CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

AUDITORS' REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Pakistan Telecommunication Company Limited (the Holding Company) and its subsidiary companies, Pak Telecom Mobile Limited and U Microfinance Bank Limited as at December 31, 2013 and the related consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing as applicable in Pakistan and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at December 31, 2013 and the results of their operations for the year then ended.

A.F. Ferguson & Co.
Chartered Accountants
Islamabad

Dated: February 02, 2014

Engagement Partner:
S. Haider Abbas

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000 (Restated)	July 01, 2012 Rs '000 (Restated)
Equity and liabilities	**Equity**				
	Share capital and reserves				
	Share capital	6	51,000,000	51,000,000	51,000,000
	Revenue reserves				
	Insurance reserve		2,958,336	2,678,728	2,678,728
	General reserve		30,500,000	30,500,000	30,500,000
	Unappropriated profit		34,815,636	27,936,755	31,660,096
			68,273,972	61,115,483	64,838,824
	Unrealized gain on available for sale investments		89,785	51,789	62,977
			119,363,757	112,167,272	115,901,801
	Liabilities				
	Non-current liabilities				
	Long term loans from banks	7	-	18,750,000	20,000,000
	Liability against assets subject to finance lease	8	58,438	70,348	75,265
	License fee payable	9	93,847	126,246	118,932
	Long term security deposits	10	1,494,253	1,479,740	1,662,397
	Deferred taxation	11	14,864,399	15,065,102	16,998,691
	Employees' retirement benefits	12	33,320,384	32,631,927	23,326,949
	Deferred government grants	13	5,123,099	3,991,818	4,083,022
	Long term vendor liability	14	6,584,473	3,032,264	2,227,858
			61,538,893	75,147,445	68,493,114
	Current liabilities				
	Trade and other payables	15	49,435,746	37,171,466	31,384,208
	Interest accrued		120,251	205,846	248,146
	Short term running finance	16	605,487	-	1,688,703
	Current portion of:				
	Long term loans from banks	7	-	1,750,000	500,000
	Liability against assets subject to finance lease	8	31,977	31,977	31,983
	License fee payable	9	51,151	47,212	44,476
	Long term vendor liability	14	6,109,004	12,546,663	5,665,900
	Unearned income		2,432,129	2,458,492	2,628,247
			58,785,745	54,211,656	42,191,663
	Total equity and liabilities		239,688,395	241,526,373	226,586,578
	Contingencies and commitments	17			

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000 (Restated)	July 01, 2012 Rs '000 (Restated)
Assets	**Non-current assets**				
	Fixed assets				
	Property, plant and equipment	18	156,428,185	152,183,985	149,893,160
	Intangible assets	19	6,191,581	3,936,746	3,547,121
			162,619,766	156,120,731	153,440,281
	Long term investments	20	109,259	108,219	110,870
	Long term loans and advances	21	3,955,888	3,557,317	4,133,080
	Investment in finance lease	22	38,781	-	-
			166,723,694	159,786,267	157,684,231
	Current assets				
	Stores, spares and loose tools	23	3,675,813	2,935,121	2,972,824
	Stock in trade	24	453,665	293,871	436,067
	Trade debts	25	17,864,435	15,873,745	10,164,030
	Loans and advances	26	1,387,119	1,076,809	2,538,023
	Deposits	27	78,809	83,446	65,191
	Investment in finance lease	22	12,927	-	-
	Accrued interest	28	509,512	353,739	175,661
	Recoverable from tax authorities	29	15,861,583	18,770,215	18,811,420
	Receivable from the Government of Pakistan	30	2,164,072	2,164,072	2,164,072
	Prepayments and other receivables	31	2,782,281	2,532,246	1,849,623
	Short term investments	32	22,950,405	30,616,399	25,853,301
	Cash and bank balances	33	5,224,080	7,040,443	3,872,135
			72,964,701	81,740,106	68,902,347
	Total assets		239,688,395	241,526,373	226,586,578

President & CEO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000 (Restated)
Revenue	34	131,224,212	62,474,688
Cost of services	35	(83,066,707)	(38,377,117)
Gross profit		48,157,505	24,097,571
Administrative and general expenses	36	(17,505,161)	(8,142,045)
Selling and marketing expenses	37	(8,755,376)	(4,337,137)
Voluntary separation scheme cost	38	-	(9,467,268)
		(26,260,537)	(21,946,450)
Operating profit		21,896,968	2,151,121
Other income	39	4,537,731	2,059,065
Finance costs	40	(2,641,604)	(1,927,964)
Loss on disposal of property, plant and equipment		-	(182,070)
		23,793,095	2,100,152
Share of profit / (loss) from an associate		1,209	(2,155)
Profit before tax		23,794,304	2,097,997
Provision for income tax			
Group		(8,041,360)	(991,183)
Associate		(169)	(496)
	41	(8,041,529)	(991,679)
Profit for the year / period		15,752,775	1,106,318
Earnings per share - basic and diluted (Rupees)	42	3.09	0.22

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

President & CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000 (Restated)
Profit for the year / period	15,752,775	1,106,318
Other comprehensive loss for the year / period		
Items that will not be reclassified to profit and loss:		
Remeasurement loss on defined benefit plans	(5,294,372)	(7,430,244)
Tax effect of remeasurement loss on defined benefit plans	1,800,086	2,600,585
	(3,494,286)	(4,829,659)
Items that may be reclassified subsequently to profit and loss:		
Unrealized gain arising during the year / period	87,291	16,899
Gain on disposal transferred to income for the year / period	(49,295)	(28,087)
Unrealized gain on available for sale investments - net of tax	37,996	(11,188)
Other comprehensive loss for the year / period - net of tax	(3,456,290)	(4,840,847)
Total comprehensive income / (loss) for the year / period	12,296,485	(3,734,529)

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

President & CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

		Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000 (Restated)
Cash flows from operating activities	Cash generated from operations	44	59,933,406	26,837,453
	Long term security deposits		14,513	(182,657)
	Employees' retirement benefits paid		(778,579)	(924,868)
	Payment of voluntary separation scheme cost		(54,305)	(5,143,842)
	Payment made to Pakistan Telecommunication Employees' Trust - net		(8,478,000)	(3,479,631)
	Finance costs paid		(2,503,974)	(1,960,214)
	Income tax paid		(4,034,423)	(835,303)
	Net cash inflows from operating activities		44,098,638	14,310,938
Cash flows from investing activities	Capital expenditure		(28,774,294)	(13,986,518)
	Acquisition of intangible assets		(636,921)	(574,086)
	Acquisition of U Microfinance Bank Limited - net of cash		-	(79,762)
	Proceeds from disposal of property, plant and equipment		112,714	195,599
	Proceeds from disposal of investments		-	754,059
	Long term loans and advances		(188,843)	594,294
	Investment in finance lease		(65,360)	-
	PTA WLL license fee paid		(49,275)	-
	Return on long term loans and short term investments		2,244,308	711,134
	Government grants received		1,662,822	-
	Dividend income on long term investments		-	15,000
	Net cash outflows from investing activities		(25,694,849)	(12,370,280)
Cash flows from financing activities	Long term loans paid		(20,500,000)	-
	Long term vendor liability		(2,885,450)	7,685,169
	Liability against assets subject to finance lease		(11,910)	(4,923)
	Dividend paid		(5,094,273)	(795)
	Net cash (outflows) / inflows from financing activities		(28,491,633)	7,679,451
	Net (decrease) / increase in cash and cash equivalents		(10,087,844)	9,620,109
	Cash and cash equivalents at the beginning of the year / period		37,656,842	28,036,733
	Cash and cash equivalents at the end of the year / period	45	27,568,998	37,656,842

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

President & CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

	Issued, subscribed and paid-up capital		Revenue reserves			Unrealized gain on available for sale investments	
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit		Total
	(Rupees in '000)						
Balance as at June 30, 2012 - as previously reported	37,740,000	13,260,000	2,678,728	30,500,000	34,814,916	62,977	119,056,621
Effect of change in accounting policy							
for employee benefit plans - note 12.8	-	-	-	-	(3,154,820)	-	(3,154,820)
Balance as at July 01, 2012 - restated	37,740,000	13,260,000	2,678,728	30,500,000	31,660,096	62,977	115,901,801
Total comprehensive loss for the period							
Profit for the period - restated	-	-	-	-	1,106,318	-	1,106,318
Other comprehensive loss - restated	-	-	-	-	(4,829,659)	(11,188)	(4,840,847)
	-	-	-	-	(3,723,341)	(11,188)	(3,734,529)
Balance as at December 31, 2012 - restated	37,740,000	13,260,000	2,678,728	30,500,000	27,936,755	51,789	112,167,272
Total comprehensive income for the year							
Profit for the year	-	-	-	-	15,752,775	-	15,752,775
Other comprehensive (loss) / income	-	-	-	-	(3,494,286)	37,996	(3,456,290)
Transfer to insurance reserve	-	-	279,608	-	(279,608)	-	-
Interim dividend for the year ended							
December 31, 2013 - Re 1 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	279,608	-	6,878,881	37,996	7,196,485
Balance as at December 31, 2013	37,740,000	13,260,000	2,958,336	30,500,000	34,815,636	89,785	119,363,757

The annexed notes 1 to 55 are an integral part of these consolidated financial statements.

Chairman

President & CEO

1. Legal status and nature of business

1.1 Constitution and ownership

The consolidated financial statements of the Pakistan Telecommunication Company Limited and its subsidiaries (the Group) comprise of the financial statements of:

Pakistan Telecommunication Company Limited (PTCL)

Pakistan Telecommunication Company Limited (the Holding Company) was incorporated in Pakistan on December 31, 1995 and commenced business on January 1, 1996. The Holding Company, which is listed on Karachi, Lahore and Islamabad stock exchanges, was established to undertake the telecommunication business formerly carried on by Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Holding Company on January 1, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Holding 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 Holding Company is situated at PTCL Headquarters, G-8/4, Islamabad.

Pak Telecom Mobile Limited (PTML)

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 on January 29, 2001, under the brand name of Ufone. It is a wholly owned subsidiary of PTCL. The registered office of PTML is situated at Ufone Tower, Jinnah Avenu, Blue Area, Islamabad.

U Microfinance Bank Limited

The Holding Company acquired 100% ownership of U Microfinance Bank Limited (U Bank) on August 30, 2012 to offer services of digital commerce and branchless banking. U Bank was incorporated on October 29, 2003 as a public limited company. The registered office of U Bank is situated at Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad.

The Holding Company and PTML changed their financial year end from June 30 to December 31 in 2012. This change has been made to bring the financial year of the Group in line with the financial year followed by Emirates Telecommunication Corporation (Etisalat), UAE to facilitate financial reporting to Etisalat. Accordingly, corresponding figures in these financial statements pertain to the six months period ended December 31, 2012 and therefore, are not entirely comparable in respect of statement of profit and loss, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes to and forming part of the financial statements.

1.2 Activities of the Group

The Group provides telecommunication and broadband internet services in Pakistan. PTCL owns and operates telecommunication facilities and provides domestic and international telephone services throughout Pakistan. PTCL has also been licensed to provide such services to territories in Azad Jammu and Kashmir and Gilgit-Baltistan. PTML provides cellular mobile telephony services throughout Pakistan and Azad Jammu and Kashmir. Principal business of the U Microfinance Bank Limited, incorporated under Microfinance Institutions Ordinance, 2001, is to provide nationwide microfinance and branchless banking services.

2. Statement of compliance

These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These financial statements are the consolidated financial statements of the Group. In addition to these consolidated financial statements, the Holding Company and subsidiary companies (PTML and U Bank) also prepare separate financial statements.

2.1 Adoption of new and revised standards and interpretations:

a) The following amendments, revisions and interpretations to published accounting standards were effective during the period and have been adopted by the Group:

		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments: disclosures	January 01, 2013
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2013
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2013
IAS 19	Employee Benefits (Revised)	January 01, 2013
IAS 32	Financial Instruments Presentation (Amendments)	January 01, 2013
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2013

Except for the effects on the consolidated financial statements of revision in IAS 19, “Employee benefits (revised)” (IAS 19), the adoption of the above standards, ammendments and interpretation have no material impact on the Group's financial statements other than in presentation / disclosure.

b) The following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of their applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First-Time Adoption of International Financial Reporting Standards (Amendments)	July 01, 2009
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013
IAS 27	Separate Financial Statements (Revised)	January 01, 2013
IAS 28	Investments in Associates and Joint Ventures (Revised)	January 01, 2013

c) The following amendments, revisions and interpretations to published accounting standards were not effective during the year and have not been early adopted by the Group:

		Effective date (annual periods beginning on or after)
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2014
IFRS 9	Financial Instruments	January 01, 2015
IFRS 10	Consolidated Financial Statements (Amendments)	January 01, 2014
IFRS 12	Disclosure of Interests in Other Entities (Amendments)	January 01, 2014
IAS 27	Separate Financial Statements (Revised) (Amendments)	January 01, 2014
IAS 32	Financial Instruments Presentation (Amendments)	January 01, 2014
IAS 36	Impairment of Assets (Amendments)	January 01, 2014
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2014
IFRIC 21	Levies	January 01, 2014

d) The following interpretations issued by the IASB have been waived off by the SECP, effective January 16, 2012:

IFRIC 4 Determining Whether an Arrangement Contains a Lease
IFRIC 12 Service Concession Arrangements

3. Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments at fair value, liability against assets subject to finance lease, license fee payable and the recognition of certain employees' retirement benefits on the basis of actuarial assumptions.

4. Critical accounting estimates and judgments

The preparation of consolidated financial statements 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 judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are as follows:

(a) Provision for employees' retirement benefits

The actuarial valuation of pension, gratuity, medical, accumulating compensated absences and benevolent grant plans (note 5.28) requires the use of certain assumptions related to future periods, including increase in future salary, pension / medical costs, expected long-term returns on plan assets, rate of increase in benevolent grant and the discount rate used to discount future cash flows to present values.

(b) Provision for income taxes

The Group recognizes income tax provisions using estimates based upon expert opinions of its tax and legal advisors. Differences, if any, between the recorded income tax provision and the Group's tax liability, are recorded on the final determination of such liability. Deferred income tax (note 5.27) is calculated at the rates that are expected to apply to the period when these temporary differences reverse, based on tax rates that have been enacted or substantively enacted, by the date of the consolidated statement of financial position.

(c) Recognition of government grants

The Group recognizes government grants when there is reasonable assurance that grants will be received and the Group will be able to comply with conditions associated with grants.

(d) Useful life and residual value of fixed assets

The Group reviews the useful lives and residual values of fixed assets (note 5.14) on a regular basis. Any change in estimates may affect the carrying amounts of the respective items of property, plant and equipment and intangible assets, with a corresponding effect on the related depreciation / amortization charge.

(e) Provision for stores, spares and loose tools

A provision against stores, spares and loose tools is recognized after considering their physical condition and expected future usage. It is reviewed by the management on a quarterly basis.

(f) Provision for doubtful receivables

A provision against overdue receivable balances is recognized after considering the pattern of receipts from, and the future financial outlook of, the concerned receivable party. It is reviewed by the management on a regular basis.

(g) Provision against advances

U Bank maintains a provision against advances as per the requirements of the Prudential Regulations (the Regulations) for microfinance and assesses the adequacy of provision against delinquent portfolio. Any change in the criteria / rate for provision may affect the carrying amounts of the advances with a corresponding effect on the mark up / interest carried and provision charged.

(h) Provisions and contingent liabilities

The management exercises judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

5. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the period / years for which financial information is presented in these consolidated financial statements, unless otherwise stated.

5.1 Consolidation

a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The consolidated financial statements include Pakistan Telecommunication Company Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases to exist.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss. Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IAS 39, either in profit or loss or charged to other comprehensive income. If the contingent consideration is classified as equity, it is remeasured until it is finally settled within equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any non controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in income.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses on assets transferred are also eliminated and considered an impairment indicator of such assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Associates

Associates are entities over which the Group has significant influence, but not control, and generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statement of comprehensive income, and its unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses on the assets transferred are also eliminated to the extent of the Group's interest and considered an impairment indicator of such asset. Accounting policies of the associates are changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of profit and loss.

5.2 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). These consolidated financial statements are presented in Pakistan Rupees (Rs), which is the Group's functional currency.

5.3 Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary items at year / period-end-exchange rates, are charged to income for the year / period.

5.4 Insurance reserve

The assets of the Holding Company are self insured, as the Holding Company has created an insurance reserve for this purpose. Appropriations out of profits to this reserve, are made at the discretion of the Board of Directors. The reserve may be utilized to meet any losses to the Holding Company's assets resulting from theft, fire, natural or other disasters.

5.5 Statutory reserve

In compliance with the requirements of the Regulation 7, the Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is reduced to 5% of the profit after tax.

5.6 Government grants

Government grants are recognized at their fair values, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year / period in which the related expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

5.7 Contributions

In compliance with the requirements of the Regulation 8, U Bank contributes 5% of annual profit after tax to the Depositor's Protection Fund.

5.8 Borrowings and borrowing costs

Borrowings are recognized equivalent to the value of the proceeds received by the Group. Any difference, between the proceeds (net of transaction costs) and the redemption value, is recognized in income, over the period of the borrowings, using the effective interest method.

Borrowing costs, which are directly attributable to the acquisition and construction of a qualifying asset, are capitalized as part of the cost of that asset. All other borrowing costs are charged to income for the year / period.

5.9 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and / or services received, whether or not billed to the Group.

5.10 Deposits

Deposits with U Bank are initially recorded at the amounts of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account over the year.

5.11 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each consolidated statement of financial position date and are adjusted to reflect the current best estimate.

5.12 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Group; or when the Group has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.13 Dividend distribution

The distribution of the final dividend, to the Group's shareholders, is recognized as a liability in the consolidated financial statements in the period in which the dividend is approved by the Group's shareholders; the distribution of the interim dividend is recognized in the period in which it is declared by the Board of Directors of the Holding Company.

5.14 Fixed assets

(a) Property, plant and equipment

Property, plant and equipment, except freehold land and capital work-in-progress, is stated at cost less accumulated depreciation and any identified impairment losses; freehold land is stated at cost less identified impairment losses, if any. Cost includes expenditure, related overheads, mark-up and borrowing costs (note 5.8) that are directly attributable to the acquisition of the asset.

Subsequent costs, if reliably measurable, are included in the asset's carrying amount, or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the cost will flow to the Group. The carrying amount of any replaced parts as well as other repair and maintenance costs, are charged to income during the period in which they are incurred.

Capital work-in-progress is stated at cost less impairment value, if any. It consists of expenditure incurred and advances made in respect of tangible and intangible fixed assets in the course of their construction and installation.

Depreciation on assets is calculated, using the straight line method, to allocate their cost over their estimated useful lives in note 18.1.

Depreciation on additions to property, plant and equipment, is charged from the month in which the relevant asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off. Impairment loss, if any, or its reversal, is also charged to income for the year / period. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its estimated useful life.

The gain or loss on disposal of an asset, calculated as the difference between the sale proceeds and the carrying amount of the asset, is recognized in income for the year / period.

Assets subject to finance lease are stated at the lower of present value of minimum lease payments at inception of the lease period and their fair value less accumulated impairment losses and accumulated depreciation at the annual rates specified in note 18.1. The outstanding obligation under finance lease less finance charges allocated to future periods is shown as liability. Finance charges are calculated at interest rates implicit in the lease and are charged to the consolidated statement of profit and loss in the year in which these are incurred.

(b) Intangible assets

i) Goodwill

Goodwill is initially measured at cost being the excess of the consideration transferred, over the fair value of subsidiary's identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation, when determining the gain or loss on disposal of the operation. Goodwill disposed off, in these circumstances, is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

(ii) Licenses

These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated using the straight line method, to allocate the cost of the license over its estimated useful life, and is charged to income for the year / period.

The amortization on licenses acquired during the year / period, is charged from the month in which a license is acquired / capitalized, while no amortization is charged in the month of expiry / disposal of the license.

(iii) Computer software

These are carried at cost less accumulated amortization, and any identified impairment losses. Amortization is calculated, using the straight line method, to allocate the cost of software over their estimated useful life, and is charged to income for the year / period. Costs associated with maintaining computer software, are recognized as an expense as and when incurred.

The amortisation on computer software acquired during the year / period, is charged from the month in which the software is acquired or capitalized, while no amortization is charged for the month in which the software is disposed off.

5.15 Impairment of non financial assets

Assets that have an indefinite useful life, for example freehold-land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment on the date of consolidated statement of financial position, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized, equal to the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each consolidated statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. An impairment loss, or the reversal of an impairment loss, are both recognized in the income for the year / period.

5.16 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realizable value. Cost is determined using the moving average method. Items in transit are valued at cost, comprising invoice values and other related charges incurred up to the date of the consolidated statement of financial position.

5.17 Stock in trade

Stock in trade is valued at the lower of cost and net realizable value. Cost comprises the purchase price of items of stock, including import duties, purchase taxes and other related costs. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

5.18 Trade debts

Trade debts are carried at their original invoice amounts, less any estimates made for doubtful debts based on a review of all outstanding amounts at the year / period end. Bad debts are written off when identified.

5.19 Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and de-recognized when the Group loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expires. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year / period. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year / period.

(a) Financial assets

Classification and subsequent measurement

The Group classifies its financial assets in the following categories: fair value through profit or loss, held-to-maturity investments, loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Group commits to purchase or sell the asset.

(i) Fair value through profit or loss

Financial assets at fair value through profit or loss, include financial assets held for trading and financial assets, designated upon initial recognition, at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at their fair value, with changes therein recognized in the income for the year / period. Assets in this category are classified as current assets.

(ii) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold these assets to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment, if any.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market. After initial measurement, these financial assets are measured at amortized cost, using the effective interest rate method, less impairment, if any.

The Group's loans and receivables comprise 'Long-term loans and advances', 'Trade debts', 'Loans and advances', 'Accrued interest', 'Receivable from the Government of Pakistan', 'Other receivables' and 'Cash and bank balances'.

(iv) Available for sale

Available for sale financial assets are non-derivatives, that are either designated in this category, or not classified in any of the other categories. These are included in non-current assets, unless management intends to dispose them off within twelve months of the date of the consolidated statement of financial position.

After initial measurement, available for sale financial assets are measured at fair value, with unrealized gains or losses recognized as other comprehensive income, until the investment is derecognized, at which time the cumulative gain or loss is recognized in income for the year / period.

Investments in equity instruments that do not have a quoted market price in active market and whose fair value cannot be reliably measured are measured at cost.

(b) Impairment

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(c) Financial liabilities

Initial recognition and measurement

The Group classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss, include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are carried in the consolidated statement of financial position at their fair value, with changes therein recognized in the income for the year / period.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method.

(d) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position, if the Group has a legally enforceable right to set off the recognized amounts, and the Group either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

5.20 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured at fair value. These are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in fair value of derivative financial instruments is recognised as income or expense in the consolidated statement of profit and loss.

5.21 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, short term finances under mark-up arrangements with banks and short-term highly liquid investments with original maturities of three months or less, and that are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

5.22 Cash reserve

In compliance with the requirements of the Regulation 6A, U Bank maintains a cash reserve equivalent to not less than 5% of its time and demand liabilities in a current account opened with the State Bank of Pakistan.

5.23 Statutory liquidity requirement

U Bank maintains liquidity equivalent to at least 10% of its time and demand deposits in the form of liquid assets i.e. cash, gold and unencumbered approved securities.

5.24 Sale and purchase agreements

Securities sold under repurchase agreement (repo) are retained in the financial statements as investments and a liability for consideration received is included in borrowings. Conversely, consideration for securities purchased under resale agreement (reverse repo) is included in lending to financial institutions. The difference between sale and repurchase / purchase and resale price is recognised as return / mark-up expensed and earned respectively. Repo and reverse repo balances are reflected under borrowings from and lending to financial institutions respectively.

5.25 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable, for the provision of telecommunication, broadband and related services in the ordinary course of the Group's activities and is recognized net of services tax, rebates and discounts.

The Group principally obtains revenue from providing telecommunication services such as wireline and wireless services, interconnect, data services, equipment sales and cellular operations. Equipment and services may be sold separately or in bundled package. The Group also earns revenue from microfinance operations and branchless banking services.

Revenue is recognized, when it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably, and when specific criteria have been met for each of the Group's activities as described below:

(i) Rendering of telecommunication services

Revenue from telecommunication services comprises of amounts charged to customers in respect of wireline and wireless services, equipment sales and interconnect, including data services. Revenue also includes the net income received and receivable from revenue sharing arrangements entered into with overseas and local telecommunication operators.

Revenue from telecommunication services is recognized on an accrual basis, as the related services are rendered.

Prepaid cards and electronic recharges allow the forward purchase of a specified amount of air time by customers; revenue therefrom is recognized as the airtime is utilized. Unutilized airtime is carried in the consolidated statement of financial position as unearned income;

(a) Wireline and wireless services

Revenue from wireline services, mainly in respect of line rent, line usage and broadband, is invoiced and recorded as part of a periodic billing cycle.

Revenue from wireless services is recognized on the basis of consumption of prepaid cards which allow the forward purchase of a specified amount of airtime by customers; revenue is recognized as the airtime is utilized. Unutilized airtime is carried as advance from customers.

(b) Data services

Revenue from data services is recognized when the services are rendered.

(c) Interconnect

Revenue from interconnect services is recognized when the services are rendered.

(d) Equipment sales

Revenue from sale of equipment is recognized when the equipment is delivered to the end customer and the sale is considered complete. For equipment sales made to intermediaries, revenue is recognized if the significant risks associated with the equipment are transferred to the intermediary and the intermediary has no right of return. If the significant risks are not transferred, revenue recognition is deferred until sale of the equipment to the end customer by the intermediary or the expiry of the right of return.

(ii) Income on bank deposits

Return on bank deposits is recognized using the effective interest method.

(iii) Dividend income

Dividend income is recognized when the right to receive payment is established.

(iv) Mark-up / return on investments

Mark-up / return on investment is recognized on accrual / time proportion basis using effective interest method. Where debt securities are purchased at premium or discount, those premiums / discounts are amortized through the consolidated statement of comprehensive income over the remaining period on maturity.

(v) Mark-up / return on advances

Mark-up / return on advances is recognized on accrual / time proportion basis, except for income, if any, which warrants suspension in compliance with the Regulations. Mark-up recoverable on non-performing advances is recognized on a receipt basis in accordance with the requirements of the Regulations. Loan processing fee is recognized as income on the approval of loan application of borrowers.

(vi) Income from interbank deposits

Income from interbank deposits in saving accounts is recognized in the profit and loss account as it accrues using the flat interest method.

(vii) Fee, commission and other income

Fee, commission and other income is recognized when earned.

5.26 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to consolidated statement of profit and loss on a straight line basis over the period of the lease.

5.27 Taxation

The tax expense for the year / period comprises of current and deferred income tax, and is recognized in income for the year / period, except to the extent that it relates to items recognized directly in other comprehensive income, in which case the related tax is also recognized in other comprehensive income.

(a) Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position. Management periodically evaluates positions taken in tax returns, with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred income tax is accounted for using the balance sheet liability method in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred income tax is calculated at the rates that are expected to apply to the year when the differences reverse, and the tax rates that have been enacted, or substantively enacted, at the date of the consolidated statement of financial position.

5.28 Employees' retirement benefits

The Group provides various retirement / post retirement benefit schemes. The plans are generally funded through payments determined by periodic actuarial calculations or up to the limits allowed in the Income Tax Ordinance, 2001. The Group has constituted both defined contribution and defined benefit plans.

The main features of these benefits provided by the Group in PTCL and its subsidiaries - PTML and U Bank are as follows:

PTCL

(a) PTCL Employees' GPF Trust

PTCL operates an approved funded provident plan covering its permanent employees. For the purposes of this plan, a separate trust, the "PTCL Employees' GPF Trust" (the Trust), has been established. Monthly contributions are deducted from the salaries of employees and are paid to the Trust by PTCL. Interest is paid at the rate announced by the Federal Government, and this rate for the period was 12% (December 31, 2012: 13.7%) per annum. PTCL contributes to the fund, the differential, if any, of the interest paid / credited for the year / period and the income earned on the investments made by the Trust.

(b) Defined benefit plans

PTCL provides the following defined benefits:

(i) Pension plans

PTCL accounts for an approved funded pension plan operated through a separate trust, the "Pakistan Telecommunication Employees' Trust" (PTET), for its employees recruited prior to January 01, 1996 when PTCL took over the business from PTC. The PTCL also operates an unfunded pension scheme for employees recruited on a regular basis, on or after January 01, 1996.

(ii) Gratuity plan

PTCL operates an unfunded and unapproved gratuity plan for its New Terms and Conditions (NTCs) employees and contractual employees.

(iii) Medical benefits plan

PTCL provides a post retirement medical facility to pensioners and their families. Under this unfunded plan, all ex-employees, their spouses, their children up to the age of 21 years (except unmarried daughters who are not subject to the 21 years age limit) and their parents residing with them and any other dependents, are entitled to avail the benefits provided under the scheme. The facility remains valid during the lives of the pensioners and their spouse. Under this facility there are no annual limits to the cost of drugs, hospitalized treatment and consultation fees.

(iv) Accumulating compensated absences

PTCL provides a facility to its employees for accumulating their annual earned leaves. Under this plan, regular employees are entitled to four days of earned leaves per month. Unutilized leave balances can be accumulated without limit and can be used at any time, subject to the PTCL's approval, up to: (i) 120 days in a year without providing a medical certificate and (ii) 180 days with a medical certificate, but not exceeding 365 days during the entire service of the employee. Up to 180 days of accumulated leave can be encashed on retirement, provided the employee has a minimum leave balance of 365 days. Leaves are encashed at the rate of the latest emoluments applicable to employees, for calculating their monthly pension.

New Compensation Pay Grade (NCPG) employees are entitled to 20 leaves after completion of one year of service. Leaves can be accumulated after completion of the second year of service, upto a maximum of 28 days. Unavailed annual leaves can be encashed at the time of leaving PTCL upto a maximum of two years of unavailed leaves.

NTCs / contractual employees are entitled to three days of earned leaves per month. Unutilized leave balances can be accumulated without limit. Up to 180 days of accumulated leaves can be encashed at the end of the employees' service, based on the latest drawn gross salary.

(v) Benevolent grants

PTCL pays prescribed benevolent grants to eligible employees / retirees and their heirs. Up to December 31, 2012, the grants paid, net of the employees' contributions, were recognized as expense. Based on an independent actuarial valuation carried out as at December 31, 2013, present value of benevolent grants obligation for future periods has been accounted for retrospectively and the corresponding figures have been restated. Effect of the restatement has been disclosed in note 12.8.

The liability recognized in the consolidated statement of financial position in respect of defined benefit plans, is the present value of the defined benefit obligations at the date of the consolidated statement of financial position less the fair value of plan assets.

The defined benefit obligations are calculated annually, by an independent actuary using the projected unit credit method. The most recent valuations were carried out as at December 31, 2013. The present value of a defined benefit obligation is determined, by discounting the estimated future cash outflows, using the interest rates of high quality corporate bonds that are nominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized through other comprehensive income for the year / period except actuarial gains and losses arising on compensated absences which are recognized in consolidated statement of profit and loss.

PTML

PTML operates:

(i) A funded gratuity scheme, a defined benefit plan, for all permanent employees. Annual contributions to the gratuity fund are based on actuarial valuation by independent actuary. Gratuity shall be equivalent to one month last drawn basic salary for each year of service in excess of six months. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in Pakistan rupee and have terms to maturity approximating to the terms of the related liability.

(ii) Approved contributory provident fund, a defined contribution plan, for all permanent employees, and for which, contributions are charged to the consolidated statement of profit and loss.

(iii) PTML provides a facility to its employees for accumulating their annual earned leaves. The liability is provided for on the basis of an actuarial valuation, carried out by independent actuary, using the projected unit credit method. The actuarial gains and losses are recognized in the consolidated statement of profit and loss.

U Bank

(i) Gratuity

The Bank operates a defined benefit gratuity scheme for all its regular employees. Gratuity equivalent to one month basic salary for each completed year of service is paid to entitled employees, if the period of their service is three years or above.

(ii) Provident fund

The Bank operates a funded provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by employees at the rate of 8% of the basic salary of the employees. The Bank's contribution is charged to profit and loss account.

5.29 Operating segments

Operating segments are reported in a manner consistent with the internal reporting of the Group in note 51 to the consolidated financial statements.

5.30 Investment in finance lease

Leases in which the Company transfers substantially all the risk and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. Receivable is recognized at an amount equal to the present value of minimum lease payments.

5.31 Revision in accounting policies

(a) Consequent to the revision of International Accounting Standard on Employee Benefits (IAS 19) which is effective for annual periods beginning on or after January 1, 2013 , the group has changed its accounting policy for recognition of remeasurement gains / losses on employee's retirement benefit plans. In terms of the new policy, the remeasurement gains and losses are recognized immediately in other comprehensive income. Previously, the remeasurement gains / losses in excess of the corridor limit were recognized in statement of profit and loss over the remaining service life of employees. The change in accounting policy has been accounted for retrospectively and the corresponding figures have been restated. The effect of the restatement has been disclosed in note 12.8.

(b) U Bank has also changed its accounting ploicy for depreciation of property, plant and equipment from reducing balance method to straight line method. The policy has been applied prospectively because the effects of change in policy were immaterial.

6. Share capital

6.1 Authorized share capital

December 31, 2013 (Number of shares '000)	December 31, 2012 (Number of shares '000)		December 31, 2013 Rs '000	December 31, 2012 Rs '000
11,100,000	11,100,000	"A" class ordinary shares of Rs 10 each	111,000,000	111,000,000
3,900,000	3,900,000	"B" class ordinary shares of Rs 10 each	39,000,000	39,000,000
15,000,000	15,000,000		150,000,000	150,000,000

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6.2 Issued, subscribed and paid up capital

December 31, 2013 (Number of shares '000)	December 31, 2012 (Number of shares '000)		December 31, 2013 Rs '000	December 31, 2012 Rs '000
3,774,000	3,774,000	"A" class ordinary shares of Rs 10 each issued as fully paid for consideration other than cash - note 6.3 and note 6.5.	37,740,000	37,740,000
1,326,000	1,326,000	"B" class ordinary shares of Rs 10 each issued as fully paid for consideration other than cash - note 6.3 and note 6.6.	13,260,000	13,260,000
5,100,000	5,100,000		51,000,000	51,000,000

6.3 These shares were initially issued to the Government of Pakistan, in consideration for the assets and liabilities transferred from Pakistan Telecommunication Corporation (PTC) to the Holding Company, under the Pakistan Telecommunication (Re-organization) Act, 1996, as referred to in note 1.1.

6.4 Except for voting rights, the "A" and "B" class ordinary shares rank pari passu in all respects. "A" class ordinary shares carry one vote and "B" class ordinary shares carry four votes, for the purposes of election of directors. "A" class ordinary shares cannot be converted into "B" class ordinary shares; however, "B" class ordinary shares may be converted into "A" class ordinary shares, at the option, exercisable in writing and submitted to the Holding Company, by the holders of three fourths of the "B" class ordinary shares. In the event of termination of the license issued to the Holding Company, under the provisions of Pakistan Telecommunication (Re-organization) Act, 1996, the "B" class ordinary shares shall be automatically converted into "A" class ordinary shares.

6.5 The Government of Pakistan, through an "Offer for Sale" document, dated July 30, 1994, issued to its domestic investors, a first tranche of vouchers exchangeable for "A" class ordinary shares of the Company; subsequently, through an Information Memorandum dated September 16, 1994, a second tranche of vouchers was issued to international investors, also exchangeable, at the option of the voucher holders, for "A" class ordinary shares or Global Depository Receipts (GDRs) representing "A" class ordinary shares of the Company. Out of 3,774,000 thousand "A" class ordinary shares, vouchers against 601,084 thousand "A" class ordinary shares were issued to the general public. Till December 31, 2013, 599,640 thousand (December 31, 2012: 599,584 thousand) "A" class ordinary shares had been exchanged for such vouchers.

6.6 In pursuance of the privatization of the Holding Company, a bid was held by the Government of Pakistan on June 08, 2005 for sale of "B" class ordinary shares of Rs 10 each, conferring management control. Emirates Telecommunication Corporation (Etisalat), UAE was the successful bidder. The 26% (1,326,000,000 shares) "B" class ordinary shares, along with management control, were transferred with effect from April 12, 2006, to Etisalat International Pakistan (EIP), UAE, which, is a subsidiary of Etisalat.

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
7. Long term loans from banks	Secured			
	From banks	7.1	-	16,500,000
	From consortia of banks	7.2	-	4,000,000
			-	20,500,000
	Due within one year		-	(1,750,000)
			-	18,750,000

PTML repaid these loans during the year.

7.1 From banks

	Annual mark-up rate (3-months Kibor plus)	Repayment commencement date		Quarterly repayment installments	Outstanding loan balance	
		Interest	Principal		December 31, 2013 Rs '000	December 31, 2012 Rs '000
Bank Al Habib Limited	1.80%	July 2010	July 2013	8	-	1,000,000
MCB Bank Limited	1.70%	February 2011	February 2014	8	-	3,000,000
MCB Bank Limited	1.15%	May 2012	May 2015	12	-	2,000,000
Faysal Bank Limited	1.80%	June 2010	June 2013	8	-	2,000,000
NIB Bank Limited	1.75%	June 2010	June 2013	8	-	1,000,000
Summit Bank Limited	1.80%	June 2010	September 2013	8	-	1,000,000
Meezan Bank Limited	1.65%	December 2010	December 2013	8	-	1,000,000
Meezan Bank Limited	1.00%	June 2012	June 2015	12	-	1,500,000
United Bank Limited	1.15%	April 2012	April 2015	12	-	2,000,000
Allied Bank Limited	1.15%	May 2012	May 2015	12	-	1,000,000
Al Baraka Bank Limited	1.15%	June 2012	June 2015	12	-	1,000,000
					-	16,500,000

7.2 This represented syndicated term financing carrying markup at the rate of 3 - month KIBOR plus 1.35% per annum.

8. Liability against assets subject to finance lease

The minimum lease rental payments due under the lease agreements are payable in monthly installments up to August 2018. These have been discounted at the annual applicable implicit rate of interest. The amount of future lease payments and the period in which these will become due are as follows:

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Minimum lease payments due		
Not later than 1 year	36,538	36,538
Later than 1 year and not later than 5 years	102,909	141,505
Later than 5 years	-	2,513
Gross obligation under finance lease	139,447	180,556
Finance charges allocated to future periods	(49,032)	(78,231)
Net obligation under finance lease	90,415	102,325
Due within one year	(31,977)	(31,977)
	58,438	70,348
The present value of finance lease liabilities is as follows:		
Not later than 1 year	31,977	31,977
Later than 1 year and not later than 5 years	58,438	69,694
Later than 5 years	-	654
	90,415	102,325

			Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
9.	**License fee payable**	License fee payable	9.1	157,800	194,200
		Imputed deferred interest		(12,802)	(20,742)
		Present value of license fee payable		144,998	173,458
		Current portion thereof		(51,151)	(47,212)
				93,847	126,246

9.1 This represents license fee of USD 5,000 thousand, in respect of PTML's operations in AJK, payable to PTA in ten equal annual installments without any interest payable from June 2007 to June 2016, in USD or equivalent Pak Rupees. Accordingly, at initial recognition, the aggregate amount payable was discounted to the present value of future cash flows at the rate of 6% per annum.

10. Long term security deposits

These represent non-interest bearing security deposits received from distributors, franchisees and customers that are refundable on termination of the relationship with the Group. The Holding Company has paid / adjusted a sum of Rs 23,089 thousand (December 31, 2012: Rs 184,317 thousand) to its customers during the current year / period against their balances.

			Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000 (Restated)
11.	**Deferred taxation**	The liability for deferred taxation comprises of timing differences relating to:			
		Accelerated tax depreciation / amortization		23,176,878	23,623,483
		Provision against stocks in trade / doubtful trade debts		(3,338,147)	(3,296,664)
		Remeasurement of defined benefits plans		(4,861,415)	(3,151,181)
		Unused tax losses		(68,528)	(1,912,494)
		Minimum tax adjustable		-	(185,696)
		Others		(44,389)	(12,346)
				14,864,399	15,065,102

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000 (Restated)
12. Employees' retirement benefits	Pension			
	Funded - PTCL	12.1	13,381,633	14,420,101
	Unfunded - PTCL	12.1	1,741,300	1,222,489
			15,122,933	15,642,590
	Gratuity			
	Funded - PTML	12.1	73,703	34,265
	Unfunded - PTCL and U Bank	12.1	705,607	598,892
			779,310	633,157
	Accumulating compensated absences - PTCL and PTML	12.1	1,348,622	1,086,244
	Post retirement medical facility - PTCL	12.1	12,635,982	11,895,646
	Benevolent grants	12.1	3,433,537	3,374,290
			33,320,384	32,631,927

12.1 The latest actuarial valuations of the Group's defined benefit plans, were conducted at December 31, 2013 using the projected unit credit method. Details of obligation for defined benefit plans are as follows:

	Pension				Gratuity				Accumulating compensated absences		Post-retirement medical facility		Benevolent grants		Total	
	Funded		Unfunded		Funded		Unfunded		Unfunded		Unfunded		Unfunded			
	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)
a) The amounts recognized in the consolidated statement of financial position:																
Present value of defined benefit obligations	86,244,688	77,320,418	1,741,300	1,222,489	440,906	368,949	705,607	598,892	1,348,622	1,086,244	12,635,982	11,895,646	3,433,537	3,374,290	106,550,642	95,866,928
Fair value of plan assets - note 12.2	(72,863,055)	(62,900,317)	-	-	(367,203)	(334,684)	-	-	-	-	-	-	-	-	(73,230,258)	(63,235,001)
Liability at year / period end	13,381,633	14,420,101	1,741,300	1,222,489	73,703	34,265	705,607	598,892	1,348,622	1,086,244	12,635,982	11,895,646	3,433,537	3,374,290	33,320,384	32,631,927
b) Changes in the present value of defined benefit obligations:																
Balance as at beginning of year / period	77,320,418	66,448,037	1,222,489	1,572,484	368,949	328,482	598,892	638,996	1,086,244	1,210,988	11,895,646	10,356,829	3,374,290	3,247,614	95,866,928	83,803,430
Current service cost	417,022	270,110	88,328	58,718	69,275	28,059	108,614	50,288	68,244	27,079	136,487	64,610	43,024	20,774	930,994	519,638
Interest expense	8,505,246	4,422,587	134,474	99,500	40,789	20,021	65,738	39,183	120,065	72,832	1,308,521	684,356	371,172	178,619	10,546,005	5,517,098
Actuarial (gains) / losses	-	-	-	-	-	-	-	-	130,034	(15,171)	-	-	-	-	130,034	(15,171)
- (Gains) / losses on curtailment / settlement	-	3,939,412	-	(102,135)	-	-	-	17,377	-	161,032	-	244,222	-	-	-	4,259,908
	8,922,268	8,632,109	222,802	56,083	110,064	48,080	174,352	106,848	318,343	245,772	1,445,008	993,188	414,196	199,393	11,607,033	10,281,473
Remeasurements:																
- (Gains) / losses from change in financial assumptions	677,049	5,053,437	334,654	(340,407)	-	-	-	-	-	-	-	-	-	-	1,011,703	4,713,030
- Experience (gains) / losses	5,217,874	1,309,906	(32,296)	(30,594)	644	8,682	(30,880)	(13,649)	-	-	(233,694)	902,725	(185,170)	8,233	4,736,478	2,185,303
	5,894,923	6,363,343	302,358	(371,001)	644	8,682	(30,880)	(13,649)	-	-	(233,694)	902,725	(185,170)	8,233	5,748,181	6,898,333
Obligation transferred from unfunded pension plan to funded pension plan	-	32,582	-	(32,582)	-	-	-	-	-	-	-	-	-	-	-	-
Benefits paid	(5,892,921)	(4,155,653)	(6,349)	(2,495)	(38,751)	(16,295)	(36,757)	(133,303)	(55,965)	(370,516)	(470,978)	(357,096)	(169,779)	(80,950)	(6,671,500)	(5,116,308)
	86,244,688	77,320,418	1,741,300	1,222,489	440,906	368,949	705,607	598,892	1,348,622	1,086,244	12,635,982	11,895,646	3,433,537	3,374,290	106,550,642	95,866,928
c) Charge for the year / period:																
Current service cost	417,022	270,110	88,328	58,718	65,901	31,433	108,614	50,288	68,244	27,079	136,487	64,610	43,024	20,774	927,620	523,012
Net interest expense / (income)	1,586,211	509,562	134,474	99,500	(1,029)	2,833	65,738	39,183	120,065	72,832	1,308,521	684,356	371,172	178,619	3,585,152	1,586,885
Actuarial (gains) / losses	-	-	-	-	-	-	-	-	130,034	(15,171)	-	-	-	-	130,034	(15,171)
Actuarial (gains) / losses recognized on curtailment / settlement	-	3,939,412	-	(102,135)	-	-	-	17,377	-	161,032	-	244,222	-	-	-	4,259,908
Contribution from employees	-	-	-	-	-	-	-	-	-	-	-		(26,703)	(14,830)	(26,703)	(14,830)
Contribution from deputationist	(815)	(922)	-	-	-	-	-	-	-	-	-	-	-	-	(815)	(922)
	2,002,418	4,718,162	222,802	56,083	64,872	34,266	174,352	106,848	318,343	245,772	1,445,008	993,188	387,493	184,563	4,615,288	6,338,882

	Pension				Gratuity				Accumulating compensated absences		Post-retirement medical facility		Benevolent grants		Total	
	Funded		Unfunded		Funded		Unfunded		Unfunded		Unfunded		Unfunded			
	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)	2013 Rs '000	2012 Rs '000 (Restated)
Remeasurements:																
- Return on plan assets, excluding amounts included in interest income	(458,623)	537,070	-	-	4,814	(5,159)	-	-	-	-	-	-	-	-	(453,809)	531,911
- (Gains) / losses from change in financial assumptions	677,049	5,053,437	334,654	(340,407)	-	-	-	-	-	-	-	-	-	-	1,011,703	4,713,030
- Experience (gains) / losses	5,217,874	1,309,906	(32,296)	(30,594)	644	8,682	(30,880)	(13,649)	-	-	(233,694)	902,725	(185,170)	8,233	4,736,478	2,185,303
	5,436,300	6,900,413	302,358	(371,001)	5,458	3,523	(30,880)	(13,649)	-	-	(233,694)	902,725	(185,170)	8,233	5,294,372	7,430,244
	7,438,718	11,618,575	525,160	(314,918)	70,330	37,789	143,472	93,199	318,343	245,772	1,211,314	1,895,913	202,323	192,796	9,909,660	13,769,126
d) Significant actuarial assumptions at the date of consolidated statement of financial position:																
Discount rate	12%	11%	12%	11%	12.5%	11.5%	12%	11%	12%	11%	12%	11%	12%	11%		
Future salary / medical cost increase	7 to11%	7.5%	7 to11%	7.5%	10%	11.5%	11%	9 to 10%	11%	9 to 10%	11%	10%	-	-		
Future pension increase	8.5%	7.5%	8.5%	7.5%	-	-	-	-	-	-	-	-	-	-		
Rate of increase in benevolent grants	-	-	-	-	-	-	-	-	-	-	-	-	4%	3%		
Average duration of the plan	10 years	12 years	19 years	15 years	10 years	15 years	7 years	6 years	9 to 10 Years	10 to 11 Years	15 years	16 years	11 years	12 years		
Expected mortality rate	EFU 61-66*		EFU 61-66*		EFU 61-66*		EFU 61-66*		EFU 61-66*		EFU 61-66*		EFU 61-66*			
Expected withdrawal rate	Based on experience		Based on experience		Based on experience		Based on experience		Based on experience		Based on experience		Based on experience			

** Mortality table adjusted for Group's experience*

12.2 Changes in the fair value of plan assets

	Defined benefit pension plan - funded		Defined benefit gratuity plan - funded	
	December 31, 2013 Rs '000	December 31, 2012 Rs '000	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Balance at beginning of year / period	62,900,317	60,200,384	334,684	275,202
Interest income	6,919,036	3,913,025	41,818	17,188
Return on plan assets excluding amounts included in interest income	458,623	(537,070)	(4,814)	(5,159)
Contributions made by the Group during the year / period	8,478,000	3,479,631	34,266	63,748
Benefits paid	(5,892,921)	(4,155,653)	(38,751)	(16,295)
Balance at end of the year / period	72,863,055	62,900,317	367,203	334,684

12.3 Plan assets for funded defined benefit pension plan are comprised as follows:

	December 31, 2013		December 31, 2012	
	Rs '000	Percentage	Rs '000	Percentage
Debt instruments - unquoted				
- Special Savings Accounts	45,117,459	61.92	41,152,206	65.42
- Special Savings Certificates	8,327,666	11.43	7,434,661	11.82
- Defense Savings Certificates	1,223,264	1.68	1,088,943	1.73
- Pakistan Investment Bonds	405,611	0.56	555,685	0.88
	55,074,000	75.59	50,231,495	79.85
Cash and cash equivalents				
- Term deposits	9,779,208	13.42	5,302,896	8.43
- Bank balances	1,132,526	1.55	831,250	1.32
	10,911,734	14.97	6,134,146	9.75
Investment property				
- Telecom tower	6,002,067	8.24	5,776,405	9.18
- Telehouse	1,167,155	1.60	1,161,363	1.85
	7,169,222	9.84	6,937,768	11.03
Fixed assets	4,858	0.01	7,102	0.01
Other assets	145,945	0.20	110,627	0.18
	73,305,759	100.61	63,421,138	100.82
Liabilities that do not relate to employees' retirement benefits	(442,704)	(0.61)	(520,821)	(0.82)
	72,863,055	100.00	62,900,317	100.00

12.4 Plan assets for defined gratuity fund are comprised as follows:

	December 31, 2013		December 31, 2012	
	Rs '000	Percentage	Rs '000	Percentage
Units of mutual funds	61,024	16.62	-	-
Term deposit receipts	291,660	79.43	314,871	94.08
Bank balances	14,519	3.95	19,813	5.92
	367,203	100.00	334,684	100.00

12.5 During the next financial year, the expected contribution to be paid to the funded pension plan and funded gratuity plan by the Group is Rs 2,121,716 thousand (December 31, 2012 : Rs 1,519,280 thousand) and Rs 73,703 thousand (December 31, 2012: Rs 34,266 thousand) respectively.

12.6 Sensitivity analysis

The calculations of the defined benefit obligations is sensitive to the significant actuarial assumptions set out in note 12.1. The table below summarizes how the defined benefit obligations at the end of the reporting period would have increased / (decreased) as a result of change in the respective assumptions.

	Change in assumption Percentage	Impact on defined benefit obligations Increase in assumption Rs '000	Decrease in assumption Rs '000
Future salary / medical cost increase			
Pension - funded	1.00	494,936	(458,656)
Pension - unfunded	1.00	133,772	(119,717)
Gratuity - unfunded	1.00	58,944	(46,311)
Gratuity - funded	0.50	21,473	(20,001)
Accumulating compensated absences - unfunded	1.00	119,610	(104,952)
Post-retirement medical facility - unfunded	1.00	2,067,354	(1,674,719)
Discount rate			
Pension - funded	1.00	(8,071,092)	9,671,880
Pension - unfunded	1.00	(282,028)	362,978
Gratuity - unfunded	1.00	(45,487)	58,944
Gratuity - funded	0.50	(19,488)	21,076
Accumulating compensated absences - unfunded	1.00	(104,480)	121,029
Post-retirement medical facility - unfunded	1.00	(1,647,845)	2,067,354
Benevolent grants - unfunded	1.00	(332,286)	(392,479)
Future pension increase			
Pension - funded	1.00	8,098,513	(6,924,853)
Pension - unfunded	1.00	129,359	(108,156)
Benevolent grants increase			
Benevolent grants - unfunded	1.00	296,247	(264,582)

If the life expectancy increases / decreases by 1 year, the impact on defined benefit obligation would be as follows:

	Increase by 1 year Rs '000	Decrease by 1 year Rs '000
Pension - funded	(2,242,362)	2,242,362
Pension - unfunded	(29,602)	34,826
Gratuity - unfunded	(3,504)	3,504
Accumulating compensated absences - unfunded	(3,193)	4,880
Post-retirement medical facility - unfunded	(353,807)	353,807
Benevolent grants - unfunded	(98,542)	95,796

The above sensitivity analyses are based on changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the consolidated statement of financial position.

12.7 Through its defined benefit pension plans the Group is exposed to a number of actuarial and investment risks, the most significant of which include, interest rate risk, property market risk and longevity risk for pension plan and salary risk for all the plans.

12.8 Prior period effect of chage in accounting plicy for employees' retirement benefit plans.

The effect of restatement consequent to revision in IAS 19 [note 5.31(a)] and recognition of benevolent grants obligation [note 5.28(v)] is summarized below:

i) Cumulative effect

	Revision in IAS 19		Benevolent grants		Total	
	December 31, 2012 Rs '000	July 01, 2012 Rs '000	December 31, 2012 Rs '000	July 01, 2012 Rs '000	December 31, 2012 Rs '000	July 01, 2012 Rs '000
Consolidated statement of financial position						
Increase in employees retirement benefits	9,027,967	1,605,955	3,374,290	3,247,614	12,402,257	4,853,569
Decrease in deferred tax liability	3,159,788	562,084	1,181,002	1,136,665	4,340,790	1,698,749
Decrease in unappropriated profit	5,868,179	1,043,871	2,193,288	2,110,949	8,061,467	3,154,820

ii) Effect for the six months period ended December 31, 2012

	Revision in IAS 19 Rs '000	Benevolent grants Rs '000	Total Rs '000
Consolidated statement of profit and loss			
Increase in employees' benefit expense	-	118,443	118,443
Related tax impact	-	(41,455)	(41,455)
	-	76,988	76,988
Consolidated statement of comprehensive income			
Increase in remeasurement loss on employee retirement benefits	7,422,011	8,233	7,430,244
Increase in tax effect of remeasurement loss on defined benefit plans	(2,597,703)	(2,882)	(2,600,585)
	4,824,308	5,351	4,829,659

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
13. Deferred government grants	Balance at beginning of the year / period		3,991,818	4,083,022
	Recognized during the year / period		1,422,822	-
	Amortization for the year / period	39	(291,541)	(91,204)
	Balance at end of the year / period		5,123,099	3,991,818

These represent grants received from the Universal Service Fund, as assistance towards the development of telecommunication infrastructure in rural areas, comprising telecom infrastructure projects for basic telecom access, transmission and broadband services spread across the country.

14. Long term vendor liability

This represents amount payable to a vendor in respect of procurement of network and allied assets, and comprises:

	Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Obligation under acceptance of bills of exchange	14.1	10,180,012	14,037,549
Other accrued liabilities		2,513,465	1,541,378
		12,693,477	15,578,927
Current portion thereof		(6,109,004)	(12,546,663)
		6,584,473	3,032,264

14.1 This includes interest bearing liability of Rs 4,201,345 thousand (December 31, 2012: Rs 3,797,718 thousand) carrying interest ranging between of 9.07% and 13.41% per annum (December 31, 2012: 9.21% and 13.41% per annum).

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
15. Trade and other payables	Trade creditors	15.1	11,679,587	9,369,334
	Accrued liabilities		25,883,546	15,115,529
	Receipts against third party works		783,551	1,007,017
	Deposits		195,338	-
	Employees provident fund		20,019	-
	Income tax collected from subscribers / deducted at source		401,410	443,208
	Sales tax payable		242,895	871,366
	Advances from customers		2,872,343	2,912,110
	Technical services assistance fee	36.2, 15.1	1,124,997	1,172,827
	Retention money / payable to contractors and suppliers			
	related to fixed capital expenditure	15.2	5,654,301	5,629,325
	Unclaimed dividend		154,162	148,435
	Forward foreign exchange contracts	15.3	45,402	58,257
	Other liabilities		378,195	444,058
			49,435,746	37,171,466

15.1 Trade and other payables include payable to the following related parties:

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Trade creditors		
Etisalat - UAE	841,418	326,933
Other Etisalat's subsidiaries and associates	56,399	-
Etisalat - Afghanistan	111,015	133,881
Thuraya Satellite Telecommunication Company PJSC	16,315	-
Telecom Foundation	95,283	103,620
TF Pipes Limited	2,551	-
The Government of Pakistan and its related entities	8,371,083	5,164,709
	9,494,064	5,729,143
Technical services assistance fee		
Etisalat - UAE	1,124,997	1,172,827
15.2 Retention money / payable to contractors and suppliers for fixed capital assets		
TF Pipes Limited	4,103	7,532

These balances relate to the normal course of business and are interest free.

15.3 This represents fair value of forward foreign exchange contracts entered into by the Group to hedge its foreign currency exposure. As at December 31, 2013, the Group had forward exchange contracts to purchase USD 58,881,253 (December 31, 2012: USD 86,863,983) at various maturity dates matching the anticipated payment dates for network liability.

16. Short term running finance

Short term running finance facilities available under mark-up arrangements with banks amounting to Rs 2,000,000 thousand (December 31, 2012: Rs 2,000,000 thousand), out of which the amount availed at the year end was Rs. 605,487 thousand (December 31, 2012: nil). These facilities are secured by first ranking pari passu charge by way of hypothecation over all present and future assets of PTML, excluding land, building and license.

17. Contingencies and commitments

Contingencies

PTCL

17.1 Against the Federal Excise Duty (FED) demand of Rs 2,782,660 thousand for the years 2006 to 2009 on local interconnect revenue, the Company is in appeal before the ATIR. Besides, the Company has already deposited the FED demand under the amnesty scheme of the Federal Board of Revenue. Subsequent to December 31, 2013, Islamabad High Court has passed a judgment in a similar case nullifying the viewpoint of tax authorities.

17.2 Against the decision of ATIR upholding tax authorities' decision to impose FED amounting to Rs 474,417 thousand on Technical Services Assistance fee assuming that the fee is against franchise arrangement for the period from July 2007 to June 2010, Honorable Islamabad High Court, in the wake of writ petition filed by the Company, has granted a stay against such decision.

17.3 Based on an audit of certain monthly returns of the FED, a demand of Rs 1,289,957 thousand was raised on the premise that the Company did not apportion the input tax between allowable and exempt supplies. The Company is in appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. Meanwhile, the Honorable Islamabad High Court has granted a stay order in this regard.

17.4 Based on an audit of the Federal Excise Duty (FED) / sales tax records for the year 2008-09, tax authorities raised a demand of Rs. 787,358 thousand on the premise of disallowance of input tax being claimed by the Company. The Company is in appeal before Commissioner Inland Revenue (CIR) – Appeals.

17.5 For the tax year 2007, the Company filed an appeal before the ATIR against disallowance of certain expenses by the Taxation Officer under section 122 (5A), with tax impact of Rs 4,887,370 thousand, upheld by CIR - Appeals. The ATIR in its judgment endorsed the departmental view regarding one of the disallowances with tax impact of Rs 80,850 thousand while judgment on rest of the disallowances is pending. A reference application filed by the Company with the Honorable Islamabad High Court is pending adjudication.

17.6 For the tax year 2008, the ATIR, while disposing off the Company's appeal against the tax demand of Rs 4,559,208 thousand on the basis that the Company applied incorrect withholding tax rate for payments to voluntary separation scheme optees, remanded the case back to the Taxation Officer for verification of filing of options before the concerned Commissioners. The Company has also filed a reference application with the Honorable Islamabad High Court, which is pending adjudication.

17.7 For the tax year 2009, taxation officer has disallowed certain expenses and created tax demand, which, after rectification, amounts to Rs 3,439,222 thousand. Against the Company's appeal, the ATIR remanded the case back to the Taxation Officer who upheld his original decision. The Company filed an appeal to CIR-Appeals which is pending for disposal. The Company has also filed reference applications before the Honorable Islamabad High Court, which is pending adjudication.

17.8 For the tax year 2011, taxation officer has disallowed certain expenses under section 122(5A) and created tax demand of Rs. 7,539,381 thousand. Besides the rectification application already filed, the Company has also filed an appeal before CIR-Appeals which is pending for disposal.

17.9 The Company implemented policy directives of Ministry of Information Technology conveyed by the Pakistan Telecommunication Authority regarding termination of all international incoming calls into Pakistan. On suspension of these directives by the Honorable Lahore High Court, the Honorable Supreme Court of Pakistan dismissed the pertinent writ petitions by directing Competition Commission of Pakistan (CCP) to decide the case. The Honorable Sindh High Court suspended the adverse decision of CCP by granting interim relief and the case is pending for adjudication.

17.10 A total of 1,518 cases (December 31, 2012: 1,498 cases) have been filed against the Company primarily involving subscribers, regulator, pensioners and employees. Because of the large number of cases and their uncertain nature, it is not possible to quantify their financial impact at present.

17.11 No provision on account of above contingencies has been made in these financial statements as the management and the tax / legal advisors of the Company are of the view, that these matters will eventually be settled in favour of the Company.

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
17.12 Bank guarantees and bid bonds issued in favour of:		
Universal Service Fund (USF) against government grants	5,852,905	4,827,567
Others	912,911	311,157
	6,765,816	5,138,724

PTML

17.13 Tax authorities have created FED demands by assessing the Company's payments of technical services fee to Etisalat as fee for "Franchise Services" which has not been agreed by the Company and its appeals are pending at various appellate fora. The management is of the view that payments of technical services fee are outside the ambit of the Federal Excise Act, 2005 and lack the essential element of "franchiser-franchisee" arrangement to be considered franchise services fee. Against the demands created by the tax authorities, the Company has paid Rs 501,541 thousand in prior years under protest and carried as receivable from taxation authorities as reflected in note 31.1 to these financial statements.

17.14 The Company is contesting various tax related notices and orders in front of the Pakistan and Azad Jammu and Kashmir tax authorities, Commissioner Inland Revenue (Appeals), ATIR and the High Court. The management believes that strong legal and factual bases are available to support the Company's contention that outcome to these proceedings will be favourable. Accordingly, no provision has been carried in these financial statements.

17.15 Since 2009, the Federal Board of Revenue (FBR) has taken a new position over interpretation of payments of interconnect charges by telecom operators in light of the Federal Excise law, contrary to the substance of the related mandatory arrangement under "Calling Party Pays" (CPP) regime. Consequently, the tax authorities have showed intention to levy FED on payment of interconnect charges, in disregard to the fact that Duty on full retail price for the service (including the interconnect part) has already been charged, collected and paid to Government by telecom operator (calling party). The Company and other operators are contesting this view, as it would amount to double taxation of the interconnect portion of the service. This view is also shared by prominent tax lawyers and experts.

In June 2012, the operators and FBR agreed on an amicable solution of the issue and FBR issued an SRO while exercising powers under section 65 of the Sales Tax Act, 1990 (the Act), read with SRO 550(1)/2006 dated June 05, 2006, condoning the past practice of the operators and issuing directions for way forward in light of its existing position on the issue. Immediately after issue of SRO, the National Accountability Bureau (NAB) initiated investigations around issue of SRO by FBR, which SRO was not published in the Official Gazette. The Company and other operators also received notices from NAB over the issue. The Company in response clarified its position on the matter and confirmed that no tax proceedings or demands existed on this matter. The NAB, since the response by the Company, has not taken any further action.

The Company and three other operators had also petitioned the Honorable Islamabad High Court (IHC) to seek the correct interpretation of the law on the matter. Subsequent to December 31, 2013, IHC has passed its judgement in favour of the petitioners. Accordingly, no provision has been carried in the financial statements in this respect.

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
17.16 Commitments - Group		
a) Letter of credit for purchase of stock	10,977	178,120
b) Commitments for capital expenditure for		
- network assets	17,515,525	16,085,739
- non network assets	141,828	192,688
	17,657,353	16,278,427

c) Commitments for renewal of license of PTML to maintain and operate cellular mobile telephone network in Pakistan as per standard terms of renewal by PTA.

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
18. Property, plant and equipment	Operating fixed assets	18.1	142,821,939	135,226,656
	Capital work-in-progress	18.6	13,606,246	16,957,329
			156,428,185	152,183,985

18.1 Operating Fixed Assets

	Land		Buildings on										
	Freehold - note 18.2 Rs '000	Leasehold Rs '000	Freehold land Rs '000	Leasehold land Rs '000	Lines and wires Rs '000	Apparatus, plant and equipment Rs '000	Office equipment Rs '000	Computer and electrical equipment Rs '000	Furniture and fittings Rs '000	Vehicles Rs '000	Submarine cables Rs '000	Leased Network and allied systems Rs '000	Total Rs '000
As at July 01, 2012													
Cost	1,649,364	957,585	10,885,983	1,008,671	110,491,304	233,040,723	1,307,172	4,514,027	502,432	2,014,846	10,578,988	153,889	377,104,984
Accumulated depreciation	-	(694,658)	(3,750,862)	(431,384)	(88,419,991)	(141,540,976)	(841,737)	(2,858,215)	(391,698)	(1,482,322)	(3,978,414)	(40,456)	(244,430,713)
Net book amount	1,649,364	262,927	7,135,121	577,287	22,071,313	91,499,747	465,435	1,655,812	110,734	532,524	6,600,574	113,433	132,674,271
Period ended December 31, 2012													
Opening net book amount	1,649,364	262,927	7,135,121	577,287	22,071,313	91,499,747	465,435	1,655,812	110,734	532,524	6,600,574	113,433	132,674,271
Additions	-	3,157	69,187	7,118	612,662	12,051,637	209,328	619,217	4,415	203,806	467,551	-	14,248,078
Disposals													
Cost	-	(11,188)	-	-	(1,628,431)	(802,431)	-	(8,012)	(595)	(55,361)	-	-	(2,506,018)
Accumulated depreciation	-	10,317	-	-	1,356,113	706,477	-	7,021	206	48,215	-	-	2,128,349
	-	(871)	-	-	(272,318)	(95,954)	-	(991)	(389)	(7,146)	-	-	(377,669)
Transfers / adjustments	-	(361)	-	-	-	(473)	-	834	-	-	-	-	-
Depreciation charge for the period	-	(66,937)	(136,150)	(12,606)	(1,955,320)	(8,042,200)	(23,325)	(526,426)	(12,026)	(91,072)	(355,248)	(9,928)	(11,231,238)
Impairment charge - note 18.5	-	-	-	-	-	(86,786)	-	-	-	-	-	-	(86,786)
Net book amount	1,649,364	197,915	7,068,158	571,799	20,456,337	95,325,971	651,438	1,748,446	102,734	638,112	6,712,877	103,505	135,226,656
As at December 31, 2012													
Cost	1,649,364	949,193	10,955,170	1,015,789	109,475,535	244,289,456	1,516,500	5,126,066	506,252	2,163,291	11,046,539	153,889	388,847,044
Accumulated depreciation and impairment	-	(751,278)	(3,887,012)	(443,990)	(89,019,198)	(148,963,485)	(865,062)	(3,377,620)	(403,518)	(1,525,179)	(4,333,662)	(50,384)	(253,620,388)
Net book amount	1,649,364	197,915	7,068,158	571,799	20,456,337	95,325,971	651,438	1,748,446	102,734	638,112	6,712,877	103,505	135,226,656
Year ended December 31, 2013													
Opening net book amount	1,649,364	197,915	7,068,158	571,799	20,456,337	95,325,971	651,438	1,748,446	102,734	638,112	6,712,877	103,505	135,226,656
Additions	4,160	-	348,318	78,547	3,450,147	26,014,386	45,611	1,342,514	40,893	173,281	259,077	-	31,756,934
Disposals - note 18.3													
Cost	-	-	-	-	-	(208,134)	-	(3,669)	(17,830)	(12,731)	-	-	(242,364)
Accumulated depreciation	-	-	-	-	-	160,268	-	3,183	16,057	11,467	-	-	190,975
	-	-	-	-	-	(47,866)	-	(486)	(1,773)	(1,264)	-	-	(51,389)
Transfers / adjustments	-	-	-	-	-	(29,367)	-	(36,278)	-	-	-	-	(65,645)
Depreciation charge for the period - note 18.4	-	(1,277)	(280,000)	(132,389)	(3,624,338)	(17,547,136)	(63,023)	(1,242,261)	(25,504)	(204,903)	(743,267)	(20,519)	(23,884,617)
Impairment charge - note 18.5	-	-	-	-	-	(160,000)	-	-	-	-	-	-	(160,000)
Net book amount	1,653,524	196,638	7,136,476	517,957	20,282,146	103,555,988	634,026	1,811,935	116,350	605,226	6,228,687	82,986	142,821,939
As at December 31, 2013													
Cost	1,653,524	949,193	11,303,488	1,094,336	112,925,682	270,066,341	1,562,111	6,428,633	529,315	2,323,841	11,305,616	153,889	420,295,969
Accumulated depreciation and impairment	-	(752,555)	(4,167,012)	(576,379)	(92,643,536)	(166,510,353)	(928,085)	(4,616,698)	(412,965)	(1,718,615)	(5,076,929)	(70,903)	(277,474,030)
Net book amount	1,653,524	196,638	7,136,476	517,957	20,282,146	103,555,988	634,026	1,811,935	116,350	605,226	6,228,687	82,986	142,821,939
Annual rate of depreciation (%)		1 to 33	2.5	2.5	7	10 to 33	10	33.33	10	20	6.67 to 8.33	13.33	

18.2 As explained in note 1.1, the property and rights vesting in the operating assets, as at January 01, 1996, were transferred to PTCL from Pakistan Telecommunication Corporation, under the Pakistan Telecommunication (Re-organization) Act, 1996. However, the title to certain freehold land properties, were not formally transferred in the name of PTCL in the land revenue records. PTCL initiated the process of transfer of title to freehold land, in its own name, in previous years, which is still ongoing and shall be completed in due course of time.

18.3 Disposals of property, plant and equipment:

The details of the disposals of property, plant and equipment, are as follows:

	Cost Rs'000	Accumulated depreciation Rs'000	Net book amount Rs'000	Sale proceeds Rs'000	Mode of disposal	Particulars of purchaser
Fixtures and fittings	17,645	15,871	1,774	4,867	Group's policy	Various vendors
Apparatus, plant	53,738	27,711	26,027	27,657	Insurance claim	EFU General Insurance Company
and equipment	10,311	4,899	5,412	1,312	Scrap sale	Vendor
	144,085	127,658	16,427	23,046	Auction	Various vendors
	208,134	160,268	47,866	52,015		
Motor vehicles	11,156	10,909	247	5,654	Auction	Various buyers
	1,575	559	1,016	1,052	Insurance claim	EFU General Insurance Company
	12,731	11,468	1,263	6,706		
Computer and						
electrical equipment	749	390	359	374	Insurance claim	EFU General Insurance Company
	96	37	59	67	Group's policy	Mr. Syed Wiqar Hussain Naqvi - employee
	96	37	59	59	Group's policy	Ms Wajiha Khar - employee
	941	464	477	500		
Aggregate of other having net book amounts not exceeding Rs 50,000	2,913	2,904	9	150	Group policy	Various buyers
	242,364	190,975	51,389	64,238		

18.4 The depreciation charge for the year / period has been allocated as follows:

	Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
Cost of services	35	22,345,644	10,517,655
Administrative and general expenses	36	1,478,168	683,481
Selling and marketing expenses	37	60,805	30,102
		23,884,617	11,231,238

18.5 The carrying amount of certain items of apparatus, plant and equipment have been reduced to their recoverable amount through recognition of an impairment loss of Rs 160,000 thousand (December 31, 2012: Rs 86,786 thousand). This loss has been included in 'cost of services' in the consolidated statement of comprehensive income. The impairment charge arose in apparatus, plant and equipment owing to malfunctioning of various asset items.

		December 31, 2013 Rs '000	December 31, 2012 Rs '000
18.6	**Capital work-in-progress**		
	Buildings	523,146	651,325
	Lines and wires	6,381,077	5,349,871
	Apparatus, plant and equipment	5,157,710	9,581,440
	Advances to suppliers	619,911	338,313
	Others	924,402	1,036,380
		13,606,246	16,957,329
18.7	**Movement during the year / period**		
	Balance at beginning of the year / period	16,957,329	16,518,198
	Additions during the year / period	31,825,431	15,234,165
	Transfers during the year / period	(35,176,514)	(14,795,034)
	Balance at end of the year / period	13,606,246	16,957,329

18.8 Capital work in progress includes an amount of Rs 1,064,340 thousand (December 31, 2012 :Rs 478,978 thousand), in respect of direct overheads relating to development of assets.

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
19. Intangible assets	Goodwill on acquisition of U Bank		78,790	78,790
	Other intangible assets	19.1	6,112,791	3,857,956
			6,191,581	3,936,746

	Licenses and spectrum Rs '000	Computer software Rs '000	Frequency vacation charges Rs '000	Total Rs '000
19.1 Other intangible assets				
As at July 01, 2012				
Cost	4,588,988	1,873,133	342,000	6,804,121
Accumulated amortization	(1,904,827)	(1,051,903)	(300,270)	(3,257,000)
Net book amount	2,684,161	821,230	41,730	3,547,121
Period ended December 31, 2012				
Opening net book amount	2,684,161	821,230	41,730	3,547,121
Additions	15,910	558,176	-	574,086
Amortization charge for the year	(120,049)	(131,802)	(11,400)	(263,251)
Closing net book amount	2,580,022	1,247,604	30,330	3,857,956
As at January 01, 2013				
Cost	4,604,898	2,431,309	342,000	7,378,207
Accumulated amortization	(2,024,876)	(1,183,705)	(311,670)	(3,520,251)
Net book amount	2,580,022	1,247,604	30,330	3,857,956
Period ended December 31,2013				
Opening net book amount	2,580,022	1,247,604	30,330	3,857,956
Additions	2,506,349	580,461	-	3,086,810
Amortization charge for the period - note 19.10	(311,932)	(497,243)	(22,800)	(831,975)
Closing net book amount	4,774,439	1,330,822	7,530	6,112,791
As at December 31, 2013				
Cost	7,111,247	3,011,770	342,000	10,465,017
Accumulated amortization	(2,336,808)	(1,680,948)	(334,470)	(4,352,226)
Net book amount	4,774,439	1,330,822	7,530	6,112,791

	Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
19.2 Breakup of net book amounts at year / period is as follows:			
Licenses and spectrum - PTCL			
Telecom	19.3	69,814	79,787
WLL spectrum	19.3	4,348,443	2,103,199
WLL and LDI License	19.4	79,220	84,683
IPTV	19.5	9,015	12,198
Licenses - U Bank		6,032	-
Licenses - PTML	19.6	269,445	300,155
		4,781,969	2,580,022
Computer software - PTCL	19.7		
Bill printing software		273	1,913
Billing and automation of broadband		86,240	13,052
HP OSS		21,689	28,539
BnCC software		6,814	-
Caller details record collector system		7,468	-
BnCC Oracle system		198,179	-
Customer Relationship Management (CRM)		120,223	-
SAP - Enterprise Resource Planning (ERP) system		209,794	355,211
Branchless banking software - U Bank		53,813	-
Software - PTML	19.8	626,329	848,889
		1,330,822	1,247,604
Frequency vacation charges - PTML	19.9	-	30,330
		6,112,791	3,857,956

19.3 The Pakistan Telecommunication Authority (PTA) has issued a license to the Holding Company, to provide telecommunication services in Pakistan, for a period of 25 years, commencing January 01,1996, at an agreed license fee of Rs 249,344 thousand. During the year ended June 30, 2005, PTA modified the previously issued license to provide telecommunication services to include a spectrum license at an agreed license fee of Rs 3,646,884 thousand. This license allows the Holding Company to provide Wireless Local Loop services in Pakistan, over a period of 20 years, commencing October 2004. The cost of the license is being amortized on a straight line basis over the period of the license.

The Holding Company has acquired exclusive right to use 1900 MHz spectrum in nine telecom regions from Telecard Limited in September 2013 under commercial arrangement to provide Wireless Local Loop (WLL) services in Pakistan for a consideration of Rs 2,500,000 thousand. The agreement embodying said commercial arrangement is subject to fulfillment of certain conditions. The cost is being amortized on a straight line basis over a period of 11 years.

19.4 PTA has issued a license under section 5 of the Azad Jammu and Kashmir Council Adaptation of Pakistan Telecommunication (Re-organization) Act, 1996, the Northern Areas Telecommunication (Re-organization) Act, 2005 and the Northern Areas Telecommunication (Re-organization) (Adaptation and Enforcement) Order 2006, to the Holding Company to establish, maintain and operate a telecommunication system in Azad Jammu and Kashmir and Gilgit-Baltistan, for a period of 20 years, commencing May 28, 2008, at an agreed license fee of Rs 109,270 thousand. The cost of the license is being amortized, on a straight line basis, over the period of the license.

19.5 IPTV license has been renewed by Pakistan Electronic Media Regulatory Authority during the period effective from November 02, 2011, at an agreed license fee of Rs 15,910 thousand. The cost of the license is being amortized, on a straight line basis, over a period of 5 years.

19.6 PTA has issued two licenses to PTML to establish, maintain and operate cellular services in Pakistan and Azad Jammu and Kashmir for a period of 15 years commencing May 1999 and June 2006 respectively.

19.7 Cost of computer software is being amortized, on a straight line basis, over a period of 5 years except for SAP-ERP system and branchless banking software which are being amortized over a period of 10 years.

19.8 This represents machine independent IT software with a useful life of 3 years, being amortized on straight line basis.

19.9 Frequency vacation charges comprise the amount paid in year 2000 to Special Communication Organization, on initial vacation of their equipment and releasing the spectrum in favour of PTML with useful life of 15 years.

19.10 The amortization charge for the year / period has been allocated as follows:

	Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
Cost of services	35	401,196	167,507
Administrative and general expenses	36	430,779	95,744
		831,975	263,251

20. Long term investments

	Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Investment in associate	20.1	25,359	24,319
Other investments	20.2	83,900	83,900
		109,259	108,219

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
20.1 Investment in associate - unquoted		
TF Pipes Limited - Islamabad, Pakistan		
1,658,520 (December 31, 2012: 1,658,520)		
ordinary shares of Rs 10 each		
Shares held 40% (December 31, 2012: 40%)		
Cost of investment	23,539	23,539
Group share of post acquisition profit	1,820	780
Balance at end of the year / period	25,359	24,319
20.1.1 Change in carrying value of investment in associate		
Balance at beginning of the year / period	24,319	26,970
Share of profit / (loss) from associate during the year / period	1,040	(2,651)
Balance at end of the year / period	25,359	24,319
20.1.2 The net assets of the associate - TF Pipes Limited (as per unaudited accounts) are as follows:		
Total assets	100,712	93,701
Total liabilities	53,445	49,034
Revenue	128,775	70,176
Expenses	125,754	75,564
Profit / (loss) before tax	3,021	(5,388)
20.2 Other investments		
Available for sale investments - unquoted		
Thuraya Satellite Telecommunication Company - Dubai, UAE		
3,670,000 (December 31, 2012: 3,670,000)		
ordinary shares of 1 Dirham each	63,900	63,900
Alcatel - Lucent Pakistan Limited - Islamabad, Pakistan		
2,000,000 (December 31, 2012: 2,000,000)		
ordinary shares of Rs 10 each	20,000	20,000
	83,900	83,900

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
21. Long-term loans and advances - considered good	Loans to employees - secured			
	PTCL	21.1	550,234	542,166
	PTML	21.2	308,890	136,815
			859,124	678,981
	Discounting to present value		(212,154)	(42,073)
			646,970	636,908
	Advances to suppliers against turnkey contracts	21.4	3,460,862	3,026,774
	Others		26,302	17,602
			4,134,134	3,681,284
	Current portion shown under current assets			
	Loans to employees - secured	26	(178,246)	(123,967)
			3,955,888	3,557,317

21.1 These loans and advances are for house building and purchase of motor cars, motor cycles and bicycles. Loans to executive employees of the Holding Company carry interest at the rate of 12% per annum (December 31, 2012: 14% per annum), whereas, loans to employees other than executive employees are interest free. The loans are recoverable in equal monthly installments spread over a period of 5 to 10 years and are secured against the retirement benefits of the employees.

This balance also includes a sum of Rs 1,014 thousand (December 31, 2012: Rs 1,542 thousand), due from employees against purchase of vehicles from the Holding Company, recoverable in monthly installments spread over a period of 1 to 2 years.

21.2 These represent interest free housing loans provided to eligible executive employees in accordance with the PTML's policy. The loans are secured against property located within Pakistan and owned by the employee. The loans are recoverable over a period of seven and a half years in equal installments.

21.3 Reconciliation of carrying amounts of loans to executives and other employees:

	As at January 01, 2013 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at December 31, 2013 Rs '000
Executives	140,938	217,668	(47,294)	311,312
Other employees	538,043	142,339	(132,570)	547,812
	678,981	360,007	(179,864)	859,124

	As at July 01, 2012 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at December 31, 2012 Rs '000
Executives	154,761	-	(13,823)	140,938
Other employees	717,479	8,194	(187,630)	538,043
	872,240	8,194	(201,453)	678,981

	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
Maximum amount of loan to executives and other employees outstanding at any time during the year / period		
Executives	313,013	152,807
Other employees	684,186	706,122

21.4 These represent various unsecured non interest bearing advances issued to the Group's vendors under turnkey contracts. This includes an advance of Rs 18,029 thousand (December 31, 2012: Rs 18,029 thousand) given to Telecom Foundation, a related party.

22. Investment in finance lease

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Gross investment in finance lease	65,360	-
Unearned finance income	(13,652)	-
Net investment in finance lease	51,708	-
Current portion shown under current assets	(12,927)	-
	38,781	-

22.1 Details of investment in finance lease

	Not later than 1 year Rs '000	Later than 1 year and not later than 5 years Rs '000	Total Rs '000
Gross investment in finance lease	16,340	49,020	65,360
Unearned finance income	(3,413)	(10,239)	(13,652)
Net investment in finance lease	12,927	38,781	51,708

This represents motor cycles leased out to employees of the Holding Company. The cost will be recovered in 48 equal monthly installments.

23. Stores, spares and loose tools

	Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Stores, spares and loose tools		4,933,444	3,721,455
Provision for obsolescence	23.1	(1,257,631)	(786,334)
		3,675,813	2,935,121

			Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
	23.1	**Provision for obsolescence**			
		Balance at beginning of the year / period		786,334	622,706
		Provision during the year / period	35	478,397	163,628
				1,264,731	786,334
		Write off against provision		(7,100)	-
		Balance at end of the year / period		1,257,631	786,334
24.	**Stock in trade**	SIM cards		343,929	210,554
		Scratch cards		69,238	38,655
		ATM cards		1,392	-
		Mobile phones and accessories		75,462	161,365
				490,021	410,574
		Provision for slow moving stock and warranty against mobile phones	24.1	(36,356)	(116,703)
				453,665	293,871
	24.1	**Provision for slow moving stock and warranty against mobile phones**			
		Balance at beginning of the year / period		116,703	140,103
		Provision during the year / period		80,347	23,400
				197,050	163,503
		Write off against provision		(160,694)	(46,800)
		Balance at end of the year / period		36,356	116,703
25.	**Trade debts**	Domestic			
		Considered good - secured	25.1	933,372	620,874
		Considered good - unsecured	25.2	11,019,047	11,012,853
		Considered doubtful - unsecured		8,078,686	8,926,118
				20,031,105	20,559,845
		International			
		Considered good - unsecured	25.2	5,912,016	4,240,018
		Considered doubtful - unsecured		108,936	40,091
				6,020,952	4,280,109
				26,052,057	24,839,954
		Provision for doubtful debts - unsecured	25.3	(8,187,622)	(8,966,209)
				17,864,435	15,873,745

25.1 These are secured against customer and dealer deposits having aggregate amount of Rs 968,518 thousand (December 31, 2012: Rs 945,253 thousand). These also include unbilled revenue related to postpaid subscribers, aggregating to Rs 250,624 thousand (December 31, 2012: Rs 224,000 thousand).

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
25.2 These include amounts due from the following related parties:		
Etisalat - UAE	46,470	53,844
Etisalat other subsidiaries and associates	89,137	28,202
Etihad Etisalat Company - KSA	-	96,004
The Government of Pakistan and its related entities	1,768,148	1,424,117
	1,903,755	1,602,167

These amounts are interest free and are accrued in the normal course of business.

	Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
25.3 Provision for doubtful debts			
Balance at beginning of the year / period		8,966,209	9,941,037
Provision for the year / period	36	2,035,888	926,447
		11,002,097	10,867,484
Write off against provision		(2,814,475)	(1,901,275)
Balance at end of the year / period		8,187,622	8,966,209

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
26. Loans and advances	Loans			
	Current portion of long term loans to employees - considered good	21	178,246	123,967
	Short term loan - unsecured considered doubtful	26.1	9,964	9,964
	Provision for short-term loan		(9,964)	(9,964)
			-	-
	Advances - considered good			
	Advances to employees	26.2	28,435	14,355
	Advances to suppliers and contractors	26.3	1,037,451	933,200
	Advances to taxation authorities	26.4	101,948	4,844
	Other advances - net of provision	26.5	41,039	443
			1,208,873	952,842
			1,387,119	1,076,809

26.1 This represents a loan to Pakistan MNP Database (Guarantee) Limited, a related party, for working capital purposes, carrying interest at 17% (December 31, 2012: 17%) per annum. The loan was due for repayment on June 30, 2010. However, no repayment was received and full provision was made against this balance.

26.2 These include advances to executives and key management personnel amounting to Rs. 5,655 thousand (December 2012: 4,828 thousand) and Rs. 12,254 thousand (December 2012: 887 thousand) respectively.

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
26.3 These include amounts due from the following related parties:		
TF Pipes Limited	18,718	6,841
Pakistan MNP Database (Guarantee) Limited	19,464	8,650
	38,182	15,491

26.4 This represents amount deposited into the Government treasury which will be adjusted against the future income tax collections by the Group from its customers.

26.5 This is net of provision of Rs 342 thousand (December 31, 2012: Rs 320 thousand).

			December 31, 2013 Rs '000	December 31, 2012 Rs '000
27.	**Deposits**	Security deposits	78,809	73,345
		Margin against letter of credit	-	10,101
			78,809	83,446
28.	**Accrued interest**	Return on bank deposits	431,734	286,287
		Interest receivable on loans to employees - secured	67,834	64,059
		Others	9,944	3,393
			509,512	353,739
29.	**Recoverable from tax authorities**	Income tax	13,048,272	15,455,363
		Federal Excise Duty	3,279,487	3,781,028
			16,327,759	19,236,391
		Provision for doubtful amount	(466,176)	(466,176)
			15,861,583	18,770,215

30. Receivable from the Government of Pakistan - considered good

This represents the balance amount receivable from the Government of Pakistan, on account of its agreed share in the Voluntary Separation Scheme (VSS), offered to the Holding Company's employees during the year ended June 30, 2008.

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
31. Prepayments and other receivables	Prepayments			
	- Pakistan Telecommunication Authority, a related party		11,415	151,132
	- Site rentals		1,452,377	1,548,156
	- Maintenance		7,700	44,341
	- Prepaid rent and others		116,332	126,298
			1,587,824	1,869,927
	Other receivables - Considered good			
	Due from related parties:			
	- Etisalat - UAE against secondment of employees		75,876	68,627
	- Pakistan Telecommunication Employees' Trust		118,209	108,816
	- Universal Services Fund		-	240,000
	- Others		88,603	-
	- PTCL Employees' GPF Trust		107,349	69,851
			390,037	487,294
	Other receivables from:			
	- Vendors		164,673	38,919
	- Federal Excise Duty	31.1	501,541	-
	- Others		138,206	136,106
			804,420	175,025
	Considered doubtful		326,166	326,166
	Provision for doubtful receivables		(326,166)	(326,166)
			-	-
			2,782,281	2,532,246

31.1 As explained in note 17.13, this represents Federal Excise Duty on technical services fee paid by the PTML to the taxation authorities under protest.

		Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
32. Short term investments	At fair value through profit or loss	32.1	-	21,714,004
	Market treasury bill	32.2	294,736	4,937
	Term deposits			
	- maturity up to 3 months	32.3	21,280,037	8,242,117
	Available for sale investments			
	- units of mutual funds	32.4	1,375,632	655,341
			22,950,405	30,616,399

	Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
32.1 At fair value through profit or loss			
- Mutual funds	32.1.1	-	1,451,257
- Treasury bills	32.1.2	-	4,193,919
- Term deposit receipts (TDRs)	32.1.3	-	16,068,828
		-	21,714,004

32.1.1 This represented investment in 74,663,269 units of NAFA Government Securities Liquid Fund and 69,972,711 units of ABL cash fund.

32.1.2 This represented treasury bills carrying mark-up ranging between 9.18% and 9.28% per annum with maturities up to 3 months. The fair value of these treasury bills was calculated using the market quoted yields.

32.1.3 This represented term deposit receipts having maturity period of up to 3 months. The effective interest / mark-up rate on these term deposit receipts ranges between 6.5% and 10.0% per annum.

32.2 This represents two T-bills maturing on March 6, 2014 and March 20, 2014 respectively (December 31, 2012: January 24, 2013) carrying interest at the rate of 9.87% and 9.91% (December 31, 2012: 9.15%) per annum respectively.

32.3 Term deposits

	Maturity Upto	December 31, 2013 Rs '000	December 31, 2012 Rs '000
NIB Bank Limited	March 19, 2014	1,021,765	-
NIB Bank Limited	March 18, 2014	1,021,765	-
National Bank of Pakistan	March 18, 2014	2,200,000	-
Bank Alfalah Limited	March 18, 2013	2,091,101	-
Askari Bank Limited	March 06, 2014	1,500,000	-
Bank Alfalah Limited	March 03, 2014	1,000,000	-
Bank Alfalah Limited	March 03, 2014	1,000,000	-
Bank Alfalah Limited	March 03, 2014	1,250,615	-
Sindh Bank Limited	February 11, 2014	2,000,000	-
Soneri Bank Limited	February 11, 2014	500,000	-
NIB Bank Limited	February 11, 2014	1,000,000	-
Askari Bank Limited	February 11, 2014	1,500,000	-
Askari Bank Limited	January 10, 2014	2,944,791	-
NIB Bank Limited	January 04, 2014	1,000,000	-
JS Bank Limited	January 04, 2014	1,000,000	-
NIB Bank Limited	January 22, 2014	250,000	-
Askari Bank Limited	January 10, 2013	-	2,714,842

		Maturity Upto	December 31, 2013 Rs '000	December 31, 2012 Rs '000
	Bank of Punjab	February 05, 2013	-	2,027,275
	National Bank of Pakistan	March 01, 2013	-	2,000,000
	Habib Bank Limited	March 01, 2013	-	1,500,000
			21,280,037	8,242,117

32.4 Available for sale investments

32.4.1 Units of mutual funds

Units of open-end mutual funds:		
Atlas Money Market Fund		
325,735 (December 31, 2012: 300,487) units	163,764	151,761
IGI Money Market Fund		
1,632,293 (December 31, 2012: 1,508,110) units	164,112	151,758
JS Cash Fund		
1,593,257 (December 31, 2012: 1,481,055) units	162,958	151,305
Askari Sovereign Cash Fund		
1,066,287 (December 31, 2012: nil) units	107,481	-
ABL Cash Fund		
10,754,789 (December 31, 2012: nil) units	107,631	-
NAFA Money Market Fund		
20,966,003 (December 31, 2012: nil) units	209,907	-
MCB Cash Management Optimizer		
1,439,193 (December 31, 2012: nil) units	143,993	-
KASB Cash Fund		
1,047,760 (December 31, 2012: nil) units	107,159	-
HBL Money Market Fund		
1,055,987 (December 31, 2012: nil) units	106,717	-
Faisal Money Market Fund		
1,001,864 (December 31, 2012: nil) units	101,910	-
Pakistan Cash Management Fund		
nil (December 31, 2012: 2,659,448) units	-	133,335
NAFA Government Securities Liquid Fund		
nil (December 31, 2012: 6,682,486) units	-	67,182
	1,375,632	655,341

	Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
32.4.2 Movement in available for sale investments during the year / period:			
Balance at beginning of the year / period		655,341	317,893
Additions during the year / period		834,825	450,000
Disposals during the year / period			
Cost		(152,530)	(101,364)
Gain on disposal of available for sale investments transferred from other comprehensive income to other income		(49,295)	(28,087)
		(201,825)	(129,451)
Unrealised gain transferred to other comprehensive income		87,291	16,899
Balance at end of the year / period		1,375,632	655,341

33. Cash and bank balances

	Note	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Cash in hand		41,968	31,065
Balances with banks:			
Local currency			
Current account maintained with SBP	33.1	12,001	791
Current accounts	33.2	335,481	372,448
Savings accounts	33.3 & 33.4	4,101,619	5,658,470
		4,449,101	6,031,709
Foreign currency			
Current accounts (USD 3,922 thousand; December 31, 2012: USD 8,420 thousand)		411,811	815,857
Savings accounts (USD 2,816 thousand; December 31, 2012: USD 1,512 thousand, Euro 172 thousand; December 31, 2012: Euro 117 thousand)		321,200	161,812
		733,011	977,669
		5,224,080	7,040,443

33.1 This represents balance held with SBP to meet the requirement of maintaining minimum balance equivalent to 5% (December 31, 2012: 5%) of U Bank's time and demand deposits with a tenure of less than 1 year, in accordance with regulation 6A of the Regulations. This includes Rs 408 thousand (December 31, 2012: nil) placed for the Depositors' Protection Fund.

33.2 This includes Rs 6,365 thousand (December 31, 2012: nil) held as deposit under lien in respect of standby letter of guarantee issued to customer of U Bank.

33.3 This includes Rs 152,724 thousand (December 31, 2012: 156,768 thousand) under lien of bank, against letters of guarantees and letters of credits issued on behalf of the Holding Company.

33.4 The effective interest / mark-up rates on savings accounts ranging between 5% and 10.25% (December 31, 2012: 5% to 11.65%) per annum.

		Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
34. Revenue	Telecommunication			
	Domestic	34.1	116,969,960	54,906,455
	International	34.2	16,906,100	8,855,756
	Branchless banking and markup on advances		21,331	5,937
			133,897,391	63,768,148
	Discount on prepaid cards and load		(2,673,179)	(1,293,460)
			131,224,212	62,474,688

34.1 Revenue is exclusive of Federal Excise Duty amounting to Rs 15,933,103 thousand (December 31, 2012: Rs 7,462,720 thousand).

34.2 International revenue represents revenue from foreign network operators, for calls that originate outside Pakistan, and has been shown net of interconnect cost relating to other operators and Access Promotion Charges, aggregating to Rs 8,738,931 thousand (December 31, 2012: Rs 4,563,663 thousand).

35. Cost of services

	Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
Salaries, allowances and other benefits	35.1	12,856,020	6,632,824
Call centre charges		626,904	292,408
Interconnect cost		5,479,438	2,981,444
Foreign operators cost and satellite charges		11,034,753	5,102,936
Network operating cost		13,655,193	5,848,436
Fuel and power		4,985,357	2,196,844
Value added services		965,824	427,493
Communication		17,535	5,590
Cost of SIMs		-	247,217
Cost of prepaid cards		854,793	78,143
Stores, spares and loose tools consumed		4,392,251	1,429,902
Provision for obsolete stores, spares and loose tools	23.1	478,397	163,628
Rent, rates and taxes		195,663	161,869
Repairs and maintenance		2,983,065	1,284,436
Printing and stationery		344,766	144,589
Travelling and conveyance		14,349	5,600
Depreciation on property, plant and equipment	18.4	22,345,644	10,517,655
Amortization of intangible assets	19.10	401,196	167,507
Impairment on property, plant and equipment		160,000	86,786
Annual license fee to PTA		1,106,075	534,968
Others		169,484	66,842
		83,066,707	38,377,117

35.1 This includes Rs 3,803,809 thousand (December 31, 2012: 1,699,730 thousand) in respect of employees' retirement benefits.

		Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
36. Administrative and general expenses	Salaries, allowances and other benefits	36.1	2,768,668	1,376,136
	Call centre charges		103,087	43,861
	Fuel and power		375,229	165,348
	Rent, rates and taxes		713,461	286,353
	Repairs and maintenance		505,705	309,084
	Printing and stationery		5,323	2,232
	Travelling and conveyance		309,160	148,782
	Technical services assistance fee	36.2	4,592,101	2,190,323
	Legal and professional charges		581,096	139,080
	Auditors' remuneration	36.3	14,962	9,199
	Depreciation on property, plant and equipment	18.4	1,478,168	683,481
	Amortization of intangible assets	19.10	430,779	95,744
	Research and development fund	36.4	296,975	151,221
	Insurance		5,783	-
	Provision against doubtful debts	25.3	2,035,888	926,447
	Donations	36.5	350	3,459
	Postage and courier services		273,546	-
	External services		1,273,414	638,581
	Other expenses		1,741,466	972,714
			17,505,161	8,142,045

36.1 This includes Rs 480,267 thousand (December 31, 2012: Rs 212,225 thousand) in respect of employees' retirement benefits.

36.2 This represents Group's share of the amount payable to Etisalat - UAE, a related party, under an agreement for technical services at the rate of 3.5% of the Group's consolidated revenue.

	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
36.3 Auditors' remuneration		
Statutory audit, including half yearly review	8,150	5,450
Tax services	6,037	3,029
Out of pocket expenses	650	595
Other services	125	125
	14,962	9,199

36.4 This represents the Group's contribution to the National Information Communication Technology, Research and Development Fund ("National ICT R&D Fund"), at the rate of 0.5% (December 31, 2012: 0.5%) of its gross revenues less inter operator payments and related PTA / FAB mandated payments, in accordance with the terms and conditions of its licenses to provide telecommunication services.

36.5 There were no donations during the year / period in which the directors or their spouses had any interest.

		Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
37. Selling and marketing expenses	Salaries, allowances and other benefits	37.1	2,111,888	1,065,624
	Call centre charges		62,690	29,241
	Sales and distribution charges		1,860,974	771,104
	Fuel and power		110,786	48,819
	Printing and stationery		3,554	1,491
	Travelling and conveyance		14,349	5,600
	Advertisement and publicity		3,411,267	1,788,588
	Customer acquisition cost		1,057,161	565,076
	Depreciation on property, plant and equipment	18.4	60,805	30,102
	Others		61,902	31,492
			8,755,376	4,337,137

37.1 This includes Rs 433,387 thousand (December 31, 2012: Rs 192,649 thousand) in respect of employees' retirement benefits.

38. Voluntary separation scheme cost

During the last financial year the Holding 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.

		Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
39. Other income	Income from financial assets:			
	Return on bank deposits		2,392,075	889,212
	Late payment surcharge from subscribers on over due bills		199,860	115,234
	Recovery from written off defaulters		142,736	11,356
	Late delivery charges		124,897	18,336
	Exchange gain		173,296	-
	Dividend income		-	15,000
	Gain on sale of short term investments through profit or loss		597,707	708,010
	Gain on fair value remeasurement of:			
	- short term investments		-	43,154
	- forward exchange contracts		12,856	-
	Gain on disposal of available for sale investments		-	28,087
	Imputed interest net of unwinding of interest on long term loans		-	14,083
	Mark-up on long term loans		8,006	-
	Others		508	-
			3,651,941	1,842,472
	Income from assets other than financial assets:			
	Gain on disposal of items of property, plant and equipment		61,325	-
	Secondment income from Etisalat, UAE - a related party		-	16,683
	Amortization of deferred government grants	13	291,541	91,204
	Pre-deposit income		373,012	10,112
	Customer port in / port out fee - net		93,842	34,113
	Others		66,070	64,481
			885,790	216,593
			4,537,731	2,059,065

		Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
40. Finance costs	Interest on:		
	long term loans from banks	797,833	1,278,982
	long term vendor liability	495,366	149,077
	short term running finances	2,363	5,425
	finance lease	21,604	12,684
	Bank and other charges	334,311	148,474
	Loss on fair value measurement of forward exchange contracts	-	79,189
	Exchange loss	779,777	249,883
	Employee retirement cost	18,677	-
	Imputed interest related to		
	AJK license fee	7,940	4,250
	finance lease	13,652	-
	long-term loans	170,081	-
		2,641,604	1,927,964
41. Provision for income tax charge / (credit) for the year / period	Current		
	- for the year / period	7,283,059	294,220
	- for prior year / period	(841,545)	-
		6,441,514	294,220
	Deferred		
	- for the year / period	1,193,640	696,963
	- for the prior year / period	841,545	-
	- due to change in rate of taxation	(435,339)	-
		1,599,846	696,963
	Share of tax of associate	169	496
		8,041,529	991,679

41.1 Tax charge reconciliation

The numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:

	Year ended December 31, 2013 Percentage	Six months period ended December 31, 2012 Percentage (Restated)
Applicable tax rate	34.00	35.00
Tax effect of minimum tax not recognised as deferred tax	-	7.07
Utilization of minimum tax paid in prior years, not recognized as deferred tax asset	(0.62)	-
Tax effect of amounts that are not deductible for tax purposes and others	2.25	5.20
Effect of change in tax rate	(1.83)	-
	(0.20)	12.27
Average effective tax rate charged to the consolidated statement of comprehensive income	33.80	47.27

42. Earnings per share - basic and diluted

	Year ended December 31, 2013	Six months period ended December 31, 2012
Profit for the year / period	15,752,775	1,106,318
Weighted average number of ordinary shares	5,100,000	5,100,000
Earnings per share	3.09	0.22

Earning per share for the six months period ended December 31, 2012 has been restated from Rs 0.23 per share to Rs 0.22 per share due to prior period effect of change in accounting policy for employees' retirement benefit plans as summarized in note 12.8.

43. Non funded finance facilities

The Holding Company has non funded financing facilities available with banks, which include facilities to avail letters of credit and letters of guarantee. The aggregate facility of Rs 17,100,000 thousand (December 31,2012: Rs 17,125,000 thousand) and Rs 9,800,000 thousand (December 31, 2012: Rs 5,800,000 thousand) is available for letters of credit and letters of guarantee respectively, out of which the facility availed at the year / period end is Rs 5,360,149 thousand (December 31, 2012: Rs 5,489,083 thousand). The letter of credit facility is secured by a hypothecation charge over certain assets of the Holding Company, amounting to Rs 21,383,333 thousand (December 31, 2012: Rs 18,717,000 thousand).

44. Cash generated from operations

	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000 (Restated)
Profit before tax	23,794,304	2,097,997
Adjustments for non-cash charges and other items:		
Depreciation and amortization	24,716,592	11,494,489
Impairment	160,000	86,786
Provision for obsolete stores, spares and loose tools	478,397	163,628
Provision for doubtful trade debts and other receivables	2,035,888	926,447
Provision for stock and warranty against mobile phones	(80,347)	(23,400)
Employees' retirement benefits	4,642,806	2,007,865
Voluntary separation scheme cost	-	9,467,268
(Gain) / loss on disposal of property, plant and equipment	(61,325)	182,070
Return on bank deposits	(2,392,075)	(889,212)
Interest income on long term loans	(8,006)	-
Dividend income	-	(15,000)
Gain on disposal of available for sale investments	-	(28,087)
Unrealized gain on available for sale investments - net of tax	37,996	16,899
Amortization of government grants	(291,541)	(91,204)
Finance costs	2,438,649	1,927,964
Imputed interest on AJK license fee	7,940	-
Unearned income on finance lease	13,652	-
Imputed interest on long term loans	170,081	(14,083)
Gain on sale of short term investments through profit or loss	-	(739,976)
Gain on fair value adjustment for forward exchange contracts	(12,856)	-
Share of (profit) / loss from associate	(1,209)	2,155
	55,648,946	26,572,606
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,219,089)	(125,925)
Stock in trade	(79,447)	165,596
Trade debts	(4,026,578)	(6,636,162)
Loans and advances	(256,031)	1,442,683
Deposits	4,637	(17,283)
Recoverable from tax authorities	501,541	(129,707)
Prepayments and other receivables	(490,035)	(682,623)
	(5,565,002)	(5,983,421)

		Note	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
	Increase / (decrease) in current liabilities:			
	Trade and other payables		9,875,825	6,418,023
	Advances from customers		(26,363)	(169,755)
			9,849,462	6,248,268
			59,933,406	26,837,453
45. Cash and cash equivalents	Short term investments	32	22,950,405	30,616,399
	Cash and bank balances	33	5,224,080	7,040,443
	Short term borrowings	16	(605,487)	-
			27,568,998	37,656,842

46. Remuneration of Directors, Chief Executive Officer and executives

The aggregate amount charged in the consolidated financial statements for remuneration, including all benefits, to the Chairman, Chief Executive Officer and executives of the Group is as follows:

	Chairman		Chief Executive Officer		Executives			
					Key management personnel		Other executives	
	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000	Year ended December 31, 2013 Rs '000	Six months period ended December 31, 2012 Rs '000
Managerial remuneration	-	-	142,124	62,748	390,997	175,402	1,498,195	654,371
Honorarium	300	150	-	-	-	-	664	1,490
Bonus	-	-	20,120	-	38,782	80,798	126,185	214,986
Retirement benefits	-	-	20,029	4,490	73,089	15,568	249,034	81,715
Housing	-	-	-	-	162,813	71,097	575,149	260,599
Utilities	-	-	-	-	38,405	12,203	106,196	50,257
	300	150	182,273	67,238	704,086	355,068	2,555,423	1,263,418
Number of persons	1	1	1	1	71	56	1,163	1,084

The Group also provides free medical and limited residential telephone facilities, to all its executives, including the Chief Executive Officer. The Chairman is entitled to free transport and a limited residential telephone facility, whereas, the Directors of the Group are provided only with limited telephone facilities; certain executives are also provided with the Group maintained cars.

The aggregate amount charged in the consolidated financial statements for the year / period as fee paid to 13 non executive directors (December 31, 2012: 13 non executive directors), is Rs 88,466 thousand (December 31, 2012: 31,135 thousand) for attending the Board of Directors, and its sub-committee meetings.

47. Rates of exchange

Assets in foreign currencies have been translated into Rupees at USD 1 = Rs 105.00 (December 31, 2012: USD 1 = Rs 96.70), while liabilities in foreign currencies have been translated into Rupees at USD 1 = Rs 105.20 (December 31, 2012: USD 1 = Rs 97.10).

48. Financial risk management

48.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board has prepared a 'Risk Management Policy' covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Arab Emirates Dirham (AED) and EURO (EUR). Currently, the Group's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Group's exposure to currency risk is as follows:

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
USD		
Trade and other payables	(24,976,243)	(9,615,148)
Long term vendor liability	(5,965,873)	(10,380,957)
License fee payable	(157,800)	(194,200)
Trade debts	5,743,962	5,600,119
Cash and bank balances	707,468	962,640
Net exposure	(24,648,486)	(13,627,546)

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
EUR		
Trade and other payables	(47,636)	(80,655)
Trade debts	52,626	75,457
Cash and bank balances	24,979	15,028
Net exposure	29,969	9,830
AED		
Trade and other payables	(55,759)	(50,887)

The following significant exchange rates were applied during the year / period:

	Year ended December 31, 2013	Six months period ended December 31, 2012
Rupees per USD		
Average rate	101.62	95.42
Reporting date rate	105.20	97.10
Rupees per EURO		
Average rate	134.98	121.67
Reporting date rate	145.10	128.31
Rupees per AED		
Average rate	27.67	25.98
Reporting date rate	28.64	26.44

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, AED and EUR with all other variables held constant, the impact on profit after taxation for the year / period would have been Rs 814,233 thousand (December 31, 2012: Rs 444,230 thousand) respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity securities price risk because of the investments held by the Group in money market mutual funds and classified on the consolidated statement of financial position as available for sale. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio.

Financial assets include investments of Rs 1,375,632 thousand (December 31, 2012: Rs 2,106,598 thousand) which were subject to price risk.

If redemption price on mutual funds, at the year / period end date, fluctuate by 5% higher / lower with all other variables held constant, total comprehensive income for the year / period would have been Rs 80,528 thousand (December 31, 2012: Rs 105,330 thousand) higher / lower, mainly as a result of higher / lower redemption price on units of mutual funds.

iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the date of the consolidated statement of financial position, the interest rate profile of the Group's interest bearing financial instruments is:

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	550,234	542,166
Short term investments - term deposits	21,280,037	24,310,945
Treasury Bills	294,736	4,198,856
Floating rate instruments:		
Bank balances - saving accounts	4,422,819	5,820,282
	26,547,826	34,872,249
Financial liabilities		
Floating rate instruments:		
Long term loans from banks	-	20,500,000
Liability against assets subject to finance lease	90,415	102,325
Long term vendor liability	4,201,345	3,797,718
Short term running finance	605,487	-
	4,897,247	24,400,043

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value. Therefore, a change in interest rates at the date of consolidated statement of financial position would not affect the total comprehensive income of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate instruments of the Group, at the year / period end date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year / period would have been Rs 313,450 thousand (December 31, 2012: Rs 441,733 thousand) higher / lower, mainly as a result of higher / lower markup income on floating rate loans / investments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation. The maximum exposure to credit risk at the reporting date is as follows:

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Long term loans and advances	3,955,888	3,557,317
Trade debts	17,864,435	15,873,745
Deposits	78,809	83,446
Accrued interest	509,512	353,739
Loans and advances	1,387,119	1,076,809
Receivable from the Government of Pakistan	2,164,072	2,164,072
Prepayments and other receivables	2,782,281	2,532,246
Short term investments	22,950,405	30,616,399
Bank balances	5,182,112	7,009,378
	56,874,633	63,267,151

The credit risk on liquid funds is limited, because the counter parties are banks with reasonably high credit ratings. In case of trade debts the Group believes that it is not exposed to a major concentration of credit risk, as its exposure is spread over a large number of counter parties and subscribers.

The credit quality of bank balances and short term investments, that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	December 31, 2013 Rs '000	December 31, 2012 Rs '000
National Bank of Pakistan	A-1+	AAA	JCR-VIS	4,698,615	6,078,101
Bank Alfalah Limited	A1+	AA	PACRA	5,398,370	2,653,782
Al Baraka Bank	A1	A	PACRA	-	500,668
MCB Bank Limited	A1+	AA+	PACRA	276,357	237,987
Soneri Bank Limited	A1+	AA-	PACRA	508,747	13,287
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,015	-
Industrial Commercial Bank of China	A1+	A1+	Moody's	32	-
The Bank of Punjab	A1+	AA-	PACRA	11,027	3,082,986
NIB Bank Limited	A1+	AA-	PACRA	4,364,287	1,366,498
Habib Bank Limited	A-1+	AA+	JCR-VIS	595,477	1,566,774
Faysal Bank Limited	A1+	AA	PACRA	10,988	31,268
Askari Bank Limited	A1+	AA	PACRA	5,998,123	4,726,425
Allied Bank Limited	A1+	AA+	PACRA	108,200	4,167,389
United Bank Limited	A-1+	AA+	JCR-VIS	17,497	1,363,126
KASB Bank Limited	A3	BBB	PACRA	-	4,526
Bank Al-Habib Limited	A1+	AA+	PACRA	357,703	2,644,336
Summit Bank Limited	A-2	A-	JCR-VIS	31,952	1,542,757
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	195,240	218,541
Citibank, N.A	P-1	A1	Moody's	206,954	71,882
HSBC Bank Middle East Limited	P-1	A1	Moody's	467	-
SME Bank Limited	A-3	BBB	JCR-VIS	1	321
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	54,750	71,154
JS Bank Limited	A1	A+	PACRA	1,000,534	-
Meezan Bank Limited	A-1+	AA-	JCR-VIS	220,510	154,943
Sindh Bank Limited	A-1+	AA-	JCR-VIS	1,998,779	-
Barclays Bank PLC	A-1	A+	S&P's	5,210	15,502
Samba Bank	A-1	AA-	JCR-VIS	1	803,455
Burj Bank				69	-
Khushhali Bank				379,878	-
ICBC Pakistan				6,365	-
Other Banks				12,001	4,615

	Rating		Rating	December 31,	December 31,
	Short term	Long term	Agency	2013 Rs '000	2012 Rs '000
Mutual Funds					
- Pakistan Cash Management Fund	-	AAA(f)	PACRA	-	133,335
- NAFA Government Securities Liquid Fund	-	AAA(f)	PACRA	209,907	818,439
- MCB Cash Management Optimizer	-	AAA(f)	PACRA	143,993	-
- Atlas Money Market Fund	-	AA+(f)	PACRA	163,764	151,761
- HBL Money Market Fund	-	AA+(f)	PACRA	106,717	-
- IGI Money Market Fund	-	AM3+	PACRA	164,112	151,758
- JS Cash Fund	-	AA+	PACRA	162,958	151,305
- Allied Bank Limited	-	AA+	JCR-VIS	107,631	700,000
- KASB Cash Fund	-	AA+(f)	PACRA	107,159	-
- Faysal Saving Growth Fund	-	AA-(f)	JCR-VIS	101,910	-
- Askari Sovereign Cash Fund	-	AA+(f)	PACRA	107,481	-
				27,837,781	33,426,921

Due to the Group's long standing business relationships with these counterparties, and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities.

The Group follows an effective cash management and planning policy to ensure availability of funds, and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities as at December 31, 2013:

	Carrying amount Rs '000	Less than one year Rs '000	One to five years Rs '000	More than five years Rs '000
Short term running finance	605,487	605,487	-	-
Liability against assets subject to finance lease	90,415	31,977	58,438	-
License fee payable	144,998	51,151	93,847	-
Long term security deposits	1,494,253	-	525,735	968,518
Employees' retirement benefits	33,320,384	-	-	33,320,384
Long term vendor liability	12,693,477	6,109,004	6,584,473	-
Trade and other payables	45,536,957	45,536,957	-	-
Interest accrued	120,251	120,251	-	-
	94,006,222	52,454,827	7,262,493	34,288,902

The following are the contractual maturities of financial liabilities as at December 31, 2012:

	Carrying amount Rs '000	Less than one year Rs '000	One to five years Rs '000	More than five years Rs '000
Long-term loans from Banks	20,500,000	1,750,000	18,750,000	-
Liability against assets subject to finance lease	102,325	31,977	69,694	654
License fee payable	173,458	47,212	126,246	-
Long term security deposits	1,479,740	-	534,487	945,253
Employees' retirement benefits	32,631,927	-	-	32,631,927
Long term vendor liability	15,578,927	12,546,663	3,032,264	-
Trade and other payables	32,380,973	32,380,973	-	-
Interest accrued	205,846	205,846	-	-
	103,053,196	46,962,671	22,512,691	33,577,834

48.2 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

48.3 Financial instruments by categories

	Fair value through profit or loss		Available for sale		Loans and receivables		Total	
	December 31, 2013 Rs '000	December 31, 2012 Rs '000	December 31, 2013 Rs '000	December 31, 2012 Rs '000	December 31, 2013 Rs '000	December 31, 2012 Rs '000	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Financial assets as per statement of financial position								
Long term investments	-	-	83,900	83,900	-	-	83,900	83,900
Long term loans and advances	-	-	-	-	495,026	530,543	495,026	530,543
Trade debts	-	-	-	-	17,864,435	15,873,745	17,864,435	15,873,745
Loans and advances	-	-	-	-	247,720	138,765	247,720	138,765
Deposits	-	-	-	-	78,809	83,446	78,809	83,446
Accrued interest	-	-	-	-	509,512	353,739	509,512	353,739
Receivable from the Government of Pakistan	-	-	-	-	2,164,072	2,164,072	2,164,072	2,164,072
Prepayments and other receivables	-	-	-	-	692,916	662,319	692,916	662,319
Short-term investments	-	21,714,004	1,375,632	655,341	21,574,773	8,247,054	22,950,405	30,616,399
Cash and bank balances	-	-	-	-	5,224,080	7,040,443	5,224,080	7,040,443
	-	21,714,004	1,459,532	739,241	48,851,343	35,094,126	50,310,875	57,547,371

	Liabilities at fair value through profit and loss		Other financial liabilities		Total	
	December 31, 2013 Rs '000	December 31, 2012 Rs '000	December 31, 2013 Rs '000	December 31, 2012 Rs '000	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Financial liabilities as per statement of financial position						
Loans from Banks	-	-	-	20,500,000	-	20,500,000
Liability against assets subject to finance lease	-	-	90,415	102,325	90,415	102,325
License fee payable	-	-	144,998	173,458	144,998	173,458
Long term security deposits	-	-	1,494,253	1,479,740	1,494,253	1,479,740
Employees' retirement benefits	-	-	33,320,384	32,631,927	33,320,384	32,631,927
Vendor liability	-	-	12,693,477	15,578,927	12,693,477	15,578,927
Trade and other payables	-	-	45,491,555	32,322,716	45,491,555	32,322,716
Interest accrued	-	-	120,251	205,846	120,251	205,846
Short term running finance	-	-	605,487	-	605,487	-
Forward foreign exchange contracts	45,402	58,257	-	-	45,402	58,257
	45,402	58,257	93,960,820	102,994,939	94,006,222	103,053,196

48.4 Capital Risk Management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the Group's business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

(i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce the debt.

For working capital and capital expenditure requirements, the Group relies on internal cash generation and does not have any significant borrowings.

		December 31, 2013 Rs '000	December 31, 2012 Rs '000
49. Employees' provident fund	Details of the Group's employees provident fund are given below:		
	Total assets	4,261,565	3,836,148
	Cost of investments made	3,901,321	3,587,024
	Percentage of investments made	91.5%	93.5%
	Fair value of investments	3,951,990	3,575,694

	December 31, 2013		December 31, 2012	
	Rs '000	Percentage	Rs '000	Percentage
Break up of investments - at cost				
Term finance certificates	144,450	3.70	381,880	10.65
Pakistan Investment Bonds	48,744	1.25	994,049	27.71
Treasury bills	-	-	53,616	1.49
Term deposits	3,191,494	81.81	2,115,214	58.97
Mutual fund	80,000	2.05	-	-
Interest bearing accounts	436,633	11.19	42,246	1.18
	3,901,321	100.00	3,587,005	100.00

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

50. Transactions with related parties

The Government of Pakistan and Etisalat International Pakistan (EIP), UAE are the majority shareholders of the Group. Therefore, all related entities of the Government of Pakistan and EIP are related parties of the Group. Additionally, the Group's associate T.F. Pipes Limited, directors, chief executive, key management personnel and employee funds are also related parties of the Group. The remuneration of the directors, chief executive and executives is given in note 46 to the financial statements. The amounts due from and due to these related parties are shown under respective receivables and payables. The Group had transactions with the following related parties during the year / period:

Shareholders
- Etisalat International Pakistan

Associated undertakings
- Emirates Telecommunication Corporation
- Etisalat - Afghanistan
- Etihad Etisalat Company - Kingdom of Saudi Arabia
- Etisalat International Zantel Limited
- Thuraya Satellite Telecommunication
- T.F. Pipes Limited
- Atlantique Telecom
- Pakistan MNP Database (Guarantee) Limited

Employees' benefit plans
- Pakistan Telecommunication Employees' Trust
- PTML - Employees' Provident Fund
- PTML - Employees' Gratuity Fund
- U Bank - Employees' Provident Fund

Other related parties
- Pakistan Telecommunication Authority - The Government of Pakistan
- Universal Service Fund - The Government of Pakistan

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Shareholders		
Technical services assistance fee	4,592,101	2,190,323
Associates		
Sale of goods and services	188,928	331,839
Purchase of goods and services	1,679,457	923,727
Employees' retirement benefit plan		
Contribution to the plans	8,656,186	3,562,332
Other related Parties		
Charge under license obligations	2,341,120	1,053,114

51. Operating segment Information

51.1 Management has determined the operating segments based on the information that is presented to the Board of Directors for allocation of resources and assessment of performance. The Group is organised into two operating segments i.e. fixed line communications (Wire line) and wireless communications (Wireless). The reportable operating segments derive their revenue primarily from voice, data and other services.

51.2 The Board of Directors monitor the results of the above mentioned segments for the purpose of making decisions about the resources to be allocated and for assessing performance based on total comprehensive income for the year.

51.3 The segment information for the reportable segments is as follows:

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
Year ended December 31, 2013			
Segment revenue	74,158,468	64,995,426	139,153,894
Inter - segment revenue	(5,658,369)	(2,271,313)	(7,929,682)
Revenue from external customers	68,500,099	62,724,113	131,224,212
Segment results	9,534,414	6,218,245	15,752,659
Six months period ended December 31, 2012			
Segment revenue	34,788,989	31,917,747	66,706,736
Inter - segment revenue	(2,555,519)	(1,676,529)	(4,232,048)
Revenue from external customers	32,233,470	30,241,218	62,474,688
Segment results	657,485	448,833	1,106,318
Information on assets and liabilities of the segments is as follows:			
As at December 31, 2013			
Segment assets	152,509,735	87,178,660	239,688,395
Segments liabilities	80,264,007	40,060,631	120,324,638
As at December 31, 2012			
Segment assets	133,919,913	107,606,460	241,526,373
Segments liabilities	67,261,284	62,097,817	129,359,101

51.4 Other segment information is as follows:

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
Year ended December 31, 2013			
Depreciation	10,376,844	13,507,773	23,884,617
Amortization	155,695	676,280	831,975
Finance cost	346,477	2,295,127	2,641,604
Interest income	1,706,575	685,500	2,392,075
Income tax expense	4,867,538	3,173,991	8,041,529
Share of profit from associate	1,040	-	1,040
Six months period ended December 31, 2012			
Depreciation	5,076,159	6,155,079	11,231,238
Amortization	134,255	128,996	263,251
Finance cost	136,001	1,791,963	1,927,964
Interest income	592,033	297,179	889,212
Income tax expense	600,263	391,416	991,679
Share of loss from associate	2,651	-	2,651

51.5 The Group's customer base is diverse with no single customer accounting for more than 10% of net revenues.

51.6 The amount of revenue from external parties, total segment assets and segment liabilities is measured in a manner consistent with that of the financial information reported to the Board of Directors.

51.7 Breakdown of the revenue from all services by category is as follows:

	December 31, 2013 Rs '000	December 31, 2012 Rs '000
Voice	82,784,277	42,634,972
Data	44,393,340	13,278,331
Other services	4,046,595	6,561,385
	131,224,212	62,474,688

			December 31, 2013	December 31, 2012
			(Number)	
52.	**Number of Employees**	Total number of persons employed at year / period end	23,606	23,512
		Average number of employees during the year / period	23,532	26,442

53. Offsetting of financial assets and liabilities

Trade debts presented in the consolidated statement of financial position include aggregate receivable of Rs 8,683,713 thousand (December 31, 2012: Rs 8,503,550 thousand) set off against aggregate payable of Rs 5,847,644 thousand (December 31, 2012: Rs 4,193,704 thousand).

Trade and other payables presented in the consolidated statement of financial position include aggregate payable of Rs 10,725,749 thousand (December 31, 2012: Rs 5,455,696 thousand) set off against aggregate receivable of Rs 8,028,907 thousand (December 31, 2012: Rs 1,401,656 thousand).

54. Non adjusting event after the date of statement of financial position

The Board of Directors of the Holding Company in its meeting held on February 02, 2014 has recommended a final dividend of Re 1.00 per share for the year ended December 31, 2013, amounting to Rs 5,100,000 thousand for approval of the members in the forthcoming Annual General Meeting of the Holding Company.

55. Date of authorization for issue

These consolidated financial statements were authorized for issue on February 02, 2014 by the Board of Directors of the Holding Company.

Chairman

President & CEO

ANNEXES

PATTERN OF SHAREHOLDING

AS ON DECEMBER 31, 2013

No. of Shareholders	Shareholding From	Shareholding To	Number of Shares Held
25,362	1	100	2,506,771
9,151	101	500	2,815,714
2,817	501	1,000	2,478,760
2,948	1,001	5,000	7,890,611
663	5,001	10,000	5,463,282
233	10,001	15,000	3,003,442
163	15,001	20,000	3,056,366
135	20,001	25,000	3,237,486
71	25,001	30,000	2,049,997
43	30,001	35,000	1,415,169
36	35,001	40,000	1,412,300
17	40,001	45,000	732,548
69	45,001	50,000	3,439,612
9	50,001	55,000	483,375
16	55,001	60,000	939,400
12	60,001	65,000	766,500
11	65,001	70,000	761,000
17	70,001	75,000	1,267,475
13	75,001	80,000	1,011,871
8	80,001	85,000	662,821
8	85,001	90,000	712,117
2	90,001	95,000	187,500
45	95,001	100,000	4,492,300
7	100,001	105,000	715,960
8	105,001	110,000	873,800
4	110,001	115,000	446,500
3	115,001	120,000	360,000
6	120,001	125,000	743,806
8	125,001	130,000	1,038,947
5	130,001	135,000	672,748
5	135,001	140,000	693,560
4	140,001	145,000	572,858
14	145,001	150,000	2,089,157
5	150,001	155,000	756,299
2	155,001	160,000	320,000
3	160,001	165,000	490,789
3	170,001	175,000	525,000
1	175,001	180,000	175,800
2	180,001	185,000	368,901
4	185,001	190,000	750,300
2	190,001	195,000	387,490
16	195,001	200,000	3,195,000
3	200,001	205,000	608,262
2	205,001	210,000	417,088
3	220,001	225,000	671,042
3	225,001	230,000	682,828
2	235,001	240,000	472,500
1	240,001	245,000	245,000
7	245,001	250,000	1,747,500
1	250,001	255,000	254,750
1	265,001	270,000	268,636
2	270,001	275,000	547,568
1	275,001	280,000	275,900
1	280,001	285,000	281,500
4	295,001	300,000	1,200,000
1	300,001	305,000	300,500
2	305,001	310,000	617,992
1	310,001	315,000	311,000
1	315,001	320,000	319,500
2	320,001	325,000	647,235
2	335,001	340,000	679,000
1	340,001	345,000	344,700
3	345,001	350,000	1,049,000
2	350,001	355,000	706,900
1	360,001	365,000	361,000
1	370,001	375,000	371,000

No. of Shareholders	Shareholding		Number of Shares Held
	From	To	
1	375,001	380,000	375,084
1	385,001	390,000	387,073
5	395,001	400,000	2,000,000
2	400,001	405,000	803,968
1	405,001	410,000	410,000
1	415,001	420,000	417,408
1	435,001	440,000	439,500
1	445,001	450,000	450,000
2	455,001	460,000	917,000
1	460,001	465,000	465,000
1	465,001	470,000	466,500
1	470,001	475,000	470,261
6	495,001	500,000	3,000,000
1	500,001	505,000	505,000
1	505,001	510,000	509,877
3	520,001	525,000	1,568,010
1	545,001	550,000	550,000
2	550,001	555,000	1,106,118
1	560,001	565,000	563,000
2	570,001	575,000	1,143,100
2	595,001	600,000	1,200,000
1	600,001	605,000	602,201
1	605,001	610,000	608,670
1	650,001	655,000	650,600
1	655,001	660,000	658,500
1	690,001	695,000	690,400
1	730,001	735,000	730,900
1	745,001	750,000	750,000
1	785,001	790,000	787,000
2	790,001	795,000	1,584,858
1	805,001	810,000	805,753
1	830,001	835,000	832,000
2	840,001	845,000	1,681,758

No. of Shareholders	Shareholding		Number of Shares Held
	From	To	
1	845,001	850,000	845,500
1	855,001	860,000	859,860
1	875,001	880,000	877,532
1	915,001	920,000	918,500
1	950,001	955,000	952,454
3	995,001	1,000,000	3,000,000
1	1,050,001	1,055,000	1,051,823
1	1,065,001	1,070,000	1,068,500
2	1,070,001	1,075,000	2,143,039
1	1,090,001	1,095,000	1,093,000
1	1,095,001	1,100,000	1,100,000
1	1,115,001	1,120,000	1,119,000
2	1,145,001	1,150,000	2,300,000
1	1,165,001	1,170,000	1,170,000
3	1,195,001	1,200,000	3,590,902
1	1,200,001	1,205,000	1,204,500
1	1,240,001	1,245,000	1,244,659
1	1,290,001	1,295,000	1,290,200
2	1,295,001	1,300,000	2,600,000
1	1,370,001	1,375,000	1,371,000
1	1,395,001	1,400,000	1,400,000
1	1,440,001	1,445,000	1,441,000
1	1,545,001	1,550,000	1,549,300
1	1,625,001	1,630,000	1,625,500
1	1,715,001	1,720,000	1,717,400
1	1,725,001	1,730,000	1,728,382
2	1,765,001	1,770,000	3,534,833
1	1,775,001	1,780,000	1,779,400
1	1,885,001	1,890,000	1,887,049
2	1,995,001	2,000,000	4,000,000
1	2,040,001	2,045,000	2,043,613
1	2,090,001	2,095,000	2,090,500
1	2,115,001	2,120,000	2,115,018

PATTERN OF SHAREHOLDING

AS ON DECEMBER 31, 2013

No. of Shareholders	Shareholding From	Shareholding To	Number of Shares Held
1	2,240,001	2,245,000	2,241,500
1	2,335,001	2,340,000	2,339,794
1	2,430,001	2,435,000	2,433,399
1	2,610,001	2,615,000	2,612,200
1	2,615,001	2,620,000	2,617,562
1	2,775,001	2,780,000	2,778,968
2	2,955,001	2,960,000	5,916,800
1	2,995,001	3,000,000	3,000,000
1	3,065,001	3,070,000	3,067,332
1	3,080,001	3,085,000	3,084,050
1	3,115,001	3,120,000	3,120,000
1	3,190,001	3,195,000	3,192,670
1	3,205,001	3,210,000	3,208,000
1	3,345,001	3,350,000	3,347,600
1	3,445,001	3,450,000	3,450,000
1	3,495,001	3,500,000	3,500,000
1	3,570,001	3,575,000	3,575,000
1	3,585,001	3,590,000	3,588,000
2	3,745,001	3,750,000	7,497,175
1	3,780,001	3,785,000	3,780,639
1	3,805,001	3,810,000	3,805,500
1	3,930,001	3,935,000	3,932,500
1	4,335,001	4,340,000	4,339,300
2	4,470,001	4,475,000	8,949,100
1	4,475,001	4,480,000	4,477,884
1	4,510,001	4,515,000	4,511,500
1	4,935,001	4,940,000	4,938,998
2	4,995,001	5,000,000	10,000,000
1	5,015,001	5,020,000	5,019,400
1	5,435,001	5,440,000	5,437,500
1	6,265,001	6,270,000	6,268,400
1	6,270,001	6,275,000	6,271,000
1	7,095,001	7,100,000	7,100,000
1	7,990,001	7,995,000	7,993,477
1	8,375,001	8,380,000	8,379,337
1	8,670,001	8,675,000	8,673,400
1	8,905,001	8,910,000	8,908,616
1	9,675,001	9,680,000	9,676,802
1	10,620,001	10,625,000	10,625,000
1	13,595,001	13,600,000	13,596,603
1	14,660,001	14,665,000	14,664,537
1	16,995,001	17,000,000	17,000,000
1	21,795,001	21,800,000	21,800,000
1	23,400,001	23,405,000	23,401,500
1	37,670,001	37,675,000	37,671,354
1	55,890,001	55,895,000	55,893,800
1	57,060,001	57,065,000	57,060,074
1	196,385,001	196,390,000	196,387,991
1	407,805,001	407,810,000	407,809,524
1	918,190,001	918,195,000	918,190,476
1	2,974,680,000	2,974,685,000	2,974,680,002
42,147	Total		5,100,000,000

CATEGORIES OF SHAREHOLDERS

AS AT DECEMBER 31, 2013

S.No.	Shareholder's category	Number of shareholders	Number of shares held	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children	10	245,009	0.00
2	Associated Companies, undertakings and related parties	2	1,326,000,000	26.00
3	NIT and ICP	4	4,481,284	0.09
4	Banks Development Financial Institutions, Non Banking Financial Institutions	29	94,957,283	1.86
5	Insurance Companies	15	70,979,158	1.39
6	Modarabas and Mutual Funds	58	61,574,760	1.21
7	Shareholders holding 10%	4	4,497,067,993	88.18
8	General Public :			
	a. Local	41,311	90,228,637	1.77
	b. Foreign	349	429,400	0.01
9	President of Pakistan	2	3,171,067,993	62.18
10	Others	367	280,036,476	5.49
	Total (excluding shareholders holding 10%)	42,147	5,100,000,000	100.00

Trades in PTCL Shares

The Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their spouses and minor children have not traded in PTCL shares during the year ended December 31, 2013.

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

AS AT DECEMBER 31, 2013

	Shareholder's category	Number of shareholders	Number of shares held
i.	**Associated Companies, Undertakings and Related Parties (name wise details)**		
	ETISALAT INTERNATIONAL PAKISTAN (LLC) - FIRST CDC ACCOUNT	1	918,190,476
	ETISALAT INTERNATIONAL PAKISTAN (LLC) SECOND CDC ACCOUNT	1	407,809,524
	Total :	2	1,326,000,000
ii.	**Mutual Funds (name wise details)**		
	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	147,457
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	3,192,670
	CDC - TRUSTEE APF-EQUITY SUB FUND	1	25,000
	CDC - TRUSTEE APIF - EQUITY SUB FUND	1	25,000
	CDC - TRUSTEE ATLAS INCOME FUND - MT	1	111,500
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	250,000
	CDC - TRUSTEE FIRST HABIB STOCK FUND	1	104,000
	CDC - TRUSTEE HBL - STOCK FUND	1	5,000,000
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	100,000
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	2,000
	CDC - TRUSTEE JS ISLAMIC FUND	1	600,000
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	100,000
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	197,000
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	1,051,823
	CDC - TRUSTEE MCB DYNAMIC STOCK FUND	1	841,000
	CDC - TRUSTEE MEEZAN BALANCED FUND	1	522,510
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	14,664,537
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	1,290,200
	CDC - TRUSTEE NAFA ISLAMIC MULTI ASSET FUND	1	563,000
	CDC - TRUSTEE NAFA MULTI ASSET FUND	1	1,073,000
	CDC - TRUSTEE NAFA STOCK FUND	1	1,779,400
	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	1	13,596,603
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	3,780,639
	CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	1	47,700
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	82,500
	CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	1	1,119,000

Shareholder's category	Number of shareholders	Number of shares held
CDC - TRUSTEE PICIC INCOME FUND - MT	1	439,500
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	50,000
CDC - TRUSTEE UBL ISLAMIC ASSET ALLOCATION FUND	1	50,000
CDC - TRUSTEE UBL SHARIA STOCK FUND	1	500,000
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	3,000,000
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	100,000
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	1,000,000
CDC-TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	1	100,190
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	794,500
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	2,241,500
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	195,000
CDC-TRUSTEE PAKISTAN PREMIER FUND	1	571,000
FAMANDSFORENINGEN LAERERNES PENSION INVEST [1547-5]	1	311,000
MC FSL - TRUSTEE JS KSE-30 INDEX FUND	1	27,931
MCBFSL - TRUSTEE ABL AMC CAPITAL PROTECTED FUND	1	50,000
MCBFSL - TRUSTEE JS VALUE FUND	1	1,000,000
MCBFSL - TRUSTEE NAMCO BALANCED FUND - MT	1	112,500
MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND	1	200,000
MCBFSL-TRUSTEE URSF-EQUITY SUB FUND	1	225,000
NATIONAL BANK OF PAKISTAN TRUSTEE WING	2	3,000
NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	1	4,477,884
POLUNIN FUNDS [1500-0]	1	4,339,300
SILK -ROAD FRONTIERS FUND	1	859,860
THE NAMURA TRUST AND BANKING CO. LIMITED (1153-5)	1	324,735
THE NOMURA TRUST AND BANKING CO., LTD. [1444-5]	1	223,500
TRUSTEE - BMA CHUNDRIGAR ROAD SAVINGS FUND - MT	1	2,500
TRUSTEE - PAKISTAN ISLAMIC PENSION FUND - EQUITY SUB FUND	1	134,000
TRUSTEE - PAKISTAN PENSION FUND - EQUITY SUB FUND	1	187,000
TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRESSIVE FUND	1	25,000
TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCE FUND (BF)	1	50,000
Total :	57	71,861,439

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

AS AT DECEMBER 31, 2013

	Shareholder's category	Number of shareholders	Number of shares held
iii.	**Directors and their spouses and minor children (name wise details)**		
	DR. DANIEL RITZ	1	1
	DR. WAQAR MASOOD KHAN	2	245,001
	MR. ABDULRAHIM A. AL NOORYANI	1	1
	MR. AKHLAQ AHMAD TARAR	1	1
	MR. AMJAD ALI KHAN	1	1
	MR. FADHIL MUHAMMAD ERHAMA AL ANSARI	1	1
	MR. JAMAL SAIF AL JARWAN	1	1
	MR. SERKAN OKANDAN	1	1
	MR. YASIR QADIR	1	1
	Total :	10	245,009
iv.	**Executives**	NIL	NIL
v.	**Public Sector Companies and Corporations**	5	58,622,474
	Total :	5	58,622,474
vi.	**Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds**	72	113,556,033
	Total :	72	113,556,033
vii.	**Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)**		
	PRESIDENT OF PAKISTAN	2	3,171,067,993
	ETISALAT INTERNATIONAL PAKISTAN (LLC)	2	1,326,000,000
	Total :	4	4,497,067,993

NOTICE OF THE NINETEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Nineteenth Annual General Meeting of Pakistan Telecommunication Company Limited will be held on Wednesday, April 23, 2014 at 11:00 a.m. at the Islamabad Serena Hotel, Opposite Convention Center, Sector G-5, Khayaban-e-Suhrwardy, Islamabad, to transact the following business:

1. To confirm the minutes of the last AGM held on April 15, 2013.

2. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2013, together with the Auditors' and Directors' reports.

3. To approve the final cash dividend of 10% (Re. 1.00 per Ordinary Share) and interim cash dividend of 10% (Re. 1.00 per Ordinary Share) that has already been declared and paid to the shareholders, thus computed a total cash dividend of 20% (Rs. 2.00 per Ordinary Share) for the year ended December 31, 2013.

4. To appoint Auditors for the financial year ending December 31, 2014 and to fix their remuneration. The retiring Auditors M/s A. F. Ferguson & Co., Chartered Accountants being eligible, have offered themselves for re-appointment.

5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

(Farah Qamar)
Company Secretary

Islamabad
Dated: February 02, 2014.

Notes:

1. Any member of the Company entitled to attend and vote at this meeting may appoint any person as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time fixed for holding the meeting.

2. The Share Transfer Books of the Company will remain closed from April 15, 2014 to April 23, 2014 (both days inclusive).

3. Members are requested to notify any change in address immediately to our Share Registrar, M/s FAMCO Associates (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Shahra-e-Faisal, Karachi.

4. Any individual Beneficial Owner of CDC, entitled to vote at this meeting, must bring his/her original CNIC with him/her to prove his/her identity, and in case of proxy, a copy of shareholder's attested CNIC must be attached with the proxy form. Representatives of corporate members should bring the usual documents required for such purpose.

NOTES

FORM OF PROXY

PAKISTAN TELECOMMUNICATION COMPANY LIMITED

ptcl

I/we ______________________________

of ______________________________

being a member of Pakistan Telecommunication Company Limited, and a holder of ______________

Ordinary Shares as per Share Register Folio No. ______________ and / or CDC Participant I.D. No.

______________ hereby appoint Mr./Mrs./Miss ______________

of ______________ as my / our proxy to vote for me / us and on my / our behalf at the Nineteenth Annual General Meeting of the Company to be held on Wednesday, April 23, 2014 at 11:00 a.m. and at any adjournment thereof.

Signed this ______________ day of ______________ 2014.

For beneficial owners as per CDC List

Signature on Rs. 5/- Revenue Stamp

1. Witness
   Signature ______________
   Name: ______________
   Address: ______________
   ____
   CNIC No. [| | | | |–| | | | | | | |–|]
   or passport No. ______________

2. Witness
   Signature ______________
   Name: ______________
   Address: ______________
   ____
   CNIC No. [| | | | |–| | | | | | | |–|]
   or passport No. ______________

Notes:

i) The proxy need not be a member of the Company.

ii) The instrument appointing a proxy must be duly stamped, signed and deposited at the office of the Company Secretary, PTCL Headquarters, Sector G-8/4, Islamabad, not less than 48 hours before the time fixed for holding the meeting.

iii) Signature of the appointing member should match with his / her specimen signature registered with the Company.

iv) If a proxy is granted by a member who has deposited his / her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account / sub-account number along with attested copies of the Computerized National Identity Card (CNIC) or Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.

AFFIX
CORRECT
POSTAGE

To,
The Company Secretary,
Pakistan Telecommunication Company Limited
PTCL Headquarters, Sector G-8/4,
Islamabad-44000