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 as at December 31, 2015 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. The consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated 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, 2015, and the results of their operations for the year then ended.

Emphasis of Matter Paragraph

We draw attention to note 17.12 to the consolidated financial statements, which describes the position related to the review petitions filed by the Holding Company, Pakistan Telecommunication Employees Trust and the Federal Government before the Supreme Court of Pakistan against its order dated June 12, 2015. Our opinion is not qualified in respect of this matter.

Other Matter

The consolidated financial statements for the year ended December 31, 2014 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion and added an emphasis of matter paragraph on the uncertainty of outcome of the law suits filed against the Holding Company vide their report dated February 10, 2015.

Deloitte Yousuf Adil

Deloitte Yousuf Adil
Chartered Accountants
Engagement Partner: Asad Ali Shah

Karachi: February 10, 2016

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	Note	2015 Rs '000	2014 Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital	6	51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,416,078	2,196,770
General reserve		30,500,000	30,500,000
Unappropriated profit		12,670,983	25,360,137
		45,587,061	58,056,907
Unrealized gain on available for sale investments		(995)	343,936
		96,586,066	109,400,843
Liabilities			
Non-current liabilities			
Long term loans from banks	7	20,975,000	15,000,000
Liability against assets subject to finance lease	8	25,293	41,819
License fee payable	9	19,818,874	25,592,882
Long term security deposits	10	1,576,434	1,492,410
Deferred Income tax	11	12,379,290	12,658,200
Employees retirement benefits	12	32,372,480	33,302,010
Deferred government grants	13	8,926,403	6,848,180
Long term vendor liability	14	24,639,049	9,820,755
		120,712,823	104,756,256
Current liabilities			
Trade and other payables	15	60,626,723	57,142,828
Interest accrued		554,585	695,321
Short term running finance	16	427,428	-
Current portion of:			
Long term loans from banks	7	25,000	-
Liability against assets subject to finance lease	8	31,977	31,977
License fee payable	9	7,584,902	4,406,841
Long term vendor liability	14	2,163,554	12,926,785
Unearned income		3,231,768	2,638,529
		74,645,937	77,842,281
Total equity and liabilities		291,944,826	291,999,380
Contingencies and commitments	17		

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

Chairman

	Note	2015 Rs '000	2014 Rs '000
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	18	170,289,008	170,567,752
Intangible assets	19	40,326,443	42,874,181
		210,615,451	213,441,933
Long term investments	20	92,443	100,441
Long term loans and advances	21	2,359,788	2,925,795
Investment in finance lease	22	96,113	84,398
		213,163,795	216,552,567
Current assets			
Stores, spares and loose tools	23	2,940,425	2,872,542
Stock in trade	24	248,586	329,491
Trade debts	25	15,549,034	15,511,235
Loans and advances	26	2,643,569	2,114,096
Investment in finance lease	22	52,255	28,305
Accrued interest	27	221,179	330,823
Recoverable from tax authorities	28	21,242,681	19,116,720
Receivable from the Government of Pakistan	29	2,164,072	2,164,072
Deposits, prepayments and other receivables	30	4,015,502	8,337,132
Short term investments	31	26,569,286	18,959,345
Cash and bank balances	32	3,134,442	5,683,052
		78,781,031	75,446,813
Total assets		291,944,826	291,999,380

President & CEO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 Rs '000	2014 Rs '000
Revenue	33	118,561,034	129,918,125
Cost of services	34	(88,054,308)	(88,721,364)
Gross profit		30,506,726	41,196,761
Administrative and general expenses	35	(18,291,409)	(19,057,499)
Selling and marketing expenses	36	(8,209,247)	(7,766,075)
Voluntary separation scheme cost	37	-	(8,174,536)
		(26,500,656)	(34,998,110)
Operating profit		4,006,070	6,198,651
Other income	38	5,230,068	4,475,647
Finance costs	39	(5,218,817)	(3,565,814)
Loss of property, plant and equipment due to fire	18.4	-	(907,230)
		4,017,321	6,201,254
Share of loss from an associate		(2,343)	(8,818)
Profit before tax		4,014,978	6,192,436
Provision for income tax	40	(2,146,512)	(2,225,787)
Profit for the year		1,868,466	3,966,649
Earnings per share - basic and diluted (Rupees)	41	0.37	0.78

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, 2015

	2015 Rs '000	2014 Rs '000
Profit for the year	1,868,466	3,966,649
Other comprehensive loss for the year		
Items that will not be reclassified to profit and loss:		
Remeasurement loss on employees retirement benefits	(2,336,488)	(6,035,742)
Tax effect of remeasurement loss on employees retirement benefits	748,176	2,052,028
	(1,588,312)	(3,983,714)
Items that may be subsequently reclassified to profit and loss:		
Gain on available for sale investments arising during the year	13,083	289,878
Gain on disposal transferred to income for the year	(358,014)	(35,727)
Unrealised gain on available for sale investments - net of tax	(344,931)	254,151
Other comprehensive loss for the year - net of tax	(1,933,243)	(3,729,563)
Total comprehensive (loss) / income for the year	(64,777)	237,086

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, 2015

	Note	2015 Rs '000	2014 Rs '000
Cash flows from operating activities			
Cash generated from operations	43	54,348,493	55,579,151
Employees retirement benefits paid		(1,999,659)	(1,141,391)
Payment of voluntary separation scheme cost		(783,691)	(8,422,813)
Payment made to Pakistan Telecommunication Employees Trust		(6,120,992)	(12,551,507)
Finance costs paid		(5,124,436)	(2,353,166)
Long term security deposits		84,024	(1,843)
Income tax paid		(4,251,572)	(5,191,127)
Net cash inflows from operating activities		36,152,167	25,917,304
Cash flows from investing activities			
Capital expenditure		(28,308,213)	(40,661,503)
Acquisition of intangible assets		(3,242,849)	(39,734,271)
Proceeds from disposal of property, plant and equipment		300,025	292,469
Short term investments		(11,361,392)	(12,000,000)
Long term loans and advances		585,142	1,075,054
Investment in finance lease		(40,325)	(74,432)
Return on long term loans and short term investments		2,218,941	3,531,387
Government grants received		2,606,362	2,106,683
Dividend income on long term investment		10,000	10,000
Net cash outflows from investing activities		(37,232,309)	(85,454,613)
Cash flows from financing activities			
Long term loan received		6,000,000	15,000,000
License fee payable		(2,595,947)	29,245,857
Long term vendor liability		4,055,063	10,054,063
Liability against assets subject to finance lease		(28,106)	(36,539)
Dividend paid		(13,078,357)	(9,652,673)
Net cash (outflows) / inflows from financing activities		(5,647,347)	44,610,708
Net decrease in cash and cash equivalents		(6,727,489)	(14,926,601)
Cash and cash equivalents at the beginning of the year		12,642,397	27,568,998
Cash and cash equivalents at the end of the year	44	5,914,908	12,642,397

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, 2015

	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, 2014	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 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
Interim dividend for the year ended December 31, 2014 - Re 1.00 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
Total comprehensive income for the year							
Profit for the year	-	-	-	-	1,868,466	-	1,868,466
Other comprehensive loss	-	-	-	-	(1,588,312)	(344,931)	(1,933,243)
	-	-	-	-	280,154	(344,931)	(64,777)
Transfer to insurance reserve	-	-	219,308	-	(219,308)	-	-
Final dividend for the year ended December 31, 2014 - Rs 1.50 per share	-	-	-	-	(7,650,000)	-	(7,650,000)
Interim dividend for the year ended December 31, 2015 - Re 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	219,308	-	(12,969,308)	-	(12,750,000)
Balance as at December 31, 2015	37,740,000	13,260,000	2,416,078	30,500,000	12,670,983	(995)	96,586,066

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

Chairman

President & CEO

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 01, 1996. The Holding Company, which is listed on the Pakistan Stock Exchange Limited (PSX) (formerly 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 01, 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 (U Bank)

The Holding Company acquired 100% ownership of 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.

DVCOM DATA (PRIVATE) LIMITED (DVCOM Data)

The Holding Company acquired 100% ownership of DVCOM Data effective from April 01, 2015. The company has a Wireless Local Loop (WLL) License of 1900 MHz spectrum in nine telecom regions of Pakistan. The registered office of the Company is located at PTCL Head Quarters South, Hatim Alvi Road, Clifton Karachi.

Smart Sky (Private) Limited (Smart Sky)

Smart Sky was incorporated in Pakistan on October 12, 2015 as a private limited company to provide Direct-to-Home (DTH) television services through out the country under the license from Pakistan Electronic Media Regulatory Authority (PEMRA). However, the said license is yet to be auctioned by the authority and therefore, Company has not yet started its commercial operations. It is a wholly owned subsidiary of PTCL. The registered office of the Company is located at PTCL Headquarters, G-8/4, 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, U Bank, DVCOM Data and Smart Sky) also prepare separate financial statements.

2.1 Adoption of new and revised standards, amendments and interpretations:

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

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations (Amendments)	July 01, 2014
IFRS 8	Operating Segments (Amendments)	July 01, 2014
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 10	Consolidated Financial Statements (Amendments)	January 01, 2014
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 01, 2014
IFRS 13	Fair Value Measurement	January 01, 2013
IFRS 13	Fair Value Measurement (Amendments)	July 01, 2014
IAS 1	Presentation of Financial Statements (Amendments)	July 01, 2014
IAS 16	Property, Plant and Equipment (Amendments)	July 01, 2014
IAS 19	Employee Benefits (Amendments)	July 01, 2014
IAS 24	Related Party Disclosures (Amendments)	July 01, 2014
IAS 27	Separate Financial Statements	January 01, 2013
IAS 27	Separate Financial Statements (Amendments)	January 01, 2014
IAS 28	Investments in Associates and Joint Ventures	January 01, 2013
IAS 38	Intangible Assets (Amendments)	July 01, 2014
IAS 40	Investment Property (Amendments)	July 01, 2014

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

		Effective date (annual periods beginning on or after)
IFRS 1	First-Time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 9	Financial Instruments	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018

c) 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 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	January 01, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2016
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
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2016
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2016
IAS 19	Employee Benefits (Amendments)	January 01, 2016
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)	January 01, 2016

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 / disclosures.

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 tax

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-b) 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 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 banks 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 and 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 statement of profit and loss 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 R-4, 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 section 19 of the microfinance institution ordinance 2001 , 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 estimates.

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 specified 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 weighted 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 R-3A, U Bank maintains a cash reserve equivalent to not less than 5% of its deposits (including demand deposits and time deposits with the tenor of less than 1 year) in a current account opened with the state bank or its agent.

5.23 Statutory liquidity requirement

In compliance with the requirements of the Regulation 3B, the U Bank maintains liquidity equivalent to at least 10% of its total demand liabilities and time liabilities with tenor of less than one year in the form of liquid assets i.e. cash, gold, unencumbered treasury bills, Pakistan Investment Bonds and Government of Pakistan sukuk bonds. Treasury bills and Pakistan Investment Bonds held under depositor protection fund are excluded for the purposes of determining liquidity.

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.

(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 income 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 income 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. Profit rate for financial year 2015 is 12% (December 31, 2014: 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 approved funded 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 medicines, 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, 2015. 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

2015 (Number of shares '000)	2014 (Number of shares '000)		2015 Rs '000	2014 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

2015 (Number of shares '000)	2014 (Number of shares '000)		2015 Rs '000	2014 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 Holding 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 Holding 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, 2015: 599,541 thousand (December 31, 2014: 599,537 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		2015 Rs '000	2014 Rs '000
Allied Bank Limited	0.40%	July 2014	July 2017	12	1,000,000	1,000,000
United Bank Limited	0.40%	July 2014	July 2016	16	1,000,000	1,000,000
MCB Bank Limited	0.40%	July 2014	July 2017	12	1,000,000	1,000,000
MCB Bank Limited	0.40%	July 2014	July 2018	12	4,000,000	4,000,000
Faysal Bank Limited	0.40%	July 2014	July 2018	12	2,000,000	2,000,000
NIB Bank Limited	0.40%	July 2014	July 2018	12	1,000,000	1,000,000
Bank Al-Habib Limited	0.40%	July 2014	July 2018	12	1,000,000	1,000,000
Bank Alfalah Limited	0.40%	July 2014	July 2018	12	1,000,000	1,000,000
Allied Bank Limited	0.40%	March 2015	March 2019	12	2,000,000	2,000,000
United Bank Limited	0.40%	March 2015	March 2019	12	1,000,000	1,000,000
Meezan Bank Limited	0.40%	August 2015	August 2019	12	2,000,000	-
HBL Islamic	0.40%	September 2015	September 2019	12	2,000,000	-
DIB Islamic	0.40%	October 2015	October 2019	12	1,000,000	-
HBL Islamic	0.40%	March 2016	March 2020	12	1,000,000	-
					21,000,000	15,000,000
Less current portion thereof					25,000	-
					20,975,000	15,000,000

All loans are secured by way of first charge ranking pari passu by way of hypothecation 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:

	2015 Rs '000	2014 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	34,405	66,371
Gross obligation under finance lease	70,943	102,909
Finance charges allocated to future periods	(13,673)	(29,113)
Net obligation under finance lease	57,270	73,796
Due within one year	(31,977)	(31,977)
	25,293	41,819
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	25,293	41,819
	57,270	73,796

		Note	2015 Rs '000	2014 Rs '000
9.	**License fee payable**			
	Interest bearing	9.1	6,183,200	7,419,250
	Non interest bearing	9.2	21,220,576	22,580,473
			27,403,776	29,999,723
	Current portion thereof		(7,584,902)	(4,406,841)
			19,818,874	25,592,882
9.1	**Interest bearing**			
	Gross amount payable	9.1.1	6,183,200	7,419,250
	Current portion thereof		(1,545,800)	(1,483,850)
			4,637,400	5,935,400

9.1.1 In 2014, 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 @ LIBOR+3% per annum, on May 21 each year, in US dollars or equivalent Pak Rupees.

		2015			2014
		Rs '000	Rs '000	Rs '000	Rs '000
9.2	**Non interest bearing**	Mobile cellular license		Total	Total
		Pakistan	AJK		
	Gross amount payable	24,397,440	52,400	24,449,840	26,447,740
	Imputed deferred Interest	(3,227,797)	(1,467)	(3,229,264)	(3,867,267)
	Present value of obligation	21,169,643	50,933	21,220,576	22,580,473
	Current portion thereof	(5,988,169)	(50,933)	(6,039,102)	(2,922,991)
		15,181,474	-	15,181,474	19,657,482

The PTML's license for 2G cellular operations throughout Pakistan excluding Azad Jammu & Kashmir (AJK) and Gilgit - Baltistan (GB), was renewed during 2014 at a fee of USD 291 million. Under the terms of license, the 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 of 3.62%

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 from June 2007 to June 2016. This liability payable in Pak Rupee equivalent is stated at its amortized cost using dollar discount rate.

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 45,871 thousand (December 31, 2014: Rs 9,852 thousand) to its customers during the current year against their balances.

	Note	2015 Rs '000	2014 Rs '000
11. Deferred income tax			
The liability for deferred taxation comprises of timing differences relating to:			
Accelerated tax depreciation and amortization		21,040,173	23,820,639
Provision against stock, stores and receivables		(2,837,676)	(2,740,203)
Remeasurement of employees retirement benefits		(2,682,741)	(6,927,930)
License fee payable		(174,428)	(101,365)
Unused tax losses		(2,937,245)	(792,300)
Tax credits in respect of minimum tax		(9,382)	(559,496)
Others		(19,411)	(41,145)
		12,379,290	12,658,200
The gross movement in the deferred tax liability during the year is as follows:			
Balance as at beginning of the year		12,658,200	14,864,399
Tax (credit) recognized in profit and loss		(4,108,544)	(162,192)
Tax (credit) recognized in other comprehensive income		(748,176)	(2,052,028)
Tax credit realised in other comprehensive income		4,586,258	-
Tax (credit) / charge recognized on available for sale investment		(8,448)	8,021
Balance as at end of the year		12,379,290	12,658,200
12. Employees retirement benefits			
Pension			
Funded - PTCL	12.1	11,972,112	12,250,956
Unfunded - PTCL	12.1	2,847,299	2,013,560
		14,819,411	14,264,516
Gratuity Funded - PTCL, PTML and U Bank	12.1	12,914	1,003,037
Accumulating compensated absences - PTCL and PTML	12.1	1,748,957	1,586,338
Post retirement medical facility - PTCL	12.1	12,402,849	13,258,545
Benevolent grants - PTCL	12.1	3,388,349	3,189,574
		32,372,480	33,302,010

12.1 The latest actuarial valuations of the Group's defined benefit plans, were conducted at December 31, 2015 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			
		2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000
a)	The amounts recognized in the consolidated statement of financial position:														
	Present value of defined benefit obligations	103,806,320	96,252,022	2,847,299	2,013,560	1,509,573	1,411,529	1,748,957	1,586,338	12,402,849	13,258,545	3,388,349	3,189,574	125,703,347	117,711,568
	Fair value of plan assets - note 12.2	(91,834,208)	(84,001,066)	-	-	(1,496,659)	(408,492)	-	-	-	-	-	-	(93,330,867)	(84,409,558)
	Liability at end of the year	11,972,112	12,250,956	2,847,299	2,013,560	12,914	1,003,037	1,748,957	1,586,338	12,402,849	13,258,545	3,388,349	3,189,574	32,372,480	33,302,010
b)	Changes in the present value of defined benefit obligations:														
	Balance at beginning of the year	96,252,022	86,244,688	2,013,560	1,741,300	1,411,529	1,146,513	1,586,338	1,348,622	13,258,545	12,635,982	3,189,574	3,433,537	117,711,568	106,550,642
	Current service cost	666,878	515,920	136,725	120,832	208,811	220,171	99,725	73,527	91,125	138,551	42,573	42,754	1,245,837	1,111,755
	Interest expense	11,392,036	9,971,176	251,006	208,452	151,071	130,075	157,427	132,260	1,627,826	1,488,143	355,111	400,651	13,934,477	12,330,757
	Actuarial (gain) / loss	-	-	-	-	-	-	(18,446)	323,799	-	-	-	-	(18,446)	323,799
	(Gains) / losses on settlement	-	3,449,657	-	268,967	-	117,034	-	112,750	-	187,486	-	(72,662)	-	4,063,232
		12,058,914	13,936,753	387,731	598,251	359,882	467,280	238,706	642,336	1,718,951	1,814,180	397,684	370,743	15,161,868	17,829,543
	Remeasurements:														
	(Gain) / loss from change in														
	Demographic assumptions	-	5,216,396	-	81,803	-	-	-	-	-	1,018,905	-	(271,387)	-	6,045,717
	Financial assumptions	-	310,866	-	66,455	-	-	-	-	-	7,677	-	138	-	385,136
	Experience (gains) / losses	2,007,006	703,659	457,027	(72,412)	(94,537)	102,128	-	-	(2,102,766)	(1,223,245)	4,396	(153,899)	271,126	(643,769)
		2,007,006	6,230,921	457,027	75,846	(94,537)	102,128	-	-	(2,102,766)	(196,663)	4,396	(425,148)	271,126	5,787,084
	VSS Settlement	-	(3,857,232)	-	(393,441)	-	(154,947)	-	(281,450)	-	(525,369)	-	-	-	(5,212,439)
	Benefits paid	(6,511,622)	(6,303,108)	(11,019)	(8,396)	(167,301)	(149,445)	(76,087)	(123,170)	(471,881)	(469,585)	(203,305)	(189,558)	(7,441,215)	(7,243,262)
	Balance at end of the year	103,806,320	96,252,022	2,847,299	2,013,560	1,509,573	1,411,529	1,748,957	1,586,338	12,402,849	13,258,545	3,388,349	3,189,574	125,703,347	117,711,568

	Pension				Gratuity		Accumulating compensated absences		Post-retirement medical facility		Benevolent grants		Total	
	Funded		Unfunded		Funded		Unfunded		Unfunded		Unfunded			
	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000
c) Charge for the year:														
Profit and Loss:														
Current service cost	666,878	515,920	136,725	120,832	208,811	220,171	99,725	73,527	91,125	138,551	42,573	42,754	1,245,837	1,111,755
Net interest expense	1,125,832	984,406	251,006	208,452	133,915	83,932	157,427	132,260	1,627,826	1,488,143	355,111	400,651	3,651,117	3,297,844
Actuarial (gain) / loss	-	-	-	-	-	-	(18,446)	323,799	-	-	-	-	(18,446)	323,799
(Gain) / losses recognized on settlement	-	3,449,657	-	268,967	-	117,034	-	112,750	-	187,486	-	(72,662)	-	4,063,232
Contribution from employees	-	-	-	-	-	-	-	-	-	-	(21,873)	(26,590)	(21,873)	(26,590)
Contribution from deputationist	(2,001)	(1,397)	-	-	-	-	-	-	-	-	-	-	(2,001)	(1,397)
	1,790,709	4,948,586	387,731	598,251	342,726	421,137	238,706	642,336	1,718,951	1,814,180	375,811	344,153	4,854,634	8,768,643
Other comprehensive income														
Remeasurements:														
Return on plan assets, excluding amounts included in interest income	2,042,432	239,926	-	-	22,930	8,732	-	-	-	-	-	-	2,065,362	248,658
(Gain) / loss from change in														
Demographic assumptions	-	5,216,396	-	81,803	-	-	-	-	-	1,018,905	-	(271,387)	-	6,045,717
Financial assumptions	-	310,866	-	66,455	-	-	-	-	-	7,677	-	138	-	385,136
Experience (gains) / losses	2,007,006	703,659	457,027	(72,412)	(94,537)	102,128	-	-	(2,102,766)	(1,223,245)	4,396	(153,899)	271,126	(643,769)
	4,049,438	6,470,847	457,027	75,846	(71,607)	110,860	-	-	(2,102,766)	(196,663)	4,396	(425,148)	2,336,488	6,035,742
	5,840,147	11,419,433	844,758	674,097	271,119	531,997	238,706	642,336	(383,815)	1,617,517	380,207	(80,995)	7,191,122	14,804,385

d) Significant actuarial assumptions at the date of consolidated statement of financial position:	Pension Funded 2015	Pension Funded 2014	Pension Unfunded 2015	Pension Unfunded 2014	Gratuity 2015	Gratuity 2014	Accumulating compensated absences 2015	Accumulating compensated absences 2014	Post-retirement medical facility 2015	Post-retirement medical facility 2014	Benevolent grants 2015	Benevolent grants 2014
Discount rate	11.00%	12.25%	11.00%	12.50%	11.25%	11.25%	9.50%	11.50%	11.00%	12.50%	10.00%	11.50%
Future salary / medical cost increase	7.00 to10.00%	7.00 to11.25%	7.00 to10.00%	7.00 to11.50%	9.25%	9.25%	8.50%	10.50%	10.00%	11.50%	-	-
Future pension increase	7.50%	8.75%	7.50%	9.00%	-	-	-	-	-	-	-	-
Rate of increase in benevolent grants	-	-	-	-	-	-	-	-	-	-	2.50%	3.50%
Average duration of obligation	10 years	10 years	18 years	18 years	10.97 years	10.97 years	6 to 9 Years	6 to 9 Years	15 years	15 years	9 years	9 years
Expected mortality rate	SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005		SLIC 2001-2005	
Expected withdrawal rate	Based on experience		Based on experience		Based on experience		Based on experience		Based on experience		Based on experience	

	Defined benefit pension plan - funded		Defined benefit gratuity plan - funded		Total plan assets	
	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000
12.2 Changes in the fair value of plan assets						
Balance at beginning of the year	84,001,066	72,863,055	408,492	367,203	84,409,558	73,230,258
Interest income	10,266,204	8,986,770	65,393	46,143	10,331,597	9,032,913
Total payment made to members on behalf of fund	-	-	71,791	-	71,791	-
Return on plan assets excluding amounts included in interest income	(2,042,432)	(239,926)	(22,930)	(8,732)	(2,065,362)	(248,658)
Contributions made by the Group during the year	6,120,992	12,551,507	1,141,214	73,703	7,262,206	12,625,210
Benefits paid	(6,511,622)	(10,160,340)	(167,301)	(69,825)	(6,678,923)	(10,230,165)
Balance at end of the year	91,834,208	84,001,066	1,496,659	408,492	93,330,867	84,409,558

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

	2015		2014	
	Rs '000	Percentage	Rs '000	Percentage
Debt instruments - unquoted				
- Special Savings Accounts	68,692,370	74.80	56,762,727	67.57
- Special Savings Certificates	-	-	9,347,455	11.13
- Defense Savings Certificates	1,540,027	1.68	1,370,924	1.63
- Pakistan Investment Bonds	3,040,388	3.31	-	-
	73,272,785	79.79	67,481,106	80.33
Cash and cash equivalents				
- Term deposits	9,744,934	10.61	10,932,345	13.01
- Cash and Bank balances	881,181	0.96	1,713,019	2.04
	10,626,115	11.57	12,645,364	15.05
Investment property				
- Telecom tower	6,395,158	6.96	6,294,287	7.49
- Telehouse	1,724,073	1.88	1,710,000	2.04
	8,119,231	8.84	8,004,287	9.53
Fixed assets	6,921	0.01	4,773	0.01
Other assets	21,347	0.02	124,452	0.15
	92,046,399	100.23	88,259,982	105.07
Liabilities				
Amount due to PTCL	(116)	(0.00)	(4,082,578)	(4.86)
Accrued & other liabilities	(212,075)	(0.23)	(176,338)	(0.21)
	(212,191)	(0.23)	(4,258,916)	(5.07)
	91,834,208	100.00	84,001,066	100.00

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

	2015		2014	
	Rs '000	Percentage	Rs '000	Percentage
Units of mutual funds	207,395	13.86	-	-
Term deposit receipts	1,171,199	78.25	293,560	71.87
Fixed deposit receipts	64,204	4.29	-	0.00
Treasury bills	-	0.00	73,330	17.95
Bank balances	53,861	3.60	41,602	10.18
	1,496,659	100.00	408,492	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 2,030,520 thousand (December 31, 2014 : Rs 1,581,040 thousand) and Rs 187,950 thousand (December 31, 2014: Rs 97,286 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	1% Decrease in assumption
	Rs '000	Rs '000
Future salary / medical cost		
Pension - funded	1,100,176	(995,205)
Pension - unfunded	315,225	(277,812)
Gratuity - funded	142,492	(122,321)
Accumulating compensated absences - unfunded	154,946	(136,582)
Post-retirement medical facility - unfunded	1,581,383	(1,301,691)
Discount rate		
Pension - funded	(9,481,786)	10,326,471
Pension - unfunded	(496,445)	636,866
Gratuity - funded	(121,129)	142,357
Accumulating compensated absences - unfunded	(134,258)	154,946
Post-retirement medical facility - unfunded	(1,459,299)	1,806,350
Benevolent grants - unfunded	(264,729)	308,923
Future pension		
Pension - funded	9,843,392	(8,380,142)
Pension - unfunded	374,161	(235,613)
Benevolent grants		
Benevolent grants - unfunded	271,464	(235,613)

Expected Mortality Rates

	Increase by 1 year	Decrease by 1 year
	Rs '000	Rs '000
Pension - funded	(2,383,472)	2,369,116
Pension - unfunded	(36,685)	35,700
Gratuity - funded	(12,823)	12,479
Accumulating compensated absences - unfunded	(19,970)	19,432
Post-retirement medical facility - unfunded	(344,708)	346,026
Benevolent grants - unfunded	(94,171)	94,531

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	2015 Rs '000	2014 Rs '000
13. Deferred government grants			
Balance at beginning of the year		6,848,180	5,123,099
Recognised during the year		2,606,362	2,106,683
Amortization for the year	38	(528,139)	(381,602)
Balance at end of the year		8,926,403	6,848,180

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	2015 Rs '000	2014 Rs '000
Obligation under acceptance of bills of exchange	14.1	17,458,282	14,777,207
Other accrued liabilities		9,344,321	7,970,333
		26,802,603	22,747,540
Current portion thereof		(2,163,554)	(12,926,785)
		24,639,049	9,820,755

14.1 This includes liability of Rs 7,769,994 thousand (December 31, 2014: Rs 9,141,202 thousand) carrying interest in the range of 5.92% to 6.79% per annum (December 31, 2014: 9.04% to 11.82% per annum).

	Note	2015 Rs '000	2014 Rs '000
15. Trade and other payables			
Trade creditors	15.1	10,998,951	12,391,906
Accrued liabilities		29,829,541	29,176,180
Receipts against third party works		1,172,939	1,203,860
Deposits		1,065,314	707,688
Employees provident fund		18,860	19,853
Income tax collected from subscribers / deducted at source		454,733	424,021
Sales tax payable		117,019	247,634
Advances from customers		4,918,955	2,429,086
Technical services assistance fee, Etisalat - UAE	35.2	4,149,636	1,071,619
Retention money / payable to contractors and suppliers related to fixed capital expenditure	15.2	6,526,717	8,131,610
Unclaimed dividend		373,132	701,489
Forward foreign exchange contracts	15.3	10,591	108,167
USF grant		490,266	-
Other liabilities		500,069	529,715
		60,626,723	57,142,828

15.1 Trade and other payables include payables to the following related parties:

	2015 Rs '000	2014 Rs '000
Trade creditors		
Etisalat - UAE	138,147	187,158
Other Etisalat's subsidiaries and associates	7,005	8,596
Etisalat - Afghanistan	75,997	48,291
Etisalat - Srilanka	20,279	4,711
Etisalat - Egypt	31	-
Etisalat - Nigeria	642	-
Thuraya Satellite Telecommunication Company PJSC	17,548	16,040
Emirates Data Clearing House	3,209	9,327
Telecom Foundation	64,466	72,753
TF Pipes Limited	2,750	3,187
Eithad Etisalat Company	-	19,120
The Government of Pakistan and its related entities	3,812,018	5,044,143
15.2 Retention money / payable to contractors and suppliers for fixed assets		
TF Pipes Limited	1,231	52

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, 2015, the Group had forward exchange contracts to purchase USD 93,083,377 (December 31, 2014: USD 48,040,325) at various maturity dates matching the anticipated payment dates for network liability.

	2015 Rs '000	2014 Rs '000
16. Short term running finance	427,428	-

Short term running finance facilities available under mark-up arrangements with banks amounting to Rs 3,000,000 thousand (December 31, 2014: Rs 2,500,000 thousand), out of which the amount availed at the year end is Rs. 427,428 (December 31, 2014: Nil). 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 Appellate Tribunal Inland Revenue (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 remanded the cases back to ATIR with the directions to decide the cases afresh. Accordingly, the stay order earlier granted by the Honorable Islamabad High Court upholds.

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 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 Against the decision of Sindh Revenue Board (SRB) imposing sales tax of Rs. 4,417 million on revenues from international incoming calls for 2012 and 2013, the appeal is pending adjudication before the Commissioner Appeals. Meanwhile, the Honorable Sindh High Court has granted a stay order against the recovery.

17.4 Against the decision of the Customs Appellate Tribunal imposing additional custom duties, a reference as well as writ petition against order passed by the Custom Tribunal is pending before Honorable Sindh High Court. Further, through the petition filed before the Honorable Sindh High Court stay order has been obtained against order of the Tribunal. Sindh High Court has stayed the recovery of the levies amounting to Rs. 932,942 thousand.

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

17.6 For the tax year 2008, the ATIR, while disposing off the Company's appeal against the tax demand of Rs 4,559,208 thousand on the basis that the 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 Company has also filed a reference application with the Honorable Islamabad High Court, which is pending adjudication.

17.7 For the tax year 2008, the tax authorities filed an appeal before the ATIR against the decision of the Commissioner Inland Revenue (CIR) Appeals allowing certain expenses with tax impact of Rs 2,126,648 thousand.

17.8 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 Company has filed appeal before ATIR and also filed reference applications before the Honorable Islamabad High Court.

17.9 For the tax year 2010, the CIR Appeals allowed certain expenses with tax impact of Rs 3,955,783 thousand. For the other disallowed expenses with tax impact of Rs. 1,251,913 thousand, the appeal is pending before the ATIR.

17.10 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 Company has filed an appeal before ATIR, pending adjudication.

17.11 For the tax year 2014, certain expenses with tax impact of Rs 6,731,145 thousand were allowed by tax authorities subsequent to the decision of CIR Appeals. For the other disallowed expenses (tax impact Rs 1,320,023 thousand), appeal is pending adjudication before CIR Appeals. Meanwhile, the Honorable Islamabad High Court has granted a stay order against the recovery.

17.12 With regard to the appeals filed by the Holding Company before the Honorable Supreme Court of Pakistan against the orders passed by various High Courts, the Honorable Supreme Court of Pakistan dismissed such appeals through announcement of the earlier-reserved order on 12th June, 2015. Based on the directives contained in the said order and the pertinent legal provisions, the Holding Company is evaluating extent of its responsibility vis-à-vis such order. The Holding Company, the Pakistan Telecommunication Employees Trust and the Federal Government have filed Review Petitions before the Apex Court in this regard. Under the circumstances, the management of the Company is of the view, it is not possible at this stage to ascertain the financial obligations, if any, flowing from the Honorable Supreme Court decision which could be disclosed in these financial statements. In the meanwhile, PTET has issued notices to prospective beneficiaries for the determination of their entitlements.

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

17.14 A total of 1,470 cases (December 31, 2014: 1,635 cases) have been filed against the 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.

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

		2015 Rs '000	2014 Rs '000
17.16	Bank guarantees and bid bonds of Group issued in favour of:		
	Universal Service Fund (USF) against government grants	8,090,878	5,680,656
	Pakistan Telecommunication Authority against 3G and 2G Licenses	1,339,344	-
	Others	1,221,350	1,049,174
		10,651,572	6,729,830

PTML

17.17 Tax authorities have raised Federal Excise Duty (FED) demands by assessing the PTML's payments of technical services fee to Etisalat as fee for "Franchise Services" which has not been agreed by the PTML 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. The total exposure in the case is Rs. 1,454,935 thousand (December 31, 2014: Rs. 1,287,936 thousand)

17.18 The taxation authorities have raised demand amounting to Rs 1,830,000 thousand which represents the amount of advance income tax paid by the 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 2014. 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 Commisioner Inland Revenue - Appeals is pending adjudication.

17.19 PTML and other telecom operators contested a position taken by Federal Board of Revenue in respect of levy of FED 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 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.

17.20 PTML is contesting various notices and orders in front of the Pakistan and Azad Jammu and Kashmir tax authorities, Commissioner Inland Revenue (Appeals), Appellate Tribunal Inland Revenue and the High Court in respect of Income Tax, Federal Excise Duty, Federal and Provincial Sales Tax. The management believes that strong legal and factual bases are available to support the PTML's contention that outcome to these proceedings will be favorable. Accordingly, no provision has been carried in these financial statements.

DVCOM Data

17.21 In pursuance of the determination by Pakistan Telecommunication Authority (PTA) on March 20, 2015 requiring, inter-alia, a payment of Rs. 3,123,867 thousand principal outstanding dues of Rs. 1,426,785 thousand and late payment charges of Rs. 1,697,082 thousand within fifteen days of the order, DVCOM Data filed a statutory appeal viz. FAO No. 22/2015 before Islamabad High Court on March 30, 2015 against such demand of PTA. The Honorable Islamabad High Court suspended the PTA determination dated March 20, 2015. However, the Honorable Islamabad High Court passed an order for the payment of principal outstanding dues amounting to Rs. 1,426,785 thousand, which was later paid by the holding company on behalf of DVCOM Data whereas, the demand for late payment additional fee was suspended by the Honorable Islamabad High Court.

DVCOM Data based on the advise of its legal advisors believes that the PTA's demand for late payment charges is inconsistent with the pertinent laws, rules and regulations keeping in view the fact that the WLL License issued to the Company by PTA remained terminated by the same Authority for substantial part of the period for which the said late payment charges are being claimed and as such, the question of late payment charges cannot arise for the licenses which are not in field and therefore, the matter is likely to be decided in favor of the DVCOM Data. Hence, no provision for late payment charges of Rs.1,697,082 thousand, has been recognized.

		Note	2015 Rs '000	2014 Rs '000
17.22	Commitments - Group			
	Letter of credit for purchase of stock		116,982	75,616
	Commitments for capital expenditure		11,840,083	11,289,190
			11,957,065	11,364,806

18. Property, plant and equipment

	Note	2015 Rs '000	2014 Rs '000
Operating fixed assets	18.1	161,962,080	157,630,781
Capital work in progress	18.7	8,326,928	12,936,971
		170,289,008	170,567,752

18.1 Operating fixed assets

	Land		Buildings on										
	Freehold - note 18.2	Leasehold	Freehold land	Leasehold land	Lines and wires	Apparatus, plant and equipment	Office equipment	Computer and electrical equipment	Furniture and fittings	Vehicles	Submarine cables	Leased Network 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, 2014													
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													
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	347,094	2,236,153	141,193	564,893	5,474,942	62,467	157,630,781
As at January 01, 2015													
Cost	1,652,974	90,026	11,450,147	2,381,679	116,717,956	302,785,417	1,044,147	8,044,911	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)	(697,053)	(5,808,758)	(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	347,094	2,236,153	141,193	564,893	5,474,942	62,467	157,630,781
Year ended December 31, 2015													
Opening net book amount	1,652,974	60,003	7,000,024	927,933	20,814,540	118,348,565	347,094	2,236,153	141,193	564,893	5,474,942	62,467	157,630,781
Additions	-	-	535,913	111,239	5,532,729	24,777,292	405,539	801,638	75,622	179,703	498,581	-	32,918,256
Disposals - note 18.3													
Cost	(31)	-	(1,474)	(18,022)	(24,661)	(663,854)	-	(154,914)	(779)	(52,499)	-	-	(916,234)
Accumulated depreciation	-	-	624	17,914	24,661	561,778	-	153,005	632	51,533	-	-	810,147
	(31)	-	(850)	(108)	-	(102,076)	-	(1,909)	(147)	(966)	-	-	(106,087)
Depreciation charge for the year - note 18.5	-	(1,840)	(288,438)	(149,166)	(3,138,328)	(21,910,329)	(65,804)	(1,335,288)	(31,066)	(229,942)	(1,148,909)	(20,519)	(28,319,629)
Impairment charge - note 18.6	-	-	-	-	-	(161,241)	-	-	-	-	-	-	(161,241)
Net book amount	1,652,943	58,163	7,246,649	889,898	23,208,941	120,952,211	686,829	1,700,594	185,602	513,688	4,824,614	41,948	161,962,080
As at December 31, 2015													
Cost	1,652,943	90,026	11,984,586	2,474,896	122,226,024	326,898,855	1,449,686	8,691,635	676,079	2,583,525	11,804,197	153,889	490,686,341
Accumulated depreciation and impairment	-	(31,863)	(4,737,937)	(1,584,998)	(99,017,083)	(205,946,644)	(762,857)	(6,991,041)	(490,477)	(2,069,837)	(6,979,583)	(111,941)	(328,724,261)
Net book amount	1,652,943	58,163	7,246,649	889,898	23,208,941	120,952,211	686,829	1,700,594	185,602	513,688	4,824,614	41,948	161,962,080
Annual rate of depreciation (%)	-	1 to 3.3	2.5 to 20	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		
Buildings	(1,509)	637	(872)	-	Write off	
Apparatus, plant and equipment	(87,439)	82,316	(5,123)	96,923	Auction	Various vendors
	(48,086)	24,882	(23,204)	24,441	Insurance claim	EFU General Insurance Company
	(757)	581	(176)	498	Negotiation	Asghar Ali Traders
	(597)	334	(263)	349	Claim	TCS
	(136,879)	108,113	(28,766)	122,211		
Vehicles	(21,946)	21,468	(478)	19,662	Auction	Various buyers
	(1,011)	523	(488)	539	Insurance claim	EFU General Insurance Company
	(22,957)	21,991	(966)	20,201		
Computer and electrical equipment	(411)	107	(304)	309	Insurance claim	EFU General Insurance Company
	(274)	94	(180)	510	Negotiation	Asghar Ali Traders
	(214)	143	(71)	71	Group's policy	Mr. Aamir Aleem Rana
	(105)	26	(79)	79	Group's policy	Mr. Taimoor Hassan
	(103)	37	(66)	66	Group's policy	Mr. Fahim Ahmed Khan
	(78)	19	(59)	59	Group's policy	Mr. Sabeen Kaleem
	(77)	13	(64)	64	Group's policy	Mr. Shoaib Anis
	(936)	446	(490)			
	(2,198)	885	(1,313)	1,158		
Aggregate of other having net book amounts not exceeding Rs 50,000	(717,860)	668,685	(49,175)	29,391	Auction	Various buyers
	(881,403)	800,311	(81,092)	172,961		
Apparatus, plant and equipment	(34,831)	9,836	(24,995)	-	Transfer to stores	
	(916,234)	810,147	(106,087)	172,961		

	Note	2015 Rs '000	2014 Rs '000
18.4 Loss of property, plant and equipment due to fire			
Operating fixed assets	18.1	-	841,231
Capital work in progress	18.8	-	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 was utilized.

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

	Note	2015 Rs '000	2014 Rs '000
Cost of services	34	26,732,017	23,827,752
Administrative and general expenses	35	1,517,628	1,496,436
Selling and marketing expenses	36	69,984	63,704
		28,319,629	25,387,892

18.6 The carrying amount of certain items of apparatus, plant and equipment of the Holding Company have been reduced to their recoverable amount through recognition of an impairment loss of Rs 161,241 thousand (December 31, 2014: Nil). This loss has been included in 'cost of services' in the consolidated statement of profit and loss. The impairment charge arose due to malfunctioning of various asset items in apparatus, plant and equipment.

	Note	2015 Rs '000	2014 Rs '000
18.7 Capital work in progress			
Buildings		407,540	609,123
Lines and wires		5,405,231	7,245,715
Apparatus, plant and equipment		1,528,021	4,023,167
Advances to suppliers		533,258	832,991
Others		452,878	225,975
	18.8	8,326,928	12,936,971
18.8 Movement during the year			
Balance at beginning of the year		12,936,971	13,606,246
Additions during the year		28,649,620	41,554,923
Loss due to fire	18.4	-	(65,999)
Transfers during the year		(33,259,663)	(42,158,199)
Balance at end of the year		8,326,928	12,936,971

Addition in capital work in progress includes an amount of Rs 1,632,968 thousand (December 31, 2014 :Rs 1,520,028 thousand), in respect of direct overheads relating to development of assets.

	Note	2015 Rs '000	2014 Rs '000
19. Intangible assets			
Goodwill on acquisition of U Bank		78,790	78,790
Goodwill on acquisition of DVCOM Data	49	1,191,102	-
Other intangible assets	19.1	39,056,551	42,795,391
		40,326,443	42,874,181

	Licenses spectrum	Computer software	Frequency vacation charges	Total
	Rs '000	Rs '000	Rs '000	Rs '000
19.1 Other intangible assets				
As at January 01, 2014				
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	(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 January 01, 2015				
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
Year ended December 31, 2015				
Opening net book amount	41,203,582	1,591,809	-	42,795,391
Additions	1,560,339	491,409	-	2,051,748
Derecognition / Write-offs				
Cost	(2,500,000)	-	(342,000)	(2,842,000)
Accumulated amortization	397,727	-	342,000	739,727
	(2,102,273)	-	-	(2,102,273)
Amortization charge for the year - note 19.11	(3,027,228)	(661,087)	-	(3,688,315)
Closing net book amount	35,532,147	1,422,131	-	39,056,551
As at December 31, 2015				
Cost	44,871,714	3,796,127	-	48,667,841
Accumulated amortization	(7,237,294)	(2,373,996)	-	(9,611,290)
Net book amount	37,634,420	1,422,131	-	39,056,551

		Note	2015 Rs '000	2014 Rs '000
19.2	Breakup of net book amounts as at year end is as follows:			
	Licenses and spectrum - PTCL			
	Telecom	19.3	49,867	59,840
	WLL spectrum	19.3	1,566,205	3,942,173
	WLL and LDI Licenses	19.4	166,370	73,757
	IPTV	19.5	2,652	5,834
	Licenses - U bank		8,355	7,996
	WLL license - DVCOM Data (Private) Limited		1,345,068	-
	Licenses - PTML	19.6 - 19.8	34,495,903	37,113,982
			37,634,420	41,203,582
	Computer software - PTCL	19.9		
	Billing and automation of broadband		-	75,418
	HP OSS		7,991	14,840
	OEM Comptel software (HP OSS)		259,110	-
	Carrier software license (WLL)		7,070	-
	Kron Licenses		10,929	-
	BnCC software		184,150	235,093
	Caller details record collector system		3,810	5,639
	BnCC Oracle system		103,053	150,616
	Customer Relationship Management (CRM)		62,516	91,369
	SAP Enterprise Resource Planning (ERP) system		115,337	171,843
	Branchless banking software - U Bank		78,609	78,374
	Software - PTML	19.10	589,556	768,617
			1,422,131	1,591,809
			39,056,551	42,795,391

19.3 The Pakistan Telecommunication Authority (PTA) has issued a license to PTCL, 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. In June 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 Company to provide Wireless Local Loop (WLL) 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 vacated 1900 MHz spectrum in nine telecom regions acquired from Telecard Limited in September 2013 due to certain conditions mandatory to complete the transaction as stipulated in agreements embodying the commercial arrangement remaining unfulfilled.

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 PTCL 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. During the year 2015, PTA allocated additional spectrum for WLL services in Azad Jammu & Kashmir (AJ&K) and Gilgit-Baltistan (GB) for Rs 98,487 thousand. The duration of the License shall be for the remaining period of the existing WLL licenses. The cost of the licenses is being amortized, on a straight line basis, over the period of the licenses.

19.5 IPTV license has been renewed by Pakistan Electronic Media Regulatory Authority 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 2014, 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 13 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 effective from April 8, 2014. The license is to be amortized over the license term of 15 years. The remaining period of license is 13 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	2015 Rs '000	2014 Rs '000
Cost of services	34	3,297,872	2,479,249
Administrative and general expenses	35	390,443	572,423
		3,688,315	3,051,672

20. Long term investments

	Note	2015 Rs '000	2014 Rs '000
Investment in associate	20.1	8,543	16,541
Other investments	20.2	83,900	83,900
		92,443	100,441

20.1 Investment in associate - unquoted

	2015 Rs '000	2014 Rs '000
TF Pipes Limited - Islamabad, Pakistan 1,658,520 (December 31, 2014: 1,658,520) ordinary shares of Rs 10 each Shares held 40% (December 31, 2014: 40%)		
Cost of investment	23,539	23,539
Group share of post acquisition (loss) / profit / impairment	(14,996)	(6,998)
Balance at end of the year	8,543	16,541

20.1.1 Change in carrying value of investment in associate

	2015 Rs '000	2014 Rs '000
Balance at beginning of the year	16,541	25,359
Share of loss from associate during the year	(2,343)	(8,818)
Impairment of investment.	(5,655)	-
Balance at end of the year	8,543	16,541

	Note	2015 Rs '000	2014 Rs '000
20.1.2 The net assets of the associate - TF Pipes Limited (as per unaudited accounts) are as follows:			
Total assets		70,462	68,933
Total liabilities		52,261	44,935
Revenue		89,362	122,240
Expenses		94,330	142,734
Loss before tax		(5,857)	(20,494)
20.2 Other investments			
Available for sale investments - unquoted			
Thuraya Satellite Telecommunication Company - Dubai, UAE 3,670,000 (December 31, 2014: 3,670,000) ordinary shares of AED 1 each		63,900	63,900
Alcatel - Lucent Pakistan Limited - Islamabad, Pakistan 2,000,000 (December 31, 2014: 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	2015 Rs '000	2014 Rs '000
Loans to employees - secured			
PTCL	21.1	529,539	505,699
PTML	21.2	178,520	234,301
	21.3	708,059	740,000
Discounting to present value		(157,567)	(177,358)
		550,492	562,642
Advances to suppliers against turnkey contracts	21.4	1,950,821	2,488,884
Others		26,639	35,133
		2,527,952	3,086,659
Current portion shown under current assets			
Loans to employees - secured	26	(168,164)	(160,864)
		2,359,788	2,925,795

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, 2014: 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.

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, 2015	Disbursements	Repayments	Write offs	As at December 31, 2015
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Executives	238,136	200	(57,643)	-	180,693
Other employees	501,864	192,948	(167,446)	-	527,366
	740,000	193,148	(225,089)	-	708,059

	As at January 01, 2014	Disbursements	Repayments	Write offs	As at December 31, 2014
	Rs '000	Rs '000	Rs '000	Rs '000	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

	2015 Rs '000	2014 Rs '000
Maximum amount of loan to executives and other employees outstanding at any time during the year		
Executives	150,748	202,642
Other employees	527,366	663,955

21.4 These represent various non interest bearing advances issued to the Group's vendors under turnkey contracts. This includes an advance of Rs Nil thousand (December 31, 2014: Rs 13,669 thousand) given to Telecom Foundation, a related party.

	2015 Rs '000	2014 Rs '000
22. Investment in finance lease		
Gross investment in finance lease	180,116	139,792
Unearned finance income	(31,748)	(27,089)
Present value of minimum lease payments receivable	148,368	112,703
Current portion shown under current assets	(52,255)	(28,305)
	96,113	84,398

22.1 Details of investment in finance lease

	Not later than 1 year	Later than 1 year and not later than 5 years	Total
	Rs '000	Rs '000	Rs '000
Gross investment in finance lease	58,526	121,590	180,116
Unearned finance income	(6,271)	(25,477)	(31,748)
Present value of minimum lease payments receivable	52,255	96,113	148,368

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

		Note	2015 Rs '000	2014 Rs '000
23.	**Stores, spares and loose tools**			
	Stores, spares and loose tools		3,980,323	3,607,672
	Provision for obsolescence	23.1	(1,039,898)	(735,130)
			2,940,425	2,872,542
23.1	Provision for obsolescence			
	Balance at beginning of the year		735,130	1,257,631
	Provision during the year	34	304,768	126,892
			1,039,898	1,384,523
	Write off against provision		-	(649,393)
	Balance at end of the year		1,039,898	735,130
24.	**Stock in trade**			
	SIM cards		147,815	97,869
	Scratch cards		47,025	73,395
	ATM cards		989	3,317
	Mobile phones and accessories		81,165	174,477
			276,994	349,058
	Provision for slow moving stock and warranty against mobile phones	24.1	(28,408)	(19,567)
			248,586	329,491
24.1	Provision for slow moving stock and warranty against mobile phones			
	Balance at beginning of the year		36,356	36,356
	(Reversal) / charge for the year		8,841	(16,789)
			45,197	19,567
	Write off against provision		(16,789)	-
	Balance at end of the year		28,408	19,567
25.	**Trade debts**			
	Domestic			
	Considered good - secured	25.1	942,707	726,384
	- unsecured	25.2	12,764,648	11,201,715
	Considered doubtful - unsecured		7,559,169	6,910,853
			21,266,524	18,838,952
	International			
	Considered good - unsecured	25.2	1,841,679	3,583,136
	Considered doubtful - unsecured		65,270	65,270
			1,906,949	3,648,406
	Provision for doubtful debts	25.3	(7,624,439)	(6,976,123)
			15,549,034	15,511,235

25.1 These are secured against customer and dealer deposits having aggregate amount of Rs 932,827 thousand (December 31, 2014 Rs 904,924 thousand). These also include unbilled revenue related to postpaid subscribers, aggregating to Rs 227,539 thousand (December 31, 2014: Rs 250,800 thousand). The normal credit period of debtors is not more than one month.

	2015 Rs '000	2014 Rs '000
25.2 These include amounts due from the following related parties:		
Etisalat - UAE	113,149	15,846
Etisalat other subsidiaries and associates	87,647	38,718
The Government of Pakistan and its related entities	1,600,018	1,493,357

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

	Note	2015 Rs '000	2014 Rs '000
25.3 Provision for doubtful debts			
Balance at beginning of the year		6,976,123	8,187,622
Provision for the year	35	2,714,278	2,169,809
		9,690,401	10,357,431
Write off against provision		(2,065,962)	(3,381,308)
Balance at end of the year		7,624,439	6,976,123

26. Loans and advances

	Note	2015 Rs '000	2014 Rs '000
Loans			
Current portion of long term loans to employees - secured	21	168,164	160,864
Advances - considered good			
Advances to employees	26.1	22,211	13,667
Advances to suppliers and contractors	26.2	1,540,293	1,095,437
Advances to taxation authorities	26.3	-	500,000
Other advances - net of provision	26.4	912,901	344,128
		2,475,405	1,953,232
		2,643,569	2,114,096

26.1 These include advances to executives and key management personnel amounting to Rs. 14,113 thousand (December 31, 2014: Rs 9,805 thousand) and Rs. 794 thousand (December 31. 2014: Rs 603 thousand) respectively.

	2015 Rs '000	2014 Rs '000
26.2 These include amounts due from the following related parties:		
TF Pipes Limited	200	4,274
Pakistan MNP Database (Guarantee) Limited	8,650	4,017

26.3 This represented amount deposited into the Government treasury in advance which is adjusted against the income tax collections by the Group from its customers.

26.4 This is net of provision of Rs 6,480 thousand (December 31, 2014: Rs 2,366 thousand).

	2015 Rs '000	2014 Rs '000
27. Accrued interest		
Return on bank deposits	72,701	218,287
Interest receivable on loans to employees - secured	55,473	59,290
Mark up accrued on advances and investments	93,005	53,246
	221,179	330,823
28. Recoverable from tax authorities		
Income tax	18,425,746	15,851,419
Sales tax	-	451,990
Federal Excise Duty	3,283,111	3,279,487
	21,708,857	19,582,896
Provision for doubtful amount	(466,176)	(466,176)
	21,242,681	19,116,720

29. Receivable from the Government of Pakistan - Considered good

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.

	Note	2015 Rs '000	2014 Rs '000
30. Deposits, prepayments and other receivables			
Deposits		105,798	98,464
Prepayments			
- Pakistan Telecommunication Authority, a related party		35,856	16,777
- Prepaid rent and others	30.1	1,668,854	1,742,771
		1,704,710	1,759,548
Other receivables - considered good			
Due from related parties:			
- Etisalat - UAE		71,305	74,265
- Pakistan Telecommunication Employees Trust		116	4,082,578
- PTCL employees GPF Trust		6,812	525,377
- Others		881,977	168,262
		960,210	4,850,482
Other receivables			
- Federal excise duty	30.2	543,243	501,541
- Others		701,541	1,127,097
		1,244,784	1,628,638
Considered doubtful		185,239	326,166
Provision for doubtful receivables		(185,239)	(326,166)
		-	-
		4,015,502	8,337,132

30.1 This includes prepaid rent of Rs 40,333 thousand (December 31, 2014: Rs. 33,330 thousand) paid to Pakistan Telecommunication Employees Trust, a related party of the Group.

30.2 As explained in note 17.17, this represents Federal Excise Duty on technical services fee paid by the PTML to the taxation authorities under protest.

	Note	2015 Rs '000	2014 Rs '000
31. Short term investments			
Held to maturity			
Term deposits			
- maturity up to 3 months	31.1	3,027,411	-
- maturity up to 6 months	31.1	23,361,392	12,000,000
		26,388,803	12,000,000
Available for sale investments			
Mutual funds	31.2	-	6,441,389
Pakistan Investment Bonds		180,483	517,956
		180,483	6,959,345
		26,569,286	18,959,345

31.1 Term deposits

	Maturity Upto	2015 Rs '000	2014 Rs '000
National Bank of Pakistan	June 24, 2015	-	7,000,000
Allied Bank Limited	June 16, 2015	-	5,000,000
Habib Metropolitan Bank Limited	February 16, 2016	3,027,411	-
National Bank of Pakistan	June 22, 2016	22,009,282	-
National Bank of Pakistan	June 23, 2016	1,002,110	-
Khushhali Bank Limited	July 16, 2016	150,000	-
Khushhali Bank Limited	September 09, 2016	200,000	-
		26,388,803	12,000,000

	Note	2015 Rs '000	2014 Rs '000
31.2 Available for sale investments			
Mutual funds	31.2.1	-	6,441,389
Pakistan Investment Bonds	31.2.3	180,483	517,956
		180,483	6,959,345

	2015 Rs '000	2014 Rs '000
31.2.1 Units of mutual funds		
Units of open-end mutual funds:		
Atlas Money Market Fund		
Nil (December 31, 2014: 1,273,507) units	-	667,980
IGI Money Market Fund		
Nil (December 31, 2014: 2,681,795) units	-	282,414
JS Cash Fund		
Nil (December 31, 2014: 1,217,493) units	-	130,028
Askari Sovereign Cash Fund		
Nil (December 31, 2014: 1,113,498) units	-	116,688
ABL Cash Fund		
Nil (December 31, 2014: 81,732,466) units	-	855,256
NAFA Money Market Fund		
Nil (December 31, 2014: 112,045,716) units	-	1,171,606
MCB Cash Management Optimizer		
Nil (December 31, 2014: 9,228,481) units	-	962,697
HBL Money Market Fund		
Nil (December 31, 2014: 4,982,929) units	-	521,577
Faysal Money Market Fund		
Nil (December 31, 2014: 3,592,948) units	-	378,158
Pakistan Cash Management Fund		
Nil (December 31, 2014: 4,805,062) units	-	250,636
PICIC Cash Fund		
Nil (December 31, 2014: 4,494,073) units	-	470,682
First Habib Cash Fund		
Nil (December 31, 2014: 2,741,355) units	-	286,348
PIML Daily Reserve Fund		
Nil (December 31, 2014: 3,313,161) units	-	347,319
	-	6,441,389
31.2.2 Movement in available for sale investments during the year:		
Balance at beginning of the year	6,959,345	1,375,632
Additions during the year	1,025,000	5,855,038
Disposals during the year		
Cost	(7,474,823)	(533,497)
Gain on disposal of available for sale investments transferred from other comprehensive income to other income	(558,673)	(35,727)
	(8,033,496)	(569,224)
Unrealised gain transferred to other comprehensive income	229,634	297,899
Balance at end of the year	180,483	6,959,345

31.2.3 This represents PIB carried at market value maturing on March 26, 2020 carrying interest rate of 9.25% per annum (2014: 11.25% per annum)

	Note	2015 Rs '000	2014 Rs '000
32. Cash and bank balances			
Cash in hand		66,132	49,297
Balances with banks:			
Local currency			
Current account maintained with SBP	32.1	89,258	48,518
Current accounts	32.2	513,742	529,436
Saving accounts	32.3 & 32.4	2,179,034	4,291,814
		2,782,034	4,869,768
Foreign currency			
Current accounts (USD 361 thousand: December 31, 2014: USD 4,462 thousand)		37,759	448,047
Saving accounts (USD 2,271 thousand: December 31, 2014: USD 2,914 thousand, Euro 96 thousand: December 31, 2014: Euro 191 thousand)		248,517	315,940
		286,276	763,987
		3,134,442	5,683,052

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, 2014: 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 809 thousand (December 31, 2014: 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 152,724 thousand (December 31, 2014: Rs 170,115 thousand) under lien of bank, against letters of guarantee and letters of credit issued on behalf of the Holding Company.

32.4 These carry mark-up ranging between 4% and 10.3% (December 31, 2014: 5% and 10.45%) per annum.

	Note	2015 Rs '000	2014 Rs '000
33. Revenue			
Telecommunication			
Domestic	33.1	112,631,483	117,777,541
International	33.2	7,936,186	14,359,897
Branchless banking and markup on advances		420,900	184,473
		120,988,569	132,321,911
Discount on prepaid cards and load		(2,427,535)	(2,403,786)
		118,561,034	129,918,125

33.1 Revenue is exclusive of Federal Excise Duty / sales tax amounting to Rs 13,390,661 thousand (December 31, 2014: Rs 15,500,268 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 3,796,503 thousand (December 31, 2014: Rs 5,532,300 thousand).

	Note	2015 Rs '000	2014 Rs '000
34. Cost of services			
Salaries, allowances and other benefits	34.1	13,183,144	13,719,735
Call centre charges		813,551	690,533
Interconnect cost		5,461,772	5,033,986
Foreign operators cost and satellite charges		8,068,239	9,654,592
Network operating cost		282,809	371,291
Fuel and power		9,593,860	12,221,914
Value added services		457,254	849,900
Cost of prepaid cards		496,212	542,888
Stores, spares and loose tools consumed		4,987,391	4,975,066
Provision for obsolete stores, spares and loose tools	23.1	304,768	126,892
Rent, rates and taxes		3,531,624	3,832,431
Repairs and maintenance		8,584,912	8,365,109
Printing and stationery		446,436	414,380
Travelling and conveyance		18,073	14,382
Depreciation on property, plant and equipment	18.5	26,732,017	23,827,752
Amortization of intangible assets	19.11	3,297,872	2,479,249
Impairment on property, plant and equipment		161,241	-
Annual license fee to Pakistan Telecommunication Authrity (PTA)		1,383,521	1,429,896
Others		249,612	171,368
		88,054,308	88,721,364

34.1 This includes Rs 3,947,537 thousand (December 31, 2014: Rs 3,884,002 thousand) in respect of employees retirement benefits.

	Note	2015 Rs '000	2014 Rs '000
35. Administrative and general expenses			
Salaries, allowances and other benefits	35.1	2,929,092	3,363,277
Call centre charges		134,658	130,121
Fuel and power		359,173	457,212
Rent, rates and taxes		754,078	631,008
Repairs and maintenance		1,189,550	1,293,022
Printing and stationery		14,256	18,626
Travelling and conveyance		397,877	496,710
Technical services assistance fee	35.2	4,149,636	4,547,134
Legal and professional charges		661,786	742,416
Auditors' remuneration	35.3	10,432	20,598
Depreciation on property, plant and equipment	18.5	1,517,628	1,496,436
Amortization of intangible assets	19.11	390,443	572,423
Research and development fund	35.4	328,469	332,075
Provision against doubtful debts	25.3	2,714,278	2,169,809
Provision against non performing advances		4,957	2,047
Donations	35.5	3,535	26,480
Provision for impairment in investment		5,655	-
Postage and courier services		300,524	280,669
External services		1,140,876	1,249,591
Other expenses		1,284,506	1,227,845
		18,291,409	19,057,499

35.1 This includes Rs 504,738 thousand (December 31, 2014: Rs 487,581 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.

		2015 Rs '000	2014 Rs '000
35.3	Auditors' remuneration		
	Statutory audit, including half yearly review	9,662	9,550
	Tax services	-	9,146
	Out of pocket expenses	770	770
	Other services	-	1,132
		10,432	20,598

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% 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.

		Note	2015 Rs '000	2014 Rs '000
36.	**Selling and marketing expenses**			
	Salaries, allowances and other benefits	36.1	2,144,800	2,175,516
	Call centre charges		82,987	73,996
	Sales and distribution charges		1,962,846	1,809,603
	Fuel and power		100,481	130,648
	Printing and stationery		4,603	4,272
	Travelling and conveyance		18,073	14,382
	Advertisement and publicity		3,551,746	3,460,091
	Depreciation on property, plant and equipment	18.5	69,984	63,704
	Mobile financials services cost		236,317	-
	Others		37,411	33,863
			8,209,248	7,766,075

36.1 This includes Rs 447,137 thousand (December 31, 2014: Rs 438,113 thousand) in respect of employees retirement benefits.

37. Voluntary separation scheme cost

In financial year 2014, 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 had been treated as VSS cost. Out of 3,100 employees who opted for the Scheme, 2,462 belonged 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 had opted for VSS had also been adjusted / charged against the VSS cost. The break-up of the VSS cost is as follows:

	Note	2015 Rs '000	2014 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		-	102,011
Others		-	30,455
		-	4,111,304
		-	8,174,536

38. Other income

	Note	2015 Rs '000	2014 Rs '000
Income from financial assets:			
Return on bank deposits		1,884,285	3,054,798
Interest on investment in Government securities		45,023	39,583
Late payment surcharge from subscribers on over due bills		266,058	282,307
Recovery from written off defaulters		671,809	86,181
Late delivery charges		1,796	1,751
Dividend income		10,000	10,000
Gain on fair value remeasurement of forward exchange contracts		97,576	-
Gain on disposal of available for sale investments		558,673	35,727
Imputed interest net of unwinding of interest on long term loans		22,258	28,030
Mark up on long term loans		-	10,165
Others		38,179	1,058
		3,595,657	3,549,600
Gain on disposal of property, plant and equipment		301,731	65,658
Amortization of deferred government grants	13	528,139	381,602
Pre-deposit income		490,856	221,063
Others		313,685	257,724
		1,634,411	926,047
		5,230,068	4,475,647

	2015 Rs '000	2014 Rs '000
39. Finance costs		
Interest on:		
Long term loans from banks	1,449,027	966,684
Long term vendor liability	717,850	249,213
Other liabilities	23,732	32,698
License fee payable	252,065	160,727
Bank and other charges	257,372	253,995
Unrealized expense on forward exchange contract revaluation	-	62,765
Exchange loss	1,727,946	1,222,073
Imputed interest related to		
Finance lease	4,660	13,437
License fee payable	784,684	608,868
Long-term loans	1,481	(4,646)
	5,218,817	3,565,814
40. Provision for income tax charge / (credit) for the year		
Current		
- for the year	6,255,056	2,589,005
- for prior year	-	(201,026)
	6,255,056	2,387,979
Deferred		
- for the year	(3,960,605)	(368,401)
- for the prior year	9,474	206,209
- due to change in rate of taxation	(157,413)	-
	(4,108,544)	(162,192)
	2,146,512	2,225,787

40.1 Tax charge reconciliation

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

	2015 Percentage	2014 Percentage
Applicable tax rate	32.00	33.00
Turnover tax charged off - current and prior year	24.90	-
Tax effect of amounts chargeable to tax at lower rates	(3.44)	(0.21)
Tax effect of amounts that are not deductible for tax purposes	6.43	2.35
Others	(6.43)	0.80
	21.46	2.94
Average effective tax rate charged to the consolidated statement of profit and loss	53.46	35.94

40.2 Tax on items directly credited to other comprehensive income amounting to Rs 748,176 thousand (December 31, 2014: Rs 2,052,028 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.

			2015	2014
41.	**Earnings per share - basic and diluted**			
	Profit for the year	Rupees in thousand	1,868,466	3,966,649
	Weighted average number of ordinary shares	Numbers in thousand	5,100,000	5,100,000
	Earnings per share	Rupees	0.37	0.78

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 14,700,000 thousand (December 31,2014: Rs 13,700,000 thousand) and Rs 14,800,000 thousand (December 31, 2014: 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 2,586,074 thousand (December 31, 2014: Rs 9,295,542 thousand) and Rs 7,133,964 thousand (December 31, 2014 Rs 6,723,465 thousand) respectively. The letter of guarantee facility is secured by a hypothecation charge over certain assets of the Holding Company, amounting to Rs 23,785,000 thousand (December 31, 2014: Rs 21,383,333 thousand).

		2015 Rs '000	2014 Rs '000
43.	**Cash generated from operations**		
	Profit before tax	4,014,978	6,192,436
	Adjustments for non-cash charges and other items:		
	Depreciation and amortization	32,007,943	28,439,564
	Impairment	161,241	-
	Provision for obsolete stores, spares and loose tools	304,768	126,892
	Provision for doubtful trade debts and other receivables	2,714,278	2,171,856
	Provision for impairment in investment	5,655	-
	Provision / (Reversal) for stock and warranty against mobile phones	8,841	(16,789)
	Provision for non performing advances	4,957	-
	Employees retirement benefits	4,854,634	4,705,411
	Voluntary separation scheme cost	-	8,174,536
	Gain on disposal of property, plant and equipment	(218,933)	(65,658)
	Loss of property plant and equipment due to fire	-	907,230
	Return on bank deposits	(1,929,308)	(3,054,798)
	Interest income on long term loans	-	(10,165)
	Dividend income	(10,000)	(10,000)
	Gain on disposal of available for sale investments	(558,673)	(35,727)
	Gain on de-recognition of intangible assets	(82,727)	-
	Amortization of government grants	(528,139)	(381,602)
	Finance costs	4,995,280	2,948,155
	Imputed interest on license fee	-	608,868
	Unearned income on finance lease	4,660	13,437
	Imputed interest on long term loans	(22,258)	(34,796)
	(Gain)/Loss on fair value adjustment for forward exchange contracts	(97,576)	62,765
	Share of loss from associate	2,343	8,818
		45,631,964	50,750,433

	Note	2015 Rs '000	2014 Rs '000
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(347,656)	676,379
Stock in trade		72,064	140,963
Trade debts		(2,752,077)	255,930
Loans and advances		(531,307)	(729,024)
Recoverable from tax authorities		565,385	(451,990)
Deposits, prepayments and other receivables		4,351,758	(1,114,148)
		1,358,167	(1,221,890)
Increase in current liabilities:			
Trade and other payables		6,765,123	5,844,208
Advances from customers		593,239	206,400
		7,358,362	6,050,608
		54,348,493	55,579,151

44. Cash and cash equivalents

	Note	2015 Rs '000	2014 Rs '000
Short term investments		3,207,894	6,959,345
Cash and bank balances	32	3,134,442	5,683,052
Short term running finance	16	(427,428)	-
		5,914,908	12,642,397

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	
	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000
Managerial remuneration	-	-	165,712	160,292	452,940	449,602	1,795,618	1,720,121
Honorarium	300	300	-	-	-	11,321	11,009	13,263
Bonus	-	-	24,408	23,664	62,594	73,855	201,971	222,910
Retirement benefits	-	-	24,284	23,025	64,233	101,332	231,307	323,964
Housing	-	-	-	-	192,972	193,302	689,724	658,777
Utilities	-	-	-	-	49,479	44,356	127,423	114,197
	300	300	214,404	206,981	822,218	873,768	3,057,052	3,053,232
Number of persons	1	1	1	1	71	78	1,375	1,329

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, 2014: 12 non executive directors), is Rs 120,644 thousand (December 31, 2014: Rs 99,885 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 104.60 (December 31, 2014: USD 1 = Rs 100.40), while liabilities in US dollars have been translated into Rupees at USD 1 = Rs 104.80 (December 31, 2014: USD 1 = Rs 100.60).

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:

	2015 Rs '000	2014 Rs '000
USD		
Trade and other payables	(5,802,397)	(6,182,974)
Long term vendor liability	(9,693,443)	(6,203,595)
License fee payable	(30,633,040)	(33,866,990)
Trade debts	2,089,593	3,848,788
Cash and bank balances	275,334	740,603
Net exposure	(43,763,953)	(41,664,168)
EUR		
Trade and other payables	(47,077)	(225,216)
Trade debts	68,499	100,255
Cash and bank balances	10,942	23,433
Net exposure	32,364	(101,528)
AED		
Trade and other payables	(54,929)	(52,715)

	2015	2014
The following significant exchange rates were applied during the year:		
Rupees per USD		
Average rate	102.88	101.16
Reporting date rate		
Assets	104.60	100.40
Liabilities	104.80	100.60
Rupees per EURO		
Average rate	114.20	134.50
Reporting date rate	114.54	122.37
Rupees per AED		
Average rate	28.01	27.54
Reporting date rate	28.54	27.39

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 1,444,955 thousand (December 31, 2014: Rs 1,359,099 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 180,483 thousand (December 31, 2014: Rs 6,959,345 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 9,024 thousand (December 31, 2014: Rs 347,967 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 :

	2015 Rs '000	2014 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	708,059	740,000
Short term investments - term deposits	26,388,803	12,000,000
Bank balances - savings accounts	2,179,034	4,607,754
Floating rate instruments:		
Bank balances - savings accounts	498,223	-
	29,774,119	17,347,754
Financial liabilities		
Floating rate instruments:		
Long term loans from banks	21,000,000	15,000,000
License fee payable	6,183,200	7,419,250
Liability against assets subject to finance lease	57,270	73,796
Long term vendor liability	7,769,994	9,141,202
Short term running finance	427,428	-
	35,437,892	31,634,248

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 230,602 thousand (December 31, 2014: Rs 211,949 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:

	2015 Rs '000	2014 Rs '000
Long term loans and advances	2,359,788	2,925,795
Trade debts	15,549,034	15,511,235
Accrued interest	221,179	330,823
Loans and advances	2,643,569	2,114,096
Other receivables	2,204,994	6,577,584
Short term investments	26,388,803	18,441,389
Bank balances	3,068,310	5,633,755
	52,435,677	51,534,677

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	2015	2014
	Short term	Long term	Agency	Rs '000	Rs '000
National Bank of Pakistan	A1+	AAA	PACRA	23,620,264	8,736,388
Bank Alfalah Limited	A1+	AA	PACRA	139,573	146,669
MCB Bank Limited	A1+	AAA	PACRA	242,887	386,704
Soneri Bank Limited	A1+	AA-	PACRA	21,360	6,781
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,047,165	1,482
Industrial Commercial Bank of China	P-1	A1	Moody's	-	7,501
The Bank of Punjab	A1+	AA-	PACRA	-	40
NIB Bank Limited	A1+	AA-	PACRA	23,115	71,728
Habib Bank Limited	A-1+	AAA	JCR-VIS	636,584	626,112
Faysal Bank Limited	A1+	AA	PACRA	1,218	231,317
Askari Bank Limited	A-1+	AA	JCR-VIS	867	18,170
Allied Bank Limited	A1+	AA+	PACRA	207,483	5,193,970
United Bank Limited	A-1+	AA+	JCR-VIS	137,627	696,938
BankIslami Pakistan Limited	A1	A+	PACRA	1,437	1,408
Bank Al-Habib Limited	A1+	AA+	PACRA	220,659	181,605
Summit Bank Limited	A-1	A	JCR-VIS	174,613	99,624
Dubai Islamic Bank (Pakistan) Limited	A-1	A+	JCR-VIS	196,278	192,020
Citibank, N.A	P-1	A2	Moody's	250,971	199,141
HSBC Bank Middle East Limited	P-2	A3	Moody's	1,045	1,365
SME Bank Limited	B	BB	PACRA	786	25,179
SilkBank Limited	A-2	A-	JCR-VIS	1,560	-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	46,695	36,966
JS Bank Limited	A1+	A+	PACRA	51	49
Meezan Bank Limited	A-1+	AA	JCR-VIS	36,229	427,510
Sindh Bank Limited	A-1+	AA-	JCR-VIS	1	457
Other Banks				12,902	-
Barclays Bank PLC	A-1	A	S&P's	-	36,961
Samba Bank Limited	A-1	AA	JCR-VIS	-	33,342
Khushhali Bank Limited	A-1	A+	JCR-VIS	351,174	225,810
Zari Taraqiati Bank Limited	A-1+	AAA	JCR-VIS	1,100	-
Emirates Global Islamic Bank				-	1
Mutual funds					
- Pakistan Cash Management Fund	-	AAA(f)	PACRA	-	250,636
- NAFA Money Market Fund	-	AA(f)	PACRA	-	1,171,606
- MCB Cash Management Optimizer	-	AA(f)	PACRA	-	962,697
- Atlas Money Market Fund	-	AA+(f)	PACRA	-	667,980
- HBL Money Market Fund	-	AA(f)	PACRA	-	521,577
- IGI Money Market Fund	-	AA+(f)	PACRA	-	282,414
- JS Cash Fund	-	AA+(f)	JCR-VIS	-	130,028
- ABL Cash Fund	-	AA(f)	JCR-VIS	-	855,256
- Faysal Money Market Fund	-	AA+(f)	JCR-VIS	-	378,158
- Askari Sovereign Cash Fund	-	AAA(f)	PACRA	-	116,688
- 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
				29,373,644	24,026,627

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, 2015:

	Carrying amount	Less than one year	One to five years	More than five years
	Rs '000	Rs '000	Rs '000	Rs '000
Long term loans from banks	21,000,000	25,000	15,225,000	5,750,000
Short term running finance	427,428	427,428	-	-
Liability against assets subject to finance lease	57,270	31,977	25,293	-
License fee payable	27,403,776	7,584,902	12,986,954	6,831,920
Long term security deposits	1,576,434	-	548,499	1,027,935
Employees retirement benefits	32,372,480	-	-	32,372,480
Long term vendor liability	26,802,603	2,163,554	24,639,049	-
Trade and other payables	60,626,723	60,626,723	-	-
Interest accrued	554,585	554,585	-	-
	170,821,299	71,414,169	53,424,795	45,982,335

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

	Carrying amount	Less than one year	One to five years	More than five years
	Rs '000	Rs '000	Rs '000	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	-	-
	156,573,048	71,323,172	44,622,824	40,627,052

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.

47.3 Financial instruments by categories

	Available for sale		Loans and receivables		Total	
	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000
Financial assets as per statement of financial position						
Long term investments	83,900	83,900	-	-	83,900	83,900
Long term loans and advances	-	-	2,359,788	2,925,795	2,359,788	2,925,795
Trade debts	-	-	15,549,034	15,511,235	15,549,034	15,511,235
Loans and advances	-	-	2,643,569	2,114,096	2,643,569	2,114,096
Accrued interest	-	-	221,179	330,823	221,179	330,823
Receivable from the Government of Pakistan	-	-	2,164,072	2,164,072	2,164,072	2,164,072
Deposits and other receivables	-	-	2,310,792	6,577,584	2,310,792	6,577,584
Short-term investments	180,483	6,959,345	26,388,803	12,000,000	26,569,286	18,959,345
Cash and bank balances	-	-	3,134,442	5,683,052	3,134,442	5,683,052
	264,383	7,043,245	54,771,679	47,306,657	55,036,062	54,349,902

	Liabilities at fair value through profit and loss		Other financial liabilities		Total	
	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000	2015 Rs '000	2014 Rs '000
Financial liabilities as per statement of financial position						
Loans from Banks	-	-	21,000,000	15,000,000	21,000,000	15,000,000
Liability against assets subject to finance lease	-	-	57,270	73,796	57,270	73,796
License fee payable	-	-	27,403,776	29,999,723	27,403,776	29,999,723
Long term security deposits	-	-	1,576,434	1,492,410	1,576,434	1,492,410
Employees retirement benefits	-	-	32,372,480	33,302,010	32,372,480	33,302,010
Vendor liability	-	-	26,802,603	22,747,540	26,802,603	22,747,540
Trade and other payables	-	-	54,524,238	53,401,715	54,524,238	53,401,715
Interest accrued	-	-	554,585	695,321	554,585	695,321
Short term running finance	-	-	427,428	-	427,428	-
Forward foreign exchange contracts	10,591	108,167	-	-	10,591	108,167
	10,591	108,167	164,718,814	156,712,515	164,729,405	156,820,682

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

	2015 Rs '000	2014 Rs '000

48. Employees provident funds

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

	2015 Rs '000	2014 Rs '000
Total assets	4,477,403	4,681,987
Cost of investments made	4,013,550	4,222,876
Percentage of investments made	89.6%	90.2%
Fair value of investments	4,234,135	4,353,390

	2015		2014	
	Rs '000	Percentage	Rs '000	Percentage
Break up of investments - at cost				
Pakistan Investment Bonds	2,047,865	51.02	2,047,865	48.49
Mutual Funds	565,000	14.08	565,000	13.38
Term deposits	994,948	24.79	1,237,613	29.31
Treasury bills	371,778	9.26	311,380	7.37
Interest bearing accounts	33,959	0.85	61,018	1.45
	4,013,550	100.00	4,222,876	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. Business combination

On April 01, 2015 the Holding Company acquired 100% shares of DVCOM Data (Private) Limited (DVCOM) to offer telecommunication services as per the Wireless Local Loop (WLL) licenses issued by the regulator to DVCOM.

	Rs '000
Consideration Transferred	
Total consideration	2,650,000
Identifiable assets acquired and liabilities assumed	
The following summaries the recognized amounts of assets acquired and liabilities assumed at the acquisition date.	
Operating Fixed Assets	1,459,272
Cash and Cash Equivalents	1
Accrued liabilities	(375)
Total net identifiable assets	1,458,898
Goodwill	
Goodwill from the acquisition has been recognized on provisional basis as follows:	
Total Consideration Transferred	2,650,000
Fair value of net identifiable assets	(1,458,898)
Goodwill	1,191,102
Net cash outflow on acquisition of subsidiary	
Cash and cash equivalents paid	2,026,785
Less : Cash and cash equivalents acquired	(1)
	2,026,784

49.1 The goodwill is attributable to the benefits from provisions of above-stated telecommunication services, to be offered by the Group.

49.2 The revenue included in the Consolidated Statement of profit and loss since April 01, 2015 contributed by DVCOM Data is Rs 153,000 thousand. DVCOM Data loss for the period since acquisition is Rs 1,334 thousand.

49.3 Had DVCOM Data been consolidated from January 01, 2015, the consolidated revenue would be Rs 118,561,034 thousand and profit of Rs 1,828,957 thousand.

50 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
- The Government of Pakistan
- Etisalat International Pakistan

Associated undertakings
- Emirates Telecommunication Corporation
- Etisalat - Afghanistan
- Etihad Etisalat Company
- Etisalat - Srilanka
- Etisalat - Egypt
- Etisalat - Nigeria
- 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
- PTCL - Employees Gratuity Fund
- PTML - Employees Gratuity Fund
- U Bank - Employees Provident Fund

Other related parties
- Pakistan Telecommunication Authority
- Universal Service Fund - The Government of Pakistan
- National ICT R&D Fund
- Pakistan Electronic Media Regularity Authority
- The Government of Pakistan and its related entities

	2015 Rs '000	2014 Rs '000
Shareholders		
Technical services assistance fee	4,149,636	4,547,134
Associates		
Sale of goods and services	1,656,979	58,341
Purchase of goods and services	1,382,778	2,008,549
Expenses reimbursed to Pakistan MNP Database (Gurantee) Limited	12,667	37,183
Employees retirement benefit plan		
Contribution to the plans	7,262,206	12,763,996
Rentals paid to PTET	440,000	200,000
Other related parties		
Sale of goods and services	3,833,730	1,482,836
Charge under license obligations	2,860,584	2,861,040

51. Operating segment information

51.1 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.

51.2 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.

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

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
Year ended December 31, 2015			
Segment revenue	67,036,975	58,668,741	125,705,716
Inter - segment revenue	(5,356,418)	(1,788,264)	(7,144,682)
Revenue from external customers	61,680,557	56,880,477	118,561,034
Segment results	7,757,931	(5,889,465)	1,868,466
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

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, 2015			
Segment assets	143,088,769	148,856,057	291,944,826
Segments liabilities	87,892,741	107,466,019	195,358,760
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

51.4 Other segment information is as follows:

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
Year ended December 31, 2015			
Depreciation	10,904,231	17,415,398	28,319,629
Amortization	167,862	3,520,453	3,688,315
Finance cost	279,291	4,939,526	5,218,817
Interest income	1,551,757	377,551	1,929,308
Income tax expense	3,971,016	(1,824,505)	2,146,511
Share of loss from associate	2,343	-	2,343
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	2,487,964	606,417	3,094,381
Income tax expense	1,216,204	1,009,583	2,225,787
Share of loss from associate	8,818	-	8,818

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

51.6 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.

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

	2015 Rs '000	2014 Rs '000
Voice	40,941,422	70,268,871
Data	46,383,908	48,114,963
Other services	31,235,704	11,534,291
	118,561,034	129,918,125

52. Number of employees

	2015 (Numbers)	2014 (Numbers)
Total number of persons employed at year end	20,002	20,102
Average number of employees during the year	20,170	23,045

53. Offsetting of financial assets and liabilities

Trade debts presented in the consolidated statement of financial position include aggregate receivable of Rs 10,084,498 thousand (December 31, 2014: Rs 8,561,244 thousand) set off against aggregate payable of Rs 7,252,993 thousand (December 31, 2014: Rs 6,064,737 thousand).

Trade and other payables presented in the consolidated statement of financial position include aggregate payable of Rs 6,827,307 thousand (December 31, 2014: Rs 8,881,766 thousand) set off against aggregate receivable of Rs 4,754,371 thousand (December 31, 2014: Rs 7,142,212 thousand).

54. Corresponding figures

Corrosponding figures have been rearranged and reclassified where necessary for more appropriate presentation of transactions and balances.

55. Date of authorization for issue

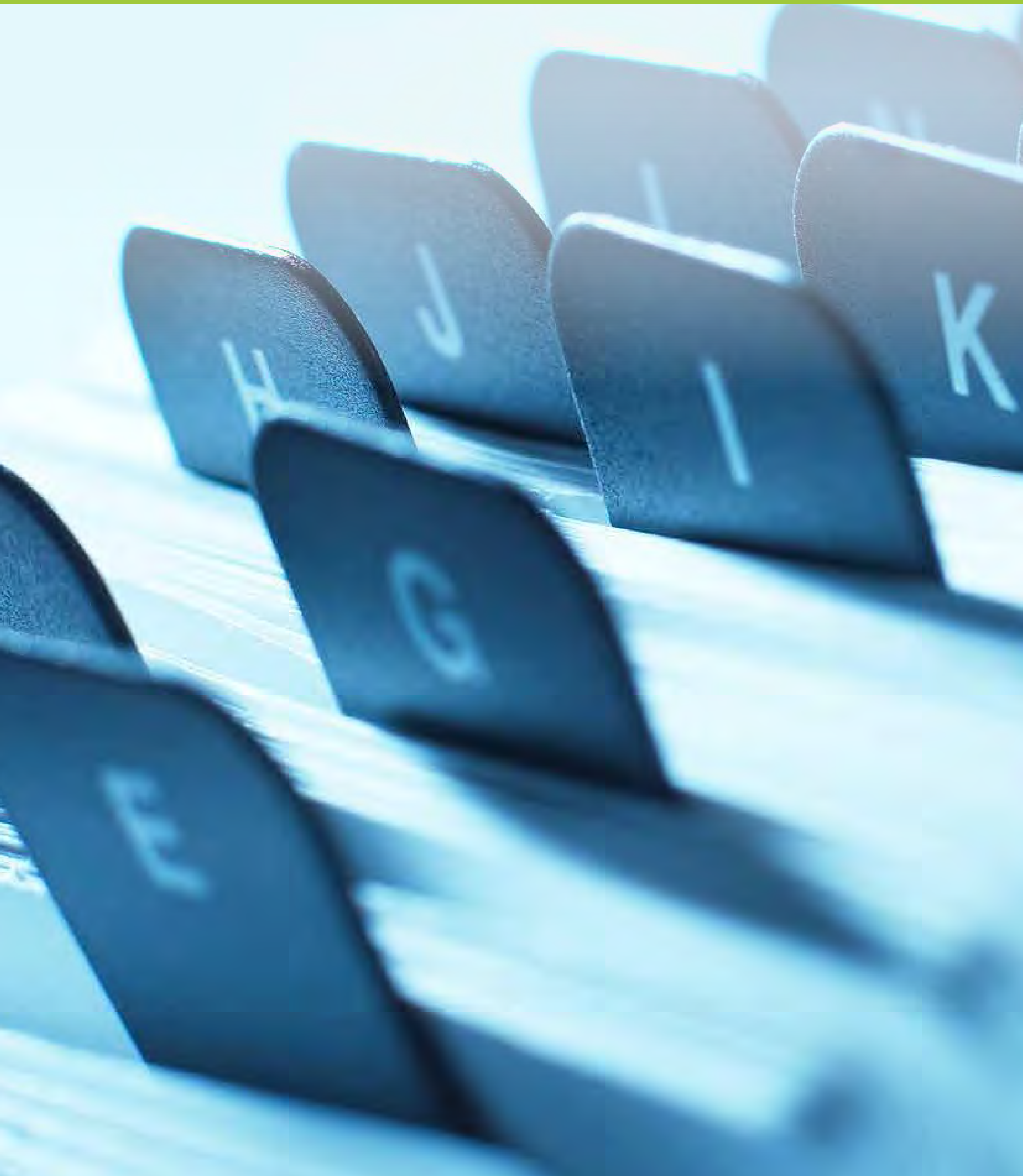
55.1 The Board of Directors of the Holding Company in its meeting held on February 10, 2016 has recommended a final dividend of Re. 1.00 per share for the year ended December 31, 2015, amounting to Rs. 5,100,000 thousand for approval of the members in the forthcoming Annual General Meeting of the Holding Company.

55.2 These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on February 10, 2016.

Chairman

President & CEO

Annexes



PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2015

No. of shareholders	Shareholdings From	To	Total shares held
25,010	1	100	2,472,210
9,219	101	500	2,890,229
3,274	501	1,000	2,941,587
4,100	1,001	5,000	11,564,889
1,263	5,001	10,000	10,413,878
415	10,001	15,000	5,356,918
318	15,001	20,000	5,969,577
235	20,001	25,000	5,618,206
142	25,001	30,000	4,102,015
95	30,001	35,000	3,161,255
84	35,001	40,000	3,269,046
41	40,001	45,000	1,784,138
136	45,001	50,000	6,746,167
35	50,001	55,000	1,881,875
39	55,001	60,000	2,299,600
22	60,001	65,000	1,387,200
24	65,001	70,000	1,639,769
27	70,001	75,000	1,997,501
19	75,001	80,000	1,495,244
14	80,001	85,000	1,174,500
20	85,001	90,000	1,775,600
11	90,001	95,000	1,028,811
77	95,001	100,000	7,685,448
5	100,001	105,000	512,000
6	105,001	110,000	657,000
7	110,001	115,000	793,317
8	115,001	120,000	951,000
9	120,001	125,000	1,109,276
6	125,001	130,000	771,517
8	130,001	135,000	1,072,821
4	135,001	140,000	560,000
5	140,001	145,000	717,500
16	145,001	150,000	2,393,000
7	150,001	155,000	1,063,700
3	155,001	160,000	479,000
3	160,001	165,000	488,000
5	170,001	175,000	871,000
2	175,001	180,000	355,500
4	180,001	185,000	731,800
8	185,001	190,000	1,506,100
1	190,001	195,000	195,000
28	195,001	200,000	5,599,000
9	200,001	205,000	1,835,684
3	205,001	210,000	624,200
6	210,001	215,000	1,274,812
2	215,001	220,000	438,000
2	220,001	225,000	450,000
4	225,001	230,000	917,000
2	235,001	240,000	476,000
3	240,001	245,000	731,500
6	245,001	250,000	1,500,000
2	250,001	255,000	506,750
1	260,001	265,000	265,000
2	270,001	275,000	549,000
1	275,001	280,000	280,000
1	285,001	290,000	288,000
2	290,001	295,000	590,000
12	295,001	300,000	3,598,000
2	300,001	305,000	601,500
1	305,001	310,000	310,000
2	310,001	315,000	626,000
1	315,001	320,000	319,500
5	320,001	325,000	1,622,000

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2015

No. of shareholders	Shareholdings From	Shareholdings To	Total shares held
3	330,001	335,000	1,001,300
2	335,001	340,000	672,500
1	340,001	345,000	345,000
2	345,001	350,000	700,000
2	350,001	355,000	708,900
1	355,001	360,000	360,000
1	360,001	365,000	365,000
3	365,001	370,000	1,106,123
1	370,001	375,000	371,000
1	380,001	385,000	381,252
2	385,001	390,000	776,853
5	395,001	400,000	1,997,500
2	400,001	405,000	808,500
1	410,001	415,000	415,000
2	430,001	435,000	869,000
1	440,001	445,000	440,500
4	445,001	450,000	1,795,300
1	455,001	460,000	456,000
1	470,001	475,000	472,500
5	495,001	500,000	2,500,000
1	505,001	510,000	509,877
1	515,001	520,000	516,500
1	520,001	525,000	525,000
1	525,001	530,000	527,500
1	535,001	540,000	538,000
1	545,001	550,000	550,000
1	550,001	555,000	554,800
1	555,001	560,000	557,000
1	565,001	570,000	565,471
2	570,001	575,000	1,145,149
1	575,001	580,000	579,000
1	595,001	600,000	600,000
4	635,001	640,000	2,550,398
1	640,001	645,000	641,323
3	645,001	650,000	1,950,000
1	680,001	685,000	681,874
1	690,001	695,000	690,400
2	695,001	700,000	1,400,000
1	710,001	715,000	712,500
1	720,001	725,000	723,500
1	770,001	775,000	771,659
2	785,001	790,000	1,573,000
2	800,001	805,000	1,603,818
1	805,001	810,000	807,500
2	830,001	835,000	1,664,000
1	860,001	865,000	864,954
1	870,001	875,000	872,888
1	880,001	885,000	884,000
1	965,001	970,000	966,500
1	970,001	975,000	972,000
6	995,001	1,000,000	6,000,000
1	1,005,001	1,010,000	1,007,000
1	1,020,001	1,025,000	1,023,970
1	1,050,001	1,055,000	1,053,500
1	1,095,001	1,100,000	1,100,000
1	1,135,001	1,140,000	1,140,000
1	1,190,001	1,195,000	1,192,500
1	1,195,001	1,200,000	1,195,292
1	1,215,001	1,220,000	1,217,500
1	1,280,001	1,285,000	1,281,500
1	1,290,001	1,295,000	1,293,500
1	1,320,001	1,325,000	1,324,200
1	1,330,001	1,335,000	1,333,103

No. of shareholders	Shareholdings From	To	Total shares held
1	1,340,001	1,345,000	1,343,968
1	1,370,001	1,375,000	1,372,510
1	1,375,001	1,380,000	1,379,000
1	1,395,001	1,400,000	1,400,000
1	1,465,001	1,470,000	1,470,000
2	1,495,001	1,500,000	3,000,000
2	1,540,001	1,545,000	3,086,400
1	1,765,001	1,770,000	1,768,500
1	1,810,001	1,815,000	1,812,670
1	1,820,001	1,825,000	1,823,500
1	1,830,001	1,835,000	1,834,000
1	1,860,001	1,865,000	1,861,500
3	1,995,001	2,000,000	6,000,000
3	2,000,001	2,005,000	6,006,000
1	2,360,001	2,365,000	2,365,000
1	2,445,001	2,450,000	2,450,000
1	2,495,001	2,500,000	2,500,000
1	2,570,001	2,575,000	2,575,000
1	2,615,001	2,620,000	2,617,562
1	2,645,001	2,650,000	2,650,000
1	2,670,001	2,675,000	2,674,261
1	2,680,001	2,685,000	2,684,000
1	2,690,001	2,695,000	2,690,500
1	2,765,001	2,770,000	2,767,500
1	2,860,001	2,865,000	2,865,000
1	2,885,001	2,890,000	2,888,000
1	2,890,001	2,895,000	2,890,384
1	2,995,001	3,000,000	3,000,000
1	3,015,001	3,020,000	3,018,500
1	3,020,001	3,025,000	3,024,000
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	3,310,001	3,315,000	3,314,037
1	3,345,001	3,350,000	3,347,600
1	3,450,001	3,455,000	3,451,639
1	3,535,001	3,540,000	3,537,955
1	3,585,001	3,590,000	3,588,000
1	3,620,001	3,625,000	3,623,600
1	4,070,001	4,075,000	4,075,000
1	4,495,001	4,500,000	4,500,000
1	5,045,001	5,050,000	5,046,500
1	5,395,001	5,400,000	5,400,000
1	5,435,001	5,440,000	5,439,899
1	5,885,001	5,890,000	5,885,300
1	6,425,001	6,430,000	6,430,000
1	7,095,001	7,100,000	7,100,000
1	9,400,001	9,405,000	9,400,200
1	9,925,001	9,930,000	9,927,500
1	10,145,001	10,150,000	10,149,500
1	10,795,001	10,800,000	10,800,000
1	15,460,001	15,465,000	15,465,000
1	23,280,001	23,285,000	23,281,000
1	33,035,001	33,040,000	33,037,000
1	34,360,001	34,365,000	34,361,854
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
44,990		TOTAL:	5,100,000,000

CATEGORIES OF SHAREHOLDERS

AS AT DECEMBER 31, 2015

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-Bank Financial Institutions	32	132,340,186	2.59
5	Insurance Companies	15	68,878,258	1.35
6	Modarabas and Mutual Funds	50	44,377,500	0.87
7	Shareholders holding 10%	4	4,497,067,993	88.18
8	General Public :			
	a. Local	44,215	155,684,017	3.05
	b. Foreign	353	954,340	0.02
9	President of Pakistan	2	3,171,067,993	62.18
10	Others	308	200,449,297	3.93
	Total (excluding : shareholders holding 10%)	44,990	5,100,000,000	100.00

Trades in PTCL Shares

The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretray, Head of Internal Audit and their spouses and minor children have not traded in PTCL shares during the year ended December 31, 2015.

INFORMATION AS
REQUIRED UNDER CCG
AS AT DECEMBER 31, 2015

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 ABL INCOME FUND	1	11,000
	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	1	50,000
	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	125,517
	CDC - TRUSTEE AKD OPPORTUNITY FUND	1	2,001,500
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	1,812,670
	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	1	212,500
	CDC - TRUSTEE APF-EQUITY SUB FUND	1	300,000
	CDC - TRUSTEE APIF - EQUITY SUB FUND	1	400,000
	CDC - TRUSTEE ASKARI HIGH YIELD SCHEME - MT	1	204,000
	CDC - TRUSTEE ATLAS INCOME FUND - MT	1	56,000
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	2,000,500
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	4,500,000
	CDC - TRUSTEE FAYSAL INCOME & GROWTH FUND - MT	1	38,500
	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	1,324,200
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	88,500
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	641,323
	CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	1	110,817
	CDC - TRUSTEE MEEZAN BALANCED FUND	1	1,372,510
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	3,314,037
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	1,700
	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	1	368,000
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	1,140,000
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	1,500,000
	CDC - TRUSTEE NAFA MULTI ASSET FUND	1	336,500
	CDC - TRUSTEE NAFA STOCK FUND	1	6,430,000
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	2,890,384
	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1	1,333,103
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	3,451,639
	CDC - TRUSTEE PICIC INCOME FUND - MT	1	52,500
	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	712,500
	CDC - TRUSTEE PICIC STOCK FUND	1	637,500
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	90,000
	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	90,000
	CDC - TRUSTEE PIML VALUE EQUITY FUND	1	90,000
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	650,000
	GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	2,690,500
	MCBFSL - TRUSTEE NAFA INCOME FUND - MT	1	884,000
	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	50,000
	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSETALLOCATION FUND	1	50,000
	SAFEWAY FUND LIMITED	1	400,000
	Total :	40	42,411,900

INFORMATION AS REQUIRED UNDER
CODE OF CORPORATE GOVERNANCE
AS AT DECEMBER 31, 2015

S. No.	Shareholder's category	Number of shareholders	Number of shares held
iii.	Directors and their spouse(s) and minor children (name wise details)		
	DR. DANIEL RITZ	1	1
	DR. WAQAR MASOOD KHAN	2	245,001
	MR. ABDULRAHIM A. AL NOORYANI	1	1
	MR. MUDASSAR HUSSAIN	1	1
	MR. RAINER RATHGEBER	1	1
	SARDAR AHMAD NAWAZ SUKHERA	1	1
	MR. SERKAN OKANDAN	1	1
	MR. AZMAT ALI RANJHA	1	1
	MR. HESHAM ABDULLA QASSIM AL QASSIM	1	1
	Total :	10	245,009
iv.	Executives	-	-
	Total :	-	-
v.	Public Sector Companies and Corporations	5	114,277,274
	Total :	5	114,277,274
vi.	Banks, Development Finance Institutions, Non-Bank Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	63	149,799,237
	Total :	63	149,799,237
vii.	Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)		
	PRESIDENT OF PAKISTAN	2	3,171,067,993
	ETISALAT INTERNATIONAL PAKISTAN (LLC) - FIRST CDC ACCOUNT	1	918,190,476
	ETISALAT INTERNATIONAL PAKISTAN (LLC) SECOND CDC ACCOUNT	1	407,809,524
	Total :	4	4,497,067,993

NOTICE OF THE
TWENTY FIRST ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of Pakistan Telecommunication Company Limited will be held on Thursday, April 28, 2016 at 10:30 a.m. at S.A. Siddiqui Auditorium, PTCL Headquarters, Sector G-8/4, Islamabad, to transact the following business:

A. Ordinary Business:

1. To confirm minutes of the 4th Extraordinary General Meeting held on October 31, 2015.

2. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2015, together with the Auditors' and Directors' reports.

3. To approve final cash dividend of 10% (Re. 1 per Ordinary Share) for the year ended December 31, 2015. 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, 2016 and to fix their remuneration. The present auditors M/s Deloitte Yousuf Adil, Chartered Accountants will stand retired on the conclusion of this meeting.

B. Special Business:

5. To consider and pass the following resolutions;

   i. Resolved that the consent of General Meeting be and is hereby given for disposal of lands and buildings of 611 number of closed exchanges as per the list attached.

   ii. Resolved that President & CEO, PTCL be and is hereby authorized to complete all procedural requirements ancillary to carry out actions, deeds, things and other related matters regarding disposal of lands and buildings of above-stated 611 number of closed exchanges.

   The statement of special business under section 160 (1) (b) of the Companies Ordinance, 1984 is attached with the Notice.

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

By order of the Board

(Saima Akbar Khattak)
Company Secretary

Dated: February 10, 2016
Islamabad

NOTICE OF THE
TWENTY FIRST ANNUAL GENERAL MEETING

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 17, 2016 to April 28, 2016 (both days inclusive).

3. Change of Address

   Members holding shares in physical form are requested to notify any change in address 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 (SECP) 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 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.

(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, 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 videoconference 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 Register 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, 2015 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: 12.5%

(b) For non-filers of income tax returns: 17.5%

To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, all the shareholders whose names are not entered into the Active Tax-pavers 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 16, 2016 otherwise tax on their cash dividend will be deducted @ 17.5% instead @12.5%.

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:

			Principal Shareholder		Joint Shareholder	
Company Name	Folio/CDS Account #	Total Shares	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 16, 2016 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".

STATEMENT UNDER SECTION 160 1(b) OF THE COMPANIES ORDINANCE, 1984

Proposed Resolution included in AGM Agenda (for your reference please)

i. Resolved that the consent of General Meeting be and is hereby given for disposal of lands and buildings of 611 number of closed exchanges as per the list attached.

ii. Resolved that President & CEO, PTCL be and is hereby authorized to complete all procedural requirements ancillary to carry out actions, deeds, things and other related matters regarding disposal of lands and buildings of above-stated 611 number of closed exchanges.

This statement sets out the material facts concerning special business to be transacted at the 21st Annual General Meeting of Pakistan Telecommunication Company Limited to be held on April 28, 2016.

The proposed special resolutions regarding disposal of non-useable/obsolete assets i.e. lands and buildings of 611 number of closed exchanges having written down value of Rs. 718,096,598/- (as on December 31, 2015), with an estimated net loss of Rs. Nil is necessitated by the following factors:

1. To save related operating expenses pertinent to keep and maintenance of these lands and buildings.
2. To safeguard against possible encroachment on these assets by third parties.
3. To realize possible financial gains from disposing of these unused assets of the Company.

Background

In the wake of the consolidation of Company's operations necessitated due to introduction of newer technologies e.g. MSAGs (Multi Services Access Gateways) and soft switches, these exchanges became redundant and unprofitable. Hence, after securing the approvals of Company's Board of Directors, the operations in these exchanges were ceased in three phases and related assets (excluding lands and buildings) were either used in Company's operations elsewhere or were disposed of. Region-wise summary of 611 closed exchanges is as under:

S.No.	Regions	No. of closed Exchanges	S.No.	Regions	No. of closed Exchanges
1	Central (CTR)	85	7	Peshawar (NTR-1)	32
2	Faisalabad (FTR)	99	8	D I Khan (NTR-2)	31
3	Gujranwala (GTR)	58	9	Rawalpindi (RTR)	25
4	Hazara (HTR)	18	10	Hyderabad (STR-1)	30
5	Lahore North (LTR-N)	2	11	Sukkur (STR-5)	37
6	Multan (MTR)	155	12	Quetta (WTR)	39
	Total Closed Exchanges				611

Shareholders' Value

The disposal of lands and buildings of the closed 611 exchanges is expected to enhance shareholders' equity through realization of envisaged gains.

The Directors of the Company have no direct or indirect interest in the special business.

List of 611Closed Exchanges

Sr No	Region	Phase	Exchange Name	Closure Date
1	CTR	1	Adda Noul Plot	February 18, 2009
2	CTR	1	Arzani Pur	February 18, 2009
3	CTR	1	Bath Kalan	February 18, 2009
4	CTR	1	Bunga Saleh	October 16, 2008
5	CTR	1	Chaindpur	October 11, 2008
6	CTR	1	Chak 110/9-L	October 16, 2008
7	CTR	1	Chak 166/9-L	February 18, 2009
8	CTR	1	Chak 51/EB	October 28, 2008
9	CTR	1	Chak 67/5L	October 16, 2008
10	CTR	1	Chak Shafi	October 24, 2008
11	CTR	1	Darbar Kot	October 14, 2008
12	CTR	1	Darbar M. Ghous (11/1-R)	February 18, 2009
13	CTR	1	Ganja Kalan	October 16, 2008
14	CTR	1	Ganjyana Nau	October 17, 2008
15	CTR	1	Jewan Shah	February 21, 2009
16	CTR	1	Kharey Kalan	October 14, 2008
17	CTR	1	Kot Hussain	October 11, 2008
18	CTR	1	Ladhey Kay	February 18, 2009
19	CTR	1	Mango Taroo	February 23, 2009
20	CTR	1	Mopal Kay	February 23, 2009
21	CTR	1	Nehran Wali	February 18, 2009
22	CTR	1	Pacca Sidhar	October 24, 2008
23	CTR	1	Pir Sadar Din	October 28, 2008
24	CTR	2	Vagra	December 8, 2010
25	CTR	3	22 S.P.	May 26, 2011
26	CTR	3	43-D Dastgir Ck	June 27, 2011
27	CTR	3	4-Chak Rasala	October 21, 2011
28	CTR	3	57gd Sarwar Chk	July 2, 2011
29	CTR	3	Adian	June 24, 2011
30	CTR	3	Babak Wal	June 11, 2011
31	CTR	3	Bama Bala	June 28, 2011
32	CTR	3	Bharpura Shamad	June 25, 2011
33	CTR	3	Bhumman Shah	June 27, 2011
34	CTR	3	Bhutta Mohabat	June 25, 2011
35	CTR	3	Chak 108-7-R	July 2, 2011
36	CTR	3	Chak 138-9-L	June 25, 2011
37	CTR	3	Chak 174-1-9-L	June 25, 2011
38	CTR	3	Chak 62-12-L	July 1, 2011
39	CTR	3	Chak 65-12-L	July 1, 2011
40	CTR	3	Chak No. 121 Eb	July 29, 2011
41	CTR	3	Chak No.15-S.P	July 29, 2011
42	CTR	3	Chak No.32-1al	June 15, 2011
43	CTR	3	Chak No.35-2-L	June 27, 2011
44	CTR	3	Chak No.71-4-R	June 25, 2011
45	CTR	3	Chak No.7-1-L	June 23, 2011
46	CTR	3	Chak No.78-5-L	July 2, 2011
47	CTR	3	Chak No.8-1ra	June 11, 2011
48	CTR	3	Chak No.99-12-L	July 1, 2011
49	CTR	3	Chak-17	June 20, 2011
50	CTR	3	Dal Waryam	July 1, 2011
51	CTR	3	Dalla Wahga	June 24, 2011
52	CTR	3	Dhutta	June 11, 2011
53	CTR	3	Hanjli Chak-33	July 13, 2011
54	CTR	3	Harchand	July 12, 2011
55	CTR	3	Juman Shah	July 1, 2011
56	CTR	3	Kahan Singh	July 1, 2011
57	CTR	3	Kakkar Gill	June 27, 2011
58	CTR	3	Karkan	July 13, 2011
59	CTR	3	Khokhar Pooli	June 11, 2011
60	CTR	3	Kirto Pindori	June 24, 2011
61	CTR	3	Korey Shah	July 1, 2011
62	CTR	3	Kul Mokal	July 6, 2011

Sr No	Region	Phase	Exchange Name	Closure Date
63	CTR	3	Lalianwala	June 25, 2011
64	CTR	3	Mangtawala Pind	May 26, 2011
65	CTR	3	Marale Hithar	July 6, 2011
66	CTR	3	Marh Balochan	July 16, 2011
67	CTR	3	Metha Suja	June 24, 2011
68	CTR	3	Mitha Bhatti	June 28, 2011
69	CTR	3	Muncharian	June 27, 2011
70	CTR	3	Murad Pur	June 25, 2011
71	CTR	3	Nirmalkey	July 6, 2011
72	CTR	3	Peply Pahar	June 27, 2011
73	CTR	3	Pir Ghani	July 1, 2011
74	CTR	3	Qadar Abad	June 25, 2011
75	CTR	3	Qila Sitar Shah	July 12, 2011
76	CTR	3	Ruken Pura	June 25, 2011
77	CTR	3	Sangla Hill	June 30, 2011
78	CTR	3	Sattoki	July 6, 2011
79	CTR	3	Sheikh Ammad Kh	July 6, 2011
80	CTR	3	Sheikh Tayyab	July 1, 2011
81	CTR	3	Siranwali Buler	July 13, 2011
82	CTR	3	Sulemanki	June 29, 2011
83	CTR	3	Titranwalt	July 13, 2011
84	CTR	3	Wanawala	June 25, 2011
85	CTR	3	Zamirabad	June 11, 2011
86	FTR	1	A.Q.Khan	February 6, 2009
87	FTR	1	Chak 105 NB	October 11, 2008
88	FTR	1	Chak 165	February 6, 2009
89	FTR	1	Chak 251 JB	February 6, 2009
90	FTR	1	Chak 374 GB	February 7, 2009
91	FTR	1	Chak 401 GB	October 20, 2008
92	FTR	1	Chak 405 GB	December 20, 2008
93	FTR	1	Chak 528 GB	February 14, 2009
94	FTR	1	Chak 56 SB	October 11, 2008
95	FTR	1	Chak 566 GB	February 9, 2009
96	FTR	1	Chak 625 GB	February 7, 2009
97	FTR	1	Chak 69 NB	October 11, 2008
98	FTR	1	Chak Niazian (Chak 569 Gb)	October 2, 2009
99	FTR	1	Chak No. 463 Jb (Hassan Shah)	February 6, 2009
100	FTR	1	Chak-607 GB	February 6, 2009
101	FTR	1	Chakoo More	February 7, 2009
102	FTR	1	Chandni	February 5, 2009
103	FTR	1	Dilawar (Akhtarabad)	October 29, 2008
104	FTR	1	Harsa Sheikh	October 9, 2008
105	FTR	1	Havali Lal	February 6, 2009
106	FTR	1	Jalib Dulchian (Chak 630 Gb)	October 2, 2009
107	FTR	1	Kot Ahmad Yar	December 18, 2008
108	FTR	1	Mazafar Pur	February 6, 2009
109	FTR	1	More Pungu	October 29, 2008
110	FTR	1	Sandrana	December 18, 2008
111	FTR	1	Sultan Pur Mela	October 29, 2008
112	FTR	2	Adda Bhussi.	December 7, 2010
113	FTR	2	Ahmadabad.	January 21, 2011
114	FTR	2	Basti Bakhtawar	December 30, 2010
115	FTR	2	Chak Jodh	January 20, 2011
116	FTR	2	Chak No 121 Nb.	December 10, 2010
117	FTR	2	Chak No 133 Sgd	December 10, 2010
118	FTR	2	Chak No 583 Gb	December 7, 2010
119	FTR	2	Chak-39db	March 22, 2011
120	FTR	2	Chak-51 Asb Sgd	December 10, 2010
121	FTR	2	Cheena	December 30, 2010
122	FTR	2	Chella Kabli.	January 21, 2011
123	FTR	2	Ck. 68 Sb.	December 10, 2010
124	FTR	2	Ck.# 594 Gb.	January 24, 2011

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Sr No	Region	Phase	Exchange Name	Closure Date
125	FTR	2	Ck22 Mb.	March 22, 2011
126	FTR	2	Goliwali.	March 22, 2011
127	FTR	2	Hafizabad Bhl	December 30, 2010
128	FTR	2	Jhoke Sami	November 29, 2010
129	FTR	2	K.Behadar Shah.	March 26, 2011
130	FTR	2	Kandiwal	December 3, 2010
131	FTR	2	Madad Ali	March 19, 2011
132	FTR	2	Mubary Khan	December 10, 2010
133	FTR	2	Nalka Adda	June 16, 2011
134	FTR	2	Noor Pur Kalooka	January 26, 2011
135	FTR	2	Pindi Kot Sgd.	December 10, 2010
136	FTR	2	Rahadari	March 22, 2011
137	FTR	2	Rubana.	December 10, 2010
138	FTR	2	Selar Wala	December 10, 2010
139	FTR	2	Sher Mohd Wala.	May 12, 2011
140	FTR	2	Thabal.	December 30, 2010
141	FTR	2	Thathi Noor Sgd	December 30, 2010
142	FTR	2	Werowal.	December 10, 2010
143	FTR	3	43-Jb Peeruana.	July 21, 2011
144	FTR	3	Akrain Wala	June 11, 2011
145	FTR	3	Arotti.	June 11, 2011
146	FTR	3	Barnala	May 18, 2011
147	FTR	3	Chak 48 Sb Sgd	July 14, 2011
148	FTR	3	Chak No 380 Gb	July 9, 2011
149	FTR	3	Chak No 611.Gb	June 11, 2011
150	FTR	3	Chak No. 163/Rb (More-155) T/E-Chak Jhumra	August 10, 2011
151	FTR	3	Chak No. 225 Gb	June 11, 2011
152	FTR	3	Chak No. 35 Nb	June 11, 2011
153	FTR	3	Chak No.186 Gb.	July 11, 2011
154	FTR	3	Chak No.187 Nb	September 30, 2011
155	FTR	3	Chak No.241 Jb.	June 11, 2011
156	FTR	3	Chak No.262 Jb.	June 11, 2011
157	FTR	3	Chak.410 Jb Tbs	August 11, 2011
158	FTR	3	Ck No-308-Jb	August 11, 2011
159	FTR	3	Ck No-312-Jb	June 28, 2011
160	FTR	3	Ck. No 132 Gb	July 27, 2011
161	FTR	3	Ck. No.421 Jb.	June 11, 2011
162	FTR	3	Ck.# 124 Nb Sgd	July 13, 2011
163	FTR	3	Ck.No.355 Jb Tb	June 11, 2011
164	FTR	3	Ckak #63-61-Sb	June 11, 2011
165	FTR	3	Dera Jara Jadee	June 11, 2011
166	FTR	3	Gharah Fateh Sh	October 1, 2011
167	FTR	3	Gilmala Jng.	June 11, 2011
168	FTR	3	Haq Bahu Cly	June 11, 2011
169	FTR	3	Hust Khewa.	June 11, 2011
170	FTR	3	Jehanabad Sgd	July 13, 2011
171	FTR	3	Jhamra.	June 11, 2011
172	FTR	3	Jhoke Ditta.	June 30, 2011
173	FTR	3	Kamalia-Ii.	June 14, 2011
174	FTR	3	Kufri	November 22, 2011
175	FTR	3	Luqman.	July 14, 2011
176	FTR	3	Mir More.	August 11, 2011
177	FTR	3	Pharang	June 8, 2011
178	FTR	3	Pir Panja.	June 11, 2011
179	FTR	3	Pull Asif	August 11, 2011
180	FTR	3	Pull Pira.	October 1, 2011
181	FTR	3	Quaidabad.	June 18, 2011
182	FTR	3	Sial Sharif Sgd	July 29, 2011
183	FTR	3	Thathi Balaraja	June 11, 2011
184	FTR	3	Uchali.	June 11, 2011
185	GTR	1	Baig Pur	September 16, 2008
186	GTR	1	Dohatta Azmat	September 16, 2008
187	GTR	1	Durga Dinga	September 16, 2008
188	GTR	1	Garhi Gondal	February 18, 2009
189	GTR	1	Jandoke	February 14, 2009
190	GTR	1	Kadher	December 19, 2008
191	GTR	1	Kali Sooba	September 16, 2008
192	GTR	1	Kot Nikka	September 18, 2008
193	GTR	1	Nothain	February 18, 2009
194	GTR	1	Tahli Goraya	September 16, 2008
195	GTR	1	Thatti Bajwa	September 20, 2008
196	GTR	2	Dandian	November 27, 2010
197	GTR	2	Ganour	November 27, 2010
198	GTR	2	Koraykay	November 29, 2010
199	GTR	2	Thatha Wazira	November 27, 2010
200	GTR	3	Adda Bastan	July 23, 2011
201	GTR	3	Adil Pur Bajwa	July 16, 2011
202	GTR	3	Botala Sharm Si	June 30, 2011
203	GTR	3	Budda Goraya	July 2, 2011
204	GTR	3	Chack Bhatti	July 25, 2011
205	GTR	3	Chack Ramdas	August 10, 2011
206	GTR	3	Conv Bherowal	July 4, 2011
207	GTR	3	Dhabliwala	July 1, 2011
208	GTR	3	Feteh Key	August 3, 2011
209	GTR	3	Ghar Qaim	August 3, 2011
210	GTR	3	Gumtala	July 23, 2011
211	GTR	3	Jagowal	August 13, 2011
212	GTR	3	Jarpal	July 23, 2011
213	GTR	3	Karmanwala	August 25, 2011
214	GTR	3	Khan Pur	July 25, 2011
215	GTR	3	Khewa	October 20, 2011
216	GTR	3	Kot Baray Khan	June 30, 2011
217	GTR	3	Kot Nainan	July 1, 2011
218	GTR	3	Kot Panah	July 25, 2011
219	GTR	3	Kotli Dilbagh R	August 13, 2011
220	GTR	3	Kutia Baderuddi	August 3, 2011
221	GTR	3	Lalapur	July 2, 2011
222	GTR	3	Lalu Pur	August 13, 2011
223	GTR	3	Lasoory Kalan	October 22, 2011
224	GTR	3	Lurki	July 2, 2011
225	GTR	3	Madarissa Chath	August 10, 2011
226	GTR	3	Madrianwala	July 25, 2011
227	GTR	3	Mangoki Virkan	August 13, 2011
228	GTR	3	Mari Bhindran	August 13, 2011
229	GTR	3	Mundeke Berian	July 25, 2011
230	GTR	3	Nadala Sandhowa	June 30, 2011
231	GTR	3	Nain Ranjah	August 9, 2011
232	GTR	3	Nakaywal	July 26, 2011
233	GTR	3	Pindi Bawaray	July 25, 2011
234	GTR	3	Quaim Pur Virka	July 2, 2011
235	GTR	3	Rambri	July 1, 2011
236	GTR	3	Sandhwan Tarar	July 25, 2011
237	GTR	3	Sankhatra	July 26, 2011
238	GTR	3	Santhal	July 4, 2011
239	GTR	3	Shezada	July 25, 2011
240	GTR	3	Sokinwind	July 2, 2011
241	GTR	3	Tarkhana Murida	July 1, 2011
242	GTR	3	Wazir Ke Chatha	August 3, 2011
243	HTR	2	Mohri Bad Bain	November 15, 2011
244	HTR	2	Najuf Pur (Hrp)	March 30, 2011
245	HTR	2	Sangar	March 30, 2011
246	HTR	3	Akhan Banid Hrp (Zte)	March 20, 2012
247	HTR	3	Bannian	July 31, 2011

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Sr No	Region	Phase	Exchange Name	Closure Date
248	HTR	3	Butamury	August 16, 2011
249	HTR	3	Hadora Bandi (Zte)	June 20, 2011
250	HTR	3	Karakki	June 21, 2011
251	HTR	3	Kuza Banda	January 27, 2012
252	HTR	3	Maddan	August 16, 2011
253	HTR	3	Malkot	September 6, 2011
254	HTR	3	Namal Rlu	September 6, 2011
255	HTR	3	Nilishang	July 31, 2011
256	HTR	3	Peshora Zte	August 16, 2011
257	HTR	3	Shamlai Bansair	August 16, 2011
258	HTR	3	Sumandar Khata	September 6, 2011
259	HTR	3	Tannakki	September 6, 2011
260	HTR	3	Thathi Ahmad Kh	August 16, 2011
261	LTR-N	3	Lakhoki	February 22, 2012
262	LTR-N	3	Mal Mari	April 29, 2011
263	MTR	1	Aali Wala	October 10, 2008
264	MTR	1	Abbas Nagar	February 16, 2009
265	MTR	1	Adda Hyderabad	February 16, 2009
266	MTR	1	Basti Ghoth Pur	February 16, 2009
267	MTR	1	Basti Sonak	February 16, 2009
268	MTR	1	Bhutta Kot	February 16, 2009
269	MTR	1	Bhutta Wahin	February 16, 2009
270	MTR	1	Bohran Pir	February 16, 2009
271	MTR	1	Chak 10-A	February 16, 2009
272	MTR	1	Chak 214/9-R	February 16, 2009
273	MTR	1	Chak 239 Eb Vehari	November 1, 2008
274	MTR	1	Chak 289/Eb	February 16, 2009
275	MTR	1	Chak No. 165 (Murad)	February 16, 2009
276	MTR	1	Chak No.122/W.B	February 16, 2009
277	MTR	1	Chatror Garh	February 16, 2009
278	MTR	1	Chowk Baig Wala	October 10, 2008
279	MTR	1	Duba Duri	October 10, 2008
280	MTR	1	Fortminroo	October 18, 2008
281	MTR	1	Garhi Ikhtiar Khan	February 16, 2009
282	MTR	1	Gogran	February 16, 2009
283	MTR	1	Goharabad	February 16, 2009
284	MTR	1	Goth Pur	February 16, 2009
285	MTR	1	Haji Dewan	February 16, 2009
286	MTR	1	Harand	October 10, 2008
287	MTR	1	Jaggu Wala	February 16, 2009
288	MTR	1	Jahan Pur	February 16, 2009
289	MTR	1	Jalbani	February 16, 2009
290	MTR	1	Jhakar Imam Shah	October 18, 2008
291	MTR	1	Jhok Utra	February 16, 2009
292	MTR	1	Khan Bela (Ml)	February 16, 2009
293	MTR	1	Khanpur	February 16, 2009
294	MTR	1	Kot Abbas Shaheed	February 16, 2009
295	MTR	1	Kotha Thalli	February 16, 2009
296	MTR	1	Kotla Qaim Khan	February 16, 2009
297	MTR	1	Masa Kotha	February 16, 2009
298	MTR	1	Matital	February 16, 2009
299	MTR	1	Mehfooz Abad	February 16, 2009
300	MTR	1	Mehray Shah	February 16, 2009
301	MTR	1	Mou Mubarak	February 16, 2009
302	MTR	1	Nawab Pur Multan	February 16, 2009
303	MTR	1	Nawan Kot	February 16, 2009
304	MTR	1	Nawan Kot (Ryk)	February 16, 2009
305	MTR	1	Nutkani	February 16, 2009
306	MTR	1	Qasba Samina	February 16, 2009
307	MTR	1	Sakhi Sarwar	February 16, 2009
308	MTR	1	Sanjar Saidan	October 10, 2008
309	MTR	1	Sargana	February 16, 2009
310	MTR	1	Shah Pur	February 16, 2009
311	MTR	1	Soon Miani	February 16, 2009
312	MTR	1	Sultan Pur	October 18, 2008
313	MTR	1	Wasanday Wali	October 18, 2008
314	MTR	1	Zaman Kot	February 16, 2009
315	MTR	2	Amin Abad	December 14, 2010
316	MTR	2	Bagho Bahar	December 14, 2010
317	MTR	2	Bahdur Pur	December 29, 2010
318	MTR	2	Bait Mir Hazar	January 18, 2011
319	MTR	2	Bakhtiari	February 26, 2011
320	MTR	2	Baqir Pur	December 13, 2010
321	MTR	2	Bara Sadat	April 23, 2011
322	MTR	2	Basti Mamoori	May 7, 2011
323	MTR	2	Bherowal	December 11, 2010
324	MTR	2	Chachran Sharif	December 14, 2010
325	MTR	2	Chak Israni	February 26, 2011
326	MTR	2	Chak No.13-9-R	December 13, 2010
327	MTR	2	Chowk Jamal	December 13, 2010
328	MTR	2	Ghazi Ghat	April 22, 2011
329	MTR	2	Ghazi Pur	December 18, 2010
330	MTR	2	Hatheji	March 8, 2011
331	MTR	2	Head Bakainy	January 18, 2011
332	MTR	2	Head Haji Pur	December 14, 2010
333	MTR	2	Khokhran	December 18, 2010
334	MTR	2	Kothey Wala	December 14, 2010
335	MTR	2	Kotla Bund Ali	January 19, 2011
336	MTR	2	Lal Garh	March 9, 2011
337	MTR	2	Loother	December 14, 2010
338	MTR	2	Muhammad Pur Lamma	December 30, 2010
339	MTR	2	Noshera Gharbi	May 7, 2011
340	MTR	2	Peer Adil	December 14, 2010
341	MTR	2	Rafiq Abad	January 4, 2011
342	MTR	2	Raja Pur	December 28, 2010
343	MTR	2	Sardar P.Jhndir	December 13, 2010
344	MTR	2	Shaher Fareed	December 31, 2010
345	MTR	2	Shitab Garh	December 13, 2010
346	MTR	2	Syed Mohib Shah	February 26, 2011
347	MTR	2	Talai Wala	April 22, 2011
348	MTR	2	Thul Hamza	December 14, 2010
349	MTR	3	Abu Dhabi Cly	September 28, 2011
350	MTR	3	Adda Akhtar Ngr	August 18, 2011
351	MTR	3	Ali Sherwan	August 18, 2011
352	MTR	3	Arra Akbar	June 4, 2011
353	MTR	3	Bala Arian	August 18, 2011
354	MTR	3	Basti Gurmani	June 4, 2011
355	MTR	3	Belay Wala	June 6, 2011
356	MTR	3	Bindoor Abasian	August 18, 2011
357	MTR	3	Chak 270-Tda	August 18, 2011
358	MTR	3	Chak 358-Wb	August 18, 2011
359	MTR	3	Chak 94-Ml	August 18, 2011
360	MTR	3	Chak 98-Ml	August 18, 2011
361	MTR	3	Chak No.111-Dnb	August 18, 2011
362	MTR	3	Chak No.12-Ah	August 18, 2011
363	MTR	3	Chak No.146-P	August 18, 2011
364	MTR	3	Chak No.204-Eb	July 17, 2011
365	MTR	3	Chak No.23.24/3r	August 18, 2011
366	MTR	3	Chak No.306	August 18, 2011
367	MTR	3	Chak No.339-Wb	August 18, 2011
368	MTR	3	Chak No.377-Wb	August 18, 2011
369	MTR	3	Chak No.45-A	August 18, 2011
370	MTR	3	Chak No.553-Eb	August 18, 2011
371	MTR	3	Chak No.91-10-R	August 18, 2011

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372	MTR	3	Chak-116-P	August 18, 2011
373	MTR	3	Chak-136-10-R	August 18, 2011
374	MTR	3	Chak-173-P	August 18, 2011
375	MTR	3	Chk 138	August 18, 2011
376	MTR	3	Darkhana	August 18, 2011
377	MTR	3	Dhanot	August 18, 2011
378	MTR	3	Fateh Pur	December 14, 2011
379	MTR	3	Ghazi Ghat	May 6, 2011
380	MTR	3	Haji Pur	August 18, 2011
381	MTR	3	Hamid Pur	August 18, 2011
382	MTR	3	Jalah Arian	August 18, 2011
383	MTR	3	Jhoke Boodo	August 18, 2011
384	MTR	3	Kala	August 18, 2011
385	MTR	3	Kalanch Wala	June 28, 2011
386	MTR	3	Khairpur Sadat	September 30, 2011
387	MTR	3	Kotla Musa Khan	August 18, 2011
388	MTR	3	Kotla Pathan	June 30, 2011
389	MTR	3	Kukkar Hutta	August 24, 2011
390	MTR	3	Maan Kot Tel.Ex	August 18, 2011
391	MTR	3	Mahar Wali	August 18, 2011
392	MTR	3	Mahra	June 6, 2011
393	MTR	3	M-Allah Bachaya	August 18, 2011
394	MTR	3	Mehar Sharif	August 18, 2011
395	MTR	3	Mehery Wala	August 18, 2011
396	MTR	3	Murad Abad	June 6, 2011
397	MTR	3	Murghai	August 18, 2011
398	MTR	3	Nathey Wala	August 18, 2011
399	MTR	3	Nau-Qabal Wah	August 18, 2011
400	MTR	3	Nawan Shehar	August 18, 2011
401	MTR	3	Noor Shah	August 18, 2011
402	MTR	3	Pacca Larran	August 18, 2011
403	MTR	3	Pir Jaggi	August 18, 2011
404	MTR	3	Pull Murad	August 18, 2011
405	MTR	3	Pull-25	August 18, 2011
406	MTR	3	Rafique Abad	August 18, 2011
407	MTR	3	Rana Nagar	August 18, 2011
408	MTR	3	Rasool Pur	August 18, 2011
409	MTR	3	Rathwala(2-9-R)	August 18, 2011
410	MTR	3	Reyaz Abad	September 30, 2011
411	MTR	3	Said Ali	August 18, 2011
412	MTR	3	Seet Pur	August 18, 2011
413	MTR	3	Sehaja	August 18, 2011
414	MTR	3	Shadani Sharif	June 30, 2011
415	MTR	3	Sheikh Faazal	July 17, 2011
416	MTR	3	Taunsa Barrage	September 30, 2011
417	MTR	3	Tibbi Qaisrani	August 18, 2011
418	NTR-1	2	Ashokhel Kandow	May 30, 2011
419	NTR-1	2	Aza Khel	January 18, 2011
420	NTR-1	2	Gul Bandai Mdn	January 18, 2011
421	NTR-1	2	Jaba Khatak Pab	January 18, 2011
422	NTR-1	2	Miskinai	January 15, 2010
423	NTR-1	2	Palosai Nsh	January 18, 2011
448	NTR-1	3	Akhagram New	December 12, 2011
449	NTR-1	3	Arang Tmg	June 6, 2011
450	NTR-1	3	Babuzai	October 5, 2011
451	NTR-1	3	Banda Kachori	September 7, 2011
424	NTR-1	3	Chinaray New	August 15, 2011
452	NTR-1	3	Gandary Kaley	November 24, 2011
453	NTR-1	3	Jandai Mdn	November 16, 2011
454	NTR-1	3	Kalam	August 15, 2011
455	NTR-1	3	Kalanjar New	August 15, 2011
456	NTR-1	3	Kati Gari	October 5, 2011
457	NTR-1	3	Kohi Barmole	October 5, 2011
458	NTR-1	3	Kohi Hasan Khel	June 6, 2011
459	NTR-1	3	Koragh	September 12, 2011
460	NTR-1	3	Mandoori	August 15, 2011
461	NTR-1	3	Mangai Chai Swb	October 5, 2011
462	NTR-1	3	Mian Khan Sanga	January 3, 2012
463	NTR-1	3	Mughal Kot	August 17, 2011
464	NTR-1	3	Mughalki	August 15, 2011
465	NTR-1	3	Pakhi Bala	June 6, 2011
466	NTR-1	3	Pataw	August 15, 2011
467	NTR-1	3	Pirabad Saidaba	September 12, 2011
468	NTR-1	3	Pirsado	September 12, 2011
469	NTR-1	3	Prang Ghar	October 5, 2011
470	NTR-1	3	Rashaka New	November 14, 2011
471	NTR-1	3	Seer Tmg	October 5, 2011
472	NTR-1	3	Shagai Bala New	September 7, 2011
425	NTR-2	1	Khushal Garh	November 13, 2008
426	NTR-2	2	Abdul Khel Dik	June 25, 2011
427	NTR-2	2	Abdul Khel Lki	March 3, 2011
428	NTR-2	2	Ahmad Khel Shrq	March 3, 2011
429	NTR-2	2	Azim Killy	September 14, 2011
430	NTR-2	2	Darmaluk	March 2, 2011
431	NTR-2	2	Darsamand	February 10, 2011
432	NTR-2	2	Gandi Khan Khel	March 3, 2011
433	NTR-2	2	Gara Esa Khan	June 25, 2011
434	NTR-2	2	Gholl Banda	March 3, 2011
435	NTR-2	2	Isak Khel	May 7, 2011
436	NTR-2	2	Jani Khel	March 2, 2011
437	NTR-2	2	Khero Khel Paca	March 3, 2011
438	NTR-2	2	Kiri Sheikhan	March 2, 2011
439	NTR-2	2	Landi Jalandar	March 2, 2011
440	NTR-2	2	Landiva	May 7, 2011
441	NTR-2	2	Mainjee Khel	March 2, 2011
442	NTR-2	2	Nisti Kot Thall	March 2, 2011
443	NTR-2	2	Shahab Khel	March 3, 2011
444	NTR-2	2	Shalozan	March 2, 2011
445	NTR-2	2	Shartora Takhti	March 3, 2011
446	NTR-2	2	Shewa	July 13, 2010
447	NTR-2	2	Takhti Khel Bnu	December 1, 2010
473	NTR-2	3	Awal Adam Banda	August 15, 2011
474	NTR-2	3	Bazid Khel	October 5, 2011
475	NTR-2	3	Dollay Banda	August 15, 2011
476	NTR-2	3	Gilloti	July 5, 2011
477	NTR-2	3	Landi Dakmazngi	August 15, 2011
478	NTR-2	3	Masha Mansoor	August 23, 2011
479	NTR-2	3	Pota	August 15, 2011
480	NTR-2	3	Saib Kohat	August 15, 2011
482	RTR	2	Chak Amral	January 31, 2011
483	RTR	2	Dhoodi Phiphra	December 3, 2010
484	RTR	2	Kot Fateh Khan	December 21, 2010
485	RTR	2	Kot Kay Rsu Atk	December 21, 2010
486	RTR	2	Nilhad Atk	December 21, 2010
487	RTR	2	Phapreel	December 27, 2010
488	RTR	2	Pour Miana	December 4, 2010
489	RTR	2	Tanda Attock	December 4, 2010
490	RTR	2	Thoamahram Khan	November 30, 2010
491	RTR	2	Tutral	January 31, 2011
492	RTR	2	Uchri Jand Atk	December 21, 2010
493	RTR	3	Attock Khurd	July 27, 2011
494	RTR	3	Chahan Rsu(153)	October 3, 2011
495	RTR	3	Dharabi	June 10, 2011
496	RTR	3	Dharmund	July 27, 2011

List of 611Closed Exchanges

Sr No	Region	Phase	Exchange Name	Closure Date
497	RTR	3	Dhoke Shikra	June 8, 2011
498	RTR	3	Dhurdal/Durdad	July 27, 2011
499	RTR	3	Gole Pur	June 8, 2011
500	RTR	3	Kashmiri Bazar	August 12, 2011
501	RTR	3	Kotla Syedian Z	June 8, 2011
502	RTR	3	Mianwala	June 8, 2011
503	RTR	3	Mirjan	June 8, 2011
504	RTR	3	Numbal	July 27, 2011
505	RTR	3	Ratwal	June 8, 2011
506	RTR	3	Sagri Rsu Atk	October 3, 2011
507	STR-1	1	Akbarabad	October 29, 2008
564	STR-1	1	Bilaro Shakh	January 29, 2009
508	STR-1	1	Bubak	January 29, 2009
509	STR-1	1	Bukehar Sharif	January 29, 2009
510	STR-1	1	Ch.Nabi Bux	October 29, 2008
511	STR-1	1	Chach Jahan	October 25, 2008
512	STR-1	1	Doulat Laghari	January 31, 2009
513	STR-1	1	Drig Moree	January 29, 2009
514	STR-1	1	Jaffer Khan Laghari	October 27, 2008
515	STR-1	1	Jhangara	September 16, 2008
516	STR-1	1	Khandoo	January 29, 2009
517	STR-1	1	Khanote	September 15, 2008
518	STR-1	1	Khudaabad	January 29, 2009
519	STR-1	1	Mahmoodabad	October 29, 2008
520	STR-1	1	Majhand	October 24, 2008
521	STR-1	1	Manak Laghari	January 31, 2009
522	STR-1	1	Piaro Goth	January 29, 2009
523	STR-1	1	Shah Bux Lashari	October 29, 2008
524	STR-1	1	T.G Hyder	January 31, 2009
525	STR-1	1	Talti	January 29, 2009
526	STR-1	1	Wahi Pandhi	September 15, 2008
527	STR-1	2	Beeto	December 29, 2010
528	STR-1	2	Guls-E-Shahbaz	December 28, 2010
529	STR-1	2	Mubarak Jarwar	December 28, 2010
530	STR-1	2	Usman Shah J H	December 29, 2010
565	STR-1	3	Chak No-41	June 11, 2011
566	STR-1	3	Gujri	August 15, 2011
567	STR-1	3	Jam Nawaz Ali	September 23, 2011
568	STR-1	3	Kurkali	August 15, 2011
569	STR-1	3	S Panjo Sultan	August 15, 2011
531	STR-5	1	Badani	February 3, 2009
532	STR-5	1	Bado	October 31, 2008
533	STR-5	1	Baggi	December 18, 2008
534	STR-5	1	Bazeed Pur	November 22, 2008
535	STR-5	1	Beer Sharif	December 26, 2008
536	STR-5	1	Bhortee	January 30, 2009
537	STR-5	1	Chanacer	November 22, 2008
538	STR-5	1	Dalipota	January 28, 2009
539	STR-5	1	Hamayoon	October 31, 2008
540	STR-5	1	Hot Faqir	August 31, 2008
541	STR-5	1	I.B Gopang	August 31, 2008
542	STR-5	1	Jhali Kalwari	August 31, 2008
543	STR-5	1	Kalhora	September 22, 2008
544	STR-5	1	Khadhar	September 22, 2008
545	STR-5	1	Maroo Kakepota	August 31, 2008
546	STR-5	1	Mirpur Bhutto	January 31, 2009
547	STR-5	1	Mohammad Pur Odho	January 17, 2009
548	STR-5	1	N.M. Pitafi	September 22, 2008
549	STR-5	1	Rajo Labano	August 31, 2008
550	STR-5	1	Rawantee	January 31, 2009
551	STR-5	1	Sabu Rahu	January 29, 2009
552	STR-5	1	Sangrar	January 31, 2009
553	STR-5	1	Sujawlbhundchowk	February 4, 2009
554	STR-5	1	Tando Masti Khan	October 30, 2008
555	STR-5	1	Tangwani	February 3, 2009
556	STR-5	1	Tharri Patan	August 31, 2008
557	STR-5	1	Timore	October 10, 2008
558	STR-5	1	Trimoh	January 31, 2009
559	STR-5	1	Waris Dino Machi	August 31, 2008
560	STR-5	2	68 Mile Nusrat	December 28, 2010
561	STR-5	2	Behram	December 31, 2010
562	STR-5	2	Pir Mangio	December 28, 2010
563	STR-5	2	Pir Wasan	December 28, 2010
570	STR-5	3	Bandhi	June 1, 2011
571	STR-5	3	Garhi Khairo	August 18, 2010
572	STR-5	3	Mahesro	August 13, 2011
573	STR-5	3	Mirpur Burriro	June 6, 2011
574	WTR	1	Aghbarg	October 31, 2008
575	WTR	1	Baghbana	October 31, 2008
576	WTR	1	Barshore	October 31, 2008
577	WTR	1	Chaman (Upper)	October 31, 2008
578	WTR	1	Chur Badezai	October 31, 2008
579	WTR	1	Khair Wah	October 31, 2008
580	WTR	1	Killi Nasai	October 31, 2008
581	WTR	1	Saigai	October 31, 2008
582	WTR	1	Shoran	October 31, 2008
583	WTR	2	Balbal	February 7, 2011
584	WTR	2	Chashma Dogun D	February 8, 2011
585	WTR	2	Danok	February 22, 2011
586	WTR	2	Dargai Kudezai	February 10, 2011
587	WTR	2	Eshani Digital	February 14, 2011
588	WTR	2	Goburd	June 13, 2010
589	WTR	2	Ismail Sher	February 10, 2011
590	WTR	2	Kan	February 22, 2011
591	WTR	2	Manzari	February 16, 2011
592	WTR	2	Murgha Faqir	February 10, 2010
593	WTR	2	Nodez	June 7, 2011
594	WTR	2	Shabizai	February 10, 2011
595	WTR	2	Shah Karez	February 10, 2011
596	WTR	2	Surbander	June 7, 2011
597	WTR	2	Teertaj	November 4, 2010
598	WTR	2	Umerabad	February 14, 2011
599	WTR	3	Churmian	August 15, 2011
600	WTR	3	Drug	June 4, 2011
601	WTR	3	Hajian Shakarza	October 7, 2011
602	WTR	3	Killi Pasund	October 7, 2011
603	WTR	3	Koshk	June 30, 2011
604	WTR	3	Malik Yar Digit	August 15, 2011
605	WTR	3	Malizai Digital	August 15, 2011
606	WTR	3	Manzaki	August 15, 2011
481	WTR	3	Nazarabad Digit	June 30, 2011
607	WTR	3	Nurak Suleman K	August 15, 2011
608	WTR	3	Peshkan	August 15, 2011
609	WTR	3	Pidark	June 8, 2011
610	WTR	3	Roghani Karez	June 4, 2011
611	WTR	3	Splinjy	August 15, 2011

NOTES

NOTES

FORM OF PROXY

PAKISTAN TELECOMMUNICATION COMPANY LIMITED

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 Twenty First Annual General Meeting of the Company to be held on Thursday, April 28, 2016 at 10:30 a.m. and at any adjournment thereof.

Signed this ____________________ day of ____________________ 2016.

Five Rupees
Revenue stamp

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
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To,

The Company Secretary,

Pakistan Telecommunication Company Limited

PTCL Headquarters, Sector G-8/4,

Islamabad-44000

FORM OF PROXY
Pakistan Telecommunication Company Limited

پراکسی فارم
پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ

میں مسمی/مسمات ______________________________

ساکن ______________________________

بحیثیت ممبر پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ حامل ______________ عمومی حصص،
تعداد حصص (شیئرز)

مسمی/مسمات ______________ ساکن ______________

جو کہ درج شدہ فولیو نمبر/سی ڈی سی(CDC) اکاؤنٹ نمبر ______________ کے تحت کمپنی کے ممبر ہیں یا (غیر حاضری کی صورت میں)

مسمی/مسمات ______________ ساکن ______________

جو خود بھی درج شدہ فولیو نمبر/ سی ڈی سی(CDC) اکاؤنٹ نمبر ______________

کے تحت کمپنی کے ممبر ہیں، کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تا کہ وہ میری جگہ اور میری طرف سے کمپنی کے 21 ویں سالانہ اجلاس عام، جو بتاریخ 28 اپریل 2016ء بروز جمعرات بوقت 10:30 بجے صبح منعقد ہو رہا ہے یا اس کے ملتوی شدہ اجلاس میں شرکت کر سکیں اور ووٹ ڈال سکیں۔

مورخہ: ______________

جگہ برائے 5 روپے
کے رسیدی ٹکٹ
اور اُن پر حصے دار کے
درج شدہ (رجسٹرڈ) دستخط

گواہان:

1.	2.
دستخط: ______________	دستخط: ______________
نام گواہ: ______________	نام گواہ: ______________
پتہ: ______________	پتہ: ______________
شناختی کارڈ/پاسپورٹ نمبر: ______________	شناختی کارڈ/پاسپورٹ نمبر: ______________

ٹکٹ
یہاں چسپاں کریں

کمپنی سیکریٹری
پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ
پی ٹی سی ایل، ہیڈکوارٹرز، سیکٹر G-8/4
اسلام آباد-44000 پاکستان
فیکس 2263732-051-92+