CONTENTS

BOARD OF DIRECTORS

Chairman PTCL Board

Kamran Ali Qureshi

Members PTCL Board

Abdulrahim A. Al Nooryani
Dr. Waqar Masood Khan
Serkan Okandan
Jamil Ahmed Khan
Fadhil Al Ansari
Kamran Ali
Dr. Daniel Ritz
Jamal Saif Al Jarwan

Company Secretary PTCL

Farah Qamar

CORPORATE INFORMATION

Management

Walid Irshaid
President & Chief Executive Officer

Muhammad Nehmatullah Toor
SEVP (Finance) / Chief Financial Officer

Syed Mazhar Hussain
SEVP (Human Resources)

Muhammad Nasrullah
SEVP (Business Zones)

Naveed Saeed
SEVP (Special Projects)

Hamid Farooq
SEVP (Business Development)

Furqan Habib Qureshi
SEVP (Commercial)

Jamil A. Khwaja
Chief Customer Care Officer

Tariq Salman
Chief Technical Officer

Jamal Abdalla Salim Hussain Al Suwaidi
SEVP (Procurement & Supply Chain)

Raed Yousef Ali Abdel Fattah
Chief Information Officer

Company Secretary

Farah Qamar

EVP (Legal)

Zahida Awan

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Citibank. N.A
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Silkbank Limited
SME Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Registered Office

PTCL Headquarters,
Sector G-8/4,
Islamabad-44000, Pakistan.
Tel: +92-51-2263732 & 34
Fax: +92-51-2263733
E-mail:company.secretary@ptcl.net.pk
Web: www.ptcl.com.pk

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Share Registrar

M/S FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal,
Karachi
Tel # 021- 34380101-2
Fax # 021-34380106
info.shares@famco.com.pk

The Directors of Pakistan Telecommunication Company Limited (PTCL) are pleased to present to the shareholders the financial information of the Company for the half year ended 30th June 2013. The financial information has been reviewed by the statutory auditors.

With the new government in place after the general elections in May 2013, it is expected that the envisaged 3G license and spectrum auction may materialize in near future. Your Company is prepared to reap the potential benefits to be made available through this window of opportunity by continuously strengthening its position in Broadband segment as well as through deployment of Fixed-Mobile Convergence (FMC) services.

Financial Performance

The PTCL Group revenue of Rs. 65.6 billion during the period under review increased by 5% compared to previous six months period. Of these, the revenues earned by PTCL of Rs. 40.1 billion registered an increase of 8% mainly due to robust growth in Broadband segment.

The increase in revenues coupled with effective cost control measures resulted in enhanced profitability (before tax) for PTCL Group by 4%, excluding the effect of one-time cost of Voluntary Separation Scheme (VSS) incurred in the previous period. PTCL's profitability for the period under review, accordingly, registered 16% growth compared to the previous period.

Consequent to the amendments in International Accounting Standard (IAS) 19 "Employees Benefits", applicable from 1st January 2013 to your Company, the accumulated unrecognized actuarial gains / losses (remeasurement gains / losses) pertinent to various retirement benefit schemes were accounted for retrospectively through restatement of corresponding figures.

Products and Services

PTCL being the only integrated telecommunication service provider in the country, provides a vast array of services meeting the diversified needs of its large customer base ranging from households to enterprises as well as other telecom operators in Pakistan. These services in the form of various products and services are being continuously innovated and improved using the robust strength of your Company's network comprising of wireline and wireless network elements as well as a dedicated professional work force.

a. Broadband

During the period under review the Wireline and Wireless Broadband services led the way to the growth in your Company's revenues. The said growth was result of strong demand for broadband services supported by improvements in quality of service and aggressive marketing campaign that attracted significant number of new Broadband customers to PTCL. Consequently, the Broadband customers' base registered an increase of 23% over the corresponding previous period.

Fixed-Wireline

The flagship of the wireline business 'Broadband Pakistan' continued to grow at a fast rate. Customers subscribing to the 'Broadband Pakistan' wireline service crossed one million with additions coming in at a higher rate than the previous period. A significantly large number of customers were upgraded to higher levels of bandwidth thus contributing to the increased revenue. New offerings were launched to cater for higher speed bandwidth customers including speeds of 8, 12 and 16 mbps. As a result, your Company's dominating position in the relevant market further strengthened.

EVO - 3G Wireless Broadband

''EVO' the 3G wireless Broadband service of PTCL also registered significant increase in the customer base which crossed half a million subscribers with 37% growth during the period. The transition from prepaid to postpaid base showed positive results with increasing number of subscribers opting for postpaid base. The products introduced during the period included a new 'EVO' Nitro Cloud device and EVO Tablet. Both products have done well in the market, while the EVO Wingle product continued to be the most in demand. Bundled pricing was well received by customers contributing to growth for both Rev 'A' and Rev 'B' product streams.

b. Voice

Commencing with the 'Reconnect Landline' campaign for PSTN service which has been a huge success and, resultantly, the subscribers' growth during the period remained positive while the revenues from fixed line voice segment also stabilized. Meanwhile tariff rationalization actions and introduction of new products helped improve the overall position of this service.

c. International Business and Carrier Services

During the period your Company continued to remain the preferred LDI (Long Distance International) carrier in domestic market as well as neighboring countries for international traffic and media provisioning. The said preference resulting in 7% revenue increase over the previous period was based upon the diversified network capabilities of PTCL including the existing three submarine cables viz. IMEWE, SEAMEWE3 and SEAMEWE4 providing data and voice connections world over. The international transit traffic passing through PTCL's network also increased during the period. Further, in order to cater for ever-increasing data demand, additional IP bandwidth was procured successfully leasing higher capacities at reduced rates.

In the wake of envisaged 3G auction of spectrum and licenses, your Company further boosted its capabilities in the realm of bandwidth backhauling meant for the possible traffic increase in post 3G scenario.

d. Corporate Services

Revenues from Corporate Services increased in the six months' period under review. Enterprise sales, Data Center, Cloud and Managed WAN deals, in addition to existing primary wireless and fixed connectivity projects, contributed in this growth.

Your Company is now focusing more on Small and Medium Enterprise (SME) sector with cost effective solutions. PTCL will keep on developing innovative products with the concept of Managed Services and One Window Solution for the Corporate & Enterprise segment. In addition, Government and public sectors are also being approached for new business opportunities.

Network infrastructure

With the shift in customers' preference to use more of the new multimedia applications, growth in data traffic is inevitable. To meet such increased demand, timely expansion in PTCL's network capabilities was carried out with the objective to provide quality services thus enhancing customers' experience.

Your Company took various strategic steps to expand the footprint of its wireless broadband network. A mega expansion project was started, which would result in doubling of PTCL wireless broadband infrastructure across the country. Apart from vertical expansion on existing BTSs, more than 500 new BTSs are also under deployment for boosting Broadband business of the flagship EVO products.

Fixed Broadband expansion, being the core part of PTCL's revenues remained a priority area during last six months. Increased monthly Broadband service subscription and doubling of existing bandwidth packages required a vast network expansion across all domains including access, metro, transmission and core. Also, your Company took multiple initiatives to speed up the timely deployment of MSAG and IP based transmission network nodes to meet the increasing Broadband demand.

PTCL took several steps to mitigate the effect of prolonged power outages resulting in disruption of services to our valued customers. Fast charging battery solution at BTS and MSAG sites, ATS panel deployment and periodic replacing of backup batteries on outdoor Broadband cabinets as well as indoor sites helped to reduce the impact of the commercial power outages in urban and far flung areas of the network.

Customer Care

With the objective to build lasting and mutually beneficial customer relationship, your Company undertook various initiatives during the period to address customer-related issues. Related processes at customers' contact points i.e. One Stop Shops (OSS), Contact Centers and Web Pages were further improved by carrying out the quality assurance procedures. Some of the initiatives taken in this regard and resultant improvements are briefly enumerated as follows:

- Reduced average wait time at contact centres.
- Improved Service Levels
- Reduced Abandoned ratio
- Improved Average Speed of Answer
- IVR based faults clearance.
- Customer education online videos for available products and services.
- New customer "self-service" launch.
- Presence of PTCL on all social media sites and portals.
- Web chat available on corporate website.
- CRM and NOC online Integration.
- Establishment of KPIs at exchange level.
- Online verification of customer data.

During the period, your Company carried out sample quality assurance procedures at various access network elements, specially for corporate customers. As a result, the identified deficiencies were addressed on the spot thus increasing customers' satisfaction levels. With enhanced emphasis on rectification of reported faults, the related network elements were timely repaired to ensure smooth service delivery. In this context, zero-usage customers were also contacted and their problems were addressed.

Information Technology

Your Company embarked upon major initiatives to transform the business and operational support systems to align with the changing and evolving business needs with the primary objectives to further reduce Time to Market (TTM) for the launch of new products, services and bundled packages as well as to reduce Total Cost of Ownership (TCO) through consolidation and convergence thus enhancing the operational efficiency.

In this regard, the Project CRM (Customer Relationship Management) Phase-2 focuses on the revamping of the Order to Fulfillment process covering facets of order management, provisioning and activation by consolidating the current systems thus enabling quality bundled offers to the customers and also reducing the TTM and overall TCO. The other projects of Enterprise Convergent Billing Systems and Business Intelligence are also in the pipeline to further enhance the customers' experience.

Moreover, through further improvement in the existing systems, more than fifty (50) packages and promos were launched to attract the new and retain the existing customers. Some of these launches are Cloud Computing, SmartTV, Jadoo plus, MyTV, WebTV and managed WAN.

In order to further facilitate our valued customers, capabilities of E-Payment Systems were expanded by addition of three more channels.

Through collaboration between PTCL and Ufone, a database comprising of customers of both the companies was developed to enable joint marketing offers.

Human Resources

Cognizant of the importance of a dedicated and professional workforce, essential to deliver quality service to its customers, PTCL took various initiatives to prepare its employees to meet current and future business challenges.

The launch of Leadership Excellence Program, a high-impact top leadership developmental program is one such initiative. Top management layers of PTCL participated in this program with the aim to build on PTCL's overall Leadership umbrella. Another top-end program, FueL: Future Leaders Program, for the junior and middle managers was launched. The initiative is aimed at developing a strong leadership pipeline, the FueL, for effectively and efficiently meeting the strategic business requirements of the Company.

PTCL also completed a summer internship program viz. Experia Summer Program 2013 aimed at creating an effectual value chain by building the image of PTCL as an employer of choice, strengthening university linkages and identifying future key talent.

To enhance employees' engagement level, PTCL arranged a 'PTCL's Got Talent' program through which the employees across the country were encouraged to demonstrate their aesthetic abilities by participating in various artistic competitions. A high number of employees participated in the program.

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

On behalf of the Board,

Kamran Ali Qureshi
Chairman

Walid Irshaid
President & CEO PTCL

Islamabad: July 16, 2013

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Telecommunication Company Limited as at June 30, 2013, and the related condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial information for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim statement of comprehensive income for the three months period ended June 30, 2013 and December 31, 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2013.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended June 30, 2013, is not prepared, in all material respects in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F. Ferguson & Co.
Chartered Accountants
Islamabad
Dated: July 16, 2013

Engagement Partner:
S. Haider Abbas

CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2013 (UN-AUDITED)

	Note	June 30, 2013 (Un-Audited)	December 31, 2012 (Audited) (Restated)
		(Rupees in '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,958,336	2,678,728
General reserve		30,500,000	30,500,000
Unappropriated profit		26,567,381	20,552,622
		60,025,717	53,731,350
Remeasurement of defined benefit plans		(5,865,116)	(5,865,116)
Unrealized gain on available-for-sale investments		42,547	51,789
		105,203,148	98,918,023
NON CURRENT LIABILITIES			
Long-term security deposits		543,718	534,487
Deferred income tax		4,643,649	4,071,129
Employees' retirement benefits	7	23,977,751	29,048,207
Deferred government grants		4,698,402	3,991,818
		33,863,520	37,645,641
CURRENT LIABILITIES			
Trade and other payables		32,994,850	28,291,874
TOTAL EQUITY AND LIABILITIES		172,061,518	164,855,538
CONTINGENCIES AND COMMITMENTS	8		

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

Chairman

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2013 (UN-AUDITED)

	Note	June 30, 2013	December 31, 2012
		(Un-Audited)	(Audited) (Restated)
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	84,256,997	85,041,154
Intangible assets		2,916,358	2,678,582
		87,173,355	87,719,736
Long-term investments		7,791,296	7,791,296
Long-term loans and advances	6	9,593,951	11,986,019
		104,558,602	107,497,051
CURRENT ASSETS			
Stores, spares and loose tools		3,642,063	2,934,843
Trade debts		18,175,451	15,402,253
Loans and advances		6,078,682	3,409,815
Accrued interest		574,779	559,390
Recoverable from tax authorities		16,227,928	18,055,152
Receivable from the Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		692,145	885,415
Short term investments		15,627,439	8,897,458
Cash and bank balances		4,320,357	5,050,089
		67,502,916	57,358,487
TOTAL ASSETS		172,061,518	164,855,538

President & CEO

CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013 (UN-AUDITED)

	Note	Three months period ended		Six months period ended	
		June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
		(Un-Audited)	(Un-Audited) (Restated)	(Un-Audited)	(Audited) (Restated)
		(Rupees in '000)			
REVENUE		20,677,076	21,493,260	40,101,926	37,139,189
Cost of services		(13,496,054)	(12,309,666)	(26,275,810)	(24,445,538)
GROSS PROFIT		7,181,022	9,183,594	13,826,116	12,693,651
Administrative and general expenses		(2,284,227)	(2,288,278)	(4,401,694)	(4,184,723)
Selling and marketing expenses		(788,606)	(754,098)	(1,531,978)	(1,418,094)
Voluntary separation scheme cost		-	1,530,257	-	(9,467,268)
Other income	9	1,076,946	731,917	2,030,305	1,580,752
Gain / (loss) on disposal of property, plant and equipment		5,548	(216,220)	5,548	(216,220)
		(1,990,339)	(996,422)	(3,897,819)	(13,705,553)
OPERATING PROFIT / (LOSS)		5,190,683	8,187,172	9,928,297	(1,011,902)
Finance costs		(54,305)	(103,877)	(244,659)	(136,001)
PROFIT / (LOSS) BEFORE TAX		5,136,378	8,083,295	9,683,638	(1,147,903)
Provision for income tax					
– Current		(981,339)	(108,966)	(2,816,751)	(187,196)
– Deferred		(776,990)	592,489	(572,520)	592,489
		(1,758,329)	483,523	(3,389,271)	405,293
PROFIT / (LOSS) AFTER TAX FOR THE PERIOD		3,378,049	8,566,818	6,294,367	(742,610)
OTHER COMPREHENSIVE INCOME / (LOSS):					
Items that will not be reclassified into profit or loss:					
Remeasurement of defined benefit plans - net of tax		–	(4,814,442)	–	(4,814,442)
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments - net of tax					
Unrealized gain arising during the period		22,414	9,075	40,053	16,899
Less: Gain on disposal transferred to income		-	(28,087)	(49,295)	(28,087)
		22,414	(19,012)	(9,242)	(11,188)
Other comprehensive income / (loss) for the period - net of tax		22,414	(4,833,454)	(9,242)	(4,825,630)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		3,400,463	3,733,364	6,285,125	(5,568,240)
Earnings per share - basic and diluted (Rupees)		0.66	1.68	1.23	(0.15)

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

Chairman | **President & CEO**

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013 (UN-AUDITED)

	Note	Six months period ended June 30, 2013	December 31, 2012
		(Un-Audited)	(Audited)
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	17,443,341	15,555,599
Long term security deposits		9,231	(173,181)
Payment to Pakistan Telecommunication Employees' Trust (PTET)		(6,774,000)	–
Employees' retirement benefits paid		(362,817)	(4,339,522)
Payment of voluntary separation scheme cost		(45,708)	(5,143,842)
Income tax paid		(691,130)	(327,947)
Net cash inflows from operating activities		9,578,917	5,571,107
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(6,023,923)	(5,072,390)
Acquisition of intangible assets		(399,571)	(15,910)
Proceeds from disposal of property, plant and equipment		5,804	127,964
Long term investments		–	(1,183,857)
Long term loans and advances		(76,395)	181,537
Return on long term loans and short term investments		1,332,246	1,133,373
Government grants received		833,171	–
Dividend income on long term investments		–	15,000
Repayments of subordinated loans		750,000	–
Net cash outflows from investing activities		(3,578,668)	(4,814,283)
Net increase in cash and cash equivalents		6,000,249	756,824
Cash and cash equivalents at the beginning of the period		13,947,547	13,190,723
Cash and cash equivalents at the end of the period	11	19,947,796	13,947,547

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

Chairman

President & CEO

CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves			Remeasurement of defined benefit plans	Unrealized gain on available-for-sale investments	Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit			
	(Rupees in '000)							
Balance as at June 30, 2012 (as previously reported)	37,740,000	13,260,000	2,678,728	30,500,000	21,295,232	–	62,977	105,536,937
Effect of change in accounting policy – note 7	–	–	–	–	–	(1,050,674)	–	(1,050,674)
Balance as at July 01, 2012 (as restated)	37,740,000	13,260,000	2,678,728	30,500,000	21,295,232	(1,050,674)	62,977	104,486,263
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	(742,610)	–	–	(742,610)
Other comprehensive loss								
Unrealized gain on investments	–	–	–	–	–	–	(11,188)	(11,188)
Effect of change in accounting policy – note 7	–	–	–	–	–	(4,814,442)	–	(4,814,442)
	–	–	–	–	(742,610)	(4,814,442)	(11,188)	(5,568,240)
Balance as at December 31, 2012 (restated)	37,740,000	13,260,000	2,678,728	30,500,000	20,552,622	(5,865,116)	51,789	98,918,023
Total comprehensive income for the period								
Profit for the period	–	–	–	–	6,294,367	–	–	6,294,367
Other comprehensive loss	–	–	–	–	–	–	(9,242)	(9,242)
Transfer to insurance reserve	–	–	279,608	–	(279,608)	–	–	–
	–	–	279,608	–	6,014,759	-	(9,242)	6,285,125
Balance as at June 30, 2013	37,740,000	13,260,000	2,958,336	30,500,000	26,567,381	(5,865,116)	42,547	105,203,148

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

Chairman **President & CEO**

1. THE COMPANY AND ITS OPERATIONS

Pakistan Telecommunication Company Limited ("the Company") was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Company, which is listed on the Karachi, Lahore and Islamabad stock exchanges, was established to undertake the telecommunication business formerly carried on by the Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Company on January 01, 1996 under the Pakistan Telecommunication (Reorganization) 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.

The Company changed its financial year end from June 30 to December 31 in last reporting period. Accordingly, corresponding figures in condensed interim financial information pertain to the six months period ended December 31, 2012 and therefore, are not entirely comparable in respect of condensed statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity and notes to and forming part of the condensed interim financial information.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the six months period ended June 30, 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. 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 six months period ended December 31, 2012 except for the change due to adoption of amendments to IAS-19 Employee Benefits (Revised).

3.1 Revision to IAS 19 Employee Benefits

Consequent to the revision of International Accounting Standard on Employee Benefits (IAS 19) which is effective for annual periods beginning on or after January 1, 2013, the Company has changed its accounting policy for recognition of unrecognized actuarial gains / losses (remeasurement gains / losses) on employee's retirement benefit plans. In terms of the new policy, the remeasurement gains and losses are recognized immediately in other comprehensive income. Previously, the remeasurement gains / losses in excess of the corridor limit were recognized in statement of comprehensive income over the remaining service life of employees. The change in accounting policy has been accounted for retrospectively and the corresponding figures have been restated.

Effect of revision in IAS 19 on opening balances has been disclosed in note 7.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 expectation 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 six months period ended December 31, 2012.

	Note	June 30, 2013	December 31, 2012
		(Un-Audited)	(Audited)
		(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	76,270,799	74,262,561
Capital work-in-progress		7,986,198	10,778,593
		84,256,997	85,041,154
5.1 Operating fixed assets			
Opening net book amount		74,262,561	76,089,050
Additions during the period	5.2	8,272,886	4,433,177
		82,535,447	80,522,227
Disposals during the period - at net book amount		(256)	(344,184)
Depreciation for the period		(6,104,392)	(5,828,696)
Impairment for the period		(160,000)	(86,786)
		(6,264,648)	(6,259,666)
Closing net book amount		76,270,799	74,262,561
5.2 Details of additions during the period:			
Buildings on freehold land		265,484	69,187
Lines and wires		1,315,199	612,662
Apparatus, plant and equipment		6,112,800	3,016,126
Office equipment		10,570	209,328
Computer equipment		262,892	30,320
Furniture and fittings		28,480	3,627
Vehicles		116,827	24,376
Submarine cables		160,634	467,551
		8,272,886	4,433,177

6. LONG TERM LOANS AND ADVANCES

These include unsecured loans of Rs 10,250,000 thousand (December 31, 2012: Rs 11,000,000 thousand) to Pak Telecom Mobile Limited (PTML), a wholly owned subsidiary of the Company, under subordinated debt agreements. These loans are recoverable in eight equal quarterly installments commencing after a grace period of 3 to 4 years maturing latest by November 2015 and carrying mark-up at the rate of three month KIBOR plus 82 to 180 basis points.

7. CHANGE IN ACCOUNTING POLICY

As referred to in note 3.1, the change in accounting policy related to recognition of remeasurement gains / losses on defined benefit plans, consequent to revision in IAS 19 has been accounted for retrospectively and the corresponding figures have been restated as follows:

	As previously reported	As restated
	(Rupees in '000)	
Effect on the statement of financial position as at December 31, 2012		
Remeasurement of defined benefit plans	–	5,865,116
Deferred income tax	7,229,269	4,071,129
Employees' retirement benefits	20,024,951	29,048,207
Effect on the statement of comprehensive income for the six months period ended December 31, 2012		
Amount recognized in other comprehensive income		
Remeasurement losses for the period		
– net of tax amounting to Rs 2,592,392 thousand	–	4,814,442

Remeasurement of defined benefit plans' shown as a separate line item in the statement of financial position includes remeasurements of Rs 1,050,674 thousand net of tax amounting to Rs 565,748 thousand for period upto June 30, 2012.

The effect of remeasurement gains / losses on defined benefit plans on the condensed interim statement of comprehensive income for the six months period ended June 30, 2013 has not been disclosed separately since the actuarial valuation is carried out at each year end. There is no impact on condensed interim statement of cash flows.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There has been no material change in contingencies as disclosed in the last audited financial statements of the Company for the six months period ended December 31, 2012, except for contingency related to Federal Excise Duty (FED) on Technical Services Assistance fee disclosed in note 12.3 to the financial statements for the six months period ended December 31, 2012 where Appellate Tribunal Inland Revenue (ATIR) has decided in favour of the tax department. Islamabad High Court, in the wake of writ petition filed by the Company, has granted stay against the decision of ATIR.

8.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 9,295,406 thousand (December 31, 2012: Rs 6,270,263 thousand).

9. OTHER INCOME

	Three months period ended June 30, 2013 (Un-Audited)	Three months period ended December 31, 2012 (Un-Audited)	Six months period ended June 30, 2013 (Un-Audited)	Six months period ended December 31, 2012 (Audited)
	(Rupees in '000)			
Interest on loan to subsidiary	282,338	322,124	568,229	681,528
Return on bank placements	379,670	249,295	779,406	584,708
Dividend income	-	-	-	15,000
Others	414,938	160,498	682,670	299,516
	1,076,946	731,917	2,030,305	1,580,752

10. CASH GENERATED FROM OPERATIONS

	Six months period ended June 30, 2013 (Un-Audited)	Six months period ended December 31, 2012 (Audited)
	(Rupees in '000)	
Profit / (loss) before tax	9,683,638	(1,147,903)
Adjustments for non-cash charges and other items:		
Depreciation and amortization	6,266,187	5,965,683
Provision for impairment	160,000	86,786
Provision for obsolete stores, spares and loose tools	90,731	163,628
Provision for doubtful trade debts	981,000	916,287
Employees' retirement benefits	2,066,361	1,837,712
Voluntary separation scheme cost	-	9,467,268
Imputed interest on long term loans	139,906	-
Markup on long term loans	(568,229)	(681,528)
Gain on disposal of available-for-sale investments	(49,295)	(28,087)
Unrealized gain on available-for-sale investments	40,053	16,899
(Gain) / loss on disposal of property, plant and equipment	(5,548)	216,220
Return on bank deposits	(779,406)	(584,708)
Dividend income	-	(15,000)
Amortization of government grants	(126,587)	(91,204)
	17,898,811	16,122,053
Effect on cash flows due to working capital changes:		
Increase in current assets:		
Stores, spares and loose tools	(797,952)	(125,647)
Trade debts	(3,754,198)	(7,532,728)
Loans and advances	(541,468)	(310,131)
Recoverable from tax authorities	(298,396)	(129,707)
Prepayments and other receivables	187,859	(223,699)
	(5,204,155)	(8,321,912)
Increase in current liabilities:		
Trade and other payables	4,748,685	7,755,458
	17,443,341	15,555,599

		Six months period ended	
		June 30, 2013	December 31, 2012
		(Un-Audited)	(Audited)
		(Rupees in '000)	

11. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012
Short-term investments	15,627,439	8,897,458
Cash and bank balances	4,320,357	5,050,089
	19,947,796	13,947,547

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Relationship with the Company	Nature of transaction	June 30, 2013	December 31, 2012
i. Shareholders	Technical services fee - note 12.1	1,305,135	1,194,134
ii. Subsidiary	Purchase of goods and services	1,428,911	1,723,976
	Sale of goods and services	2,812,347	2,555,518
	Mark-up on long-term loans	568,229	674,203
iii. Associated undertakings	Purchase of goods and services	832,458	899,765
	Sale of goods and services	1,714,097	292,147
iv. Employees' benefit plans	Contribution to Pakistan Telecommunication Employees' Trust (PTET)	6,774,000	3,479,630
v. Employees' contribution plan	Payment to PTCL employees' on behalf of GPF Trust	4,113	16,755
vi. Other related parties	Charges under license obligation	710,010	639,545
vii. Directors, Chief Executive and Executives	Fees and remuneration including benefits and perquisites	671,049	558,760

Period-end balances

Receivables from related parties

	June 30, 2013	December 31, 2012
Long-term loans to subsidiary	10,250,000	11,000,000
Trade debts		
- Subsidiary	576,313	1,159,863
- Associated undertakings	59,188	96,004
- The Government of Pakistan and its related entities	1,867,916	1,424,117
Accrued interest receivable		
- Subsidiary	196,412	209,044
Other receivables		
- Subsidiary	3,136	2,537
- Associated undertakings	80,803	68,627
- Universal Service Fund	-	240,000
- PTCL Employees' GPF Trust	73,964	69,851
- Pakistan Telecommunication Employees' Trust (PTET)	114,191	108,816

Payables to related parties

	June 30, 2013	December 31, 2012
Trade creditors		
- Subsidiary	379,930	159,440
- Associated undertakings	1,803,794	564,434
- The Government of Pakistan and its related entities	7,639,339	5,164,709
Retention money payable to associated undertaking	5,602	7,532
Technical services fee payable to Etisalat	663,881	682,615
Pakistan Telecommunication Employees' Trust (PTET)	8,644,256	14,420,100

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

13. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

13.1 Trade receivables presented in the statement of financial position include aggregate receivable of Rs 9,622 million (December 31, 2012: Rs 9,307 million) set off against aggregate payable of Rs 2,323 million (December 31, 2012: Rs 2,696 million).

13.2 Trade payables presented in the statement of financial position include aggregate payable of Rs 3,345 million (December 31, 2012: Rs 2,928 million) set off against aggregate receivable of Rs 81 million (December 31, 2012: Rs 1,155 million).

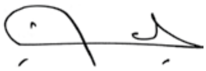
14. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information for the six months period ended June 30, 2013 was authorized for issue on July 16, 2013 by the Board of Directors of the Company.

15. GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

Chairman



President & CEO

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2013 (UN-AUDITED)

	Note	June 30, 2013	December 31, 2012
		(Un-Audited)	(Audited) (Restated)
		(Rupees in '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,958,336	2,678,728
General reserve		30,500,000	30,500,000
Unappropriated profit		43,589,472	36,004,998
		77,047,808	69,183,726
Remeasurement of defined benefit plans		(5,865,116)	(5,865,116)
Unrealized gain on available-for-sale investments		42,547	51,789
		122,225,239	114,370,399
NON-CURRENT LIABILITIES			
Long term loans from banks		–	18,750,000
Liability against assets subject to finance lease		64,766	70,348
License fee payable		85,588	126,246
Long-term security deposits		1,520,166	1,479,740
Deferred taxation		16,909,232	19,394,403
Employees' retirement benefits		24,211,673	26,099,499
Deferred government grants		4,698,402	3,991,818
Long term vendor liability		3,186,414	3,032,264
		50,676,241	72,944,318
CURRENT LIABILITIES			
Trade and other payables		43,158,775	37,842,006
Deposits from customers		10,379	–
Interest accrued		142,624	205,846
Current portion of:			
Long term loans from banks		–	1,750,000
Liability against assets subject to finance lease		31,977	31,977
License fee payable		46,648	47,212
Long-term vendor liability		13,177,892	12,546,663
Unearned income		2,906,317	2,458,492
		59,474,612	54,882,196
TOTAL EQUITY AND LIABILITIES		232,376,092	242,196,913
CONTINGENCIES AND COMMITMENTS	5		

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

Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2013 (UN-AUDITED)

	Note	June 30, 2013 (Un-Audited)	December 31, 2012 (Audited) (Restated)
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment		152,237,721	152,183,985
Intangible assets		3,977,334	3,936,746
		156,215,055	156,120,731
Long term investments		108,219	108,219
Long term loans and advances		3,954,525	3,557,317
		160,277,799	159,786,267
CURRENT ASSETS			
Stores, spares and loose tools		3,642,063	2,935,121
Stock-in-trade		244,496	293,871
Trade debts		18,803,536	15,873,745
Loans and advances		2,274,636	1,076,809
Deposits		–	83,446
Accrued interest		385,317	353,739
Recoverable from tax authorities		17,159,475	19,440,755
Receivable from Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		2,231,408	2,532,246
Short term investments		17,837,205	30,616,399
Cash and bank balances		7,356,085	7,040,443
		72,098,293	82,410,646
TOTAL ASSETS		232,376,092	242,196,913

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013 (UN-AUDITED)

	Note	Three months period ended		Six months period ended	
		June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
		(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited) (Restated)
		(Rupees in '000)			
REVENUE		33,380,757	33,514,388	65,561,737	62,580,649
Cost of services		(20,678,540)	(18,828,823)	(41,424,514)	(38,278,570)
GROSS PROFIT		12,702,217	14,685,565	24,137,223	24,302,079
Administrative and general expenses		(4,364,103)	(4,233,657)	(8,640,729)	(8,132,004)
Selling and marketing expenses		(2,050,605)	(2,084,968)	(4,049,668)	(4,433,243)
Voluntary separation scheme		-	1,530,257	-	(9,467,268)
Other operating income		1,200,679	1,031,869	2,433,787	2,059,065
Gain \ (loss) on disposal of property, plant and equipment		5,548	(182,070)	5,548	(182,070)
		(5,208,481)	(3,938,569)	(10,251,062)	(20,155,520)
OPERATING PROFIT		7,493,736	10,746,996	13,886,161	4,146,559
Finance costs		(711,436)	(991,334)	(1,781,243)	(1,927,964)
		6,782,300	9,755,662	12,104,918	2,218,595
Share of profit / (loss) from an associate		–	(2,155)	–	(2,155)
PROFIT BEFORE TAX		6,782,300	9,753,507	12,104,918	2,216,440
Provision for income tax					
– Current		(1,788,745)	131,945	(3,696,415)	(336,171)
– Deferred		(461,150)	(441,963)	(544,421)	(696,963)
		(2,249,895)	(310,018)	(4,240,836)	(1,033,134)
PROFIT FOR THE PERIOD		4,532,405	9,443,489	7,864,082	1,183,306
OTHER COMPREHENSIVE INCOME \ (LOSS)					
Items that will not be reclassified into profit or loss:					
Remeasurement of defined benefit plans - net of tax		–	(4,814,442)	–	(4,814,442)
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments - net of tax					
Unrealized gain arising during the period		22,414	9,075	40,053	16,899
Less: Gain on disposal transferred to income for the period		–	(28,087)	(49,295)	(28,087)
		22,414	(19,012)	(9,242)	(11,188)
Other comprehensive income / (loss) for the period - net of tax		22,414	(4,833,454)	(9,242)	(4,825,630)
TOTAL COMPREHENSIVE INCOME \ (LOSS)		4,554,819	4,610,035	7,854,840	(3,642,324)
Earnings per share - basic and diluted (Rupees)		0.89	1.85	1.54	0.23

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

Chairman

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013 (UN-AUDITED)

	Note	Six months period ended June 30, 2013 (Un-Audited)	Six months period ended December 31, 2012 (Audited)
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	27,644,189	26,837,453
Long-term security deposits - net		40,426	(182,657)
Payment made to PTET		(6,774,000)	–
Employees' retirement benefits paid		(397,888)	(4,404,499)
Payment of voluntary separation scheme cost		(45,708)	(5,143,842)
Finance costs paid		(2,272,563)	(1,970,264)
Income tax paid		(988,192)	(835,303)
Net cash inflows from operating activities		17,206,264	14,300,888
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(12,490,030)	(13,986,518)
Acquisition of Intangible assets		(40,588)	(574,086)
Acquisition of U Microfinance Bank Limited - net of cash		–	(79,762)
Proceeds from disposal of property, plant and equipment		93,295	195,599
Proceeds from disposal of investments		–	754,059
Long term loans and advances		146,222	594,294
PTA license fee		(41,222)	10,050
Return on short term investments		1,549,538	711,134
Dividend income on long-term investments		–	15,000
Net cash outflows from investing activities		(10,782,784)	(12,360,230)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		–	(795)
Long term loan paid		(20,500,000)	–
Deferred government grants		833,172	–
Long term vendor liability		785,379	7,685,169
Liabilities against assets subject to finance lease		(5,582)	(4,923)
Net cash inflows from financing activities		(18,887,031)	7,679,451
Net increase in cash and cash equivalents		(12,463,552)	9,620,109
Cash and cash equivalents at the beginning of the period		37,656,842	28,036,733
Cash and cash equivalents at the end of the period	7	25,193,290	37,656,842

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

Chairman

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2013 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves			Remeasurement of defined benefit plans	Unrealized gain on available-for-sale investments	Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit			
	(Rupees in '000)							
Balance as at June 30, 2012 (as previously reported)	37,740,000	13,260,000	2,678,728	30,500,000	34,814,916	–	62,977	119,056,621
Effect of change in accounting policy – note 8	–	–	–	–	–	(1,050,674)	–	(1,050,674)
Balance as at July 01, 2012 (as restated)	37,740,000	13,260,000	2,678,728	30,500,000	34,814,916	(1,050,674)	62,977	118,005,947
Total comprehensive income / (loss) for the period								
Profit for the period	–	–	–	–	1,183,306	–	–	1,183,306
Other comprehensive loss								
Unrealized gain on investments	–	–	–	–	–	–	(11,188)	(11,188)
Effect of change in accounting policy – note 8	–	–	–	–	–	(4,814,442)	–	(4,814,442)
Effect of prior period adjustment	–	–	–	–	6,776	–	–	6,776
	–	–	–	–	1,190,082	(4,814,442)	(11,188)	(3,635,548)
Balance as at December 31, 2012 (restated)	37,740,000	13,260,000	2,678,728	30,500,000	36,004,998	(5,865,116)	51,789	114,370,399
Total comprehensive income / (loss) for the period								
Profit for the period	–	–	–	–	7,864,082	–	–	7,864,082
Transfer to insurance reserve	–	–	279,608	–	(279,608)	–	–	–
Other comprehensive loss	–	–	–	–	–	–	(9,242)	(9,242)
	–	–	279,608	–	7,584,474	–	(9,242)	7,854,840
Balance as at June 30, 2013	37,740,000	13,260,000	2,958,336	30,500,000	43,589,472	(5,865,116)	42,547	122,225,239

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

Chairman **President & CEO**

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)

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

Pak Telecom Mobile Limited (PTML)

Pak Telecom Mobile Limited (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 in January 2001, under the brand name of Ufone.

U Microfinance Bank Limited (UMFBL) (Formerly Rozgar Microfinance Bank Limited)

U Microfinance Bank Limited (UMFBL) was incorporated as a public company limited by shares under Companies Ordinance, 1984. PTCL has acquired 100% ownership of UMFBL in order to offer services of digital commerce and branchless banking.

2. STATEMENT OF COMPLIANCE

This condensed consolidated interim financial information of the Group for the six months period ended June 30, 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. 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 audited financial statements for the six months period ended December 31, 2012, except for the change due to adoption of amendments to IAS - 19 Employee benefits (Revised).

3.1 Consequent to the revision of International Accounting Standard on Employee Benefits (IAS 19) which is effective for annual periods beginning on or after January 1, 2013, the Group has changed its accounting policy for recognition of unrecognized actuarial gains / losses (remeasurement gains / losses) on employee's retirement benefit plans. In terms of the new policy, the remeasurement gains and losses are recognized immediately in other comprehensive income. Previously, the remeasurement gains / losses in excess of the corridor limit were recognized in statement of comprehensive income over the remaining service life of employees. The change in accounting policy has been accounted for retrospectively and the corresponding figures have been restated.

Effect of revision in IAS 19 on opening balances has been disclosed in note 8.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 expectation 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 audited condolidated financial statements of the Group for the six months period ended December 31, 2012.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There has been no material change in contingencies as disclosed in the last audited financial statements of the Group for the six months period ended December 31, 2012, except for contingency related to Federal Excise Duty (FED) on Technical Services Assistance fee disclosed in note 17.3 to the financial statements for the six months period ended December 31, 2012 where Appellate Tribunal Inland Revenue (ATIR) has decided in favour of the tax department. Islamabad High Court, in the wake of writ petition filed by the Company, has granted stay against the decision of ATIR.

5.2 Commitments

Commitments in respect of contracts for capital expenditure amount to Rs.18,799,367 thousand (December 31, 2012: Rs. 16,204,476 thousand).

	Six months period ended	
	June 30, 2013	December 31, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
6. CASH GENERATED FROM OPERATIONS		
Profit before tax	12,104,918	2,216,440
Adjustments for non-cash charges and other items:		
Depreciation and amortization	12,345,842	11,494,489
Impairment	160,000	86,786
Provision for doubtful trade debts and other receivables	1,008,533	926,447
Provision for obsolete stores, spares and loose tools	83,631	163,628
Provision for stock-in-trade	10,547	(23,400)
Employees' retirement benefits	2,125,922	1,889,422
Voluntary separation scheme expense	–	9,467,268
Imputed interest	139,906	(14,083)
Loss / (gain) on disposal of property, plant and equipment	(51,676)	182,070
Gain on disposal of available-for-sale investments	(49,295)	(28,087)
Loss / (gain) on fair value adjustment for forward exchange contracts	121,369	(739,976)
Unrealized gain on available-for-sale investments	40,053	16,899
Return on short term investments	(1,702,485)	(889,212)
Dividend Income	–	(15,000)
Amortization of government grants	(126,587)	(91,204)
Finance costs	2,209,341	1,927,964
Prior period adjustment Income	(6,776)	–
Share of (profit) / loss from associate	–	2,155
	28,413,243	26,572,606
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(790,573)	(125,925)
Stock in trade	38,828	165,596
Trade debts	(3,938,324)	(6,636,162)
Loans and advances	(1,337,733)	1,442,683
Deposits and prepayments	83,446	(17,283)
Recoverable from tax authorities	(298,396)	(129,707)
Other receivables	300,838	(682,623)
	(5,941,914)	(5,983,421)
Increase / (decrease) in current liabilities:		
Trade and other payables	4,714,656	6,418,023
Deposits from customers	10,379	(169,755)
Unearned income	447,825	–
	5,172,860	6,248,268
	27,644,189	26,837,453

	Six months period ended	
	June 30, 2013	December 31, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
7. CASH AND CASH EQUIVALENTS		
Short-term investments	17,837,205	30,616,399
Cash and bank balances	7,356,085	7,040,443
	25,193,290	37,656,842

8. As referred to in note 3.1, the change in accounting policy related to recognition of remeasurement gains / losses on defined benefit plans, consequent to revision in IAS 19 has been accounted for retrospectively and the corresponding figures have been restated as follows:

	As previously reported	As restated
	(Rupees in '000)	
Effect on the statement of financial position as at December 31, 2012		
Remeasurement of defined benefit plans	–	5,865,116
Deferred income tax	7,229,269	4,071,129
Employees' retirement benefits	20,024,951	29,048,207
Effect on the statement of comprehensive income for the six months period ended December 31, 2012		
Amount recognized in other comprehensive income		
Remeasurement losses for the period		
– net of tax amounting to Rs 2,592,392 thousand	–	4,814,442

Remeasurement of defined benefit plans' shown as a separate line item in the statement of financial position includes remeasurements of Rs 1,050,674 thousand net of tax amounting to Rs 565,748 thousand for period upto June 30, 2012.

The effect of remeasurement gains / losses on defined benefit plans on the condensed interim statement of comprehensive income for the six months period ended June 30, 2013 has not been disclosed separately since the actuarial valuation is carried out at each year end. There is no impact on condensed interim statement of cash flows.

9. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their services and has two reportable operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

9.1 Revenue information regarding the Group's operating segments for the six months period ended June 30, 2013 and December 31, 2012 is tabulated below:

	Note	Wire line	Wireless	Total
			(Rupees in '000)	
Six months period ended June 30, 2013 (Un-Audited)				
Segment revenue		36,998,179	32,808,816	69,806,995
Inter segment revenue	9.1.1	(2,812,347)	(1,432,911)	(4,245,258)
Revenue from external customers		34,185,832	31,375,905	65,561,737
Six months period ended December 31, 2012 (Audited)				
Segment revenue		34,788,989	32,023,709	66,812,698
Inter segment revenue	9.1.1	(2,555,519)	(1,676,530)	(4,232,049)
Revenue from external customers		32,233,470	30,347,179	62,580,649

9.1.1 Inter segment revenues are eliminated on consolidation.

9.2 Assets & liabilities of the Group's operating segments as at June 30, 2013 and December 31, 2012 are tabulated below.

	Wire line	Wireless	Total
		(Rupees in '000)	
As at June 30, 2013 (Un-Audited)			
Segment assets	142,995,370	89,380,722	232,376,092
Segment liabilities	66,414,164	43,736,689	110,150,853
As at December 31, 2012 (Audited)			
Segment assets	134,511,663	107,685,250	242,196,913
Segment liabilities	65,726,637	62,099,877	127,826,514

10. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Group		Nature of transaction	Six months period ended June 30, 2013 (Un-Audited)	December 31, 2012 (Audited)
			(Rupees in '000)	
i. Shareholders		Technical services fee	2,310,993	2,190,115
ii. Associated undertakings		Purchase of goods and services	1,732,223	961,488
		Sale of goods and services	1,736,952	331,839
iii. Employees' benefit plans	PTCL	Contribution to Pakistan Telecommunication Employees' Trust (PTET)	6,774,000	3,479,630
	PTML	Gratuity Fund	42,518	34,266
iv. Employees' contribution plans	PTCL	Payment to PTCL employees' on behalf of GPF Trust	4,113	16,755
	PTML	Provident Fund	49,926	48,435
v. Other related parties	PTCL	Charges under license obligation	710,010	639,545
	PTML	Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	8,650	8,650
vi. Directors, Chief Executive and Executives		Fees and remuneration including benefits and perquisites	961,839	805,737
Period-end balances				
Receivables from related parties				
Trade debts				
– Associated undertakings			101,031	159,818
– The Government of Pakistan and its related entities			1,867,916	1,424,117
Other receivables				
– Associated undertakings			80,803	68,627
– Universal Service Fund			–	240,000
– PTCL Employees' GPF Trust			73,964	69,851
– Pakistan Telecommunication Employees' Trust (PTET)			247,524	308,816
– Pakistan MNP Database (Guarantee) Limited			–	8,650
Payables to related parties				
Trade creditors				
– Associated Undertakings			1,849,549	641,650
– The Government of Pakistan and its related entities			7,639,339	5,164,709
Technical services fee payable to Etisalat			1,183,276	1,170,633
Retention money payable to associated undertaking			5,602	7,532
PTCL				
Pakistan Telecommunication Employees' Trust (PTET)			8,644,256	14,420,100
PTML				
Gratuity Fund			42,518	34,266
Provident Fund			22,909	18,934
Remuneration key management personnel			1,837	887

11. CORRESPONDING FIGURES

The corresponding figures in these financial statements pertain to the year ended December 31, 2012 and therefore, are not entirely comparable in respect of statement of condensed interm comprehensive income, condensed interm statement of cash flows, condensed interm statement of changes in equity and notes to and forming part of the financial statements.

12. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL INFORMATION

This condensed consolidated interim financial information was authorised for issue on July 16, 2013 by the Board of Directors of the holding company.

13. GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise specified.

Chairman **President & CEO**