



CONTENTS

- 02 Board of Directors
- 03 Corporate Information
- 04-08 Directors' Report
- 09 مالیاتی جائزہ برائے سرمایہ 31 مارچ 2016

Condensed Interim Financial Information

- 12-13 Condensed Interim Statement of Financial Position
- 14 Condensed Interim Statement of Profit and Loss
- 15 Condensed Interim Statement of Comprehensive Income
- 16 Condensed Interim Statement of Cash Flows
- 17 Condensed Interim Statement of Changes in Equity
- 18-23 Notes to and Forming Part of the Condensed Interim Financial Information

Condensed Consolidated Interim Financial Information

- 26-27 Condensed Consolidated Interim Statement of Financial Position
- 28 Condensed Consolidated Interim Statement of Profit and Loss
- 29 Condensed Consolidated Interim Statement of Comprehensive Income
- 30 Condensed Consolidated Interim Statement of Cash Flows
- 31 Condensed Consolidated Interim Statement of Changes in Equity
- 32-38 Notes to and Forming Part of the Condensed Consolidated Interim Financial Information



BOARD OF DIRECTORS

Chairman PTCL Board

Rizwan Bashir Khan

Members PTCL Board

Abdulrahim A. Al Nooryani

Dr. Waqar Masood Khan

Hatem Dowidar

Serkan Okandan

Sardar Ahmad Nawaz Sukhera

Khalifa Al Shamsi

Hesham Al Qassim

Mudassar Hussain



CORPORATE INFORMATION

Management

Dr. Daniel Ritz

President & Chief Executive Officer

Muhammad Nehmatullah Toor

Chief Financial Officer

Syed Mazhar Hussain

Chief Human Resource Officer

Saad Muzaffar Waraich

Chief Technology and Information Officer

Muhammad Nasrullah

Chief Technical Officer

Sikandar Naqi

Chief Business Development Officer

Adnan Shahid

Chief Commercial Officer

Kamal Ahmed

Chief Digital Services Officer

Raed Yousef Ali Abdel Fattah

Chief Information Officer

Jamal Abdalla Salim Hussain Al Suwaidi

Chief Procurement Officer

Jahanzeb Taj

Chief Business Operations Officer

Muhammad Shehzad Yousuf

Chief Internal Auditor

Tariq Salman

Senior Advisor GPON Project

Company Secretary

Saima Akbar Khattak

Legal Affairs

Zahida Awan

Executive Vice President (Legal)

Bankers

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

The Bank of Punjab

Dubai Islamic Bank

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

NIB Bank Limited

Silkbank Limited

SME Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Registered Office

PTCL Headquarters,

Sector G-8/4,

Islamabad-44000, Pakistan.

Fax: +92-51-2263733

E-mail: company.secretary@ptcl.net.pk

Web: www.ptcl.com.pk

Auditors

Deloitte Yousuf Adil

Chartered Accountants

Share Registrar

FAMCO Associates (Pvt.) Limited

8-F, Next to Hotel Faran, Nursery,

Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.

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DIRECTORS' REPORT

The Directors of Pakistan Telecommunication Company Limited (PTCL) are pleased to present to the shareholders the un-audited financial information of the Company for the three months ended 31st March 2016.

With the objective to retain its position as the major ICT (Information and Communication Technology) service provider in Pakistan, your Company remained committed to provide efficient and cost effective voice and data services to its esteemed customer base encompassing all segments - be it retail, enterprise or other telecom operators. Towards this end, PTCL further augmented its vast country-wide telecom network with addition of latest state-of-the-art equipment and services. As a result, your Company keeps its distinction of being the only fully integrated telecom service provider in the country with un-paralleled capacity to meet the current and foreseeable demand of IP bandwidth in Pakistan to cater to the growing broadband needs.

The succeeding paragraphs briefly cover performance of your Company for the first three months of current financial year of 2016.

1. FINANCIAL PERFORMANCE

During the period under review, PTCL's Group revenues were Rs. 29.3 billion. PTCL's revenues of Rs. 18 billion decreased compared to same period last year mainly due to decline in voice revenues on account of deregulation of ICH (International Clearing House). Revenues from data services, however, increased over the corresponding period of last year. With cost optimization measures in place, PTCL's operating expenses decreased by 5% over the same period last year. Similarly, operating expense of PTCL's Group also declined by 4%.

PTCL's net profit after tax for the period at Rs. 3.1 billion increased by 26% over same period last year. Profitability for PTCL Group also increased considerably. Overall financial position of PTCL Group remained sound as is evident from 29% increase in short terms investments and cash & bank balances as at 31st March 2016 during the three months' period under consideration.

2. PRODUCTS AND SERVICES

a. Wireline Business

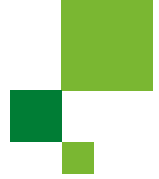
Various broadband data upgrade campaigns launched by your Company in the recent past offering higher data rates without extra charges proved successful in attracting new customers as well as retaining the existing subscribers. Banking on the success thus achieved, 1Mbps to 2Mbps Economy, 1Mbps to 2Mbps Unlimited, 2Mbps to 4Mbps Unlimited and 4Mbps to 8Mbps Unlimited upgrade promotions were launched during the quarter under review. These upgrade promotions give taste of higher speed data rate to customers without extra charges for limited period of time. Majority of the subscribers continue to stay on higher data rates switching over to regular charges of higher speed DSL packages.

As part of tariff rationalization, not only on-net call charges were slightly revised but for single-play non-freedom package users the PSTN line rent was also rationalized with the objective to increase usage of economical 'Freedom Package'. These measures were undertaken to optimize the PSTN usage thus increasing revenue therefrom.

Launch of 4 Mbps Starter Package focused on the needs of a specific segment which needed higher speeds with lower charges and limited download volume of 20 GBs. This package is expected to increase the new broadband acquisitions as well as package upgrades.

b. Wireless Business

A special initiative by the name of 'EVO Muft Offer' was launched during the period. Subscribers opting for the package were provided with a 3G EVO Wingle device free of cost along with unlimited internet usage, valid for the first month. The initial month's line rent is received in advance. The promotion proved successful as a sizeable number of customers availed the promotion.



The EVO biometric verification campaign continued during the period with consistent marketing efforts urging EVO/CharJi and V-Fone subscribers to fulfill the regulatory requirement by getting their wireless devices verified using the facilities provided by the Company. The campaign was effective as the devices of a sizeable number of subscribers were biometrically verified by end of the period.

c. Contents & Multimedia

During the period the Smart TV service was further enriched by adding new features as well as launch of many campaigns in accordance with various events of national interest. Resultantly, the revenues from the segment increased by 8% over the same period last year with increased customer base.

'Red-bull Extreme Sports' VOD (Video on Demand) bundle was launched on PTCL Smart TV and Smart TV app service featuring popular videos from the fast-pace, high-action, extreme sports world encompassing jet boating, motor sports, sky diving, skiing etc.

Cognizant of the vast fan following of cricket in Pakistan, your Company capitalized on the event of T-20 World Cup by offering ad-free screening of the T-20 cricket world cup matches on Smart TV App without any extra charges to customers. The related marketing campaign was aptly designed around the event wide vide coverage.

Similarly, services of Smart TV and Smart TV app duly covered the events of Pakistan Super League T-20 and T-20 Asia Cup cricket tournaments along with wide-spread marketing campaigns.

Enrichment of e-junior VOD bundle was provided by e-Vision (Subsidiary of Etisalat) for provision of Kids contents on the Smart TV which range from pre-school series to grown-up kids titles.

d. Carrier and Wholesale Services

PTCL being the only fully integrated service provider in Pakistan serves all segments of customers encompassing retail, enterprise and other telecom operators and service providers.

For the wholesale customers i.e. the other telecom operators and service providers, PTCL offers a comprehensive range of tailor-made products such as interconnection, IP bandwidth, backhaul and active / passive infrastructure services which enables such carrier customers to build and extend their networks and provide a broad range of services to their end-users.

With regard to the launch and expansion of next generation (3G & 4G) data services by the carriers, PTCL continued to offer its support to cater to their needs of the increased demand for IP bandwidth capacity. In this direction your Company concluded a long-term fiber leasing agreement with a prominent cellular operator thus enabling major upgrade of its transport infrastructure.

e. International Business

Being the only telecom operator in the country having the network of three redundant and resilient submarine cable systems which satisfactorily meets the IP bandwidth demand of its vast customer base as well as of other operators offering quality service via diverse and redundant routes, your Company completed the needed upgrades of the submarine cables thus ensuring availability of the required IP bandwidth to meet the demand in near future.

Further, despite the effect of ICH deregulation resulting in reduced rates for incoming international traffic, PTCL retained its leadership position as the preferred LDI (Long Distance International) carrier for the domestic market as well as for the neighboring countries with reduced cost using modern technologies and practices.

f. Digital Services

Based upon its diversified portfolio of products providing quality service to the enterprise segment, PTCL performed well during the quarter with 7% increase in related revenues. Besides, focus remained on diversifying the existing services through product development by adding new solutions to meet the demands of corporate customers. These solutions include managed Wi-Fi, Point-to-Multipoint and Cloud services in the realm of Infrastructure as a Service (IaaS) and hosting services. The enterprise customer base of your Company comprises of major sectors of economy like financial institutions, government concerns, health, education and SMEs (Small and Medium Enterprises).

3. SUPPORT FUNCTIONS

a. Network Infrastructure

During the period, PTCL continued network expansion through innovative technologies and smart solutions. Capacity enhancement in access (wireline and wireless both), core and transport networks were duly undertaken to ensure timely provision of innovative products and improved IP based technologies to our esteemed customer base. Besides, HSE (Health, Safety and Environment) aspects of major hub sites were further improved with modern and sophisticated solutions.

For the wireline broadband access network, more than 50 MSAGs (Multi Services Access Gateways) were deployed in the areas affected by Lahore Orange Train project to ensure continuation of services to affected customers. PTCL is also deploying state-of-the-art GPON (Gigabit Passive Optical Network) based FTTH (Fiber to the Home) solution in selected brown and green field areas for providing ultrahigh bandwidth services. Additionally, new NGN (New Generation Network) broadband ports were added at central offices in GTR and FTR regions. The spared DSLAM (Digital Subscriber Line Access Multiplexer) ports from these sites were effectively re-utilized at other sites to meet pending demand for broadband services.

To strengthen the wireless broadband, your Company not only made additions in the existing subscriber capacity but also undertook further measures to improve quality of service for its valued EVO / Charji customer base through network optimization and hardware load balancing in the areas of high demand.

To meet growing bandwidth demand of its broadband customers, PTCL is introducing 100G DWDM (Dense Wavelength Division Multiplexing) solution in its backbone network. To optimize network operations, out-lived transmission nodes are being replaced with latest and power efficient IP nodes. In this direction legacy SDH (Synchronous Digital Hierarchy) nodes were swapped with MPLS-TP (Multi-Protocol Label Switching – Transport Profile) nodes in the subsidiary network of NTR-II, FTR and MTR regions.

The deployment of internet cache solutions provided enhanced customer experience and efficient utilization of core network capacity by saving bandwidth cost. Your Company is also deploying a Carrier-Grade IP Address Management Solution for efficient management of IP Addresses.

For the enterprise segment, the customers were provided with managed services solution as well as fiber connectivity. Also, expansion of the commercial data center at Lahore with additional 60 new racks is underway to serve our corporate customers. Moreover, PTCL also completed deployment of its flagship TDD (Time Division Duplex) LTE (Long Term Evolution) network for corporate customers in 18 major cities across the country.

Further, PTCL continued synergy projects with Ufone such as, converged PS (Packet Switch) core, unified DPI (Deep Packet Inspection) and successful trial of single RAN (Radio Access Network) solution.



b. Customer Care

During the quarter, various initiatives were undertaken with focus on enhanced understating of contemporary service problems being faced by customers so as to provide instant solutions thus increasing retention of existing subscribers' base.

Through dedicated teams at call centers, disconnected customers are promptly contacted to redress their problems and bring them back as PTCL subscribers. Further, customers with low usage in immediate past are proactively contacted by your Company to assess the underlying reasons and to take immediate action with the objective to increase the usage. Similarly, zero-usage customers are also contacted and the issues faced by them are immediately addressed.

Moreover, the wireline broadband customers who are either dormant i.e. low or no usage in immediate past, or who are experiencing high number of faults and thus declining usage are being proactively contacted by staff of the call centers and besides addressing the problems being faced by them on priority, they are also offered an EVO Wingle device which plugs into the DSL modem to ensure continued internet experience.

For the customers opting for voluntary closure of the PTCL services being availed by them, the process of requesting voluntary closure has been streamlined via the implementation of a web portal at the PTCL Smart Shop channels. At the same time, such customers are dialed out by an outbound call campaign to understand the reason for the closure request and to provide the alternative resolution thus increasing the retention.

To improve customer experience at e-channels, PTCL has established a centralized e-care team, whereby country-wide customers complaints received in PTCL through various electronic channels are centralized with the objective not only to address the complaints promptly to the satisfaction of the customers but also to gather and analyze the complaint data to adopt long-term permanent solutions through improvement in the network. In this regard, your Company has also added a customer friendly functionality on its corporate website to provide customers with a single electronic communication channel.

c. Information Technology (IT)

During the period, your Company completed implementation of new CRM (Customer Relationship Management) application in all regions and progressively started rolling out Activation Solution to provide PTCL services to customers more efficiently. Further, through a consolidated interface of PTCL website, customers are enabled to view their usage details on self-service basis. The Ufone customers can also pay their bills through credit / debit card using the said application. In addition to the existing alerts through various mediums, SMS notifications to customers on recharge, bill payments and package change have been introduced as well. Further, implementation of the web security gateway technology further enhanced the financial and operational controls of relevant network elements.

d. Human Resources

During the quarter under review, your Company undertook various initiatives to further enrich the talent base of PTCL's workforce.

The tradition of providing insightful learning platform to young and talented students was continued by offering one week externship program to the selected students of LUMS (Lahore University of Management Sciences). For the safety of employees and company's assets, a customized intervention titled 'HSE Training - 2016' for over seven thousand CSRs (Customer Service Representatives) and CPEIs (Customer Premises Equipment Installers) was launched. In our efforts to boost the culture of innovation, a session on 'Critical Success Factors in Innovation, Entrepreneurship & Sales in PTCL' by a renowned scholar was

organized for the employees. Further, disbursement of annual bonus was linked to regional business performance in addition to employees' individual performance to incentivize high performers.

Your Company takes pride in the contribution made by all the employees and to honor its female employees, International Women's Day was celebrated with theme of 'RENEW – Respect, Educate, Nurture & Empower Women' where eminent guest speakers talked about respect and honor of women in our society. PTCL brought onboard 400 young talented graduates of the country through its flagship CSR (Corporate Social Responsibility) initiative - Management Associates Program (MAP) to provide them with hands-on exposure to compete in the corporate world with a year of practical experience in the dynamic environment of PTCL along with trainings on cutting edge technology platforms, leadership skills and best industry practices.

e. Marketing & Communication

During the period under review, PTCL brand image and equity were further strengthened through integrated branding and marketing strategies.

For the verification of EVO, CharJi and V-fone devices, the biometric verification campaign continued during the quarter. The campaign was given 360 degree visibility with the use of all ATL (Above the Line) and BTL (Below the Line) vehicles.

Based on the fact that cricket is much admired in Pakistan, events of Pakistan Super League (PSL), T-20 World Cup and Asia World Cup were leveraged to market the PTCL products and services. During these events, Smart TV App, EVO biometric verification, Lagataar (Triple Play) 4Mbps, Muft EVO Offer and 4Mbps Starter Package campaigns were aired to captive audience. Smart TV App, especially in T-20 World Cup, was advertised giving ad-free option to the viewers to watch cricket without interruption.

Further, Pakistan Gaming Lounge (PGL) activation took place in Karachi and Lahore giving live gaming experience to the audience. Smart TV App was also promoted through various radio shows nationwide.

During the quarter, PTCL's footprint on digital forums grew further. The digital platforms were not only utilized to offer products directly to the relevant audience but also enabled the customers to connect with PTCL more conveniently and to access timely customer support.

The effective communication strategies in the media ensured positive reputation of PTCL through proactive perception management and engagement of key audiences and stakeholders.

The management and employees of PTCL remain committed to provide quality service at competitive prices through concentrated efforts for achieving increased revenue, enhanced customer satisfaction and improved shareholders' value.

On behalf of the Board,



Rizwan Bashir Khan
Chairman



Dr. Daniel Ritz
President & Chief Executive Officer

Islamabad: April 14, 2016

مالیاتی جائزہ برائے سہ ماہی 31 مارچ 2016

پی ٹی سی ایل کی انتظامیہ اور ملازمین کا تہیہ ہے کہ ان کی انتھک محنت کے نتیجے میں صارفین کو موثر اور باکفایت خدمات حاصل رہیں تاکہ نہ صرف صارفین کا اعتماد زیادہ سے زیادہ تر ہو بلکہ آمدن اور حصص کی قدر میں اضافہ بھی ہوتا رہے۔

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے ڈائریکٹرز 31 مارچ 2016 کو ختم ہونے والی سہ ماہی کے غیر آڈٹ شدہ مالیاتی معلومات اپنے شیئر ہولڈرز (حصص یافتگان) کے سامنے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

مخانب بورڈ آف ڈائریکٹرز

پاکستان میں آئی سی ٹی (انفارمیشن اینڈ کمیونیکیشن ٹیکنالوجی) کی خدمات فراہم کرنے والے اہم ادارے کی حیثیت سے آپ کی کمپنی وائس (Voice) اور ڈیٹا (Data) دونوں شعبوں میں موثر اور باکفایت خدمات کی فراہمی میں ہمیشہ مستعد رہی ہے۔ اس ضمن میں پی ٹی سی ایل نے اپنی بہتر خدمات اور جدید ترین ساز و سامان کے اضافے کے ساتھ اپنے ملک گیر نیٹ ورک کو خوب سے خوب تر بنایا ہے۔ نتیجتاً آپ کی کمپنی نے ملک کے واحد مکمل مربوط ٹیلی کام سروسز فراہم کرنے والے ادارے کی حیثیت سے اپنا امتیاز برقرار رکھا ہے جس کی بدولت یہ ادارہ ملک گیر آئی پی بیزنس ڈیٹا کی بڑھتی ہوئی موجودہ اور متوقع طلب پوری کرنے کی بے نظیر اہلیت رکھتا ہے۔

مالیاتی امور:

مذکورہ مدت کے دوران پی ٹی سی ایل کی گروپ آمدن 29.3 بلین روپے تھی۔ گزشتہ برس کی اسی مدت کے مقابلے میں پی ٹی سی ایل کی 18 بلین روپے کی آمدن میں کمی واقع ہوئی جس کی بڑی وجہ آئی سی ایچ (انٹرنیشنل کلیئرنگ ہاؤس) کی ڈی ریگولیشن کے باعث وائس آمدن میں کمی ہے۔ تاہم گزشتہ برس کی اس مدت کے دوران ڈیٹا سروسز کی آمدن میں اضافہ ہوا۔ گزشتہ برس کی اس مدت کے مقابلے میں لاگت میں کمی کے لئے کئے گئے اقدامات کے تحت پی ٹی سی ایل کے آپریٹنگ اخراجات میں 5 فیصد کمی واقع ہوئی۔ اس طرح پی ٹی سی ایل گروپ کے آپریٹنگ اخراجات میں 4 فیصد کمی ہوئی۔ مذکورہ مدت کے دوران گزشتہ برس کی اسی مدت کے مقابلے میں بعد از ٹیکس پی ٹی سی ایل کا خالص منافع 3.1 بلین روپے رہا جو 26 فیصد کے حساب سے بڑھا۔ پی ٹی سی ایل گروپ کے منافع کی شرح میں معتد بہ اضافہ ہوا۔ بطور مجموعی پی ٹی سی ایل گروپ کی مالی حیثیت مستحکم رہی جس کا ثبوت یہ ہے کہ مذکورہ مدت کے دوران 31 مارچ 2016 کو ختم ہونے والی مدت تک مختصر مدت کی سرمایہ کاری اور پبلک بینکس میں 29 فیصد کا اضافہ ہوا۔

رضوان بشیر خان

ڈاکٹر ڈینیل رٹز

چیئرمین پی ٹی سی ایل بورڈ

صدر و چیف ایگزیکٹو آفیسر

اسلام آباد: 14 اپریل 2016



**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED
MARCH 31, 2016 (UN-AUDITED)**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016 (UN-AUDITED)

	Note	March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,621,288	2,416,078
General reserve		30,500,000	30,500,000
Unappropriated profit		5,227,483	2,302,282
		89,348,771	86,218,360
Liabilities			
Non-current liabilities			
Long term security deposits		551,779	552,122
Deferred income tax		5,254,951	5,754,847
Employees retirement benefits		33,190,495	32,111,859
Deferred government grants		9,052,052	8,926,403
		48,049,277	47,345,231
Current liabilities			
Trade and other payables		49,706,629	46,814,183
Total equity and liabilities		187,104,677	180,377,774
Contingencies and commitments	8		

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.



Chairman



	Note	March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	5	94,293,312	94,912,046
Intangible assets	6	2,430,280	2,539,060
		96,723,592	97,451,106
Long term investments		7,977,300	7,977,300
Long term loans and advances		2,100,217	2,261,126
Investment in finance lease		89,745	96,113
		106,890,854	107,785,645
Current assets			
Stores, spares and loose tools		3,272,991	2,940,425
Trade debts		16,024,082	14,304,039
Loans and advances		1,191,787	1,593,099
Investment in finance lease		52,233	52,255
Accrued interest		640,536	128,174
Recoverable from tax authorities		16,429,676	18,179,032
Receivable from the Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		5,350,717	4,982,082
Short term investments	7	28,049,340	26,038,803
Cash and bank balances		7,038,389	2,210,148
		80,213,823	72,592,129
Total assets		187,104,677	180,377,774

President & CEO

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS


FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	Note	Three months ended	
		March 31, 2016 Rs '000	March 31, 2015 Rs '000
Revenue		17,997,342	19,250,637
Cost of services		(12,551,311)	(13,116,733)
Gross profit		5,446,031	6,133,904
Administrative and general expenses		(2,174,296)	(2,173,237)
Selling and marketing expenses		(700,095)	(887,348)
		(2,874,391)	(3,060,585)
Operating profit		2,571,640	3,073,319
Other income	9	2,286,834	802,579
Finance costs		(42,457)	(68,988)
Profit before tax		4,816,017	3,806,910
Provision for income tax			
- Current		(2,185,502)	(2,041,388)
- Deferred		499,896	708,969
		(1,685,606)	(1,332,419)
Profit for the period		3,130,411	2,474,491
Earnings per share - basic and diluted (Rupees)		0.61	0.49

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.



Chairman



President & CEO

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)



	Three months ended	
	March 31, 2016 Rs '000	March 31, 2015 Rs '000
Profit for the period	3,130,411	2,474,491
Other comprehensive income for the period		
Items that may be subsequently reclassified to profit and loss:		
Gain on available for sale investments arising during the period	-	142,370
Gain on disposal transferred to income for the period	-	(95,714)
Unrealized gain on available for sale investments - net of tax	-	46,656
Total comprehensive income for the period	3,130,411	2,521,147

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.

Chairman

President & CEO

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	Note	Three months ended	
		March 31, 2016 Rs '000	March 31, 2015 Rs '000
Cash flows from operating activities			
Cash generated from operations	10	10,018,047	8,613,993
Employees retirement benefits paid		(348,590)	(549,327)
Payment of voluntary separation scheme cost		(2,733)	(280,443)
Long term security deposits		(343)	1,609
Income tax paid		(436,146)	(268,657)
Net cash inflows from operating activities		9,230,235	7,517,175
Cash flows from investing activities			
Capital expenditure		(2,736,434)	(3,101,292)
Intangible assets		(114)	-
Proceeds from disposal of property, plant and equipment		9,301	-
Short term investment		11,392	(1,500,000)
Finance lease		9,340	(166)
Long term loans and advances		167,931	(273,588)
Receipts against loan to PTML		-	1,000,000
Return on long term loans and short term investments		59,586	415,086
Government grants received		275,521	241,236
Long term investment - UBank		-	(100,000)
Net cash outflows from investing activities		(2,203,477)	(3,318,724)
Cash flows from financing activities			
Dividend paid		(176,588)	(516,529)
Net increase in cash and cash equivalents		6,850,170	3,681,922
Cash and cash equivalents at the beginning of the period		5,237,559	10,959,935
Cash and cash equivalents at the end of the period	11	12,087,729	14,641,857

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.



Chairman



President & CEO

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	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, 2015	37,740,000	13,260,000	2,196,770	30,500,000	8,117,782	329,039	92,143,591
Total comprehensive income for the period							
Profit for the period	-	-	-	-	2,474,491	-	2,474,491
Other comprehensive income	-	-	-	-	-	46,656	46,656
Transfer to insurance reserve	-	-	219,308	-	(219,308)	-	-
	-	-	219,308	-	2,255,183	46,656	2,521,147
Balance as at March 31, 2015	37,740,000	13,260,000	2,416,078	30,500,000	10,372,965	375,695	94,664,738
Total comprehensive income for the period							
Profit for the period	-	-	-	-	6,285,104	-	6,285,104
Other comprehensive income	-	-	-	-	(1,605,787)	(375,695)	(1,981,482)
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)
	-	-	-	-	(8,070,683)	(375,695)	(8,446,378)
Balance as at December 31, 2015	37,740,000	13,260,000	2,416,078	30,500,000	2,302,282	-	86,218,360
Total comprehensive income for the period							
Profit for the period	-	-	-	-	3,130,411	-	3,130,411
Transfer to insurance reserve	-	-	205,210	-	(205,210)	-	-
	-	-	205,210	-	2,925,201	-	3,130,411
Balance as at March 31, 2016	37,740,000	13,260,000	2,621,288	30,500,000	5,227,483	-	89,348,771

The annexed notes 1 to 14 are an integral part of this condensed interim financial information.



Chairman



President & CEO

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Pakistan Telecommunication Company Limited ("PTCL", "the Company") was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The 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 the Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Company on January 01, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the 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 Company is situated at PTCL Headquarters, G-8/4, Islamabad.

The Company provides telecommunication services in Pakistan. It owns and operates telecommunication facilities and provides domestic and international telephone services and other communication facilities throughout Pakistan. The Company has also been licensed to provide such services in territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the three months ended March 31, 2016 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgments made by the management in the preparation of this condensed interim financial information are the same as those used in the preparation of audited financial statements of the Company for the year ended December 31, 2015.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the Company's audited financial statements for the year ended December 31, 2015.

	Note	March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	85,815,876	88,231,816
Capital work-in-progress		8,477,436	6,680,230
		94,293,312	94,912,046

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	Note	March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
5.1 Operating fixed assets			
Opening net book amount		88,231,816	85,072,228
Additions during the period / year at cost	5.2	939,228	17,187,929
		89,171,044	102,260,157
Disposals during the period / year - at net book amount		(6,376)	(31,505)
Depreciation charge for the period / year		(3,348,792)	(13,835,595)
Impairment charge for the period / year		-	(161,241)
		(3,355,168)	(14,028,341)
Closing net book amount		85,815,876	88,231,816
5.2 Detail of additions during the period / year:			
Buildings on freehold land		24,517	535,913
Buildings on leasehold land		2,540	2,277
Lines and wires		707,518	5,532,729
Apparatus, plant and equipment		117,321	9,804,779
Office equipment		56,223	405,539
Computer equipment		28,654	245,504
Furniture and fittings		2,327	48,024
Vehicles		128	114,583
Submarine cables		-	498,581
		939,228	17,187,929
6. INTANGIBLE ASSETS			
Opening net book amount		2,539,060	4,826,422
Additions during the period / year at cost		114	380,500
		2,539,174	5,206,922
Derecognition during the period / year - at net book amount		-	(2,102,273)
Amortization charge for the period / year		(108,894)	(565,589)
		(108,894)	(2,667,862)
Closing net book amount		2,430,280	2,539,060
7. SHORT TERM INVESTMENTS			
Term deposits			
- maturity upto 6 months		23,000,000	23,011,392
- maturity upto 3 months		5,049,340	3,027,411
		28,049,340	26,038,803

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There has been no material change in contingencies as disclosed in the last audited financial statements of the Company for the year ended December 31, 2015, except the followings:

- (a) For the tax year 2007, after allowance of certain expenses by ATIR, an appeal is pending before ATIR for certain other disallowed expense with tax impact of Rs 27,640 thousand. This is in addition to earlier disallowed expense of satellite charges (tax impact Rs 80,850 thousand) by ATIR for which the reference application filed by the Company is pending adjudication before the Honorable Islamabad High Court.
- (b) For the tax year 2013, taxation officer disallowed certain expenses with tax impact of Rs 1,130,787 thousand. The Company has filed an appeal before CIR (Appeals), pending adjudication.
- (c) For the tax year 2014, CIR (Appeals) has remanded back certain expenses earlier disallowed by Assessing Officer with tax impact of Rs 1,009,893 thousand for de novo consideration.

8.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 6,219,376 thousand (December 31, 2015: Rs 6,050,252 thousand).

	Three months ended	
	March 31, 2016 (Un-Audited) Rs '000	March 31, 2015 (Un-Audited) Rs '000
9. OTHER INCOME		
Mark up on long term loans	-	60,467
Return on bank deposits	571,947	413,778
Amortization of government grants	149,872	117,815
Recovery from written off defaulters	1,229,789	24,745
Others	335,226	185,774
	2,286,834	802,579

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION


FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	Three months ended	
	March 31, 2016 (Un-Audited) Rs '000	March 31, 2015 (Un-Audited) Rs '000
10. CASH GENERATED FROM OPERATIONS		
Profit before tax	4,816,017	3,806,910
Adjustments for non-cash charges and other items:		
Depreciation and amortization charge	3,457,686	3,612,931
Provision for doubtful trade debts	534,740	540,573
Employees retirement benefits	1,427,221	1,137,852
Gain on disposal of property, plant and equipment	(2,926)	-
Return on bank deposits	(571,947)	(413,778)
Imputed interest on long term loans	(4,510)	-
Imputed Interest on finance lease	(2,950)	-
Markup on long term loans	-	(60,467)
Gain on disposal of available for sale investments	-	(95,714)
Amortization of government grants	(149,872)	(117,815)
	9,503,459	8,410,492
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(332,566)	(732,396)
Trade debts	(2,254,784)	(1,633,864)
Loans and advances	400,447	349,634
Recoverable from tax authorities	339,050	303,763
Prepayments and other receivables	(370,282)	(169,096)
	(2,218,135)	(1,881,959)
Increase in current liabilities:		
Trade and other payables	2,732,723	2,085,460
	10,018,047	8,613,993
11. CASH AND CASH EQUIVALENTS		
Short term investments	7	10,218,305
Cash and bank balances		4,423,552
	12,087,729	14,641,857

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

		Three months ended	
		March 31, 2016 (Un-Audited) Rs '000	March 31, 2015 (Un-Audited) Rs '000
12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services assistance fee - note 12.1	591,410	629,312
ii. Subsidiaries	Sale of goods and services	1,269,777	1,343,097
	Purchase of goods and services	1,091,787	905,405
	Mark up on long term loans	-	60,467
iii. Associated undertakings	Sale of goods and services	598,782	475,464
	Purchase of goods and services	276,658	243,963
iv. Employees retirement benefit plan	Contribution to the plan - Gratuity	95,313	-
v. Employees contribution plan	PTCL Employees GPF Trust - net	471	69,395
vi. Other related parties	Sale of goods and services	400,110	38,238
	Charge under license obligations	432,996	360,128
vii. Directors, Chief Executive and Executives	Fee and remuneration including benefits and perquisites	642,568	534,673
		March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Period-end balances			
Receivables from related parties			
Trade debts			
- Subsidiaries		881,251	334,594
- Associated undertakings		507,814	133,056
- The Government of Pakistan and its related entities		1,559,612	1,600,018
Other receivables			
- Subsidiaries		4,797,784	4,527,469
- Associated undertakings		71,305	71,305
- PTCL Employees GPF Trust		7,282	6,812
- Pakistan Telecommunication Employees Trust (PTET)		1,654	116
- Pakistan Telecommunication Company Limited Employees Gratuity Fund		77,061	-
Payables to related parties			
Trade creditors			
- Subsidiaries		336,424	158,758
- Associated undertakings		289,257	220,718
- The Government of Pakistan and its related entities		4,067,427	3,812,018
Security deposits from subsidiary		3,623	3,623
Retention money payable to associated undertakings		1,655	1,231
Technical services assistance fee payable to Etisalat		5,176,686	4,149,636
Pakistan Telecommunication Employees Trust (PTET)		12,551,544	11,972,112



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

12.1 This represents the Company's share of fee payable to Emirates Telecommunication Corporation (Etisalat) under an agreement for technical services at the rate of 3.5% of Pakistan Telecommunication Group's consolidated annual revenue.

13. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Trade debts presented in the statement of financial position include aggregate receivable of Rs 3,275,161 thousand (December 31, 2015: Rs 9,992,194 thousand) set off against aggregate payable of Rs 2,172,361 thousand (December 31, 2015: Rs 7,227,356 thousand).

Trade and other payables presented in the statement of financial position include aggregate payable of Rs 3,546,769 thousand (December 31, 2015: Rs 6,349,434 thousand) set off against aggregate receivable of Rs 1,621,655 thousand (December 31, 2015: Rs 4,382,174 thousand).

14. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information for the three months ended March 31, 2016 was authorized for issue by the Board of Directors of the Company on April 14, 2016.



Chairman



President & CEO



**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED
MARCH 31, 2016 (UN-AUDITED)**



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2016 (UN-AUDITED)

Note	March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Equity and liabilities		
Equity		
Share capital and reserves		
Share capital	51,000,000	51,000,000
Revenue reserves		
Insurance reserve	2,621,288	2,416,078
General reserve	30,500,000	30,500,000
Unappropriated profit	14,232,366	12,668,976
	47,353,654	45,585,054
Statutory and other reserves	2,007	2,007
Unrealized gain on available for sale investments	5,056	(995)
	98,360,717	96,586,066
Liabilities		
Non-current liabilities		
Long term loans from banks	25,962,500	20,975,000
Liability against assets subject to finance lease	17,719	25,293
License fee payable	15,315,960	19,818,874
Long term security deposits	1,609,538	1,576,434
Deferred Income tax	11,462,109	12,379,290
Employees retirement benefits	33,395,517	32,372,480
Deferred government grants	10,048,489	9,416,669
Long term vendor liability	25,470,665	24,639,049
	123,282,497	121,203,089
Current liabilities		
Trade and other payables	63,446,963	60,136,457
Interest accrued	449,743	554,585
Short term running finance	-	427,428
Current portion of:		
Long term loans from banks	37,500	25,000
Liability against assets subject to finance lease	31,977	31,977
License fee payable	6,093,172	7,584,902
Long term vendor liability	4,090,994	2,163,554
Unearned income	3,360,008	3,231,768
	77,510,357	74,155,671
Total equity and liabilities	299,153,571	291,944,826

Contingencies and commitments

7

The annexed notes 1 to 13 are an integral part of this condensed consolidated interim financial information.

Chairman



	Note	March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	5	169,244,071	170,289,008
Intangible assets	6	39,437,338	40,326,443
		208,681,409	210,615,451
Long term investments		92,443	92,443
Long term loans and advances		2,173,261	2,359,788
Investment in finance lease		89,745	96,113
		211,036,858	213,163,795
Current assets			
Stores, spares and loose tools		3,272,991	2,940,425
Stock in trade		242,459	248,586
Trade debts		16,038,283	15,549,034
Loans and advances		3,089,033	2,643,569
Investment in finance lease		52,233	52,255
Accrued interest		777,680	221,179
Recoverable from tax authorities		19,642,411	21,242,681
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposits, prepayments and other receivables		4,581,872	4,015,502
Short term investments		28,537,217	26,569,286
Cash and bank balances		9,718,462	3,134,442
		88,116,713	78,781,031
Total assets		299,153,571	291,944,826

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	Three months ended	
	March 31, 2016 Rs '000	March 31, 2015 Rs '000
Revenue	29,344,296	30,177,657
Cost of services	(20,956,376)	(21,658,665)
Gross profit	8,387,920	8,518,992
Administrative and general expenses	(4,256,745)	(4,282,387)
Selling and marketing expenses	(2,162,700)	(2,482,030)
	(6,419,445)	(6,764,417)
Operating profit	1,968,475	1,754,575
Other income	2,351,946	852,371
Finance costs	(888,766)	(1,370,365)
Profit before tax	3,431,655	1,236,581
Provision for income tax		
- Current	(2,582,829)	(2,168,345)
- Deferred	919,774	1,648,153
	(1,663,055)	(520,192)
Profit for the period	1,768,600	716,389
Earnings per share - basic and diluted (Rupees)	0.35	0.14

The annexed notes 1 to 13 are an integral part of this condensed consolidated interim financial information.



Chairman



President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)



	Three months ended	
	March 31, 2016 Rs '000	March 31, 2015 Rs '000
Profit for the period	1,768,600	716,389
Other comprehensive income for the period		
Items that may be subsequently reclassified to profit and loss:		
Gain on available for sale investment arising during the period	8,644	155,978
Tax effect of revaluation of available for sale investments	(2,593)	(4,763)
	6,051	151,215
Gain on disposal transferred to income for the period	-	(95,714)
Unrealised gain on available for sale investments - net of tax	6,051	55,501
Total comprehensive income for the period	1,774,651	771,890

The annexed notes 1 to 13 are an integral part of this condensed consolidated interim financial information.

Chairman

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	Note	Three months ended	
		March 31, 2016 Rs '000	March 31, 2015 Rs '000
Cash flows from operating activities			
Cash generated from operations	8	14,596,869	11,278,490
Employees retirement benefits paid		(432,935)	(552,074)
Payment to voluntary separation scheme cost		(2,733)	(280,443)
Finance costs paid		(943,242)	(1,102,706)
Long term security deposits		33,104	81,791
Income tax paid		(982,559)	(416,323)
Net cash inflows from operating activities		12,268,504	9,008,735
Cash flows from investing activities			
Capital expenditure		(6,044,148)	(3,651,457)
Intangible assets		(1,093)	(48,580)
Proceeds from disposal of property, plant and equipment		80,736	37,209
Short term investment disposal		111,392	-
Short term investments		(48,749)	(1,505,956)
Long term loans and advances		228,629	(267,926)
Investment in finance lease		9,340	(166)
Government grants received		781,692	241,236
Return on long term loans and short term investments		78,199	61,963
Net cash outflows from investing activities		(4,804,002)	(5,133,677)
Cash flows from financing activities			
Long term loan received		5,000,000	-
Long term vendor liability		2,759,056	(363,969)
License fee payable		(5,994,644)	528,868
Liability against assets subject to finance lease		(10,304)	(5,374)
Dividend paid		(176,588)	(516,529)
Net cash inflows / (outflows) from financing activities		1,577,520	(357,004)
Net increase in cash and cash equivalents		9,042,022	3,518,054
Cash and cash equivalents at the beginning of the period		5,914,908	12,642,397
Cash and cash equivalents at the end of the period	9	14,956,930	16,160,451

The annexed notes 1 to 13 are an integral part of this condensed consolidated interim financial information.



Chairman



President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

	issued, subscribed and paid-up capital				Revenue reserves			Unrealized gain on available for sale investments	Statutory and other reserves	Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit					
Balance as at January 01, 2015	37,740,000	13,260,000	2,196,770	30,500,000	25,360,137	-	343,936	-	109,400,843	
(Rupees in '000)										
Total comprehensive income for the period	-	-	-	-	716,389	-	-	-	716,389	
Profit for the period	-	-	-	-	-	-	55,501	-	55,501	
Other comprehensive income	-	-	219,308	-	(219,308)	-	-	-	-	
Transfer to insurance reserve	-	-	219,308	-	-	-	-	-	-	
	-	-	219,308	-	497,081	-	55,501	-	771,890	
Balance as at March 31, 2015	37,740,000	13,260,000	2,416,078	30,500,000	25,857,218	-	399,437	-	110,172,733	
Total comprehensive income for the period	-	-	-	-	1,152,077	-	-	-	1,152,077	
Profit for the period	-	-	-	-	(1,588,312)	-	(400,432)	-	(1,988,744)	
Other comprehensive (loss)	-	-	-	-	(2,007)	-	-	-	-	
Transfer to statutory and other reserve	-	-	-	-	-	2,007	-	-	-	
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)	
	-	-	-	-	(13,188,242)	2,007	(400,432)	-	(13,586,667)	
Balance as at December 31, 2015	37,740,000	13,260,000	2,416,078	30,500,000	12,668,976	2,007	(995)	9,658,606		
Total comprehensive income for the period	-	-	-	-	1,768,600	-	-	-	1,768,600	
Profit for the period	-	-	-	-	-	-	6,051	-	6,051	
Other comprehensive income	-	-	205,210	-	(205,210)	-	-	-	-	
Transfer to insurance reserve	-	-	205,210	-	-	-	6,051	-	1,774,651	
	-	-	205,210	-	1,563,390	-	6,051	-	1,774,651	
Balance as at March 31, 2016	37,740,000	13,260,000	2,621,288	30,500,000	14,232,366	2,007	5,056	98,360,717		

The annexed notes 1 to 13 are an integral part of this condensed consolidated interim financial information.



Chairman



President & CEO

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

1. CONSTITUTION AND OWNERSHIP

The condensed consolidated interim financial information of the Pakistan Telecommunication Company Limited and its subsidiaries ("the Group") comprise of the financial information 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.

2. STATEMENT OF COMPLIANCE

This condensed consolidated interim financial information of the Group for the three months period ended March 31, 2016 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed consolidated interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgements made by the management in the preparation of this condensed consolidated interim financial information are the same as those used in the preparation of annual audited consolidated financial statements of the Group for the year ended December 31, 2015.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the consolidated annual audited financial statements for the period ended December 31, 2015.

	Note	March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	158,196,124	161,962,080
Capital work-in-progress		11,047,947	8,326,928
		169,244,071	170,289,008
5.1 Operating fixed assets			
Opening net book amount		161,962,080	157,630,781
Additions during the period / year at cost		3,323,129	32,918,256
		165,285,209	190,549,037
Disposal during the period / year - at net book amount		(42,064)	(106,087)
Impairment		-	(161,241)
Depreciation for the period / year		(7,047,021)	(28,319,629)
		(7,089,085)	(28,586,957)
Closing net book amount		158,196,124	161,962,080
6. INTANGIBLE ASSETS			
Opening net book value		40,326,443	42,874,181
Additions during the period / year at cost		1,093	3,242,850
		40,327,536	46,117,031
Derecognition during the period / year - at net book value		-	(2,102,273)
Amortization for the period / year		(890,198)	(3,688,315)
		(890,198)	(5,790,588)
Closing net book value		39,437,338	40,326,443

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There has been no material change in contingencies as disclosed in the last audited financial statements of the Group for the year ended December 31, 2015, except the followings:

- (a) For the tax year 2007, after allowance of certain expenses by ATIR, an appeal is pending before ATIR for certain other disallowed expense with tax impact of Rs 27,640 thousand. This is in addition to earlier disallowed expense of satellite charges (tax impact Rs 80,850 thousand) by ATIR for which the reference application filed by the Holding Company is pending adjudication before the Honorable Islamabad High Court.
- (b) For the tax year 2013, taxation officer disallowed certain expenses with tax impact of Rs 1,130,787 thousand. The Holding Company has filed an appeal before CIR (Appeals), pending adjudication.
- (c) For the tax year 2014, CIR (Appeals) has remanded back certain expenses of Holding Company earlier disallowed by Assessing Officer with tax impact of Rs 1,009,893 thousand for de novo consideration.

7.2 Commitments

Commitments in respect of contracts for capital expenditure amount to Rs. 14,614,353 thousand (December 31, 2015: Rs. 11,957,065 thousand).

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)



	Three months ended	
	March 31, 2016 (Un-Audited) Rs '000	March 31, 2015 (Un-Audited) Rs '000
8. CASH GENERATED FROM OPERATIONS		
Profit before tax	3,431,655	1,236,581
Adjustments for non-cash charges and other items:		
Depreciation and amortization	7,937,219	8,009,005
Provision against doubtful trade debts and other receivables	558,284	552,003
Provision against non performing advances	7,235	583
Employees retirement benefits	1,452,416	1,164,816
Imputed interest on long term loans and advances	(4,510)	-
Interest on finance lease	(2,950)	-
Gain on disposal of property, plant and equipment	(38,672)	(36,237)
Gain on disposal of available for sale investments	-	95,714
Return on bank deposits	(581,918)	(365,820)
Mark up on advances	(81,730)	-
Amortization of government grants	(149,872)	(117,815)
Finance costs	844,686	1,370,365
	13,371,843	11,909,195
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(332,566)	(732,395)
Stock in trade	6,127	(15,951)
Trade debts	(1,047,533)	(1,529,753)
Recoverable from tax authorities	339,049	303,763
Loans and advances	(452,699)	345,435
Prepayments and other receivables	(566,370)	(1,052,687)
	(2,053,992)	(2,681,588)
Increase / (decrease) in current liabilities:		
Trade and other payables	3,150,778	1,348,213
Unearned income	128,240	702,670
	3,279,018	2,050,883
	14,596,869	11,278,490
9. CASH AND CASH EQUIVALENTS		
Short term investments	5,238,468	10,737,980
Cash and bank balances	9,718,462	5,422,471
	14,956,930	16,160,451

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

10. SEGMENT INFORMATION

For Management purposes, 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.

10.1 Segment information for the reportable segments is as follows:

	Note	Wire line Rs '000	Wireless Rs '000	Total Rs '000
Three months ended March 31, 2016				
Segment revenue		16,110,089	14,942,800	31,052,889
Inter segment revenue	10.1.1	(1,269,777)	(438,816)	(1,708,593)
Revenue from external customers		14,840,312	14,503,984	29,344,296
Segment results		2,803,166	(1,034,567)	1,768,600
Three months ended March 31, 2015				
Segment revenue		16,930,699	15,006,885	31,937,584
Inter segment revenue	10.1.1	(1,343,097)	(416,830)	(1,759,927)
Revenue from external customers		15,587,602	14,590,055	30,177,657
Segment results		2,176,285	(1,459,896)	716,389

10.1.1 Inter segment revenues are eliminated on consolidation.

		Wire line Rs '000	Wireless Rs '000	Total Rs '000
As at March 31, 2016 (Un-Audited)				
Segment assets		148,440,157	150,713,414	299,153,571
Segment liabilities		92,074,369	108,718,485	200,792,854
As at December 31, 2015 (Audited)				
Segment assets		143,088,769	148,856,057	291,944,826
Segment liabilities		87,892,741	107,466,019	195,358,760

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)

		Three months ended	
		March 31, 2016 (Un-Audited) Rs '000	March 31, 2015 (Un-Audited) Rs '000
11. TRANSACTIONS WITH RELATED PARTIES			
Relationship with the Group	Nature of transaction		
i. Shareholders	Technical services fee	1,027,050	1,056,218
ii. Associated undertakings	Sale of goods and services	626,015	491,954
	Purchase of goods and services	323,634	273,499
	Prepaid rent	112,567	70,000
iii. Employees benefit plans	PTCL Gratuity Fund	95,313	-
	PTML Gratuity Fund	18,396	21,824
	U Bank Gratuity Fund	1,125	-
iv. Employees contribution plans	PTCL PTCL Employees GPF Trust - net	471	69,395
	PTML Provident Fund	25,908	27,990
	U Bank Provident Fund	1,655	1,452
v. Other related parties	PTCL Sale of goods and services	400,110	38,238
	PTCL Charges under license obligation	432,996	360,128
	PTML Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	4,325	2,008
vi. Directors, Chief Executive and Executives	Fees and remuneration including benefits and perquisites	841,925	714,552
		March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Period-end balances			
Receivables from related parties			
Trade debts			
	- Associated undertakings	596,998	200,796
	- The Government of Pakistan and its related entities	1,559,612	1,600,018
Other receivables			
	- Associated undertakings	75,630	79,955
	- PTCL Employees GPF Trust	7,282	6,812
	- Pakistan Telecommunication Company Limited Employees Gratuity Fund	77,061	-
	- Pakistan Telecommunication Employees Trust (PTET)	1,654	116
	- Prepaid rent	196,167	40,333
	- Long term loans to executive and key management personnel	109,967	145,916

**NOTES TO AND FORMING PART OF THE
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2016 (UN-AUDITED)**

	March 31, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Payables to related parties		
Trade creditors		
- Associated Undertakings	437,457	330,074
- The Government of Pakistan and its related entities	4,067,427	3,812,018
- Retention money payable to associated undertaking	1,655	1,231
- Technical services fee payable to Etisalat	5,176,686	4,149,636
- Pakistan Telecommunication Employees Trust (PTET)	12,551,544	11,972,112
PTML		
- Gratuity Fund	18,396	59,383
- Provident Fund	18,703	18,859
U Bank		
- Gratuity Fund	1,181	2
- Provident Fund	375	2,199

12. CORRESPONDING FIGURES

Following corresponding figure has been reclassified for appropriate presentation of balances:

From	To	Rs '000
STATEMENT OF FINANCIAL POSITION		
Current Liabilities	Non-current liabilities	
Trade and other payables	Deferred government grants	490,266
Equity	Equity	
Unappropriated profit	Statutory and other reserves	2,007

13. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL INFORMATION

This condensed consolidated interim financial information for the three months period ended March 31, 2016 was authorised for issue by the Board of Directors of the Holding Company on April 14, 2016.



Chairman



President & CEO

