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Board of Directors

Chairman PTCL Board

Farooq Ahmed Awan

Members PTCL Board

Abdulrahim A. Al Nooryani

Abdul Wajid Rana

Abdulaziz A. Al Sawaleh

Jamil Ahmed Khan

Dr. Syed Ismail Shah

Fadhil Al Ansari

Abdulaziz H. Taryam

Dr. Ahmed 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 / HR)

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)

Anwer Umed Ali
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
The Bank of Punjab
Citibank. N.A
Dubai Islamic Bank
Faysal Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Registered Office

PTCL Headquarters,
Block-E, 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
Ernst & Young Ford Rhodes Sidat Hyder,
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 &
32420755
Fax: +92-21-32428310

Directors' Report
Half Year - July-Dec 2011

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 December 31, 2011. The financial information has been reviewed by the statutory auditors.

Government of Pakistan has announced to hold 3G license and spectrum auction in near future. Accordingly, PTCL is preparing to reap the potential benefits likely to be made available through this window of opportunity. Towards this end, increased emphasis is being placed on 'Cloud Computing' as well as on Fixed-Mobile Convergence (FMC) services. Besides, the segments of Broadband and Corporate Services are further strengthened through increased investments in the network and augmenting the customer care.

Financial Performance

During the half year under review, PTCL Group earned revenues of Rs. 55 billion which were 6% higher compared to same period last year. The revenues of PTCL were Rs. 29 billion registering 6 % increase whereas revenues of PTML (Ufone), the wholly owned subsidiary of PTCL also rose by 6%.

The Group's net profit after tax remained at Rs. 4.6 billion during the period under review depicting a decrease of 21% over corresponding period last year. PTCL's net profit after tax was Rs. 2.9 billion which is 29% lower than the profit in same period last year mainly on account of decrease in Other Operating Income.

Commercial Performance

During the period under review, your Company maintained its position of being the leading telecom operator providing voice and data services in converged environment to all customer segments.

As a result of the sustained efforts, DSL customer base increased by 17% during the first half of 2011-12 with 95% market share. Special promotions and bundled deals were announced to encourage subscribers to upgrade their connections in terms of speed without any price increase. The product portfolio was suitably diversified providing unparallel range from 256Kbps to 50 Mbps at competitive pricing to meet individual requirements of a wide range of customer base encompassing urban and rural communities alike. Introduction of Videophone with plug and play feature linking the service through regular DSL connection improved the subscriber experience. Smart TV (the IPTV service) witnessed a 30% increase in subscriber base because of content enhancement and improved service quality.

Your Company also introduced FTTH (fibre to the home) in major urban areas to meet the ever-increasing demand of higher bandwidth and superior quality of services. PTCL's efforts in DSL business expansion were instrumental in making Pakistan one of the fastest growing countries in the world in terms of broadband growth.

The success and growth of multi-media and broadband services also contributed to sustain the voice business thus helping to retain the land line subscribers with additional data revenues. Bundled deals coupling Voice with DSL and IPTV marked PTCL's resolve to encourage the usage of high-end services.

With the objective to enhance landline usage, international calling rates were made more attractive. Also, special promotions were offered on occasion of Ramadan, Eid, Hajj and Christmas.

During the half-year under review, 'EVO' the wireless broadband service based on 3-G technology, witnessed a 30% growth in its customer base. This was made possible by introducing various products and packages encompassing latest technology. The 3G EVO Tablet, launched on the Independence Day of 14th August 2011, is Pakistan's first 3G enabled Android Tablet with built-in EVO wireless broadband for high speed on-the-go internet connectivity. To expand the customer base, a mid-tier unlimited package of 256 Kbps with attractive pricing was introduced. Similarly, economical packages were also offered on the EVO Cloud – the product enabling simultaneous 3G wireless broadband connectivity through Wi-Fi multiple devices.

With the aim to retain and win-back PTCL V-fone customers, new packages with flexible tariff were offered during the period under review. Examples of these promotions are Grand V-charge Offer, Azaadi Offer, Non-stop Package, Double Dhamaka Offer and Islamic Portal VAS Services. Further, attractive mobile calling rate was introduced. Also, airtime incentives were offered to encourage customers in purchasing V-fixed wireless phones.

In the Corporate segment, the Data Centre infrastructure was leased for data hosting to some of the large public and private enterprises of repute. Besides, the enhanced focus on V-SAT and IP-MPLS services resulted in engaging leading enterprises at national and international level in provision of these services. Also, PTCL made contractual arrangements to provide managed servers and their hosting in our Data Centers to numerous provincial education governing bodies.

Through various marketing campaigns during the period under review, your Company effectively promoted and created awareness about the brands, its services, products and various initiatives. Creative communication messages combined with effective media placement ensured that PTCL maintained a constant visibility both in electronic and print media. Also, PTCL sponsored various events that augmented both image of the Company and product sales.

Technical Performance

During the period, PTCL added more than 360K Broadband-enabled lines bringing the total installed capacity to 1.36 million lines which provides DSL coverage throughout Pakistan including lesser-developed and remote areas under the Universal Services Fund projects as well.

In order to meet diversified needs of vast array of its customers, PTCL also brought in latest technologies like MSAG (Multi Service Access Gateways) and Ultra Broadband VDSL-2 which enables data rates up to 50 Mbps bandwidth on existing copper pair and has thus facilitated offering of Broadband packages from 256 Kbps to 50 Mbps. During the period under review, your Company installed 20K VDSL-2 lines and successfully completed pilot project to deploy 15K all optical network up to the customer's premises through GPON (Gigabit Passive Optical Network) technology.

With concentrated efforts, coverage of 'EVO', the wireless broadband service, has further been extended. The service is now being provided through 1,258 sites all over the country with speed ranging from 3.1 Mbps to 9.3 Mbps making PTCL the first operator in the world to offer such technology on commercial basis.

The reach of Broadband services was expanded to remote and far-flung sites of Corporate customers and for this purpose 150 DVB-S2 based VSATs were installed during the period under review. Also, over 3,000 dedicated circuits were added in the network to further facilitate the Enterprise segment.

To facilitate growing demand of bandwidth requirements, up-gradation in core and subsidiary sections of transmission network were carried out. Accordingly, 290 Km optical fiber was added on the parallel backbone taking the total length to 1,990 Km. Further, 120 km optical fiber cable (OFC) was added in Baluchistan thus making available a total of 2,100 Km OFC providing connectivity to remote towns and Tehsils in the province. In geographically difficult areas, IP based Digital Radio systems and VSAT networks are being deployed to meet requirements of residential customers as well as of other operators.

To transform the network in conformity with latest technology, replacement of 1.2 million TDM (Time Division Multiplexed) lines is under progress. In this respect, 236K lines have already been replaced with Class-5 NGN (Next Generation Switching Network) using MSANs (Multi

Service Access Nodes).

The reliability and quality of services of entire PTCL network particularly in the Access part is being enhanced through a major Network Rehabilitation campaign. The Access network is also being extended to the green field areas to provide for increased availability of PSTN and Broadband connectivity.

Information Technology

During the period under review, PTCL's certified Data Centers were energized with dual electricity sources which is the first time in Pakistan. Besides providing smooth functionality, this capability will help reduce the carbon generation thus making PTCL's Data Centers environment friendly.

To obviate any possible security breaches, your Company successfully implemented vulnerability scanning tools for proactive monitoring of any such eventuality. A number of proactive security detecting, self healing solutions have been provided for in this regard.

To facilitate the customers, complaint registration through SMS was made functional. Also, IP based Contact Centers equipped with state-of-the-art CRM (Customer Relationship Management) application were instrumental in enhancing customer experience. For intelligent and timely business analysis, SAS (Statistical Analysis System) Business Analytic Tool is being implemented.

To improve team work among employees, Info-Ship (PTCL Enterprise Social Network portal) was put in place which provides knowledgebase management, blogging, Follow me, Instant Messaging (IM), Employee Directory etc.

Customer Care

During the period under review, your Company continued its drive to further improve customer satisfaction levels by maintaining close focus on swift service provisioning and effective faults resolution through reengineering of the processes including reinforced Web-Service portal for on-line interaction by customers. In this regard, PTCL launched the campaign of “CUSTOMER First” by revamping its nineteen Flagship One Stop Shops (Sales & Customer Care) with a new and customer-friendly outlook and ambiance. For this purpose, the staff is being imparted with required training and skills.

Your Company is also implementing state-of-the-art CRM (Customer Relationship Management) application and best-in-class IPCC Call Center solution to improve efficiencies manifold. Through these tools, all interactions with customers would be timely captured thus providing a rich management information system.

Based on feed-back collected at PTCL's Contact Centers through “Voice of Customers” campaigns, customer satisfaction levels are being enhanced by increasing FCR (First Call Resolution).

In order to facilitate the wireless customers (both 'EVO' and V-fone), PTCL introduced a number of diversified channels to facilitate bill payment as well as recharge services. Unified Electronic Voucher Card (EVC) is a noteworthy development in this regard through which PTCL customers availing services on CDMA / EVDO technology can load balance using GSM recharge facility at country-wide Ufone's network of approximately 150K retailers. Further, your Company also installed Public Cash Payment Machines (PCPM) at prominent public places facilitating bill payment by customers.

Human Resource Development

With the objective to foster corporate culture and further improve employees' satisfaction levels, PTCL implemented performance evaluation system based upon SMART KPIs (Key Performance Indicators) coupled with on-line job descriptions throughout the organization. Also, skills assessment of sales teams is being implemented so as to equip the staff with relevant behavioral tools to increase their effectiveness. To ensure that your Company remains technically competitive, screening process of fresh engineering graduates was put in place in the form of pre-entry tests. As a result of various initiatives undertaken to develop human resources, PTCL was awarded with “2nd Global HR Excellence Award 2011” by Global Media Links of Pakistan.

Corporate Social Responsibility

In order to provide assistance to victims of 2011 devastating floods, a donation of Rs. 50 million was made by PTCL Group in Prime Minister Flood Relief Fund. For this purpose, the cheques were presented to the President of Pakistan by CEOs of PTCL and Ufone.

Your Company also launched an awareness campaign for prevention of Dengue and set up special medical facilities for treatment of its employees affected by the disease.

PTCL also initiated a tree plantation campaign and hundreds of saplings were planted.

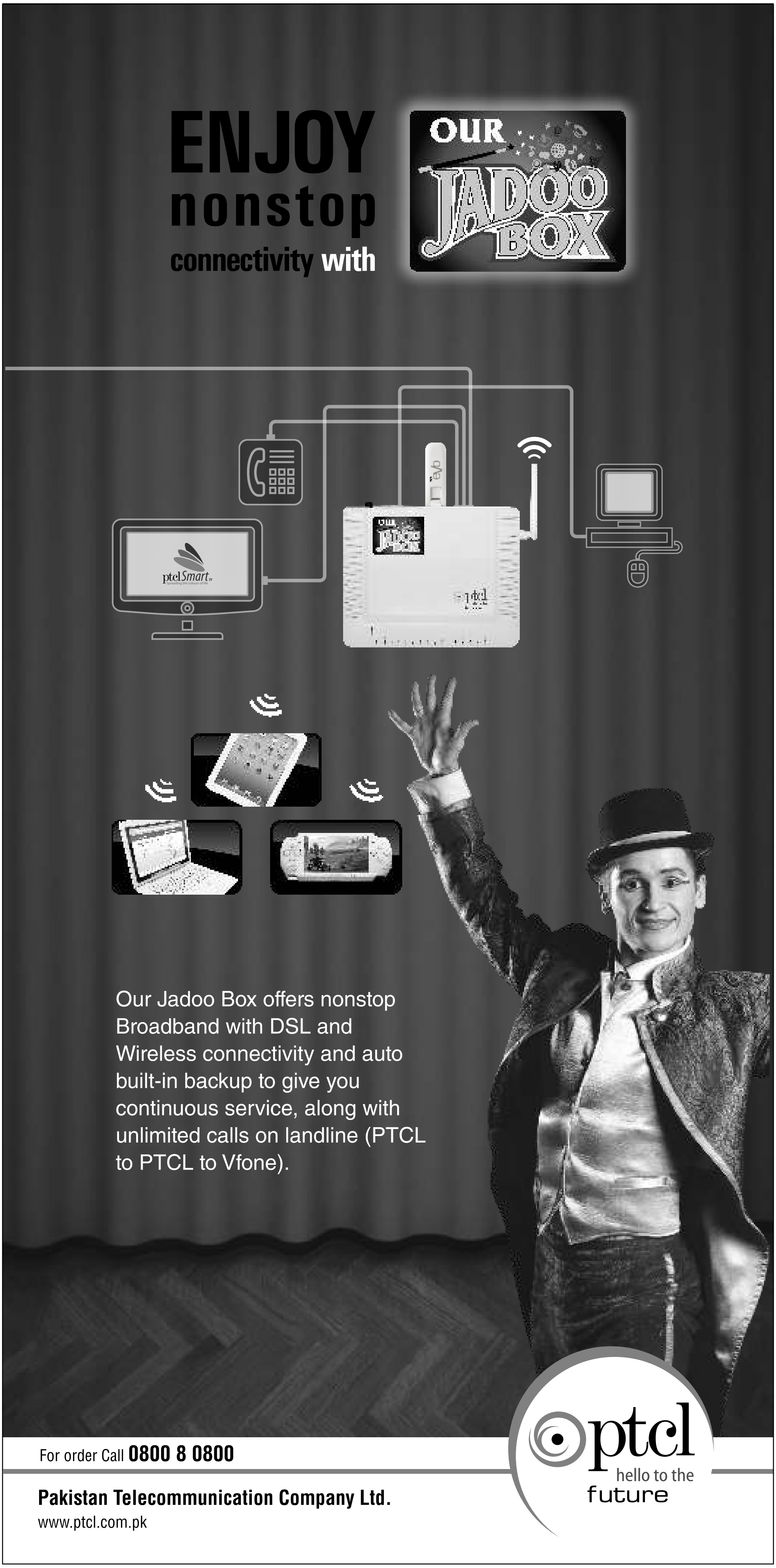
The management and employees of PTCL remain committed to provide quality services at competitive prices through concentrated efforts for achieving increased revenue, enhanced customer satisfaction and improved shareholders' value.

On behalf of the Board,

Farooq Ahmed Awan
Chairman

Walid Irshaid
President & CEO PTCL

Islamabad: February 22, 2012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CONDENSED INTERIM FINANCIAL INFORMATION

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 December 31, 2011 and the related condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of change in equity and notes to the financial information for the six month 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 December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2011.

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 December 31, 2011 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.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Islamabad.

Name of engagement partner:
M. Imtiaz Aslam

Name of engagement partner:
Pervez Muslim

Dated: February 22, 2012

CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	Note	December 31, 2011 (Un-Audited)	June 30, 2011 (Audited)
		-------- (Rupees in '000) --------	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		**51,000,000**	51,000,000
Revenue reserves			
Insurance reserve		**2,385,532**	2,385,532
General reserve		**30,500,000**	30,500,000
Unappropriated profit		**17,220,459**	14,376,349
		50,105,991	47,261,881
Unrealized gain on available-for-sale investments		**47,328**	30,590
		101,153,319	98,292,471
NON-CURRENT LIABILITIES			
Long-term security deposits		**728,125**	740,744
Deferred taxation		**4,737,006**	5,011,731
Employees' retirement benefits		**16,574,286**	16,823,015
Deferred government grants		**3,772,079**	3,631,585
		25,811,496	26,207,075
CURRENT LIABILITIES			
Trade and other payables		**22,843,963**	24,644,683
Dividend payable		**-**	3,375,631
		22,843,963	28,020,314
TOTAL EQUITY AND LIABILITIES		**149,808,778**	152,519,860

CONTINGENCIES AND COMMITMENTS 7

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Chairman

	Note	December 31, 2011 (Un-Audited)	June 30, 2011 (Audited)
		-------- (Rupees in '000) --------	
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	**90,145,045**	92,377,276
Intangible assets		**2,905,782**	3,036,127
		93,050,827	95,413,403
Long-term investments		**6,607,439**	6,607,439
Long-term loans	6	**11,430,226**	11,487,375
		111,088,492	113,508,217
CURRENT ASSETS			
Stores, spares and loose tools		**3,676,855**	3,369,488
Trade debts		**9,698,350**	9,171,851
Loans and advances		**679,228**	586,124
Accrued interest		**534,527**	508,863
Recoverable from tax authorities		**12,941,760**	12,572,963
Receivable from Government of Pakistan		**2,164,072**	2,164,072
Other receivables		**653,590**	366,997
Short-term investments		**5,796,267**	2,642,378
Cash and bank balances		**2,575,637**	7,628,907
		38,720,286	39,011,643
TOTAL ASSETS		**149,808,778**	152,519,860

President & CEO

CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

	Note	Three months period ended December 31, 2011	Three months period ended December 31, 2010	Six months period ended December 31, 2011	Six months period ended December 31, 2010
		(Rupees in '000)		(Rupees in '000)	
REVENUE		**14,856,806**	13,842,116	**29,339,562**	27,698,400
Cost of services		**(10,829,526)**	(9,888,938)	**(21,681,633)**	(20,074,365)
GROSS PROFIT		**4,027,280**	3,953,178	**7,657,929**	7,624,035
Administrative and general expenses		**(1,880,065)**	(1,535,179)	**(3,699,241)**	(3,298,669)
Selling and marketing expenses		**(612,084)**	(671,394)	**(1,181,495)**	(1,204,801)
Other operating income	8	**747,184**	1,293,399	**1,725,821**	3,187,407
		(1,744,965)	(913,174)	**(3,154,915)**	(1,316,063)
OPERATING PROFIT		**2,282,315**	3,040,004	**4,503,014**	6,307,972
Finance costs		**(67,138)**	(56,859)	**(132,839)**	(126,646)
PROFIT BEFORE TAX		**2,215,177**	2,983,145	**4,370,175**	6,181,326
Taxation					
- Current		**(1,224,388)**	(1,241,014)	**(1,800,790)**	(2,484,558)
- Deferred		**450,848**	199,300	**274,725**	326,039
		(773,540)	(1,041,714)	**(1,526,065)**	(2,158,519)
PROFIT AFTER TAX FOR THE PERIOD		**1,441,637**	1,941,431	**2,844,110**	4,022,807
OTHER COMPREHENSIVE INCOME FOR THE PERIOD					
Unrealized gain on available-for-sale investments-net of tax		**8,111**	-	**16,738**	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,449,748**	1,941,431	**2,860,848**	4,022,807
Earnings per share - basic and diluted (Rupee per share)		**0.28**	0.38	**0.56**	0.79

The annexed notes from 1 to 12 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 DECEMBER 31, 2011 (UN-AUDITED)

		Six months period ended	
		December 31, 2011	December 31, 2010
	Note	**-------- (Rupees in '000) --------**	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	**10,064,722**	10,315,398
Long-term security deposits		**(12,620)**	81,746
Employees' retirement benefits paid		**(2,209,698)**	(229,580)
Payment of other VSS components		**(4,786)**	(1,784)
Finance costs paid		**(86,354)**	(92,065)
Income tax paid		**(2,270,710)**	(1,558,329)
Net cash inflows from operating activities		**5,480,554**	8,515,386
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(5,504,193)**	(5,810,498)
Proceeds from disposal of property, plant and equipment		**1,583**	47,712
Short-term investments		**-**	(269,202)
Long-term loans - net		**54,808**	59,522
PTA WLL license fee		**-**	(1,894,950)
Loan to the wholly owned subsidiary - PTML		**-**	(4,000,000)
Return on long-term loans and short-term investments		**1,206,367**	1,560,361
Government grants received		**204,869**	-
Dividend income on long-term investments		**-**	644,000
Net cash outflows from investing activities		**(4,036,566)**	(9,663,055)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(3,360,107)**	(3,366,148)
Net cash outflows from financing activities		**(3,360,107)**	(3,366,148)
Net decrease in cash and cash equivalents		**(1,916,119)**	(4,513,817)
Cash and cash equivalents at the beginning of the period		**9,971,493**	19,916,009
Cash and cash equivalents at the end of the period	11	**8,055,374**	15,402,192

The annexed notes from 1 to 12 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 DECEMBER 31, 2011 (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, 2010	37,740,000	13,260,000	2,113,704	30,500,000	16,145,007	-	99,758,711
Total comprehensive income for the period							
Profit for the period	-	-	-	-	4,022,807	-	4,022,807
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	4,022,807	-	4,022,807
Balance as at December 31, 2010	37,740,000	13,260,000	2,113,704	30,500,000	20,167,814	-	103,781,518
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	**-**	**-**	**-**	**-**	**2,844,110**	**-**	**2,844,110**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**16,738**	**16,738**
	-	**-**	**-**	**-**	**2,844,110**	**16,738**	**2,860,848**
Balance as at December 31, 2011	**37,740,000**	**13,260,000**	**2,385,532**	**30,500,000**	**17,220,459**	**47,328**	**101,153,319**

The annexed notes from 1 to 12 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (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 the territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the six months period ended December 31, 2011 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, 2011.

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, 2011.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

	Note	As at December 31, 2011 (Un-Audited)	As at June 30, 2011 (Audited)
		------- (Rupees in '000) -------	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**72,630,626**	73,788,459
Capital work-in-progress		**17,514,419**	18,588,817
		90,145,045	92,377,276
5.1 Operating fixed assets			
Opening book value		**73,788,459**	73,960,689
Additions during the period / year	5.2	**4,614,767**	11,459,584
		78,403,226	85,420,273
Disposals during the period / year - at book value		**(44)**	(977)
Depreciation for the period / year		**(5,772,556)**	(11,630,837)
		(5,772,600)	(11,631,814)
Closing book value		**72,630,626**	73,788,459
5.2 Details of additions during the period / year:			
Land - freehold		**-**	233
Buildings on freehold land		**203,479**	339,793
Lines and wires		**679,574**	1,878,997
Apparatus, plant and equipment		**3,704,191**	4,937,900
Office equipment		**10,372**	14,451
Computer equipment		**10,696**	45,959
Furniture and fittings		**6,455**	6,478
Vehicles		**-**	148,035
Submarine cables		**-**	4,087,738
		4,614,767	11,459,584

6. LONG-TERM LOANS

These include unsecured loans of Rs 11,000,000 thousand (June 30, 2011: 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, 2011: KIBOR plus 82 to 180 basis points).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

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 except for the following:

(i) On October 17, 2011, the Deputy Commissioner Inland Revenue (DCIR), raised a demand of Rs 2,782,660 thousand, on the premise that the Company has not paid Federal Excise Duty on its local interconnect revenue for the years from 2006 to 2009, aggregating to Rs 16,522,290 thousand, billed to mobile / landline operators and Long Distance and International operators. The Company has filed an appeal against the said order, before the Commissioner Inland Revenue (Appeals - II) which is pending for adjudication;

(ii) On July 16, 2011, the Deputy Commissioner Inland Revenue (DCIR), raised a demand of Rs 298,008 thousand, on the premise that the Company has not paid Federal Excise Duty on Fee for Technical Services, aggregating to Rs 4,073,283 thousand, paid to the Etisalat Telecommunication Corporation of the United Arab Emirates, during the period from July 01, 2007 to June 30, 2009, on the grounds that the said fee has been paid under a Franchise agreement. The case has been decided against the Company by the Commissioner Inland Revenue (Appeals - II) and the Company has filed an appeal before the Appellate Tribunal Inland Revenue; and

(iii) On the same grounds, as disclosed in note 13.8 of the annual financial statements for the year ended June 30, 2011, the Deputy Commissioner Inland Revenue (DCIR), has raised an additional demand on August 2, 2011, amounting to Rs 313,420 thousand, for the period from July 2005 to June 2006 and July 2008 to June 2009. The Company has filed an appeal against the said order, before the Commissioner Inland Revenue (Appeals - II) which is pending for adjudication.

No provision has been made in this condensed interim financial information for the above-mentioned matters, as the management and the Company's tax advisors are of the view that these matters will eventually be settled in the favour of the Company.

7.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 16,524,485 thousand (June 30, 2011: Rs 15,106,081 thousand).

8. OTHER OPERATING INCOME

	Three months period ended		Six months period ended	
	December 31, 2011 (Un-Audited)	December 31, 2010 (Un-Audited)	**December 31, 2011 (Un-Audited)**	December 31, 2010 (Un-Audited)
	------- (Rupees in '000) --------		------- (Rupees in '000) --------	
Interest on loan to subsidiary	**390,612**	427,455	**799,431**	760,944
Return on bank placement	**214,356**	416,488	**432,570**	771,747
Dividend from subsidiary - PTML	**-**	-	**-**	644,000
Old liabilities written back	**-**	200,507	**235,000**	635,445
Others	**142,216**	248,949	**258,820**	375,271
	747,184	1,293,399	**1,725,821**	3,187,407

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

9. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Company	Nature of transaction	Six months period ended December 31, 2011 (Un-Audited)	Six months period ended December 31, 2010 (Un-Audited)
		------- (Rupees in '000) --------	
i. Subsidiary	Purchase of goods and services	**801,156**	744,450
	Sale of goods and services	**2,407,367**	2,593,915
	Mark-up on long-term loans	**799,431**	760,944
	Disbursement of loans	**-**	4,000,000
	Dividend received	**-**	644,000
ii. Associated undertakings	Technical services fee - note 9.1	**943,106**	881,959
	Purchase of goods and services	**512,345**	629,741
	Sale of goods and services	**607,900**	2,619,646
iii. Employees' contribution plans	Contribution to Pakistan Telecommunication Employees' Trust (PTET)	**2,000,643**	3,784
iv. Employees' benefit plans	Amount received from PTCL employees' GPF Trust	**23,292**	208,293
v. Directors, Chief Executive and Executives	Fees and remuneration including benefits and perquisites	**499,212**	478,139

	As at December 31, 2011 (Un-Audited)	As at June 30, 2011 (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	**337,274**	924,074
- Associated undertakings	**71,577**	105,006
Accrued interest receivable		
- Subsidiary	**263,277**	279,082
Other receivables		
- PTCL employees' GPF Trust	**87,416**	64,124
- Pakistan Telecommunication Employees' Trust (PTET)	**96,333**	95,691
Payables to related parties		
Trade creditors		
- Subsidiary	**18,436**	14,878
- Associated undertakings	**323,848**	359,938
Technical services fee payable to Etisalat	**480,918**	456,399
Retention money payable to associated undertaking	**88,892**	108,451
Pakistan Telecommunication Employees' Trust (PTET)	**4,561,334**	5,618,854

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

9.1 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.

10. CASH GENERATED FROM OPERATIONS

	Six months period ended	
	December 31, 2011 (Un-Audited)	December 31, 2010 (Un-Audited)
	-------- (Rupees '000) ---------	
Profit before tax	**4,370,175**	6,181,326
Adjustments for non-cash charges and other items:		
Depreciation and amortization	**5,902,902**	5,863,081
Provision for doubtful trade debts	**830,080**	660,884
Employees' retirement benefits	**1,960,968**	1,621,992
Imputed interest on consideration payable on MAXCOM	**1,946**	4,060
Interest income on long-term loans	**(799,431)**	(760,944)
Gain on disposal of property, plant and equipment	**(1,539)**	(47,331)
Unrealized gain on available-for-sale investments	**-**	(14,285)
Dividend	**-**	(644,000)
Return on bank placements	**(432,599)**	(771,747)
Provision for obsolete stores, spares and loose tools	**-**	98,125
Amortization of USF grants	**(64,375)**	(56,402)
Finance costs	**86,354**	92,065
	11,854,481	12,226,824
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**(307,367)**	59,951
Trade debts	**(1,356,580)**	(1,270,124)
Loans and advances	**(90,088)**	(280,876)
Recoverable from tax authorities	**101,123**	585,762
Other receivables	**(287,268)**	15,677
	(1,940,180)	(889,610)
Increase / (decrease) in current liabilities:		
Trade and other payables	**150,421**	(1,021,816)
	10,064,722	10,315,398

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

	December 31, 2011 (Un-Audited)	December 31, 2010 (Un-Audited)
11. CASH AND CASH EQUIVALENTS	------- (Rupees in '000) -------	
Short-term investments	**5,479,737**	12,356,753
Cash and bank balances	**2,575,637**	3,045,439
	8,055,374	15,402,192

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

This condensed interim financial information for the six months period ended December 31, 2011 was authorized for issue on February 22, 2012 by the Board of Directors of the Company.

Chairman

President & CEO

CONDENSED INTERIM
CONSOLIDATED FINANCIAL INFORMATION

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	Note	December 31, 2011 (Un-Audited)	June 30, 2011 (Audited)
		-------- (Rupees in '000) --------	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		**51,000,000**	51,000,000
Revenue reserves			
Insurance reserve		**2,385,532**	2,385,532
General reserve		**30,500,000**	30,500,000
Unappropriated profit		**28,292,631**	23,669,848
		61,178,163	56,555,380
Unrealized gain on available-for-sale investments		**47,328**	30,590
		112,225,491	107,585,970
NON-CURRENT LIABILITIES			
Long-term loans from banks		**13,000,000**	11,000,000
Liability against assets subject to finance lease		**80,281**	83,439
Payable to PTA against license fee		**150,057**	138,246
Long-term security deposits		**1,685,881**	1,646,400
Deferred taxation		**16,431,549**	15,498,413
Employees' retirement benefits		**16,748,893**	17,018,391
Deferred government grants		**3,772,079**	3,631,585
Long-term vendor liability		**1,501,357**	3,188,375
		53,370,097	52,204,849
CURRENT LIABILITIES			
Trade and other payables		**31,591,838**	34,306,442
Interest accrued		**95,269**	387,114
Short-term running finance		**-**	234,676
Current portions of:			
Long-term loans from banks		**-**	9,000,000
Liability against assets subject to finance lease		**31,983**	32,075
Payable to PTA against license fee		**44,900**	42,984
Long-term vendor liability		**2,573,180**	3,232,951
Unearned income		**2,103,872**	1,592,680
Dividend payable		**-**	3,375,631
		36,441,042	52,204,553
TOTAL EQUITY AND LIABILITIES		**202,036,630**	211,995,372
CONTINGENCIES AND COMMITMENTS	5		

The annexed notes from 1 to 11 form an integral part of this condensed consolidated interim financial information.

Chairman

	Note	December 31, 2011 (Un-Audited)	June 30, 2011 (Audited)
		-------- (Rupees in '000) --------	
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment		**151,362,023**	156,173,748
Intangible assets		**3,753,531**	3,906,996
		155,115,554	160,080,744
Long-term investments		**107,553**	107,553
Long-term loans		**512,268**	552,760
		155,735,375	160,741,057
CURRENT ASSETS			
Stores, spares and loose tools		**3,676,855**	3,369,488
Stock-in-trade		**488,628**	577,434
Trade debts		**11,092,104**	9,434,885
Loans and advances		**867,674**	773,746
Deposits and prepayments		**1,712,162**	1,295,348
Accrued interest		**271,250**	377,822
Recoverable from tax authorities		**13,872,425**	13,317,194
Receivable from Government of Pakistan		**2,164,072**	2,164,072
Other receivables		**653,590**	504,042
Short-term investments		**5,796,267**	2,642,378
Cash and bank balances		**5,706,228**	16,797,906
		46,301,255	51,254,315
TOTAL ASSETS		**202,036,630**	211,995,372

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

	Three months period ended		Six months period ended	
	December 31, 2011	December 31, 2010	**December 31, 2011**	December 31, 2010
	------- (Rupees in '000) -------		------ (Rupees in '000) -------	
Revenue	**27,760,185**	26,260,285	**54,959,234**	51,617,885
Cost of services	**(17,924,598)**	(16,184,615)	**(35,883,245)**	(32,757,939)
Gross profit	**9,835,587**	10,075,670	**19,075,989**	18,859,946
Administrative and general expenses	**(3,727,969)**	(3,212,626)	**(7,320,171)**	(6,421,503)
Selling and marketing expenses	**(1,907,553)**	(2,064,499)	**(3,834,388)**	(3,844,199)
Other operating income	**480,989**	1,630,161	**1,133,288**	2,572,990
	(5,154,533)	(3,646,964)	**(10,021,271)**	(7,692,712)
Operating profit	**4,681,054**	6,428,706	**9,054,718**	11,167,234
Finance costs	**(717,297)**	(817,322)	**(1,420,054)**	(1,230,803)
Profit before tax	**3,963,757**	5,611,384	**7,634,664**	9,936,431
Taxation - Current	**(1,364,672)**	(1,055,192)	**(2,078,745)**	(2,431,711)
- Deferred	**(201,566)**	(1,133,246)	**(933,136)**	(1,658,887)
	(1,566,238)	(2,188,438)	**(3,011,881)**	(4,090,598)
Profit for the period	**2,397,519**	3,422,946	**4,622,783**	5,845,833
Other comprehensive income for the period				
Unrealized gain on available-for-sale investments-net of tax	**8,111**	-	**16,738**	-
Total comprehensive income for the period	**2,405,630**	3,422,946	**4,639,521**	5,845,833
Earnings per share - basic and diluted (Rupees)	**0.47**	0.67	**0.91**	1.15

The annexed notes from 1 to 11 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 DECEMBER 31, 2011 (UN-AUDITED)

	Note	**December 31, 2011**	December 31, 2010
		-------- (Rupees in '000)	--------
Cash flows from operating activities			
Cash generated from operations	6	**18,684,068**	22,789,381
Long term security deposits		**39,480**	261,052
Employees' retirement benefits paid		**(2,279,651)**	(303,556)
Payment of other VSS components		**(4,787)**	(1,784)
Finance cost paid		**(1,642,914)**	(1,087,161)
Income tax paid		**(2,735,098)**	(1,786,168)
Net cash inflows from operating activities		**12,061,098**	19,871,764
Cash flows from investing activities			
Capital expenditure		**(8,076,459)**	(11,898,012)
Proceeds from disposal of property, plant and equipment		**24,548**	76,906
Short term investments		**-**	(269,202)
Long term loans - net		**54,808**	59,522
Government grant received		**204,869**	-
PTA license fee		**-**	(1,894,950)
Return on long-term loans and short-term investments		**721,431**	1,130,163
Net cash outflows from investing activities		**(7,070,803)**	(12,795,573)
Cash flows from financing activities			
Long-term loan received		**2,000,000**	5,000,000
Long-term vendor liability		**(2,346,789)**	(13,285,858)
Liabilities against assets subject to finance lease		**(3,250)**	91,737
Long-term loan paid		**(9,000,000)**	-
Dividend paid		**(3,360,107)**	(3,366,148)
Net cash outflows from financing activities		**(12,710,146)**	(11,560,269)
Net decrease in cash and cash equivalents		**(7,719,851)**	(4,484,078)
Cash and cash equivalents at beginning of the period		**18,905,816**	23,566,425
Cash and cash equivalents at end of the period	7	**11,185,965**	19,082,347

The annexed notes from 1 to 11 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 DECEMBER 31, 2011 (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, 2010	37,740,000	13,260,000	2,113,704	30,500,000	24,461,054	-	108,074,758
Total comprehensive income for the period							
Profit for the period	-	-	-	-	5,845,833	-	5,845,833
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	5,845,833	-	5,845,833
Balance as at December 31, 2010	37,740,000	13,260,000	2,113,704	30,500,000	30,306,887	-	113,920,591
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	**-**	**-**	**-**	**-**	**4,622,783**	**-**	**4,622,783**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**16,738**	**16,738**
	-	**-**	**-**	**-**	**4,622,783**	**16,738**	**4,639,521**
Balance as at December 31, 2011	**37,740,000**	**13,260,000**	**2,385,532**	**30,500,000**	**28,292,631**	**47,328**	**112,225,491**

The annexed notes from 1 to 11 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

1. CONSTITUTION AND OWNERSHIP

The condensed consolidated financial informatoin 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 to territories in Azad Jammu & Kashmir and Gilgit-Baltistan.

Pak Telecom Mobile Limited (PTML)

PTML provides cellular mobile telephone services throughout Pakistan under the brand name of Ufone.

2. STATEMENT OF COMPLIANCE

This condensed consolidated interim financial information of the Group for the six months period ended December 31, 2011 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 cpmputations adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended June 30, 2011.

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 judgment 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 preparation of this condensed consolidated interim financial information are the same as those used in the preparation of annual audited financial statements of the Group for the year ended June 30, 2011.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There has been no material change in contingencies as disclosed in the last annual audited financial statements of the Group except for the following:

PTCL

(i) On October 17, 2011, the Deputy Commissioner Inland Revenue (DCIR), raised a demand of Rs 2,782,660 thousand, on the premise that the Company has not paid

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

Federal Excise Duty on its local interconnect revenue for the years from 2006 to 2009, aggregating to Rs 16,522,290 thousand, billed to Mobile Landline Operators and Long Distance and International Operators. The Company has filed an appeal against the said order, before the Commissioner Inland Revenue (Appeals - II) which is pending for adjudication;

(ii) On July 16, 2011 , the Deputy Commissioner Inland Revenue (DCIR), raised a demand of Rs 298,008 thousand, on the premise that the Company has not paid Federal Excise Duty on Fee for Technical Services, aggregating to Rs 4,073,283 thousand, paid to the Etisalat Telecommunication Corporation of the United Arab Emirates, during the period from July 01, 2007 to June 30, 2009, on the grounds that the said fee has been paid under a Franchise agreement. The case has been decided against the Company by the Commissioner Inland Revenue (Appeals - II) and the Company has filed an appeal before the Appellate Tribunal Inland Revenue; and

(iii) On the same grounds, as disclosed in note 16.8 of the annual financial statements for the year ended June 30, 2011 , the Deputy Commissioner Inland Revenue (DCIR), has raised an additional demand on August 2, 2011 , amounting to Rs 313,420 thousand, for the period from July 2005 to June 2006 and July 2008 to June 2009. The Company has filed an appeal against the said order, before the Commissioner Inland Revenue (Appeals - II) which is pending for adjudication.

No provision has been made in this condensed interim financial information for the above-mentioned matters, as the management and the Company's tax advisors are of the view that these matters will eventually be settled in the favour of the Company.

5.2 Commitments

Commitments in respect of letter of credit for purchase of stock amount to Rs.100,798 thousand (June 30, 2011: 256,867 thousand) and contracts for capital expenditure amount to Rs. 20,511,158 thousand (June 30, 2011: Rs. 17,721,554 thousand).

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

	Six months period ended	
	December 31, 2011 (Un-Audited)	December 31, 2010 (Un-Audited)
	------- (Rupees in '000) -------	
6. CASH GENERATED FROM OPERATIONS		
Profit before tax	**7,634,664**	9,936,431
Adjustments for non-cash charges and other items:		
Depreciation and amortization	**11,062,357**	10,767,273
Provision for doubtful trade debts	**841,756**	678,205
Provision for obsolete stores, spares and loose tools	**-**	98,125
Provision for stock and warranty against mobile phones	**17,699**	-
Employees' retirement benefits	**2,010,152**	1,674,589
Imputed interest	**1,946**	4,060
Gain on disposal of property, plant and equipment	**(9,079)**	(48,563)
Unrealized gain on available-for-sale investments	**-**	(14,285)
Return on bank placements	**(631,957)**	(1,554,052)
Amortization of USF grants	**(64,375)**	(56,402)
Finance costs	**1,373,569**	1,188,018
	22,236,732	22,673,399
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	**(307,367)**	59,951
Stock in trade	**71,107**	16,353
Trade debts	**(1,560,024)**	(1,699,645)
Loans and advances	**(116,342)**	(329,093)
Deposits and prepayments	**(249,148)**	94,113
Recoverable from tax authorities	**101,123**	585,762
Other receivables	**(23,991)**	15,677
	(2,084,642)	(1,256,882)
Increase / (decrease) in current liabilities:		
Trade and other payables	**(1,979,216)**	1,408,931
Unearned income	**511,194**	(36,067)
	(1,468,022)	1,372,864
	18,684,068	22,789,381
7. CASH AND CASH EQUIVALENTS		
Short-term investments	**5,479,737**	15,955,964
Cash and bank balances	**5,706,228**	3,126,383
	11,185,965	19,082,347

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.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

8.1 Revenue information regarding the Group's operating segments for the six months period ended December 31, 2011 and 2010 is tabulated below:

Six months period ended December 31, 2011 (Un-Audited)	Note	Wire line	Wireless	Total
		------- (Rupees in '000) -------		
Segment revenue		**27,771,712**	**30,396,045**	**58,167,757**
Inter segment revenue	8.1.1	**(2,407,367)**	**(801,156)**	**(3,208,523)**
Revenue from external customers		**25,364,345**	**29,594,889**	**54,959,234**
Six months period ended December 31, 2010 (Un-Audited)				
Segment revenue		26,340,835	28,552,980	54,893,815
Inter segment revenue	8.1.1	(2,499,581)	(776,349)	(3,275,930)
Revenue from external customers		23,841,254	27,776,631	51,617,885

8.1.1 Inter segment revenues are eliminated on consolidation.

8.2 Assets & liabilities of the Group's operating segments as at December 31, 2011 and June 30, 2011 are tabulated below:

As at December 31, 2011 (Un-Audited)	Wire line	Wireless	Total
	------- (Rupees in '000) -------		
Segment assets	**125,019,403**	**77,017,227**	**202,036,630**
Segment liabilities	**48,533,026**	**41,278,113**	**89,811,139**
As at June 30, 2011 (Audited)			
Segment assets	126,586,343	85,409,029	211,995,372
Segment liabilities	54,111,570	50,297,832	104,409,402

9. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Group	Nature of transaction	Six months period ended December 31, 2011 (Un-Audited)	Six months period ended December 31, 2010 (Un-Audited)
		------- (Rupees in '000) --------	
i. Associated undertakings	Technical services fee - note 9.1	**1,890,104**	1,770,602
	Purchase of goods and services	**544,017**	663,942
	Sale of goods and services	**626,833**	2,643,885
	Expenses reimbursed / advances to Pakistan MNP Database (Guarantee) Limited	**6,250**	5,650
ii. Employees' contribution plans			
PTCL	Contribution to Pakistan Telecommunication Employees' Trust (PTET)	**2,000,643**	3,784
iii. Employees' benefit plans			
PTCL	Amount received from PTCL employees' GPF Trust	**23,292**	208,293
PTML	Gratuity Fund	**43,717**	31,597
	Provident Fund	**42,744**	36,713
iv. Directors, Chief Executive and Executives	Fees and remuneration including benefits and perquisites	**802,526**	694,921

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UN-AUDITED)

	As at December 31, 2011 (Un-Audited)	As at June 30, 2011 (Audited)
	------ (Rupees in '000)	**------**
Period-end balances		
Receivables from related parties		
Trade debts	**79,897**	127,469
Other receivables		
- PTCL employees' GPF Trust	**87,416**	64,124
- Pakistan Telecommunication Employees' Trust (PTET)	**96,333**	95,691
- Pakistan MNP Database (Guarantee) Limited	**6,250**	-
Payables to related parties		
Trade creditors	**847,100**	896,299
Technical services assistance fee payable to Etisalat	**960,067**	942,185
Retention money payable to associated undertaking	**88,892**	108,451
PTCL		
Pakistan Telecommunication Employees' Trust (PTET)	**4,561,334**	5,618,854
PTML		
Gratuity Fund	**43,717**	80,071
Provident Fund	**-**	13,865

9.1 This represents the Group'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.

10. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED CONSOLIDATED ITERIM FINANCIAL INFORMATION

This condensed consolidated interim financial information for the six months period ended December 31, 2011 was authorized for issue on February 22, 2012 by the Board of Directors of the holding Company.

11. GENERAL

Figures presented in this condensed consolidated interim financial information have been rounded off to the nearest thousand rupees.

Chairman

President & CEO

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