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## 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

**Sikandar Naqi**

Chief Business Development Officer

**Adnan Shahid**

Chief Commercial Officer

**Kamal Ahmed**

Chief Digital Services Officer

**Jahanzeb Taj**

Chief Business Operations Officer

**Muhammad Shehzad Yousuf**

Chief Internal Auditor

**Moqem ul Haque**

Chief Strategy Officer

### Company Secretary

**Saima Akbar Khattak**

### Legal Advisor

**Zahida Awan**

Executive Vice President (Legal)

### Bankers

#### Conventional

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

The Bank of Punjab

Citibank

Habib Metropolitan Bank Limited

Habib Bank limited

Khushhali Bank Limited

MCB Bank Limited

National Bank of Pakistan

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

U Microfinance Bank Limited

United Bank Limited

#### Islamic

Meezan Bank

### 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.

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 un-audited financial information of the Company for the nine months period ended 30th September 2016.

Based upon its vast network capabilities and being the only fully integrated telecom service provider in Pakistan, your Company remains committed to retain its leadership position in provision of telecom services, specially Data services, to its esteemed customer base by further expanding its network infrastructure using latest available technologies.

The succeeding paragraphs briefly cover performance of PTCL during the first three quarters of the current financial year of 2016.

### 1. FINANCIAL PERFORMANCE

The PTCL Group registered a 42% increase in profitability during the nine months of 2016 compared to the same period last year. The Group revenue stood at Rs. 88.8 billion and with effective cost optimization measures, the operating expenses of the Group were reduced by 3% resulting into a net profit of Rs. 3.9 billion.

PTCL's revenue for the period was Rs. 54.3 billion with growth in DSL broadband revenue. The Company's operating expenses during the period were reduced by 6% resulting into the net profit of Rs. 7.6 billion.

For the 3rd quarter 2016, the PTCL Group revenue increased by 2 % with net profit of Rs. 876 million compared to a net loss of Rs. 371 million in the corresponding period of last year whereas the Company's profitability increased by 9% in the 3rd quarter.

Based on the half-yearly financial results for 2016, the Directors earlier declared an interim dividend of Re. 1.00 per share.

Your attention is also drawn to note 10.1(e) of PTCL's financial information for the period, which contains the information and explanation regarding certain litigation cases.

### 2. PRODUCTS AND SERVICES

#### a. Wireline Business

During the period, PTCL introduced various new packages along with tariff rationalization to further expand its Data and Voice services. Consequently, revenue from DSL services increased over the same period last year.

With the objective to enhance Wireline usage, Smart Link App was launched which enables the consumers to dial and receive calls from their mobile phones instead of traditional handset while using the same landline number.

Besides the revision in the on-net call charges, international call tariff for the major destinations was also rationalized. For single-play non-freedom package users, the PSTN line rent was streamlined with the objective to increase usage of economical 'Freedom Package. Further, the processes of receiving new connections were improved along with revision in installation charges - being received upfront in form of advance set up charges. These new processes are currently being tested in selected regions, to be replicated country-wide after the success thereof. These measures were undertaken to optimize the Wireline usage thus increasing revenue therefrom.

Furthermore, 1Mbps to 2Mbps Economy, 1Mbps to 2Mbps Unlimited, 2Mbps to 4Mbps Unlimited and 4Mbps to 8Mbps Unlimited upgrade promotions were undertaken during the period. PTCL also introduced a 4 Mbps Ramadan promo with availability of limited time subscriptions. Being an opt-in campaign, customers could avail higher data packages for the given period. These upgrade promotions gave taste of higher speed data rate to customers without extra charges for limited period of time. Majority of the subscribers continued to stay on higher data rates switching over to regular charges of higher speed DSL packages.



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**

Your Company introduced various new Wireless packages during the period to provide the customers with speedier yet cost-effective data services. The launch of new EVO and CharJi LTE packages offered these services with further reduction in price. The two new CharJi LTE packages consisted of a low-tier 15 GB package and a high-end 60 GB package to cater to the diversified needs of our customers.

Further, under the 'EVO Wireless Upgrade Offer' promotion, EVO customers can trade-in their existing EVO devices for upgraded CharJi LTE products. Subscribers currently using EVO 3.1 and EVO 9.3 products may upgrade to CharJi LTE Devices with discounted prices, while EVO 3.1 subscribers can receive a Wingle 9.3 upgrade free of cost. Besides, the subscribers opting for the 'EVO Muft Offer' 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 was received in advance. Moreover, an enticing starter package for EVO 9.3 was also launched. The offer enabled light data users to benefit from an economical 5 GB package at attractive monthly charges without any time restrictions.

Re-runs of the EVO biometric verification campaign were undertaken 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. In order to make the campaign successful, devices of subscribers who recharged were immediately blocked with restoration contingent only upon successful biometric verification. The campaign was effective as the devices of over a million subscribers have already been biometrically verified.

## **c. Contents & Multimedia**

During the period, the Smart TV service was further enhanced by adding new features. Enrichment of Live TV section was undertaken with the addition of new channels in the News and Regional genre. The Smart TV Channel lineup was also refined for customer convenience. Smart TV app was offered free of cost to Smart TV (IPTV) customers in the month of Ramadan. Video tutorials on usage of PTCL Smart TV features were added in the VOD (Video on Demand) section and were also made part of the PTCL's products' channel.

'Red-bull Extreme Sports' VOD 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 with wide 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. On the occasion of Eid-ul-Azha, your Company offered a one month free subscription viz. 'Eid Treat' of e-junior Kids bundle.

## **d. Carrier and Wholesale Services**

For the wholesale customers i.e. the other telecom operators and service providers, your Company offers a comprehensive range of tailor-made products such as interconnection, IP bandwidth, backhaul and active / passive infrastructure services which enables such carrier customers not only to build and extend their networks and provide a broad range of services to their end-users but also are instrumental in saving capital and operating expenditure for

them. In this direction, PTCL further rationalized the IP bandwidth rates to expand its foot print.

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 at attractive prices. As a result, your Company was successful in concluding long-term fiber leasing agreements with a few prominent cellular operators during the period thus enabling major upgrade of their transport infrastructures.

#### 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 ever-reducing rates for incoming international traffic in the wake of competition among LDI (Long Distance International) operators as well as challenges like growth in OTT (Over the Top) traffic and OTT bypass, PTCL retained its leadership position as the preferred LDI carrier with reduced cost using modern technologies and practices whereby the usage on the routes is diligently monitored in order to ensure high quality services to all segments of our esteemed customer base.

#### f. Digital Services

During the period under review, PTCL further enhanced its existing services for the enterprise segment 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 IaaS (Infrastructure as a Service) and hosting services. The focus was further enhanced to capture the opportunities in Tie-B cities. Besides, certain new projects were concluded with Government and financial institutions.

Your Company concluded a collaborative agreement with IBM (Pakistan) for commissioning of a turnkey Public Cloud Services solution at PTCL's Data Centers in Lahore and Karachi for its corporate customers. The initiative enabled PTCL to offer IaaS with services like Virtual Private Servers (VPS), Disaster Recovery Site (DRS), Back-up as a Service, Storage as a Service, Webhosting Solutions and Compute on Demand to its enterprise customers. The cloud platform equipped with latest technologies is an important step forward in developing a viable service infrastructure as part of its successful Data Center business.

Further, the newly-launched products and solutions in the realm of Managed Services strengthened PTCL as a one-stop-shop for enterprise customers. As a result, contracts with considerable value were concluded during the period.

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 advanced products and improved IP based services to our esteemed customer base. Besides, HSE (Health, Safety and Environment) aspects of major hub sites were improved with modern and sophisticated solutions.

For the wireline broadband access network, more than 55 MSAGs (Multi Services Access



Gateways) were deployed in the areas affected by Lahore Orange Train project to ensure continuation of services to affected customers. This was in addition to the deployment of 71 MSAGs elsewhere, out of which 21 MSAGs were installed for access network transformation to enable 20 Mbps network readiness for a pilot site in GTR with VDSL2+ (Very High-Speed Digital Subscriber Line) technology. PTCL also provided state-of-the-art GPON (Gigabit Passive Optical Network) based FTTH (Fiber to the Home) lines at 12 sites to enable ultrahigh bandwidth services. Additionally, new 32,000 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 further improve quality of service to wireless broadband customers, PTCL undertook network optimization and hardware load balancing in the areas of high demand. Besides completing the re-farming of the spectrum to meet the regulatory requirements, your Company also performed successful trials of PTCL LTE and Ufone's GSM + UMTS services on single BTS / single RAN (Radio Access Network) architecture which is in addition to on-going consolidation of PTCL and Ufone Packet Switched (PS) core networks for 2G, 3G and 4G services with geographical redundancy.

To meet growing bandwidth demand of its broadband customers, new transmission capacity is being added in the inter-cities and intra-cities links country-wide. 100G DWDM (Dense Wavelength Division Multiplexing) solution is also being added in the 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 high-capacity internet cache solutions on four major sites provided enhanced customer experience and efficient utilization of core network capacity while saving bandwidth cost at the same time. The international peering with Google was augmented by another 30Gbps. Direct peering with Facebook is being established. On the international side, establishment of a peering facility with German Internet Exchange is in process which is in addition to such existing arrangements with Amsterdam and Singapore Public exchanges. All these peering arrangements are instrumental in minimizing the round trip time to fetch popular contents thus ensuring enhanced user experience. In this regard, your Company added two new L-Root servers for IP address facilitation in the network to provide for the increased resilience and redundancy. PTCL also deployed 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 was 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.

To further augment the international connectivity, the new ultra-high capacity submarine cable viz. AAE-1 (Asia-Africa-Europe-1) is expected to be operational in 2017. Besides, the legacy international gateway exchanges are being replaced with NGN gateways to further enhance the least cost routing features.

## **b. Customer Care**

Your Company undertook various initiatives during the period 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. The said initiatives cover all the contact mediums be it voice calls, social media or e-care platform. PTCL also added a customer friendly functionality on its corporate website to provide customers with a single electronic communication channel.

To further increase the customer satisfaction level, PTCL is rehabilitating 30 selected OSSs (One Stop Shops) across the country. The rehabilitation encompasses the building renovation as well as complete re-assessment of processes, human resource skills and needed technology. Towards this end, the staff is being provided with rigorous customer-centric training.

To redress the customers' grievances relating to bill delivery issues, a specific IVR (Interactive Voice Response) was put in place. Through the newly-introduced IVR, the customer call is transferred to a live agent to understand the calling subscriber's needs and to provide instant solution. The customers were also prompted to opt for E-bill service to ensure bill delivery through email medium.

Through dedicated teams at call centers, disconnected customers are promptly contacted to address their problems and bring them back as PTCL subscribers. Further, with the objective to increase the landline usage, customers either with low or zero usage in immediate past or the ones experiencing high number of faults resulting in reduced usage, are proactively contacted by your Company to assess the underlying reasons and to take immediate remedial action. 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 OSS channels. At the same time, such customers are dialed out by the specialized call center agents 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. For this purpose, the back-end processes were further improved to capture the up-to-date statistics of customers' experience relating to fault restoration. A high-value customer dash board was also put in place to provide priority services to this esteemed customer base.

### **c. Information Technology (IT)**

During the period, your Company completed implementation of new CRM (Customer Relationship Management) application in all regions. Accordingly, through the unified processes of order capturing, service activation and bill processing, covering all the elements of Operational Support Systems (OSS), service level to the subscribers has been further enhanced. The said processes embedded in the new CRM application are modeled on the eTOM (Enhanced Telecom Operations Map) industry standards for the wireline business operations.

Further, through a consolidated interface of PTCL website, subscribers are enabled not only to view their usage details on self-service basis but also to recharge their accounts through online channels. The PTCL and Ufone customers can also pay their bills through credit / debit card via Etisalat payment gateway using the said application.

Moreover, the new CRM application is integrated with central NOC (Network Operations Centre) which provides details of country-wide elements of wireline network and enables availability of data relating to service outages in the form of affected network elements and related customers on real-time basis. This in turn helps to provide redressal measures promptly to restore the service and thus to increase customers' satisfaction level. Additionally, augmenting the existing alerts through various mediums, SMS notifications to customers on recharge, bill payments and package change were introduced as well.



Your Company also implemented the web security gateway technology which further enhanced the operational controls of critical business applications. Also, through a newly-introduced process in ERP (Enterprise Resource Planning) system for the fuel consumption, improved fuel consumption efficiency with reduced cost was achieved country-wide.

#### d. Human Resources

With the objective to further enrich the talent base of PTCL's workforce to serve our esteemed customer base more efficiently, your Company undertook various initiatives during the period. In this regard, under the 'Raabta' initiative, field visits by the senior management helped to establish two-way communication up to the grass-root levels to identify the on-ground contemporary challenges to be addressed on priority to provide quality service to customers.

During the period, your Company conducted two distinct interventions viz. the 'Executive Coaching Program' and 'Executive Leadership Retreat' for senior leadership. To further enhance the talent base, customized training programs encompassing functional skills up-gradation and customer orientation for CSRs (Customer Service Representatives) and CPEIs (Customer Premises Equipment Installers), business skills trainings for BMs (Business Managers) / SBMs (Senior Business Managers) and leadership trainings for RGMs (Regional General Managers) were undertaken across the Company. A special session on 'Critical Success Factors in Innovation, Entrepreneurship & Sales in PTCL' by the world's renowned consultant was also organized for the employees.

Further, capability assessments and talent reviews were implemented to categorize, develop and optimally deploy the best-available talent on business critical positions. Similarly, the Pride-Knowledge sharing sessions, Triple Play Service Installation & Maintenance and other technical plus soft skills training programs, particularly for the staff at exchanges and OSS, were conducted. 'X Factor', a renewed leadership model, was introduced to develop talent of champions-people managers who effectively align, motivate and develop their teams. Incentive program of 'Lajawab Inaami Scheme' was launched for field staff along with the introduction of online promotion cycle for employees. Disbursement of annual bonus was linked to regional business performance in addition to employees' individual performance to incentivize high performers. PTCL Cricket Festival, Ramadan and Eid celebrations with frontline staff, Ramadan flex timings, Eid incentive scheme and other engagement activities were also undertaken across the Company to keep the employees motivated and energized. Moreover, to honor female employees of PTCL, 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. To increase open communication, Facebook at Work, an enterprise solution aimed at enhancing collaboration and efficiency at workplace was also introduced in PTCL.

Further, 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, customized training for HSE (Health Safety and Environment) was conducted for over seven thousand CSRs (Customer Service Representatives) and CPEIs (Customer Premises Equipment Installers). Besides, evacuation drills for emergency preparedness and health awareness sessions for employees were also undertaken. As a result of your Company's efforts to promote a healthy and safe workplace, PTCL was awarded 3rd place in the category of Service Sector on the platform of 11th EFP's (Employers' Federation of Pakistan) Best Practices Award on Occupational Safety Health & Environment.

#### e. Corporate Social Responsibility (CSR)

Your Company brought on board 400 young talented graduates of the country through its flagship CSR (Corporate Social Responsibility) initiatives - Management Associates Program

(MAP) and Experia to provide them with hands-on exposure to compete in the corporate world with practical experience in the dynamic environment of PTCL along with trainings on cutting-edge technology platforms, leadership skills and best industry practices.

PTCL also setup 404 free mobile medical units and health awareness activities at far flung areas across Pakistan facilitating about 29 thousand patients. To promote a greener environment PTCL collaborated with CDA and participated in the Monsoon Tree Plantation Campaign.

#### f. Marketing & Communication

Your Company undertook integrated branding and marketing initiatives during the period with the objective to further enhance value of PTCL's brand.

To promote visibility of various newly-introduced products and services such as new CharJi LTE and EVO packages, PTCL Touch App facilitating access to PTCL services through smart devices and PTCL Smart Link App enabling dialing and receiving of landline calls via mobile phones, effective marketing campaigns were undertaken during the period. The campaigns effectively used all available ATL (Above the Line) and BTL (Below the Line) vehicles to ensure 360 degree visibility. These campaigns were in addition to the earlier ones undertaken with regard to the Biometric Verification of EVO/CharJi and V-fone devices, PTCL Smart TV app, Lagataar (Triple Play) 4Mbps, Muft EVO Offer and 4Mbps Starter Package during Pakistan Super League, T-20 World Cup and Asia World Cup.

As the PTCL exchanges are centrally located country-wide, the premises thereof were also used with attractive advertisements of PTCL's products and services hence achieving saving of related expenditure. On the same lines, branding of PTCL's fleet vehicles was also initiated.

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.

PTCL's footprint on digital forums grew further as well. 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.

With the objective to further enhance customers' recall value, the continued brand visibility of your Company was ensured through proactive perception management, placement of Company news and events in national media 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 higher shareholders' value.

On behalf of the Board,



**Rizwan Bashir Khan**  
Chairman



**Dr. Daniel Ritz**  
President & Chief Executive Officer

Islamabad: October 13, 2016



## مالیاتی جائزہ برائے نومبر 30 ستمبر 2016

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے ڈائریکٹرز 30 ستمبر 2016 کو ختم ہونے والی نومبر کی مالیاتی معلومات اپنے شیئر ہولڈرز (حصص یافتگان) کے سامنے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

ڈیویڈنڈ: مالی سال 2016 کی دوسری سہ ماہی کی مالیاتی معلومات کی بنا پر ڈائریکٹرز عمومی کیش ڈیویڈنڈ کی مد میں 10 فیصد (ایک روپیہ فی شیئر) کی پہلے ہی منظوری دے چکے ہیں۔

وسیع نیٹ ورک کی حامل اور ملک کے واحد مکمل مربوط ٹیلی کام سروسز فراہم کرنے والے ادارے کی بناء پر آپ کی کمپنی اس عزم کا اعادہ کئے ہوئے ہے کہ اپنی قائدانہ حیثیت کو برقرار رکھتے ہوئے اپنے معزز صارفین کو موصلاتی خدمات بالخصوص ڈیٹا (Data) کی سہولیات فراہم کرنے کے لیے جدید ٹیکنالوجی کو بروئے کار لاتے ہوئے اپنے نیٹ ورک کو مزید وسعت دے گی۔

### مالیاتی امور:

مذکورہ مدت کے دوران پی ٹی سی ایل کی گروپ آمدن میں 42 فی صد کا اضافہ ہوا۔ گروپ کی آمدن 88.8 ارب روپے رہی اور لاگت میں کمی کے لیے کئے گئے اقدامات کی وجہ سے گروپ کے لاگتی اخراجات میں 3 فی صد کی کمی ہوئی جسکی بدولت خالص منافع 3.9 ارب روپے رہا۔

پی ٹی سی ایل کی آمدن DSL سروسز کی آمدن میں اضافہ کے ساتھ 54.3 ارب روپے رہی۔ کمپنی کے آپریٹنگ اخراجات میں 6 فی صد کی کمی ہوئی جس کی وجہ سے خالص منافع 17.6 ارب رہا۔

تیسری سہ ماہی 2016 کے لئے، پی ٹی سی ایل گروپ کی آمدن 2 فی صد بڑھی ساتھ ہی خالص منافع پچھلے اسی دورانیہ کے نقصان 371 ملین روپے کے مقابلے میں 876 ملین روپے رہا۔ جبکہ کمپنی کے خالص منافع برائے تیسری سہ ماہی میں 9 فی صد کا اضافہ ہوا۔

### دیگر معاملات:

آپ کی توجہ اس نومبر پی ٹی سی ایل کی فنانشل انفارمیشن کی شق (e) 10.1 کی جانب مبذول کروا رہے ہیں جس میں مختلف قانونی مقدمات کے بارے میں انفارمیشن اور وضاحت مہیا کی گئی ہے۔

منجانب بورڈ آف ڈائریکٹرز

ڈاکٹر ذہیل رٹز

صدر و چیف ایگزیکٹو آفیسر

رضوان بشیر خان

چیئر مین پی ٹی سی ایل بورڈ

اسلام آباد: 13 اکتوبر 2016





**CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2016 (UN-AUDITED)**





	Note	September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	5	92,387,622	94,912,046
Intangible assets	6	2,316,409	2,539,060
		94,704,031	97,451,106
Long term investments		7,977,300	7,977,300
Long term loans and advances	7	1,971,417	2,261,126
Investment in finance lease		72,179	96,113
		104,724,927	107,785,645
<b>Current assets</b>			
Stores, spares and loose tools		3,599,806	2,940,425
Trade debts		15,673,435	14,304,039
Loans and advances		1,234,033	1,593,099
Investment in finance lease		51,729	52,255
Accrued interest		618,023	128,174
Recoverable from tax authorities		13,119,230	18,179,032
Receivable from the Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		6,354,342	4,982,082
Short term investments	8	26,400,000	26,038,803
Cash and bank balances	9	5,990,146	2,210,148
		75,204,816	72,592,129
<b>Total assets</b>		<b>179,929,743</b>	<b>180,377,774</b>

**President & CEO**

## CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2016 Rs '000	September 30, 2015 Rs '000	September 30, 2016 Rs '000	September 30, 2015 Rs '000
Revenue		18,086,378	18,768,683	54,311,938	58,122,506
Cost of services		(12,807,957)	(13,934,886)	(38,254,415)	(40,367,404)
Gross profit		5,278,421	4,833,797	16,057,523	17,755,102
Administrative and general expenses		(2,352,704)	(2,402,944)	(6,429,224)	(6,764,131)
Selling and marketing expenses		(727,753)	(950,935)	(2,339,543)	(2,718,655)
		(3,080,457)	(3,353,879)	(8,768,767)	(9,482,786)
Operating profit		2,197,964	1,479,918	7,288,756	8,272,316
Other income	11	931,319	1,472,538	4,376,913	3,955,752
Finance costs		(50,963)	(124,346)	(154,097)	(192,240)
Profit before tax		3,078,320	2,828,110	11,511,572	12,035,828
Provision for income tax					
- Current		(1,411,294)	(1,272,698)	(5,239,760)	(2,760,410)
- Deferred		364,665	311,140	1,325,825	(1,331,772)
		(1,046,629)	(961,558)	(3,913,935)	(4,092,182)
<b>Profit for the period</b>		<b>2,031,691</b>	<b>1,866,552</b>	<b>7,597,637</b>	<b>7,943,646</b>
Earnings per share - basic and diluted (Rupees)		0.40	0.37	1.49	1.56

The annexed notes 1 to 16 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, 2016 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2016 Rs '000	September 30, 2015 Rs '000	September 30, 2016 Rs '000	September 30, 2015 Rs '000
Profit for the period	2,031,691	1,866,552	7,597,637	7,943,646
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	-	-	-	-
Gain on disposal transferred to income for the period	-	-	-	(329,039)
Unrealized gain on available for sale investments - net of tax	-	-	-	(329,039)
<b>Total comprehensive income for the period</b>	<b>2,031,691</b>	<b>1,866,552</b>	<b>7,597,637</b>	<b>7,614,607</b>

The annexed notes 1 to 16 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, 2016 (UN-AUDITED)

	Note	Nine months ended	
		September 30, 2016 Rs '000	September 30, 2015 Rs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	26,105,679	27,860,029
Payment to Pakistan Telecommunication Employees' Trust (PTET)		(4,472,112)	(5,937,780)
Employees retirement benefits paid		(759,858)	(587,529)
Payment of voluntary separation scheme cost		(13,220)	(773,442)
Long term security deposits		(39)	2,112
Income tax paid		(179,957)	(2,408,530)
<b>Net cash inflows from operating activities</b>		<b>20,680,493</b>	<b>18,154,860</b>
<b>Cash flows from investing activities</b>			
Capital expenditure		(8,034,087)	(10,682,872)
Intangible assets		(109,222)	(18,511)
Proceeds from disposal of property, plant and equipment		36,173	94,715
Short term investment		(3,388,608)	(6,592,500)
Finance lease		34,815	19,946
Long term loans and advances		325,312	322,736
Receipts against loan to PTML		-	2,750,000
Return on long term loans and short term investments		1,202,104	1,492,088
Government grants received		275,522	1,377,617
Long term investment - UBank		-	(100,000)
Long term investment - DVCOM Data (Private) Limited		-	(1,000)
Dividend income		12,500	10,000
<b>Net cash outflows from investing activities</b>		<b>(9,645,491)</b>	<b>(11,327,781)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(10,282,415)	(13,035,102)
<b>Net Increase/ (decrease) in cash and cash equivalents</b>		<b>752,587</b>	<b>(6,208,023)</b>
Cash and cash equivalents at the beginning of the period		5,237,559	10,959,935
<b>Cash and cash equivalents at the end of the period</b>	13	<b>5,990,146</b>	<b>4,751,912</b>

The annexed notes 1 to 16 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, 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			
<b>Balance as at January 01, 2015</b>	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 loss	-	-	-	-	(219,308)	-	(219,308)	
Transfer to insurance reserve	-	-	219,308	-	(7,650,000)	-	(7,650,000)	
Final dividend for the year ended December 31, 2014 - Rs. 1.50 per share	-	-	-	-	(5,100,000)	-	(5,100,000)	
Interim dividend for the year ended December 31, 2015 - Re. 1.00 per share	-	-	-	-	(5,025,662)	(329,039)	(5,135,393)	
<b>Balance as at September 30, 2015</b>	37,740,000	13,260,000	2,416,078	30,500,000	3,092,120	-	87,008,198	
Total comprehensive income for the period	-	-	-	-	815,949	-	815,949	
Profit for the period	-	-	-	-	(1,605,787)	-	(1,605,787)	
Other comprehensive loss	-	-	-	-	(789,838)	-	(789,838)	
<b>Balance as at December 31, 2015</b>	37,740,000	13,260,000	2,416,078	30,500,000	2,302,282	-	86,218,360	
Total comprehensive income for the period	-	-	-	-	7,597,637	-	7,597,637	
Profit for the period	-	-	-	-	(205,210)	-	(205,210)	
Transfer to insurance reserve	-	-	205,210	(3,002,928)	3,002,928	-	-	
Transfer from General reserve	-	-	-	-	(5,100,000)	-	(5,100,000)	
Final dividend for the year ended December 31, 2015 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)	
Interim dividend for the year ending December 31, 2016 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)	
<b>Balance as at September 30, 2016</b>	37,740,000	13,260,000	2,621,288	(3,002,928)	2,497,637	-	83,615,997	

The annexed notes 1 to 16 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, 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 nine months ended September 30, 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.

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values.

	Note	September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	83,809,928	88,231,816
Capital work-in-progress		8,577,694	6,680,230
		92,387,622	94,912,046



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Note	September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>5.1 Operating fixed assets</b>			
Opening net book amount		88,231,816	85,072,228
Additions during the period / year at cost	5.2	6,136,623	17,187,929
		94,368,439	102,260,157
Disposals during the period / year - at net book amount		(14,748)	(31,505)
Depreciation charge for the period / year		(9,943,888)	(13,835,595)
Impairment charge for the period / year		(599,875)	(161,241)
		(10,558,511)	(14,028,341)
Closing net book amount		83,809,928	88,231,816
<b>5.2 Detail of additions during the period / year:</b>			
Buildings on freehold land		102,612	535,913
Buildings on leasehold land		2,540	2,277
Lines and wires		2,547,374	5,532,729
Apparatus, plant and equipment		2,740,474	9,804,779
Office equipment		253,698	405,539
Computer equipment		99,480	245,504
Furniture and fittings		16,609	48,024
Vehicles		3,343	114,583
Submarine cables		370,493	498,581
		6,136,623	17,187,929
<b>6. INTANGIBLE ASSETS</b>			
Opening net book amount		2,539,060	4,826,422
Additions during the period / year - net		109,222	380,500
		2,648,282	5,206,922
Derecognition during the period / year - at net book amount		-	(2,102,273)
Amortization charge for the period / year		(331,873)	(565,589)
		(331,873)	(2,667,862)
Closing net book amount		2,316,409	2,539,060
<b>7. LONG TERM LOANS AND ADVANCES</b>			
Loans to employees -secured	7.1	421,579	407,543
Advances to suppliers against turnkey contracts		1,595,358	1,950,821
Others		30,168	26,639
		2,047,105	2,385,003
Current portion shown under current assets			
Loans to employees -secured		(75,688)	(123,877)
		1,971,417	2,261,126

7.1 Loans to employees carry interest at the rate of 12.0% per annum ( December 31, 2015: 12.0% per annum).

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Note	September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>8. SHORT TERM INVESTMENTS</b>			
Term deposits			
- maturity upto 6 months	8.1	26,400,000	23,011,392
- maturity upto 3 months		-	3,027,411
		26,400,000	26,038,803

8.1 Term deposit carry interest rate ranging between 6.7% to 7.0% (December 31, 2015: 7.25% to 7.70%) per annum.

	Note	September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>9. CASH AND BANK BALANCES</b>			
Cash in hand		163	90
Balances with banks:	9.1		
Deposit accounts local currency		4,891,303	1,673,024
Current accounts			
Local currency		977,421	499,275
Foreign currency		121,259	37,759
		1,098,680	537,034
		5,990,146	2,210,148

9.1 Bank balance includes Rs.9,596 thousands (December 31, 2015: Rs. 168,118 thousand) carrying profit at the rate of 4% (December 31, 2015: 4%) per annum from Shariah arrangements.

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 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:

- For the tax year 2007, after allowance of certain expenses by ATIR, an appeal is pending before ATIR for certain other disallowed expenses 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.
- For the tax year 2009, after appeal effect order issued by taxation officer, tax impact of the disallowed expenses amounted to Rs 1,113,058 thousand. The Company has filed appeal before ATIR and also filed reference application before the Honorable Islamabad High Court.
- 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.
- For the tax year 2014, CIR (Appeals) has remanded back certain expenses earlier disallowed by Assessing Officer with tax impact of Rs 864,692 thousand for de novo consideration.



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

(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 12<sup>th</sup> 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 Petition 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. Further, through a separate order dated 27<sup>th</sup> May 2016, the Honorable Lahore High Court decided that the pensioners who availed VSS package are not entitled to pension increases announced by the Government of Pakistan.

## 10.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 4,977,361 thousand (December 31, 2015: Rs 6,050,252 thousand).

	Note	Nine months ended	
		September 30, 2016 (Un-Audited) Rs '000	September 30, 2015 (Un-Audited) Rs '000
<b>11. OTHER INCOME</b>			
Return on bank deposits	11.1	1,691,953	1,294,171
Mark up on long term loans		-	97,289
Late payment surcharge from subscribers on overdue bills		221,452	174,119
Recovery from written off defaulters		1,257,839	629,802
Gain on disposal of available for sale investment		-	558,672
Dividend income	11.2	12,500	10,000
Gain / (loss) on disposal of fixed assets		21,425	176,434
Late delivery charges		270,144	1,119
Amortization of government grants		460,120	384,517
Pre-deposit income		351,324	333,115
Others		90,156	296,514
		<b>4,376,913</b>	<b>3,955,752</b>

11.1 Return on bank deposit include Rs 3 thousand ( September 30, 2015: Rs 25,174 thousand) earned from Shariah arrangements.

11.2 Dividend from Alcatel - Lucent Pakistan Limited.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Nine months ended	
	September 30, 2016 (Un-Audited) Rs '000	September 30, 2015 (Un-Audited) Rs '000
<b>12. CASH GENERATED FROM OPERATIONS</b>		
Profit before tax	11,511,572	12,035,828
Adjustments for non-cash charges and other items:		
Depreciation and amortization charge	10,275,761	10,603,557
Impairment	599,875	-
Provision for obsolete stores, spares and loose tools	50,924	-
Provision for doubtful trade debts	1,487,847	1,786,766
Employees retirement benefits	3,555,437	4,077,867
Gain on disposal of property, plant and equipment	(21,425)	(93,707)
Gain on derecognition of intangible assets	-	(82,727)
Return on bank deposits	(1,691,953)	(1,294,171)
Imputed interest on long term loans	12,586	(31,364)
Imputed Interest on finance lease	(10,355)	(7,366)
Markup on long term loans	-	(97,289)
Gain on disposal of available for sale investments	-	(558,672)
Dividend income	(12,500)	(10,000)
Amortization of government grants	(460,120)	(384,517)
	25,297,649	25,944,205
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(710,305)	(1,018,849)
Trade debts	(2,857,243)	(2,865,017)
Loans and advances	310,877	229,351
Prepayments and other receivables	(1,372,260)	1,430,236
	(4,628,931)	(2,224,279)
Increase in current liabilities:		
Trade and other payables	5,436,961	4,140,103
	26,105,679	27,860,029
<b>13. CASH AND CASH EQUIVALENTS</b>		
Short term investments	-	2,500,000
Cash and bank balances	5,990,146	2,251,912
	5,990,146	4,751,912



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

		Nine months ended	
		September 30, 2016 (Un-Audited) Rs '000	September 30, 2015 (Un-Audited) Rs '000
<b>14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>			
Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services assistance fee - note 14.1	1,794,401	1,901,013
ii. Subsidiaries	Sale of goods and services	3,800,487	4,084,795
	Purchase of goods and services	2,946,084	2,956,892
	Return on bank deposit	25,739	-
	Mark up on long term loans	-	97,289
	Others	11,213	-
iii. Associated undertakings	Sale of goods and services	1,505,998	1,331,848
	Purchase of goods and services	791,955	800,244
iv. Employees retirement benefit plan	Contribution to the plan - Gratuity	138,882	-
	- PTET	4,472,112	5,937,780
v. Employees contribution plan	PTCL Employees GPF Trust - net	12,457	520,209
vi. Other related parties	Sale of goods and services	1,209,619	1,842,119
	Charge under license obligations	1,257,446	1,050,855
vii. Directors, Chief Executive and Executives	Fee and remuneration including benefits and perquisites	1,557,822	1,415,381
		September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>Period / year-end balances</b>			
<b>Receivables from related parties</b>			
Trade debts			
- Subsidiaries		234,011	334,594
- Associated undertakings		393,353	133,056
- The Government of Pakistan and its related entities		1,421,772	1,600,018
Other receivables			
- Subsidiaries		5,712,559	4,527,469
- Associated undertakings		71,305	71,305
- PTCL Employees GPF Trust		19,269	6,812
- Pakistan Telecommunication Employees Trust (PTET)		5,423	116
- Pakistan Telecommunication Company Limited Employees Gratuity Fund		101,835	48,667
Bank deposit with subsidiary		520,092	-
<b>Payables to related parties</b>			
Trade creditors			
- Subsidiaries		703,683	158,758
- Associated undertakings		179,834	220,718
- The Government of Pakistan and its related entities		948,801	3,812,018
Security deposits from subsidiary		3,623	3,623
Retention money payable to associated undertakings		1,917	1,231
Technical services assistance fee payable to Etisalat		7,257,128	4,149,636
Pakistan Telecommunication Employees Trust (PTET)		9,024,243	11,972,112



## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

14.1 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.

### 15. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Trade debts presented in the statement of financial position include aggregate receivable of Rs 6,902,410 thousand (December 31, 2015: Rs 9,992,194 thousand) set off against aggregate payable of Rs 4,055,968 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 5,453,674 thousand (December 31, 2015: Rs 6,349,434 thousand) set off against aggregate receivable of Rs 3,149,041 thousand (December 31, 2015: Rs 4,382,174 thousand).

### 16. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information for the nine months ended September 30, 2016 was authorized for issue by the Board of Directors of the Company on October 13, 2016.

**Chairman**

**President & CEO**



**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

**FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2016 (UN-AUDITED)**



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2016 (UN-AUDITED)

Note	September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>Equity and liabilities</b>		
<b>Equity</b>		
<b>Share capital and reserves</b>		
Share capital	51,000,000	51,000,000
Revenue reserves		
Insurance reserve	2,621,288	2,416,078
General reserve	27,497,072	30,500,000
Unappropriated profit	9,236,579	12,668,976
	39,354,939	45,585,054
Statutory and other reserves	2,007	2,007
Unrealized gain on available for sale investments	4,276	(995)
	90,361,222	96,586,066
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long term loans	26,373,333	20,975,000
Long term deposits	1,493,827	106,308
Liability against assets subject to finance lease	11,191	25,293
License fee payable	12,591,698	19,818,874
Long term security deposits	1,547,118	1,576,434
Deferred Income tax	9,966,703	12,379,290
Employees retirement benefits	30,675,719	32,372,480
Deferred government grants	9,643,621	9,497,840
Long term vendor liability	26,113,236	24,639,049
	118,416,446	121,390,568
<b>Current liabilities</b>		
Trade and other payables	62,740,457	58,989,970
Deposits	3,757,599	959,008
Interest accrued	463,848	554,585
Short term running finance	-	427,428
Current portion of:		
Long term loans	414,167	25,000
Liability against assets subject to finance lease	31,977	31,977
License fee payable	6,038,906	7,584,902
Long term vendor liability	8,746,434	2,163,554
Unearned income	3,934,540	3,231,768
	86,127,928	73,968,192
<b>Total equity and liabilities</b>	<b>294,905,596</b>	<b>291,944,826</b>

Contingencies and commitments

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

**Chairman**



	Note	September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	5	167,518,411	170,289,008
Intangible assets	6	37,812,354	40,326,443
		205,330,765	210,615,451
Long term investments		92,443	92,443
Long term loans and advances		2,024,573	2,359,788
Investment in finance lease		72,179	96,113
		207,519,960	213,163,795
<b>Current assets</b>			
Stores, spares and loose tools		3,599,806	2,940,425
Stock in trade		237,372	248,586
Trade debts		16,646,285	15,549,034
Loans and advances		5,427,828	2,643,569
Investment in finance lease		51,729	52,255
Accrued interest		1,023,414	221,179
Recoverable from tax authorities		16,497,589	21,242,681
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposits, prepayments and other receivables		3,769,800	4,015,502
Short term investments		28,395,944	26,569,286
Cash and bank balances		9,571,798	3,134,442
		87,385,636	78,781,031
<b>Total assets</b>		<b>294,905,596</b>	<b>291,944,826</b>

**President & CEO**

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2016 Rs '000	September 30, 2015 Rs '000	September 30, 2016 Rs '000	September 30, 2015 Rs '000
Revenue	29,826,228	29,157,280	88,785,495	90,142,102
Cost of services	(21,912,476)	(22,208,279)	(64,431,255)	(65,781,782)
Gross profit	7,913,752	6,949,001	24,354,240	24,360,320
Administrative and general expenses	(4,459,573)	(4,470,033)	(12,735,261)	(13,039,065)
Selling and marketing expenses	(1,615,319)	(2,150,288)	(5,651,471)	(6,806,451)
	(6,074,892)	(6,620,321)	(18,386,732)	(19,845,516)
Operating profit	1,838,860	328,680	5,967,508	4,514,804
Other income	1,061,994	1,659,486	4,721,950	4,297,250
Finance costs	(944,764)	(1,865,874)	(2,747,525)	(4,230,701)
Profit before tax	1,956,090	122,292	7,941,933	4,581,353
Provision for income tax				
- Current	(1,786,533)	(1,662,496)	(6,386,894)	(3,401,771)
- Deferred	706,817	1,169,127	2,414,846	1,612,777
	(1,079,716)	(493,369)	(3,972,048)	(1,788,994)
<b>Profit / (loss) for the period</b>	<b>876,374</b>	<b>(371,077)</b>	<b>3,969,885</b>	<b>2,792,359</b>
Earnings/ (loss) per share - basic and diluted [Rupees]	0.17	(0.07)	0.78	0.55

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 NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2016 Rs '000	September 30, 2015 Rs '000	September 30, 2016 Rs '000	September 30, 2015 Rs '000
Profit / (loss) for the period	876,374	(371,077)	3,969,885	2,792,359
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit and loss:				
Gain / (loss) on available for sale investments arising during the period	(4,196)	(13,071)	7,530	229,380
Tax effect of revaluation of available for sale investments	1,259	-	(2,259)	-
Unrealized gain/ (loss) on available for sale investments- net of tax	(2,937)	(13,071)	5,271	229,380
Gain on disposal transferred to income for the period	-	(14,897)	-	(573,569)
	(2,937)	(27,968)	5,271	(344,189)
<b>Total comprehensive income/ (loss) for the period</b>	<b>873,437</b>	<b>(399,045)</b>	<b>3,975,156</b>	<b>2,448,170</b>

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 NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Note	Nine months ended	
		September 30, 2016 Rs '000	September 30, 2015 Rs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	8	39,137,007	41,389,699
Payment made to Pakistan Telecommunication Employees Trust (PTET)		(4,472,112)	(5,937,780)
Employees retirement benefits paid		(857,547)	(685,273)
Payment to voluntary separation scheme cost		(13,220)	(773,442)
Finance costs paid		(2,832,398)	(4,382,303)
Long term security deposits		(29,316)	68,172
Income tax paid		(1,641,802)	(2,946,791)
<b>Net cash inflows from operating activities</b>		<b>29,290,612</b>	<b>26,732,282</b>
<b>Cash flows from investing activities</b>			
Capital expenditure		(19,316,061)	(18,321,055)
Intangible assets		(156,785)	(2,981,544)
Proceeds from disposal of property, plant and equipment		255,358	235,872
Short term investments - net		(3,881,627)	(6,919,066)
Long term loans and advances		322,629	353,188
Finance lease		34,815	19,946
Government grants received		700,522	1,377,617
Dividend received		12,500	10,000
Return on long term loans and short term investments		1,390,513	1,495,754
<b>Net cash outflows from investing activities</b>		<b>(20,638,136)</b>	<b>(24,729,288)</b>
<b>Cash flows from financing activities</b>			
Long term loan received		5,787,500	5,000,000
Long term vendor liability		8,057,067	1,825,259
License fee payable		(8,773,172)	(1,372,329)
Long term deposits received		1,387,519	105,794
Liability against assets subject to finance lease		(19,160)	(20,738)
Dividend paid		(10,282,415)	(13,035,102)
<b>Net cash outflows from financing activities</b>		<b>(3,842,661)</b>	<b>(7,497,116)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>4,809,815</b>	<b>(5,494,122)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>5,914,908</b>	<b>12,642,397</b>
<b>Cash and cash equivalents at the end of the period</b>	9	<b>10,724,723</b>	<b>7,148,275</b>

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 NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Issued, subscribed and paid-up capital				Revenue reserves			Statutory and other reserves	Unrealized gain on available for sale investments	Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit					
<b>Balance as at January 01, 2015</b>	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	-	-	-	-	2,792,359	-	-	(344,189)	2,792,359	
Profit for the period	-	-	-	-	-	-	-	-	(344,189)	
Other comprehensive loss	-	-	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 ended December 31, 2015 - Re 1.00 per share	-	-	-	-	(5,100,000)	-	-	-	(5,100,000)	
	-	-	219,308	-	(10,176,949)	-	-	(344,189)	(10,301,830)	
<b>Balance as at September 30, 2015</b>	37,740,000	13,260,000	2,416,078	30,500,000	15,183,188	-	-	(253)	99,099,013	
Total comprehensive income for the period	-	-	-	-	(923,893)	-	-	-	(923,893)	
Loss for the period	-	-	-	-	(1,588,312)	-	-	(742)	(1,589,054)	
Other comprehensive loss	-	-	-	-	(2,007)	-	2,007	-	-	
Transfer to statutory and other reserves	-	-	-	-	(2,514,212)	-	2,007	(742)	(2,512,947)	
	37,740,000	13,260,000	2,416,078	30,500,000	12,668,976	2,007	2,007	(995)	96,586,066	
<b>Balance as at December 31, 2015</b>	37,740,000	13,260,000	2,416,078	30,500,000	3,969,885	-	-	5,271	3,969,885	
Total comprehensive income for the period	-	-	-	-	(205,210)	-	-	-	5,271	
Profit for the period	-	-	-	-	-	-	-	-	-	
Other comprehensive income	-	-	205,210	-	(205,210)	-	-	-	-	
Transfer to insurance reserve	-	-	-	-	3,002,928	-	-	-	-	
Transfer from general reserve	-	-	-	-	-	-	-	-	-	
Final dividend for the year ended December 31, 2015 - Re 1.00 per share	-	-	-	-	(5,100,000)	-	-	-	(5,100,000)	
Interim dividend for the year ending December 31, 2016 - Re 1.00 per share	-	-	-	-	(5,100,000)	-	-	-	(5,100,000)	
	-	-	205,210	(3,002,928)	(3,432,397)	-	-	5,271	(6,224,844)	
<b>Balance as at September 30, 2016</b>	37,740,000	13,260,000	2,621,288	27,497,072	9,236,579	2,007	2,007	4,276	90,361,222	

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 NINE MONTHS ENDED SEPTEMBER 30, 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.

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 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 nine months period ended September 30, 2016 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under



# NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

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 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 year ended December 31, 2015.

	Note	September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	155,057,814	161,962,080
Capital work-in-progress		12,460,597	8,326,928
		167,518,411	170,289,008
<b>5.1 Operating fixed assets</b>			
Opening net book amount		161,962,080	157,630,781
Additions during the period / year at cost		15,182,392	32,918,256
		177,144,472	190,549,037
Disposal during the period / year - at net book amount		(110,471)	(106,087)
Impairment for the period / year		(599,875)	(161,241)
Depreciation for the period / year		(21,376,312)	(28,319,629)
		(22,086,658)	(28,586,957)
Closing net book amount		155,057,814	161,962,080
<b>6. INTANGIBLE ASSETS</b>			
Opening net book value		40,326,443	42,874,181
Additions during the period / year at cost		156,785	3,242,850
		40,483,228	46,117,031
Derecognition during the period / year - at net book value		-	(2,102,273)
Amortization for the period / year		(2,670,874)	(3,688,315)
		(2,670,874)	(5,790,588)
Closing net book value		37,812,354	40,326,443

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 of PTCL is pending before ATIR for certain other disallowed expenses 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 2009, after appeal effect order issued by taxation officer, tax impact of the disallowed expenses amounted to Rs 1,113,058 thousand. PTCL has filed appeal before ATIR and also filed reference application before the Honorable Islamabad High Court.
- (c) For the tax year 2013, taxation officer disallowed certain expenses with tax impact of Rs 1,130,787 thousand. PTCL has filed an appeal before CIR (Appeals), pending adjudication.
- (d) For the tax year 2014, CIR (Appeals) has remanded back certain expenses of PTCL earlier disallowed by Assessing Officer with tax impact of Rs 864,692 thousand for de novo consideration.
- (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 12<sup>th</sup> 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 this financial information. In the meanwhile, PTET has issued notices to prospective beneficiaries for the determination of their entitlements. Further, through a separate order dated 27<sup>th</sup> May 2016, the Honorable Lahore High Court decided that the pensioners who availed VSS package are not entitled to pension increases announced by the Government of Pakistan.
- (f) The PTML is undergoing assessment proceedings with an estimated exposure of Rs 53,892 thousand under section 122(5)(a) of the Income Tax Ordinance, 2001 from the Tax Years 2008 till 2013 for the verification of expenses. The proceedings are pending before Commissioner Inland Revenue (Appeals) and Appellate Tribunal Inland Revenue (ATIR). The management believes that strong legal and factual bases are available to support its contention and that outcome to these proceedings will be favorable. Accordingly, no provision has been carried in these financial statements.
- (g) The total exposure in the case Federal Excise Duty (FED) demands by assessing the PTML's payments of technical services fee to Etisalat as fee for "Franchise Services" has increased to Rs 1,838,662 thousand (December 31, 2015: Rs 1,454,935 thousand).

#### 7.2 Commitments

- (a) Commitments in respect of contracts for capital expenditure amount to Rs 9,215,123 thousand (December 31, 2015: Rs 11,957,065 thousand).
- (b) Commitment in respect of letter of guarantee issued by PTML in favour of PTA amounting to Rs 871,622 thousand (December 31, 2015: Rs 1,339,344 thousand) in relation to the performance of the PTML's obligation stipulated under the license agreements of 2G and 3G services.



## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

- (c) Letter of guarantee issued in favour of USF in relation to the performance of the PTML's obligation stipulated under the USF Grant agreement amounting to Rs 3,640,000 thousand (December 31, 2015: Rs 2,171,900 thousand)
- (d) Standby letter of guarantee issued by the UBank, backed by the Bank's deposit, to UnionPay International Company Limited for interbank settlements amounting to Rs 6,365 thousand (December 31, 2015: Rs 6,365 thousand).

	Nine months ended	
	September 30, 2016 (Un-Audited) Rs '000	September 30, 2015 (Un-Audited) Rs '000
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit before tax	7,941,933	4,581,353
Adjustments for non-cash charges and other items:		
Depreciation and amortization	24,047,186	23,758,018
Impairment	599,875	-
Provision against doubtful trade debts and other receivables	1,514,903	1,829,590
Provision against non performing advances	28,767	2,510
Provision for obsolete stores, spares and loose tools	50,924	-
Provision for slow moving stock and warranty	5,719	23,557
Employees retirement benefits	3,632,092	4,155,672
Imputed interest on long term loans and advances	12,586	(31,364)
Imputed interest on finance lease	(10,355)	(7,366)
Gain on disposal of property, plant and equipment	(144,887)	(169,602)
Gain on derecognition of intangible assets	-	(82,727)
Gain on disposal of available for sale investments	-	(558,672)
Return on bank deposits	(1,870,234)	(1,533,052)
Dividend income	(12,500)	(10,000)
Amortization of government grants	(554,741)	(384,517)
Finance cost	2,747,525	4,230,701
	37,988,793	35,804,101
Effect on cash flows due to working capital changes:		
( Increase) / decrease in current assets:		
Stores, spares and loose tools	(710,305)	(1,018,848)
Stock in trade	5,495	77,902
Trade debts	(2,612,154)	(3,729,038)
Loans and advances	(3,128,010)	291,838
Prepayments and other receivables	245,702	4,167,456
	(6,199,272)	(210,690)
Increase / (decrease) in current liabilities:		
Trade and other payables	3,846,122	4,888,652
Deposit	2,798,591	156,474
Unearned income	702,772	751,162
	7,347,485	5,796,288
	39,137,007	41,389,699

**NOTES TO AND FORMING PART OF THE  
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)**

	Nine months ended	
	September 30, 2016 (Un-Audited) Rs '000	September 30, 2015 (Un-Audited) Rs '000
<b>9. CASH AND CASH EQUIVALENTS</b>		
Short term investments	1,152,925	2,380,959
Cash and bank balances	9,571,798	4,767,316
	<b>10,724,723</b>	<b>7,148,275</b>

**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
<b>Nine months ended September 30, 2016</b>				
Segment revenue		48,910,993	45,055,154	93,966,147
Inter segment revenue	10.1.1	(3,800,487)	(1,380,165)	(5,180,652)
Revenue from external customers		45,110,506	43,674,989	88,785,495
Segment results		6,845,152	(2,875,266)	3,969,885
<b>Nine months ended September 30, 2015</b>				
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

10.1.1 Inter segment revenues are eliminated on consolidation.

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
<b>As at September 30, 2016 (Un-Audited)</b>			
Segment assets	142,828,901	152,076,696	294,905,596
Segment liabilities	90,321,424	114,222,950	204,544,374
<b>As at December 31, 2015 (Audited)</b>			
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 NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)**

		Nine months ended	
		September 30, 2016 (Un-Audited) Rs '000	September 30, 2015 (Un-Audited) Rs '000
<b>11. TRANSACTIONS WITH RELATED PARTIES</b>			
Relationship with the Group	Nature of transaction		
i. Shareholders	Technical services assistance fee	3,107,492	3,154,974
ii. Associated undertakings	Sale of goods and services	1,587,758	1,380,744
	Purchase of goods and services	926,692	895,158
	Prepaid rent	347,967	290,000
iii. Employees benefit plans	PTCL Contribution to Pakistan Tele-communication Employees Trust	4,472,112	5,937,780
	PTCL Gratuity Fund	138,882	-
	PTML Gratuity Fund	55,261	66,444
	U Bank Gratuity Fund	3,750	-
iv. Employees contribution plans	PTCL PTCL Employees GPF Trust - net	12,457	520,209
	PTML Provident Fund	73,999	81,505
	U Bank Provident Fund	5,644	4,290
v. Other related parties	PTCL Sale of goods and services	1,209,619	1,842,119
	PTCL Charges under license obligation	1,257,446	1,050,855
	PTML Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	12,500	8,342
vi. Directors, Chief Executive and Executives	Fees and remuneration including benefits and perquisites	2,042,796	1,833,781
		September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>Period / year-end balances</b>			
<b>Receivables from related parties</b>			
<b>Trade debts</b>			
	- Associated undertakings	535,020	200,796
	- The Government of Pakistan and its related entities	1,421,772	1,600,018
<b>Other receivables</b>			
	- Associated undertakings	82,855	79,955
	- PTCL Employees GPF Trust	19,269	6,812
	- Pakistan Telecommunication Company Limited Employees Gratuity Fund	101,835	48,667
	- Pakistan Telecommunication Employees Trust (PTET)	5,423	116
	- Prepaid rent	196,167	40,333
<b>PTML</b>			
	- Long term loans to executive and key management personnel	61,298	145,916
	- Remuneration payable to chief executive and key management personnel	68,558	794
<b>U Bank</b>			
	- Long term loans to executive and key management personnel	248	-

**NOTES TO AND FORMING PART OF THE  
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UN-AUDITED)**

	September 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
<b>Payables to related parties</b>		
Trade creditors		
- Associated Undertakings	381,083	330,074
- The Government of Pakistan and its related entities	948,801	3,812,018
- Retention money payable to associated undertaking	1,917	1,231
- Technical services fee payable to Etisalat	7,257,128	4,149,636
- Pakistan Telecommunication Employees Trust (PTET)	9,024,243	11,972,112
<b>PTML</b>		
- Gratuity Fund	55,261	59,383
- Provident Fund	17,742	18,859
<b>U Bank</b>		
- Gratuity Fund	802	2
- Provident Fund	-	2,199

**12. CORRESPONDING FIGURES**

Following corresponding figures have been reclassified for appropriate presentation of balances:

**STATEMENT OF FINANCIAL POSITION**

From	To	Rs '000
Current Liabilities	Non-current liabilities	
Trade and other payables	Deferred government grants	571,437
Current Liabilities	Current Liabilities	
Trade and other payables	Deposits	959,008
Current Liabilities	Non-current Liabilities	
Trade and other payables	Long term deposits	106,308
Equity	Equity	
Unappropriated profit	Statutory and other reserves	2,007

**13. DATE OF AUTHORISATION FOR ISSUE OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

This condensed consolidated interim financial information for the nine months period ended September 30, 2016 was authorised for issue by the Board of Directors of the Holding Company on October 13, 2016.



**Chairman**



**President & CEO**