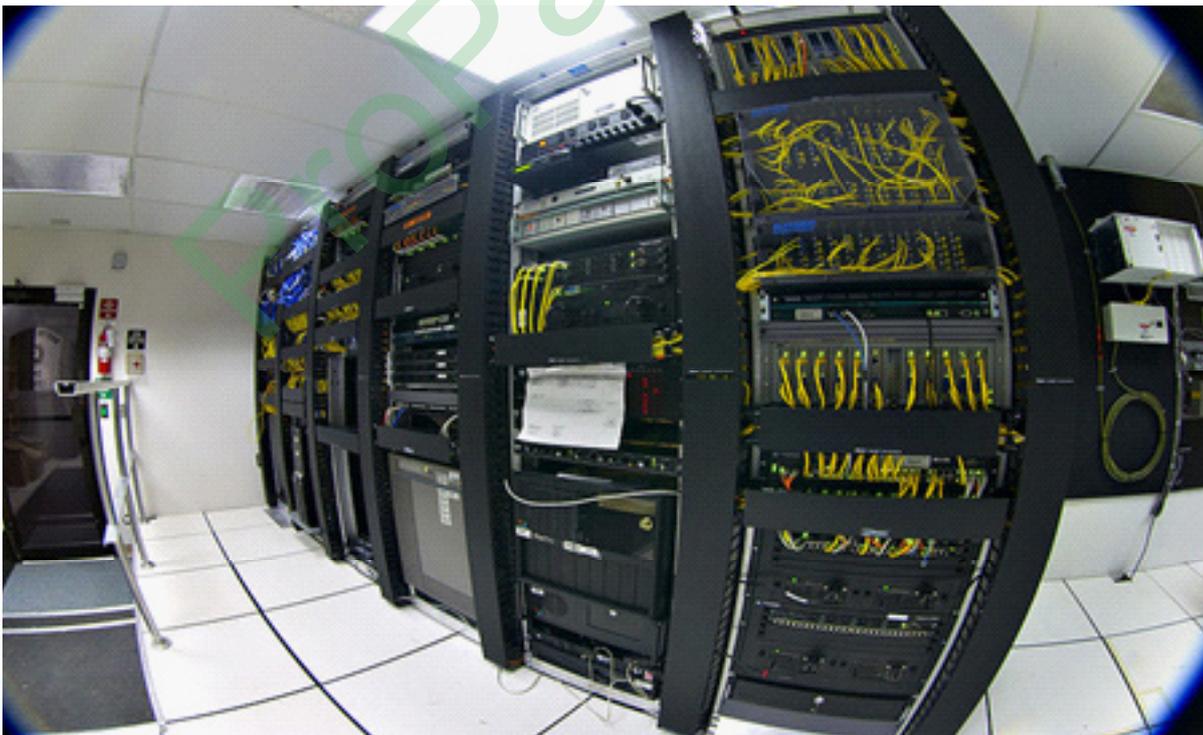
The IP Multimedia Sub System (IMS) based Class 5 VoIP platform supplied by Motorola and Application Server by Sylanro has been deployed to offer a wide range of Voice features. Pioneering services like Find me, Follow me and Hosted PBX, Conferencing, Wateen stands out from the competition and continues taking the credit of being innovative in service offering supported by cutting edge technology.

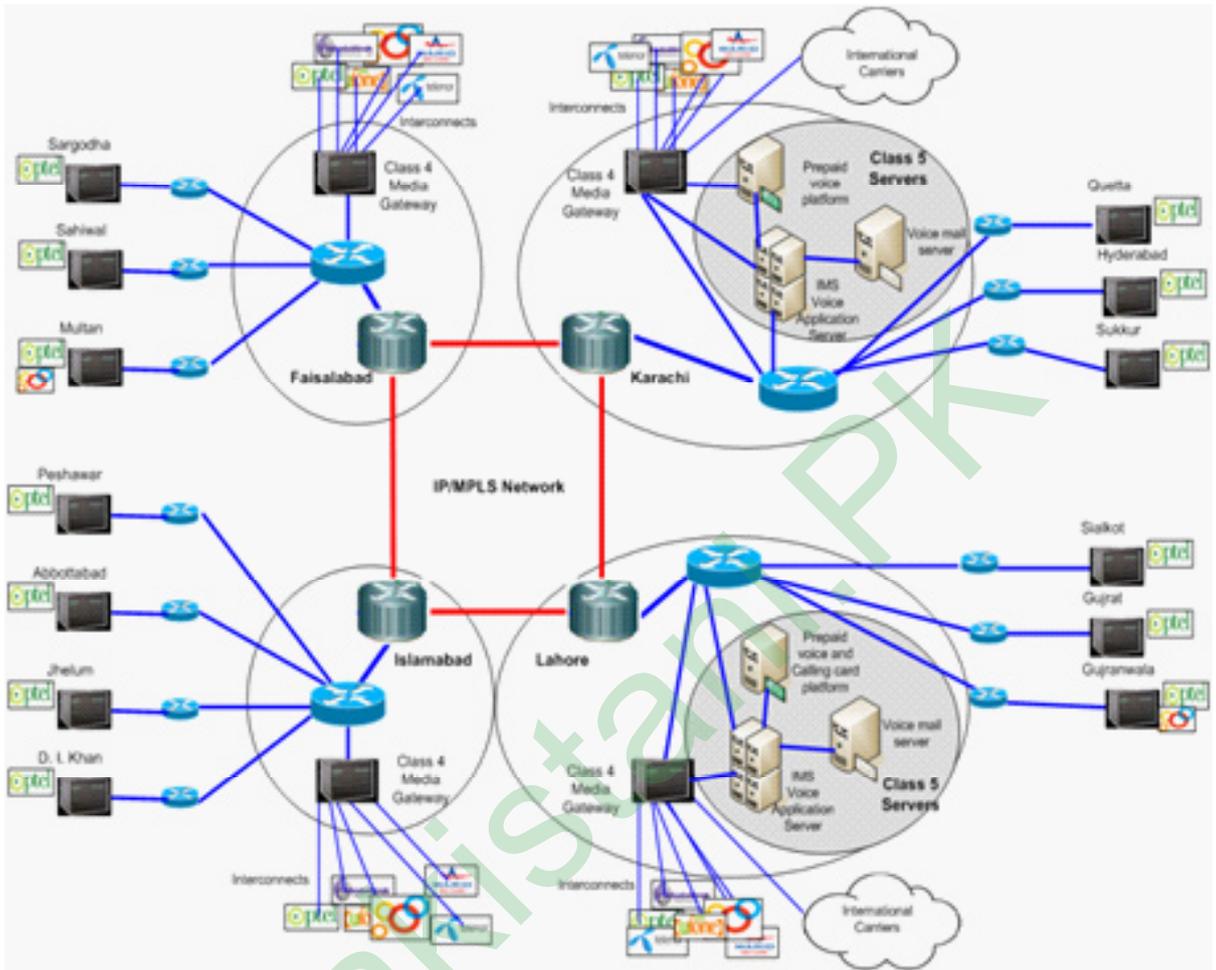
The nationwide class 4 network supplied by the leading equipment manufacturer Sonus, deployed across the country in 18 cities with a capacity to handle multibillion minutes per annum

Wateen's FTTx architecture includes GPON (2.4 Gbps downstream, 1.2 Gbps upstream). To leverage existing HE of DVBC Wateen implemented an overlay for RF video transport: a 1,550 nm wavelength multiplexed onto the fiber with the 1,490 nm downstream wavelength and the 1,310 nm upstream wavelength.

8.5 CORE

One of the biggest strengths of Wateen's network is its highly scalable and exceptionally reliable Core Network serving as the backbone of all the services being offered. The truly convergent core comprises of Cisco supplied highly redundant IP/MPLS IP transport layer, scalable Class 4 transit network and feature rich Class 5 VoIP Core which provides the required strength to products ranging from Consumer to Enterprise and Wholesale to Retail.





provides capability to interconnect Wateen with all other Landline and Mobile networks in Pakistan for exchanging voice traffic at an exceptionally high level of redundancy for continuity of services. The international presence of Class 4 network in UK, Saudi Arabia, UAE, Uganda, Congo, Bangladesh and Afghanistan provides Wateen a lot of flexibility in interconnecting with international carriers and offering them the most reliable means to terminate their traffic in different countries of the world.

8.6 TRANSMISSION

8.6.1 WATEEN OPTICAL INFRASTRUCTURE

In this emerging era of exponential growth in the telecom sector, the need for having an optical fiber cable in telecom infrastructure has increased by manifolds. This growth is manifested not only in the sheer increase in the number of telecom companies and the coverage area (KMs) of their networks, but also in the amount of data they can carry. This rapid growth has also led to fierce competition. Carriers are now struggling to build and maintain networks that will provide a flexible platform from which to offer multiple services at the lowest possible cost.

8.6.2 LONGHAUL AND METRO NETWORK

Wateen's existing 10,000+ km optic fibre infrastructure across the nation covering all major business hubs is playing a pivotal

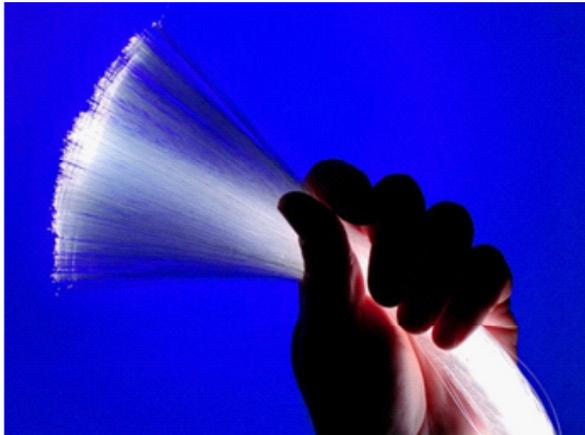
role in meeting capacity demand of major GSM players in the domestic market i.e. Warid, CMPak and Telenor as well as bandwidth demand of the corporate sector of Pakistan.

The traditional practice of selecting conventional fibre is almost obsolete. Instead, designers and users are learning that proper planning of the fibre design can save a lot of investment, required to upgrade the network in future.

Wateen selected a state-of-the-art 24/36/96 strands optical fibre transmission network with a vision to provide faster, more reliable and ubiquitous connections at lower costs than ever before. Optical fibre, due to its superior transmission capability, forms the foundation for today's optical networks. In order to unleash the vast potential of fibre, Wateen has decided to opt hybrid configuration of fibre with upgraded specifications of International Telecommunication Union (ITU) as G.652-D defines a full-spectrum to support all 5 optical windows with a feature of low water peak with low PMD along with G.655 NZ-DSF for long distance communications to support Multi Tera Bit data rates for current and future applications.

8.6.3 WATEEN DWDM/SDH BACKBONE

Wateen has selected Huawei Technologies as an equipment vendor to establish its backbone network based on OptiX BWS1600G (Type III DWDM scalable upto 160 λ i.e 1.6 Tbps capacity) sys-



tem and OptiX OSN7500 & 3500 for SDH layer.

The OptiX OSN 7500 & 3500 is a new generation equipment that Huawei Technologies Co., Ltd. develops to accommodate the status and future trend of Metropolitan Area Network (MAN) and Wide Area network (WAN). It integrates the technologies of synchronous digital hierarchy (SDH), wavelength division multiplexing (WDM), Ethernet, Asynchronous Transfer Mode (ATM), Plesiochronous Digital Hierarchy (PDH), enterprise systems connection (ESCON), fiber channel/fiber connection (FC/FICON), digital video broadcast-asynchronous serial interface (DVB-ASI). So it can transmit voice, data, storage area network (SAN), and video services efficiently on the same platform without any additional investment as the case of conventional networks.

8.7 SECURE NETWORK

Unlike metallic-based systems, the dielectric nature of optical fiber makes it impossible to remotely detect the signal being transmitted within the cable. Since optical fibre does not emit electromagnetic radiation it is extremely difficult to “sniff traffic” on the network. If the fibre is breached, it would create enough disturbances in the system to be detected immediately. These circumstances make fiber extremely attractive to governmental

bodies, banks, and other agencies with major security concerns. The use of dedicated fibers also removes other issues associated with other networks because the fiber is neither public nor shared. Wateen has seen a tremendous upsurge in interest among government and military customers for a network that can eliminate their Fiber-Optic network vulnerabilities. We believe that our Fiber Optic Network is truly a breakthrough product that can provide secure fiber-optic links for a wide variety of target markets including the military, intelligence community, financial institutions, and private companies concerned about industrial espionage. Our network is now available for customer evaluations, and is offered for all transmission applications.

To ensure quality work as well as security of network, Wateen selected Frontier Works Organization (FWO) a Pakistan Army Establishment due to its esteem business repute in domestic market along with its strong managerial strength in similar projects and commitment towards providing state-of-the-art services to the people of Pakistan with excellence and quality. Even during the execution of project, strict supervision through trained staff of FWO and Wateen ensured that best quality work was undertaken. To ensure the maximum protection of fibre cable, it was decided that the depth of cable must be 5 ft, protected with sand, bricks and various ducts as per international quality standard.

8.7.2 LOGICAL

Wateen’s Network topology is based on 2 fibre bidirectional self healing rings with ASON empowered platform in order to maximize redundancy in case of any sabotage or cable cuts to ensure uninterrupted communication needs. The network topology comprises of 8 rings along with few spurs extended from Karachi to Peshawar along the National & Indus highways. Keeping in view the current law and order situation of Pakistan, Wateen has also established 3rd, 4th & 5th level redundancy by swapping capacity with Mobilink & Multinet on core routes to enable seamless communication for its valued customers even in case of multiple cable cuts.



8.8 TELEHOUSING AND CO-LOCATION FACILITIES

Wateen has 74 carrier neutral telehousing facilities nationwide. These Tier-III standard Telehousing facilities provide state of the art facilities to customers for their mission critical applications and services with a 24x7x365 monitoring of high level functionality including alarm, temperature, power trending and multitier fault notification. Ideal for Disaster Recovery, Data Continuity, Cross-connects and peering among customers and among carriers, said facilities enjoy rich connectivity through microwave, fiber via dual routes and VSAT links.

Sites are strategically designed and built with a fault-tolerant power infrastructure of UPSs, Battery Banks and Diesel Generators with redundant fuel tanks, a redundant 2N Cooling configuration with adjustable distribution and cold/ hot aisle set-up, fire protection through FM200 dry system, integrated smoke & heat detectors with early warning alarms, secured via 24x7x365 security guards, cameras, recorders and monitoring systems, biometric and smart card access control systems and a Building Management System. These “Telecom Spaces” provide a carrier hotel to host and operate infrastructure for telecom and media companies, corporate clients and other end users based on industry leading SLAs.

8.9 BILLING PLATFORM & CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM (CRM)

Pre-paid billing with multiple pricing and packaging options is being done on a converged pre-paid platform iNETX with 290K subscriber capacity. The platform is being upgraded by a more converged feature rich, scalable and highly flexible pre-paid platform by eServGlobal with a capacity of 1.2M subscribers and capability to do both postpaid and prepaid along with support of pre-paid billing for Hosted PBX service. The platform is planned to be in place the near future.

Customer Relationship Management Next Generation (CRM-NG) is a term applied to processes implemented by Wateen Telecom to handle its contact with customers to meet challenges of better



customer and user management.

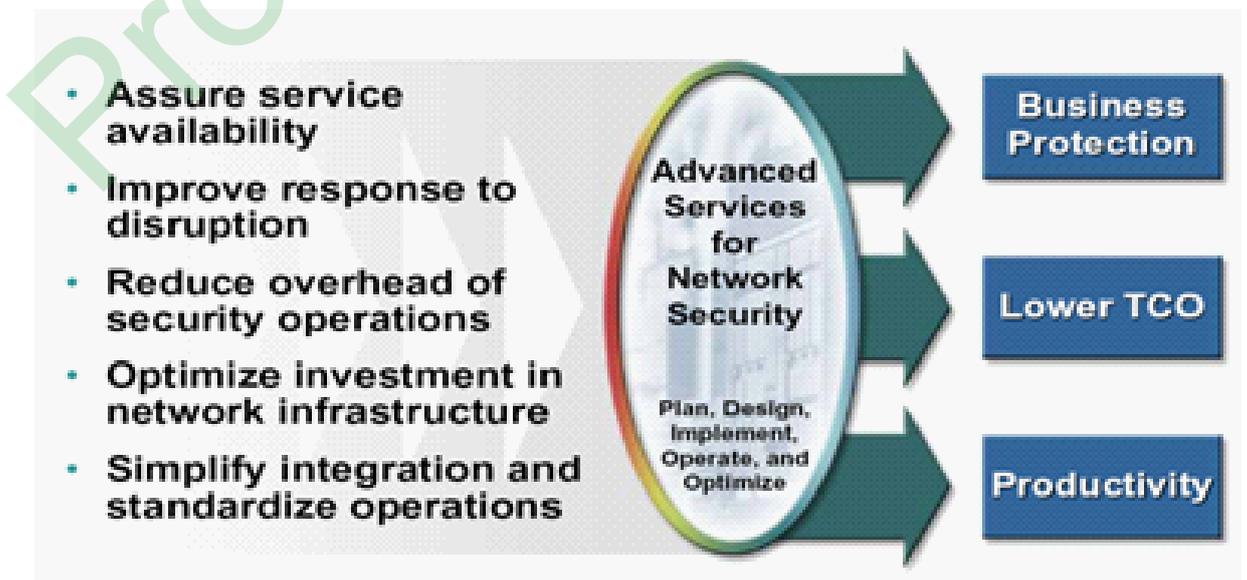
Major applications being used by CRM NG are the following:

- Customer Relationship Management System (including pre-paid & post paid billing)
- Task Management System
- Self Care Portal
- Interactive Voice Response Integration
- Computer Telephone Integration (CTI)
- Notification System through SMSC, and SMTP

Additional modules are being developed in house with additional features for Package Management, Dealer Management, Log Management, Campaign Management, Inventory Management, Credit & Collection, Voucher Management System etc.

8.10 TERMINALS

Motorola supplied WiMAX terminals (USB, Outdoor and Indoor) are currently being offered for broadband service over WiMAX. However, considerable efforts are being invested on research on 3rd party CPEs in order to achieve same level of performance at lower prices thus making the product more affordable. Wateen is closely working with vendors in this regard and has already identified compatible terminals of all three types from at least 4 other vendors.





8.11 SERVICE DELIVERY & SUPPORT

Demand for high-quality services poses unprecedented range of challenges for Network Operations. It is vital to keep business and network performance in line with shareholder's expectations and to help cope with unforeseen changes. The next wave of growth in the business will be driven by introduction of innovative network quality and enhanced customer experience.

Good and uninterrupted service quality is one of the key determining factors in a user's decision to stay with a particular service provider. This fact makes it vital to offer "Always On" network with excellent quality of service. Only strong service management guarantees quality and efficiency in operations. Service assurance has the potential to make a significant impact on the end-user experience. Continuous service quality is delivered over time with the required expertise and capacity to cope with various end-user service delivery ecosystems. Assured service quality also helps to reduce churn by improving customer satisfaction as satisfied subscribers are also more likely to use services more extensively.

Wateen's Engineering team brings with it efficiency in service operations and predictability in costs. As more and more services are introduced with well managed life cycles, the desired scalability and flexibility is achieved with proven expertise in operations management.

Wateen uses best-in-class tools complemented by necessary customizations and roadmap development. Service delivery based on contractually defined service level agreements (SLAs) is completed with associated key performance indicators (KPIs).

The key activities of the Service Delivery and Support team can be categorized as follows:

- Define, deliver and integrate a service monitoring and reporting solution
- Regular monitoring and reporting to make the service quality visible to everyone and analysis to help better understanding of issues
- Structured problem solving

SLA bound problem management reacts when quality degradation and/or faults that could affect a service are identified. The root cause analysis is done to provide solutions for different

problems

Service performance optimization includes regular and proactive improvement activities which are based on trends and forecasts of network and service performance

When actions/changes to be implemented are decided after a thorough analysis during the above mentioned activities, the team manages the implementation and verifies its impact

Wateen has the telecom industry's most comprehensive Managed Services set up. All the service segments are flexible in terms of scope and set up and can be adapted to fit customer needs. Engineering team activities include designing, building, planning, operating and managing day-to-day operations.

Managed services partnerships with industry leaders such as Motorola, Huawei and Cisco by transferring the responsibility of network management to experienced partners, while ensuring that Wateen remains in the driving seat bring major business benefits including cost savings, improved service quality, decreased time-to-market and the ability to free up valuable time and resources. This initiative delivers cost efficiencies, without sacrificing Wateen control and intellectual property. Through these partnerships, Wateen gains access to many years of valuable experience in the end-to-end management of networks and business support systems for operators worldwide. This is particularly beneficial for Wateen having multiple technologies and multiple suppliers of infrastructure with an increasing focus on quality of service

Wateen's engineering management team is highly experienced in managing multi-vendor, multi-technology networks. Extensive experience has enabled Wateen to evolve strong and mature governance models for the delivery of critical projects, network quality, revenue enhancement and improved cost-efficiency.

8.12 PLANT & MACHINERY INFORMATION

Wateen Telecom Limited has acquired state of the art equipment for providing all its services. For summary of equipment owned, leased and rented by the company refer to Annexure C

9 SUPPLIERS & PARTNERS INFORMATION

Key suppliers of the Company are as follows:

9.1 MOTOROLA LIMITED

Motorola is a global communications leader powered by a passion to invent and an unceasing commitment to advancing the way the world connects.

Motorola is known around the world for innovation in communications. The company develops technologies, products and services that make mobile experiences possible. Company's portfolio includes communications infrastructure, enterprise mobility solutions, digital set-tops, cable modems, mobile devices and Bluetooth accessories. Motorola is committed to delivering next generation communication solutions to people, businesses and governments. A Fortune 100 company with global presence and impact, Motorola had sales of \$36.6 billion in 2007.

Wateen Telecom selected Motorola's WiMAX and IMS core technology to build its next-generation wireless broadband network in 2006. With Motorola's global experience and services expertise, Wateen's WiMAX network was deployed in 17 major cities within a short time span of just nine months. Wateen also selected Motorola's managed services capability which ensures the service provider focus on critical resources, helping to increase operational efficiencies and match the pace of rapidly advancing technologies.

9.2 HUAWEI TECHNOLOGIES COMPANY LIMITED

Huawei is a leading global telecommunications solutions provider with long-term partnerships with operators around the world. Its passionate employees and unmatched R&D capabilities enable them to react swiftly and effectively to meet their customers' needs with a comprehensive and customized set of end-to-end solutions and products.

Huawei's products and solutions encompassing:

- Wireless products (LTE/HSPA/WCDMA/EDGE/GPRS/GSM, CDMA2000 1xEV-DO/CDMA2000 1X, TD-SCDMA and WiMAX)
- Core network products (IMS, Mobile Softswitch, NGN)
- Network products (FTTx, xDSL, Optical, Routers, LAN Switch)
- Applications and software (IN, mobile data service, BOSS)
- Terminals (UMTS/CDMA)

Major products are designed based on Huawei's ASIC chipset and utilize shared platforms to provide quality and cost-effective products.

Huawei's global R&D centers are located in Silicon Valley and Dallas in USA, Stockholm in Sweden, Moscow in Russia and Bangalore in India in addition to those in Beijing, Shanghai, Nanjing, Shenzhen, Hangzhou and Chengdu in China.

9.3 CISCO

Cisco Systems, Inc. is an American multinational corporation that designs and sells consumer electronics, networking and communications technology and services. Headquartered in San Jose, California, USA, Cisco has more than 65,000 employees and annual revenue of \$36.11 billion as of 2009.

Cisco has a proven track record of successfully capturing market transitions. Beginning in 1997 with the reality that Voice and Video would all be one, moving to the Networks of Networks in 2000 and the Network becoming the platform for all related technologies and the core of customer solutions, and the most recent market transition of Collaboration and Web 2.0 technologies.

Over time, Cisco has evolved from Enterprise and Service Provider solutions to addressing customer needs in many other segments including Small, Consumer and Commercial. The network has truly become the platform for providing one seamless, transparent customer experience. Cisco is committed to innovation and research and development is a core component of our corporate culture. Cisco spends nearly \$5.2 billion a year in R&D, making it one of the top R&D spenders in the world.

9.4 IBM

International Business Machines, abbreviated IBM, is a multinational computer, technology and IT consulting corporation headquartered in Armonk, North Castle, New York, United States. The company is one of the few information technology companies with a continuous history dating back to the 19th century. IBM manufactures and sells computer hardware and software (with a focus on the latter), and offers infrastructure services, hosting services, and consulting services in areas ranging from mainframe computers to nanotechnology. It has been nicknamed "Big Blue" for its official corporate color. Its business agenda since 2008 has been focused on "Smarter Planet", a vision of using



distributed and embedded intelligent technologies to make communities and business work more effectively and efficiently.

IBM has been well known through most of its recent history as the world's largest computer company and systems integrator. With over 407,000 employees worldwide, IBM is the largest and most profitable information technology and services employer in the world according to the Forbes 2000 list with sales of greater than 100 billion US dollars. IBM holds more patents than any other U.S. based technology company and has eight research laboratories worldwide. The company has scientists, engineers, consultants, and sales professionals in over 170 countries. IBM employees have earned five Nobel Prizes, four Turing Awards, nine National Medals of Technology, and five National Medals of Science. As a chip maker, IBM has been among the Worldwide Top 20 Semiconductor Sales Leaders in past years

9.5 POLYCOM

Polycom provides the most life-like experience for communication and remote meetings from anywhere to anywhere, instantly. Today, Polycom is the sole provider of integrated, end-to-end unified collaboration solutions that help organizations meet both productivity and cost containment challenges.

Polycom provides the complete suite of a face-to-face meeting that include hearing each other (audio), seeing each other (immersive telepresence and video) and showing each other things (content), Polycom makes meeting over distance just as productive as being there. Polycom enable rapid and collaborative decision-making, they shorten chains of communication over distance, and continuously enable innovative products and services. Polycom solutions have become critical to companies and organizations trying to win in today's increasingly competitive world.

As the market leader in unified collaboration solutions, Polycom leverages the growing organizational demand for collaboration. It has over 600 patents either issued or pending approval and over 15 million lines of active code across our product portfolio. Last year we delivered our vision for collaboration with best-of-breed Voice over IP and Video over IP products. Recently, Polycom raised the bar yet again, by becoming the only provider of the ultimate high definition solution, Polycom UltimateHD™ technology.

9.6 MICROSOFT

Microsoft is a multinational computer technology corporation that develops, manufactures, licenses, and supports a wide range of software products for computing devices. Headquartered in Redmond, Washington, USA, its most profitable products are the Microsoft Windows operating system and the Microsoft Office suite of productivity software among many other user friendly applications and systems.

MS is committed long term to the mission of helping their customers realize their full potential. Just as MS constantly update and improve our products, MS wants to continually evolve company to be in the best position to accelerate new technologies as they emerge and to better serve our customers.

9.7 NATIONAL ENGINEERS SYSTEM INTEGRATORS

National Engineers Pvt. Ltd (with majority holding of Wateen Telecom) is a Systems Integration Company specializing in diversified solutions and services to optimize technology for business needs. Its vision is to become the number one systems integrator worldwide by providing lifecycle solutions in emerging technologies such as IP Contact Center, IP Telephony, IP/MPLS core, OSS/BSS and HFC networks. The company's immense experience and immaculate approach guarantees competitive edge to valued customers within and beyond the region.

10 DETAILS OF SUBSIDIARIES

Wateen Telecom Limited has the following subsidiaries:
Wateen Solutions (Pvt) Limited (formerly known as National Engineers (Pvt) Limited);
Wateen Telecom UK Limited;
Wateen Satellite Services (Pvt) Limited; and
Netsonline Services (Pvt) Limited;

WATEEN SOLUTIONS (PVT.) LIMITED

Wateen Telecom holds 51 percent shares in Wateen Solutions (Pvt) Limited (formerly known as National Engineers (Pvt) Limited) [the "Wateen Solutions"]. Wateen Solutions is engaged in the business of providing system integration services. The principal activities of Wateen Solutions are to sell and deploy telecom equipments and provide related services. Wateen Solutions mainly focuses on three revenue streams:

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

As already disclosed Wateen Telecom Limited will be utilising the funds of the IPO for payment / settlement of deferred consideration in relation to the purchase of remaining 49 percent shares held by Mr. Jahangir Ahmed in Wateen Solutions.

WATEEN TELECOM UK LIMITED

The Company was incorporated on 14 April 2008. The Company's objective is to provide telecommunication services and interconnection facilities and to carry on the business, inter alia, international routing and termination of direct dial telephony traffic via voice grade switched circuits to international carriers.

The share capital of the Company is £10,000/- divided into 10,000 Ordinary £1 Shares.

51 percent shares are held in the name of Wateen Telecom Limited whereas the remaining 49 percent shares are held in the name of Wincom Services Pakistan LLC incorporated in Abu Dhabi.

Prior to the publication of the Prospectus, Wateen Telecom Limited would have acquired the remaining 49 percent shares held by Wincom Services Pakistan LLC subject to fulfillment of all legal formalities including the approval from the State Bank of Pakistan.

WATEEN SATELLITE SERVICES (PVT) LIMITED (FORMERLY KNOWN AS WATEEN STM (PVT) LIMITED)

Wateen Satellite Services (Pvt) Limited was incorporated on 27 September 2005 and was mainly involved in providing VSAT services to different operators, companies etc. At present 100 percent shareholding of Wateen Satellite Services (Pvt) Limited vests with Wateen Telecom Limited.

NETSONLINE SERVICES (PVT) LIMITED

Netsonline Services (Pvt) Limited was incorporated on 2 November 2005. The Company has been involved in providing DSL services.

At present 100 percent shareholding of Netsonline Services (Pvt) Limited vests with Wateen Telecom Limited.

UNIFAST MANAGEMENT (PVT) LIMITED

Wateen Telecom Limited shall also be acquiring 100 percent shareholding of Unifast Management (Pvt) Limited (Unifast) pursuant to the Share Purchase Agreement dated June 2007 upon achieving the closing as mentioned therein. The closing is dependent on certain deliverables by Unifast. As soon as the said transaction is completed, 100 percent shareholding of Unifast shall vest with Wateen Telecom Limited.

This Agreement was entered into with the objective of acquiring the Right of Ways procured by Unifast in its name for the Wateen Project.



11 STRATEGIC PARTNERSHIPS

WATEEN MULTIMEDIA (PVT) LIMITED

Wateen Telecom Limited and Wateen Multimedia (Pvt) Limited (an affiliate of Wateen Telecom Ltd.) have agreed to form a long term strategic collaboration for achieving their mutual business objectives. Under this collaboration, Wateen shall leverage the Cable TV License(s) of WMM to bundle TV services with Wateen's telecommunication products to create and offer triple play services for its customers.

Similarly WMM shall leverage the infrastructure of Wateen to create revenue opportunities from TV distribution through carriage and advertisement sales.

The two companies intend to enter into a contractual arrangement whereby Wateen shall provide an indefeasible right to use its infrastructure to WMM for a period up to the validity of the Wateen's telecom license and any extension thereto for the transmission requirements of WMM.

DEFENCE HOUSING AUTHORITY - LAHORE

Wateen has a strategic alliance with DHA - Lahore that allows Wateen the exclusive right to offer its HFC services in part of DHA Lahore and also allows Wateen to utilize the frequency under DHA's WLL license for its own WiMAX services all over Lahore.

Propakistani.PK

12 THE SPONSORS

The Abu Dhabi Group (“the Group” or “ADG”) is one of the leading business groups in the United Arab Emirates and is one of the largest foreign investor groups in Pakistan. Under the leadership of its Chairman His Highness Sheikh Nahayan Mubarak Al Nahayan, the Group has grown to include diversified business interests ranging from banking and financial services, hospitality, construction, telecommunication services (Warid Telecom has operations in four countries and collectively entertains 27.7 million subscribers), real estate development and management, manufacturing and various other interests in industries such as sugar and healthcare.

Over the past 10 years, the ADG has invested over USD 2.0 billion in Pakistan and is one of the largest foreign direct investor groups in the country. In recognition of H.H. Sheikh Nahayan Mubarak Al Nahayan’s contribution to Pakistan, he was awarded with the Hilal-e-Pakistan, the highest civil award in the country in May 2005. The Government of Pakistan (“GOP”) described the conferment of the award as a “well-deserved acknowledgement” for contribution to investment in Pakistan.

The shareholding of Wateen is mainly divided between Warid Telecom International LLC and Bank Alfalah Limited in the ratio of 80:20 respectively. The shareholders have contributed a total of PKR 2,087,373,100, details of which after issuance of 100 percent bonus shares are as follows:

NAME OF SHAREHOLDERS	NO. OF SHARES	% HOLDING
Warid Telecom International L.L.C	333,292,700	79.84 %
Bank Alfalah Limited	83,494,920	20.00 %
Individual Shareholders	687,000	0.16 %
Total	417,474,620	100.00 %

ABU DHABI GROUP

Abu Dhabi Group has investments in diversified industry sectors and geographical regions as listed below (status as on 31 December, 2009):

Name	Country	Ownership stake
United Bank Limited	Pakistan	30.4 %
Bank Alfalah Limited	Pakistan	60.0 %
Warid Telecom (Pvt.) Ltd.	Pakistan	61.2 %
Wateen Telecom (Pvt.) Ltd.	Pakistan	79.8 %
Alfalah Exchange	UAE	100.0 %
Warid Telecom International LLC	UAE	100.0 %

Warid Telecom International Ltd.	Bangladesh	100.0 %
Warid Telecom	Uganda	100.0 %
Warid Telecom	Congo	70.0 %
Iranian Sanden Industries PJS Co.	Iran	35.0 %
Warid Cote d'Ivoire	Ivory Coast	99.0 %
KOR Standard Bank	Georgia	100.0 %

12.2 WARID TELECOM INTERNATIONAL, LLC.

Warid Telecom International LLC. (“WTI”) is the principal sponsor of Wateen Telecom Limited. At present it holds 79.8 percent of the Company’s shares, whereas the remaining shareholding is with Bank Alfalah Limited and certain individuals. WTI is sponsored by the following:

- Sheikh Nahayan Mubarak Al Nahayan
- Sheikh Suroor Bin Muhammad Al Nahayan
- Sheikh Mohammed Bin Butti Hamid Al Hamid
- Sheikh Hamdan Bin Zayed Al Nahayan
- Dr. Mana Saeed Al Otaiba
- Electro Mechanical Company LLC

Abu Dhabi Group Investments	Country	Ownership stake
United Bank Limited	Pakistan	30.4 %
Bank Alfalah Limited	Pakistan	60.0 %
Warid Telecom (Pvt.) Ltd.	Pakistan	61.2 %
Wateen Telecom (Pvt.) Ltd.	Pakistan	79.8 %
Alfalah Exchange	UAE	100.0 %
Warid Telecom International LLC	UAE	100.0 %
Warid Telecom International Ltd.	Bangladesh	100.0 %
Warid Telecom	Uganda	100.0 %
Warid Telecom	Congo	70.0 %
Iranian Sanden Industries PJS Co.	Iran	35.0 %
Warid Cote d'Ivoire	Ivory Coast	99.0 %
KOR Standard Bank	Georgia	100.0 %

12.3 BANK ALFALAH LIMITED

Bank Alfalah Limited was launched in the year 1997 as a 3-branch bank after Habib Credit & Exchange Bank Limited (HCEBL) was privatized by the Government of Pakistan and was sold to the winning bidder Abu Dhabi Group. HCEBL had been registered as a public limited company on June 21, 1992 under the Companies Ordinance 1984. The bank had commenced its operations on November 1, 1992. After privatization, Bank Alfalah introduced full-fledged consumer, commercial, and corporate banking and

related services as defined in the Banking Companies Ordinance, 1962.

Bank Alfalah is currently operating through 321 branches domestically and an international presence in Afghanistan, Bangladesh and Bahrain, with its registered office at B.A. Building, I.I. Chundrigar Road, Karachi. Some of the main branches are located in all of the major cities of Pakistan, including: Hyderabad, Lahore, Kasur, Islamabad, Gawadar, Peshawar, Faisalabad, Quetta, D.I.Khan, Rawalpindi, Sargodha, Sukkur, Sialkot, Multan, Murree, Attock District, Gujranwala, Pirmahal, Mirpur Khas, Mandi Bahauddin and etc.

The Bank has a paid-up capital of PKR 13,491 million, with a net equity of PKR 20,219 million as of 30 September 2009 and in addition to this, Bank Alfalah has recently successfully concluded the largest ever Tier-2 Capital raising exercise in Pakistan's history by arranging for itself a PKR 5,000 million rated, unsecured, subordinated and privately placed Term Finance Certificate issue.

Financial Highlights (PKR million)	CY2004	CY2005	CY2006	CY2007	CY2008
Total income	7,140	14,515	24,416	31,822	36,292
Operating expenses	2,679	4,344	5,918	8,289	10,623
Profit after taxation	1,092	1,702	1,763	3,130	1,301
Shareholder's equity	4,369	6,738	10,573	13,767	14,609
Total assets	154,835	248,314	275,686	328,895	348,991
Investments	35,503	57,416	56,502	88,492	75,973
Deposits & other income	129,715	222,345	239,509	273,174	300,733
Capital adequacy	8.16	8.66	9.48	9.85	8.03
Return on equity	26.89 %	30.65 %	20.37 %	25.72 %	9.17
Return on assets	0.86 %	0.84 %	0.67 %	1.04 %	0.38 %
Advance/Deposit ratio	68.56 %	53.46 %	62.63 %	62.67 %	64.07 %
Book Value per share incl. Rev. of Assets	21.05	24.88	24.48	24.95	21.32
Earnings per share	3.9	3.92	2.91	3.92	1.63

12.4 PROFILE OF BOARD MEMBERS

H.H. Sheikh Nahayan Mabarak Al Nahayan – Chairman of the Board

His Highness Sheikh Nahayan Mabarak Al Nahayan – Member of the Royal Family of Abu Dhabi, Minister for Higher Studies and Chancellor of the University of Al Ain.

His Highness Sheikh Nahayan Mabarak Al Nahayan is the Chairman of the Company and takes keen interest in the management of Wateen Telecom.

His Highness Sheikh Nahayan is the Federal Minister for Higher Education and Scientific Research for UAE and is also Chairman of Union National Bank, Abu Dhabi, and Chairman & Director of United Bank Limited, Pakistan. His Highness is also Chancellor of the Al Ain University and President at the Higher Colleges of Technology, Abu Dhabi. His Highness is also the Founder Chairman of Bank Alfalah Limited, Pakistan.

H.H. Sheikh Saif Bin Mohammed Butti Al Hamid

H.H. Sheikh Saif Bin Mohammed Butti Al Hamid is the Vice Chairman and Managing Director of Al Hamid Group of Companies, UAE.

Mr. Ahmed Darwish Dagher Al Marar

Mr. Ahmed Darwish Dagher Al Marar is the Vice-Chairman and Managing Director of "Al Ain International Group", which is the holding company owned by His Highness Sheikh Hamdan bin Zayed Al Nahyan. He is a member of the Committee supervising the expenditure of Abu Dhabi International airport, and also the director of "Presidential Flight". Mr. Marar served at various key institutions including Bank of Bosnia, Sudan Emirates Bank, Abu Dhabi Islamic Bank etc. He has done his Bachelors in Business Administration from Richmond University, London.

Mr. Bashir A. Tahir

Mr. Tahir is a prominent and revered corporate figure who has added tremendous value to the banking, communication and real estate sectors of Pakistan. He is a Member of the Board of Wateen Telecom, Board Member and CEO of Warid Telecom International, LLC and CEO of the Abu Dhabi Group which has been a key proponent in attracting private investment into Pakistan.

Mr. Parvez A. Shahid

With over thirty years experience in the financial and telecommunication sectors, Mr. Shahid is a distinguished name in the corporate sector in Pakistan. He is one of the key individuals who have helped instill best practices in quality assurance, strategy and innovation in the financial, communication and real estate sectors of Pakistan. Mr. Shahid is a member of the Board of Wateen Telecom as well as Warid Telecom.

Mr. Abdulla Khalil Mohd Samea Al Mutawa

Having sound financial background and business expertise, Mr. Mutawa holds extensive experience in the field of financial and investment management. He is on the board of Bank Alfalah Limited and also serves as Advisor to the government of United Arab Emirates. He has a substantial business interest of his own both in UAE and abroad including commercial and residential real estate assets.

Mr. Khalid Mana Saeed Ahmed Al Otaiba

Mr. Otaiba is the General Manager, Al Otaiba Group of Companies, Abu Dhabi. He also serves on the board of Bank Alfalah Limited and Alfalah Insurance Company Limited. Mr. Otaiba is a Masters in Arts from Suffolk University of Massachusetts, Boston, USA.

13 THE MANAGEMENT

Tariq Malik - Chief Executive Officer

Mr. Malik has a proven track record at the Director level in diversified areas of finance, corporate banking and TMT (Telecommunication, Media and Technology). As an EMC member of Warid Telecom, he was responsible for Strategy, Commercial, Sales and Marketing. Earlier, in the capacity of Managing Director at WorldCall Pakistan, he handled the task of overseeing existing telecom operations and creating new businesses focusing on deregulation opportunities.

Previously, he served as Director of Consumer Communities (Marketing) at Three (Hutchison 3G), UK. He also played the role of Director and Project Head with his role covering 3G, Broadband UK VAS, and Mergers and Acquisitions in British Telecommunications PLC (BT)/O2, UK and Asia Pacific. He also has a background in Corporate Finance at Granville Baird PLC, UK, and practiced Accountancy at Arthur Andersen, UK.

Muhammad Aqib Zulfiqar - CFO

Muhammad Aqib Zulfiqar has been associated with Wateen Telecom since 2005. Chartered Accountant by profession, he is a creative and result oriented financial leader. He has fifteen years of vast experience mainly in telecom industry. Prior to Wateen, he was heading a similar position in Global group of companies; a diversified business concern engaged mainly in telecommunication, distribution of telecom related products and real estate.

At Wateen Telecom, his responsibilities and expertise entail specific focus on Strategic Business Planning, Treasury and Cash Management, Budgeting and Forecasting, Accounting & Reporting, Tax Planning & Management, Risk Management, Credit & Collection, Audit and Supply Chain Management.

Naila Aziz - Head of Legal and Company Secretary

After completing her Bachelors in Law, Ms. Aziz joined Mandviwala & Zafar, and worked on various key national and international transactions and cases for more than six years. In her role, she was directly involved in diversified legal matters such as International Arbitration, Joint Ventures, Project Financing, Corporate Finance, Telecommunications, TFC Issues, Securities, Floatation of Modarabas, Mergers and Acquisitions, Construction and Engineering.

During her significant legal experience, she advised many leading international and national financial institutions and companies.

She had the opportunity to participate and voice her opinions at various forums including the SAARC Law Conference at Kathmandu, Nepal in September 2000. Furthermore, she has drafted the Ordinances for the Establishment of the Tajdeed-e-Punjab Board for the preservation, maintenance and restoration of the buildings, heritage and monuments and prevention of Domestic Violence.

Ms. Aziz had been a part of Warid since August 2004 and in her new role as Company Secretary and Legal Head of Wateen, she has used her years of experience to help Wateen grow into a strong and viable entity, including the introduction of best practices in Corporate Governance.

Shahid Miah – Acting CTO & Head of International Business

One of the first employees of Wateen Telecom, Mr. Miah successfully launched LDI services across Pakistan with international connectivity to UK and the Middle East. He is an accomplished telecommunications professional with expertise in operations of Next Generation Networks as well as Legacy TDM Carrier networks.

A graduate with an honors degree, Mr. Miah started his telecom career in GSM in 1995 with Ericsson UK providing support to Vodafone, O2 and T-Mobile. In the decade that has passed, he has gained a wealth of experience in telecoms working for vendors, operators and systems integrators in the UK and Europe. In 2000, Mr. Miah started focusing on technologies based on the convergence of voice and data and spent 6 months working with Cisco Systems testing and evaluating their solutions based on soft switch architecture. Before joining the group in November 2004, he was a director in a consultancy firm offering services to customers such as Cable & Wireless for convergent applications and VoIP solutions. One of Mr. Miah's key achievements at Wateen has been the formation of a highly experienced, highly skilled and dynamic engineering team with a focus on delivering services of the highest quality.

Amir Munsif Khan - CIO

Over 15 years of experience in Global Telecoms / IT (USA, Saudi Arabia, Pakistan and West Africa), during this period he has done comprehensive study of the corporate networks, managed internal, external and remote teams to achieve business goals. He started his career back in 1992 with United States Postal



Service, and later served many renowned organizations such as Texas Instruments, Northern Telecom, TELLABS, Inc. CISCO (San Jose California), Getronics, DVCOM and Warid Telecom (Congo SA).

Furqan Qureshi - General Manager Enterprise & Carrier Sales

Furqan Qureshi is the General Manager of Corporate Solutions at Wateen Telecom and brings with him experience of over 25 years in the technology industry. He is a graduate from Institute of Business Administration (IBA), Karachi, Pakistan and started his career with IBM in 1981 as a Systems Engineer for the banking industry. He moved to marketing in 1985 and worked for many years specializing in public sector and manufacturing industry applications. He has also served IBM in the senior management team in various capacities including Product & Communication Manager, Marketing Manager and Branch Manager. He left IBM in 1999 and has since held various senior management positions in the financial services industry. Before joining Wateen, he was the Senior Vice President, Corporate Strategy and Marketing at Si3, an IT integrator company.

Among his personal achievements are various consulting roles, and he has also been responsible for the development and implementation of an IT strategy for two banks in Pakistan. He has also been a consultant responsible for architecting the E-Government Strategy for the Federal Government of Pakistan. He has also consulted for various textile groups in Pakistan as well as for some private sector and public sector organizations. He has been an active member of the E-commerce working group of the Ministry of Science & Technology and has served as a key member of the State Bank of Pakistan Taskforce on Electronic Clearing House (ECH).

Syed Jibran Ali - General Manager Consumer Sales

Syed Jibran Ali is heading Consumer Sales & Services at Wateen and brings with him over 22 years of diverse experience comprising of Retail Sales, FMCG, Cellular and WiMAX. Holder of a Masters degree in Marketing, his experience includes 3 years with LEE Jeans (USA), 10 years with Coca Cola and 9 years with Mobilink GSM. He has been part of multiple platforms which include trainings and workshops by London Business School, Harvard Business School, Insead, MIT, Telecoms Academy (Informa), LUMS, Coca Cola etc. He was also nominated for participant's page at London Business School for the year 2007/08 for the world renowned training "Essentials of Leadership".

As a part of the ever-changing world and evolving technologies he was given task to Launch Mobilink Infinity in Karachi, a WiMAX technology. The launch is still considered to be one of the most successful ever; the Brand Activation Campaign has become norm for many.

Ali Khan - GM Telco Products & Solutions

Ali Khan has been associated with the group for over 5 years and has contributed in various roles in the sales and marketing divisions. As Franchise and Retail Head for Warid Pakistan, he

was responsible for 300+ franchises which were pivotal in taking Warid to the 10 million subscriber benchmark. He also led the Project office of Warid Congo and played an important role in the successful launch of Warid Congo, an operation where he was later re-assigned as the Director Commercial. In this role he established the Commercial Department pre-launch, with daily operations covering all core functions – Products, Sales, Marketing, Customer Services and International Business.

Previously he has been associated with Cybernet which was the largest ISPs and independent data operators at the time. His dual qualification in the fields of Engineering and Business Administration give him the benefit of understanding the technical aspects of the products along with appreciating the strategic elements of the business, making his contributions insightful and relevant. He is a certified ISO 9001:2000 lead auditor and has keen interest in Quality Management Systems and Business Processes.

Salim Bokhari - General Manager News & Content

Mr. Salim Bokhari joined Abu Dhabi Group as Editor-in-Chief of Amoon Media Group. He is a journalist of high stature both in Pakistan and International media. He has been in the profession for over 37 years. He graduated from Punjab University in 1969. Since then he has been working on very senior positions in Editorial departments of many renowned newspapers. He has to his credit launching of many newspapers including The Muslim and The News.

One of Mr. Bokhari's key achievements in journalism has been the Pride of Performance Award given to him on 14 August 2004 for his excellent work in journalism. He was also conferred the Best English Reporter Award by APNS in 1985

Mian Omer Shah - General Manager Customer Service

Mr. Mian Omer Shah started his working career with Pakistan's oldest GSM operator and specialized in Customer Services management. He worked as a Quality Supervisor and got ISO certification done for a Contact Center, which was amongst the first few in the country to get certification. He has more than 12 years of experience across the subcontinent.

He transformed the operations of a large Contact Center by establishing a pay for performance model and was given an assignment to establish a Contact Center in Karachi. After successfully establishing a 400 seat Contact Center he moved on to Warid and established 2 more large Contact Centers with full multimedia capabilities. His next assignment within the same group was to work on another green field launch in Bangladesh, where he established 12 Business Centers, 2 Contact Centers, 1 Support Center and 4 training Centers. He possesses in-depth knowledge of recruitment, training and development, project management, sales management, service excellence and team building. Recently Mr. Omer has been transferred to Wateen where he will be heading the Customer Service division. He would be working to ensure service excellence and exceptional service levels.

**Muhammad Mazhar Qayyum Butt - General Manager
Government Regulations & Regulatory Affairs**

Muhammad Mazhar Qayyum Butt holds a Graduate Engineering Degree in "Telecommunications" from the University of Engineering and Technology (UET), Lahore. From 1982 till 2000, he remained closely associated with a variety of telecommunication facilities and spectrum management systems of couple of public sector departments. During this period, as Project Director, he also handled two large scale projects spread over the entire country. Between years 2000 and 2008, he served in Frequency Allocation Board (FAB) as Executive Director/Vice Chairman of the Board and in Pakistan Telecommunication Authority (PTA) as Director General/Secretary to the Authority, where he remained actively involved in various commitments of "Deregulation/Liberalization" process of the Telecom sectors of Pakistan and Azad Jammu and Kashmir (AJ&K) / Northern Areas (NA). He has represented Pakistan in various Meetings/Seminars/Workshops at forums of International Telecommunication Union (ITU), Asia Pacific Telecommunity (APT), African Telecommunication Union (ATU), World Bank, Administration Countries and Telecom /Media/Spectrum Regulatory Authorities.

At present, he is serving as a General Manager in Wateen Telecom since 1 December 2008 facilitating internal stakeholders with respect to their assignments relating to Government Departments, Telecom Operators and Regulatory Authorities.

Zafar Iqbal - General Manager Human Resources & Administration

Zafar Iqbal is heading Human Resource, Administration & Infrastructure Division at Wateen Telecom and brings with him an accomplished Management career; which reflects over 40 years of multifunctional experience in Human Resource Management, Administration Services, Real Estate and Government Relations. His diversified experience includes 10 years with Intercontinental Hotels Corporation, more than 10 years with Lyton, Electrolux, Sheraton and pharmaceutical solutions (KSA), 5 Years with Marriott (Islamabad), 8 Years with Mobilink GSM, 2 Years at Dillard Corporation (USA) and almost 5 years with Warid Telecom.

A professional who has the ability to address business challenges of (streamlining and redefining workflow roles and responsibilities) compensation structures, employee retention, building employee relations and translating resource productivity into accelerated business growth.

Azmat M. Khan – Deputy General Manager Enterprise Office

Azmat M. Khan is a Deputy General Manager at Wateen and heading the Enterprise Office. He is looking after enterprise wide Quality Assurance, Business Process Re-engineering and Program Management of Wateen Telecom. He is a telecom professional with over 12 years of experience. He bags over a vast, rich and multidimensional experience in domestic and International telecom related assignments. Prior to joining Wateen Telecom, he was head of Strategic Planning and Business Development at Warid Telecom, Bangladesh. He has also worked for Warid Telecom Pakistan and Mobilink, an Orsacom Telecom group company.

He did his MBA from the Asian Institute of Technology, Thailand with specialization in International Business. He completed his dissertation, as part of his master's program on Telecom sector from EAP, Oxford, UK.

Amer Riaz Khan – Senior Manager Marketing

Amer Riaz Khan is heading the Marketing Department at Wateen Telecom Limited. He brings with him 10 years of marketing and brand management experience of FMCG and Telecom sector. He has done a Masters in Economics from Punjab University and later MBA from Lahore University of Management Sciences (LUMS).

He started his career as Marketing Services Manager with Pepsi Bottling Co. and worked there for one year. Later he moved to Tapal Tea (Pvt) Ltd. and worked on Tapal Family Mixture brand. After working there for two years, he moved to Nestle Pakistan and worked on NESCAFE for more than three years. In 2006 when telecom sector was booming, Amer Riaz moved to Telenor Pakistan with an objective to diversify his experience where he headed the Djuice brand.

His major achievements include successful launch of various brands, which include Tapal Family Mixture at a national level, Nescafe Gold and Nescafe 3in1. He was also the key lead behind the successful launch of Djuice new brand identity in Pakistan, making it the only youth segment brand of the GSM market.

13.1 HUMAN RESOURCE

One look at the business model of a service organization will clearly demonstrate the single most vital pillar supporting the institution and its customers i.e. its employees. That is why at Wateen our priority ahead of our plans, products, profits, is our people. It is our firm belief that together people create and sustain an organization's growth and determine success or failure. That is why we promote the culture of a family within the company – A Wateen Family.

Given the complexity of the infrastructure, the expanse of our product lines, and diversity of our customers, we can safely stake claim to the fact that Wateen has the best ensemble of people under a single roof in the industry. Wateen has brought together individuals with international and domestic experience from world class companies like Sprint, Hutchison, IBM, British Telecom, Ericsson, CISCO Systems, Texas Instruments, General Electric, QTel, Etisalat, Orascom, etc.

Our 1,500 employees are populated across eight divisions. These are Sales, Products, Customer Service, Information Systems, Engineering, Finance, Human Resources and Administration, Legal and Government Relations & Regulatory Affairs, and all are closely supported by the Enterprise Office of the Chief Executive Officer. All divisions work in harmony to deliver services as promised to the customers. Each employee is sensitized to value the customer. At the other end, HR views and serves all employees as customers.

Wateen is an equal opportunity employer. Our hiring philosophy and practice is to employ individuals who are competent for the specific position and have the right attitude for the job to



be performed. Strong soft skills for communication, teamwork, and respect for individual makes the difference between the one employed and the one not employed. Being a people focused company, it is of immense value to Wateen that every employee strongly believes and performs with integrity, discipline and passion. Hence long work hours are not a bother at Wateen, each employee is motivated to seek satisfaction from completing a task and not count work hours.

Crucial to our success is the comprehensive HR service of Employee Skills Inventory. The database maintains a comprehensive profile of each employee's professional and personal skill set. The database is continuously updated with trainings and skill development accomplishment of employees as well as any special achievements on the job or off the job including sports, societal services, etc.

Investment in people is the cornerstone of Wateen's employee retention policy. We firmly believe that our operating business environment requires that all employees are kept abreast of developments in the industry, master the technologies that we use and pursue, improve business skills that makes them productive, communication skills that makes them effective. Therefore our training budget is not limited to the figure in the business plan. Importantly enough, employee surveys also show that training and development programs are high on employee motivation and employees believe that they would not receive as many opportunities for skill enhancement in another organization within the industry in the country.

If the input is good, and properly harnessed, performance to meet and exceed expectation should come as a natural consequence. The balance scorecard approach to performance measurement at Wateen illustrates that spirit. Every employee undergoes a Performance Evaluation and Counseling (PEC) session with his immediate Manager at least once a year. Objectives for the year are set at the beginning and evaluated at the end, of each year. Counseling focuses on understanding and listening to the employee. The employee receives appreciation on achieving or exceeding assigned objectives and advice on areas of improvement both for professional and for personal improvement. The input for employee skill improvement from these sessions creates the annual Training and Skills Development plan for the company and is recorded in the Employee Skills Inventory database. A comprehensive Reward and Recognition system has been implemented to ensure that money does not remain the only motivator. Wateen salary structure ensures that the employees are paid better than the average of the industry.

The work environment provided to employees is maintained at a level that they find it comfortable and conducive to meet the productivity expectation of the job. Friendliness and family culture is encouraged in the company. A Wateenite, as we call ourselves, is a friendly, conscientious, dedicated employee who will always thinks customer first and is equally caring for his peers, superiors and subordinates. Human values are paramount at Wateen.

13.2 ADMINISTRATION

These are individuals who quietly yet religiously ensure that all

facilities at all offices and locations are aptly served to ensure smooth operations. From office administration to transport management, safety and security of employees and assets, healthy and hygienic work environment are the primary responsibilities of this team.

With corporate offices in 3 cities including the 80,000 sq. ft. head office in Lahore, and 76 ADM sites around the country, these employees serve the company 24x7x365. Meticulously they provide support to ensure all logistics are accomplished to provide electrical power and associated supplies at all locations across Pakistan, a difficult task given the state of power generation and distribution in the country. Yet they deliver on the promise.

It is their responsibility to acquire or lease property to deploy Wateen's telecommunication towers, facilitate negotiations and manage contracts with owners of rented property. Their scope covers over 100 building premises and over 1,000 telecommunication towers. Hence they work closely with Customer Service since their relationship management and business skills come to fore to help the Engineering teams ensure that all assets are operational and functional at all times. A team that works relentlessly to keep the candle burning when other are asleep. They may be called the unsung heroes in most organizations, not at Wateen. They too relish the Wateen family culture.

14 UTILIZATION OF IPO PROCEEDS

The Company has planned to raise funds through an Initial Public Offer in order to achieve its hard line business plan. This inter alia includes: i) repayment of up to PKR 1.49 billion to financial institutions as against its financial obligations arising out of payment of LCs, and (ii) payment for acquisition of its subsidiary company i.e. Wateen Solutions (Pvt.) Limited (formerly National Engineers (Pvt) Limited) of PKR 490 million

14.1 RETIREMENT OF LOAN OBLIGATION

The Company, while foreseeing growth perspectives, decided to expand its operations by introducing more equipment to its fleet. The equipment has been procured through well known suppliers both locally and abroad. The orders for the equipment were awarded to some of the key suppliers including Motorola and Huawei Technologies. Total cost of the equipment was PKR 1.469 billion. The Company has opened LCs with two banks namely Atlas Bank Limited and Standard Chartered Bank Limited. Currently, all the LCs have been opened and shipments for the required equipment have been made to the Company. Details of the LCs which were retired (bank wise) are as follows:

WITH ATLAS BANK LIMITED

S. No	LC-#	Beneficiary	Equipment	Amount USD ('000)	USD/PKR Parity	Amount (PKR)	Notes
1	ABKIMP104/451/08	Realcom Int'l	C-band Antennas	3,635	82	299,524	1
2	ABKILC104/008/09	Premier Industries	DFC	-	-	10,578	2
3	ABKILC104/011/09	LT Engineering	DFC	-	-	27,780	3
4	ABKIMP104/220/09	Comtech	VSAT Equipment	418	83	35,130	4
						373,013	

WITH STANDARD CHARTERED BANK

S. No	LC-#	Beneficiary	Equipment	Amount USD ('000)	USD/PKR Parity	Amount (PKR)	Notes
1	451010019967-A	Motorola Inc.	CPEs	811	83	67,707	5
2	451010019271-A	Motorola Inc.	MW Equipment	309	83	25,836	6
3	451010003402-A	Huawei Technologies	DWDM Equipment	2,641	83	221,751	7
4	451010011689-A	Motorola Inc.	Elitek Batteries	684	84	57,456	8
5	401010002672	Motorola Inc.	Elitek Cabinets	458	84	38,550	9
6	451010021231-A	Huawei Technologies	WIMAX BTS Site Equipment	102	84	8,568	10
7	451030000109	Huawei Technologies	DWDM Equipment	1,522	84	127,862	11
8	451010023093-A	Motorola Inc.	CPEs/USBs	3,813	84	320,319	12
9	451010024185-A	STM Networks INC	VSAT Equipment	559	84	47,023	13
10	451010004777-A	Motorola Inc.	Sun Servers	83	84	7,041	14
11	451010022150-A	Huawei Tech.					
		Investment Co. Limited	ONS/NMS/BWS	1,063	84	89,955	15
12	451010013231-AP	Huawei Technologies	DSL Equipment	1,014	84	85,245	16
						1,096,717	
Grand Total						1,469,731	

14.2 ACQUISITION OF SUBSIDIARY

Wateen Solutions (Pvt.) limited (formerly National Engineers (Pvt.) limited)

Wateen Solutions (Pvt.) Limited (formerly National Engineers (Pvt.) Limited) (hereinafter referred to as WSPL) was incorporated in Pakistan under the Companies Ordinance, 1984 as a private limited company on 17 May 2004. It was originally named Microtech Links (Pvt.) Limited which later changed its name to National Engineers (Pvt.) Limited on 2 March 2007, after the company acquired the assets and liabilities of National Engineers (AOP) telecom business through a Business Purchase Agreement on 30 December 2006. Under the said arrangement the outgoing shareholders/owners had the right to buy back 49 percent shareholding of WSPL, which right was exercised by them for PKR 52 million. After surrendering their rights in favour of Mr. Jahangir Ahmed, Mr. Jahangir Ahmed became the owner of 49 percent shares of WSPL. The upfront consideration for this transaction was PKR 122 million.

Wateen Telecom Limited has fulfilled all its formalities for the purchase of 49 percent shares held by Mr. Jahangir in Wateen Solutions and will be utilising the funds of the IPO for payment / settlement of deferred consideration in relation to the purchase of said 49 percent shares.

The company commenced its operations on 1 January 2007. The principal activities of WSPL are to sell and deploy telecom equipment and provide related services.

The revenue of the target arises mainly from three revenue streams:

- VAR (Value Added Reselling);
- Professional Services / Managed Network Services; and
- Hosted Solutions including Hosted Contact and Data Center (Space, Power and Storage)

The company is an advanced technology partner of Cisco Unified Communications and has done project management as per PMI standards and service delivery as per ITIL standards.

It has done more than 50 global professional services assignments in Turkey, Kuwait, Saudi, Nigeria, UAE, Congo, Uganda, USA, etc.

Wateen Solutions is a Gold Partner of CISCO and CISCO highest revenue achieving partner year on year since 2006. It is also CISCO's top Customer Advocacy Partner in Middle East and Africa Region in 2006.

Wateen has received a dividend of PKR 175 million in relation to



its 51 percent shareholding in Wateen Solutions. Furthermore, accumulated profits of Wateen Solutions as on 30 June, 2009 is PKR 285,300,385/- which resulted in more than 600 percent return over net investment.

Major customers of WSPL include:

- Financial Institutions including United Bank Limited, Muslim Commercial Bank Limited, Faisal Bank Limited and Bank Al-Habib Limited;
- Companies of Abu Dhabi Group (Local and International);
- Public organizations including Lahore Electric Supply Company and Pakistan International Airlines
- GSM Operators including Ufone, Telenor and CM Pak.
- International customers include B&S Switzerland, Getronics, Zain Bahrain, etc.

SHAREHOLDER	SHARES	AMOUNT (PKR)	PERCENT
Wateen Telecom Limited	413,212	41,321,200	50.99 %
Mr. Jahangir Ahmed	397,027	39,702,700	49.00 %
Others	20	2,000	-
Total	810,259	81,025,900	100.00 %

14.2.1 FINANCIAL HIGHLIGHTS

	2009 RUPEES	2008 RUPEES
Revenue	996,834,189	1,019,668,776
Gross profit	299,689,174	435,624,408
Operating profit	243,175,381	366,565,422
Profit after taxation	265,202,783	361,589,074
Total assets	1,181,504,766	655,849,718
Total liabilities	815,178,481	209,758,447
Paid up capital	81,025,900	81,025,900
Shareholder equity	366,326,285	446,091,271
Return on Equity	72.40 %	81.06 %
Breakup value per share (PKR)	452.1	550.6
Earnings per share (PKR)	327.3	446.3

15 RISKS AND MITIGANTS

The Company wishes to highlight the following risk factors, which may affect the returns on investment in the Company:

15.1 REGULATORY RISK

Pakistan Telecom Authority (PTA) or other regulators / government bodies may modify regulations, which would have an impact on telecoms / media operators including Wateen. PTA may introduce tariffs and fees that may have a financial impact on the Company.

The regulatory environment is still opaque. The GOP on occasions has been unable to implement prior regulatory decisions. After 2004, the success of the industry, signaled by high rates of revenue growth, attracted the attention of the GOP, which imposed a tax on the sector, affecting the profitability of the sector as a whole. The new framework of MOIT (Ministry of Information and Technology) is also upcoming.

Mitigant:

Successive governments in Pakistan have taken a very positive stance to the telecommunication industry. PTA has established itself as a strong independent regulator introducing a number of initiatives to facilitate growth of the industry. Wateen is fully compliant with all licensing terms as set out by PTA including service quality. There has historically never been any incident of dispute or imposition of penalty or fine on Wateen.

PTA and the GOP's positive stance towards the telecom industry has resulted in the industry attracting record foreign direct investment ("FDI") of USD 4.2 billion during June 2004 – June 2007 period, representing over 40 percent of total FDI in the country. The GOP strongly believes in the development of communication infrastructure of Pakistan and is expected to fully support Wateen's endeavor to make telecommunication, especially broadband, easily available and affordable in the country.

15.2 MARKET RISK

There is a risk that Wateen's subscriber base may be lower than projected. This may be a result of:

- (a) Pakistani ISP market growing at a rate lower than projected
- (b) Lower than projected market share for Wateen
- (c) Greater competition may result in higher subscriber churn rates to other operators

ARPU from subscribers may also be lower than projected, resulting in lower revenues and EBITDA. It is imperative to realize that price war as well as subsidy war regarding connections governs the acquisition strategy of most of the operators in Pakistan.

Mitigant:

With a teledensity of approximately 4 percent and a population of 168 million, the broadband telecom market of Pakistan shows tremendous potential for growth. Research estimates suggest broadband penetration to reach 8 percent – 10 percent within the next five years. Thus, in terms of addressable market, Wateen's projections are in line with research recommendations.

In the financial model, overall weighted average ARPU assumptions have been made on a conservative basis.

Wateen has projected the average churn rate to increase during the initial phase of operation, taking into account subscriber's switching tendency. However, average churn rate is conservatively projected to drop as Wateen intends on providing innovative products, high network quality bundled with excellent customer service which will reduce the churn rate.

Although Wateen is the first entrant in the WiMAX market in Pakistan, its network quality as provided by two top class vendors, Motorola and Hauwei, is expected to be superior to other potential operators in the country. Wateen will also aim to provide better products and customer service than the other operators.

15.3 INTEREST RATE RISK

Wateen will have substantial amount of FCY and LCY debt. The financial expenses will be a function of the LIBOR and KIBOR interest rates over the tenor of the loans. An increase in interest rates would adversely impact Wateen's ability to service its debt obligations and also its ability to meet the financial covenants.

Mitigant:

Various scenarios have been run on the financial model for Wateen to assess strength of the business model. In order to hedge interest rate risk, Wateen will also be evaluating the merits of derivative instruments to mitigate this risk.

15.4 TECHNOLOGY RISK

The global and local telecommunications industry is one of the



fastest growing industries in the world. As a result, the operators run the risk that the equipment used to provide services may become obsolete rather quickly. Furthermore, there are various other competing / emerging technologies available with similar capabilities to WiMAX, such as HSDPA (3G).

Mitigant:

Accurate and timely decision making and financial ability to meet substantial capital expenditure required to upgrade equipment is considered imperative to sustain growth and to ensure continued profitability. In this respect, Wateen's relationship with its vendors and sponsor financial strength has placed the Company in an advantageous position.

It should also be noted that WiMAX technology is becoming a widely acceptable digital system worldwide. WiMAX brings the most advanced developments in wireless broadband access technology at a reasonable cost by spurring severe competition among manufacturers and driving down the cost of equipment; thus, the technological risk is largely mitigated.

15.5 MANAGEMENT RISK

The risk that Wateen's management team may not have necessary skills to manage the typical risks inherent in successfully operating WiMAX services as the first entrant in a market like Pakistan.

Mitigant:

Wateen has one of the most diversified, professional and experienced teams in Pakistan. The members of the management team have the relevant experience both in the local as well as international telecom markets and have worked for premier organizations across the globe. Wateen has the best quality resources in all functional areas therefore management risk is minimized.

Furthermore, the management of Wateen has had the experience of establishing Warid telecom operations in Pakistan, which is a market with similar characteristics. It is anticipated that Wateen will have very few issues in adjusting to the business environment in Pakistan, as it would be able to transfer best practices from past experience.

On Wateen's Board of Directors, there is a good representation of telecom sector experts who bring with them vast experience that will be beneficial to Wateen. Overall the sponsors also remain committed to ensuring the success of the Company given that they have already invested USD 35 million in equity and have committed to inject further equity in the future.

15.6 FOREIGN EXCHANGE RISK

Wateen has arranged debt from a local syndicate of banks in parallel to the offshore facility. This debt is denominated in PKR whereas; the offshore facility is denominated in foreign currency i.e. USD. Given that majority of Wateen's revenues will be in PKR, the operations of Wateen are therefore highly vulnerable to exchange rate fluctuations. Substantial depreciation of the PKR against USD may lead to cash flow constraints which may affect the Company's ability to deliver desired objectives.

Mitigant:

Wateen currently has a natural hedge given that revenues from inbound LDI operations & VSAT are USD denominated and these currently contribute approximately 50 percent of revenues. However, going forward LDI contribution to total revenues will be significantly lower as revenues from expansions in WiMAX, FTT(x) and Channels businesses come into effect.

Wateen is fully aware of the prevailing currency risk associated with its business in Pakistan. Several sensitivities have been run in the financial model and currency rate variation has been assumed on the conservative side. Wateen will also be evaluating the merits of derivative instruments to mitigate this risk.

15.7 POLITICAL RISK

Political instability has been one of the major impediments for the development of Pakistan. Although Pakistan follows a democratic form of Government, electoral problems have persisted in the past and have affected the general public.

Mitigant:

Regardless of the government in power, it is expected that importance of the development of the telecom sector will be recognized, as it is one of the major contributors to the success of the nation, with its operators being amongst the largest tax contributors to the government. Additionally, successive governments in Pakistan have enjoyed very cordial relations with the royal family of UAE, and this carries significant weight since Wateen is a significant investment of members of the royal family of UAE.

15.8 COMPETITION RISK

Competition in the telecom sector is fierce and this is evident from the various marketing activities of the existing telecom operators in the country. With the entry of Orascom and Qtel into the broadband telecom market, competition has escalated to a new level.

Mitigant:

Although Wateen is the first entrant in the wireless broadband sector in Pakistan, the management of the company is fully aware of the competitive pressures that might stem from the existing and potential operators.

The business plan for Wateen is based on realistic assumptions and sensitivities have been run. The projected market share has been set based on the operations of the new entrant. Wateen plans to deliver innovative products and services based on an efficient distribution system with excellent promotional activities. Customer satisfaction, which is the core to the success of the business, will be managed by providing the very best of customer services.

Furthermore, the management of Wateen has been involved in launching Warid Pakistan where the company has experienced phenomenal growth in a market which has many similarities to this segment. The Wateen brand already has a recognizable recall in the market. Management is confident that, having sustained the competitive pressures in Pakistan's cellular market, they have the experience to compete with the other operators in the market.

16 FINANCIAL OVERVIEW

16.1 INCOME STATEMENT(S)

All amounts are in	2005*	2006	2007	2008	2009
PKR mn (except EPS)					
Revenue	15	2,794	4,448	9,289	16,185
		19035.6%	59.2%	108.8%	74.2%
Gross Profit	-32	1,082	1,722	4,054	5,238
Gross margin	nm	39 %	39 %	44 %	32 %
Operating Profit	-45	503	786	1,998	3,018
	nm	18.0%	17.7%	21.5%	18.6%
Finance cost	-	15	166	205	568
PAT	-37	227	386	1,084	1,019
Net margin		8.1%	8.7%	11.7%	6.3%
EPS		1.12	1.85	5.19	4.88
EPS net Mgt fee		1.81	2.91	7.22	4.88

* Only 3 months in operation in FY2005

16.2 BALANCE SHEET(S)

All amounts are in	2005	2006	2007	2008	2009
PKR mn					
Share Capital & Reserves	1,394	2,210	2,663	3,747	4,767
Long Term Liabilities	22	369	1,469	2,451	10,899
Current Liabilities	906	1,880	4,000	9,352	10,622
Total Shareholders' Equity and Liabilities	2,322	4,458	8,132	15,550	26,289
Non-Current Assets	658	2,069	3,972	9,700	18,291
Current Assets	1,664	2,390	4,160	5,851	7,998
Total Assets	2,322	4,458	8,132	15,550	26,289

16.3 ANALYSIS OF FINANCIAL STATEMENTS (HISTORIC)

Wateen's gain in net worth during 2009 was PKR 841 million, which increased the book value of the stock by 22 percent. Over the last four years, book value has grown from PKR 1,394 million to PKR 4,767 million, a rate of 29 percent compounded annually. This growth has been the best in the telecommunication industry in Pakistan

Revenues during 2009 have witnessed a 74 percent growth over last year, duly reflected in Return on Equity (ROE) which stands at 165 percent till FY2009. EPS for 2009 is PKR 4.88 on an annual compounded basis and suggests a growth rate of 63 percent over the last four years. Year-on-year growth in operating earnings has been reported at over PKR 1 billion in 2009. Since inception, the company has delivered profit, year after year.

16.3.1 TOP LINE; EXHIBITING STAGGERING GROWTH

Top line of the Company surged to PKR 16.2 billion in FY2009 as compared to a modest PKR 2.8 billion during FY2006, marking tremendous improvement at a 3 year Compounded Annual Growth Rate (CAGR) of 79.6 percent. This turnaround in the top line was mainly on the back of exhilarating growth in the Long Distance and International (LDI) segment of the Company that witnessed tremendous growth from 324,000 minutes to 1.3 billion minutes, taking the total revenue from the segment to PKR 6.5 billion, constituting 42 percent of the total revenues in FY2009.

16.3.2 COST OF SALES

Cost of sales, on the other hand, increased in line with revenues with major increase witnessed in the international outbound cost that surged to PKR 3.5 billion during FY2009 as compared to a modest amount of PKR 324 million in FY2006.

16.3.3 GROSS MARGIN

Primary margin of the Company squeezed a bit during FY2009 to 32.4 percent down from 43.6 percent during FY2008, mainly due to increase in cost of international outbound that rose to PKR 3.5 billion as compared to PKR 1 billion a year back due PTA's decision to increase in Access Promotion Contribution (APC), marking an out whelming increase of 238 percent during the year. As LDI constitutes the major chunk of the cost of sales that resulted in drop of more than 1200 basis points in gross margin. Despite the cut in the gross margin, the Company managed to bag 35 percent YoY growth in the gross profit from PKR 3.6 billion in FY2008 to PKR 4.9 billion during FY2009.

16.3.4 OPERATING EXPENSES

Operating expenses of the Company increased at a CAGR of 54 percent during FY2007-09 period from PKR 936 million to PKR 2,220 million, mainly on the back of a rise in salaries and wages expense which increased from PKR 263 million in FY2007 to PKR 1,219 million during FY2009 as the Company strengthened its work force to penetrate the market. However, despite the contracting operating margin, the Company managed growth at a CAGR of 95 percent from PKR 785.5 million during FY2007 to PKR 3,017 million.

16.3.5 FINANCE COST

Finance cost of the Company increased to PKR 568 million during FY2009 from PKR 166 million during FY2007, marking CAGR of 85 percent, mainly on the back of 189 percent CAGR rise in the long term finance that increased from PKR 1,347 million in FY2007 to PKR 11,255 million in FY2009. However, with interest rates in the economy cooling off, we expect finance cost to lower soon.

16.3.6 BOTTOM LINE; TREMENDOUS TURNAROUND

Bottom line of the Company witnessed astounding growth during the last three years as the Company earned profit after tax of PKR 1,019 million during FY2009 as compared to a modest PKR 386 million during FY2007, marking an overwhelming CAGR of 63 percent during the period.

16.3.7 SHAREHOLDERS' EQUITY

As a result of consistent growth in the bottom line, the Company managed to increase the shareholders' wealth. Over the last four years, book value has grown from PKR 2,209 million to PKR 4,767 million, a rate of 29 percent compounded annually

16.3.8 LONG TERM FINANCING

Long term financing of the Company increased to PKR 11,255 million at FY2009 as compared to PKR 1,347 million on FY2007, marking an increase at CAGR of 189 percent during the period, taking total long term debt to equity at the end of FY2009 to 70 percent as compared to 34 percent in FY2007.

16.3.9 ASSET GROWTH

In order to maintain its leadership position in the market, the Company invested aggressively in its assets which jumped from PKR 3.9 billion in FY2007 to PKR 17.9 billion in FY2009, improving at CAGR of 114 percent during the past three years. The main focus of the Company was network equipments in which the Company invested PKR 3.7 billion and PKR 8.1 billion in FY2008 and FY2009, respectively. This heavy investment in the network equipment has been paying the Company off, which is evident from above mentioned improvement in net sales and eventually in the bottom line.

16.3.10 FINANCIAL PROJECTIONS (HIGHLIGHTS)

PKR mn	2010	2011	2012	2013	2014	5 Year
Revenue	10,745	19,729	23,374	29,390	34,865	118,104
Growth		83.6%	18.5%	25.7%	18.6%	
Gross Profit / (Loss)	3,750	9,899	10,469	13,686	16,476	54,280
Gross Profit / (Loss) %	34.9%	50.2%	44.8%	46.6%	47.3%	46.0%
Ebitda	30	6,332	6,450	9,173	11,511	33,496
Ebitda Ratio	0.3%	32.1%	27.6%	31.2%	33.0%	28.4%
Ebt	(3,364)	2,001	2,488	5,486	8,136	14,747
Ebt ratio	-31.3%	10.1%	10.6%	18.7%	23.3%	12.5%
Eat	(2,071)	1,301	1,617	3,566	5,290	9,703
Eat ratio	-19.3%	6.6%	6.9%	12.1%	15.2%	8.2%

EPS	-2.7	1.7	2.1	4.6	6.9
Dividend				2,302	3,070
Dividend per share				3.00	4.00

16.3.11 PROFITABILITY MARGINS

Wateen is expected to strengthen its margins from FY2011 onwards as the Company is expected to achieve staggering top line growth. With a business model where sales play the major role in shaping the profitability as fixed cost is reduced dramatically, the effect of an increase in the top line is expected to reach right to the bottom, improving margins considerably.

	FY2010E	FY2011F	FY2012F	FY2013F	FY2014F
Gross profit	34.9%	50.2%	44.8%	46.6%	47.3%
EBITDA	0.3%	32.1%	27.6%	31.2%	33.0%
EBIT	-31.3%	10.1%	10.6%	18.7%	23.3%
Net margin	-19%	7%	7%	12%	15%

16.3.12 DEBT SERVICING CAPACITY

Debt paying ability of the Company is likely to strengthen going forward as the operating profit of the Company is likely to improve, keeping interest coverage in the comfortable zone.

	FY2010E	FY2011F	FY2012F	FY2013F	FY2014F
Interest Coverage	0.02x	2.83x	3.45x	6.34x	11.41x

16.4 ANALYSIS OF BUSINESS PLAN

Wateen's Business Plan is based on a relatively conservative outlook of the market. By segmenting the market in terms of wholesale versus retail, we can have an insight into the growth potential for a TMT company such as Wateen ideally positioned to ride future growth wave.

Retail

On the retail side, Wateen's business includes the WiMAX, FTT(X) and VAS platforms. Pakistan's overall broadband market, driving these product lines, is undergoing exponential growth; the market has grown by 146 percent in 2009 and at the same time, Wateen has grown by 346 percent attaining a market share of 29 percent* and 65 percent plus market share in the wireless broadband market. As per PTA, the market is going to grow to nearly 5 million subscribers by 2014. With traditional broadband technologies based on copper facing challenges due to aging and poor quality, the growth in broadband will be led by Wireless and optical fibre (HFC/Fiber) based technologies which will ensure a healthy growth in market share by Wateen. Due to this, the WiMAX segment has promising potential of generating revenue at a CAGR of 80 percent in the five year period starting 2009 from PKR 0.7 billion to PKR 14.1 billion by 2014.

On the profitability side, Wateen has considerable competitive advantages which will ensure long term sustainability of better than industry EBITDA and net profitability. By having its own metro fiber, FTT(X) and long haul network (revenue centers, as opposed to cost centers), Wateen has virtually no media costs compared to competition. Similarly, site sharing arrangements with Warid at fractional costs compared to other wireless access providers

* From PTA 2008-09, the total broadband market turns out to be around 550,000. Out of which Wateen's share is 160,000.

ensure considerable reduction in OPEX. In addition, presence in 22 cities with the highest on-air WiMAX site count and complementary product lines (voice, Internet, data, and VAS) provide Wateen both economies of scale and scope enjoyed by none other. However, pressure on EBITDA margin shall be felt till 2010 due to heavy subscriber acquisition that is expected to be released thereafter. Margins are therefore expected to hover around 46 percent by 2014, which is 2 percent to 5 percent higher than the industry average.

On VAS side, Wateen has a price advantage over GSM operators because of asymmetric termination rates on voice. SMS services with low cost of installation will be able to add incremental revenues. In addition, Wateen's gaming is the second largest gaming portal in Pakistan with more than 12,000 registered members in just 3 months. With the exponential increase in gaming customers, the largest library of games in different genres and 24/7 support the customer traffic is expected to increase dramatically. Similarly, the current online advertising market in Pakistan is estimated to be over US\$10 million. At present, Wateen is one of the top 20 sites in Pakistan. Our original content portals, coupled with captive audience of Wateen's customer base will quickly make Wateen portal one of the top 5 sites, thereby bringing huge online advertising revenue even with a modest market share of 5 percent.

To complement WiMAX, metro fiber and GPON platforms have been rolled-out in selective areas throughout larger cities to cater for growing bandwidth needs in the enterprise market. In a short span of 2 years, Wateen already has 26 out of 31 commercial banks on board for data connectivity (70 percent). As businesses are getting more reliant on Information technology for everyday operations, applications are getting more bandwidth hungry and the need for a one-window and reliable service model has increased substantially. Wateen's current market share in this end of the market is estimated at 17 percent. As broadband proliferates in this market for data connectivity* (banks are already upgrading their infrastructures from legacy dial-up and DXX to broadband), Wateen is ready to reap the benefits of its timely investments in infrastructure to capitalize on first mover advantage and its unique position in the market as a one-stop shop. With these steps, Wateen's growth in market share will not only be fueled by customer churn to Wateen, but also overall adoption of broadband in place of legacy systems. Furthermore, year on year reduction in ARPU already budgeted will ensure Wateen does not become uncompetitive in the market.

Wholesale

LDI

On the wholesale side, Wateen's business includes LDI, Managed Capacity (on OFC and VSAT), and System Integration product lines. The recent growth in the Pakistani LDI sector has been consistently strong. As per PTA's annual report for 2009, the industry boasted a 119 percent revenue growth. Wateen's growth in traffic volumes has been significantly greater than the industry average, particularly for its international outbound traffic which grew at 145 percent as compared to the 73 percent for the industry. Despite a temporary flux in the market owing to the one-

off readjustment in the exchange rate, PTA predicts this growth to remain strong over the coming years due to its 'concerted efforts to curb grey traffic'.

LDI revenues are therefore expected to grow at a CAGR of 5 percent in the period 2009 to 2014 from PKR 7.8 billion in FY2009 to PKR 9.9 billion in FY2014. After achieving the high of PKR 7.8 billion in FY2009, LDI revenues are expected to surpass this figure in FY2013 where revenue for the year is projected at PKR 8.7 billion and growing to PKR 9.9 billion in FY2014. Growth in gross profit and EBITDA is projected at a CAGR of 9 percent and 15 percent, respectively for the corresponding period. Gross profit and EBITDA margins remain within the range of 11 percent - 13 percent and 7 percent - 12 percent in the period 2009 to 2014. MoU's are only projected to decline in FY2010 from 1.2 billion in FY2009 to 1.1 billion and then experience a year on year growth reaching the mark of 2 billion by 2014 at a CAGR of 11 percent. Wateen is collaborating with the rest of the LDI industry to stabilize the rates and further improve profitability of the market. According to industry experts, this will inevitably allow the operators to charge higher rates and return to the significantly higher EBITDA of yester-years, by squeezing out illegal operators. Presently, Wateen has a robust network and is currently operating at excess capacity and with its relations to the leading LDI operators in the world; it is uniquely placed in the sector to gain the most from the promising market prospects.

Managed Capacity (OFC)

Managed Capacity is a cash cow for Wateen since any increase in revenue directly hits the bottom line as evident from the high EBITDA margin which ranges from 35 percent - 81 percent for the period 2009 to 2014. Wateen's total OFC footprint will span 10,500+ kilometers of fiber. With most of the growth in infrastructure coming through USF at subsidy, Wateen will have the second largest, if not the largest OFC network in Pakistan. The roll-out along highways will make it an ideal choice for GSM operators to shift onto dark fiber for backhauling from existing microwave media which is comparatively less reliable. Alongside, revenue from IP Transit and IPLC business will undergo exponential growth as Wateen makes terrestrial interconnects with Afghanistan, Iran and India. In addition, as large government, defense and private organizations upgrade their infrastructures and move on to a paradigm where distributed applications are serving business needs and the importance of transport media outgrows currently available capacities on the market, lambdas will increasingly become popular. With successful dark fiber and lambda deals as a first by Wateen, it will be uniquely positioned to be an ideal choice for such requirements.

The current projected business plan for Managed Capacity is therefore based on a very conservative outlook where the revenue is expected to decline at a negative growth rate from PKR 4.6 billion in FY2009 to PKR 1.7 billion in FY2014. Compounded growth is not the best predictor of revenue performance for this business segment since revenue is expected to peak in FY2012 where it is projected at PKR 4.9 billion. This will be in synch with completion of fiber deployments under USF expansion.

* Wateen in-house research puts the total data connectivity market around 18,000 links



Managed Capacity (VSAT)

On VSAT, Wateen has a tremendous advantage in being the largest satellite bandwidth consumer in Pakistan. This gives Wateen enormous bargaining power in securing the best possible rates for bandwidth. Since bandwidth prices have been consistently rising over the last few years due to DTH operators in the region, Wateen has and will have a cost advantage over others, which will make it an extremely profitable platform. Additionally, a great potential still lies in provision of International connectivity to countries like Afghanistan, where some telecom companies are already using Wateen's Satellite services.

With such positioning, revenue from VSAT is expected to grow at a CAGR of 15 percent from PKR 1.7 billion in FY2009 to PKR 3.4 billion in FY2014. Gross profit and EBITDA in the corresponding period also projected to grow at a decent CAGR of 27 percent and 33 percent, respectively. The gross profit margin remains within the modest range of 29 percent - 38 percent while the EBITDA margin increases from 17 percent in FY2009 to 35 percent in FY2014.

System Integration

As the largest system integrator in Pakistan; Wateen has the experience as well as the technical capabilities for small network upgrades to building multimillion dollar data centers. Globally, both premises and hosted solutions are seeing exponential growths. Value Added Reselling was responsible for over \$600 billion dollar business last year. With 2000+ service providers & enterprises and 350,000+ SMEs; the potential for growth is huge in Pakistan. Also, the margins in this business are not just dependent on first sale; but also on services and Warranties which are a big strength of the Wateen solutions team.

Cloud computing is called the future of business and Wateen with the only Tier-2 data centre in the country has the infrastructure to provide low capx low opex managed solutions. With our large nationwide infrastructure and established relationships; these solutions have generated a great interest and at present we are expanding our data centre capacity to cope with maturing demand. With minimal incremental cost; hosted business is just short of pure margin and continues long-term revenue stream for Wateen.

With this potential, VAR and HS are expected to generate steady revenue streams over the five year period 2009 to 2014 together posting year on year growth of 22 percent and a CAGR of 28 percent taking the revenue from PKR 1.1 billion in FY2009 to PKR 2.3 billion in FY2014. EBITDA is projected to grow at an even steeper rate of 36 percent compounded annually over the corresponding period. EBITDA margin remains within the range of 13 percent - 21 percent.

16.5 FUTURE PROSPECTS

Wateen aims to be perceived not only as a telecommunications operator but also as a universal provider of comprehensive communications services for both residential and business customers. Wateen Telecom's corporate identity seeks to help customers keep pace with rapidly changing technology in the field of communication.

Wateen is planning to invest with the objective of providing quality, reliability and affordability in telecom services, thus becoming a dependable 'Carrier's Carrier' and fulfilling varied communication needs of a wide spectrum of customers including but not limited to:

- Existing telecom operators (including cellular operators, local loop service providers, fixed-line operators and LDI operators)
- Other Media, Communication and Technology companies (Cable-TV operators, ISPs, Hosting Service providers etc.)
- End customers (MNCs, large local enterprises, SME's, banks, call centers, individuals etc.)

Wateen plans to build a complete infrastructure comprising (Local Loop Services (Wireless/Wireline), National Transmission Network (Optic Fiber), DWDM Network, Metro Fiber Rings) to provide end to end telecom services. This state-of-the-art infrastructure will allow Wateen to provide 'standard' services as well as 'future' broadband services which other existing operators will not be able to offer due to capacity limitations, third party dependency and legacy technology.

In this emerging era of telecommunications, Wateen's Long-haul Optical Fiber Transmission Network will play a key role to overcome bandwidth limitations of domestic and international market by providing Quality of Service to the fullest satisfaction of its voice and data customers. This backbone will provide an infrastructure platform for Wateen's IP/MPLS based LDI & WLL networks by providing them 10Gbps transparent channels. Moreover, the network will be capable of providing redundant media to call centers, DNOPs, and software houses.

Within the major cities of Pakistan and connecting to the long haul fiber optic backbone, Wateen has a metro fiber optic network spanning over 1,700 KM which will be extended to other cities subject to commercial viability, thus providing widespread coverage and penetration. Wateen Metro Project would be instrumental in overcoming the telecom frequency/bandwidth limitations currently being experienced by existing operators who have no option but to use microwave transmission of aggregated traffic. Metro Area Networks are thus expected to substantially improve the quality of service of the existing operators. Also, as part of its aggressive infrastructure development plans, the Company plans on connecting neighboring countries over Optic Fiber Cable networks.

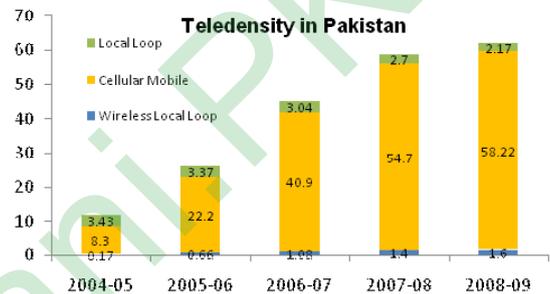
17 ANNEXURE A [PAKISTAN TELECOM SECTOR OVERVIEW]

17.1 GROWTH OF TELECOM SECTOR IN PAKISTAN

Despite slow down in economy, telecom sector continued to grow positively in terms of subscription, revenue and teledensity. However most of the operators took cost cutting measures including optimization of human resources, cut in employees' perks and freezing employment temporarily to avoid negative impact of economic slowdown on the sector. Teledensity of the country jumped to 62 percent in 2008-09 showing a growth of over 5 percent over the previous year. During the year 2008-09 the sector's financial health could not be improved in accordance with the expectations owing to heavy taxes and falling exchange rates, which placed unprecedented burden on the operators' import bills. Despite these difficulties, the sectors revenue grew by 19 percent in 2008-09 which pose confidence in Government and regulators' policies. Due to new emerging services, operators continued making investment in infrastructure expansion. Among cellular mobile operators, Ufone was the only operator reporting a profit while the rest landed with negative earnings. The leading mobile operator, Mobilink slipped from green to red in earnings because of the falling exchange rate and rapid drop in the subscribers' base.

A dismal situation in fixed line penetration is the major area of concern for the policy makers and the regulator in Pakistan. After issuing a number of licenses to the fixed line operators, the regulator believed that the market forces would play their due roll for its expansion, but unfortunately, this could not happen. Unlike the expectations, most of the fixed line operators could not roll out the infrastructure maintaining the incumbent operator still the dominant player with its old copper based infrastructure a main hurdle in the sector's growth. It was also expected that a rapid roll out by wireless technology (WLL) would compensate the declining fixed line penetration, which too did not happen due to lack of investment by WLL operators. Furthermore, the WLL operators like Wateen and wi-tribe have smartly diverted their resources to Broadband expansion in 3.5 GHz and invested on new technology like WiMax. This too caused slow growth in the fixed line sector. Issues like Right of way and lack of unbundling also proved as major hurdles in the fixed line sector's growth. A huge investment is required to roll out new generation of fiber networks in Pakistan.

This gives a major opportunity to large scale investors to secure their investments in Pakistan in this segment of the industry.



17.2 MOBILE SECTOR

Pakistan mobile market hosts some of the world's largest and most experienced telecom companies including Orascom, Telenor (Norway), Warid Telecom (Abu Dhabi Group), China Mobile and Etisalat, a UAE based company. These companies have heavily invested in Pakistan to lay down the infrastructure and take mobile services to every nook and corner of the country. With the encouragement of Government of Pakistan and best efforts by the regulator as well as the determined mobile operators, the sector has recovered from slow growth of past few months. Nonetheless, there is escalation in mobile penetration up to 57.4 percent, as the total mobile subscribers have reached to 94.3 million, with more than 90 percent of the country having mobile service access.

As for competitive environment in the sector, there is intense competition among all 5 operators. Since the market shares of all the operators have marginal difference and the gap between the market leader (Mobilink) and the rest of the operators is rapidly narrowing, the companies are now getting into a price war, whereby undercutting each other for Voice and SMS services is resulting into higher financial burden on the companies. The operators have come to launch a range of value added services like Mobile banking, Mobile Internet, Music Library, Utility Bills Payment, Stock Market Updates, Voice Messaging, GPRS services, etc. that would help industry to improve ARPUs.

Mobile operators kept on expanding their service areas, and new subscribers also continued to join the networks. Today, the total mobile penetration stands at 58.2 percent, showing a growth of 6.4 percent this year. As the companies had been aggressively expanding their networks and offering attractive packages during the past two years, the average growth remained more than 50 percent. In the reported period, however, international financial turmoil and saturation in metropolitan areas caused less increase

in penetration. Nevertheless, if the mobile penetration in Pakistan is compared to that of the regional countries including India, Sri Lanka and Bangladesh, Pakistan remains far ahead of them.

CELL SITES BY OPERATOR			
	2006-07	2007-08	1008-09
Mobilink	5,522	7,339	7,903
Ufone	1,644	3,471	4,893
Instaphone	211	211	211
Zong	1,163	2,328	6,688
Telenor	3,255	5,017	6,088
Warid	1,930	3,152	4,341
Total	13,725	21,518	28,124

Intense competition, minimum tariffs and reduced investments by the operators could have resulted into less network expansion in the country; however, contrary to that, all the operators continued to increase the number of cell sites and extend coverage across the country. Although there were some areas in the NWFP and Balochistan almost prohibited for the operators to install their BTS, but the companies quite courageously kept on increasing their cell sites by sending their vendors to install BTS in high risk areas for the provision of telecom services to the locals of those areas. By the end of the reported year, there were 28,124 cell sites in the country, while the previous year, the number stood at 21,518, thus showing a growth of 31 percent. Mobilink has maximum cell sites (7,903), followed by Telenor having 6,088 cell sites all across the country. In a short span of time, Zong has erected 4,341 cell sites. With a strong encouragement by the PTA, the operators have now started sharing the cell sites, which helped the operators to install maximum cell sites during this period, ending up at 7,903 cell sites erected in a year's time, followed by Telenor (6,088) and Ufone (4,893).

17.3 FIXED LINE SECTOR

The figure below shows that Fixed Local Loop lost its stake in total basic services revenue by 14 percent this year, whereas LDI increased its share by 16 percent. Comparing to that of 2007-08, WLL market share slightly increased from 7 percent to 8 percent, while VAS decreased from 8 percent to 7 percent.

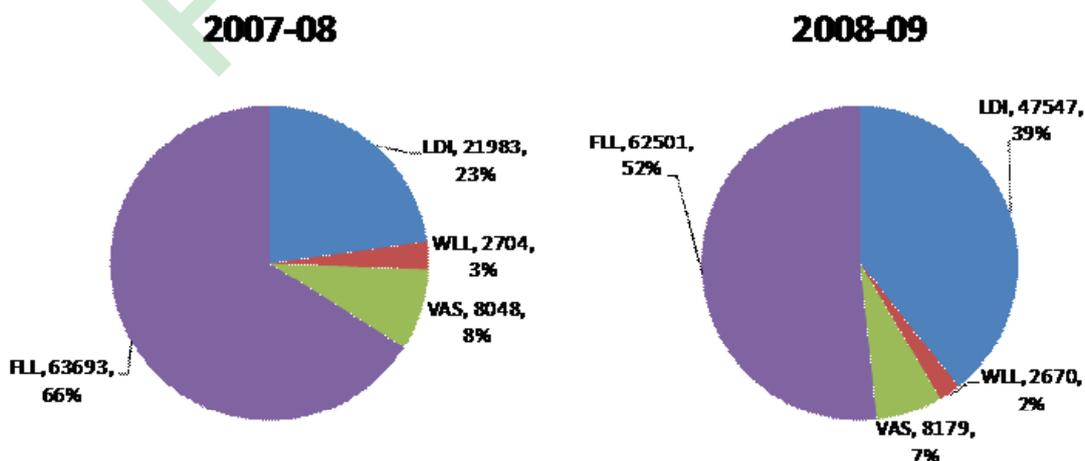
Decrease in VAS share in the total revenue of telecom services was primarily due to VAS facilities, now being offered by WLL and Mobile operators as well e.g. Internet.

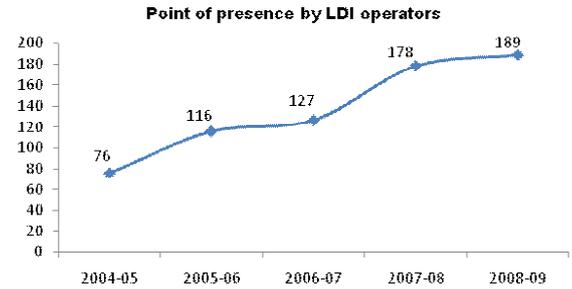
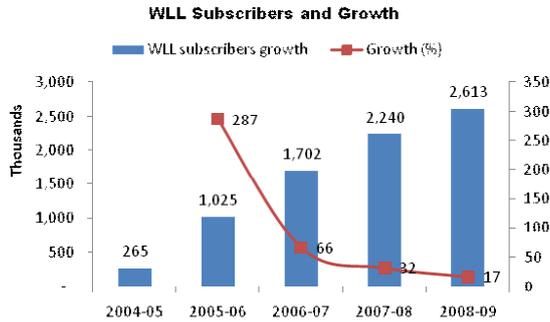
PTCL still maintains its virtual monopoly in the fixed line sector despite introduction of many new FLL companies. Huge investments are underway for fiber deployment in rural areas of Pakistan. In contrast, Wireless Local Loop (WLL) has been able to make its mark on the telecom industry by winning the customers' trust. Wireless service providers such as PTCL, Worldcall and Telecard have been able to penetrate into the market by offering viable business solutions in the form of PCOs. With a small investment and a suitable place, any common man could buy a wireless PCO and start business especially in rural areas where cellular revolution is yet to make a mark. Although WLL revenue share is the smallest in the basic services chart, it is a major contributor in the overall local loop subscriber base. With strong focus of companies on triple play services, the basic services will hopefully grow over time, especially in rural areas.

Long Distance & International (LDI) operators have been in quandary for the last few years due to high settlement rates and alarmingly high grey traffic. However, PTA took control of the situation initiating a number of steps in close coordination with LDI stakeholders. As a result, LDI sector experienced truly exceptional growth last year, as revenues increased, illegal traffic reduced and call rates improved. During 2008-09, revenue share of LDI in basic services jumped to 39 percent as compared to the last year's 23 percent. The project of Deployment of Monitoring & Reconciliation of International Telephony Traffic (M&RITT) has streamlined the traffic record, billing and detection/ blocking of illegal IPs which had a huge influence in increasing the traffic volumes on LDI networks.

17.4 WIRELESS LOCAL LOOP

Wireless local loop is an important part of Pakistan's telecom sector as it provides a feasible last mile solution for rural telephony due to relatively low cost of deployment and maintenance. Pakistan opened the WLL market in 2003 by awarding 93 licenses to 16 operators for 14 telecom regions across the country.





* Note: CallMate POPs not included

The emergence of new operators has proved as an important factor development of WLL sector, as they are pushing the existing giants like PTCL, Worldcall and Telecard to improve their coverage and service standards. The falling quality of fixed line services is also paving the way for wireless solutions to capture the local loop market. Prepaid billing, SMS, wireless internet and variety of handsets are the main advantages of WLL companies as rural subscribers can enjoy these services as a viable alternative to fixed line services, which still lag behind in terms of rural penetration. Currently, 9 WLL operators are providing services to over 11,669 cities/towns/villages including AJK & NAs. WLL is a big success, especially in rural areas where PCO is the easiest and cheapest way to start a business. Companies like PTCL, Telecard, Worldcall and PTCL have established their mark as major players in WLL market with Wateen, GreatBear, Link Direct and MyTel gearing up to stage a tough competition in the coming years. Wateen has launched its wireless business with strong marketing campaigns and attractive tariffs for triple play services.

17.5 LONG DISTANCE & INTERNATIONAL (LDI)

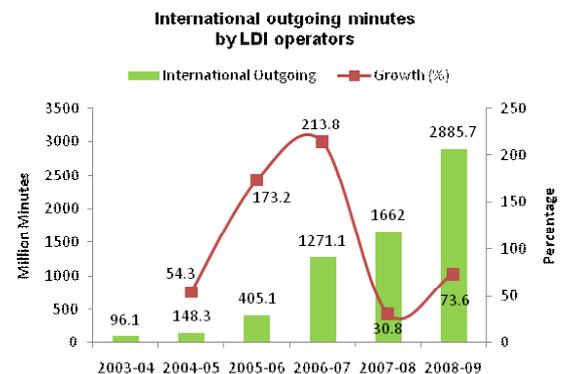
LDI is an essential component of Pakistan’s telecom structure as it has the responsibility of providing affordable and reliable media for worldwide telecom access. During the telecom sector’s liberalization in Pakistan, 14 LDI operators were awarded licenses to carry international traffic to and from Pakistan. It was expected that LDI market would flourish because of a large number of Pakistani nationals working abroad, there would be a heavy traffic from the countries like Saudi Arabia, the UK, the USA, Europe and Middle East and the offshore IT business would also grow with availability of reliable media on cheap rates; however, high competition, deteriorating economic conditions and illegal traffic hampered the growth of this important sector. PTA took notice of the situation closely working with LDI operators to improve the scenario. The Authority launched “Monitoring and Reconciliation of International Telephony Traffic (M&RITT)” facility, which could automatically detect IP addresses involved in illegal termination and also block them. These initiatives combined with the PTA’s successful raids against illegal operators all around Pakistan gave a new life to the LDI sector as revenues and traffic volumes reached a record high this year. Currently, there are 09 companies providing LDI services via 163 Points of Presence (POP’s) all across Pakistan. The POP’s have increased from 178 in the

previous year to 189 for new installations of DVCom and expansions by Multinet, wi-tribe and 4B Gentle. Most of the companies have met the license condition of 14 POP’s with Worldcall having 24 POP’s.

The LDI operators carried a record amount of international traffic to and from Pakistan during 2008-09. Total international traffic (incoming and outgoing) reached 8.9 billion minutes in the year, which is 25 percent more than that of the last year.

International Outgoing traffic increased by 73 percent from last year and a total of 2.9 billion minutes were originated from local networks. All operational LDI companies showed positive growth in 2008-09. PTCL achieved a remarkable growth rate of 145 percent adding almost 600 million more minutes this year. wi-tribe, Wateen and 4BGentel indicated significant growth rates of 189 percent, 145 percent and 109 percent respectively. In terms of market share of new LDI operators in total international outgoing traffic, Wateen, LinkDirect, wi-tribe and 4B Gentel were the major players with a combined share of 81 percent.

The incoming traffic to Pakistan stabilized due to massive crack-down against illegal operators across the country, and a steady rise is expected in the coming quarters in this regard. Figure–28 shows volume of total international incoming traffic terminated on fixed and mobile networks during 2008-09. Total international incoming traffic reached 6 billion minutes, as compared to 5.5 billion minutes in 2007-08. This shows growth of 9 percent in 2008-09, which is negligible when compared to 163 percent growth of 2007-08. Deployment of monitoring facility at PTA reduced the illegal traffic to a considerable extent this year but the high settlement rate balanced out the positive effects of reduction in gray traffic. Therefore, the overall incoming traffic volumes





were kept at bay. PTCL leads the share in traffic by a clear margin in both mobile and fixed line termination of incoming traffic while World Call and Wateen proved to be leaders among new LDI operators. Telecard and wi-tribe are also emerging as important players in the total international incoming LDI market.

17.6 BROADBAND INTERNET

It is estimated that there are approximately 19 million internet users in the country. PTA estimates that by end of 2013 there will be 4.35million broadband subscribers in Pakistan. Pakistan has been experiencing astounding proliferation of broadband in the past two years. Broadband subscriber base grew by 146 percent adding 245,727 subscribers during 2008-09. There are currently 413,809 broadband subscribers in Pakistan as compared to 168,082 in June, 2008. PTCL, Wateen and WorldCall are major players in the Broadband market of Pakistan having a combined share of over 79 percent. PTCL leads the race by adding almost 148,000 DSL subscribers showing 248 percent growth rate in the previous year. Although Wateen added 46,804 subscribers in the previous year, its growth rate is almost similar to PTCL which proves the success of wireless broadband technologies. This growth trend depicts the fierce competition among the DSL and wireless technologies which is a healthy sign for broadband proliferation in the country. With the expansion of fixed line and wireless technologies, it is believed that the broadband penetration levels of Pakistan will increase over time as well. An estimate by Business Monitor International reveals that Pakistan's broadband subscribers will reach up to 21 million by end of 2013.

17.6.1 BROADBAND PENETRATION

Broadband is still an emerging technology rather than an established industry in Pakistan, therefore, its penetration level is very low. Currently, Pakistan stands at only 0.26 percent in terms of broadband penetration. It may seem a negligible number but it is encouraging to see that the broadband adoption rate is rising exponentially. The reasons for low penetration include the focus of operators on big cities rather than rural areas, low literacy rate, lack of local content and applications and deteriorating standards of fixed line parameters. PTCL owns the biggest broadband coverage area with DSL available in more than 167 cities. Resultantly, PTCL has the highest share in broadband market. It is imperative from this example of PTCL that broadband penetration is directly related to the network expansion of broadband operators. The more the coverage, the higher the penetration level.

Broadband companies are investing heavily in product marketing and promotional campaigns to attract more customers. Broadband connection charges for 1Mbps connection dropped below Rs. 1000/- for the first time in history which is a great incentive for new customers. Mobilink has also started broadband services via its brand "Mobilink Infinity" in Karachi which has been an instant hit in the city. Emerging companies like wi-tribe are even offering free trial periods of up to seven days to catch the attention of potential customers. Intense competition in the market is also compelling the companies to broaden their scale of advertisement in print and electronic media and improve quality of ser-

vice. Another benefit of this competition has been the reduction of Customer Premises Equipment (CPE) charges which shall be a huge factor in wireless broadband proliferation in Pakistan.

17.6.2 DIGITAL SUBSCRIBER LINE (DSL)

DSL is a family of technologies that provide digital data transmission over the wires of a local telephone network. It is a powerful tool for fast information transmission; however, its popularity is highly dependent on the quality of wire line infrastructure in the country. Poor QoS standards and customer services are hampering the growth of DSL and clearing the way for other technologies.

In accordance with the global trend, DSL leads the market share of Pakistan as well. Out of 413,809 total subscribers, DSL has a colossal 64 percent market share with 262,661 subscribers. The main reason for this enormous success rate is due to PTCL's domination in fixed line service. DSL technology has been offered by PTCL for a long time and more than 76 percent of DSL subscribers belong to PTCL. Link dot net and Worldcall are catching up by offering affordable tariffs and attractive packages.

17.6.3 HYBRID FIBER COAXIAL (HFC)

HFC is a telecommunication technology being utilized mostly by CableTV providers. It allows optical fiber cable and coaxial cable to be used in different portions of a network to carry broadband content, such as video, data and voice. HFC share has been declining over the past years due to introduction of better technologies like WiMAX, EvDO, FTtx and no significant competition in the market. HFC holds a 9 percent share in the broadband market as compared to 25 percent in the 2007-08. Worldcall has been major the player in CableTV with almost 30,000 subscribers while Wateen also jumped in with its own HFC network and added 6,562 subscribers till June 2009.

17.7 TELECOM SECTOR INVESTMENTS

Owing to economic slowdown, saturation in the market and global financial crisis, the total investment in the telecom sector during 2008-09 reduced by nearly 47 percent. Despite the fact that the operators have speedily rolled out their infrastructure, reaching out to most of the population, there still remains huge areas like Broadband, WLL and manufacturing etc, where investment opportunities exist. During the current year, a total of US\$ 1.6 billion worth of investment has been made by all the operators, of which the cellular mobile share is about 75 percent. The WLL has marginally increased investment from US\$ 52.8 million in 2007-08 to US\$ 82.11 million in 2008-09. However, the rest of all of the sectors have reduced the level of their investment.

17.8 TAXES

The telecom sector contributes 1-2 percent in the total GDP, making its share in total tax revenue as 6-7 percent per annum. During the year 2008-09, the sector continued to contribute handsome amount in national kitty through various taxes and regulatory charges. Telecom sectors' contribution to national exchequer rose to Rs. 112 billion in 2008-09 compared to Rs. 111 billion the previous year.

The sector has been overburdened with taxes by contributing over 31 percent of its revenue through GST and Withholding Tax. Resultantly little space has been left to spend on infrastructure expansion. Following major tax measures were introduced in the budget for the fiscal year 2008-09:

1. GST/FED rate was revised from 15 percent to 21 percent for telecom sector while this raise was only 16 percent for rest of the economy
2. Import duty on mobile handsets was imposed @ Rs. 750 per mobile hand set (Rs. 500 custom duty and Rs. 250 Regulatory duty)
3. Activation Tax on cellular Mobile Sector continued @ Rs. 500/ per new connection

The enhancement in taxes along with economic slowdown had an adverse impact on telecom sector. PTA took cognizance of the situation and suggested to the tax authorities and the Prime Minister that Government of Pakistan should reduce taxes on the sector. Particularly it was emphasized that FED/GST that was raised from 15 percent to 21 percent for telecom sector needs to be reduced and take par with rest of the economy i.e., 16 percent. Further it was apprised to the Government of Pakistan that imposition of Rs. 750 tax on import of mobile handsets has increased the mobile acquisition cost in Pakistan which needs to be reduced. Further it was suggested that Activation Tax @ Rs. 500, which is liable on every new connection, is a hurdle in the growth of the mobile sector and it should be abolished.

PTA's efforts, however, proved fruitful, as the Government provided the following relief in taxes to the operators in the budget 2009-10:

1. GST /FED rate on telecom sector was brought down from 21 percent to 19.5 percent
2. Activation Tax rate was reduced from Rs.500 to Rs. 250 per new connection
3. Custom duty on import of Mobile handset was decreased from Rs. 500 to Rs. 250 per set while the Regulatory duty on import of handsets @ Rs. 250 was withdrawn
4. Initially Rs. 0.20 tax per SMS was proposed, however it was later on abolished.

The tax measures introduced in this budget were welcomed by the regulator as well as the operators as they would have far reaching impact on the sector. The FBR is expected to collect extra revenue from the sector during 2009-10.

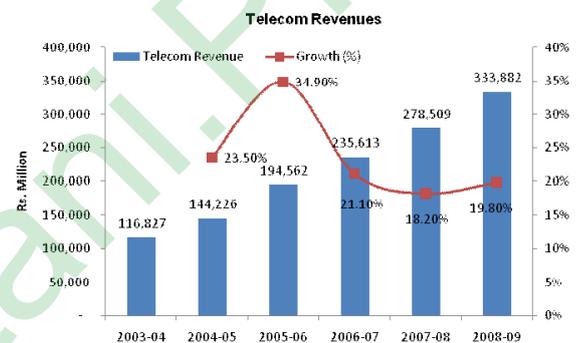
GST is one of the main taxes collected from the telecom sector and cellular mobile leads in paying this tax, contributing nearly 82 percent of the total GST annually. The sector has contributed over Rs. 49 billion as GST in fiscal year 2008-09, which is 11 percent higher than the previous year. However, the rate of growth of FED/GST collection from telecom sector declined in 2008-09 compared to previous years due to high rates. There was only 9 percent increase in FED/GST collection from cellular mobile sector in 2008-09 compared to 30 percent growth of last year and 50 percent growth in the previous year.

Keeping view the difficulties being faced by the sector, the government has reduced the GST/FED rate from 21 percent to 19.5 percent, besides providing relief to cellular mobile operators in

Activation Tax by 50 percent i.e. from Rs.500 to Rs. 250 per new connection. This will certainly enable the sector to contribute more to GST collection in the next year.

17.9 TELECOM REVENUE

The telecom sector revenue showed a 19.8 percent growth during 2008-09 compared to 18.2 percent in previous year. During the year 2008-09, the telecom sector generated revenue to the tune of Rs. 333.9 billion compared to the last year's Rs. 278.5 billion. The cellular mobile sector continued to be the leader in telecom revenue, whose share came out to be 64 percent in the total telecom revenues. The cellular mobile sector showed about 17 percent positive growth during the fiscal year 2008-09.



18 ANNEXURE B (PLANT & EQUIPMENT)

Wateen Telecom Pvt. Ltd List of Plant & Machinery As on June 30,2009						
Description	Supplier Name/Manufacturer	Cost (Rs.)	Status	Capacity	Utilization	
Telecom Equipment		11,056,307,940				
AIR CONDITIONERS	STULZ,MITSUBISHI,SABRO ETC	6,613,444	New	1.5-4 TON	100%	
BLADECENTRE EQUIPMENT	INTERNATIONAL BUSINESS MACHINE (IBM)	19,198,011	New		100%	
CISCO ROUTERS	CISCO SYSTEMS INTERNATIONAL BV	22,862,203	New		100%	
DIGITAL CIRCUIT MULTIPLEXING EQUIP	MITSUBISHI	76,345,234	New	Part of Class 4. Covered in No.23 below.		
Dense Wavelength Division Multiplex Equipment	HUAWAI TECHNOLOGY	472,061,408	New	20Gbps	60%	
ELETEK CABINETS	ELETEK VALERE	103,794,424	New	1024 Cabinets	70% each	
GENSET PERKINS	BAHUM ASSOCIATES PVT LTD	170,513,185	New	13 KVA-400 KVA	80% Each	
HOSTED INTERNET PROTOCOL CONTACT CENTRE	CISCO SYSTEMS INTERNATIONAL BV	67,216,127	New		100%	
NETWORK SERVERS	INTERNATIONAL BUSINESS MACHINE (IBM)	149,888,245	New			
UPS	MGE UPS SYSTEM	11,794,303	New	110KVA (with backup)	65%	
BATTERIES	MOTOROLA	55,905,088	New	1450 banks	90%	
IPREP PLATFORM EQUIPMENT	COMCEPT PVT. LTD.	49,318,349	New	20M billable Minutes/month	45%	
LINE CONDITIONERS	MULTILINE	2,516,055	New	1024	100%	
MOTOROLA ACCESS EQUIPMENT DAPS	MOTOROLA INC	3,962,183,769	New	1081 Sites	90%	
MOTOROLA ACCESS EQUIPMENT ELETEK CABINETS	MOTOROLA INC	368,576,407	New	1024 Cabinets	70% each	
MOTOROLA ACCESS EQUIPMENT MICROWAVE EQUIPMENT	MOTOROLA INC	1,415,017,923	New	1127 Links	90%	
MOTOROLA CLASS 4 EQUIPMENT	MOTOROLA INC	190,355,648	New	210M Minutes/month	45%	
MOTOROLA CLASS 5 EQUIPMENT	MOTOROLA INC	417,878,231	New	262K Subs	35%	
MOTOROLA CLASS IG&DC EQUIPMENT	MOTOROLA INC	327,626,823	New	2Gbps	90%	
MOTOROLA CLASS IP/MPLS EQUIPMENT	MOTOROLA INC	779,529,781	New	STM16 backbone	20%	
MOTOROLA IN PLATFORM	MOTOROLA INC	380,097,316	New	300K Subs	40%	
NETWORK CAMERAS FOR HFC	ASTAA TECHNOLOGIES	1,442,100	New	10000HP	15%	
NETWORK LOCAL EQUIPMENT	NATIONAL ENGINEERS	123,086,168	New	18000HP	80%	
PORTAL EQUIPMENT	BROADHOP	10,139,834	New	50K concurrent sessions	8%	
POP EQUIPMENT	CISCO SYSTEMS INTERNATIONAL BV	71,953,014	New		100%	
PROJECT MODULE SCREEN	BARCO PTE LTD	17,369,114	New	02 screens	100%	
SPLEEN MANUFACTURERS,IMRAN ENGINEERING,ARDEN ENGINEERING PVT. LTD,KHL ETC		17,560,122	New	103 Towers	65% each	
SCIENTIFIC ATLANTA EQUIPMENT	SCIENTIFIC ATLANTA INC	111,030,076	New	20000 Subs	52%	
SYNCHRONOUS DIGITAL HIERARCHY (SDH)	HUAWAI TECHNOLOGY PAKISTAN (PVT) LTD	130,413,636	New	10Gbps	50%	
NETWORK SERVERS	DELL INTERNATIONAL	14,902,947	New			
SURVEILLANCE EQUIPMENT	FIRST VIDEO COMMUNICATIONS	12,445,407	New	2000 Subs	12%	
CONSUMER PREMISES EQUIPMENT	MOTOROLA INC	1,281,026,834	New			
Domestic Interface Units	Pakistan Telecommunication Co.	27,228,700	New			
BT BAND EARTH SATELLITE	BT/CGNS	39,056,278	New			
Media Gateway Equipment	United Network Limited	61,169,037	New			
Media Convertors, Routers, Rectifiers & Infra Equipment etc.	Various suppliers	88,102,698	New			
Very Small Aperture Terminal (VSAT) Equipment		886,871,495				
KU BAND FOR GSM BACKHAUL	STM NETWORKS,RADYNE,VERTEX	432,079,097	New	100 SITES	65%	
C BAND FOR GSM BACKHAUL	STM NETWORKS,COMTECH,VERTEX,CHINA SUI	321,083,979	New	90 SITES	100%	
KU BAND FOR CORPORATE	RADYNE COMSTREAM	25,541,453	New	30 SITES	30%	
AL VIDEO BROADCAST RETURN CHANNEL VIA SATELLITE (DVBRCS)	STM Networks	108,166,966	New	750 SITES	71%	
Line & Wire Equipment		1,609,692,982				
LONGHAUL FIBER NETWORK	FRONTIER WORKS ORGANIZATION, Rawalpindi	846,950,658	New	24 Fibre(hybrid)	25%	
METRO LAHORE	KONNECT HOLDEN PVT. LTD. ISLAMABAD/OTS	83,281,845	New	96/36 FIBER	90%	
METRO KARACHI	KONNECT HOLDEN PVT. LTD. ISLAMABAD/ALM	136,635,122	New	96/36 FIBER	85%	
METRO ISLAMABAD	KONNECT HOLDEN PVT. LTD. ISLAMABAD	73,602,663	New	96/36 FIBER	50%	
METRO FAISALABAD	STAR AG (PVT) Limited, Lahore, GK Constructor	28,433,271	New	36 FIBER	95%	
METRO GUJRANAWALA	STAR AG (PVT) Limited, Lahore	14,812,357	New	36 FIBER	30%	
METRO SIALKOT	ELC, Lahore	33,936,813	New	36 FIBER	30%	
METRO GUJRAT	Utel, Lahore	9,488,857	New	36 FIBER	16%	
METRO SARGODHA	STAR AG (PVT) Limited and Team International	12,056,907	New	36 FIBER	20%	
METRO PESHAWAR	Marwat Brothers, Islamabad	16,989,049	New	36 FIBER	35%	
METRO DERA ISMAIL KHAN	STAR AG (PVT) Limited, Lahore	5,709,540	New	36 FIBER	20%	
METRO JEHLUM	Team International	4,941,342	New	36 FIBER	25%	
METRO MULTAN	STAR AG (PVT) Limited and Chaudhary & Sons	8,619,068	New	36 FIBER	80%	
METRO SAHIWAL	Utel, Lahore	5,546,951	New	36 FIBER	20%	
METRO SUKURAR	SAA, Islamabad	3,845,039	New	36 FIBER	20%	
METRO HYDERABAD	Al Mansoor, Zab & Co and CET	16,364,993	New	36 FIBER	35%	
METRO QUETTA	SAA	24,868,717	New	36 FIBER	35%	
METRO ABBOTABAD	S.B Traders, Lahore/ SAA, Islamabad	23,159,672	New	36 FIBER	30%	
HFC TRIPPLE PLAY DHA	STAR AG (PVT) Limited	260,450,120	New	96/24/12 FIBER	80%	
IT EQUIPMENT		576,273,150				
DATA SERVERS	DELL INTERNATIONAL,INTERNATIONAL BUSINES	119,831,871	New		100%	
BILLING SERVERS	MULTILYNX,HP,DELL ETC	252,423,748	New		100%	
DESK TOPS	IBM LENOVO	27,189,251	New		100%	
NOTE BOOKS	IBM LENOVO, DELL, ETC	102,869,197	New		100%	
PRINTERS & SCANNERS	HP,SAMSUNG, CANON ETC	7,940,156	New		100%	
NETWORKING	CISCO SYSTEMS INTERNATIONAL BV	59,085,998	New		100%	
ACCESSORIES(HARD DRIVES, ROUTERS etc.)	Various Local Suppliers	6,932,930	New		100%	
TOOLS & GEAR		96,338,653				
OPTICAL FIBER FUSION SPLICER MULTI TECH		24,523,762	New		100%	
OPTICAL TIME DOMAIN REFLECTOMETER	MAKKAYS	23,427,220	New		100%	
OPTICAL TALK SET	MAKKAYS	4,690,198	New		100%	
SPLICING KIT POWER TECH		2,544,000	New		100%	
CABLE ROUTE LOCATOR	GREENZ INTERNATIONAL	1,808,696	New		100%	
BERT TESTER	MAKKAYS	19,264,409	New		100%	
BINOCULARS	MUGHNI TRADERS	238,500	New		100%	
DIGITAL METER	MUGHNI TRADERS	416,600	New		100%	
GLOBAL POSITIONONING SYSTEM	MUGHNI TRADERS	4,616,450	New		100%	
LIGHT SOURCE	MAKKAYS	4,428,965	New		100%	
OPTICAL INSPECTION MICROSCOPE	MAKKAYS	253,248	New		100%	
OPTICAL POWER METER	MAKKAYS	1,863,030	New		100%	
SPECTRUM ANALYSER	MAKKAYS	2,233,805	New		100%	
SPLICING TOOL KIT	MUGHNI TRADERS	2,905,696	New		100%	
TEST EQUIPMENT	MUGHNI TRADERS	2,882,886	New		100%	
VISUAL FAULT LOCATOR	MAKKAYS	241,188	New		100%	
Grand Total		14,225,484,221				

19 ANNEXURE C [WATEEN'S LICENSES]

Wateen Licenses				
Wateen Licences	Nature of Licence	Date	Term	"Aggregate" Licence Fees
WLL Pakistan	Wireless Local Loop Services in 14 regions (each region has separate licence), with two licences in 4 of the regions	01-Dec-04 for 13 licences	20 years from the commencement date, renewable at discretion of PTA	Initial Licence Fee: US\$180,000
		04-Nov-04 for 5 licences		Initial Spectrum Fee: PKR116,405,379
				Annual Fees/Payments: 0.5% plus 1.5% ("Universal Service Fund") plus 1% ("Research & Development Fund") of gross revenue from licensed services per annum Annual Spectrum Fee PKR 14,268,000
WLL AJK & NA	Wireless Local Loop Services in 2 regions (each region has separate licence),	3-Jun-09	20 years from the commencement date, renewable at discretion of PTA	Initial Licence Fee: US\$3000 Initial Spectrum Fee: PKR 8,000,000 Annual Fees/Payments: 0.5% plus 2% ("Universal Service Fund") of gross revenue from licensed services per annum Annual Spectrum Fee PKR 740,000
LDI Pakistan	Long Distance and International Public Voice Telephone Services	26-Jul-04	20 years from the commencement date, renewable at the discretion of PTA	Licence Fee: US\$500,000 Annual Fees/Payments: 0.5% plus 1.5% ("Universal Service Fund") plus 1% ("Research & Development Fund") of gross revenue from licensed services per annum
LDI AJK & NA	Long Distance and International Public Voice Telephone Services	28-May-08	20 years from the commencement date, renewable at the discretion of PTA	Licence Fee: US\$20,000 Annual Fees/Payments: 0.5% plus 2% ("Universal Service Fund") of gross revenue from licensed services per annum
Data Licence Pakistan	Data Class Value Added Services Licence	10-May-07	15 years from the date of issuance	Initial Licence Fee: US\$4,762 Annual Fees/Payments: 0.5% of the Annual Gross Revenue
Data Licence AJK & NA	Data Class Value Added Services License Certificate	28-May-08	15 years from the date of issuance	Initial Fee: US\$3,704 Annual Fees/Payments: 0.5% of the Annual Gross Revenue
Data Registration	Class Value Added Registration Certificate for providing video conferencing services	9-Jun-09	5 years from the date of issuance	Fee: US\$124
Cable TV *	Cable TV transmission services in parts of Lahore and Multan	26-Dec-06/9-Feb-09	5 years from the commencement date, renewable at the discretion of PEMRA	Initial Licence Fee: PKR 1'400,000 Initial In-house Channel Fee/ channel: PKR 340,000 Annual Fees/Payments: PKR 612,500 plus PKR 2 (plus tax) annually for each subscriber

* Services being offered through strategic partner

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