AUDITORS' REPORT
TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Pakistan Telecommunication Company Limited (the Holding Company) and its subsidiary companies, Pak Telecom Mobile Limited and U Microfinance Bank Limited as at December 31, 2014 and the related consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at December 31, 2014 and the results of their operations for year then ended.

Emphasis of Matter

We draw attention to note 17.10 to these financial statements, which describes the uncertainty related to the outcome of the lawsuit filed against the Company. Our opinion is not qualified in respect of this matter.

A.F. Ferguson & Co.
Chartered Accountants
Islamabad: February 10, 2015

Engagement Partner: S. Haider Abbas

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2014

	Note	2014 Rs '000	2013 Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital	6	51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,196,770	2,958,336
General reserve		30,500,000	30,500,000
Unappropriated profit		25,360,137	34,815,636
		58,056,907	68,273,972
Unrealized gain on available for sale investments		343,936	89,785
		109,400,843	119,363,757
Liabilities			
Non-current liabilities			
Long term loans from banks	7	15,000,000	-
Liability against assets subject to finance lease	8	41,819	58,438
License fee payable	9	25,592,882	93,847
Long term security deposits	10	1,492,410	1,494,253
Deferred taxation	11	12,658,200	14,864,399
Employees' retirement benefits	12	33,302,010	33,320,384
Deferred government grants	13	6,848,180	5,123,099
Long term vendor liability	14	9,820,755	6,584,473
		104,756,256	61,538,893
Current liabilities			
Trade and other payables	15	57,142,828	49,787,601
Interest accrued		695,321	120,251
Short term running finance	16	-	605,487
Current portion of:			
Liability against assets subject to finance lease	8	31,977	31,977
License fee payable	9	4,406,841	51,151
Long term vendor liability	14	12,926,785	6,109,004
Unearned income		2,638,529	2,432,129
		77,842,281	59,137,600
Total equity and liabilities		291,999,380	240,040,250
Contingencies and commitments	17		

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

	Note	2014 Rs '000	2013 Rs '000
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	18	170,567,752	156,428,185
Intangible assets	19	42,874,181	6,191,581
		213,441,933	162,619,766
Long term investments	20	100,441	109,259
Long term loans and advances	21	2,925,795	3,955,888
Investment in finance lease	22	84,398	38,781
		216,552,567	166,723,694
Current assets			
Stores, spares and loose tools	23	2,872,542	3,675,813
Stock in trade	24	329,491	453,665
Trade debts	25	15,511,235	17,936,974
Loans and advances	26	2,114,096	1,387,119
Investment in finance lease	22	28,305	12,927
Accrued interest	27	330,823	509,512
Recoverable from tax authorities	28	19,116,720	15,861,583
Receivable from the Government of Pakistan	29	2,164,072	2,164,072
Deposits, prepayments and other receivables	30	8,337,132	3,140,406
Short term investments	31	18,959,345	22,950,405
Cash and bank balances	32	5,683,052	5,224,080
		75,446,813	73,316,556
Total assets		291,999,380	240,040,250

President & CEO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 Rs '000	2013 Rs '000
Revenue	33	129,918,125	131,224,212
Cost of services	34	(88,721,364)	(84,020,782)
Gross profit		41,196,761	47,203,430
Administrative and general expenses	35	(19,057,499)	(17,579,012)
Selling and marketing expenses	36	(7,766,075)	(7,634,914)
Voluntary separation scheme cost	37	(8,174,536)	-
		(34,998,110)	(25,213,926)
Operating profit		6,198,651	21,989,504
Other income	38	4,475,647	4,443,889
Finance costs	39	(3,565,814)	(2,640,298)
Loss of property, plant and equipment due to fire	18.4	(907,230)	-
		6,201,254	23,793,095
Share of (loss) / profit from an associate		(8,818)	1,040
Profit before tax		6,192,436	23,794,135
Provision for income tax	40	(2,225,787)	(8,041,360)
Profit for the year		3,966,649	15,752,775
Earnings per share - basic and diluted (Rupees)	41	0.78	3.09

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

President & CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Rs '000	2013 Rs '000
Profit for the year	3,966,649	15,752,775
Other comprehensive loss for the year		
Items that will not be reclassified to profit and loss:		
Remeasurement loss on employees' retirement benefits	(6,035,742)	(5,294,372)
Tax effect of remeasurement loss on employees' retirement benefits	2,052,028	1,800,086
	(3,983,714)	(3,494,286)
Items that may be subsequently reclassified to profit and loss:		
Gain on available for sale investments arising during the year	297,899	87,291
Tax effect of revaluation of available for sale investments	(8,021)	-
	289,878	87,291
Gain on disposal transferred to income for the year	(35,727)	(49,295)
Unrealised gain on available for sale investments - net of tax	254,151	37,996
Other comprehensive loss for the year- net of tax	(3,729,563)	(3,456,290)
Total comprehensive income for the year	237,086	12,296,485

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

President & CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 Rs '000	2013 Rs '000
Cash flows from operating activities			
Cash generated from operations	43	55,579,151	59,895,410
Employees' retirement benefits paid		(1,141,391)	(778,579)
Payment of voluntary separation scheme cost		(8,422,813)	(54,305)
Payment made to Pakistan Telecommunication Employees' Trust - net		(12,551,507)	(8,478,000)
Finance costs paid		(2,353,166)	(2,503,974)
Long term security deposits		(1,843)	14,513
Income tax paid		(5,191,127)	(4,034,423)
Net cash inflows from operating activities		25,917,304	44,060,642
Cash flows from investing activities			
Capital expenditure		(40,661,503)	(28,774,294)
Acquisition of intangible assets		(39,734,271)	(636,921)
Proceeds from disposal of property, plant and equipment		292,469	112,714
Proceeds from disposal of investments		-	548,412
Short-term investments		(12,000,000)	-
Long term loans and advances		1,075,054	(188,843)
Investment in finance lease		(74,432)	(65,360)
PTA WLL license fee paid		-	(49,275)
Return on long term loans and short term investments		3,531,387	1,733,892
Government grants received		2,106,683	1,662,822
Dividend income on long term investments		10,000	-
Net cash outflows from investing activities		(85,454,613)	(25,656,853)
Cash flows from financing activities			
Long term loans paid		-	(20,500,000)
Long term loan received		15,000,000	-
License fee payable		29,245,857	-
Long term vendor liability		10,054,063	(2,885,450)
Liability against assets subject to finance lease		(36,539)	(11,910)
Dividend paid		(9,652,673)	(5,094,273)
Net cash inflows / (outflows) from financing activities		44,610,708	(28,491,633)
Net (decrease) in cash and cash equivalents		(14,926,601)	(10,087,844)
Cash and cash equivalents at the beginning of the year		27,568,998	37,656,842
Cash and cash equivalents at the end of the year	44	12,642,397	27,568,998

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

President & CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid-up capital		Revenue reserves			Unrealized gain on available for sale investments	Total
	'Class A'	'Class B'	Insurance reserve	General reserve	Unappropriated profit		
	(Rupees in '000)						
Balance as at January 01, 2013	37,740,000	13,260,000	2,678,728	30,500,000	27,936,755	51,789	112,167,272
Total comprehensive income for the year							
Profit for the year	-	-	-	-	15,752,775	-	15,752,775
Other comprehensive (loss) / income	-	-	-	-	(3,494,286)	37,996	(3,456,290)
	-	-	-	-	12,258,489	37,996	12,296,485
Transfer to insurance reserve	-	-	279,608	-	(279,608)	-	-
Interim dividend for the year ended December 31, 2013 - Re. 1 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	279,608	-	(5,379,608)	-	(5,100,000)
Balance as at December 31, 2013	37,740,000	13,260,000	2,958,336	30,500,000	34,815,636	89,785	119,363,757
Total comprehensive income for the year							
Profit for the year	-	-	-	-	3,966,649	-	3,966,649
Other comprehensive (loss) / income	-	-	-	-	(3,983,714)	254,151	(3,729,563)
	-	-	-	-	(17,065)	254,151	237,086
Transfer to insurance reserve	-	-	267,576	-	(267,576)	-	-
Utilization of insurance reserve	-	-	(1,029,142)	-	1,029,142	-	-
Final dividend for the year ended December 31, 2013 - Re. 1 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
Interim dividend for the year ended December 31, 2014 - Re. 1 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	(761,566)	-	(9,438,434)	-	(10,200,000)
Balance as at December 31, 2014	37,740,000	13,260,000	2,196,770	30,500,000	25,360,137	343,936	109,400,843

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

President & CEO

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. Legal status and nature of business

1.1 Constitution and ownership

The consolidated financial statements of the Pakistan Telecommunication Company Limited and its subsidiaries (the Group) comprise of the financial statements of:

Pakistan Telecommunication Company Limited (PTCL)

Pakistan Telecommunication Company Limited (the Holding Company) was incorporated in Pakistan on December 31, 1995 and commenced business on January 1, 1996. The Holding Company, which is listed on Karachi, Lahore and Islamabad stock exchanges, was established to undertake the telecommunication business formerly carried on by Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Holding Company on January 1, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Holding Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees' Trust (PTET). The registered office of the Holding Company is situated at PTCL Headquarters, G-8/4, Islamabad.

Pak Telecom Mobile Limited (PTML)

PTML was incorporated in Pakistan on July 18, 1998, as a public limited company to provide cellular mobile telephony services in Pakistan. PTML commenced its commercial operations on January 29, 2001, under the brand name of Ufone. It is a wholly owned subsidiary of PTCL. The registered office of PTML is situated at Ufone Tower, Jinnah Avenue, Blue Area, Islamabad.

U Microfinance Bank Limited

The Holding Company acquired 100% ownership of U Microfinance Bank Limited (U Bank) on August 30, 2012 to offer services of digital commerce and branchless banking. U Bank was incorporated on October 29, 2003 as a public limited company. The registered office of U Bank is situated at Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad.

1.2 Activities of the Group

The Group provides telecommunication and broadband internet services in Pakistan. PTCL owns and operates telecommunication facilities and provides domestic and international telephone services throughout Pakistan. PTCL has also been licensed to provide such services to territories in Azad Jammu and Kashmir and Gilgit-Baltistan. PTML provides cellular mobile telephony services throughout Pakistan and Azad Jammu and Kashmir. Principal business of the U Microfinance Bank Limited, incorporated under Microfinance Institutions Ordinance, 2001, is to provide nationwide microfinance and branchless banking services.

2. Statement of compliance

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

These financial statements are the consolidated financial statements of the Group. In addition to these consolidated financial statements, the Holding Company and subsidiary companies (PTML and U Bank) also prepare separate financial statements.

2.1 Adoption of new and revised standards and interpretations:

a) The following amendments and interpretations to published accounting standards were effective during the year and have been adopted by the Group:

		Effective date (annual periods beginning on or after)
IAS 32	Financial Instruments Presentation (Amendments)	January 01, 2014
IAS 36	Impairment of Assets (Amendments)	January 01, 2014
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2014
IFRIC 21	Levies	January 01, 2014

b) The following standard has been issued by the International Accounting Standards Board (IASB), which is yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of its applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-Time Adoption of International Financial Reporting Standards	July 01, 2009

c) The following standards and amendments are effective, but are notified by SECP for the purpose of their applicability in Pakistan from annual periods beginning on or after January 01, 2015:

		Effective date (annual periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013
IAS 27	Separate Financial Statements	January 01, 2013
IAS 28	Investments in Associates and Joint Ventures	January 01, 2013
IFRS 10	Consolidated Financial Statements (Amendments)	January 01, 2014
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 01, 2014
IAS 27	Separate Financial Statements (Amendments)	January 01, 2014

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

d) The following standards and amendments to published accounting standards were not effective during the year and have not been early adopted by the Group:

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations (Amendments)	July 01, 2014
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 01, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2016
IFRS 8	Operating Segments (Amendments)	July 01, 2014
IFRS 9	Financial Instruments	January 01, 2018
IFRS 10	Consolidated Financial Statements (Amendments)	January 01, 2016
IFRS 11	Joint Arrangements (Amendments)	January 01, 2016
IFRS 12	Disclosure of interests in Other Entities (Amendments)	January 01, 2016
IFRS 13	Fair Value Measurement (Amendments)	July 01, 2014
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2017
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2016
IAS 16	Property, Plant and Equipment (Amendments)	July 01, 2014 & January 01, 2016
IAS 19	Employee Benefits (Amendments)	July 01, 2014 & January 01, 2016
IAS 24	Related Party Disclosures (Amendments)	July 01, 2014
IAS 27	Separate Financial Statements (Amendments)	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures (Amendments)	January 01, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2016
IAS 38	Intangible Assets (Amendments)	July 01, 2014 & January 01, 2016
IAS 40	Investment Property (Amendments)	July 01, 2014

The management anticipates that adoption of above standards and amendments in future periods will have no material impact on the Group's financial statements other than in presentation / disclosure. However, for the current year the impact of IFRS 15 on the Group's financial statements is yet to be determined.

3. Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments at fair value, liability against assets subject to finance lease, license fee payable and the recognition of certain employees' retirement benefits on the basis of actuarial assumptions.

4. Critical accounting estimates and judgments

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

(a) Provision for employees' retirement benefits

The actuarial valuation of pension, gratuity, medical, accumulating compensated absences and benevolent grant plans (note 5.28) requires the use of certain assumptions related to future periods, including increase in future salary, pension / medical costs, expected long-term returns on plan assets, rate of increase in benevolent grant and the discount rate used to discount future cash flows to present values.

(b) Provision for income taxes

The Group recognizes income tax provisions using estimates based upon expert opinions of its tax and legal advisors. Differences, if any, between the recorded income tax provision and the Group's tax liability, are recorded on the final determination of such liability. Deferred income tax (note 5.27) is calculated at the rates that are expected to apply to the period when these temporary differences reverse, based on tax rates that have been enacted or substantively enacted, by the date of the consolidated statement of financial position.

(c) Recognition of government grants

The Group recognizes government grants when there is reasonable assurance that grants will be received and the Group will be able to comply with conditions associated with grants.

(d) Useful life and residual value of fixed assets

The Group reviews the useful lives and residual values of fixed assets (note 5.14) on a regular basis. Any change in estimates may affect the carrying amounts of the respective items of property, plant and equipment and intangible assets, with a corresponding effect on the related depreciation / amortization charge.

(e) Provision for stores, spares and loose tools

A provision against stores, spares and loose tools is recognized after considering their physical condition and expected future usage. It is reviewed by the management on a quarterly basis.

(f) Provision for doubtful receivables

A provision against overdue receivable balances is recognized after considering the pattern of receipts from, and the future financial outlook of, the concerned receivable party. It is reviewed by the management on a regular basis.

(g) Provision against advances

U Bank maintains a provision against advances as per the requirements of the Prudential Regulations (the Regulations) for microfinance and assesses the adequacy of provision against delinquent portfolio. Any change in the criteria / rate for provision may affect the carrying amount of the advances with a corresponding effect on the mark up / interest carried and provision charged.

(h) Provisions and contingent liabilities

The management exercises judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

5. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years for which financial information is presented in these consolidated financial statements, unless otherwise stated.

5.1 Consolidation

a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The consolidated financial statements include Pakistan Telecommunication Company Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases to exist.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IAS 39, either in profit or loss or charged to other comprehensive income. If the contingent consideration is classified as equity, it is remeasured until it is finally settled within equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any non controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in income.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses on assets transferred are also eliminated and considered an impairment indicator of such assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Associates

Associates are entities over which the Group has significant influence, but not control, and generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of profit and loss, and its unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses on the assets transferred are also eliminated to the extent of the Group's interest and considered an impairment indicator of such asset. Accounting policies of the associates are changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of profit and loss.

5.2 Functional and presentation currency

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

5.3 Foreign currency transactions and translations

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

5.4 Insurance reserve

The assets of the Holding Company are self insured, as the Holding Company has created an insurance reserve for this purpose. Appropriations out of profits to this reserve, are made at the discretion of the Board of Directors. The reserve may be utilized to meet any losses to the Holding Company's assets resulting from theft, fire, natural or other disasters.

5.5 Statutory reserve

In compliance with the requirements of the Regulation 7, U Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of U Bank. However, thereafter, the contribution is reduced to 5% of the profit after tax.

5.6 Government grants

Government grants are recognized at their fair values, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

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

5.7 Contributions

In compliance with the requirements of the Regulation 8, U Bank contributes 5% of annual profit after tax to the Depositor's Protection Fund.

5.8 Borrowings and borrowing costs

Borrowings are recognized equivalent to the value of the proceeds received by the Group. Any difference, between the proceeds (net of transaction costs) and the redemption value, is recognized in income, over the period of the borrowings, using the effective interest method.

Borrowing costs, which are directly attributable to the acquisition and construction of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of that asset. All other borrowing costs are charged to income for the year.

5.9 Trade and other payables

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

5.10 Deposits

Deposits with U Bank are initially recorded at the amounts of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the consolidated statement of profit and loss over the year.

5.11 Provisions

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

5.12 Contingent liabilities

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

5.13 Dividend distribution

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

5.14 Fixed assets

(a) Property, plant and equipment

Property, plant and equipment, except freehold land and capital work-in-progress, is stated at cost less accumulated depreciation and any identified impairment losses; freehold land is stated at cost less identified impairment losses, if any. Cost includes expenditure, related overheads, mark-up and borrowing costs (note 5.8) that are directly attributable to the acquisition of the asset.

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

Capital work-in-progress is stated at cost less impairment value, if any. It consists of expenditure incurred in respect of tangible and intangible fixed assets in the course of their construction and installation.

Depreciation on assets is calculated, using the straight line method, to allocate their cost over their estimated useful lives in note 18.1.

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

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

Assets subject to finance lease are stated at the lower of present value of minimum lease payments at inception of the lease period and their fair value less accumulated impairment losses and accumulated depreciation at the annual rates specified in note 18.1. The outstanding obligation under finance lease less finance charges allocated to future periods is shown as liability. Finance charges are calculated at interest rates implicit in the lease and are charged to the consolidated statement of profit and loss in the year in which these are incurred.

(b) Intangible assets

i) Goodwill

Goodwill is initially measured at cost being the excess of the consideration transferred, over the fair value of subsidiary's identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation, when determining the gain or loss on disposal of the operation. Goodwill disposed off, in these circumstances, is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

(ii) Licenses

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

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

(iii) Computer software

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

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

5.15 Impairment of non financial assets

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

5.16 Stores, spares and loose tools

Store, spares and loose tools are stated at the lower of cost and net realizable value. Cost is determined using the moving average method. Items in transit are valued at cost, comprising invoice values and other related charges incurred up to the date of the consolidated statement of financial position.

5.17 Stock in trade

Stock in trade is valued at the lower of cost and net realizable value. Cost comprises the purchase price of items of stock, including import duties, purchase taxes and other related costs. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

5.18 Trade debts

Trade debts are carried at their original invoice amounts, less any estimates made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off as per Group policy.

5.19 Financial instruments

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

(a) Financial assets

Classification and subsequent measurement

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

(i) Fair value through profit or loss

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

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

(ii) Held-to-maturity

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

(iii) Loans and receivables

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

The Group's loans and receivables comprise 'Long-term loans and advances', 'Trade debts', 'Loans and advances', 'Accrued interest', 'Receivable from the Government of Pakistan', 'Other receivables' and 'Cash and bank balances'.

(iv) Available for sale

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

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

Investments in equity instruments that do not have a quoted market price in active market and whose fair value cannot be reliably measured are measured at cost.

(b) Impairment

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

(c) Financial liabilities

Initial recognition and measurement

The Group classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement

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

(i) Fair value through profit or loss

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

Financial liabilities at fair value through profit or loss are carried in the consolidated statement of financial position at their fair value, with changes therein recognized in the income for the year.

(ii) Other financial liabilities

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

(d) Offsetting of financial assets and liabilities

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

5.20 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. These are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in fair value of derivative financial instruments is recognised as income or expense in the consolidated statement of profit and loss.

5.21 Cash and cash equivalents

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

5.22 Cash reserve

In compliance with the requirements of the Regulation 6A, U Bank maintains a cash reserve equivalent to not less than 5% of its time and demand liabilities in a current account opened with the State Bank of Pakistan.

5.23 Statutory liquidity requirement

U Bank maintains liquidity equivalent to at least 10% of its time and demand deposits in the form of liquid assets i.e. cash, gold and unencumbered approved securities.

5.24 Sale and purchase agreements

Securities sold under repurchase agreement (repo) are retained in the financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) is included in lending to financial institutions. The difference between sale and repurchase / purchase and resale price is recognised as return / markup expensed and earned respectively. Repo and reverse repo balances are reflected under borrowings from and lending to financial institutions respectively.

5.25 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable, for the provision of telecommunication, broadband and related services in the ordinary course of the Group's activities and is recognized net of services tax, rebates and discounts.

The Group principally obtains revenue from providing telecommunication services such as wireline and wireless services, interconnect, data services, equipment sales and cellular operations. Equipment and services may be sold separately or in bundled package. The Group also earns revenue from microfinance operations and branchless banking services.

Revenue is recognized, when it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably, and when specific criteria have been met for each of the Group's activities as described below:

(i) Rendering of telecommunication services

Revenue from telecommunication services comprises of amounts charged to customers in respect of wireline and wireless services, equipment sales and interconnect, including data services. Revenue also includes the net income received and receivable from revenue sharing arrangements entered into with overseas and local telecommunication operators.

Revenue from telecommunication services is recognized on an accrual basis, as the related services are rendered.

Prepaid cards and electronic recharges allow the forward purchase of a specified amount of air time by customers; revenue therefrom is recognized as the airtime is utilized. Unutilized airtime is carried in the consolidated statement of financial position as unearned income:

(a) Wireline and wireless services

Revenue from wireline services, mainly in respect of line rent, line usage and broadband, is invoiced and recorded as part of a periodic billing cycle.

Revenue from wireless services is recognized on the basis of consumption of prepaid cards which allow the forward purchase of a specified amount of airtime by customers; revenue is recognized as the airtime is utilized. Unutilized airtime is carried as advance from customers.

(b) Data services

Revenue from data services is recognized when the services are rendered.

(c) Interconnect

Revenue from interconnect services is recognized when the services are rendered.

(d) Equipment sales

Revenue from sale of equipment is recognized when the equipment is delivered to the end customer and the sale is considered complete. For equipment sales made to intermediaries, revenue is recognized if the significant risks associated with the equipment are transferred to the intermediary and the intermediary has no right of return. If the significant risks are not transferred, revenue recognition is deferred until sale of the equipment to the end customer by the intermediary or the expiry of the right of return.

(ii) Income on bank deposits

Return on bank deposits is recognized using the effective interest method.

(iii) Dividend income

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

(iv) Mark-up / return on investments

Mark-up / return on investment is recognized on accrual / time proportion basis using effective interest method. Where debt securities are purchased at premium or discount, those premiums / discounts are amortized through the consolidated statement of profit and loss over the remaining period on maturity.

(v) Mark-up / return on advances

Mark-up / return on advances is recognized on accrual / time proportion basis, except for income, if any, which warrants suspension in compliance with the Regulations. Mark-up recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations. Loan processing fee is recognized as income on the approval of loan application of borrowers.

(vi) Income from interbank deposits

Income from interbank deposits in saving accounts is recognized in the consolidated statement of profit and loss as it accrues using the flat interest method.

(vii) Fee, commission and other income

Fee, commission and other income is recognized when earned.

5.26 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to consolidated statement of profit and loss on a straight line basis over the period of the lease.

5.27 Taxation

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

(a) Current tax

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

(b) Deferred tax

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

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

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

5.28 Employees' retirement benefits

The Group provides various retirement / post retirement benefit schemes. The plans are generally funded through payments determined by periodic actuarial calculations or up to the limits allowed in the Income Tax Ordinance, 2001. The Group has constituted both defined contribution and defined benefit plans.

The main features of these benefits provided by the Group in PTCL and its subsidiaries - PTML and U Bank are as follows:

PTCL

(a) PTCL Employees' GPF Trust

The Company operates an approved funded provident plan covering its permanent employees. For the purposes of this plan, a separate trust, the "PTCL Employees' GPF Trust" (the Trust), has been established. Monthly contributions are deducted from the salaries of employees and are paid to the Trust by the Company. In line with the Trust's earnings for a year, the board of trustees approves a profit rate for payment to the members. The approved profit rate for FY 2014 was 12% (December 31, 2013: 12%) per annum. The Company contributes to the fund, the differential, if any, of the interest paid / credited for the year and the income earned on the investments made by the Trust.

(b) Defined benefit plans

(i) Pension plans

PTCL accounts for an approved funded pension plan operated through a separate trust, the "Pakistan Telecommunication Employees' Trust" (PTET), for its employees recruited prior to January 01, 1996 when the Company took over the business from PTC. PTCL operates an unfunded pension scheme for employees recruited on a regular basis, on or after January 01, 1996.

(ii) Gratuity plan

PTCL operates an unfunded and unapproved gratuity plan for its New Terms and Conditions (NTCs) employees and contractual employees.

(iii) Medical benefits plan

PTCL provides a post retirement medical facility to pensioners and their families. Under this unfunded plan, all ex-employees, their spouses, their children up to the age of 21 years (except unmarried daughters who are not subject to the 21 years age limit) and their parents residing with them and any other dependents, are entitled to avail the benefits provided under the scheme. The facility remains valid during the lives of the pensioner and their spouse. Under this facility there are no annual limits to the cost of drugs, hospitalized treatment and consultation fees.

(iv) Accumulating compensated absences

PTCL provides a facility to its employees for accumulating their annual earned leaves. Accumulated leaves can be encashed at the end of the employees' service, based on the latest drawn gross salary as per Company policy.

(v) Benevolent grants

PTCL pays prescribed benevolent grants to eligible employees / retirees and their heirs.

The liability recognized in the consolidated statement of financial position in respect of defined benefit plans, is the present value of the defined benefit obligations at the date of the consolidated statement of financial position less the fair value of plan assets.

The defined benefit obligations are calculated annually, by an independent actuary using the projected unit credit method. The most recent valuations were carried out as at December 31, 2014. The present value of a defined benefit obligation is determined, by discounting the estimated future cash outflows, using the interest rates of high quality corporate bonds that are nominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized through other comprehensive income for the year except remeasurement gains and losses arising on compensated absences which are recognized in consolidated statement of profit and loss.

PTML

(i) Gratuity plan

A funded gratuity scheme, a defined benefit plan, for all permanent employees. Annual contributions to the gratuity fund are based on actuarial valuation by independent actuary. Gratuity shall be equivalent to one month last drawn basic salary for each year of service in excess of six months. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Pakistan rupee and have terms to maturity approximating to the terms of the related liability.

(ii) Provident fund

Approved contributory provident fund, a defined contribution plan, for all permanent employees, and for which, contributions are charged to the consolidated statement of profit and loss.

(iii) Accumulating compensated absences

PTML provides a facility to its employees for accumulating their annual earned leaves. The liability is provided for on the basis of an actuarial valuation, carried out by independent actuary, using the projected unit credit method. The actuarial gains and losses are recognized in the consolidated statement of profit and loss.

U Bank

(i) Gratuity plan

The Bank operates a defined benefit gratuity scheme for all its regular employees. Gratuity equivalent to one month basic salary for each completed year of service is paid to entitled employees, if the period of their service is three years or above.

(ii) Provident fund

The Bank operates a funded provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by employees at the rate of 8% of the basic salary of the employees. The Bank's contribution is charged to profit and loss account.

5.29 Operating segments

Operating segments are reported in a manner consistent with the internal reporting of the Group in note 51 to the consolidated financial statements.

5.30 Investment in finance lease

Leases in which the Company transfers substantially all the risk and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. Receivable is recognized at an amount equal to the present value of minimum lease payments.

6. Share capital

6.1 Authorized share capital

2014 (Number of shares '000)	2013 (Number of shares '000)		2014 Rs '000	2013 Rs '000
11,100,000	11,100,000	"A" class ordinary shares of Rs 10 each	111,000,000	111,000,000
3,900,000	3,900,000	"B" class ordinary shares of Rs 10 each	39,000,000	39,000,000
15,000,000	15,000,000		150,000,000	150,000,000

6.2 Issued, subscribed and paid up capital

2014 (Number of shares '000)	2013 (Number of shares '000)		2014 Rs '000	2013 Rs '000
3,774,000	3,774,000	"A" class ordinary shares of Rs 10 each issued as fully paid for consideration other than cash - note 6.3 and note 6.5.	37,740,000	37,740,000
1,326,000	1,326,000	"B" class ordinary shares of Rs 10 each issued as fully paid for consideration other than cash - note 6.3 and note 6.6.	13,260,000	13,260,000
5,100,000	5,100,000		51,000,000	51,000,000

6.3 These shares were initially issued to the Government of Pakistan, in consideration for the assets and liabilities transferred from Pakistan Telecommunication Corporation (PTC) to the Holding Company, under the Pakistan Telecommunication (Re-organization) Act, 1996, as referred to in note 1.1.

6.4 Except for voting rights, the "A" and "B" class ordinary shares rank pari passu in all respects. "A" class ordinary shares carry one vote and "B" class ordinary shares carry four votes, for the purposes of election of directors. "A" class ordinary shares cannot be converted into "B" class ordinary shares; however, "B" class ordinary shares may be converted into "A" class ordinary shares, at the option, exercisable in writing and submitted to the Holding Company, by the holders of three fourths of the "B" class ordinary shares. In the event of termination of the license issued to the Holding Company, under the provisions of Pakistan Telecommunication (Re-organization) Act, 1996, the "B" class ordinary shares shall be automatically converted into "A" class ordinary shares.

6.5 The Government of Pakistan, through an "Offer for Sale" document, dated July 30, 1994, issued to its domestic investors, a first tranche of vouchers exchangeable for "A" class ordinary shares of the Company; subsequently, through an Information Memorandum dated September 16, 1994, a second tranche of vouchers was issued to international investors, also exchangeable, at the option of the voucher holders, for "A" class ordinary shares or Global Depository Receipts (GDRs) representing "A" class ordinary shares of the Company. Out of 3,774,000 thousand "A" class ordinary shares, vouchers against 601,084 thousand "A" class ordinary shares were issued to the general public. Till December 31, 2014: 599,537 thousand (December 31, 2013: 599,535 thousand) "A" class ordinary shares had been exchanged for such vouchers.

6.6 In pursuance of the privatization of the Holding Company, a bid was held by the Government of Pakistan on June 08, 2005 for sale of "B" class ordinary shares of Rs 10 each, conferring management control. Emirates Telecommunication Corporation (Etisalat), UAE was the successful bidder. The 26% (1,326,000,000 shares) "B" class ordinary shares, along with management control, were transferred with effect from April 12, 2006, to Etisalat International Pakistan (EIP), UAE, which, is a subsidiary of Etisalat.

7. Long term loans from banks

These represent secured loans from following banks;

	Annual mark-up rate (3-month Kibor plus)	Repayment commencement date		Quarterly repayment installments	Outstanding loan balance	
		Interest	Principal		2014 Rs '000	2013 Rs '000
Allied Bank Limited	0.70%	July 2014	July 2017	12	1,000,000	-
United Bank Limited	0.70%	July 2014	July 2016	16	1,000,000	-
MCB Bank Limited	0.70%	July 2014	July 2017	12	1,000,000	-
MCB Bank Limited	0.80%	July 2014	July 2018	12	4,000,000	-
Faysal Bank Limited	0.80%	July 2014	July 2018	12	2,000,000	-
NIB Bank Limited	0.80%	July 2014	July 2018	12	1,000,000	-
Bank Al-Habib Limited	0.80%	July 2014	July 2018	12	1,000,000	-
Bank Alflah Limited	0.80%	July 2014	July 2018	12	1,000,000	-
Allied Bank Limited	0.50%	March 2015	March 2019	12	2,000,000	-
United Bank Limited	0.50%	April 2015	April 2019	12	1,000,000	-
					15,000,000	-

All loans are secured by way of first charge ranking pari passu by way of hypothication over all present and future movable equipment and other assets (excluding land, building and license) of PTML.

8. Liability against assets subject to finance lease

The minimum lease rental payments due under the lease agreements are payable in monthly installments up to August 2018. These have been discounted at the annual applicable implicit rate of interest. The amount of future lease payments and the period in which these will become due are as follows:

	2014 Rs '000	2013 Rs '000
Minimum lease payments due		
Not later than 1 year	36,538	36,538
Later than 1 year and not later than 5 years	66,371	102,909
Gross obligation under finance lease	102,909	139,447
Finance charges allocated to future periods	(29,113)	(49,032)
Net obligation under finance lease	73,796	90,415
Due within one year	(31,977)	(31,977)
	41,819	58,438
The present value of finance lease liabilities is as follows:		
Not later than 1 year	31,977	31,977
Later than 1 year and not later than 5 years	41,819	58,438
	73,796	90,415

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		Note	2014 Rs '000	2013 Rs '000
9.	License fee payable			
	Interest bearing	9.1	7,419,250	-
	Non interest bearing	9.2	22,580,473	144,998
			29,999,723	144,998
	Current portion thereof		(4,406,841)	(51,151)
			25,592,882	93,847
9.1	Interest bearing			
	Gross amount payable	9.1.1	7,419,250	-
	Current portion thereof		(1,483,850)	-
			5,935,400	-

9.1.1 During the year, PTML acquired a license for 3G cellular operations throughout Pakistan excluding Azad Jammu & Kashmir (AJK) and Gilgit - Baltistan (GB), at a fee of USD 147.5 million. The Pak Rupee equivalent of USD 73.75 million was paid at the time of acquisition of this license and the remaining USD 73.75 million is to be paid in 5 equal annual installments along with interest @ 3.53% (LIBOR+3%) per annum, on May 21 each year, in US dollars or equivalent Pak Rupees.

		2014			2013
		Rs '000	Rs '000	Rs '000	Rs '000
9.2	Non interest bearing	Mobile cellular license		Total	Total
		Pakistan	AJK		
	Gross amount payable	26,347,140	100,600	26,447,740	157,800
	Imputed deferred Interest	(3,861,693)	(5,574)	(3,867,267)	(12,802)
	Present value of obligation	22,485,447	95,026	22,580,473	144,998
	Current portion thereof	(2,874,092)	(48,899)	(2,922,991)	(51,151)
		19,611,355	46,127	19,657,482	93,847

The PTML's license for 2G cellular operations throughout Pakistan excluding Azad Jammu & Kashmir (AJK) and Gilgit - Baltistan (GB), was renewed during the year at a fee of USD 291 million. Under the terms of license, the Pak Rupee equivalent of USD 14.55 million was paid at the time of renewal, and the remaining amount will be paid in installments over a period of 12.5 years. This liability payable in Pak Rupee equivalent is stated at its amortized cost using dollar discount rate.

AJK license represents license fee of US $ 5 million, in respect of the PTML's operations in AJK, payable to PTA in ten equal annual installments without any interest payable from June 2007 to June 2016, in US dollars or equivalent Pak Rupees. Accordingly, at initial recognition, the aggregate amount payable was discounted to the present value of future cash flows at the rate of 6% per annum.

10. Long term security deposits

These represent non-interest bearing security deposits received from distributors, franchisees and customers that are refundable on termination of the relationship with the Group. The Holding Company has paid / adjusted a sum of Rs 9,852 thousand (December 31, 2013: Rs 23,089 thousand) to its customers during the current year against their balances.

	Note	2014 Rs '000	2013 Rs '000
11. Deferred taxation			
The liability for deferred taxation comprises of timing differences relating to:			
Accelerated tax depreciation and amortization		23,820,639	23,176,878
Provision against stock, stores and receivables		(2,740,203)	(3,338,147)
Remeasurement of employees retirement benefits		(6,927,930)	(4,875,902)
License fee payable		(101,365)	4,353
Unused tax losses		(792,300)	(68,528)
Tax credits in respect of minimum tax		(559,496)	(1,426)
Others		(41,145)	(32,829)
		12,658,200	14,864,399
The gross movement in the deferred tax liability during the year is as follows:			
Balance as at beginning of the year		14,864,399	15,065,102
Tax (credit) / charge recognized in profit and loss		(162,192)	1,599,846
Tax credit recognized in other comprehensive income		(2,044,007)	(1,800,549)
Balance as at end of the year		12,658,200	14,864,399
12. Employees' retirement benefits			
Pension			
Funded - PTCL	12.1	12,250,956	13,381,633
Unfunded - PTCL	12.1	2,013,560	1,741,300
		14,264,516	15,122,933
Gratuity			
Funded - PTML	12.1	97,287	73,703
Unfunded - PTCL and U Bank	12.1	905,750	705,607
		1,003,037	779,310
Accumulating compensated absences - PTCL and PTML	12.1	1,586,338	1,348,622
Post retirement medical facility - PTCL	12.1	13,258,545	12,635,982
Benevolent grants - PTCL	12.1	3,189,574	3,433,537
		33,302,010	33,320,384

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12.1 The latest actuarial valuations of the Group's defined benefit plans, were conducted at December 31, 2014 using the projected unit credit method. Details of obligations for defined benefit plans are as follows:

	Pension				Gratuity				Accumulating Compensated absences		Post-retirement medical facility		Benevolent grants		Total	
	Funded		Unfunded		Funded		Unfunded		Unfunded		UnFunded		Unfunded			
	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000
a) **The amounts recognized in the consolidated statement of financial position:**																
Present value of defined benefit obligations	96,252,022	86,244,688	2,013,560	1,741,300	505,779	440,906	905,750	705,607	1,586,338	1,348,622	13,258,545	12,635,982	3,189,574	3,433,537	117,711,568	106,550,642
Fair value of plan assets - note 12.2	(84,001,066)	(72,863,055)	-	-	(408,492)	(367,203)	-	-	-	-	-	-	-	-	(84,409,558)	(73,230,258)
Liability at end of the year	12,250,956	13,381,633	2,013,560	1,741,300	97,287	73,703	905,750	705,607	1,586,338	1,348,622	13,258,545	12,635,982	3,189,574	3,433,537	33,302,010	33,320,384
b) **Changes in the present value of defined benefit obligations:**																
Balance at beginning of the year	86,244,688	77,320,418	1,741,300	1,222,489	440,906	368,949	705,607	598,892	1,348,622	1,086,244	12,635,982	11,895,646	3,433,537	3,374,290	106,550,642	95,866,928
Current service cost	515,920	417,022	120,832	88,328	80,296	69,275	139,875	108,614	73,527	68,244	138,551	136,487	42,754	43,024	1,111,755	930,994
Interest expense	9,971,176	8,505,246	208,452	134,474	50,749	40,789	79,326	65,738	132,260	120,065	1,488,143	1,308,521	400,651	371,172	12,330,757	10,546,005
Actuarial (gain) / loss	-	-	-	-	-	-	-	-	323,799	130,034	-	-	-	-	323,799	130,034
(Gains) / losses on settlement	3,449,657	-	268,967	-	-	-	117,034	-	112,750	-	187,486	-	(72,662)	-	4,063,232	-
	13,936,753	8,922,268	598,251	222,802	131,045	110,064	336,235	174,352	642,336	318,343	1,814,180	1,445,008	370,743	414,196	17,829,543	11,607,033
Remeasurements: (Gain) / loss from changes in																
Demographic assumptions	5,216,396	-	81,803	-	-	-	-	-	-	-	1,018,905	-	(271,387)	-	6,045,717	-
Financial assumptions	310,866	677,049	66,455	334,654	-	-	-	-	-	-	7,677	-	138	-	385,136	1,011,703
Experience (gains) / losses	703,659	5,217,874	(72,412)	(32,296)	3,653	644	98,475	(30,880)	-	-	(1,223,245)	(233,694)	(153,899)	(185,170)	(643,769)	4,736,478
	6,230,921	5,894,923	75,846	302,358	3,653	644	98,475	(30,880)	-	-	(196,663)	(233,694)	(425,148)	(185,170)	5,787,084	5,748,181
VSS Settlement	(3,857,232)	-	(393,441)	-	-	-	(154,947)	-	(281,450)	-	(525,369)	-	-	-	(5,212,439)	-
Benefits paid	(6,303,108)	(5,892,921)	(8,396)	(6,349)	(69,825)	(38,751)	(79,620)	(36,757)	(123,170)	(55,965)	(469,585)	(470,978)	(189,558)	(169,779)	(7,243,262)	(6,671,500)
Balance at end of the year	96,252,022	86,244,688	2,013,560	1,741,300	505,779	440,906	905,750	705,607	1,586,338	1,348,622	13,258,545	12,635,982	3,189,574	3,433,537	117,711,568	106,550,642

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	Pension				Gratuity				Accumulating Compensated absences		Post-retirement medical facility		Benevolent grants		Total	
	Funded		Unfunded		Funded		Unfunded		Unfunded		UnFunded		Unfunded			
	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000
c) Charge for the year:																
Profit and Loss:																
Current service cost	515,920	417,022	120,832	88,328	80,296	65,901	139,875	108,614	73,527	68,244	138,551	136,487	42,754	43,024	1,111,755	927,620
Net interest expense / (income)	984,406	1,586,211	208,452	134,474	4,606	(1,029)	79,326	65,738	132,260	120,065	1,488,143	1,308,521	400,651	371,172	3,297,844	3,585,152
Actuarial (gain) / loss	-	-	-	-	-	-	-	-	323,799	130,034	-	-	-	-	323,799	130,034
(Gain) / losses recognized on settlement	3,449,657	-	268,967	-	-	-	117,034	-	112,750	-	187,486	-	(72,662)	-	4,063,232	-
Contribution from employees	-	-	-	-	-	-	-	-	-	-	-	-	(26,590)	(26,703)	(26,590)	(26,703)
Contribution from deputationist	(1,397)	(815)	-	-	-	-	-	-	-	-	-	-	-	-	(1,397)	(815)
	4,948,586	2,002,418	598,251	222,802	84,902	64,872	336,235	174,352	642,336	318,343	1,814,180	1,445,008	344,153	387,493	8,768,643	4,615,288
Other comprehensive income																
Remeasurements:																
Return on plan assets, excluding amounts included in interest income	239,926	(458,623)	-	-	8,732	4,814	-	-	-	-	-	-	-	-	248,658	(453,809)
(Gain) / loss from change in																
Demographic assumptions	5,216,396	-	81,803	-	-	-	-	-	-	-	1,018,905	-	(271,387)	-	6,045,717	-
Financial assumptions	310,866	677,049	66,455	334,654	-	-	-	-	-	-	7,677	-	138	-	385,136	1,011,703
Experience (gains) / losses	703,659	5,217,874	(72,412)	(32,296)	3,653	644	98,475	(30,880)	-	-	(1,223,245)	(233,694)	(153,899)	(185,170)	(643,769)	4,736,478
	6,470,847	5,436,300	75,846	302,358	12,385	5,458	98,475	(30,880)	-	-	(196,663)	(233,694)	(425,148)	(185,170)	6,035,742	5,294,372
	11,419,433	7,438,718	674,097	525,160	97,287	70,330	434,710	143,472	642,336	318,343	1,617,517	1,211,314	(80,995)	202,323	14,804,385	9,909,660
d) Significant actuarial assumptions at the date of consolidated statement of financial position:																
Discount rate	12.25%	12%	12.50%	12%	11.25%	12.5%	11.5%	12%	11.50%	12%	12.5%	12%	11.50%	12%		
Future Salary / medical cost increase	7 to11.25%	7 to11%	7 to11.5%	7 to11%	9.25%	10.0%	10.5%	11%	10.5%	11%	11.5%	11%	-	-		
Future pension increase	8.75%	8.50%	9%	8.50%	-	-	-	-	-	-	-	-	-	-		
Rate of increase in benevolent grant	-	-	-	-	-	-	-	-	-	-	-	-	3.5%	4%		
Average duration of the obligation	10 years	10 years	18 years	19 years	10.97 years	10 years	7 years	7 years	6 to 9 Years	9 to 10 Years	15 years	15 years	9 years	11 years		
Expected mortality rate	SLIC 2001-2005	EFU 61-66	SLIC 2001-2005	EFU 61-66	SLIC 2001-2005	EFU 61-66	SLIC 2001-2005	EFU 61-66	SLIC 2001-2005	EFU 61-66	SLIC 2001-2005	EFU 61-66	SLIC 2001-2005	EFU 61-66		
Expected withdrawal rate	Based on experience		Based on experience		Based on experience		Based on experience		Based on experience		Based on experience		Based on experience			

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	Defined benefit pension plan - Funded		Defined benefit gratuity plan - Funded	
	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000
12.2 Changes in the fair value of plan assets				
Balance at beginning of the year	72,863,055	62,900,317	367,203	334,684
Interest income	8,986,770	6,919,036	46,143	41,818
Return on plan assets excluding amounts included in interest income	(239,926)	458,623	(8,732)	(4,814)
Contributions made by the Group during the year	12,551,507	8,478,000	73,703	34,266
Benefits paid	(10,160,340)	(5,892,921)	(69,825)	(38,751)
Balance at end of the year	84,001,066	72,863,055	408,492	367,203

12.3 Plan assets for funded defined benefit pension plan are comprised as follows:

	2014		2013	
	Rs '000	Percentage	Rs '000	Percentage
Debt instruments - unquoted				
- Special Savings Accounts	56,762,727	67.57	45,117,459	61.92
- Special Savings Certificates	9,347,455	11.13	8,327,666	11.43
- Defense Savings Certificates	1,370,924	1.63	1,223,264	1.68
- Pakistan Investment Bonds	-	-	405,611	0.56
	67,481,106	80.33	55,074,000	75.59
Cash and cash equivalents				
- Term deposits	10,932,345	13.01	9,779,208	13.42
- Bank balances	1,713,019	2.04	1,132,526	1.55
	12,645,364	15.05	10,911,734	14.97
Investment property				
- Telecom tower	6,294,287	7.49	6,002,067	8.24
- Telehouse	1,710,000	2.04	1,167,155	1.60
	8,004,287	9.53	7,169,222	9.84
Fixed assets	4,773	0.01	4,858	0.01
Other assets	124,452	0.15	145,945	0.20
	88,259,982	105.07	73,305,759	100.61
Liabilities				
- Amount due to PTCL	(4,082,578)	(4.86)	(116,724)	(0.16)
- Accrued & other liabilities	(176,338)	(0.21)	(325,980)	(0.45)
	(4,258,916)	(5.07)	(442,704)	(0.61)
	84,001,066	100.00	72,863,055	100.00

12.4 Plan assets for defined gratuity fund are comprised as follows:

	2014		2013	
	Rs '000	Percentage	Rs '000	Percentage
Units of mutual funds	-	-	61,024	16.62
Term deposit receipts	293,560	71.86	291,660	79.43
Treasury bills	73,331	17.95	-	-
Bank balances	41,601	10.19	14,519	3.95
	408,492	100.00	367,203	100.00

12.5 During the next financial year, the minimum expected contribution to be paid to the funded pension plan and funded gratuity plan by the Group is Rs 1,581,040 thousand (December 31, 2013: Rs 2,121,716 thousand) and Rs 97,286 thousand (December 31, 2013: Rs 73,703 thousand) respectively.

12.6 Sensitivity analysis

The calculations of the defined benefit obligations is sensitive to the significant actuarial assumptions set out in note 12.1. The table below summarizes how the defined benefit obligations at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions.

	Impact on defined benefit obligation	
	1% Increase in assumption Rs '000	1% Decrease in assumption Rs '000
Future salary / medical cost		
Pension - funded	516,852	(478,893)
Pension - unfunded	157,176	(141,930)
Gratuity - unfunded	67,546	(59,892)
Gratuity - funded	54,356	(47,109)
Accumulating compensated absences - unfunded	116,607	(104,137)
Post-retirement medical facility - unfunded	2,186,013	(1,803,951)
Benevolent grants - unfunded	10,997	(14,993)
Discount rate		
Pension - funded	(8,663,718)	10,326,471
Pension - unfunded	(322,582)	414,454
Gratuity - unfunded	(56,639)	65,052
Gratuity - funded	(43,543)	50,922
Accumulating compensated absences - unfunded	(100,618)	114,633
Post-retirement medical facility - unfunded	(1,775,335)	2,237,200
Benevolent grants - unfunded	(184,285)	213,625
Future pension		
Pension - funded	9,649,747	(8,177,837)
Pension - unfunded	164,076	(137,121)
Benevolent grants		
Benevolent grants - unfunded	296,492	(257,198)

Expected Mortality Rates

	Increase by 1 year Rs '000	Decrease by 1 year Rs '000
Pension - funded	(2,210,019)	2,196,708
Pension - unfunded	(25,943)	25,246
Gratuity - unfunded	(120)	-
Accumulating compensated absences - unfunded	(2,466)	2,173
Post-retirement medical facility - unfunded	(368,490)	369,899
Benevolent grants - unfunded	(14,108)	14,343

The above sensitivity analyses are based on changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognized within the consolidated statement of financial position.

12.7 Through its defined benefit pension plans the Group is exposed to a number of actuarial and investment risks, the most significant of which include, interest rate risk, property market risk, longetivity risk for pension plan and salary risk for all the plans.

	Note	2014 Rs '000	2013 Rs '000
13. Deferred government grants			
Balance at beginning of the year		5,123,099	3,991,818
Recognized during the year		2,106,683	1,422,822
Amortization for the year	38	(381,602)	(291,541)
Balance at end of the year		6,848,180	5,123,099

These represent grants received from the Universal Service Fund, as assistance towards the development of telecommunication infrastructure in rural areas, comprising telecom infrastructure projects for basic telecom access, transmission and broadband services spread across the country.

14. Long term vendor liability

This represents amount payable to a vendor in respect of procurement of network and allied assets, and comprises:

	Note	2014 Rs '000	2013 Rs '000
Obligation under acceptance of bills of exchange	14.1	14,777,207	10,180,012
Other accrued liabilities		7,970,333	2,513,465
		22,747,540	12,693,477
Current portion thereof		(12,926,785)	(6,109,004)
		9,820,755	6,584,473

14.1 This includes liability of Rs 9,141,202 thousand (December 31, 2013: Rs 4,201,345 thousand) carrying interest in the range of 9.04% to 11.82% per annum (December 31, 2013: 9.07% to 13.41% per annum).

	Note	2014 Rs '000	2013 Rs '000
15. Trade and other payables			
Trade creditors	15.1	12,391,906	12,031,442
Accrued liabilities		29,176,180	25,883,546
Receipts against third party works		1,203,860	783,551
Deposits		707,688	195,338
Employees provident fund		19,853	20,019
Income tax collected from subscribers / deducted at source		424,021	401,410
Sales tax payable		247,634	242,895
Advances from customers		2,429,086	2,872,343
Technical services assistance fee	15.1	1,071,619	1,124,997
Retention money / payable to contractors and suppliers related to fixed capital expenditure	15.2	8,131,610	5,654,301
Unclaimed dividend		701,489	154,162
Forward foreign exchange contracts	15.3	108,167	45,402
Other liabilities		529,715	378,195
		57,142,828	49,787,601

15.1 Trade and other payables includes payable to the following related parties:

	2014 Rs '000	2013 Rs '000
Trade creditors		
Etisalat - UAE	187,158	841,418
Other Etisalat's subsidiaries and associates	17,923	56,399
Etisalat - Afghanistan	48,291	111,015
Etisalat - Srilanka	4,711	-
Thuraya Satellite Telecommunication Company PJSC	16,040	16,315
Telecom Foundation	72,753	95,283
TF Pipes Limited	3,187	2,551
Ethid Etisalat Company	19,120	-
The Government of Pakistan and its related entities	5,044,143	8,371,083
Employees provident fund	-	532
Technical services assistance fee		
Etisalat - UAE	1,071,619	1,124,997

15.2 Retention money / payable to contractors and suppliers for fixed assets

	2014 Rs '000	2013 Rs '000
TF Pipes Limited	52	4,103

These balances relate to the normal course of business and are interest free.

15.3 This represents fair value of forward foreign exchange contracts entered into by the Group to hedge its foreign currency exposure. As at December 31, 2014, the Group had forward exchange contracts to purchase USD 48,040,325 (December 31, 2013: USD 58,881,253) at various maturity dates matching the anticipated payment dates for network liability.

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16. Short term running finance

Short term running finance facilities available under mark-up arrangements with banks amounting to Rs 2,500,000 thousand (December 31, 2013: Rs 2,000,000 thousand), out of which the amount availed at the year end was Rs NIL (December 31, 2013: Rs 605,487 thousand). These facilities are secured by first ranking pari passu charge by way of hypothecation over all present and future assets of PTML, excluding land, building and license.

17. Contingencies and commitments

Contingencies

PTCL

17.1 Against the decision of ATIR upholding tax authorities' decision to impose FED amounting to Rs 474,417 thousand on Technical Services Assistance fee assuming that the fee is against franchise arrangement for the period from July 2007 to June 2010, Honorable Islamabad High Court, in the wake of writ petition filed by the Holding Company, has granted a stay.

17.2 Based on an audit of certain monthly returns of the FED, a demand of Rs 1,289,957 thousand was raised on the premise that the Holding Company did not apportion the input tax between allowable and exempt supplies. The Holding Company is in appeal before the ATIR, which is pending adjudication. Meanwhile, the Honorable Islamabad High Court has granted a stay order in this regard.

17.3 The Holding Company has filed appeal before the Customs Appellate Tribunal against the decisions of the Collector Customs imposing additional duties and taxes amounting to Rs 1,803,409 thousand. The Holding Company also obtained stay order from the Honorable Sindh High Court against the said decision. Further, the Collector of Customs imposed additional duties and taxes amounting to Rs 683,334 thousand against which the Holding Company is in process of filing the appeal.

17.4 For the tax year 2007, the Holding Company filed an appeal before the ATIR against disallowance of certain expenses by the Taxation Officer under section 122 (5A), with tax impact of Rs 4,887,370 thousand. The ATIR in its judgment endorsed the departmental view regarding satellite charges with tax impact of Rs 80,850 thousand while judgment on rest of the disallowances is pending. A reference application filed by the Holding Company with the Honorable Islamabad High Court is pending adjudication.

17.5 For the tax year 2008, the ATIR, while disposing off the Holding Company's appeal against the tax demand of Rs 4,559,208 thousand on the basis that the Holding Company applied incorrect withholding tax rate for payments to Voluntary Separation Scheme optees, remanded the case back to the Taxation Officer for verification of filing of options before the concerned Commissioners. The Holding Company has also filed a reference application with the Honorable Islamabad High Court, which is pending adjudication.

17.6 For the tax year 2008, taxation officer amended the assessment under section 122 (5A) and disallowed certain expenses with tax impact of Rs 2,126,648 thousand. Besides the rectification application, the Holding Company has also filed an appeal before CIR- Appeals which is pending for disposal. The Holding Company has also obtained stay order from the Honorable Islamabad High Court.

17.7 For the tax year 2009, the Taxation Officer disallowed certain expenses with tax impact of Rs 3,278,866 thousand, after the order of CIR - Appeals. The Holding Company has filed appeal before ATIR and also filed reference applications before the Honorable Islamabad High Court.

17.8 For the tax year 2010, taxation officer disallowed certain expenses with tax impact of Rs 5,207,696 thousand. Besides the rectification application filed, the Holding Company also filed an appeal before CIR- Appeals which is pending for disposal.

17.9 For the tax year 2011, taxation officer disallowed certain expenses with tax impact of Rs 3,860,358 thousand, after taking into account the order of CIR - Appeals as well as rectification orders. The Holding Company has filed an appeal before ATIR, pending adjudication.

17.10 With reference to ongoing litigation at various courts in Pakistan regarding pension increases and pertinent medical allowance cases, the Honorable Supreme Court of Pakistan suspended the operation of the related order passed by the divisional bench of Honorable Islamabad High Court. On completion of proceedings, the decision is reserved by the Honorable Supreme Court of Pakistan. Since the subject matter is complex and uncertain in nature, the financial implications cannot presently be ascertained with finality.

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

17.12 A total of 1,635 cases (December 31, 2013: 1,518 cases) have been filed against the Holding Company primarily involving subscribers, regulators, retirees and employees. Because of the large number of cases and their uncertain nature, it is not possible to quantify their financial impact at present.

17.13 No provision on account of above contingencies has been made in these financial statements as the management and the tax / legal advisors of the Holding Company are of the view, that these matters will eventually be settled in favour of the Holding Company.

	2014 Rs '000	2013 Rs '000
17.14 Bank guarantees and bid bonds of Group issued in favor of:		
Universal Service Fund (USF) against government grants	5,680,656	5,852,905
Others	1,049,174	912,911
	6,729,830	6,765,816

PTML

17.15 Tax authorities have raised Federal Excise Duty demands by assessing the Company's payments of technical services fee to Etisalat as fee for "Franchise Services" which has not been agreed by the Company and its appeals are pending at various appellate fora. The management is of the view that payments of technical services fee are outside the ambit of the Federal Excise Act, 2005 and lack the essential element of "franchiser-franchisee" arrangement to be considered franchise services fee. Against the demands created by the tax authorities, PTML has paid Rs 501,541 thousand in prior years under protest and carried as receivable from taxation authorities as reflected in note 30.2 to these financial statements.

17.16 The taxation authorities have raised demand amounting to Rs 1,378,000 thousands which represents the amount of advance income tax paid by PTML under section 148 at import stage on the premise that such tax paid fall under final tax regime. PTML has claimed adjustment of this amount against its tax liability for tax years 2008 to 2013. PTML is of the view that these demands are not based on sound principles as PTML is subject to normal tax regime since its inception and the equipment imported is used in-house for provision of telecom services and not sold by PTML as commercial importer to derive income. PTML's appeal filed with ATIR against the decision of CIR(A) is pending adjudication.

17.17 PTML and other telecom operators contested a position taken by Federal Board of Revenue in respect of levy of Federal Excise Duty on payment of interconnect charges by all telecom operators on the basis that such position is contrary to the substance of the related mandatory arrangement under Calling Party Pays (CPP) regime. Further, such levy of FED is in disregard to the fact that Duty on full retail price for the service (including the interconnect part) has already been charged, collected and paid to Government by telecom operator (calling party).

PTML and three other operators had petitioned the Islamabad High Court (IHC) to seek the correct interpretation of the law on the matter. During the year, IHC has passed its judgment in favour of the petitioners. An intra court appeal has been filed by the taxation authorities against this judgment which is currently pending before IHC. No provision has been carried in the financial statements in this respect.

17.18 Letters of guarantee have been issued in favour of PTA for USD 16,530 thousands (equivalent Rs 1,663,000 thousands) in relation to the performance of PTML's obligation stipulated under the license agreements of 2G and 3G services.

	Note	2014 Rs '000	2013 Rs '000
17.19 Commitments - Group			
a) Letter of credit for purchase of stock		75,616	10,977
b) Commitments for capital expenditure		11,289,190	17,657,353
		11,364,806	17,668,330

18. Property, plant and equipment

	Note	2014 Rs '000	2013 Rs '000
Operating fixed assets	18.1	157,630,781	142,821,939
Capital work-in- progress	18.6	12,936,971	13,606,246
		170,567,752	156,428,185

18.1 Operating fixed assets

	Land		Buildings on					Computer and				Leased Network	
	Freehold - note 18.2	Leasehold	Freehold land	Leasehold land	Lines and wires	Apparatus, plant and equipment	Office equipment	electrical equipment	Furniture and fittings	Vehicles	Submarine cables	and allied systems	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
As at January 01, 2013													
Cost	1,648,814	90,026	10,955,170	1,865,368	109,475,535	244,231,715	1,012,768	5,648,281	512,879	2,163,302	11,046,539	153,889	388,804,286
Accumulated depreciation	-	(27,469)	(3,887,012)	(1,165,329)	(89,019,198)	(148,904,819)	(582,665)	(3,676,225)	(405,684)	(1,525,183)	(4,333,662)	(50,384)	(253,577,630)
Net book amount	1,648,814	62,557	7,068,158	700,039	20,456,337	95,326,896	430,103	1,972,056	107,195	638,119	6,712,877	103,505	135,226,656
Year ended December 31, 2013													
Opening net book amount	1,648,814	62,557	7,068,158	700,039	20,456,337	95,326,896	430,103	1,972,056	107,195	638,119	6,712,877	103,505	135,226,656
Additions	4,160	-	348,318	78,547	3,450,147	26,014,386	32,592	1,344,069	53,911	173,281	259,077	-	31,758,488
Disposals													
Cost	-	-	-	(1,612)	-	(208,134)	-	(4,759)	(346)	(12,731)	-	-	(227,582)
Accumulated depreciation	-	-	-	-	-	160,268	-	2,719	185	11,467	-	-	174,639
	-	-	-	(1,612)	-	(47,866)	-	(2,040)	(161)	(1,264)	-	-	(52,943)
Transfers / adjustments	-	-	-	-	-	(29,367)	-	(36,278)	-	-	-	-	(65,645)
Depreciation charge for the year - note 18.5	-	(1,277)	(280,000)	(130,956)	(3,624,338)	(17,547,136)	(63,023)	(1,242,261)	(26,937)	(204,903)	(743,267)	(20,519)	(23,884,617)
Impairment charge - note 18.5	-	-	-	-	-	(160,000)	-	-	-	-	-	-	(160,000)
Net book amount	1,652,974	61,280	7,136,476	646,018	20,282,146	103,556,913	399,672	2,035,546	134,008	605,233	6,228,687	82,986	142,821,939
As at December 31, 2013													
Cost	1,652,974	90,026	11,303,488	1,942,303	112,925,682	270,008,600	1,045,360	6,951,313	566,444	2,323,852	11,305,616	153,889	420,269,547
Accumulated depreciation and impairment	-	(28,746)	(4,167,012)	(1,296,285)	(92,643,536)	(166,451,687)	(645,688)	(4,915,767)	(432,436)	(1,718,619)	(5,076,929)	(70,903)	(277,447,608)
Net book amount	1,652,974	61,280	7,136,476	646,018	20,282,146	103,556,913	399,672	2,035,546	134,008	605,233	6,228,687	82,986	142,821,939
Year ended December 31, 2014													
Opening net book amount	1,652,974	61,280	7,136,476	646,018	20,282,146	103,556,913	399,672	2,035,546	134,008	605,233	6,228,687	82,986	142,821,939
Additions	-	-	153,888	444,521	3,935,385	34,852,533	9,781	1,659,479	35,329	173,860	-	-	41,264,776
Disposals - note 18.3													
Cost	-	-	-	(5,145)	(143,088)	(272,305)	(10,994)	(547,971)	(321)	(41,391)	-	-	(1,021,215)
Accumulated depreciation	-	-	-	5,033	98,388	224,541	10,984	414,856	270	40,332	-	-	794,404
	-	-	-	(112)	(44,700)	(47,764)	(10)	(133,115)	(51)	(1,059)	-	-	(226,811)
Loss due to fire - note 18.4													
Cost	-	-	(7,229)	-	(23)	(1,803,411)	(17,910)	-	(216)	-	-	-	(1,828,789)
Accumulated depreciation	-	-	292	-	3	978,463	8,760	-	40	-	-	-	987,558
	-	-	(6,937)	-	(20)	(824,948)	(9,150)	-	(176)	-	-	-	(841,231)
Depreciation charge for the year - note 18.5	-	(1,277)	(283,403)	(162,494)	(3,358,271)	(19,188,169)	(62,349)	(1,316,607)	(27,917)	(213,141)	(753,745)	(20,519)	(25,387,892)
Net book amount	1,652,974	60,003	7,000,024	927,933	20,814,540	118,348,565	337,944	2,245,303	141,193	564,893	5,474,942	62,467	157,630,781
As at December 31, 2014													
Cost	1,652,974	90,026	11,450,147	2,381,679	116,717,956	302,785,417	1,026,237	8,062,821	601,236	2,456,321	11,305,616	153,889	458,684,319
Accumulated depreciation and impairment	-	(30,023)	(4,450,123)	(1,453,746)	(95,903,416)	(184,436,852)	(688,293)	(5,817,518)	(460,043)	(1,891,428)	(5,830,674)	(91,422)	(301,053,538)
Net book amount	1,652,974	60,003	7,000,024	927,933	20,814,540	118,348,565	337,944	2,245,303	141,193	564,893	5,474,942	62,467	157,630,781
Annual rate of depreciation (%)		1 to 3.3	2.5	2.5	7	10 to 33	10	20 to 33.33	10	20	6.67 to 8.33	13.33	

18.2 As explained in note 1.1, the property and rights vesting in the operating assets, as at January 01, 1996, were transferred to the Holding Company from Pakistan Telecommunication Corporation, under the Pakistan Telecommunication (Re-organization) Act, 1996. However, the title to certain freehold land properties, were not formally transferred in the name of the Holding Company in the land revenue records. The Holding Company initiated the process of transfer of title to freehold land, in its own name, in previous years, which is still ongoing and shall be completed in due course of time.

18.3 Disposals of property, plant and equipment:

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rs'000	Rs'000	Rs'000	Rs'000		
Apparatus, plant and equipment	170,257	(156,841)	13,416	12,481	Auction	Various vendors
	32,107	(16,668)	15,439	15,871	Insurance claim	EFU General Insurance Company
	202,364	(173,509)	28,855	28,352		
Lines and Wires	143,088	(98,388)	44,700	21,191	Auction	Various vendors
Motor vehicles	1,674	(615)	1,059	1,227	Auction	Various buyers
Computer and electrical equipment	1,240	(157)	1,083	1,120	Insurance claim	EFU General Insurance Company
	365	(171)	194	214	Company's policy	Mr Saoud Alshamsi - employee
	267	(200)	67	82	Company's policy	Mr Salman Wassay - employee
	89	(20)	69	69	Company's policy	Mr Tayyab Javed - employee
	142	(79)	63	63	Company's policy	Mr Shakeel Anwar - employee
	77	(6)	71	71	Company's policy	Mr Qaiser Bhatti - employee
	218,985	(149,277)	69,708	86,700	Scrap Sale	DWP Technologies
	528	(131)	397	-	Scrap Sale	Various buyers
	221,693	(150,041)	71,652	88,319		
Aggregate of other having net book amounts not exceeding Rs 50,000	452,396	(371,851)	80,545	153,380	Group policy	Various buyers
	1,021,215	(794,404)	226,811	292,469		

	Note	2014 Rs '000	2013 Rs '000
18.4 Loss of property, plant and equipment due to fire			
Operating fixed assets	18.1	841,231	-
Capital work in progress	18.7	65,999	-
		907,230	-

This represents loss of assets due to fire at Edgerton Road Exchange, Lahore on September 28, 2014 against which Insurance reserve has been utilized.

18.5 The depreciation charge for the year has been allocated as follows:

	Note	2014 Rs '000	2013 Rs '000
Cost of services	34	23,827,752	22,345,644
Administrative and general expenses	35	1,496,436	1,478,168
Selling and marketing expenses	36	63,704	60,805
		25,387,892	23,884,617

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		Note	2014 Rs '000	2013 Rs '000
18.6	Capital work in progress			
	Buildings		609,123	523,146
	Lines and wires		7,245,715	6,381,077
	Apparatus, plant and equipment		4,023,167	5,157,710
	Advances to suppliers		832,991	619,911
	Others		225,975	924,402
			12,936,971	13,606,246
18.7	Movement during the year			
	Balance at beginning of the year		13,606,246	16,957,329
	Additions during the year		41,554,923	31,825,431
	Loss due to fire	18.4	(65,999)	-
	Transfers during the year		(42,158,199)	(35,176,514)
	Balance at end of the year		12,936,971	13,606,246

Capital work in progress includes an amount of Rs 1,520,028 thousand (December 31, 2013: Rs 1,064,340 thousand), in respect of direct overheads relating to development of assets.

		Note	2014 Rs '000	2013 Rs '000
19.	Intangible assets			
	Goodwill on acquistion of U Bank		78,790	78,790
	Other intangible assets	19.1	42,795,391	6,112,791
			42,874,181	6,191,581

	Licenses and spectrum Rs '000	Computer Software Rs '000	Frequency vacation charges Rs '000	Total Rs '000
19.1 Other intangible assets				
As at January 01, 2013				
Cost	4,604,898	2,431,309	342,000	7,378,207
Accumulated amortization	(2,024,876)	(1,183,705)	(311,670)	(3,520,251)
Net book amount	2,580,022	1,247,604	30,330	3,857,956
Year ended December 31, 2013				
Opening net book amount	2,580,022	1,247,604	30,330	3,857,956
Additions	2,506,349	580,461	-	3,086,810
Amortization charge for the year	(311,932)	(497,243)	(22,800)	(831,975)
Closing net book amount	4,774,439	1,330,822	7,530	6,112,791
As at January 01, 2013				
Cost	7,111,247	3,011,770	342,000	10,465,017
Accumulated amortization	(2,336,808)	(1,680,948)	(334,470)	(4,352,226)
Net book amount	4,774,439	1,330,822	7,530	6,112,791
Year ended December 31, 2014				
Opening net book amount	4,774,439	1,330,822	7,530	6,112,791
Additions	38,750,128	984,144	-	39,734,272
Write-offs				
Cost	(50,000)	(691,196)	-	(741,196)
Accumulated amortization	50,000	691,196	-	741,196
	-	-	-	-
Amortization charge for the year - note 19.11	(2,320,985)	(723,157)	(7,530)	(3,051,672)
Closing net book amount	41,203,582	1,591,809	-	42,795,391
As at December 31, 2014				
Cost	45,811,375	3,304,718	342,000	49,458,093
Accumulated amortization	(4,607,793)	(1,712,909)	(342,000)	(6,662,702)
Net book amount	41,203,582	1,591,809	-	42,795,391

	Note	2014 Rs '000	2013 Rs '000
19.2 Breakup of net book amounts as at year end is as follows:			
Licenses and spectrum - PTCL			
Telecom	19.3	59,840	69,814
WLL spectrum	19.3	3,942,173	4,348,443
WLL and LDI License	19.4	73,757	79,220
IPTV	19.5	5,834	9,015
Licenses - U bank		7,996	6,032
Licenses - PTML	19.6 - 19.8	37,113,982	269,445
		41,203,582	4,781,969
Computer software - PTCL	19.9		
Bill printing software		-	273
Billing and automation of broadband		75,418	86,240
HP OSS		14,840	21,689
BnCC software		235,093	6,814
Caller details record collector system		5,639	7,468
BnCC Oracle system		150,616	198,179
Customer Relationship Management (CRM)		91,369	120,223
SAP - Enterprise Resource Planning (ERP) system		171,843	209,794
Branchless banking software - U Bank		78,374	53,813
Software - PTML	19.10	768,617	626,329
		1,591,809	1,330,822
		42,795,391	6,112,791

19.3 The Pakistan Telecommunication Authority (PTA) has issued a license to the Holding Company, to provide telecommunication services in Pakistan, for a period of 25 years, commencing January 01,1996, at an agreed license fee of Rs 249,344 thousand. During the year ended June 30, 2005, PTA modified the previously issued license to provide telecommunication services to include a spectrum license at an agreed license fee of Rs 3,646,884 thousand. This license allows the Holding Company to provide Wireless Local Loop services in Pakistan, over a period of 20 years, commencing October 2004. The cost of the license is being amortized on a straight line basis over the period of the license.

The Holding Company has acquired exclusive right to use 1900 MHz spectrum in nine telecom regions from Telecard Limited in September 2013 under commercial arrangement to provide Wireless Local Loop (WLL) services in Pakistan for a consideration of Rs 2,500,000 thousand. The agreement embodying said commercial arrangement is subject to fulfillment of certain conditions. The cost is being amortized on a straight line basis over a period of 11 years.

19.4 PTA has issued a license under section 5 of the Azad Jammu and Kashmir Council Adaptation of Pakistan Telecommunication (Re-organization) Act, 1996, the Northern Areas Telecommunication (Re-organization) Act, 2005 and the Northern Areas Telecommunication (Re-organization) (Adaptation and Enforcement) Order 2006, to the Holding Company to establish, maintain and operate a telecommunication system in Azad Jammu and Kashmir and Gilgit-Baltistan, for a period of 20 years, commencing May 28, 2008, at an agreed license fee of Rs 109,270 thousand. The cost of the license is being amortized, on a straight line basis, over the period of the license.

19.5 IPTV license has been renewed by Pakistan Electronic Media Regulatory Authority during the period effective from November 02, 2011, at an agreed license fee of Rs 15,910 thousand. The cost of the license is being amortized, on a straight line basis, over a period of 5 years.

19.6 PTA has issued two licenses to PTML to establish, maintain and operate cellular services in Azad Jammu and Kashmir for a period of 15 years commencing June 2006 respectively.

19.7 During the year, PTML acquired license for 3G cellular operations throughout Pakistan excluding Azad Jammu & Kashmir (AJK) and Gilgit - Baltistan (GB). The license is to be amortized over the license term of 15 years commencing from May 21, 2014. The remaining period of license is 14 years and 4 months.

19.8 PTML's license for 2G cellular operations throughout Pakistan excluding Azad Jammu & Kashmir (AJK) and Gilgit - Baltistan (GB), was also renewed during the year effective from April 8, 2014. The license is to be amortized over the license term of 15 years. Consequently, previous license was de-recognized which had an initial cost of Rs 50 million and was fully amortized at the time of de-recognition. The remaining period of license is 14 years and 3 months.

19.9 Cost of computer software is being amortized, on a straight line basis, over a period of 5 years except for SAP-ERP system and branchless banking software which are being amortized over a period of 10 years.

19.10 This represents machine independent IT software with a useful life of 3 years, being amortized on straight line basis.

19.11 The amortization charge for the year has been allocated as follows:

	Note	2014 Rs '000	2013 Rs '000
Cost of services	34	2,479,249	401,196
Administrative and general expenses	35	572,423	430,779
		3,051,672	831,975

20. Long term investments

	Note	2014 Rs '000	2013 Rs '000
Investment in associate	20.1	16,541	25,359
Other investments	20.2	83,900	83,900
		100,441	109,259

20.1 Investment in associate - unquoted

	2014 Rs '000	2013 Rs '000
TF Pipes Limited - Islamabad, Pakistan		
1,658,520 (December 31, 2013: 1,658,520) ordinary shares of Rs 10 each		
Shares held 40% (December 31, 2013: 40%)		
Cost of investment	25,359	24,319
Group share of post acquisition (loss) / profit	(8,818)	1,040
Balance at end of the year	16,541	25,359

20.1.1 Change in carrying value of investment in associate

	2014 Rs '000	2013 Rs '000
Balance at beginning of the year	25,359	24,319
Share of (loss) / profit from associate during the year	(8,818)	1,040
Balance at end of the year	16,541	25,359

	Note	2014 Rs '000	2013 Rs '000
20.1.2 The net assets of the associate - TF Pipes Limited (as per unaudited accounts) are as follows:			
Total assets		68,933	100,712
Total liabilities		44,935	53,445
Revenue		122,240	128,775
Expenses		142,734	125,754
(Loss) / profit before tax		(20,494)	3,021
20.2 Other investments			
Available for sale investments - unquoted			
Thuraya Satellite Telecommunication Company - Dubai, UAE			
3,670,000 (December 31, 2013: 3,670,000) ordinary shares of 1 Dirham each		63,900	63,900
Alcatel - Lucent Pakistan Limited - Islamabad, Pakistan			
2,000,000 (December 31, 2013: 2,000,000) ordinary shares of Rs 10 each		20,000	20,000
		83,900	83,900

21. Long-term loans and advances - considered good

	Note	2014 Rs '000	2013 Rs '000
Loans to employees - secured			
PTCL	21.1	505,699	550,234
PTML	21.2	234,301	308,890
		740,000	859,124
Discounting to present value		(177,358)	(212,154)
		562,642	646,970
Advances to suppliers against turnkey contracts	21.4	2,488,884	3,460,862
Others		35,133	26,302
		3,086,659	4,134,134
Current portion shown under current assets			
Loans to employees - secured	26	(160,864)	(178,246)
		2,925,795	3,955,888

21.1 These loans and advances are for house building and purchase of vehicles, motor cycles and bicycles. Loans to executive employees of the Holding Company carry interest at the rate of 12% per annum (December 31, 2013: 12% per annum), whereas, loans to employees other than executive employees are interest free. The loans are recoverable in equal monthly installments spread over a period of 5 to 10 years and are secured against the retirement benefits of the employees.

This balance also includes a sum of Rs 759 thousand (December 31, 2013: Rs 1,014 thousand), due from employees against purchase of vehicles from the Holding Company, recoverable in monthly installments spread over a period of 1 to 2 years.

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21.2 These represent interest free housing loans provided to eligible executive employees in accordance with the PTML's policy. The loans are secured against property located within Pakistan and owned by the employee. The loans are recoverable over a period of seven and a half years in equal installments.

21.3 Reconciliation of carrying amounts of loans to executives and other employees:

	As at January 01, 2014 Rs '000	Disbursements Rs '000	Repayments Rs '000	Write offs Rs '000	As at December 31, 2014 Rs '000
Executives	311,312	2,235	(75,411)	-	238,136
Other employees	547,812	193,629	(157,521)	(82,056)	501,864
	859,124	195,864	(232,932)	(82,056)	740,000

	As at January 01, 2013 Rs '000	Disbursements Rs '000	Repayments Rs '000	Write offs Rs '000	As at December 31, 2013 Rs '000
Executives	140,938	217,668	(47,294)	-	311,312
Other employees	538,043	142,339	(132,570)	-	547,812
	678,981	360,007	(179,864)	-	859,124

	2014 Rs '000	2013 Rs '000
Maximum amount of loan to executives and other employees outstanding at any time during the year		
Executives	202,642	185,634
Other employees	663,955	684,186

21.4 These represent various non interest bearing advances issued to the Group's vendors under turnkey contracts. This includes an advance of Rs 13,669 thousand (December 31, 2013: Rs 18,029 thousand) given to Telecom Foundation, a related party.

	2014 Rs '000	2013 Rs '000
22. Investment in finance lease		
Gross investment in finance lease	139,792	65,360
Unearned finance income	(27,089)	(13,652)
Net investment in finance lease	112,703	51,708
Current portion shown under current assets	(28,305)	(12,927)
	84,398	38,781

22.1 Details of investment in finance lease

	Not later than 1 year Rs '000	Later than 1 year and not later than 5 years Rs '000	Total Rs '000
Gross investment in finance lease	39,228	100,564	139,792
Unearned finance income	(10,923)	(16,166)	(27,089)
Net investment in finance lease	28,305	84,398	112,703

This represents cost of motor cycles leased out to employees of the Holding Company. The cost will be recovered in 48 equal monthly installments.

	Note	2014 Rs '000	2013 Rs '000
23. Stores, spares and loose tools			
Stores, spares and loose tools		3,607,672	4,933,444
Provision for obsolescence	23.1	(735,130)	(1,257,631)
		2,872,542	3,675,813
23.1 Provision for obsolescence			
Balance at beginning of the year		1,257,631	786,334
Provision during the year	34	126,892	478,397
		1,384,523	1,264,731
Write off against provision		(649,393)	(7,100)
Balance at end of the year		735,130	1,257,631
24. Stock in trade			
SIM cards		97,869	343,929
Scratch cards		73,395	69,238
ATM cards		3,317	1,392
Mobile phones and accessories		174,477	75,462
		349,058	490,021
Provision for slow moving stock and warranty against mobile phones	24.1	(19,567)	(36,356)
		329,491	453,665
24.1 Provision for slow moving stock and warranty against mobile phones			
Balance at beginning of the year		36,356	116,703
(Reversal) / charge for the year		(16,789)	80,347
		19,567	197,050
Write off against provision		-	(160,694)
Balance at end of the year		19,567	36,356
25. Trade debts			
Domestic			
Considered good - secured	25.1	726,384	933,372
- unsecured	25.2	11,201,715	11,091,586
Considered doubtful - unsecured		6,910,853	8,078,686
		18,838,952	20,103,644
International			
Considered good - unsecured	25.2	3,583,136	5,912,016
Considered doubtful - unsecured		65,270	108,936
		3,648,406	6,020,952
Provision for doubtful debts	25.3	(6,976,123)	(8,187,622)
		15,511,235	17,936,974

25.1 These are secured against customer and dealer deposits having aggregate amount of Rs 904,924 thousand (December 31, 2013: Rs 968,518 thousand). These also include unbilled revenue related to postpaid subscribers, aggregating to Rs 250,800 thousand (December 31, 2013: Rs 250,624 thousand).

	2014 Rs '000	2013 Rs '000
25.2 These include amounts due from the following related parties:		
Etisalat - UAE	15,846	46,470
Etisalat other subsidiaries and associates	38,718	89,137
The Government of Pakistan and its related entities	1,493,357	1,768,148

These amounts are interest free and are accrued in the normal course of business.

	Note	2014 Rs '000	2013 Rs '000
25.3 Provision for doubtful debts			
Balance at beginning of the year		8,187,622	8,966,209
Provision for the year	35	2,169,809	2,035,888
		10,357,431	11,002,097
Write off against provision		(3,381,308)	(2,814,475)
Balance at end of the year		6,976,123	8,187,622

26. Loans and advances

	Note	2014 Rs '000	2013 Rs '000
Loans			
Current portion of long term loans to employees - secured	21	160,864	178,246
Short term loan - unsecured considered doubtful	26.1	-	9,964
Provision for short-term loan		-	(9,964)
		-	-
Advances - considered good			
Advances to employees	26.2	13,667	28,435
Advances to suppliers and contractors	26.3	1,095,437	1,037,451
Advances to taxation authorities	26.4	500,000	101,948
Other advances - net of provision	26.5	344,128	41,039
		1,953,232	1,208,873
		2,114,096	1,387,119

26.1 This represented a long outstanding loan to Pakistan MNP Database (Guarantee) Limited, a related party, for working capital purposes, carrying interest at 17% (December 31, 2013: 17%) per annum which has been repaid during the year.

26.2 These include advances to executives and key management personnel amounting to Rs 9,805 thousand (December 31, 2013: Rs 5,655 thousand) and Rs 603 thousand (December 31, 2013: Rs 12,254 thousand) respectively.

	2014 Rs '000	2013 Rs '000
26.3 These include amounts due from the following related parties:		
TF Pipes Limited	4,274	18,718
Pakistan MNP Database (Guarantee) Limited	4,017	9,500

26.4 This represented amount deposited into the Government treasury in advance which will be adjusted against the future income tax collections by the Group from its customers.

26.5 This is net of provision of Rs 2,366 thousand (December 31, 2013: Rs 342 thousand).

	2014 Rs '000	2013 Rs '000
27. Accrued interest		
Return on bank deposits	218,287	431,734
Interest receivable on loans to employees - secured	59,290	67,834
Mark up accrued on advances and investments	53,246	9,944
	330,823	509,512
28. Recoverable from tax authorities		
Income tax	15,851,419	13,048,272
Sales tax	451,990	-
Federal Excise Duty	3,279,487	3,279,487
	19,582,896	16,327,759
Provision for doubtful amount	(466,176)	(466,176)
	19,116,720	15,861,583

29. Receivable from the Government of Pakistan

This represents the balance amount receivable from the Government of Pakistan, on account of its agreed share in the Voluntary Separation Scheme (VSS), offered to the Holding Company's employees during the year ended June 30, 2008.

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	Note	2014 Rs '000	2013 Rs '000
30. Deposits, prepayments and other receivables			
Deposits		98,464	78,809
Prepayments			
- Pakistan Telecommunication Authority, a related party		16,777	11,415
- Prepaid rent and others	30.1	1,742,771	1,568,709
- Maintenance		-	7,700
		1,759,548	1,587,824
Other receivables - considered good			
Due from related parties:			
- Etisalat - UAE against secondment of employees		74,265	75,876
- Pakistan Telecommunication Employees Trust		4,082,578	118,209
- PTCL employees' GPF Trust		525,377	107,349
- Others		168,262	88,603
		4,850,482	390,037
Other receivables			
- Federal excise duty	30.2	501,541	501,541
- Others		1,127,097	582,195
		1,628,638	1,083,736
Considered doubtful		326,166	326,166
Provision for doubtful receivables		(326,166)	(326,166)
		-	-
		8,337,132	3,140,406

30.1 This includes prepaid rent of Rs 33,330 thousand (December 31, 2013: Rs 33,330 thousand) paid to Pakistan Telecommunication Employees Trust, a related party of the Group.

30.2 As explained in note 17.15, this represents Federal Excise Duty on technical services fee paid by the PTML to the taxation authorities under protest.

	Note	2014 Rs '000	2013 Rs '000
31. Short term investments			
Held to maturity			
Treasury bills		-	294,736
Term deposits			
- maturity up to 3 months	31.1	-	21,280,037
- maturity up to 6 months	31.1	12,000,000	-
		12,000,000	21,574,773
Available for sale investments			
Mutual funds	31.2	6,441,389	1,375,632
Pakistan Investment Bonds		517,956	-
		6,959,345	1,375,632
		18,959,345	22,950,405

	Maturity Upto	2014 Rs '000	2013 Rs '000
31.1 Term deposits			
National Bank of Pakistan	June 24, 2015	7,000,000	-
Allied Bank Limited	June 16, 2015	5,000,000	
NIB Bank Limited	March 19, 2014	-	1,021,765
NIB Bank Limited	March 18, 2014	-	1,021,765
National Bank of Pakistan	March 18, 2014	-	2,200,000
Bank Alfalah Limited	March 18, 2014	-	2,091,101
Askari Bank Limited	March 06, 2014	-	1,500,000
Bank Alfalah Limited	March 03, 2014	-	1,000,000
Bank Alfalah Limited	March 03, 2014	-	1,000,000
Bank Alfalah Limited	March 03, 2014	-	1,250,615
Sindh Bank Limited	February 11, 2014	-	2,000,000
Soneri Bank Limited	February 11, 2014	-	500,000
NIB Bank Limited	February 11, 2014	-	1,000,000
Askari Bank Limited	February 11, 2014	-	1,500,000
Askari Bank Limited	January 10, 2014	-	2,944,791
NIB Bank Limited	January 04, 2014	-	1,000,000
JS Bank Limited	January 04, 2014	-	1,000,000
NIB Bank Limited	January 22, 2014	-	250,000
		12,000,000	21,280,037

31.2 Available for sale investments	Note		
Mutual funds	31.2.1	6,441,389	1,375,632
Pakistan Investment Bonds	31.2.3	517,956	-
		6,959,345	1,375,632

31.2.1 Units of mutual funds

Units of open-end mutual funds:	2014 Rs '000	2013 Rs '000
Atlas Money Market Fund 1,273,507 (December 31, 2013: 325,735) units	667,980	163,764
IGI Money Market Fund 2,681,795 (December 31, 2013: 1,632,293) units	282,414	164,112
JS Cash Fund 1,217,493 (December 31, 2013: 1,593,257) units	130,028	162,958
Askari Sovereign Cash Fund 1,113,498 (December 31, 2013: 1,066,287) units	116,688	107,481
ABL Cash Fund 81,732,466 (December 31, 2013: 10,754,789) units	855,256	107,631
NAFA Money Market Fund 112,045,716 (December 31, 2013: 20,966,003) units	1,171,606	209,907
MCB Cash Management Optimizer 9,228,481(December 31, 2013: 1,439,193) units	962,697	143,993
HBL Money Market Fund 4,982,929 (December 31, 2013: 1,055,987) units	521,577	106,717
Faysal Money Market Fund 3,592,948 (December 31, 2013: 1,001,864) units	378,158	101,910
KASB Cash Fund NIL (December 31, 2013: 1,047,760) units	-	107,159
Pakistan Cash Management Fund 4,805,062 (December 31, 2013: NIL) units	250,636	-
PICIC Cash Fund 4,494,073 (December 31, 2013: NIL) units	470,682	-
First Habib Cash Fund 2,741,355 (December 31, 2013: NIL) units	286,348	
PIML Daily Reserve Fund 3,313,161 (December 31, 2013: NIL) units	347,319	-
	6,441,389	1,375,632

	2014 Rs '000	2013 Rs '000
31.2.2 Movement in available for sale investments during the year:		
Balance at beginning of the year	1,375,632	655,341
Additions during the year	5,855,038	834,825
Disposals during the year		
Cost	(533,497)	(152,530)
Gain on disposal of available for sale investments transferred from other comprehensive income to other income	(35,727)	(49,295)
	(569,224)	(201,825)
Unrealized gain transferred to other comprehensive income	297,899	87,291
Balance at end of the year	6,959,345	1,375,632

31.2.3 This represents PIBs carried at market value between July 18, 2016 to July 17, 2017 carrying interest at the rate of 11.25% per annum. In accordance with Regulation R-11, available for sale securities have been valued at market value and the resulting surplus / (deficit) is kept in a separate account titles 'surplus on revaluation of securties through consolidated statement of comprehensive income

	Note	2014 Rs '000	2013 Rs '000
32. Cash and bank balances			
Cash in hand		49,297	41,968
Balances with banks:			
Local currency			
Current account maintained with SBP	32.1	48,518	12,001
Current accounts	32.2	529,436	335,481
Savings accounts	32.3 & 32.4	4,291,814	4,101,619
		4,869,768	4,449,101
Foreign currency			
Current accounts (USD 4,462 thousand: December 31, 2013: USD 3,922 thousand)		448,047	411,811
Savings accounts (USD 2,914 thousand: December 31, 2013: USD 2,816 thousand, Euro 191 thousand: December 31, 2013: Euro 172 thousand)		315,940	321,200
		763,987	733,011
		5,683,052	5,224,080

32.1 This includes balance held with SBP in a current account to meet the requirement of maintaining minimum balance equivalent to 5% (December 31, 2013: 5%) of U Bank's demand deposits and time deposits with tenor of less than 1 year, in accordance with regulation R-3A of the Regulations and Rs 408 thousand (December 31, 2013: Rs 408 thousand) placed for the Depositors' Protection Fund.

32.2 This includes Rs 6,365 thousand held as deposit under lien in respect of standby letter of guarantee issued to Union Pay International.

32.3 This includes Rs 170,115 thousand (December 31, 2013: Rs 152,724 thousand) under lien of bank, against letters of guarantee and letters of credit issued on behalf of the Holding Company.

32.4 Savings accounts carry mark-up ranging between 5% and 10.45% (December 31, 2013: 5% and 10.85%) per annum.

	Note	2014 Rs '000	2013 Rs '000
33. Revenue			
Telecommunication			
Domestic	33.1	117,777,541	114,247,379
International	33.2	14,359,897	19,628,681
Branchless banking and markup on advances		184,473	21,331
		132,321,911	133,897,391
Discount on prepaid cards and load		(2,403,786)	(2,673,179)
		129,918,125	131,224,212

33.1 Revenue is exclusive of Federal Excise Duty amounting to Rs 15,500,268 thousand (December 31, 2013: Rs 15,933,103 thousand).

33.2 International revenue represents revenue from foreign network operators, for calls that originate outside Pakistan, and has been shown net of interconnect cost relating to other operators and Access Promotion Charges, aggregating to Rs 5,532,300 thousand (December 31, 2013: Rs 8,738,931 thousand).

	Note	2014 Rs '000	2013 Rs '000
34. Cost of services			
Salaries, allowances and other benefits	34.1	13,719,735	12,845,471
Call centre charges		690,533	626,904
Interconnect cost		5,112,983	5,479,438
Foreign operators cost and satellite charges		9,654,592	11,034,753
Network operating cost		13,545,588	13,739,895
Fuel and power		5,879,156	4,985,357
Value added services		849,900	965,824
Cost of prepaid cards		542,888	854,793
Stores, spares and loose tools consumed		4,975,066	5,355,569
Provision for obsolete stores, spares and loose tools	23.1	126,892	478,397
Rent, rates and taxes		1,250,884	195,663
Repairs and maintenance		4,113,525	2,983,065
Printing and stationery		414,380	344,766
Travelling and conveyance		14,382	14,349
Depreciation on property, plant and equipment	18.5	23,827,752	22,345,644
Amortization of intangible assets	19.11	2,479,249	401,196
Impairment on property, plant and equipment		-	160,000
Annual license fee to PTA		1,429,896	1,106,075
Others		93,963	103,623
		88,721,364	84,020,782

34.1 This includes Rs 3,884,002 thousand (December 31, 2013: Rs 3,803,809 thousand) in respect of employees' retirement benefits.

	Note	2014 Rs '000	2013 Rs '000
35. Administrative and general expenses			
Salaries, allowances and other benefits	35.1	3,382,404	2,687,199
Call centre charges		110,994	112,138
Fuel and power		457,212	381,342
Rent, rates and taxes		631,008	713,461
Repairs and maintenance		723,566	567,783
Printing and stationery		18,626	5,323
Travelling and conveyance		496,710	464,921
Technical services assistance fee	35.2	4,547,134	4,592,847
Legal and professional charges		742,416	581,096
Auditors' remuneration	35.3	20,598	14,962
Depreciation on property, plant and equipment	18.5	1,496,436	1,478,168
Amortization of intangible assets	19.11	572,423	430,779
Research and development fund	35.4	332,075	296,975
Provision against doubtful debts	25.3	2,169,809	2,035,888
Donations	35.5	26,480	350
Postage and courier services		280,669	273,546
External services		1,249,591	1,211,337
Other expenses		1,799,348	1,730,897
		19,057,499	17,579,012

35.1 This includes Rs 487,581 thousand (December 31, 2013: Rs 480,267 thousand) in respect of employees' retirement benefits.

35.2 This represents Group's share of the amount payable to Etisalat - UAE, a related party, under an agreement for technical services at the rate of 3.5%, of the Group's consolidated revenue.

	2014 Rs '000	2013 Rs '000
35.3 Auditors' remuneration		
Statutory audit, including half yearly review	9,550	8,150
Tax services	9,146	6,037
Out of pocket expenses	770	650
Other services	1,132	125
	20,598	14,962

35.4 This represents the Group's contribution to the National Information Communication Technology, Research and Development Fund ("National ICT R&D Fund"), at the rate of 0.5% (December 31, 2013: 0.5%) of its gross revenues less inter operator payments and related PTA / FAB mandated payments, in accordance with the terms and conditions of its licenses to provide telecommunication services.

35.5 There were no donations during the year in which the directors or their spouses had any interest.

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FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 Rs '000	2013 Rs '000
36. Selling and marketing expenses			
Salaries, allowances and other benefits	36.1	2,175,516	2,048,586
Call centre charges		73,996	62,690
Sales and distribution charges		1,809,603	1,886,354
Fuel and power		130,648	110,786
Printing and stationery		4,272	3,554
Travelling and conveyance		14,382	14,349
Advertisement and publicity		3,460,091	3,411,267
Depreciation on property, plant and equipment	18.5	63,704	60,805
Others		33,863	36,523
		7,766,075	7,634,914

36.1 This includes Rs 438,113 thousand (December 31, 2013: Rs 433,387 thousand) in respect of employees' retirement benefits.

37. Voluntary separation scheme cost

During the year, the Holding Company offered a voluntary separation scheme (VSS) to certain categories of its employees. The benefits offered over and above the accumulated post retirement benefit obligations as at December 31, 2014 have been treated as VSS cost. Out of 3,100 employees who opted for the Scheme, 2,462 belong to pension scheme both funded and unfunded pension scheme and 638 to Gratuity Scheme. The amount of actuarial gain / loss on settlement for employees who have opted for VSS have also been adjusted / charged against the VSS cost. The break-up of the VSS cost is as follows:

	Note	2014 Rs '000	2013 Rs '000
Actuarial loss recognized on settlement		4,063,232	-
Other VSS cost			
Transition pay		2,400,853	-
Early bird bonus		568,500	-
Allowance benefits		506,883	-
Program bonus		375,450	-
Health fund		60,224	-
Difference of minimum package		66,928	-
Loan write off	37.1	102,011	-
Others		30,455	-
		4,111,304	-
		8,174,536	-

37.1 This includes Rs 10,950 thousand (December 31, 2013: nil) written off against receivables in respect of leased motorcycles.

	Note	2014 Rs '000	2013 Rs '000
38. Other income			
Income from financial assets:			
Return on bank deposits		3,054,798	2,392,075
Interest on investment in Government securities		39,583	-
Late payment surcharge from subscribers on over due bills		282,307	199,860
Recovery from written off defaulters		86,181	142,736
Late delivery charges		1,751	124,897
Exchange gain		-	173,296
Dividend income		10,000	-
Gain on sale of short term investments through profit or loss		-	597,707
Gain on fair value remeasurement of forward exchange contracts		-	12,856
Gain on disposal of available for sale investments		35,727	-
Imputed interest net of unwinding of interest on long term loans		28,030	-
Mark up on long term loans		10,165	8,006
Others		1,058	508
		3,549,600	3,651,941
Gain on disposal of property, plant and equipment		65,658	61,325
Amortization of deferred government grants	13	381,602	291,541
Pre-deposit income		221,063	373,012
Others		257,724	66,070
		4,475,647	4,443,889
39. Finance costs			
Interest on:			
long term loans from banks		966,684	797,833
long term vendor liability		249,213	572,476
other liabilities		32,698	21,040
finance lease		-	21,604
license fee payable		160,727	-
Bank and other charges		253,995	255,895
Unrealized expense on forward exchange contract revaluation		62,765	-
Exchange loss		1,222,073	779,777
Imputed interest related to			
finance lease		13,437	13,652
License fee payable		608,868	7,940
long-term loans		(4,646)	170,081
		3,565,814	2,640,298

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FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Rs '000	2013 Rs '000
40. Provision for income tax charge / (credit) for the year		
Current		
- for the year	2,589,005	7,283,059
- for prior year	(201,026)	(841,545)
	2,387,979	6,441,514
Deferred		
- for the year	(368,401)	1,193,640
- for the prior year	206,209	841,545
- due to change in rate of taxation	-	(435,339)
	(162,192)	1,599,846
	2,225,787	8,041,360

40.1 Tax charge reconciliation

The numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:

	2014 Percentage	2013 Percentage
Applicable tax rate	33.00	34.00
Utilization of minimum tax paid in prior years, not recognized as deferred tax asset	-	(0.62)
Tax effect of amounts chargeable to tax at lower rates	(0.21)	-
Tax effect of amounts that are not deductible for tax purposes	2.35	2.03
Others	0.80	(1.61)
	2.94	(0.20)
Average effective tax rate charged to the consolidated statement of profit and loss	35.94	33.80

40.2 Tax on items directly credited to other comprehensive income amounting to Rs 2,044,007 thousand (December 31, 2013: Rs 1,800,549 thousand) represents deferred tax credit in respect of remeasurement loss on defined benefit plans and deferred tax charge in respect of gain on remeasurement of available for sale investments.

		2014	2013
41. Earnings per share - basic and diluted			
Profit for the year	Rupees in thousand	3,966,649	15,752,775
Weighted average number of ordinary shares	Number in thousand	5,100,000	5,100,000
Earnings per share	Rupees	0.78	3.09

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
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42. Non funded finance facilities

The Holding Company has non funded financing facilities available with banks, which include facilities to avail letters of credit and letters of guarantee. The aggregate facility of Rs 13,700,000 thousand (December 31,2013: Rs 17,100,000 thousand) and Rs 9,800,000 thousand (December 31, 2013: Rs 9,800,000 thousand) is available for letters of credit and letters of guarantee respectively, out of which the facility availed at the year end is Rs 9,295,542 thousand (December 31, 2013: Rs 5,360,149 thousand) and Rs 6,723,465 thousand (December 31, 2013 Rs 6,765,816 thousand) respectively. The letter of guarantee facility is secured by a hypothecation charge over certain assets of the Holding Company, amounting to Rs 21,383,333 thousand (December 31, 2013: Rs 21,383,333 thousand).

43. Cash generated from operations

	2014 Rs '000	2013 Rs '000
Profit before tax	6,192,436	23,794,135
Adjustments for non-cash charges and other items:		
Depreciation and amortization	28,439,564	24,716,592
Impairment	-	160,000
Provision for obsolete stores, spares and loose tools	126,892	478,397
Provision for doubtful trade debts and other receivables	2,171,856	2,035,888
(Reversal) for stock and warranty against mobile phones	(16,789)	(80,347)
Employees' retirement benefits	4,705,411	4,642,806
Voluntary separation scheme cost	8,174,536	-
Gain on disposal of property, plant and equipment	(65,658)	(61,325)
Loss of property, plant and equipment due to fire	907,230	-
Return on bank deposits	(3,054,798)	(2,392,075)
Interest income on long term loans	(10,165)	(8,006)
Dividend income	(10,000)	-
Gain on disposal of available for sale investments	(35,727)	-
Amortization of government grants	(381,602)	(291,541)
Finance costs	2,948,155	2,438,649
Imputed interest on license fee	608,868	7,940
Unearned income on finance lease	13,437	13,652
Imputed interest on long term loans	(34,796)	170,081
Loss / (gain) on fair value adjustment for forward exchange contracts	62,765	(12,856)
Share of loss / (profit) from associate	8,818	(1,040)
	50,750,433	55,610,950
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	676,379	(1,219,089)
Stock in trade	140,963	(79,447)
Trade debts	255,930	(4,099,117)
Loans and advances	(729,024)	(256,031)
Recoverable from tax authorities	(451,990)	501,541
Deposits, prepayments and other receivables	(1,114,148)	(764,714)
	(1,221,890)	(5,916,857)
Increase / (decrease) in current liabilities:		
Trade and other payables	5,844,210	10,227,680
Advances from customers	206,400	(26,363)
	6,050,610	10,201,317
	55,579,153	59,895,410

	Note	2014 Rs '000	2013 Rs '000
44. Cash and cash equivalents			
Short term investments	31	6,959,345	22,950,405
Cash and bank balances	32	5,683,052	5,224,080
Short term running finance	16	-	(605,487)
		12,642,397	27,568,998

45. Remuneration of Directors, Chief Executive Officer and executives

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

	Chairman		Chief Executive Officer		Executives			
					Key management personnel		Other executives	
	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000
Managerial remuneration	-	-	160,292	142,124	449,602	390,997	1,720,121	1,498,195
Honorarium	300	300	-	-	11,321	-	13,263	664
Bonus	-	-	23,664	20,120	73,855	38,782	222,910	126,185
Retirement benefits	-	-	23,025	20,029	101,332	73,089	323,964	249,034
Housing	-	-	-	-	193,302	162,813	658,777	575,149
Utilities	-	-	-	-	44,356	38,405	114,197	106,196
	300	300	206,981	182,273	873,768	704,086	3,053,232	2,555,423
Number of persons	1	1	1	1	78	71	1,329	1,163

The Group also provides free medical and limited residential telephone facilities, to all its executives, including the Chief Executive Officer. The Chairman is entitled to free transport and a limited residential telephone facility, whereas, the Directors of the Group are provided only with limited telephone facilities; certain executives are also provided with the Group maintained cars.

The aggregate amount charged in the consolidated financial statements for the year as fee paid to 12 non executive directors (December 31, 2013: 13 non executive directors), is Rs 99,885 thousand (December 31, 2013: Rs 88,466 thousand) for attending the Board of Directors, and its sub-committee meetings.

46. Rates of exchange

Assets in US dollars have been translated into Rupees at USD 1 = Rs 100.40 (December 31, 2013: USD 1 = Rs 105.00), while liabilities in US dollars have been translated into Rupees at USD 1 = Rs 100.60 (December 31, 2013: USD 1 = Rs 105.20).

47. Financial risk management

47.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board has prepared a 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Arab Emirates Dirham (AED) and EURO (EUR). Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Group's exposure to currency risk is as follows:

	2014 Rs '000	2013 Rs '000
USD		
Trade and other payables	(6,182,974)	(6,013,030)
Long term vendor liability	(6,203,595)	(5,965,873)
License fee payable	(33,866,990)	(157,800)
Trade debts	3,253,969	5,743,962
Cash and bank balances	740,603	707,468
Net exposure	(42,258,987)	(5,685,273)
EUR		
Trade and other payables	(225,216)	(47,607)
Trade debts	100,255	52,626
Cash and bank balances	23,433	24,979
Net exposure	(101,528)	29,998
AED		
Trade and other payables	(52,715)	(55,121)

The following significant exchange rates were applied during the year:

	2014	2013
Rupees per USD		
Average rate	101.16	101.62
Reporting date rate		
Assets	100.40	105.00
Liabilities	100.60	105.20
Rupees per EURO		
Average rate	134.50	134.98
Reporting date rate	122.37	145.10
Rupees per AED		
Average rate	27.54	27.67
Reporting date rate	27.39	28.64

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, AED and EUR with all other variables held constant, the impact on profit after taxation for the year would have been Rs 1,420,843 thousand (December 31, 2013: Rs 188,443 thousand) respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity securities price risk because of the investments held by the Group in money market mutual funds and classified on the consolidated statement of financial position as available for sale. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio.

Financial assets include investments of Rs 6,959,345 thousand (December 31, 2013: Rs 1,375,632 thousand) which were subject to price risk.

If redemption price on mutual funds/PIBs, at the year end date, fluctuate by 5% higher / lower with all other variables held constant, total comprehensive income for the year would have been Rs 347,967 thousand (December 31, 2013: Rs 68,782 thousand) higher / lower, mainly as a result of higher / lower redemption price on units of mutual funds.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The interest rate profile of the Group's interest bearing financial instruments at the year end :

	2014 Rs '000	2013 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	740,000	859,124
Short term investments - term deposits	12,000,000	21,280,037
Treasury Bills	-	294,736
Bank balances - savings accounts	4,607,754	4,422,819
	17,347,754	26,856,716
Financial liabilities		
Floating rate instruments:		
Long term loans from banks	15,000,000	-
License fee payable	7,419,250	-
Liability against assets subject to finance lease	73,796	90,415
Long term vendor liability	9,141,202	4,201,345
Short term running finance	-	605,487
	31,634,248	4,897,247

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value. Therefore, a change in interest rates at the date of consolidated statement of financial position would not affect the total comprehensive income of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate instruments of the Group, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs 211,949 thousand (December 31, 2013: Rs 32,322 thousand) higher / lower, mainly as a result of higher / lower markup income on floating rate loans / investments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation. The maximum exposure to credit risk at the reporting date is as follows:

	2014 Rs '000	2013 Rs '000
Long term loans and advances	2,925,795	3,955,888
Trade debts	15,511,235	17,936,974
Accrued interest	330,823	509,512
Loans and advances	2,114,096	1,387,119
Other receivables	6,577,584	1,552,582
Short term investments	18,441,389	22,950,405
Bank balances	5,633,755	5,182,112
	51,534,677	53,474,592

The credit risk on liquid funds is limited, because the counter parties are banks with reasonably high credit ratings. In case of trade debts the Group believes that it is not exposed to a major concentration of credit risk, as its exposure is spread over a large number of counter parties and subscribers.

The credit quality of bank balances and short term investments, that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating		
	Short term	Long term	Agency	2014 Rs '000	2013 Rs '000
National Bank of Pakistan	A-1+	AAA	JCR-VIS	8,736,388	4,698,615
Bank Alfalah Limited	A1+	AA	PACRA	146,669	5,398,370
MCB Bank Limited	A1+	AAA	PACRA	386,704	276,357
Soneri Bank Limited	A1+	AA-	PACRA	6,781	508,747
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,482	4,015
Industrial Commercial Bank of China	P-1	A1	Moody's	7,501	6,397
The Bank of Punjab	A1+	AA-	PACRA	40	11,027
NIB Bank Limited	A1+	AA-	PACRA	71,728	4,364,287
Habib Bank Limited	A-1+	AAA	JCR-VIS	626,112	595,477
Faysal Bank Limited	A1+	AA	PACRA	231,317	10,988
Askari Bank Limited	A1+	AA	PACRA	18,170	5,998,123
Allied Bank Limited	A1+	AA+	PACRA	5,193,970	108,200
United Bank Limited	A-1+	AA+	JCR-VIS	696,938	17,497
KASB Bank Limited	C	B	PACRA	1,408	-
Bank Al-Habib Limited	A1+	AA+	PACRA	181,605	357,703
Summit Bank Limited	A-1	A-	JCR-VIS	99,624	31,952
Dubai Islamic Bank (Pakistan) Limited	A-1	A+	JCR-VIS	192,020	195,240

	Rating Short term	Rating Long term	Rating Agency	2014 Rs '000	2013 Rs '000
Citibank, N.A	P-1	A2	Moody's	199,141	206,954
HSBC Bank Middle East Limited	P-1	A2	Moody's	1,365	467
SME Bank Limited	A3	BBB-	PACRA	25,179	1
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	36,966	54,750
JS Bank Limited	A1	A+	PACRA	49	1,000,534
Meezan Bank Limited	A-1+	AA	JCR-VIS	427,510	220,510
Sindh Bank Limited	A-1+	AA-	JCR-VIS	457	1,998,779
Barclays Bank PLC	A-1	A	S&P's	36,961	5,210
Samba Bank Limited	A-1	AA-	JCR-VIS	33,342	1
Burj Bank Limited	A-1	A	JCR-VIS	-	69
Khushhali Bank Limited	A-1	A	JCR-VIS	225,810	379,878
Emirates Global Islamic Bank				1	-
Other banks				-	12,001
Mutual funds					
- Pakistan Cash Management Fund	-	AAA(f)	PACRA	250,636	-
- NAFA Money Market Fund	-	AA(f)	PACRA	1,171,606	209,907
- MCB Cash Management Optimizer	-	AA(f)	PACRA	962,697	143,993
- Atlas Money Market Fund	-	AA+(f)	PACRA	667,980	163,764
- HBL Money Market Fund	-	AA(f)	PACRA	521,577	106,717
- IGI Money Market Fund	-	AA+(f)	PACRA	282,414	164,112
- JS Cash Fund	-	AA+(f)	JCR-VIS	130,028	162,958
- ABL Cash Fund	-	AA(f)	JCR-VIS	855,256	107,631
- KASB Cash Fund	-	AA(f)	PACRA	-	107,159
- Faysal Money Market Fund	-	AA+(f)	JCR-VIS	378,158	101,910
- Askari Sovereign Cash Fund	-	AAA(f)	PACRA	116,688	107,481
- PIML Daily Reserve Fund	-	AA+(f)	PACRA	347,319	-
- First Habib Cash Fund	-	AA(f)	PACRA	286,348	-
- PICIC Cash Fund	-	AA(f)	PACRA	470,682	-
				24,026,627	27,837,781

Due to the Group's long standing business relationships with these counterparties, and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group follows an effective cash management and planning policy to ensure availability of funds, and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities as at December 31, 2014:

	Carrying amount Rs '000	Less than one year Rs '000	One to five years Rs '000	More than five years Rs '000
Long term loans from banks	15,000,000	-	15,000,000	-
Short term running finance	-	-	-	-
Liability against assets subject to finance lease	73,796	31,977	41,819	-
License fee payable	29,999,723	4,406,841	19,214,617	6,378,265
Long term security deposits	1,492,410	-	545,633	946,777
Employees' retirement benefits	33,302,010	-	-	33,302,010
Long term vendor liability	22,747,540	12,926,785	9,820,755	-
Trade and other payables	53,262,248	53,262,248	-	-
Interest accrued	695,321	695,321	-	-
	141,573,048	71,323,172	29,622,824	40,627,052

The following are the contractual maturities of financial liabilities as at December 31, 2013:

	Carrying amount Rs '000	Less than one year Rs '000	One to five years Rs '000	More than five years Rs '000
Long term loans from banks	-	-	-	-
Short term running finance	605,487	605,487	-	-
Liability against assets subject to finance lease	90,415	31,977	58,438	-
License fee payable	144,998	51,151	93,847	-
Long term security deposits	1,494,253	-	525,735	968,518
Employees' retirement benefits	33,320,384	-	-	33,320,384
Long term vendor liability	12,693,477	6,109,004	6,584,473	-
Trade and other payables	45,888,812	45,888,812	-	-
Interest accrued	120,251	120,251	-	-
	94,358,077	52,806,682	7,262,493	34,288,902

47.2 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

	Available for sale		Loans and receivables		Total	
	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000
47.3 Financial instruments by categories						
Financial assets as per statement of financial position						
Long term investments	83,900	83,900	-	-	83,900	83,900
Long term loans and advances	-	-	2,925,795	3,955,888	2,925,795	3,955,888
Trade debts	-	-	15,511,235	17,936,974	15,511,235	17,936,974
Loans and advances	-	-	2,114,096	1,387,119	2,114,096	1,387,119
Accrued interest	-	-	330,823	509,512	330,823	509,512
Receivable from the Government of Pakistan	-	-	2,164,072	2,164,072	2,164,072	2,164,072
Deposits and other receivables	-	-	6,577,584	1,552,582	6,577,584	1,552,582
Short-term investments	6,959,345	1,375,632	12,000,000	21,574,773	18,959,345	22,950,405
Cash and bank balances	-	-	5,683,052	5,224,080	5,683,052	5,224,080
	7,043,245	1,459,532	47,306,657	54,305,000	54,349,902	55,764,532

	Liabilities at fair value through profit and loss		Other financial liabilities		Total	
	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000	2014 Rs '000	2013 Rs '000
Financial liabilities as per statement of financial position						
Loans from Banks	-	-	15,000,000	-	15,000,000	-
Liability against assets subject to finance lease	-	-	73,796	90,415	73,796	90,415
License fee payable	-	-	29,999,723	4,406,841	29,999,723	4,406,841
Long term security deposits	-	-	1,492,410	1,494,253	1,492,410	1,494,253
Employees' retirement benefits	-	-	33,302,010	33,320,384	33,302,010	33,320,384
Vendor liability	-	-	22,747,540	12,693,477	22,747,540	12,693,477
Trade and other payables	-	-	53,401,715	46,086,305	53,401,715	46,086,305
Interest accrued	-	-	695,321	120,251	695,321	120,251
Short term running finance	-	-	-	605,487	-	605,487
Forward foreign exchange contracts	108,167	45,402	-	-	108,167	45,402
	108,167	45,402	156,712,515	98,817,413	156,820,682	98,862,815

47.4 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the Group's business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

(i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce the debt.

For working capital and capital expenditure requirements, the Group relies on internal cash generation and does not have any significant borrowings.

	2014 Rs '000	2013 Rs '000

48. Employees' provident funds

Details of the Group's employees' provident funds are given below:

	2014 Rs '000	2013 Rs '000
Total assets	4,681,987	4,261,565
Cost of investments made	4,222,876	3,901,321
Percentage of investments made	90.2%	91.5%
Fair value of investments	4,353,390	3,951,990

	2014		2013	
	Rs '000	Percentage	Rs '000	Percentage
Break up of investments - at cost				
Term finance certificates	-	-	144,450	3.70
Pakistan Investment Bonds	2,047,865	48.49	48,744	1.25
Mutual Funds	565,000	13.38	80,000	2.05
Term deposits	1,237,613	29.31	3,191,494	81.81
Treasury bills	311,380	7.37	-	-
Interest bearing accounts	61,018	1.45	436,633	11.19
	4,222,876	100.00	3,901,321	100.00

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

49. Transactions with related parties

The Government of Pakistan and Etisalat International Pakistan (EIP), UAE are the majority shareholders of the Group. Therefore, all related entities of the Government of Pakistan and EIP are related parties of the Group. Additionally, the Group's associate T.F. Pipes Limited, directors, chief executive, key management personnel and employee funds are also related parties of the Group. The remuneration of the directors, chief executive and executives is given in note 45 to the financial statements. The amounts due from and due to these related parties are shown under respective receivables and payables. The Group had transactions with the following related parties during the year:

Shareholders
- Etisalat International Pakistan

Associated undertakings
- Emirates Telecommunication Corporation
- Etisalat - Afghanistan
- Etihad Etisalat Company
- Etisalat - Srilanka
- Etisalat - Egypt
- Emirates Data Clearing House
- Etisalat International Zantel Limited
- Thuraya Satellite Telecommunication Company
- T. F. Pipes Limited
- Telecom Foundation
- Atlantique Telecom
- Pakistan MNP Database (Guarantee) Limited

Employees' retirement benefit plans
- Pakistan Telecommunication Employees' Trust
- PTML - Employees' Provident Fund
- PTML - Employees' Gratuity Fund
- U Bank - Employees' Provident Fund

Other related parties
Pakistan Telecommunication Authority - The Government of Pakistan
Universal Service Fund - The Government of Pakistan
The Government of Pakistan and its related entities

	2014 Rs '000	2013 Rs '000
Shareholders		
Technical services assistance fee	4,547,134	4,592,847
Associates		
Sale of goods and services	58,341	188,658
Purchase of goods and services	2,008,549	1,679,457
Expenses reimbursed to		
Pakistan MNP Database (Gurantee) Limited	37,183	18,150
Employees' retirement benefit plan		
Contribution to the plans	12,763,996	8,656,186
Rentals paid to PTET	200,000	166,667
Other related parties		
Sale of goods and services	1,482,836	1,118,470
Charge under license obligations	2,861,040	2,341,120

50. Operating segment information

50.1 Management has determined the operating segments based on the information that is presented to the Board of Directors for allocation of resources and assessment of performance. The Group is organised into two operating segments i.e. fixed line communications (Wire line) and wireless communications (Wireless). The reportable operating segments derive their revenue primarily from voice, data and other services.

50.2 The Board of Directors monitor the results of the above mentioned segments for the purpose of making decisions about the resources to be allocated and for assessing performance based on total comprehensive income for the year.

50.3 The segment information for the reportable segments is as follows:

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
Year ended December 31, 2014			
Segment revenue	72,572,607	64,656,162	137,228,769
Inter - segment revenue	(5,513,721)	(1,796,923)	(7,310,644)
Revenue from external customers	67,058,886	62,859,239	129,918,125
Segment results	2,167,437	1,799,212	3,966,649
Year ended December 31, 2013			
Segment revenue	74,158,468	64,995,426	139,153,894
Inter - segment revenue	(5,658,369)	(2,271,313)	(7,929,682)
Revenue from external customers	68,500,099	62,724,113	131,224,212
Segment results	9,534,414	6,218,361	15,752,775

Information on assets and liabilities of the segments is as follows:

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
As at December 31, 2014			
Segment assets	141,099,038	150,900,342	291,999,380
Segments liabilities	81,320,765	101,277,772	182,598,537
As at December 31, 2013			
Segment assets	152,509,735	87,530,515	240,040,250
Segments liabilities	80,279,897	40,396,596	120,676,493

50.4 Other segment information is as follows:

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
Year ended December 31, 2014			
Depreciation	10,253,040	15,134,852	25,387,892
Amortization	165,389	2,886,283	3,051,672
Finance cost	262,817	3,302,997	3,565,814
Interest income	2,520,457	612,119	3,132,576
Income tax expense	1,216,204	1,009,583	2,225,787
Share of loss from associate	8,818	-	8,818
Year ended December 31, 2013			
Depreciation	10,376,844	13,507,773	23,884,617
Amortization	155,695	676,280	831,975
Finance cost	346,477	2,293,821	2,640,298
Interest income	1,714,581	685,500	2,400,081
Income tax expense	4,867,369	3,173,991	8,041,360
Share of profit from associate	1,040	-	1,040

50.5 The Group's customer base is diverse with no single customer accounting for more than 10% of net revenues.

50.6 The amount of revenue from external parties, total segment assets and segment liabilities is measured in a manner consistent with that of the financial information reported to the Board of Directors.

50.7 Breakdown of the revenue from all services by category is as follows:

	2014 Rs '000	2013 Rs '000
Voice	70,268,871	82,784,277
Data	48,114,963	44,393,340
Other services	11,534,291	4,046,595
	129,918,125	131,224,212

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	(Number)	
51. Number of employees		
Total number of persons employed at year end	20,102	23,606
Average number of employees during the year	23,045	23,532

52. Offsetting of financial assets and liabilities

Trade debts presented in the consolidated statement of financial position include aggregate receivable of Rs 8,561,244 thousand (December 31, 2013: Rs 8,683,713 thousand) set off against aggregate payable of Rs 6,064,737 thousand (December 31, 2013: Rs 5,847,644 thousand).

Trade and other payables presented in the consolidated statement of financial position include aggregate payable of Rs 8,881,766 thousand (December 31, 2013: Rs 10,725,749 thousand) set off against aggregate receivable of Rs 7,142,212 thousand (December 31, 2013: Rs 8,028,907 thousand).

53. Corresponding figures

Corrosponding figures have been rearranged and reclassified where necessary for more appropriate presentation of transactions and balances. Significant rearrangements and reclassifications in the consolidated finanical statements are as follows:

From	To	Rs '000
Consolidated Statement of Financial Position		
Trade and other payables	Deposits, prepayments and other receivables	351,855
Deposits, prepayments and other receivables	Trade debts	72,539
Consolidated Statement of Profit and Loss		
Cost of services	Administrative expenses	10,549
Selling and marketing expenses	Administrative expenses	63,302
Other income	Selling and marketing expenses	93,842

54. Non adjusting event after the date of statement of financial position

The Board of Directors of the Holding Company in its meeting held on February 10, 2015 has recommended a final dividend of Rs 1.5 per share for the year ended December 31, 2014, amounting to Rs 7,650,000 thousand, for approval of the members in the forth coming Annual General Meeting of the Holding Company.

55. Date of authorization for issue

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on February 10, 2015.

Chairman

President & CEO

ANNEXES

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2014

No. of shareholders	Shareholdings From	To	Total shares held
25,163	1	100	2,488,235
9,133	101	500	2,826,451
2,967	501	1,000	2,625,900
3,236	1,001	5,000	8,826,757
842	5,001	10,000	7,006,740
294	10,001	15,000	3,810,188
198	15,001	20,000	3,733,718
142	20,001	25,000	3,396,989
81	25,001	30,000	2,329,400
51	30,001	35,000	1,685,284
62	35,001	40,000	2,411,546
28	40,001	45,000	1,210,448
76	45,001	50,000	3,776,813
19	50,001	55,000	1,009,366
21	55,001	60,000	1,229,979
6	60,001	65,000	383,500
8	65,001	70,000	547,000
21	70,001	75,000	1,558,500
12	75,001	80,000	948,744
6	80,001	85,000	502,421
11	85,001	90,000	981,900
4	90,001	95,000	374,500
55	95,001	100,000	5,478,169
2	100,001	105,000	201,270
10	105,001	110,000	1,084,800
3	110,001	115,000	338,500
6	115,001	120,000	712,289
8	120,001	125,000	993,806
5	125,001	130,000	645,647
4	130,001	135,000	538,500
5	135,001	140,000	688,757
2	140,001	145,000	283,500
15	145,001	150,000	2,240,242
5	150,001	155,000	763,400
1	155,001	160,000	160,000
3	160,001	165,000	493,901
1	165,001	170,000	167,490
4	170,001	175,000	696,000
2	175,001	180,000	353,000
2	180,001	185,000	370,000
4	185,001	190,000	751,000
20	195,001	200,000	3,997,700
2	200,001	205,000	410,000
1	205,001	210,000	208,000
2	215,001	220,000	439,136
2	225,001	230,000	456,900
2	230,001	235,000	467,300
2	235,001	240,000	475,500
1	240,001	245,000	245,000
5	245,001	250,000	1,242,117
2	250,001	255,000	505,250
2	260,001	265,000	527,921
2	270,001	275,000	544,084
2	275,001	280,000	555,900
1	280,001	285,000	283,311
1	290,001	295,000	293,700
5	295,001	300,000	1,500,000
2	300,001	305,000	603,500
2	305,001	310,000	611,000
2	310,001	315,000	624,500

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2014

No. of shareholders	Shareholdings From	To	Total shares held
1	315,001	320,000	319,500
1	320,001	325,000	324,000
1	325,001	330,000	328,408
1	330,001	335,000	334,860
1	335,001	340,000	339,500
5	345,001	350,000	1,750,000
2	350,001	355,000	708,400
1	360,001	365,000	363,965
1	365,001	370,000	366,000
1	370,001	375,000	371,000
1	375,001	380,000	380,000
1	380,001	385,000	385,000
1	385,001	390,000	387,073
1	400,001	405,000	402,968
2	405,001	410,000	817,000
1	415,001	420,000	416,000
1	425,001	430,000	430,000
1	445,001	450,000	450,000
1	450,001	455,000	450,201
4	495,001	500,000	2,000,000
1	505,001	510,000	509,877
1	535,001	540,000	535,500
1	550,001	555,000	554,800
2	570,001	575,000	1,147,100
1	580,001	585,000	581,500
3	600,001	605,000	1,810,318
1	650,001	655,000	650,600
1	655,001	660,000	657,500
2	680,001	685,000	1,366,000
1	690,001	695,000	690,400
1	720,001	725,000	722,510
2	730,001	735,000	1,465,400
1	740,001	745,000	745,000
1	750,001	755,000	751,993
1	785,001	790,000	787,000
1	830,001	835,000	832,000
1	855,001	860,000	858,000
2	860,001	865,000	1,727,854
1	870,001	875,000	872,500
1	875,001	880,000	877,532
3	890,001	895,000	2,675,500
1	895,001	900,000	900,000
1	930,001	935,000	934,500
1	1,025,001	1,030,000	1,026,000
1	1,045,001	1,050,000	1,046,318
1	1,050,001	1,055,000	1,054,049
1	1,085,001	1,090,000	1,086,000
1	1,110,001	1,115,000	1,113,823
1	1,190,001	1,195,000	1,192,500
4	1,195,001	1,200,000	4,794,492
1	1,200,001	1,205,000	1,204,500
1	1,240,001	1,245,000	1,242,949
1	1,270,001	1,275,000	1,272,000
1	1,305,001	1,310,000	1,307,468
1	1,330,001	1,335,000	1,333,103
3	1,395,001	1,400,000	4,196,623
1	1,445,001	1,450,000	1,446,000
1	1,465,001	1,470,000	1,470,000
1	1,520,001	1,525,000	1,520,018
1	1,545,001	1,550,000	1,546,700

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2014

No. of shareholders	Shareholdings From	To	Total shares held
1	1,600,001	1,605,000	1,601,000
1	1,625,001	1,630,000	1,625,500
1	1,660,001	1,665,000	1,663,000
1	1,680,001	1,685,000	1,681,670
1	1,765,001	1,770,000	1,768,500
1	1,845,001	1,850,000	1,850,000
1	1,995,001	2,000,000	2,000,000
1	2,020,001	2,025,000	2,022,000
1	2,075,001	2,080,000	2,075,739
1	2,130,001	2,135,000	2,131,000
1	2,195,001	2,200,000	2,200,000
1	2,320,001	2,325,000	2,325,000
1	2,435,001	2,440,000	2,440,000
1	2,510,001	2,515,000	2,515,000
1	2,615,001	2,620,000	2,617,562
1	2,665,001	2,670,000	2,669,485
1	2,670,001	2,675,000	2,673,659
1	2,680,001	2,685,000	2,684,000
1	2,765,001	2,770,000	2,767,500
2	2,955,001	2,960,000	5,916,800
1	3,005,001	3,010,000	3,010,000
1	3,080,001	3,085,000	3,084,050
1	3,115,001	3,120,000	3,120,000
1	3,305,001	3,310,000	3,306,700
1	3,335,001	3,340,000	3,339,300
1	3,345,001	3,350,000	3,347,600
1	3,405,001	3,410,000	3,408,884
1	3,420,001	3,425,000	3,422,500
1	3,450,001	3,455,000	3,451,639
1	3,585,001	3,590,000	3,588,000
1	3,990,001	3,995,000	3,991,910
1	4,070,001	4,075,000	4,075,000
1	4,325,001	4,330,000	4,328,399
1	4,470,001	4,475,000	4,474,100
1	4,610,001	4,615,000	4,611,500
1	4,935,001	4,940,000	4,938,998
1	4,995,001	5,000,000	5,000,000
1	5,015,001	5,020,000	5,019,400
1	6,675,001	6,680,000	6,679,477
1	7,095,001	7,100,000	7,100,000
1	7,295,001	7,300,000	7,297,593
1	8,970,001	8,975,000	8,973,400
1	9,925,001	9,930,000	9,927,500
1	10,050,001	10,055,000	10,052,695
1	10,145,001	10,150,000	10,149,500
1	10,795,001	10,800,000	10,800,000
1	14,195,001	14,200,000	14,199,037
1	19,735,001	19,740,000	19,739,500
1	20,005,001	20,010,000	20,005,911
1	30,700,001	30,705,000	30,701,000
1	34,360,001	34,365,000	34,361,854
1	36,795,001	36,800,000	36,800,000
1	55,890,001	55,895,000	55,893,800
1	57,060,001	57,065,000	57,060,074
1	196,385,001	196,390,000	196,387,991
1	407,805,001	407,810,000	407,809,524
1	918,190,001	918,195,000	918,190,476
1	2,974,680,000	2,974,685,000	2,974,680,002
42,717		TOTAL	5,100,000,000

CATEGORIES OF SHAREHOLDERS

AS AT DECEMBER 31, 2014

S. No.	Categories of Shareholders	No. of shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children.	10	245,009	0.00
2	Associated Companies, undertakings and related parties.	2	1,326,000,000	26.00
3	NIT and ICP	3	3,400	0.00
4	Banks Development Financial Institutions, Non Banking Financial Institutions.	26	112,522,686	2.21
5	Insurance Companies	13	67,392,258	1.32
6	Modarabas and Mutual Funds	41	34,224,958	0.67
7	Shareholders holding 10%	4	4,497,067,993	88.18
8	General Public :			
	a. Local	41,935	95,714,378	1.88
	b. Foreign	344	398,300	0.01
9	President of Pakistan	2	3,171,067,993	62.18
10	Others	341	292,431,018	5.73
	Total (excluding : shareholders holding 10%)	42,717	5,100,000,000	100.00

Trades in PTCL Shares

The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children have not traded in PTCL shares during the year ended December 31, 2014.

INFORMATION AS REQUIRED UNDER CCG
AS AT DECEMBER 31, 2014

S. No.	Shareholder's category	Number of shareholders	Number of shares held
i.	Associated Companies, Undertakings and Related Parties (name wise details)		
	ETISALAT INTERNATIONAL PAKISTAN (LLC) - FIRST CDC ACCOUNT	1	918,190,476
	ETISALAT INTERNATIONAL PAKISTAN (LLC) - SECOND CDC ACCOUNT	1	407,809,524
	Total :	2	1,326,000,000
ii.	Mutual Funds (name wise details)		
	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	135,257
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	1,681,670
	CDC - TRUSTEE ALFALAH GHP ISLAMIC FUND	1	185,500
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	154,500
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	385,000
	CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	1	5,000
	CDC - TRUSTEE ATLAS INCOME FUND - MT	1	354,500
	CDC - TRUSTEE FAYSAL INCOME & GROWTH FUND - MT	1	500
	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	147,000
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	273,000
	CDC - TRUSTEE FIRST HABIB STOCK FUND	1	55,000
	CDC - TRUSTEE IGI INCOME FUND - MT	1	25,000
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	1,113,823
	CDC - TRUSTEE MEEZAN BALANCED FUND	1	722,510
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	14,199,037
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	1,199,200
	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	1	313,500
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	324,000
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	1	416,000
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	575,000
	CDC - TRUSTEE NAFA MULTI ASSET FUND	1	339,500
	CDC - TRUSTEE NAFA STOCK FUND	1	862,900
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	3,408,884
	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1	1,333,103
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	3,451,639
	CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	1	245,117
	CDC - TRUSTEE PICIC INCOME FUND - MT	1	2,000
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	100,000
	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	95,000
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	407,000
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	872,500
	FAMANDSFORENINGEN LAERERNES PENSION INVEST [1547-5]	1	311,000
	GLOBAL X FUNDS [000910600030]	1	751,993
	MC FSL - TRUSTEE JS KSE-30 INDEX FUND	1	24,218
	NATIONAL BANK OF PAKISTAN TRUSTEE WING	2	3,000
	POLUNIN FUNDS [1500-0]	1	3,339,300
	SILK -ROAD FRONTIERS FUND	1	334,860
	THE NOMURA TRUST AND BANKING CO., LTD. [1444-5]	1	134,500
	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRESSIVE FUND	1	200,000
	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCE FUND (BF)	1	200,000
	Total :	41	38,681,511

S. No.	Shareholder's category	Number of shareholders	Number of shares held
iii.	Directors and their spouse(s) and minor children (name wise details)		
	MR. AZMAT ALI RANJHA	1	1
	DR. DANIEL RITZ	1	1
	DR. WAQAR MASOOD KHAN	1	245,000
	DR. WAQAR MASOOD KHAN	1	1
	MR. ABDULRAHIM A. AL NOORYANI	1	1
	MR. FADHIL MUHAMMAD ERHAMA AL ANSARI	1	1
	MR. MUDASSAR HUSSAIN	1	1
	MR. RAINER RATHGEBER	1	1
	SARDAR AHMAD NAWAZ SUKHERA	1	1
	MR. SERKAN OKANDAN	1	1
	Total :	10	245,009
iv.	Executives	-	-
	Total :	NIL	NIL
v.	Public Sector Companies and Corporations	4	58,478,474
	Total :	4	58,478,474
vi.	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	63	126,777,774
	Total :	63	126,777,774
vii.	Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)		
	ETISALAT INTERNATIONAL PAKISTAN (LLC) - FIRST CDC ACCOUNT	1	918,190,476
	ETISALAT INTERNATIONAL PAKISTAN (LLC) - SECOND CDC ACCOUNT	1	407,809,524
	PRESIDENT OF PAKISTAN	2	3,171,067,993
	Total :	4	4,497,067,993

NOTICE OF 20TH ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting of Pakistan Telecommunication Company Limited will be held on Tuesday, April 28, 2015 at 10:30 a.m. at the Islamabad Serena Hotel, Opposite Convention Center, Sector G-5, Khayaban-e-Suhrwardy, Islamabad, to transact the following business:

1. To confirm minutes of the last AGM held on April 23, 2014.

2. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2014, together with the Auditors' and Directors' reports.

3. To approve final cash dividend of 15% (Rs. 1.50 per Ordinary Share) for the year ended December 31, 2014. This is in addition to the interim cash dividend of 10% (Re. 1.00 per Ordinary Share) earlier declared and has already been paid to the shareholders.

4. To appoint Auditors for the financial year ending December 31, 2015 and to fix their remuneration. The present auditors M/s A.F. Ferguson & Co., Chartered Accountants will stand retired on the conclusion of this meeting.

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

By order of the Board

Dated: February 10, 2015.
Islamabad

(Farah Qamar)
Company Secretary

Notes:

1. Participation in the Annual General Meeting

Any member of the Company entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend and vote on his/her behalf. A corporate entity, being a member, may appoint any person, regardless whether he is a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors /Power of Attorney with specimen signatures of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time fixed for holding the meeting.

2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from April 20, 2015 to April 28, 2015 (both days inclusive).

3. Change of Address

Members holding shares in physical form are requested to notify any change in their addresses immediately to our Share Registrar, M/s FAMCO Associates (Pvt.) Limited at 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi. Members holding shares in CDC/Participants accounts are also requested to update their addresses with CDC or their Participants/Stock Brokers.

4. Notice to shareholders who have not provided their CNICs

As per directive of the Securities and Exchange Commission of Pakistan vide S.R.O No. 831(I)/2012 dated July 5, 2012, the dividend warrants should bear the Computerized National Identity Card Number (CNIC) of the registered shareholder or the authorized person, except in the case of minor(s) and corporate shareholder(s). Members who have not yet submitted photocopies of their valid CNICs are once again requested to provide the same with their folio numbers to the Company's Share Registrar, M/s FAMCO Associates (Pvt.) Limited to ensure timely disbursement of dividend. Members holding shares in CDC/ Participants accounts are also requested to update their CNIC/NTN with CDC or their Participants/Stock Brokers.

5. Payment of dividend electronically (e-mandate)

In order to enable a more efficient method of cash dividend, the SECP through its Circular No. 8(4) SM/ CDC 2008 of April 5, 2013, has announced an e-dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorizing the Company to electronically credit their dividend to their accounts. Accordingly, all non CDC shareholders are requested to send their bank account details to the Company's Share Registrar, M/s FAMCO Associates (Pvt.) Limited.

Shareholders who hold shares with CDC or Participants/ Stock Brokers, are advised to provide the mandate to CDC or their Participants/ Stock Brokers.

6. Further Guidelines for CDC Account Holders

CDC account holders will have to follow the guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) through its Circular 1 of January 26, 2000, stated herein below:

A. For Attending the Meeting

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the Meeting.

(ii) In case of corporate entity, a resolution of the Board of Directors / Power of Attorney with specimen signature of the nominee shall be produced (unless the same has been provided to the Company earlier) at the time of the Meeting.

B. For appointing Proxies

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

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

(iii) Attested copies of CNICs or passports of the beneficiary owner and the proxy shall be attached with the proxy form.

NOTICE OF 20TH ANNUAL GENERAL MEETING

(iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

(v) In case of corporate entity, a resolution of the Board of Directors/ Power of Attorney with specimen signature should be submitted along with the proxy form to the Company.

7. Consent for Video Conference Facility

Members can also avail video conference facility in Karachi & Lahore. In this regard please fill the following and submit to registered address of the Company at least 10 days before holding of general meeting.

The Video facility will be provided only if the Company receives consent from members holding in aggregate 10% or more shareholding residing at Karachi or Lahore (a geographical location), to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/we ____________________ of ___________________, being a member of Pakistan Telecommunication Company Limited holder of ______________ Ordinary Shares(s) as per Registered Folio No. _____________ hereby opt for video conference facility at _____________.

Signature of member

8. Audited Financial Statements through e-mail

The Securities and Exchange Commission of Pakistan vide SRO 787 (1)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are required to submit their email addresses and consent for electronic transmission to the share registrar. The consent form in this regard is also available on Company's official website www.ptcl.com.pk.

9. Deduction of withholding tax on the amount of dividend

The following information is being disseminated for information of the members in accordance with the instructions of the Commission circulated vide its Circular No. 19/2014 of October 24, 2014;

(i) "The Government of Pakistan through Finance Act, 2014 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a) For filers of income tax returns: 10%
(b) For non-filers of income tax returns: 15%

To enable the company to make tax deduction on the amount of cash dividend @ 10% instead of15%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend i.e. April 18, 2015, otherwise tax on their cash dividend will be deducted @ 15% instead @10%.

For shareholders holding their shares jointly, as per the clarification issued by the Federal Board of Revenue, with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts. Therefore, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account#	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC#	Shareholding Proportion (No. of Shares)	Name and CNIC#	Shareholding Proportion (No. of Shares)

The above/required information must be provided to our Share Registrar before April 18, 2015 positively; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(ii) For any further query/problem/information, the investors may contact the Company's Share Registrar M/s. FAMCO Associates (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi (Ph. # +9221- 34380101 and +9221-34380102).

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or its Share Registrar i.e. M/s FAMCO Associates (Pvt.) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers".

NOTICE UNDER SECTION 253 OF THE COMPANIES ORDINANCE, 1984

Certain shareholders of the Company pursuant to the provisions of Section 253 (1) of the Companies Ordinance, 1984 have given notices for appointment of M/s M. Yousuf Adil Saleem & Co., Chartered Accountants member of M/s Deloitte Touche Tohmatsu Limited in Pakistan, as auditors of PTCL for the financial year 2015 in place of retiring auditors M/s A.F. Ferguson & Co., Chartered Accountants. The Board of Directors of the Company has also recommended the appointment of M/s M. Yousuf Adil Saleem & Co., Chartered Accountants member of M/s Deloitte Touche Tohmatsu Limited in Pakistan as auditors of PTCL for the financial year 2015 in place of retiring auditors M/s A.F. Ferguson & Co., Chartered Accountants for approval by the shareholders in the Annual General Meeting scheduled to be held on April 28, 2015.

The above notices with respect to change of auditors in compliance with Section 253 (2) of the Companies Ordinance, 1984 are hereby given to the members of the Company for consideration of appointment of M/s M. Yousuf Adil Saleem & Co., Chartered Accountants member of M/s Deloitte Touche Tohmatsu Limited in Pakistan as auditors of PTCL for the financial year 2015 and to fix their remuneration, in place of the retiring auditors i.e. M/s A.F. Ferguson & Co., Chartered Accountants. The notices have also been shared with the retiring auditors.

NOTES

FORM OF PROXY

PAKISTAN TELECOMMUNICATION COMPANY LIMITED

ptcl

I/we ____

of ____

being a member of Pakistan Telecommunication Company Limited, and a holder of ____________

Ordinary Shares as per Share Register Folio No. ____________ and / or CDC Participant 1.D. No.

____________ hereby appoint Mr./Mrs./Miss ____________

of ____________ as my / our proxy to vote for me / us and on my / our behalf at the Twentieth Annual General Meeting of the Company to be held on Tuesday, April 28, 2015 at 10:30 a.m. and at any adjournment thereof.

Signed this ____________ day of ____________ 2015.

For beneficial owners as per CDC List.

1. Witness

____
Signature

Name ____________

Address ____________

CNIC No. [ ][ ][ ][ ][ ]–[ ][ ][ ][ ][ ][ ][ ]–[ ]

or Passport No. ____________

2. Witness

____
Signature

Name ____________

Address ____________

CNIC No. [ ][ ][ ][ ][ ]–[ ][ ][ ][ ][ ][ ][ ]–[ ]

or Passport No. ____________

Notes:

i) The proxy need not be a member of the Company.

ii) The instrument appointing a proxy must be duly stamped, signed and deposited at the office of the Company Secretary PTCL, Headquarters, Sector G-8/4, Islamabad, not less than 48 hours before the time fixed for holding the meeting.

iii) Signature of the appointing member should match with his / her specimen signature registered with the Company.

iv) If a proxy is granted by a member who has deposited his / her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account / sub-account number along with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.

AFFIX
CORRECT
POSTAGE

To,
The Company Secretary,
Pakistan Telecommunication Company Limited
PTCL Headquarters, Sector G-8/4,
Islamabad-44000