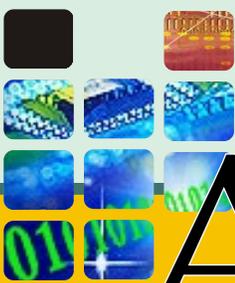


Annexes



Annex - 1

PAKISTAN TELECOMMUNICATION AUTHORITY BALANCE SHEET AS AT JUNE 30, 2007

	Note	2007 Rupees	2006 Rupees	Note	2007 Rupees	2006 Rupees
PAKISTAN TELECOMMUNICATION AUTHORITY FUND	6	27,906,603,962	20,251,108,354	15	386,693,865	356,659,602
CONTRIBUTION TO FEDERAL CONSOLIDATED FUND	7	(35,785,168,699)	(35,075,217,516)			
CONTRIBUTION TO THE FEDERAL GOVERNMENT ON ACCOUNT OF USF FUND	8	(5,019,568,230) (12,898,132,957)	(14,824,109,162)			
				16	8,776,990	5,921,195
				17	27,437,347	22,092,417
DEFERRED INCOME	9	66,958,872,000	72,400,078,799	18	42,822,700,000	46,076,555,000
DEFERRED LIABILITIES	10	30,974,439	23,820,851	19	20,000,000	22,800,000
CURRENT LIABILITIES	11	739,358,541 1,319,102,664 1,769,280,000	3,326,119,722 302,400,000 -	20	10,268,725,468	8,495,530,527
Due to Federal Government						
Due to Government of AJK&NA						
Due to the Federal Government for Spectrum Receipts in USF	12	3,346,860,291	6,172,894,176	21	2,926,219,435	4,760,760,894
Universal Service Fund and Research & Development Fund						
Advance fee	13	2,865,676	6,699,658	21	146,989,542	108,579,744
Accrued and Other Liabilities						
		8,568,740	7,075,848	22	4,690,206,747	7,866,080,513
		7,166,035,912	9,815,169,404		18,032,141,192	21,230,951,678
CONTINGENCIES AND COMMITMENTS	14					
		61,277,749,394	67,414,979,892		61,277,749,394	67,714,979,892

AUDITORS' REPORT ANNEXED

The annexed notes form an integral part of these financial statements.

Member (Finance)

Chairman

PAKISTAN TELECOMMUNICATION AUTHORITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Note</u>	<u>2007</u> <u>Rupees</u>	<u>2006</u> <u>Rupees</u>
INCOME			
Annual License Fee	23	2,315,816,810	1,950,489,751
Initial License Fee	9	5,453,916,799	5,211,753,263
Other fee		-	219,733,949
		<u>7,769,733,609</u>	<u>7,381,976,963</u>
EXPENDITURE			
Salaries, Allowances and Staff Expenses	24	176,445,310	147,719,651
General Overheads	25	97,567,092	93,988,155
Depreciation	15	47,395,172	32,641,893
Audit fee		165,000	150,000
Financial charges		16,873	1,883,212
		<u>321,589,447</u>	<u>276,382,911</u>
Operating Surplus		<u>7,448,144,162</u>	<u>7,105,594,052</u>
Other Income	26	248,815,967	772,162,627
Surplus for the Year		<u>7,696,960,129</u>	<u>7,877,756,679</u>
Accumulated Surplus brought forward		20,169,910,005	12,292,153,326
Accumulated Surplus carried forward to PTA Fund	6	<u>27,866,870,134</u>	<u>20,169,910,005</u>

Member (Finance)

Chairman

PAKISTAN TELECOMMUNICATION AUTHORITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007

	2007 <u>Rupees</u>	2006 <u>Rupees</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	7,696,960,129	7,877,756,679
Adjustments for:		
Depreciation	47,395,172	32,641,893
Exchange gain	(70,986,505)	(572,152,838)
Gain on sale of fixed assets	(826,715)	(1,060,765)
Amortization of initial license fee	(5,453,916,799)	(5,211,753,263)
Profit on investment and bank deposits	(168,169,375)	(144,682,299)
Provision for doubtful advances	-	(137,817)
Prior year adjustment	-	-
Rental Income	4,032,525	-
Provision for Pension, CPF & Gratuity	7,885,408	48,226,738
Financial charges	-	1,883,212
	(5,634,586,289)	(5,847,035,139)
Surplus before working capital changes	2,062,373,840	2,030,721,540
Working capital changes:		
Increase in fee receivable	(1,772,615,341)	(183,555,408)
(Decrease)/increase in advances, prepayments and other receivables	(13,717,090)	2,986,190
(Decrease) in advance fee	(3,833,982)	(33,510,342)
(Decrease)/increase in accrued and other liabilities	1,492,892	(28,089,950)
(Decrease)/Increase in deferred liabilities	-	(79,535,277)
	(1,788,673,521)	(321,704,787)
Cash generated from/(used in) operations	273,700,319	1,709,016,753
Gratuity paid	(731,820)	(1,600,000)
Pension paid	(378,911)	(214,570)
Rent Received	4,805,144	-
Financial charges paid	-	(430,361)
	3,694,413	(2,244,931)
Net cash generated from/ (used in) operating activities	277,394,732	1,706,771,822
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(60,285,230)	(94,160,362)
Proceeds from sale of fixed assets	826,715	1,093,735
Investment matured	2,800,000	-
Profit received on investment and bank deposits	118,939,361	203,268,857
Initial license fee received	3,197,283,268	2,958,699,049
Contribution of Federal Consolidated Fund	(5,728,591,003)	(11,194,022,627)
Payments made to FAB	(267,526,298)	-
Receipt against AJK NA	114,302,664	-
Payment made out of USF	(3,250,288,230)	-
Universal Service and Resurch and Development Fund	2,424,615,185	1,412,133,282
Long term advances to employees	(5,344,930)	(7,922,117)
	(3,453,268,498)	(6,720,910,183)
Net cash (used in)/generated from investing activities	(3,175,873,766)	(5,014,138,361)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net cash (decrease) / increase in cash and cash equivalents	(3,175,873,766)	(5,014,138,361)
Cash and cash equivalents at the beginning of the year	7,866,080,513	12,880,218,874
Cash and cash equivalents at the end of the year	4,690,206,747	7,866,080,513

Member (Finance)

Chairman



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nnex - 2

FDI in Major Sectors of Pakistan

(US\$ Million)

Sector	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Textiles	18.4	26.1	35.5	39.3	47.0	59.4
<i>% Share</i>	3.8	3.3	3.7	2.6	1.3	1.2
Oil & Gas Explorations	268.2	186.8	202.4	193.8	312.7	545.1
<i>% Share</i>	55.3	23.4	21.3	12.7	8.9	10.6
Power	36.4	32.8	14.2	73.3	320.6	193.4
<i>% Share</i>	7.5	4.1	1.5	4.8	9.1	3.8
Telecommunications	6.0	13.5	207.1	494.4	1,905.1	1,824.2
<i>% Share</i>	1.2	1.7	21.8	32.4	54.1	35.6
I.T.Service	2.4	4.2	6.2	9.6	24.2	62.1
<i>% Share</i>	0.5	0.5	0.6	0.6	0.7	1.2
Financial Business	3.5	207.6	242.1	269.4	329.2	930.3
<i>% Share</i>	0.7	26.0	25.5	17.7	9.3	18.2
Total FDI in Pakistan	484.7	798.0	949.4	1,524.0	3,521.0	5,124.9



Direct and Indirect Employment in Telecom Sector of Pakistan

Sector	2003-04	2004-05	2005-06	2006-07
Cellular Mobile	130,770	242,026	516,760	743,025
<i>Direct</i>	6,000	9,000	10,000	12,000
<i>Indirect</i>	44,296	84,087	188,754	273,779
<i>Induced</i>	80,474	148,939	318,006	457,246
Local Loop				12,898
WLL	1,318	2,303	2,917	2,500
LDI	99,231	106,942	112,943	117,666
Broadband	345	462	623	746
Payphones	231,150	349,150	441,493	484,363
equipment vendors/suppliers	3,254	4,485	4,996	5,500
Total	466,068	705,368	1,079,732	1,366,698

Source: Telecom Engineering Consulting House and PTA estimates



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nnex - 4

Telecom Contribution to Exchequer (2007)

(Rs. in Billions)

Period	GST	Activation Tax	PTA Deposits	Others*	Total
2001-02	8.9	0.12	0.04	0.99	10.05
2002-03	11.5	1.91	0.47	15.75	29.63
2003-04	12.1	4.02	0.69	21.59	38.40
2004-05	20.5	7.53	17.72	21.38	67.13
2005-06	26.8	11.40	17.38	21.55	77.10
2006-07	36.28	17.58	9.72	36.95	100.55

Source: Central Board of Revenue and Pakistan Telecommunication Authority.

*(Others include custom duties, WH Tax and other taxes).

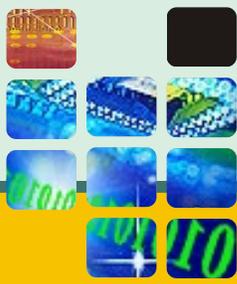


Total Telecom Revenues

(Rs. Million)

		2003-04	2004-05	2005-06	2006-07E
1	Cellular	27,839.8	48,880.4	89,896.3	133,131.9
2	Local Loop	76,443.6	78,828.2	71,185.9	68,368.2
3	LDI	1,335.9	3,672.2	7,199.6	15,567.4
4	WLL	1,152.0	274.9	12,453.5	2,644.9
5	VAS	10,056.0	12,570.0	13,827.0	15,901.1
	Total	116,827.3	144,225.6	194,562.3	235,613.4

- Local Loop include PTCL while LDIs are only new companies and NTC.. VAS revenues are estimates.
- E- Estimates based on three quarters statistics

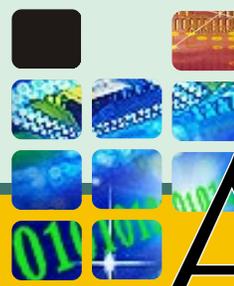


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nnex - 6

Total Teledensity (%)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Fixed	2.5	2.69	2.94	3.43	3.37	3.04
Cellular	1.16	1.62	3.31	8.3	22.21	40.94
WLL				0.17	0.66	1.08
Total	3.66	4.31	6.25	11.9	26.24	45.04

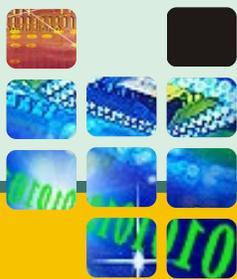


Telecom Industry Taxes 2006-07^E

(Rs Million)

		GST	Activation	Withholding	Income	Others	Total
1	Cellular	28,324.0	17,578.7	17,438.1	1,006.0	2,067.6	66,414.5
2	Local Loop	8,107.5	-	24.5	64.7	8,196.668	16,393.3
3	LDI		-	1,080.5	6,769.1	163.7	8,013.2
4	WLL		-	81.5	60.3	0.1	141.9
Total		36,281.6	17,578.7	18,624.6	7,900.1	10,428.0	90,962.9

E= Estimates based on three quarters information



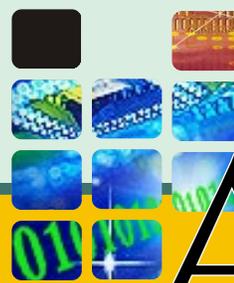
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nnex - 8

IPLC Comparison Among Asian Countries (June 2007)

(US\$ Million)

Capacity	India	Japan	Malaysia	Singapore	China	Korea	Pakistan
E1 (2Mbps)	2,119	1916	1408	2750	2300	1196	3000
DS-3 (45 Mbps)	16,956	8333	16469	14166	11500	8333	48000
STM-1 (155 Mbps)	48750	16666	40737	25000	27416	16,666	112500
Price Multiples	1:8:23	1:4:8	1:12:29	1:5:11	1:5:12	1:4:8	1:16:37



Payphones by Companies in Pakistan (2007)

	Fixed	WLL	Mobile	Total
PTCL	144,023	12,595		156,618
Mobilink			17,487	17,487
Telecard		165,164		165,164
World Call		47,495		47,495
GIBBS		726		726
Total	144,023	225,980	17,487	387,490

Payphones by Province (2007)

	FLL	WLL	Mobile	Total
Punjab	69,843	123,242	17,487	210,572
Sindh	45,329	85,443		130,772
NWFP	21,303	11,843		33,146
Balochistan	7,548	5,453		13,001
Total	144,023	225,980	17,487	387,490



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nnex - 10

Payphones in Pakistan

2001 - 02 to 2006 - 07

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Fixed	97,751	127,910	184,920	279,320	353,194	144,023
WLL						225,980
Mobile						17,487
Total	97,751	127,910	184,920	279,320	353,194	387,490



Pakistan Telecommunication Authority

www.pta.gov.pk

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