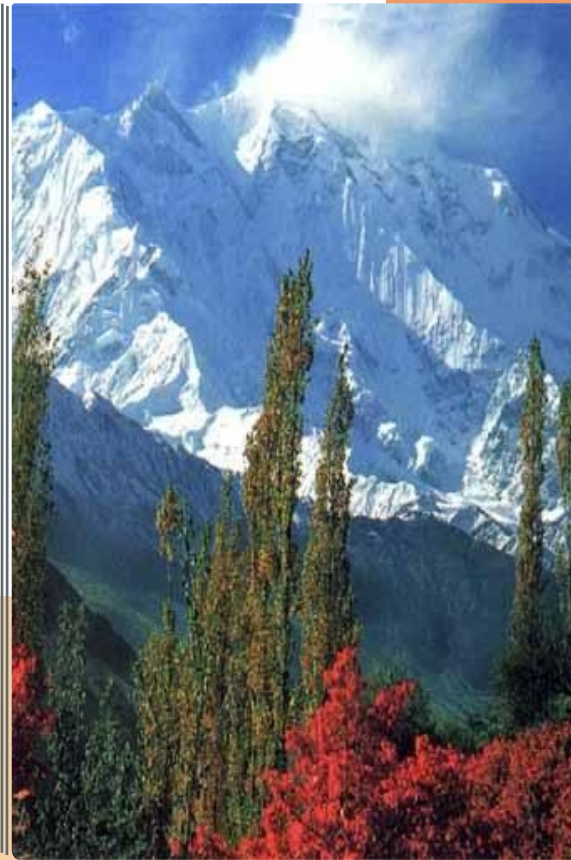


Telecoms in AJK & NAs

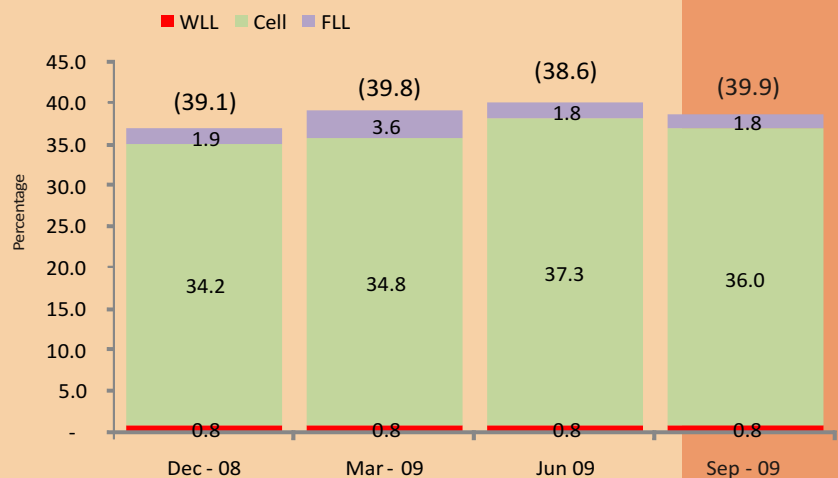


Overview

After independence, Azad Jammu and Kashmir (AJK) could not receive the requisite attention with regard to planning and provision of telecom facilities, which resulted in inadequate telecom infrastructure. In 1976, total telecom assets in AJ&K were 400 lines exchanges in Muzaffarabad and Mirpur. However, in 1990s telecom indicators improved many folds with more telecom facilities available in the far flung areas of AJ&K. Till deregulation, Special Communication Organization (SCO) was the only service provider in AJ&K and NAs. After introduction of competition, new operators started their service and all segments of the sector witnessed rapid growth. With a teledensity of 2.6% in the Year 2005-06, the region lagged far behind from the rest of the country in terms of telecom services. After deregulation, mobile penetration reached 36% followed by 1.8% FLL and 0.8% WLL. Total teledensity of all segments of telecom services in December, 2009 stands at 39.9%.

PTA issued WLL licenses to PTCL (TR-1, TR-2 and TR-3) and Wateen (TR - 2 & Tr3) on May 28, 2008 and June 3, 2009 respectively. Out of these two, PTCL successfully commenced its services in June 10, 2009 and stands fully operational in the areas of AJK (TR-1). It is expected that wateen will complete roll out of its network in the near future and healthy competition between the operators (i.e. SCO, PTCL and Wateen) will improve the status of telecom services in AJK & NAs.

Teledensity in AJK & NAs



Cellular Subscription in AJK & NAs

Market liberalization has played a positive role in the growth of mobile telephony in AJK & NAs. There was a substantial growth of cellular mobile services in the region. Cellular subscribers rose from 1,805,883 in December 2008 to 1,968,107 in December 2009 with a growth of 9%.

Cellular Subs in AJK & NAs

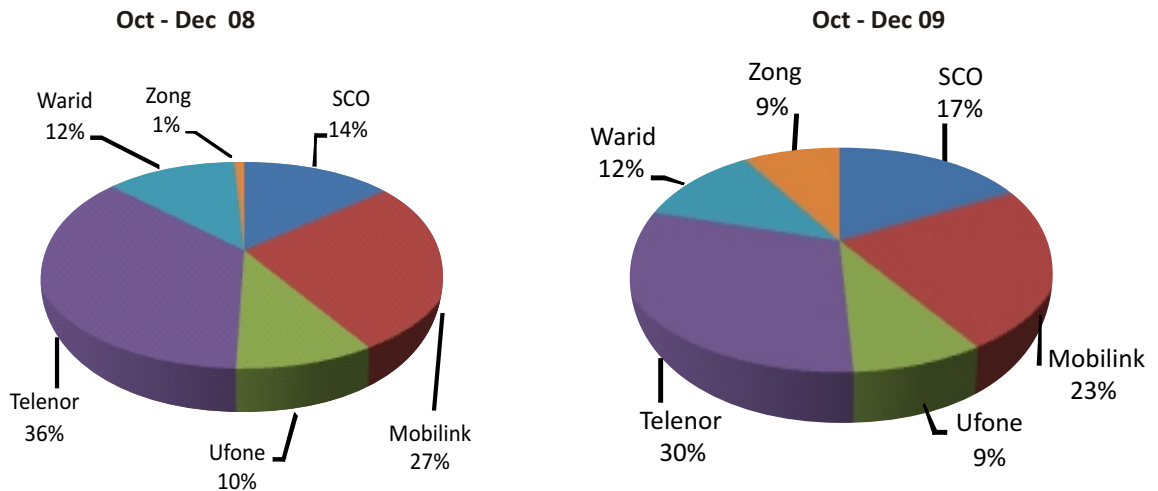
	Dec - 08	Mar - 09	Jun - 09	Sep - 09	Dec - 09
SCO	250,000	285,072	285,072	285,072	336,737
Mobilink	488,286	464,800	474,147	457,906	462,057
Ufone	174,813	177,647	181,253	173,327	167,870
Telenor	661,400	701,700	699,600	597,500	598,800
Warid	215,384	219,363	224,298	229,774	233,394
Zong	16,000	18,500	109,372	162,812	169,249
Total	1,805,883	1,867,082	1,973,742	1,906,391	1,968,107

Market Share

While following up the competition levels, market share is an authentic parameter that shows how some companies lose their share in relation to

others who gain it. Telenor and Mobilink have been leading the cellular market of AJK & NAs, however, companies have been dropping market share drastically during the last four quarters. Telenor and Mobilink lost its share up to 6% and 4% since December 2008. In December 2009 Mobilink and Telenor own 30% and 23% of total subscribers in the market followed by SCO with 17% share. Warid is maintaining its share of 12% for almost a year, however, Ufone dropped its share by 1% in the market in relation to previous reported period and stands at 9%. Zong has been penetrating the market quite aggressively with its share jumping from 1% to 9% in December 2009.

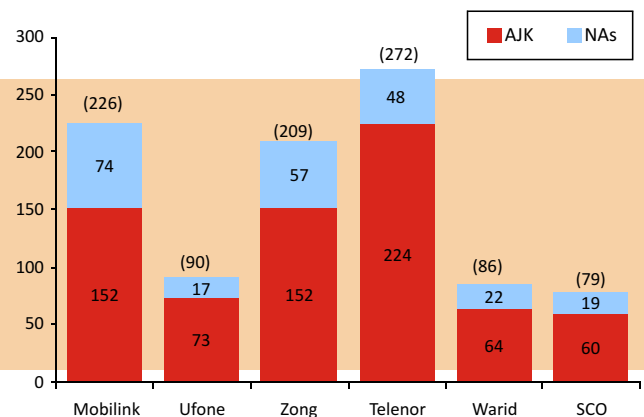
Cellular Subs Share in AJK & NAs



Network Coverage

Coverage by the mobile operators was very low before deregulation in AJK & NAs. All mobile operators are trying to increase their services in the region despite difficulty for the operators to go into certain areas. These include hilly and far-flung areas, however, all operators are putting in their best efforts for reaching out in these areas for constructing new towers. There were 962 cell sites uptill December 2009 by all operators. Most of the cell sites are installed in AJK, and hopefully cell sites in NAs shall increase in coming years, however, operators are aggressive for not

Cell Sites by Company in AJK & NAs (Dec 09)



only increasing their presence but also increase their subscribers base in NAs. Currently, 725 cell sites in AJK and 237 cell sites in NAs are installed by the all cellular operators.

Almost 80% of AJK and 55% of NAs land area is covered by the Cellular Operators. 270 Cities/Towns/Villages are covered by cellular operators of which 200 are in AJK and 70 in NAs. The companies are also increasing their presence in the cellular market of AJK & NAs by increasing their franchises. Currently there are total 71 franchises by all operators of which 62 in AJK and 9 in Nas.

SCO in AJK & NAs

The provision of telecom facility in AJK& NAs remained the responsibility of the Special Communication Organization (SCO) untill the deregulation in year 2006. SCO started operations in 1976 with a total of 400 lines and is providing services through FLL, WLL and Cellular in both of the telecom regions of the area. Currently, SCO boasts a network of about 92,536 Fixed Local Lines, 336,737 cellular mobile connections and 47,097 Wireless Loop Connections.

AJ&K share in total subscribers of SCO (Fixed +WLL and Cellular) is 72% while only 28% connections are working in NAs.

Apart from FLL and WLL, SCO is also providing telecom facility through

PCOs in the far flung areas of the region which provide service to people who cannot afford telephone at home. Distribution of PCOs is not different to that of fixed line across the two regions. Approximately 86% PCO are working in AJ&K while 14% PCO are working in NAs.

Cities/Towns/Villages Covered by company in AJK & NAs (Dec - 09)

	AJK	NAs	Total
Mobilink	100	4	104
Ufone	57	14	71
Zong	200	48	248
Telenor	43	5	48
Warid	31	22	53
SCO	73	70	143

SCO Subscribers in AJK & NAs (Dec - 09)

	AJK	NA	Total
FLL	71,922	20,614	92,536
WLL	43,802	3,295	47,097
Cell	228,200	108,537	336,737
Total	343,924	132,446	476,370

SCO Subscribers by Service

	Dec - 08	Mar - 09	June - 09	Sep - 09	Dec - 09
FLL	99,886	92,537	92,536	92,536	92,536
WLL	41,051	40,836	40,836	40,746	47,097
Cell	250,000	285,072	285,072	285,072	336,737
Total	390,937	418,445	418,444	418,354	476,370

SCO Subscribers by Service

	AJK	NA	Total
FLL	165	310	475
WLL	1,681		1,681
Total	1,846	310	2,156