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BOARD OF DIRECTORS

Chairman PTCL Board

Azmat Ali Ranjha

Members PTCL Board

Abdulrahim A. Al Nooryani
Dr. Waqar Masood Khan
Serkan Okandan
Dr. Daniel Ritz
Sardar Ahmad Nawaz Sukhera
Rainer Rathgeber
Mudassar Hussain
Hesham Abdulla Al Qassim



CORPORATE INFORMATION

Management

Walid Irshaid
President & Chief Executive Officer

Muhammad Nehmatullah Toor
Chief Financial Officer

Syed Mazhar Hussain
Chief Human Resource Officer

Muhammad Nasrullah
Chief Business Operations Officer

Sikandar Naqi
Chief Business Development Officer

Adnan Shahid
Chief Commercial Officer

Kamal Ahmed
Chief Digital & Corporate Services Officer

Tariq Salman
Chief Technical Officer

Raed Yousef Ali Abdel Fattah
Chief Information Officer

Jamal Abdalla Salim Hussain Al Suwaidi
Chief Procurement Officer

Jahanzeb Taj
Chief Strategy Officer

Muhammad Shehzad Yousuf
Chief Internal Auditor

Company Secretary
Saima Akbar Khattak

Legal Affairs

Zahida Awan

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
(Formerly M. Yousuf Adil Saleem & Co.)
Chartered Accountants

Share Registrar

M/s FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.
Tel: +92-21-34380101-2
Fax: +92-21-34380106
E-mail: info.shares@famco.com.pk

DIRECTORS' REPORT

The Directors of Pakistan Telecommunication Company Limited (PTCL) are pleased to present to the shareholders the unaudited financial information of the Company for the nine months period ended 30th September 2015.

The succeeding paragraphs briefly cover performance of PTCL during the first three quarters of current financial year of 2015.

1. FINANCIAL PERFORMANCE

PTCL's revenues for the period under review were Rs. 58.1 billion. Revenue from the Data services registered increase over same period last year by 14%, however, the Voice revenue declined mainly due to ICH deregulation. PTCL's Group revenues for the period were Rs. 90.1 billion. With effective cost optimization measures in place, PTCL's operating expenses decreased by 4% over the same period last year.

PTCL's net profit after tax for the period was Rs. 7.9 billion. PTCL's Group profitability, however, remained suppressed mainly due to financing cost and amortization expenses related to 3G network roll out by Ufone – the 100% owned subsidiary of PTCL.

Your attention is also drawn to note 9.1(e) of PTCL's financial information for the period, which contains the information and explanation regarding certain litigation cases.

2. PRODUCTS AND SERVICES

a. Broadband

Despite the emerging 3G / 4G data services by mobile operators, PTCL's Broadband services remained the leading business segment showing steady growth in revenues and subscribers with inventive product launches coupled with creative win-back and upgrade campaigns. Data speed and quality of service were the catalysts of growth and investments in broadband infrastructure facilitated in customer acquisition and providing them with quality service.

Wireline

Wireline Broadband upgrade campaigns during the period formed the basis for the growth achieved in related revenues and customer base.

Subscribers of 1Mbps and 2Mbps were upgraded to 4Mbps speed at existing price for a limited period with discounted rate offerings for additional period. Similarly, through Broadband Double Speed Promotion, the customers were provided with the opportunity to avail 2Mbps Student and 2Mbps Capped data rates in price of existing 1Mbps packages for a limited time with additional benefit of waiver of Smart TV monthly charges for the Student packages during the offer period.

Further, the 8Mbps Promotion was launched as an auto upgrade campaign wherein all 4Mbps subscribers with feasible lines were upgraded to 8Mbps without any additional charges for a limited time period with discounted price for additional period. PTCL also launched an 8Mbps promotional package targeting 4Mbps GPON users.

Your Company also launched a commercial Broadband Reconnect campaign with attractive discount as well as remission of installation / restoration charges upon full payment of the outstanding PTCL dues. Building on our efforts towards promoting double and triple play



packages, an appealing campaign offered waiver of DSL installation charges for single play customers connected through MSAGs (Multi Services Access Gateways) with the aim to enhance utilization of the MSAG capacity by offering customers uninterrupted double / triple play services.

Besides these measures, PTCL also rationalized pricing of various 1Mbps and 2Mbps packages with enhanced download volumes in certain cases with the objective to retain and enlarge the respective customer base forming a considerable part of the Broadband business segment.

In order to encourage timely bill payment by landline subscribers thus further improving the cash flows, PTCL launched the campaign titled 'PTCL Eidi Offer' in the month of Ramadan with attractive prize schemes based upon lucky draws.

Moreover, an all-product-bundle branded as "Power Pack" which comprises of a combination of EVO, Broadband, Smart TV and landline was launched during the period. Both existing and new customers can purchase the bundle and receive a unified postpaid bill for all services. Creating the concept of a 'PTCL Digital Home', the product is positioned as a single convenient bundle catering to the voice and data needs of an average Pakistani household.

Wireless

Based on analysis identifying areas of potential growth through study of market dynamics, several innovative campaigns were launched with a view to retain and increase the existing customer base of wireless broadband.

During the period, Charji EVO service was extended to various cities viz. Faisalabad, Multan, Peshawar, Sialkot, Gujranwala, Lalamusa and Kharian, enabling access to CharJi EVO products (CharJi EVO Wingle, CharJi EVO Clouds and CharJi EVO Tablets) with improved data rates and high speed wireless internet up to 36 Mbps. Launch of CharJi EVO service in these cities enabled your Company to address the growing demand for high speed Internet services thus maintaining PTCL's image of ensuring extensive network coverage across Pakistan.

Your Company launched a new product by the name of CharJi EVO Tablet. The dual sim (CharJi & GSM) high performance quad core tablet boasts a plethora of enticing features and is packaged with a complimentary Smart-TV application valid for one year, free on-net Ufone minutes, a free Sygic GPS navigation application, a complimentary car tablet-holder and vehicle charger. Additionally, through the Wireless Upgrade offer, existing users can trade-in any EVO device for an upgrade with attractive discount. Resultantly, a number of subscribers upgraded to newer devices with higher tier packages.

In order to address the needs of price-savvy customers, PTCL introduced EVO Limitless Offer with the view to retain and enhance the EVO subscriber base through economical packages. The new limitless package tariffs are designed to stay abreast of the market competition and meet the requirements of price-conscious wireless subscribers. The offer is in addition to the earlier-launched un-bundled CharJi EVO packages for the same customer segment. A new CharJi EVO Wingle device was also introduced in the product mix.

Besides the EVO Recharge Offer for inactive EVO 9.3 subscribers with discounted line rent, a time-bound, lucky-draw promotion viz. EVO Luck Patti Promotion was launched to encourage usage and recharges for Charji and EVO services. Subscribers wishing to participate in the offer had to simply recharge, upgrade or purchase any CharJi or EVO device to qualify for attractive daily cash prizes. The campaign helped to increase the recharges by the users thus enhancing the revenues.

An EVO Reconnect Offer was launched aimed at enticing inactive subscribers, who had not recharged their pre-paid device or paid their post-paid bills. Subscribers opting for the offer receive unlimited packages, valid for 1 month, by simply recharging Rs. 100. Besides, EVP 3.1 inactive subscribers were offered discounted packages at joining back.

b. Smart TV and Video Services

During the period under review, your Company's Smart TV services were further enriched with the objective to become the largest multimedia content aggregator in Pakistan thereby addressing the needs of PTCL's diversified customer base.

PTCL has collaborated with Akamai for the installation of CDN (Content Delivery Network) nodes in Karachi, Lahore and Islamabad. These nodes will not only enhance customers' video streaming experience but will also conserve International bandwidth by serving the contents locally.

Your Company collaborated with ARY Network - the leading content house of Pakistan. Under this partnership, the ARY content archives are made accessible over the internet benefiting the entire Broadband user base of PTCL.

PTCL also signed a content deal with eVision (Subsidiary of Etisalat) for provision of Kids content on PTCL Smart TV which ranges from pre-school series to grown-up kids titles.

PTCL launched ad-free Smart TV application on the occasion of ICC cricket World Cup offering 150 channels, video on demand service and interactive features such as TVOD (Transactional Video on Demand), PVR (Personal Video Recording) parental lock etc. Moreover, as part of furthering PTCL Group's multi-screen strategy, Ufone customers are now offered pre-installed Dailymotion application in their smartphones

Your Company also re-launched smart TV App with easy in-app registration process using prepaid and PTCL billing options, along with enhanced app features. It allows any internet user to download the application from the app stores and register it at his / her convenience.

c. Voice

Being the pioneer of fixed line telephony in Pakistan, PTCL introduced an appealing landline package for its subscribers. The "Utalk Bundle" package at economical price was launched in collaboration with Ufone with the objective to encourage subscribers to enhance the landline usage with unlimited monthly minutes for calling Ufone numbers. The package has been successful as a sizeable number of customers have subscribed to this service in a short span of time increasing both number of calls made and minutes consumed.

Building on to the tradition of introducing innovative products, PTCL launched a landline application named SmartLink making the traditional PTCL landline mobile. SmartLink android application aims at offering mobility to all landline users and enables them to make audio calls, enjoy video calling and access mobile TV on the go.

With the view to increase volume of international outgoing traffic, your Company further rationalized the tariff for selected international destinations after thorough analysis of customers' preferences.



d. Carrier and Wholesale Services

Your Company, having the distinction of being the only fully integrated service provider in the country with extensive and advanced network capabilities, is well-poised to serve all segments of customers. Portfolio of the products offered by your Company for the carriers, therefore, encompass interconnection, IP bandwidth, backhaul and active / passive infrastructure services thus enabling the carriers to build and extend their networks and provide a broad range of voice and data services to their end-users at affordable prices.

Despite the challenging market dynamics, PTCL continued to offer its consistent support to carriers in their launch and expansion of next generation (3G & 4G) services capitalizing on the increased demand for IP bandwidth capacity by adopting a competitive pricing strategy. As a result, the carriers have increased the IP bandwidth of PTCL utilizing 10 GE interfaces. With the inclusion of Wi-Fi Hotspots offering, Managed Colocation Services and Tower Sites Leasing in the existing product range, your Company has proven its commitment towards innovation and progression.

e. Corporate Services

Capitalizing on the market opportunity, your Company further expanded the customer base during the period besides upselling to the current set of enterprise customers. In addition to the traditional product sales, PTCL focused on different ICT (Information and Communication Technology) projects to broaden the service portfolio with the help of various System Integrators thus attaining higher growth in business. In the wake of the requirements of our customers to address their security needs, focus on providing appropriate solutions based on iSentry – IP Camera Surveillance services has been intensified.

Besides growing the business with large sized enterprises of the country in major cities, your Company's focus on targeting tier-II cities has resulted in continuous expansion of enterprise customer base in these areas as well.

Further, SMEs (Small and Medium Enterprises) present a sizeable market opportunity for PTCL although, presently this segment is highly fragmented in fulfilling their ICT needs. By virtue of a dedicated effort, PTCL has attained sizeable sales volume in this sector.

In cloud services, PTCL launched SaaS (Software as a Service) platform, targeting SMEs and business customers. The platform hosts six applications comprising of web building tool, HD video conferencing, email marketing tool with analytics, online storage box, end-point protective software and patient management system for doctors and clinics.

PTCL also signed an exclusive agreement with "IT Butler", a front-end Partner of Blackboard to offer fully managed learning management system (LMS) in Pakistan. The Blackboard (LMS) software for automating the administration, documentation, tracking, reporting, delivery of e-learning education courses and blended training programs will address the needs of public and private universities, educational institutions, government departments and the corporate sector.

f. International Business

PTCL is the only telecom operator in Pakistan with a network of three redundant and resilient Submarine Cable Systems which allows it to offer quality service to all the customer segments, be it retail, corporate or carriers. In order to cater for customers' ever growing

bandwidth requirements, PTCL invested in the upgrade of SEA-ME-WE-4 submarine cable system adhering to the strategy to offer high-speed broadband services and to keep the market leadership position in Pakistan. With the upgradation, your Company is capable of catering to the growth requirements of its customers in foreseeable future at affordable cost.

Further, in spite of ICH (International Clearing House) deregulation and the impediments faced in its aftermath, PTCL continued to maintain its leading position as being the preferred LDI (Long Distance and International) carrier in domestic market as well as neighboring countries for international traffic and media provisioning.

3. SUPPORT FUNCTIONS

a. Network Infrastructure

In line with the potential available for business growth, your Company continued to expand its network capabilities to ensure provision of quality services to its esteemed customers as per their needs. Besides expansion of access network – wireline and wireless both, further redundancy was added in fiber routes, transport and core networks.

A new hub site was established at Lahore which ensures protection and availability of all type of services throughout PTCL network. Health, Safety and Environment (HSE) of major hub sites are being further improved in line with contemporary standards to ensure seamless services availability to our esteemed customer base at all times.

To meet increasing demand of higher speed wireless broadband services, PTCL expanded the Charji EVO services to seven more cities. Your Company also acquired additional 5MHz spectrum during the period and carried out vertical expansion of wireless broadband sites to cater to the higher bandwidth demand and to improve the subscribers' experience. PTCL also launched EVDO service in 1900 MHz in Hazara Telecom Region (HTR).

In the wireline broadband segment, your Company deployed GPON (Gigabit Passive Optical Network) based FTTH (Fiber to the Home) solutions in selected areas e.g. Bahria Town Islamabad, Pearl City Multan and certain other sectors of Islamabad. In this regard, existing brown field areas are also being progressively migrated from copper to fiber network through deployment of MSAGs (Multi Services Access Gateways).

For the core transport network, your Company doubled the long-haul DWDM (Dense Wavelength Division Multiplexing) capability by increasing it from 40 Lambdas to 80 Lambdas. The upgradation enables PTCL to offer upgraded and customized broadband packages to its esteemed customers. Existing spurs legacy transmission nodes were replaced with IP based MPLS-TP (Multi-Protocol Label Switching – Transport Profile) nodes with multi-folds capacity to cater to the increasing bandwidth requirements with flexible options.

International cable station and duct route projects are progressing as per agreed plan with the consortium AAE-1 (Asia-Africa-Europe-1) thus enabling high bandwidth channels on international routes. A project was also initiated for international connectivity with Afghan Telecom for Torkhum – Karachi route.

PTCL continued its effort to support public agencies for the execution of different welfare projects. An example in this regard is successful delivery of GPON based connectivity solution to Rawalpindi / Islamabad Metro Bus Project to interlink its stations and ticketing systems.



Your Company also introduced a state-of-the-art and the only DDoS (Distributed Denial of Service) detection and mitigation system in the country. The system provide comprehensive visibility with real-time reporting of critical network traffic, services and applications to proactively protect against DDoS attacks, including comprehensive protection for dual-stack IPv4 / IPv6 infrastructure. The system contains a full suite of countermeasures that surgically removes DDoS attack traffic while enabling the flow of legitimate traffic without interrupting the service thus ensuring quality of service and reliable performance of PTCL IP network.

In response to prevailing power crisis in the country, PTCL deployed alternate power back-up solutions for telecom equipment. These include enhanced battery backup, deployment of new technologies like smart switches and fast charging batteries leading to improvement in network performance. Your Company also introduced state-of-the-art shell-based precision cooling system for essential equipment to reduce operational expenses. Additionally, PTCL has deployed solar based power solution at BTS sites to ensure the uninterrupted power availability.

b. Customer Care

During the period, your Company consolidated related customer care functions under single administrative leadership in order to further enhance the customer satisfaction levels at each touch point. Based on detailed data analysis, segmentation of PTCL's wireline and wireless customer base was also carried out thus enabling priority services to high value customers.

Customer retention initiatives were further augmented thus improving Company's perception amongst valued customers. The online channel accessibility was increased by adding online shop and payment facilities. The staff was empowered to settle bill disputes to provide speedier service to our subscribers. The Company also undertook various programs to improve customer satisfaction level such as strict monitoring, guidance and process reengineering to minimize customer complaints at all levels. The bill format was redesigned for easier understanding of the customers as to the service charges.

In addition to telemarketing, Contact Centers ensured up-selling high-end package plans to increase yield and to reduce churn while ensuring quality and timely service. Contact Center activities have consistently supported business zones and contributed in new order registration.

To facilitate regional customers, Pashto language IVR (Interactive Voice Response) was launched. The digital medium also remained a key focus area for serving customers an example of which is increased online chat transactions with subscribers via internet.

c. Marketing & Communication

Your Company continued to further strengthen its brand perception and equity through integration of various branding and marketing initiatives, with particular focus on tapping new segments.

Effective marketing campaigns on both traditional and digital media were initiated to capture maximum attention. Digital and new media spectrum were particularly focused, that led to strengthening PTCL's value proposition among various audiences. Venue for online purchase of PTCL's products was further enhanced through collaboration with Google.

Effective communication strategies ensured positive reputation of PTCL through proactive perception management and engagement of key audiences and stakeholders.

PTCL gained vital customer insight through various research initiatives after conducting surveys about analysis of win-back, upgrade and related campaigns. A nationwide field research on Brand Equity covering PTCL corporate and the sub brands was also carried out to generate actionable insights for business strengthening.

d. Information Technology (IT)

To effectively support the core business functions, PTCL is continuously expanding its IT capabilities in line with the evolving technological advancements. In this direction, an Over the Top TV (OTT TV) application was launched for the Smart TV segment thus enlarging he related customer base. Further, the provisioning and billing modules of the 'SmartLink' application were successfully launched.

The customer segmentation was implemented in the CRM (Customer Relationship Management) application enabling tailor-made priority services to high-value customers.

Further, the newly implemented Enterprise Data Warehouse System provides insights into the various business segments through dashboards and interactive reports in such a way that 360-degree view of all transactions related to various products, services and customers is obtained through one data model.

PTCL has also undertaken several measures to ensure information security especially with regards to its customer data such as introduction of new security policies which include 'Information Classification and Exchange Policy' and 'Mobile Secure Environment Policy'. Implementation of latest anti-virus software and corporate back-up solutions as well as strengthening of passwords were also undertaken in this direction.

e. Human Resources and Corporate Social Responsibility

To further strengthen the performance-based culture, your Company introduced the mid-year review for its management staff on SuccessFactors (The Leader in Cloud Solutions for HR), providing a progress overview to employees for better alignment of their performance with business objectives at the year-end. In this regard, a web-based e-Rewards & Recognition portal was also launched.

Adhering to your Company's resolve to build capable leadership pipeline, Harvard Manage Mentor (HMM), a globally recognized online learning solution, was launched for high potential employees and senior leadership of PTCL. Furthermore, distinctive interventions like 'The 8th Habit®' and 'Silicon Valley Best Practices in Culture, Organization, Leadership and Talent' were conducted to help senior leaders staying conversant with latest industry trends.

To strengthen personal and professional development of employees, Professional Enrichment Program (PEP) was launched, introducing LUMS Executive MBA program for mid-career high performing employees. The Company also sent a number of senior executives to LUM's Management Development Program. PTCL also commenced HR Certification program from HRCI (Human Resource Certification Institute) for relevant staff to enhance employees' knowledge and skillset.

Towards the welfare of its dedicated workforce, your Company extended the benefit of discounted hospitalization to previously un-entitled dependents of employees; an e-Medical



Service portal was launched; a 24/7 helpline relating to PTCL's products and services was introduced for the employees and 21 employees were sponsored by PTCL to perform Hajj.

For the second consecutive year, your Company was awarded the prestigious HR Excellence Award (EFQM), for the 'Most Improved OPCO' by Etisalat Group, in recognition of its effective human resource practices.

Being cognizant of its social responsibilities as a corporate citizen, your Company proactively reached out to the flood victims in collaboration with local authorities and Pakistan Army. PTCL mobilized resources to set up 40 medical camps in numerous affected areas of Khyber Pakhtunkhwa, Sindh and Punjab. The medical camps comprised of special medical teams fully equipped with necessary medicines and ambulances and provided medical relief to about seven thousand patients.

The management and employees of PTCL remain committed to providing highest level of service to its valued customers by way of investments in infrastructure and human capital and in the process create greater value for its shareholders.

On behalf of the Board,

Azmat Ali Ranjha
Chairman

Walid Irshaid
President & Chief Executive Officer

Dubai, U.A.E. : October 22, 2015



**CONDENSED INTERIM
FINANCIAL INFORMATION**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(UN-AUDITED)**



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
EQUITY AND LIABILITIES			
Equity			
Share capital and reserves			
Share capital		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		3,092,120	8,117,782
		36,008,198	40,814,552
Unrealized gain on available for sale investments		-	329,039
		87,008,198	92,143,591
Liabilities			
Non-current liabilities			
Long term security deposits		551,368	549,256
Deferred income tax		4,007,798	2,676,026
Employees' retirement benefits		30,563,820	33,011,258
Deferred government grants		7,841,280	6,848,180
		42,964,266	43,084,720
Current liabilities			
Trade and other payables		45,126,559	44,345,349
TOTAL EQUITY AND LIABILITIES		175,099,023	179,573,660

Contingencies and commitments

9

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.

C. Gijl

Chairman



	Note	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
ASSETS			
Non-current assets			
Fixed assets			
Property, plant and equipment	5	94,896,261	94,452,061
Intangible assets	6	2,351,774	4,826,422
		97,248,035	99,278,483
Long term investments	7	7,892,296	7,791,296
Long term loans and advances		2,503,476	2,794,106
Investment in finance lease		68,522	84,398
		107,712,329	109,948,283
Current assets			
Stores, spares and loose tools		3,916,385	2,872,542
Trade debts		16,837,057	15,758,805
Loans and advances	8	1,153,659	4,136,133
Investment in finance lease		31,601	28,305
Accrued interest		473,806	344,801
Recoverable from tax authorities		15,899,229	16,366,457
Receivable from the Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		3,566,473	4,994,327
Short term investments		21,092,500	18,441,389
Cash and bank balances		2,251,912	4,518,546
		67,386,694	69,625,377
TOTAL ASSETS		175,099,023	179,573,660



President & CEO



CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2015 Rs '000	September 30, 2014 Rs '000	September 30, 2015 Rs '000	September 30, 2014 Rs '000
Revenue		18,768,683	19,718,219	58,122,506	62,567,307
Cost of services		(13,934,886)	(14,141,957)	(40,367,404)	(41,643,506)
Gross profit		4,833,797	5,576,262	17,755,102	20,923,801
Administrative and general expenses		(2,402,944)	(2,415,692)	(6,764,131)	(7,531,230)
Selling and marketing expenses		(950,935)	(955,755)	(2,718,655)	(2,529,720)
		(3,353,879)	(3,371,447)	(9,482,786)	(10,060,950)
Operating profit		1,479,918	2,204,815	8,272,316	10,862,851
Other income	10	1,472,538	1,074,293	3,955,752	3,635,061
Finance costs		(124,346)	12,880	(192,240)	(271,892)
Loss of assets destroyed due to fire		-	(776,297)	-	(776,297)
Profit before tax		2,828,110	2,515,691	12,035,828	13,449,723
Provision for income tax					
- Current		(1,272,698)	(809,302)	(2,760,410)	(4,903,615)
- Deferred		311,140	38,150	(1,331,772)	196,212
		(961,558)	(771,152)	(4,092,182)	(4,707,403)
Profit for the period		1,866,552	1,744,539	7,943,646	8,742,320
Earnings per share - basic and diluted (Rupee)		0.37	0.34	1.56	1.71

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.

Chairman

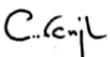
President & CEO

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2015 Rs '000	September 30, 2014 Rs '000	September 30, 2015 Rs '000	September 30, 2014 Rs '000
Profit for the period	1,866,552	1,744,539	7,943,646	8,742,320
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	-	71,876	229,633	148,832
Gain on disposal transferred to income for the period	-	(3,042)	(558,672)	(16,845)
(Realized) / unrealized gain on available for sale investments - net of tax	-	68,834	(329,039)	131,987
Total comprehensive income for the period	1,866,552	1,813,373	7,614,607	8,874,307

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.



Chairman



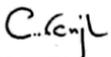
President & CEO

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	Nine months ended	
		September 30, 2015 Rs '000	September 30, 2014 Rs '000
Cash flows from operating activities			
Cash generated from operations	11	27,860,029	28,911,357
Payment to Pakistan Telecommunication Employees' Trust (PTET)		(5,937,780)	(6,300,000)
Employees' retirement benefits paid		(587,529)	(703,276)
Payment of voluntary separation scheme cost		(773,442)	-
Long term security deposits		2,112	12,173
Income tax paid		(2,408,530)	(810,818)
Net cash inflows from operating activities		18,154,860	21,109,436
Cash flows from investing activities			
Capital expenditure		(10,682,872)	(14,894,857)
Acquisition of intangible assets		(18,511)	(218,361)
Proceeds from disposal of property, plant and equipment		94,715	38,723
Short-term investment		(6,592,500)	-
Finance lease		19,946	5,790
Long term loans and advances		322,736	(1,354,040)
Receipts against loan to PTML		2,750,000	4,125,000
Return on long term loans and short term investments		1,492,088	3,099,679
Government grants received		1,377,617	1,549,389
Long term investment - UBank		(100,000)	-
Long term investment - DVCOM Data (Private) Limited		(1,000)	-
Dividend income		10,000	10,000
Net cash outflows from investing activities		(11,327,781)	(7,638,677)
Cash flows from financing activities			
Dividend paid		(13,035,102)	(9,265,874)
Net (Decrease) / increase in cash and cash equivalents		(6,208,023)	4,204,885
Cash and cash equivalents at the beginning of the period		10,959,935	26,763,930
Cash and cash equivalents at the end of the period	12	4,751,912	30,968,815

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.



Chairman



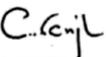
President & CEO

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (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		
Balance as at January 01, 2014	37,740,000	13,260,000	2,958,336	30,500,000	16,324,138	89,785	100,872,259
(Rupees in '000)							
Total comprehensive income for the period	-	-	-	-	8,742,320	-	8,742,320
Profit for the period	-	-	-	-	-	131,987	131,987
Other comprehensive income	-	-	267,576	-	(267,576)	-	-
Transfer to insurance reserve	-	-	(776,297)	-	776,297	-	-
Utilization of insurance reserve	-	-	-	-	-	-	-
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)
	-	-	(508,721)	-	(948,959)	131,987	(1,325,693)
Balance as at September 30, 2014	37,740,000	13,260,000	2,449,615	30,500,000	15,375,179	221,772	99,546,566
Total comprehensive income for the period	-	-	-	-	(3,534,826)	-	(3,534,826)
Loss for the period	-	-	-	-	(3,975,416)	107,267	(3,868,149)
Other comprehensive (loss) / income	-	-	(252,845)	-	252,845	-	-
Utilization of insurance reserve	-	-	(252,845)	-	-	-	-
	-	-	(252,845)	-	(7,257,397)	107,267	(7,402,975)
Balance as at December 31, 2014	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	-	-	-	-	7,943,646	-	7,943,646
Profit for the period	-	-	-	-	-	(329,039)	(329,039)
Other comprehensive income	-	-	219,308	-	(219,308)	-	-
Transfer to insurance reserve	-	-	-	-	-	-	-
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 ending December 31, 2015 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	219,308	-	(5,025,662)	(329,039)	(5,135,393)
Balance as at September 30, 2015	37,740,000	13,260,000	2,416,078	30,500,000	3,092,120	-	87,008,198

The annexed notes 1 to 15 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 NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Pakistan Telecommunication Company Limited (the Company) was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Company, which is listed on the 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 nine months ended September 30, 2015 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, 2014.

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, 2014.

	Note	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	81,298,944	85,072,228
Capital work-in-progress		13,597,317	9,379,833
		94,896,261	94,452,061

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
5.1 Operating fixed assets			
Opening net book amount		85,072,228	78,951,084
Additions during the period / year at cost	5.2	6,465,390	19,761,293
		91,537,618	98,712,377
Transfer during the period / year - at net book amount		(26,004)	(58,117)
Loss due to fire for the period / year		-	(841,231)
Depreciation for the period / year		(10,212,670)	(12,740,801)
		(10,238,674)	(13,640,149)
Closing net book amount		81,298,944	85,072,228
5.2 Detail of additions during the period / year:			
Buildings on freehold land		90,179	153,888
Buildings on leasehold land		429	3,107
Lines and wires		2,313,844	3,935,385
Apparatus, plant and equipment		3,499,685	15,327,396
Office equipment		6,630	9,781
Computer equipment		24,295	205,965
Furniture and fittings		2,967	13,985
Vehicles		28,781	111,786
Submarine cables		498,580	-
		6,465,390	19,761,293
6. INTANGIBLE ASSETS			
Opening net book amount		4,826,422	5,157,172
Additions during the period / year at cost		18,511	246,373
		4,844,933	5,403,545
Derecognition during the period / year - at net book amount	6.1	(2,102,272)	-
Amortization charge for the period / year		(390,887)	(577,123)
		(2,493,159)	(577,123)
Closing net book amount		2,351,774	4,826,422

6.1 The 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 the agreements embodying the commercial arrangement remaining unfulfilled.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
7. LONG TERM INVESTMENTS			
Opening balance		7,791,296	7,791,296
Additions during the period / year at cost	7.1	101,000	-
Closing balance		7,892,296	7,791,296

7.1 It includes acquisition of 100% shareholding of DVCOM Data (Private) Limited, which owns Wireless Local Loop (WLL) License of 1900 MHz spectrum in nine telecom regions of Pakistan.

8. LONG TERM LOANS AND ADVANCES

These include unsecured loans of Rs. 250,000 thousand (December 31, 2014: Rs. 3,000,000 thousand) to Pak Telecom Mobile Limited (PTML), a wholly owned subsidiary of the Company, under subordinated debt agreements. These loans are recoverable in eight equal quarterly installments commencing after a grace period of 3 to 4 years maturing latest by November 2015 and carrying mark-up at the rate of three month KIBOR plus 82 basis points (82 to 180 basis points).

9. CONTINGENCIES AND COMMITMENTS

9.1 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, 2014, except the followings:

- (a)** Against the decision of ATIR upholding tax authorities' decision to impose FED amounting to Rs. 474,417 thousand on Technical Services Assistance fee assuming that the fee is against franchise arrangement for the period from July 2007 to June 2010, Honorable Islamabad High Court 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.
- (b)** For the tax year 2010, the Commissioner Inland Revenue (Appeals) decided the appeal and deleted certain disallowed expenses with tax impact of Rs. 3,955,783 thousand.
- (c)** For the tax year 2014, certain expenses with tax impact of Rs. 3,296,982 thousand were allowed by tax authorities subsequent to the decision of the Commissioner Inland Revenue (Appeals). For the other disallowed expenses (tax impact Rs. 4,754,186 thousand), appeals are being filed by the Company before the appellate forums.
- (d)** Against the decision of Collector Customs imposing additional duties and taxes amounting to Rs. 2,027,613 thousand, the Company has filled an appeal before Customs Appellate Tribunal which is pending for adjudication.
- (e)** With regard to the appeals filed by the 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 Company is evaluating extent of its responsibility vis-à-vis such order. The 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 information. In the meanwhile, PTET has issued notices to prospective beneficiaries for the determination of their entitlements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

9.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 7,337,215 thousand (December 31, 2014: Rs 7,281,071 thousand).

	Nine months ended	
	September 30, 2015 (Un-Audited) Rs '000	September 30, 2014 (Un-Audited) Rs '000
10. OTHER INCOME		
Mark up on long term loans	97,289	529,618
Return on bank deposits	1,294,171	2,183,469
Gain on disposal of available for sale investments	558,672	16,845
Amortization of deferred government grants	384,517	273,040
Gain on disposal of property, plant and equipment	176,434	(19,393)
Others	1,444,669	651,482
	3,955,752	3,635,061
11. CASH GENERATED FROM OPERATIONS		
Profit before tax	12,035,828	13,449,723
Adjustments for non-cash charges and other items:		
Depreciation and amortization	10,603,557	9,963,554
Provision against doubtful trade debts	1,786,766	1,569,926
Employees' retirement benefits	4,077,867	4,112,077
(Gain) / loss on disposal of property, plant and equipment	(93,707)	19,393
(Gain) on derecognition of intangible assets	(82,727)	-
Loss of assets due to fire	-	776,297
Return on bank deposits	(1,294,171)	(2,183,469)
Imputed interest on long term loans	(31,364)	69,557
Imputed Interest on finance lease	(7,366)	(6,565)
Markup on long term loans	(97,289)	(529,618)
Gain on disposal of available for sale investments	(558,672)	(16,845)
Dividend income	(10,000)	(10,000)
Amortization of government grants	(384,517)	(273,317)
	25,944,205	26,940,713
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,018,849)	496,157
Trade debts	(2,865,017)	(593,247)
Loans and advances	229,351	38,687
Recoverable from tax authorities	115,349	-
Prepayments and other receivables	1,430,236	81,476
	(2,108,930)	23,073
Increase in current liabilities:		
Trade and other payables	4,024,754	1,947,571
	27,860,029	28,911,357

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Nine months ended	
	September 30, 2015 (Un-Audited) Rs '000	September 30, 2014 (Un-Audited) Rs '000
12. CASH AND CASH EQUIVALENTS		
Short term investments	2,500,000	23,760,596
Cash and bank balances	2,251,912	7,208,219
	4,751,912	30,968,815

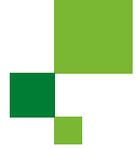
13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services assistance fee - note 13.1	1,901,013	2,033,979
ii. Subsidiary	Sale of goods and services	4,084,795	4,555,700
	Purchase of goods and services	2,956,892	2,556,263
	Mark up on long term loans	97,289	529,618
iii. Associated undertakings	Sale of goods and services	1,331,848	12,149
	Purchase of goods and services	800,244	1,106,711
iv. Employees' retirement benefit plan	Contribution to the plan	5,937,780	6,300,000
v. Employees' contribution plan	PTCL Employees' GPF Trust - net	520,209	64,926
vi. Other related parties	Sale of goods and services	142,228	-
	Charge under license obligations	1,050,855	1,381,173
vii. Directors, Chief Executive and Executives	Fee and remuneration including benefits and perquisites	1,415,381	1,230,154

	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
Period-end balances		
Receivables from related parties		
Long-term loans to subsidiary	250,000	3,000,000
Trade debts		
- Subsidiary	1,085,042	636,998
- Associated undertakings	490,255	28,409
- The Government of Pakistan and its related entities	2,157,763	1,493,357
Accrued interest receivable		
- Subsidiary	3,103	67,224
Other receivables		
- Subsidiaries	2,784,235	11,257
- Associated undertakings	75,482	74,265
- PTCL Employees' GPF Trust	5,168	525,377
- Pakistan Telecommunication Employees' Trust (PTET)	147,760	4,082,578

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)



	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
Payables to related parties		
Trade creditors		
- Subsidiary	221,418	1,091,952
- Associated undertakings	244,112	294,230
- The Government of Pakistan and its related entities	3,359,381	5,044,143
Retention money payable to associated undertaking	1,231	52
Technical services fee payable to Etisalat	1,901,013	633,814
Pakistan Telecommunication Employees' Trust (PTET)	7,966,578	12,250,956

13.1 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.

14. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Trade debts presented in the statement of financial position include aggregate receivable of Rs 9,411,670 thousand (December 31, 2014: Rs 7,888,708 thousand) set off against aggregate payable of Rs 5,836,406 thousand (December 31, 2014: Rs 5,480,621 thousand).

Trade and other payables presented in the statement of financial position include aggregate payable of Rs 5,643,751 thousand (December 31, 2014: Rs 8,298,999 thousand) set off against aggregate receivable of Rs 3,725,717 thousand (December 31, 2014: Rs 6,633,920 thousand).

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

This condensed interim financial information for the nine months ended September 30, 2015 was authorized for issue by the Board of Directors of the Company on October 22, 2015.

Chairman

President & CEO



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(UN-AUDITED)**



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2015 (UN-AUDITED)

Note	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
EQUITY AND LIABILITIES		
Equity		
Share capital and reserves		
Share capital	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	15,183,188	25,360,137
	48,099,266	58,056,907
Unrealized (loss) / gain on available for sale investments	(253)	343,936
	99,099,013	109,400,843
Liabilities		
Non-current liabilities		
Long term loans from banks	20,000,000	15,000,000
Liability against assets subject to finance lease	30,572	41,819
License fee payable	22,537,263	25,592,882
Long term security deposits	1,560,582	1,492,410
Deferred income tax	11,037,288	12,658,200
Employees' retirement benefits	30,834,629	33,302,010
Deferred government grants	7,841,280	6,848,180
Long term vendor liability	20,711,726	9,820,755
	114,553,340	104,756,256
Current liabilities		
Trade and other payables	58,934,856	57,142,828
Interest accrued	534,228	695,321
Current portion of:		
Liability against assets subject to finance lease	31,977	31,977
License fee payable	6,090,131	4,406,841
Long term vendor liability	3,861,073	12,926,785
Unearned income	3,389,691	2,638,529
	72,841,956	77,842,281
Total equity and liabilities	286,494,309	291,999,380

Contingencies and commitments

7

The annexed notes 1 to 12 are an integral part of this condensed consolidated interim financial information.

Chairman



	Note	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
ASSETS			
Non-current assets			
Fixed assets			
Property, plant and equipment	5	167,759,966	170,567,752
Intangible assets	6	41,033,011	42,874,181
		208,792,977	213,441,933
Long term investments		100,441	100,441
Long term loans and advances		2,600,848	2,925,795
Investment in finance lease		68,522	84,398
		211,562,788	216,552,567
Current assets			
Stores, spares and loose tools		3,916,385	2,872,542
Stock in trade		228,032	329,491
Trade debts		17,410,683	15,511,235
Loans and advances		1,822,871	2,114,096
Investment in finance lease		31,601	28,305
Accrued interest		548,852	330,823
Recoverable from tax authorities		18,538,256	19,116,720
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposit, prepayments and other receivables		4,203,428	8,337,132
Short term investments		21,300,025	18,959,345
Cash and bank balances		4,767,316	5,683,052
		74,931,521	75,446,813
Total assets		286,494,309	291,999,380



President & CEO



CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2015 Rs '000	September 30, 2014 Rs '000	September 30, 2015 Rs '000	September 30, 2014 Rs '000
Revenue	29,157,280	30,789,287	90,142,102	99,298,480
Cost of services	(22,208,279)	(22,135,003)	(65,781,782)	(65,085,482)
Gross profit	6,949,001	8,654,284	24,360,320	34,212,998
Administrative and general expenses	(4,470,033)	(4,882,606)	(13,039,065)	(14,688,919)
Selling and marketing expenses	(2,150,288)	(2,262,464)	(6,806,451)	(6,919,024)
	(6,620,321)	(7,145,070)	(19,845,516)	(21,607,943)
Operating profit	328,680	1,509,214	4,514,804	12,605,055
Other income	1,659,486	1,071,904	4,297,250	3,571,090
Finance costs	(1,865,874)	(2,038,893)	(4,230,701)	(3,283,274)
Loss of assets destroyed due to fire	-	(776,297)	-	(776,297)
Profit / (loss) before tax	122,292	(234,072)	4,581,353	12,116,574
Provision for income tax				
- Current	(1,662,496)	(844,514)	(3,401,771)	(6,217,083)
- Deferred	1,169,127	671,166	1,612,777	1,930,475
	(493,369)	(173,348)	(1,788,994)	(4,286,608)
Profit / (loss) for the period	(371,077)	(407,420)	2,792,359	7,829,966
Earnings per share				
- basic and diluted (Rupees)	(0.07)	(0.08)	0.55	1.54

The annexed notes 1 to 12 are an integral part of this condensed consolidated interim financial information.

Chairman

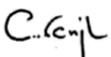
President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2015 Rs '000	September 30, 2014 Rs '000	September 30, 2015 Rs '000	September 30, 2014 Rs '000
Profit / (loss) for the period	(371,077)	(407,420)	2,792,359	7,829,966
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	(13,071)	72,101	229,380	149,147
Gain on disposal transferred to income for the period	(14,897)	(3,042)	(573,569)	(16,845)
(Realized) / unrealized gain on available for sale investments - net of tax	(27,968)	69,059	(344,189)	132,302
Total comprehensive income for the period	(399,045)	(338,361)	2,448,170	7,962,268

The annexed notes 1 to 12 are an integral part of this condensed consolidated interim financial information.



Chairman



President & CEO



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

	Note	Nine months ended	
		September 30, 2015 Rs '000	September 30, 2014 Rs '000
Cash flows from operating activities			
Cash generated from operations	8	41,495,493	41,217,775
Payment made to Pakistan Telecommunication Employees' Trust (PTET)		(5,937,780)	(6,300,000)
Employees' retirement benefits paid		(685,273)	(784,684)
Payment of voluntary separation scheme cost		(773,442)	-
Finance costs paid		(4,382,303)	(2,289,716)
Long term security deposits		68,172	(612)
Income tax paid		(2,946,791)	(3,639,195)
Net cash inflows from operating activities		26,838,076	28,203,568
Cash flows from investing activities			
Capital expenditure		(18,321,055)	(28,558,106)
Acquisition of intangible assets		(2,981,544)	(39,604,723)
Proceeds from disposal of property, plant and equipment		235,872	276,854
Finance lease		19,946	5,790
Short term investment		(6,919,066)	-
Long term loans and advances		353,188	(1,356,926)
Government grants received		1,377,617	1,549,389
Dividend received		10,000	10,000
Return on long term loans and short term investments		1,495,754	2,468,839
Net cash outflows from investing activities		(24,729,288)	(65,208,883)
Cash flows from financing activities			
Long term loans received		5,000,000	12,000,000
Long term vendor liability		1,825,259	7,212,301
PTA license fee payable		(1,372,329)	31,767,224
Liability against assets subject to finance lease		(20,738)	(22,213)
Dividend paid		(13,035,102)	(9,265,874)
Net cash (outflows) / inflows from financing activities		(7,602,910)	41,691,438
Net (decrease) / increase in cash and cash equivalents		(5,494,122)	4,686,123
Cash and cash equivalents at the beginning of the period		12,642,397	27,568,998
Cash and cash equivalents at the end of the period	9	7,148,275	32,255,121

The annexed notes 1 to 12 are an integral part of this condensed consolidated interim financial information.

Chairman

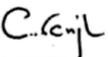
President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (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		
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
(Rupees in '000)							
Total comprehensive income for the period	-	-	-	-	7,829,966	-	7,829,966
Profit for the period	-	-	-	-	(267,576)	132,302	132,302
Other comprehensive income	-	-	267,576	-	776,297	-	-
Transfer to insurance reserve	-	-	(776,297)	-	-	-	-
Utilization of insurance reserve	-	-	-	-	-	-	-
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)
	-	-	(508,721)	-	(1,861,313)	132,302	(2,237,732)
Balance as at September 30, 2014	37,740,000	13,260,000	2,449,615	30,500,000	32,954,323	222,087	117,126,025
Total comprehensive (loss) / income for the period	-	-	-	-	(3,863,317)	-	(3,863,317)
Loss for the period	-	-	-	-	(3,983,714)	121,849	(3,861,865)
Other comprehensive (loss) / income	-	-	-	-	252,845	-	-
Utilization of insurance reserve	-	-	(252,845)	-	-	-	-
	-	-	(252,845)	-	(7,594,186)	121,849	(7,725,182)
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 period	-	-	-	-	2,792,359	-	2,792,359
Profit for the period	-	-	-	-	-	(344,189)	(344,189)
Other comprehensive income	-	-	-	-	(219,308)	-	-
Transfer to insurance reserve	-	-	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 ending December 31, 2015 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	219,308	-	(10,176,949)	(344,189)	(10,301,830)
Balance as at September 30, 2015	37,740,000	13,260,000	2,416,078	30,500,000	15,183,188	(253)	99,099,013

The annexed notes 1 to 12 are an integral part of this condensed interim financial information.



Chairman



President & CEO

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (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 1, 1996. The Holding Company, which is listed on Karachi, Lahore and Islamabad stock exchanges, was established to undertake the telecommunication business formerly carried on by Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Holding Company on January 1, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Holding Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees Trust (PTET). The registered office of the Holding Company is situated at PTCL Headquarters, G-8/4, Islamabad.

The Holding 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 Holding Company has also been licensed to provide such services in territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

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

DVCOM Data (Private) Limited

The Holding Company acquired 100% ownership of DVCOM Data (Private) Limited effective from April 1, 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.

2. STATEMENT OF COMPLIANCE

This condensed consolidated interim financial information of the Group for the nine months ended September 30, 2015 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.

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

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

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.

Estimates and judgments 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, 2014.

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 year ended December 31, 2014.

	Note	September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	152,253,820	157,630,781
Capital work-in-progress		15,506,146	12,936,971
		167,759,966	170,567,752
5.1 Operating fixed assets			
Opening net book amount		157,630,782	142,821,939
Additions during the period / year at cost		15,751,876	41,264,776
		173,382,658	184,086,715
Disposal during the period / year - at net book amount		(91,262)	(226,811)
Loss due to fire for the period / year		-	(841,231)
Depreciation for the period / year		(21,037,576)	(25,387,892)
		(21,128,838)	(26,455,934)
Closing net book amount		152,253,820	157,630,781
6. INTANGIBLE ASSETS			
Opening net book value		42,874,181	6,191,581
Additions during the period / year at cost	6.1	2,981,544	39,734,272
		45,855,725	45,925,853
Derecognition during the period / year			
- at net book value	6.2	(2,102,272)	-
Amortization for the period / year		(2,720,442)	(3,051,672)
		(4,822,714)	(3,051,672)
Closing net book value		41,033,011	42,874,181

6.1 The Holding Company has acquired 100% shareholding of DVCOM DATA (PRIVATE) LIMITED, which owns Wireless Local Loop (WLL) License of 1900 MHz spectrum in nine telecom regions of Pakistan.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

6.2 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 the agreements embodying the commercial arrangement remaining unfulfilled.

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, 2014, except the followings:

- (a) Against the decision of ATIR upholding tax authorities' decision to impose FED amounting to Rs. 474,417 thousand on Technical Services Assistance fee of PTCL 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.
- (b) For the tax year 2010, the Commissioner Inland Revenue (Appeals) decided the appeal of PTCL and deleted certain disallowed expenses with tax impact of Rs. 3,955,783 thousand.
- (c) For the tax year 2014, certain expense of PTCL with tax impact of Rs. 3,296,982 thousand were allowed by tax authorities subsequent to the decision of the Commissioner Inland Revenue (Appeals). For the other disallowed expenses (tax impact Rs. 4,754,186 thousand), appeals are being filed by the Company before the appellate forums.
- (d) Against the decision of Collector Customs imposing additional duties and taxes amounting to Rs. 2,027,613 thousand, PTCL has filled an appeal before Customs Appellate Tribunal which is pending for adjudication.
- (e) With regard to the appeals filed by PTCL 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, PTCL is evaluating extent of its responsibility vis-à-vis such order. PTCL, 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 PTCL 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 information. In the meanwhile, PTET has issued notices to prospective beneficiaries for the determination of their entitlements.
- (f) In relation to the demand raised by the taxation authorities for Advance Income Tax paid by PTML under section 148 as disclosed in note 17.16 to the Financial Statements for the year ended December 31, 2014, PTML has received a demand for tax year 2014 amounting to Rs. 581 million. PTML is of the view that these demands are not based on sound principles as PTML is subject to normal tax regime since its inception and the equipment imported is used in-house for provision of telecom services and not sold by PTML as commercial importer to derive income. PTML's appeal filed with ATIR against the decision of CIR(A) is pending adjudication.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

7.2 Commitments

Commitments in respect of contracts for capital expenditure amount to Rs. 15,384,779 thousand (December 31, 2014: Rs. 11,289,190 thousand).

	Nine months ended	
	September 30, 2015 (Un-Audited) Rs '000	September 30, 2014 (Un-Audited) Rs '000
8. CASH GENERATED FROM OPERATIONS		
Profit before tax	4,581,353	12,116,574
Adjustments for non-cash charges and other items:		
Depreciation and amortization	23,758,018	21,024,780
Provision for doubtful trade debts and other receivables	1,829,590	1,609,541
Provision for non performing advances	2,510	1,528
Provision for slow moving stock and warranty	23,557	-
Employees' retirement benefits	4,155,672	4,207,764
Imputed interest on long term loans and advances	(31,364)	69,557
Imputed interest on finance lease	(7,366)	(6,565)
Gain on disposal of property, plant and equipment	(169,602)	(55,969)
Gain on derecognition of intangible assets	(82,727)	-
Gain on disposal of available for sale investments	(558,672)	(16,845)
Loss of assets due to fire	-	776,297
Loss on fair value adjustment forward exchange contracts	-	214,802
Return on bank deposits and short term investments	(1,533,052)	(2,183,469)
Dividend income	(10,000)	(10,000)
Amortization of government grants	(384,517)	(273,317)
Finance costs	4,230,701	2,829,091
	35,804,101	40,303,769
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,018,848)	496,656
Stock in trade	77,902	289,338
Trade debts	(3,729,038)	(1,726,005)
Recoverable from tax authorities	115,349	-
Loans and advances	291,838	(170,491)
Deposits, prepayments and other receivables	4,167,456	(491,972)
	(95,341)	(1,602,474)
Increase in current liabilities:		
Trade and other payables	5,035,571	2,352,424
Unearned income	751,162	164,056
	5,786,733	2,516,480
	41,495,493	41,217,775
9. CASH AND CASH EQUIVALENTS		
Short term investments	2,380,959	24,105,762
Cash and bank balances	4,767,316	8,149,359
	7,148,275	32,255,121

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

10. SEGMENT INFORMATION

For Management purposes, the Group is organized 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
Nine months ended September 30, 2015				
Segment revenue		51,365,154	44,161,649	95,526,803
Inter segment revenue	10.1.1	(4,084,794)	(1,299,907)	(5,384,701)
Revenue from external customers		47,280,360	42,861,742	90,142,102
Segment results		7,020,114	(4,227,755)	2,792,359
Nine months ended September 30, 2014				
Segment revenue		55,894,940	49,352,267	105,247,207
Inter segment revenue	10.1.1	(4,555,700)	(1,393,027)	(5,948,727)
Revenue from external customers		51,339,240	47,959,240	99,298,480
Segment results		4,850,256	2,979,710	7,829,966

10.1.1 Inter segment revenues are eliminated on consolidation.

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
As at September 30, 2015 (Un-Audited)			
Segment assets	140,144,710	146,349,599	286,494,309
Segment liabilities	82,309,648	105,085,648	187,395,296
As at December 31, 2014 (Audited)			
Segment assets	141,099,038	150,900,342	291,999,380
Segment liabilities	81,320,765	101,277,772	182,598,537

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

		Nine months ended	
		September 30, 2015 (Un-Audited) Rs '000	September 30, 2014 (Un-Audited) Rs '000
11. TRANSACTIONS WITH RELATED PARTIES			
Relationship with the Group	Nature of transaction		
i. Shareholders	Technical services fee	3,154,974	3,476,891
ii. Associated undertakings	Sale of goods and services	1,380,744	31,629
	Purchase of goods and services	895,158	1,171,483
	Prepaid rent	290,000	150,003
iii. Employees' retirement benefit plans	PTCL Contribution to Pakistan Telecommunication Employees Trust (PTET)	5,937,780	6,300,000
	PTML Gratuity Fund	66,444	61,178
	PTCL PTCL Employees' GPF Trust - net contribution plans	520,209	64,926
iv. Employees' contribution plans	PTML Provident Fund	81,505	82,906
	U Bank Provident Fund	4,290	3,915
v. Other related parties	PTCL Sale of goods and services	142,228	-
	PTCL Charges under license obligation	1,050,855	1,381,173
	PTML Expenses reimbursed to Pakistan MNP Database (Guarantee) Ltd.	8,342	35,175
vi. Directors, Chief Executive and Executives	Fee and remuneration including benefits and perquisites	1,833,781	1,781,315
		September 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
Period-end balances			
Receivables from related parties			
Trade debts			
	- Associated undertakings	522,234	54,564
	- The Government of Pakistan and its related entities	2,157,763	1,493,357
Other receivables			
	- Associated undertakings	75,482	74,265
	- PTCL Employees' GPF Trust	5,168	525,377
	- Pakistan Telecommunication Employees' Trust (PTET)	147,760	4,082,578
	- Prepaid rent	183,333	33,330
PTML			
	- Long term loans to executive and key management personnel	103,811	115,690
Payables to related parties			
Trade creditors			
	- Associated Undertakings	331,209	369,183
	- The Government of Pakistan and its related entities	3,359,381	5,044,143
	- Technical services fee payable to Etisalat	3,154,974	1,071,619
PTCL			
	- Pakistan Telecommunication Employees' Trust (PTET)	7,966,578	12,250,956
PTML			
	- Gratuity Fund	66,444	97,287
	- Provident Fund	17,954	19,853



NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

12. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This condensed consolidated interim financial information for the nine months ended September 30, 2015 was authorized for issue by the Board of Directors of the Holding Company on October 22, 2015.

A handwritten signature in black ink, appearing to read "C. G. J.", positioned above the title "Chairman".

Chairman

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a final flourish, positioned above the title "President & CEO".

President & CEO