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BOARD OF DIRECTORS

Chairman PTCL Board

Amir Tariq Zaman Khan

Members PTCL Board

Abdulrahim A. Al Nooryani
Abdul Wajid Rana
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 (CFO)

Syed Mazhar Hussain

SEVP (Admin & Procurement / Human Resource)

Sikandar Naqi

SEVP (Corporate Development)

Naveed Saeed

SEVP (Commercial)

Muhammad Nasrullah

Chief Technical Officer (CTO)

Hamid Farooq

SEVP (Business Development)

Furqan Habib Qureshi

SEVP (Business Zone South)

Jamal Abdalla Salim Hussain Al Suwaidi

SEVP (Business Zone Central)

Jamil Khwaja

SEVP (Special Projects)

Ahsan Aziz

Acting Chief Information Officer (CIO)

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

Ground Floor,

State Life Building 1-A

I.I. Chundrigar Road

Karachi 74000

Tel: +92-21-32422344, 32467406

Fax: +92-21-32428310

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 three months ended September 30, 2012.

During the period under review, your Company took various initiatives to maximize value to shareholders. As per the directives of Pakistan Telecommunication Authority (PTA), the International Clearing House (ICH) was established. PTCL also implemented a Voluntary Separation Scheme (VSS) to optimize the human resources. Further, a microfinance bank was acquired by PTCL Group in furtherance of digital commerce and branchless banking. Besides, the continuous drive to increase revenues through innovative products and services as well improvement in network with the aim to enhance customer experience remained successful.

Financial Performance

The PTCL Group revenue at Rs. 29.1 billion during the period under review increased by 7% compared to same period last year. Of these, the revenues earned by PTCL registered an increase of 8% whereas revenues of PTML (Ufone), the wholly owned subsidiary of PTCL, rose by 10%.

Because of one-time cost of Rs. 11 billion on account of VSS, the Group's net loss after tax was Rs. 8.3 billion.

Products and Services

Data

During the period under review, Broadband services – both in DSL (wireline) and EVO (Wireless), continued to grow.

The growth in DSL Broadband service was based upon promotional rewards for subscribers, packages suiting all income segments and innovative upgrade promotions that encouraged the subscribers to move to higher data rate packages. PTCL also introduced value-added service of Static IP offering the unique feature of allowing the users to host their own Web, E-mail, FTP and DNS servers. Besides, PTCL Video Phone service was made available nationwide after its success in Karachi, Lahore and Islamabad.

During the quarter, customer base of 'EVO' – the 3G wireless broadband service, grew by 13% with enhanced service coverage in 250 cities and towns across the country. Various innovative products and promotions were offered to 'EVO' subscribers. PTCL introduced 3G 'EVO' Nitro Cloud - Pakistan's first Wi-Fi hotspot with speeds up to 9.3Mbps, connecting five Wi-Fi devices simultaneously. 3G 'EVO' Tab with the free connecting device as a bundled offer aimed at usage increase. Nitro Boost offer was introduced with free Nitro device on payment of advance line rent. Further, as the win-back initiative, the 'EVO' Summer Fest Offer benefitted subscribers with free balance on the first recharge of the service.

Voice

Establishment of International Clearing House (ICH) under PTA's directives was a significant milestone achieved during first quarter of 2012-13. Under ICH arrangement, all international calls coming to Pakistan are now sourced through PTCL's international gateway exchanges with the objective to stabilize the pertinent rates and curbing grey traffic. The ICH initiative is expected to increase foreign exchange inflows and related Government dues thereby strengthening the national economy.

In order to further enhance the Voice segment, international call packages were revised making these more affordable. The revised rates were instrumental in making PTCL operator-of-the-choice for international calls.

Introduction of Freedom Packages offered subscribers the liberty to make unlimited on-net calls at a flat rate. For double play and triple play subscribers, the Freedom Package rates were discounted.

Various attractive packages and promotions were offered to V-fone subscribers as well including V-fone Eid offer allowing free balance on usage, regional packages at reduced rates and balance share service.

DIRECTORS' REPORT

Additionally, limited time promotion of “Hello Ufone” facilitated the landline as well as V-fone subscribers to call Ufone at reduced rates.

Network infrastructure

To enhance Broadband footprint in wireline and wireless segments, additional MSAGs (Multi Service Access Gateways) and BTSs (Base-station Transceiver Subsystem) were deployed on access side with augmentation in MM & BB (Multimedia and Broadband) core thus enabling your Company to serve the customers more efficiently and on larger scale.

Further, to enhance efficiency in fuel consumption during load-shedding, smart switch solutions with ATS (Automatic Transfer System) panels were deployed whereby use of power back-up sources i.e. batteries and diesel generator sets is rationalized. Also, Fast Charging Battery (FCB) and Efficient Power Cooling solutions are other initiatives undertaken in this regard.

Existing switching core network was augmented with new media gateways and soft switches to handle international VoIP (Voice over Internet Protocol) traffic more effectively. Moreover, 950 STM-1s were added on submarine cable IMEWE for improved flow of voice and data traffic.

PTCL also shifted traffic of hub BTS sites of Ufone in ten major cities from radio to optical fiber thus paving the way for your Company to become a leading BTS backhaul service provider in Pakistan in post 3G scenario.

Customer Care

During the period under review, PTCL continued to improve related processes to serve the customers more efficiently with emphasis on “Customer First” approach thus prioritizing customer convenience at all our touch points.

In this regard, PTCL's flagship One Stop Shops (OSS) at Karachi, Lahore and Islamabad were upgraded as model Sales & Customer Care Centers with upgrading of sixteen more such locations in progress to provide better visibility and enhanced level of services to our esteemed customers.

Further, with country-wide implementation of Siebel CRM (Customer Relationship Management) system completed, customer complaints are redressed in the shortest possible time frame. Supplementing the CRM project, the initiative of “Customer Document Management System” has also been undertaken to preserve customer credentials in systematic manner. Besides, customers' particulars are also cross-checked with central NADRA (National Database & Registration Authority) database.

Voluntary Separation Scheme

During the period, your Company offered the second Voluntary Separation scheme (VSS) to certain categories of its employees after the first one implemented in 2008. The objective of the VSS was to optimize human resources in line with the current business needs by offering attractive package to VSS optees. The one-time cost associated with VSS was recognized in the financial statements for the period under review.

Rozgar Microfinance Bank

In furtherance of its objective to provide digital commerce and branchless banking services especially to under-developed strata of Pakistan, PTCL acquired 100% ownership of Rozgar Microfinance Bank. The said acquisition will enable PTCL Group to initiate digital commerce and branchless services across the country.

Corporate Social Responsibility

Being cognizant of the importance of E-Health in the country, PTCL recently partnered with PharmEvo to develop Wi-Fi zones across Pakistan both in public and private hospitals for healthcare professionals who, through this initiative, can access telemedicine, developments in health screening and assessment, computer-based training and education in different fields of medicine.

PTCL commemorated the World Heart Day 2012, by organizing an awareness campaign for its employees on ‘Prevention of Heart Disease among Women & Children’.

DIRECTORS' REPORT

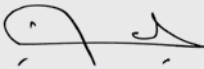
Your Company sponsored forty (40) employees to perform Hajj this year.

The management and employees of PTCL remain committed to provide quality services at competitive prices through optimal use of resource for achieving enhanced revenue and improved shareholders' value.

On behalf of the Board,



Amir Tariq Zaman Khan
Chairman



Walid Irshaid
President & CEO PTCL

Islamabad: October 17, 2012



CONDENSED INTERIM
FINANCIAL INFORMATION

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2012 (UN-AUDITED)

	Note	September 30, 2012 (Un-Audited)	June 30, 2012 (Audited)
(Rupees in '000)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,678,728	2,678,728
General reserve		30,500,000	30,500,000
Unappropriated profit		11,941,038	21,295,232
		45,119,766	54,473,960
Unrealized gain on available-for-sale investments		70,801	62,977
		96,190,567	105,536,937
NON CURRENT LIABILITIES			
Long-term security deposits		532,190	707,668
Deferred taxation		7,821,758	7,821,758
Employees' retirement benefits		21,313,717	18,250,681
Deferred government grants		4,053,048	4,083,022
		33,720,713	30,863,129
CURRENT LIABILITIES			
Trade and other payables		25,048,395	20,507,594
VSS benefits payable		1,747,919	41,062
		26,796,314	20,548,656
TOTAL EQUITY AND LIABILITIES		156,707,594	156,948,722
CONTINGENCIES AND COMMITMENTS			

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The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chairman



	Note	September 30, 2012	June 30, 2012
		(Un-Audited)	(Audited)
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	86,059,509	85,870,337
Intangible assets		2,733,022	2,799,659
		88,792,531	88,669,996
Long-term investments		6,791,296	6,607,439
Long-term loans and advances	6	12,447,355	14,311,954
		108,031,182	109,589,389
CURRENT ASSETS			
Stores, spares and loose tools		3,200,971	2,972,824
Trade debts		12,022,825	8,785,812
Loans and advances		2,337,415	1,368,215
Accrued interest		372,663	426,527
Recoverable from tax authorities		18,054,091	17,784,694
Receivable from Government of Pakistan		2,164,072	2,164,072
Other receivables		1,086,222	666,466
Short-term investments		3,839,354	9,929,401
Cash and bank balances		5,598,799	3,261,322
		48,676,412	47,359,333
TOTAL ASSETS		156,707,594	156,948,722

President & CEO

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

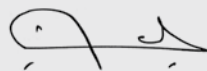
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Note	Three months period ended	
		September 30, 2012	September 30, 2011
		(Rupees in '000)	
REVENUE		15,645,929	14,482,756
Cost of services		(12,177,673)	(10,852,107)
GROSS PROFIT		3,468,256	3,630,649
Administrative and general expenses		(1,898,022)	(1,819,176)
Selling and marketing expenses		(665,384)	(569,411)
Voluntary separation scheme	8	(10,997,525)	-
Other operating income	9	848,835	978,637
		(12,712,096)	(1,409,950)
OPERATING (LOSS) / PROFIT		(9,243,840)	2,220,699
Finance costs		(32,124)	(65,701)
(LOSS) / PROFIT BEFORE TAX		(9,275,964)	2,154,998
Taxation		(78,230)	(752,525)
(LOSS) / PROFIT AFTER TAX FOR THE PERIOD		(9,354,194)	1,402,473
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Unrealized gain on available-for-sale investments – net of tax		7,824	8,627
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(9,346,370)	1,411,100
(Loss) / Earnings per share - basic and diluted (Rupees)		(1.83)	0.28

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chairman



President & CEO

CONDENSED INTERIM STATEMENT OF CASH FLOWS

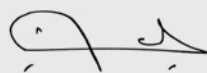
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

		Three months period ended	
	Note	September 30, 2012	September 30, 2011
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	5,461,794	5,804,810
Long-term security deposits - net		(175,478)	(10,859)
Payment made to PTET		(3,000,000)	-
Payment received from PTET		1,061,465	-
Employees' retirement benefits paid		(123,441)	(75,618)
Employees' retirement benefits paid for VSS		(1,447,812)	-
Payment of other components of VSS		(3,609,479)	(1,091)
Finance costs paid		(32,039)	(42,859)
Income tax paid		(341,231)	(1,190,419)
Net cash (outflows) / inflows from operating activities		(2,206,221)	4,483,964
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,251,141)	(2,432,220)
Long-term investments		(183,857)	-
Long-term loans and advances		125,535	26,817
Return on long-term loans and short-term investments		748,680	610,995
Dividend income on long-term investments		15,000	-
Net cash outflows from investing activities		(1,545,783)	(1,794,408)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(566)	(3,351,120)
Net cash outflows from financing activities		(566)	(3,351,120)
Net decrease in cash and cash equivalents		(3,752,570)	(661,564)
Cash and cash equivalents at the beginning of the period		13,190,723	10,271,285
Cash and cash equivalents at the end of the period	12	9,438,153	9,609,721

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



Chairman



President & CEO

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

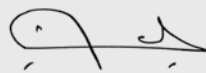
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	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		
	(Rupees in '000)						
Balance as at July 01, 2011	37,740,000	13,260,000	2,385,532	30,500,000	14,376,349	30,590	98,292,471
Total comprehensive income for the period							
Profit for the period	-	-	-	-	1,402,473	-	1,402,473
Other comprehensive income	-	-	-	-	-	8,627	8,627
	-	-	-	-	1,402,473	8,627	1,411,100
Balance as at September 30, 2011	37,740,000	13,260,000	2,385,532	30,500,000	15,778,822	39,217	99,703,571
Balance as at July 01, 2012	37,740,000	13,260,000	2,678,728	30,500,000	21,295,232	62,977	105,536,937
Total comprehensive income for the period							
Loss for the period	-	-	-	-	(9,354,194)	-	(9,354,194)
Other comprehensive income	-	-	-	-	-	7,824	7,824
	-	-	-	-	(9,354,194)	7,824	(9,346,370)
Balance as at September 30, 2012	37,740,000	13,260,000	2,678,728	30,500,000	11,941,038	70,801	96,190,567

The annexed notes from 1 to 14 form 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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

Rozgar Microfinance Bank Limited (RMFB)

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

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the three months period ended September 30, 2012 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 annual audited financial statements for the year ended June 30, 2012.

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 judgement in the process of applying the Company'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 interim financial information are the same as those used in the preparation of annual audited financial statements of the Company for the year ended June 30, 2012.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Note	As at September 30, 2012	As at June 30, 2012
		(Un-Audited)	(Audited)
		(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	73,432,962	76,089,050
Capital work-in-progress		12,626,547	9,781,287
		86,059,509	85,870,337
5.1 Operating fixed assets			
Opening book value		76,089,050	73,788,459
Additions during the period / year	5.2	301,018	14,170,709
		76,390,068	87,959,168
Disposals during the period / year - at book value		-	(44)
Depreciation / Impairment for the period / year		(2,957,106)	(11,870,074)
		(2,957,106)	(11,870,118)
Closing book value		73,432,962	76,089,050
5.2 Details of additions during the period / year:			
Land - freehold		-	1,471
Buildings on freehold land		3,010	323,470
Lines and wires		192,695	2,342,395
Apparatus, plant and equipment		85,812	10,336,356
Office equipment		12,718	42,650
Computer equipment		4,005	79,922
Furniture and fittings		634	11,021
Vehicles		2,144	282,129
Submarine cables		-	751,295
		301,018	14,170,709

6. LONG-TERM LOANS

These include unsecured loans of Rs 11,000,000 thousand (June 30, 2012: Rs 11,000,000 thousand) to Pak Telecom Mobile Limited, 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 February 2016 and carrying mark-up at the rate of three months KIBOR plus 82 to 180 basis points (June 30, 2012: KIBOR plus 82 to 180 basis points).

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There has been no material change in contingencies as disclosed in the last annual audited financial statements of the Company.

7.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 13,062,167 thousand (June 30, 2012: Rs 12,282,162 thousand).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

8. VOLUNTARY SEPARATION SCHEME

During the period, the Company offered a voluntary separation scheme (VSS) to certain categories of its employees. The benefits offered over and above the accumulated post retirement benefit obligations as at September 30, 2012 have been treated as VSS cost.

The amount of actuarial gain / loss on curtailment / settlement and proportionate share of unrecognized actuarial gains / losses as at September 30, 2012 for employees who have opted for VSS have also been adjusted / charged against the VSS cost.

	Three months period ended	
	September 30, 2012	September 30, 2011
	(Un-Audited)	(Un-Audited)
	(Rupees in '000)	
9. OTHER OPERATING INCOME		
Interest on loans to subsidiary	359,404	408,818
Return on bank placement	335,413	218,243
Dividend income	15,000	-
Old liabilities written back	-	235,000
Others	139,018	116,576
	848,835	978,637

10. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Company	Nature of transaction		
i. Subsidiary	Purchase of goods and services	683,933	359,188
	Sale of goods and services	579,787	1,162,733
	Mark-up on long-term loans	359,404	408,818
ii. Associated undertakings	Technical services fee - note 10.1	511,520	466,090
	Purchase of goods and services	304,655	248,910
	Sale of goods and services	200,100	408,305
iii. Employees' contribution plans	Contribution to Pakistan Telecommunication Employees' Trust (PTET)	3,002,773	643
iv. Employees' benefit plans	Payment to PTCL employees on behalf of GPF Trust	296,677	2,611
v. Directors, Chief Executive and Executives	Fees and remuneration including benefits and perquisites	295,290	256,401

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	As at September 30, 2012	As at June 30, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
Period-end balances		
Receivables from related parties		
Long-term loans to subsidiary	11,000,000	11,000,000
Trade debts		
- Subsidiary	835,528	588,760
- Associated undertakings	96,400	107,199
Accrued interest receivable		
- Subsidiary	244,021	251,418
Other receivables		
- PTCL employees' GPF Trust	383,284	86,606
- Pakistan Telecommunication Employees' Trust (PTET)	107,574	104,801
Payables to related parties		
Trade creditors		
- Subsidiary	113,514	69,068
- Associated undertakings	679,705	295,143
Technical services fee payable to Etisalat	1,003,781	492,261
Retention money payable to associated undertaking	99,031	109,597
Pakistan Telecommunication Employees' Trust (PTET)	9,245,837	5,502,293

10.1 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.

	Three months period ended	
	September 30, 2012	September 30, 2011
	(Un-Audited)	(Un-Audited)
	(Rupees in '000)	
11. CASH GENERATED FROM OPERATIONS		
(Loss) / Profit before tax	(9,275,964)	2,154,998
Adjustments for non-cash charges and other items:		
Depreciation and amortization	3,023,743	2,954,665
Provision for doubtful trade debts and other receivables	463,000	405,744
Employees' retirement benefits	891,634	981,738
Voluntary separation scheme	10,997,525	-
Imputed interest	85	1,101
Interest income on long-term loans to subsidiary	(359,404)	(408,818)
Unrealized gain on available-for-sale investments	7,824	8,627
Dividend income	(15,000)	-
Return on short-term investments	(335,413)	(218,243)
Amortization of Government grants	(29,973)	(23,742)
Finance costs	32,039	42,859
	5,400,096	5,898,929

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Three months period ended	
	September 30, 2012	September 30, 2011
	(Un-Audited)	(Un-Audited)
	(Rupees in '000)	
Effect on cash flows due to working capital changes: (Increase) / decrease in current assets:		
Stores, spares and loose tools	(228,147)	(277,030)
Trade debts	(3,700,013)	(1,564,007)
Loans and advances	(190,300)	(270,784)
Recoverable from tax authorities	(6,396)	(197,721)
Other receivables	(420,819)	(198,396)
	(4,545,675)	(2,507,938)
Increase in current liabilities:		
Trade and other payables	4,607,373	2,413,819
	5,461,794	5,804,810
12. CASH AND CASH EQUIVALENTS		
Short-term investments	3,839,354	6,222,788
Cash and bank balances	5,598,799	3,386,933
	9,438,153	9,609,721

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

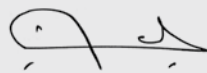
This condensed interim financial information for the three months period ended September 30, 2012 was authorised for issue on October 17, 2012 by the Board of Directors of the Company.

14. GENERAL

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



Chairman



President & CEO

3G EVO Wingle | 9.3 Mbps

Pakistan's 1st Wi-Fi enabled USB

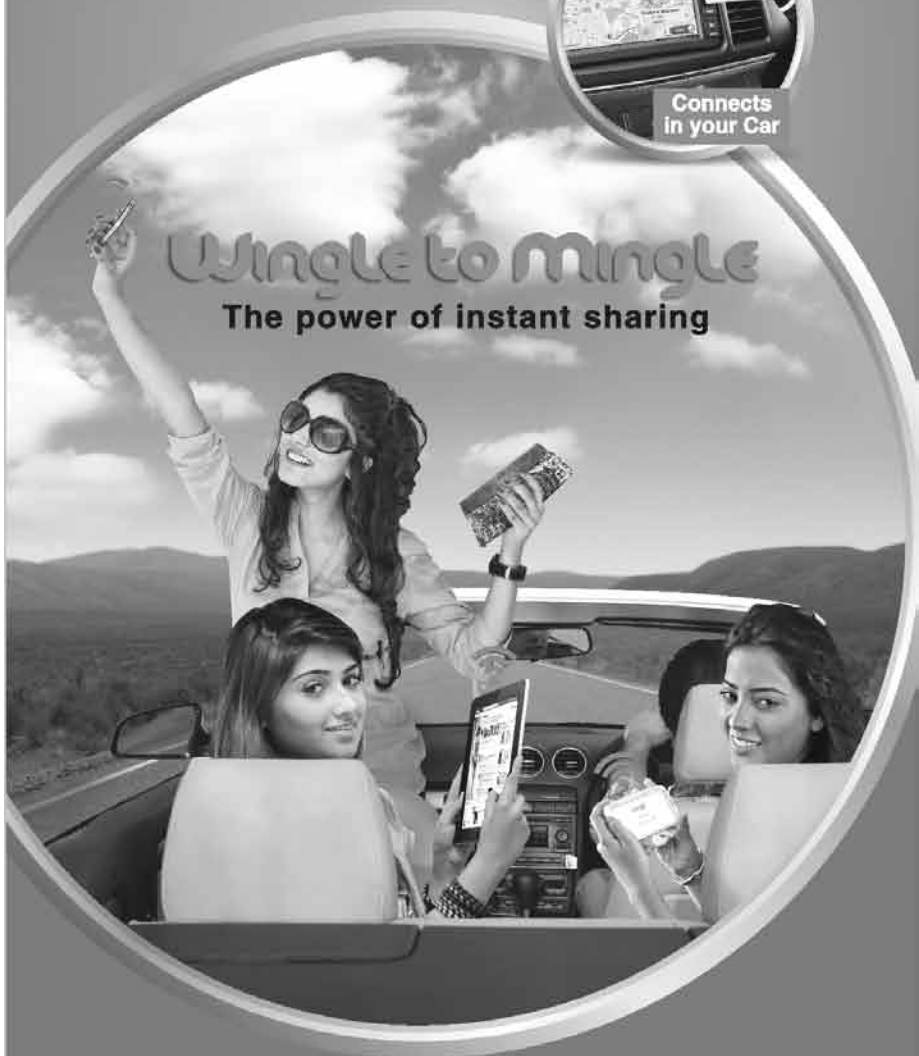
Speeds up to
9.3 Mbps
Wireless broadband



POWER ON – PLUG ON – LOG ON – PLAY ON



Wingle to Mingle
The power of instant sharing





**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2012 (UN-AUDITED)

	Note	September 30, 2012	June 30, 2012
		(Un-Audited)	(Audited)
		(Rupees in '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,678,728	2,678,728
General reserve		30,500,000	30,500,000
Unappropriated profit		26,554,733	34,814,916
		59,733,461	67,993,644
Unrealized gain on available-for-sale investments		70,801	62,977
		110,804,262	119,056,621
NON CURRENT LIABILITIES			
Long-term loans from banks		20,000,000	20,000,000
Liability against assets subject to finance lease		73,693	75,265
License fee payable		121,075	118,932
Long-term security deposits		1,482,952	1,662,397
Deferred taxation		18,952,440	18,697,440
Employees' retirement benefits		21,498,676	18,473,380
Deferred government grants		4,053,048	4,083,022
Long-term vendor liability		2,968,766	2,227,858
		69,150,650	65,338,294
CURRENT LIABILITIES			
Trade and other payables		36,619,997	31,343,146
Deposits from customers		6,382	-
Interest accrued		217,135	248,146
Short-term running finance		-	1,688,703
Bills payable		110	-
Current portion of:			
Long-term loans from banks		500,000	500,000
Liability against assets subject to finance lease		31,983	31,983
License fee payable		45,278	44,476
Long-term vendor liability		9,033,920	5,665,900
Unearned income		2,375,795	2,628,247
VSS benefits payable		1,747,919	41,062
		50,578,519	42,191,663
TOTAL EQUITY AND LIABILITIES		230,533,431	226,586,578
CONTINGENCIES AND COMMITMENTS			

5

The annexed notes from 1 to 10 form an integral part of this condensed consolidated interim financial information.



Chairman



	September 30, 2012	June 30, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
ASSETS		
NON CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	152,000,416	149,893,160
Intangible assets	3,422,854	3,547,121
	155,423,270	153,440,281
Goodwill on acquisition of Rozgar Microfinance Bank Ltd.	78,790	-
Long-term investments	111,304	110,870
Long-term loans and advances	2,896,178	4,133,080
	158,509,542	157,684,231
CURRENT ASSETS		
Stores, spares and loose tools	3,200,971	2,972,824
Stock-in-trade	422,582	436,067
Trade debts	13,556,513	10,164,030
Loans and advances	1,674,026	2,538,023
Deposits and prepayments	1,807,488	1,116,452
Accrued interest	131,655	175,661
Recoverable from tax authorities	18,454,647	18,811,420
Receivable from Government of Pakistan	2,164,072	2,164,072
Other receivables	1,086,222	798,362
Short-term investments	20,561,745	25,853,301
Cash and bank balances	8,963,968	3,872,135
	72,023,889	68,902,347
TOTAL ASSETS	230,533,431	226,586,578

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

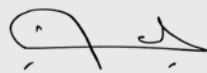
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Three months period ended	
	September 30, 2012	September 30, 2011
	(Rupees in '000)	
REVENUE	29,066,261	27,199,049
Cost of services	(19,449,747)	(17,958,647)
GROSS PROFIT	9,616,514	9,240,402
Administrative and general expenses	(3,898,347)	(3,592,202)
Selling and marketing expenses	(2,348,275)	(1,926,835)
Voluntary separation scheme	(10,997,525)	-
Other operating income	1,027,196	652,299
	(16,216,951)	(4,866,738)
OPERATING (LOSS) / PROFIT	(6,600,437)	4,373,664
Finance costs	(936,630)	(702,757)
(LOSS) / PROFIT BEFORE TAX	(7,537,067)	3,670,907
Taxation	(723,116)	(1,445,643)
(LOSS) / PROFIT AFTER TAX FOR THE PERIOD	(8,260,183)	2,225,264
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		
Unrealized gain on available-for-sale investments – net of tax	7,824	8,627
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(8,252,359)	2,233,891
(Loss) / Earnings per share - basic and diluted (Rupees)	(1.62)	0.44

The annexed notes from 1 to 10 form an integral part of this condensed consolidated interim financial information.



Chairman



President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

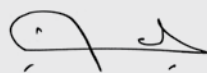
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

		Three months period ended	
	Note	September 30, 2012	September 30, 2011
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	12,985,417	11,151,810
Long-term security deposits - net		(179,445)	35,084
Payment made to PTET		(3,000,000)	-
Payment received from PTET		1,061,465	-
Employees' retirement benefits paid		(187,955)	(156,763)
Employees' retirement benefits paid for VSS		(1,447,812)	-
Payment of other components of VSS		(3,609,479)	(1,091)
Finance costs paid		(1,327,045)	(967,120)
Income tax paid		(603,016)	(1,353,832)
Net cash inflows from operating activities		3,692,130	8,708,088
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(6,833,922)	(3,989,552)
Proceeds from disposal of property, plant and equipment		32,113	25,288
Long-term investments		(79,222)	-
Long-term loans and advances		275,673	26,817
PTA license fee		2,945	-
Return on short term investments		842,711	414,790
Dividend income on long-term investments		15,000	-
Net cash outflows from investing activities		(5,744,702)	(3,522,657)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(565,804)	(3,351,120)
Long-term loan received		-	2,000,000
Long-term loan paid		-	(9,000,000)
Long-term vendor liability		4,108,928	(2,058,758)
Liabilities against assets subject to finance lease		(1,572)	(1,855)
Net cash inflows / (outflows) from financing activities		3,541,552	(12,411,733)
Net increase/(decrease) in cash and cash equivalents		1,488,980	(7,226,302)
Cash and cash equivalents at beginning of the period		28,036,733	19,205,608
Cash and cash equivalents at end of the period	7	29,525,713	11,979,306

The annexed notes from 1 to 10 form an integral part of this condensed consolidated interim financial information.



Chairman



President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

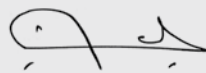
FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	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		
	(Rupees in '000)						
Balance as at July 01, 2011	37,740,000	13,260,000	2,385,532	30,500,000	23,669,848	30,590	107,585,970
Total comprehensive income for the period							
Profit for the period	-	-	-	-	2,225,264	-	2,225,264
Other comprehensive income	-	-	-	-	-	8,627	8,627
	-	-	-	-	2,225,264	8,627	2,233,891
Balance as at September 30, 2011	37,740,000	13,260,000	2,385,532	30,500,000	25,895,112	39,217	109,819,861
Balance as at July 01, 2012	37,740,000	13,260,000	2,678,728	30,500,000	34,814,916	62,977	119,056,621
Total comprehensive income for the period							
Loss for the period	-	-	-	-	(8,260,183)	-	(8,260,183)
Other comprehensive income	-	-	-	-	-	7,824	7,824
	-	-	-	-	(8,260,183)	7,824	(8,252,359)
Balance as at September 30, 2012	37,740,000	13,260,000	2,678,728	30,500,000	26,554,733	70,801	110,804,262

The annexed notes from 1 to 10 form 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 THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (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)

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.

Rozgar Microfinance Bank Limited (RMFB)

Rozgar Microfinance Bank Limited (RMFB) was incorporated as a public company limited by shares under Companies Ordinance, 1984. PTCL acquired 100% ownership of RMFB during the period 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 three months period ended September 30, 2012 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 annual audited financial statements for the year ended June 30, 2012.

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 annual audited consolidated financial statements of the Group for the year ended June 30, 2012.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There has been no material change in contingencies since last audited financial statements of the Group.

5.2 Commitments

Commitments in respect of contracts for capital expenditure amount to Rs.25,533,002 thousand (June 30, 2012: Rs. 19,521,212 thousand).

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

	Three months period ended	
	September 30, 2012	September 30, 2011
	(Un-Audited)	(Un-Audited)
	(Rupees in '000)	
6. CASH GENERATED FROM OPERATIONS		
(Loss) / Profit before tax	(7,537,067)	3,670,907
Adjustments for non-cash charges and other items:		
Depreciation and amortization	5,729,742	5,520,863
Provision for doubtful trade debts and other receivables	476,103	411,814
Employees' retirement benefits	918,407	1,006,213
Voluntary separation scheme expense	10,997,525	-
Imputed interest	85	1,101
Gain on disposal of property, plant and equipment	(15,783)	(10,380)
Unrealized gain on available-for-sale investments	7,824	8,627
Return on short term investments	(798,705)	(290,343)
Dividend Income	(15,000)	-
Amortization of government grants	(29,973)	(23,742)
Finance costs	1,295,949	679,915
	11,029,107	10,974,975
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(228,147)	(277,030)
Stock in trade	13,485	45,359
Trade debts	(3,868,586)	(719,738)
Loans and advances	863,997	(282,462)
Deposits and prepayments	(691,036)	(117,490)
Recoverable from tax authorities	(6,396)	(197,721)
Other receivables	(287,860)	(198,396)
	(4,204,544)	(1,747,478)
Increase / (decrease) in current liabilities:		
Trade and other payables	6,406,814	1,813,582
Deposits from customers	6,382	-
Bills payable	110	-
Unearned income	(252,452)	110,731
	6,160,854	1,924,313
	12,985,417	11,151,810
7. CASH AND CASH EQUIVALENTS		
Short-term investments	20,561,745	6,222,788
Cash and bank balances	8,963,968	5,756,518
	29,525,713	11,979,306

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

8. 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.

8.1 Revenue information regarding the Group's operating segments for the three months period ended September 30, 2012 and 2011 is tabulated below:

	Note	Wire line	Wireless	Total
		(Rupees in '000)		
Three months period ended September 30, 2012				
Segment revenue		14,552,036	16,203,684	30,755,720
Inter segment revenue	8.1.1	(1,031,076)	(658,383)	(1,689,459)
Revenue from external customers		13,520,960	15,545,301	29,066,261
Three months period ended September 30, 2011				
Segment revenue		13,708,547	15,040,116	28,748,663
Inter segment revenue	8.1.1	(1,162,733)	(386,881)	(1,549,614)
Revenue from external customers		12,545,814	14,653,235	27,199,049

8.1.1 Inter segment revenues are eliminated on consolidation.

8.2 Assets & liabilities of the Group's operating segments as at September 30, 2012 and June 30, 2012 are tabulated below.

	Note	Wire line	Wireless	Total
		(Rupees in '000)		
As at September 30, 2012 (Un-Audited)				
Segment assets		127,616,307	102,917,124	230,533,431
Segment liabilities		60,367,858	59,361,310	119,729,168
As at June 30, 2012 (Audited)				
Segment assets		127,773,851	98,812,727	226,586,578
Segment liabilities		51,307,064	56,222,893	107,529,957

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

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2012 (UN-AUDITED)

9. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL INFORMATION

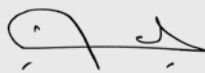
This condensed consolidated interim financial information for the three months period ended September 30, 2012 was authorised for issue on October 17, 2012 by the Board of Directors of the holding company.

10. GENERAL

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



Chairman



President & CEO