PAKISTAN TELECOMMUNICATION COMPANY LIMITED

ANNUAL REPORT 2012

ptcl hello to the future

NON STOP
CONNECTIVITY
3G EVO
ON THE GO
CUSTOMER CARE
RELIABLE
evo 3G Nitro
UNPARALLELED
UNBEATABLE
PTCL Landline
ALWAYS CONNECTED
3G EVO TAB
INSPIRING
ptcl
hello to the
future
INFORMATION COMMUNICATION TECHNOLOGY
SERVICE PROVIDER
CONSOLIDATION
DIVERSIFICATION
CONTINUOUS
INNOVATION
3G EVO
WiFi
CLOUD
LIBERATING
EVODROID
TOUCH 'N' FLY
Broadband
Pakistan
EMPOWERING
evo 3G Nitro
CLOUD
REVOLUTIONARY
ptcl VIDEOCON
FUTURISTIC
ptcl Smart TV
Spreading the colours of life
ENTERTAINMENT UNLIMITED
I SENTRY
Vfone
wireless
BEYOND BOUNDARIES


evo
3G
Nitro
CLOUD
Wi Fi
to phir speed ho jae...
HYPER SPEED
of 3G EVO Nitro Wi-Fi Cloud
Speeds up to
9.3
Mbps

Contents

Vision & Mission

Corporate Vision

To be the leading ICT service provider in the region by achieving customers' satisfaction and maximizing shareholders' value.

Mission

To achieve our vision by having:

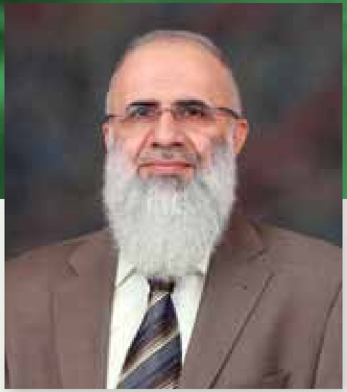
- An organizational environment that fosters professionalism, motivation and quality.
- An environment that is cost effective and quality conscious.
- Services that are based on the most optimum technology.
- "Quality" and "Time" conscious customer services.
- Sustained growth in earnings and profitability.

Core Values

- Professional Integrity
- Customer Satisfaction
- Teamwork
- Company Loyalty

Board of Directors

AMIR TARIQ ZAMAN KHAN
Chairman PTCL Board

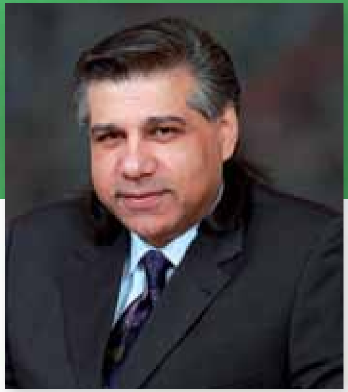


ABDULRAHIM A. AL NOORYANI
Member PTCL Board

ABDUL WAJID RANA
Member PTCL Board

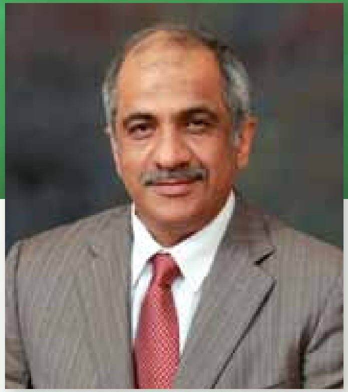
SERKAN OKANDAN
Member PTCL Board

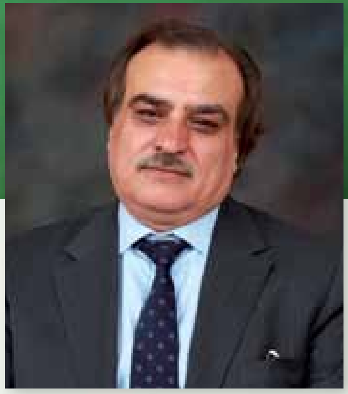
JAMIL AHMED KHAN
Member PTCL Board


FADHIL AL ANSARI
Member PTCL Board


KAMRAN ALI
Member PTCL Board


DR. DANIEL RITZ
Member PTCL Board


JAMAL SAIF AL JARWAN
Member PTCL Board


WALID IRSHAID
President & Chief Executive Officer

Corporate Information

Management

Walid Irshaid
President & Chief Executive Officer

Muhammad Nehmatullah Toor
SEVP (Finance) / Chief Financial Officer (CFO)

Syed Mazhar Hussain
SEVP (Admin & Procurement / Human Resource)

Sikandar Naqi
SEVP (Corporate Development)

Naveed Saeed
SEVP (Commercial)

Muhammad Nasrullah
Chief Technical Officer (CTO)

Hamid Farooq
SEVP (Business Development)

Furqan Habib Qureshi
SEVP (Business Zone South)

Jamal Abdalla Salim Hussain Al Suwaidi
SEVP (Business Zone Central)

Jamil Khwaja
SEVP (Special Projects)

Ahsan Aziz
Acting Chief Information Officer (CIO)

Company Secretary
Farah Qamar

Legal Affairs
Zahida Awan

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

Auditors
A. F. Ferguson & Co.,
Chartered Accountants

Ernst & Young Ford Rhodes Sidat Hyder,
Chartered Accountants

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

Share Registrar
M/s FAMCO Associates (Pvt.) Limited
Ground Floor, State Life Building No. 1-A,
I. I. Chundrigar Road, Karachi-74000
Tel: +92-21-32422344, 32467406
Fax: +92-21-32428310

Awards and Achievements 2011-2012

"Highest Quality Broadband Internet Service to Consumers"
by Pakistan Telecommunication Authority

"ESRI Special Achievement in GIS Award"
by U.S.-based Environment Systems Research Institute (ESRI)

"Best Telecom Operator in South Asia"
by International SAMENA Award

"2nd Global HR Excellence Award"
by Global Media Links & Business Milestones of Pakistan

"Best Wireless Broadband"
by Consumer Choice Award

"10th Teradata National IT Excellence Award"
for 3G EVO Wireless Broadband Internet Project

"National Environmental Excellence Award"
by National Forum for Environment & Health (NFEH)

"Best Corporate Social Responsibility Initiative Award"
by NFEH and United Nations Environment Program

Management

Walid Irshaid
President & Chief Executive Officer

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SEVP (Business Zone Central)

Jamil Khwaja
SEVP (Special Projects)

Ahsan Aziz
Acting Chief Information Officer (CIO)

Operating Highlights

Year ended June 30		2012	2011	2010	2009	2008	2007
Key Indicators							
Operating							
Pre tax margin (EBIT margin)	%	19.13	21.03	25.68	25.20	(5.45)	34.13
Net margin	%	12.01	13.44	16.26	15.45	(4.26)	22.01
Performance							
Fixed assets turnover	Times	0.80	0.75	0.75	0.74	0.81	0.89
Debtors' turnover	Times	6.69	5.71	5.46	4.91	5.35	4.86
Return on equity	%	7.08	7.50	9.33	9.28	(2.71)	14.45
Return on capital employed	%	6.11	6.40	7.40	7.20	(2.21)	11.89
Retention	%	100.00	(20.15)	3.97	16.40	100.00	34.78
Leverage							
Debt:Equity	Ratio	18:82	18:82	15:85	14:86	14:86	12:88
Leverage	%	33.53	35.38	33.87	35.66	27.48	27.92
Time interest earned	Times	23.85	56.00	36.42	16.43	(4.26)	47.54
Liquidity							
Current	Times	2.30	1.39	1.51	1.50	1.81	2.19
Quick	Times	2.16	1.27	1.37	1.36	1.58	2.03
Valuation							
Earnings per share	Rs.	1.41	1.46	1.82	1.79	(0.55)	3.07
Breakup value per share	Rs.	20.69	19.27	19.56	19.49	19.19	21.75
Dividend payout ratio	%	-	120.15	96.03	83.60	-	65.22
Price earnings ratio	Times	9.68	9.76	9.77	9.61	(69.76)	18.59
Market price to breakup value	Times	0.66	0.74	0.91	0.88	2.01	2.62
Dividend per share	Rs.	-	1.75	1.75	1.50	-	2.00
Dividend yield	%	-	12.31	9.83	8.70	-	3.51
Dividend cover ratio	Times	-	0.83	1.04	1.20	-	1.53
Market value per share (as on June 30)	Rs.	13.69	14.22	17.80	17.24	38.64	57.00
Historical Trends							
Operating Results							
Revenue	Rs. (m)	60,038	55,254	57,175	59,239	66,336	71,068
Profit / (loss) before tax	Rs. (m)	11,006	11,414	14,281	14,021	(4,463)	23,744
Profit / (loss) after tax	Rs. (m)	7,212	7,428	9,294	9,151	(2,825)	15,639
Dividend	Rs. (m)	-	8,925	8,925	7,650	-	10,200
Financial Position							
Share capital	Rs. (m)	51,000	51,000	51,000	51,000	51,000	51,000
Reserves	Rs. (m)	54,474	47,262	48,759	48,390	46,888	59,913
Shareholders' equity	Rs. (m)	105,537	98,292	99,759	99,390	97,888	110,913
EBITDA	Rs. (m)	17,032	15,656	22,006	23,454	4,863	31,657
Working capital	Rs. (m)	26,811	10,991	15,257	18,134	17,689	29,113
Current assets	Rs. (m)	47,359	39,012	45,450	54,220	39,603	53,561
Total assets	Rs. (m)	156,949	152,520	150,768	154,048	140,104	152,821
Non current liabilities	Rs. (m)	30,863	26,207	20,816	18,572	17,646	17,460
Operational							
ALIS as on June 30 *	No (000)	4,144	4,393	4,370	4,681	5,181	5,455
Average ALIS Per Employee	No	153	153	155	168	118	91

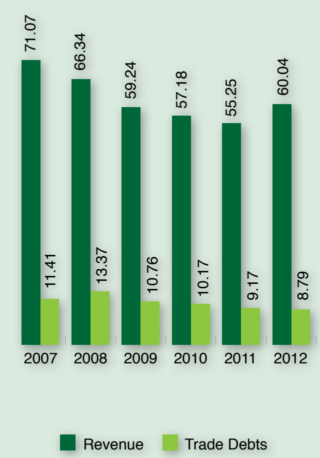
* Exclusive of Primary and Basic Rate interface

ONE wire for all does it all

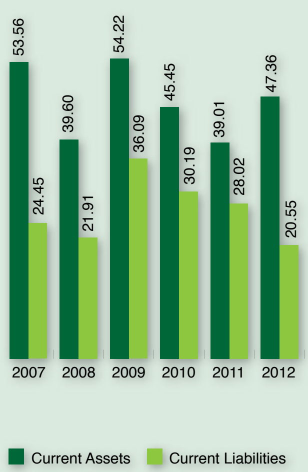
Operating Highlights - Graphs

Profit / (Loss) Before and After Tax
(Rupees in billion)

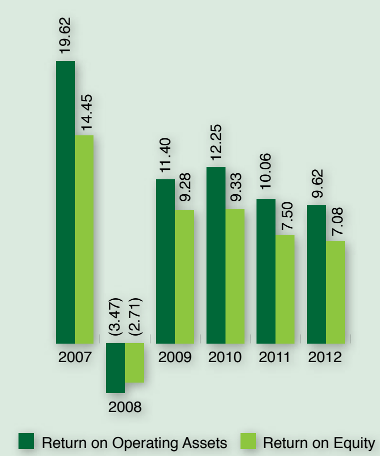
Revenue and Trade Debts
(Rupees in billion)



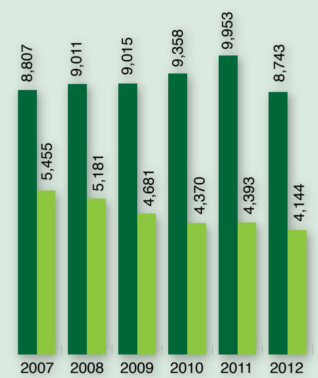
Current Assets and Current Liabilities
(Rupees in billion)



Return on Operating Assets and Equity
(Percentage)

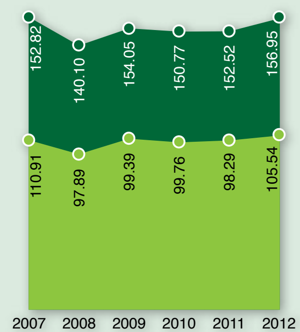


Capacity: Installed Vs In Service
(Numbers in thousand)



Dividend Payout per Share
(Rupees)

Total Assets Vs Shareholders' Equity
(Rupees in billion)



Breakup Value Vs Market Value
(Rupees)

Group CEO's Message

Walid Irshaid
President & Chief Executive Officer

"We are highly conscious of the fact that our success and growth is linked directly to satisfied customers. It remains a challenge to provide seamless and prompt customer friendly service."

PTCL Group has been working diligently with the focus to assert ourselves as the dominant ICT service provider of the country. To achieve this goal we embarked on a journey of major consolidation, diversification and continuous innovation. This year ended June 30, 2012 has seen the results of our journey over the last five years - from a basic telephony service provider to establishing the Group as the leading and dominant ICT service provider without dispute - clearly reflected in the turnaround seen during this current year.

The range of services and products that we introduced both for our wireline and wireless services provided PTCL the impetus to reestablish ourselves as the foremost service provider of the country. Through diverse bouquet of our services we are facilitating both enterprise and household consumers by offering them multiple solutions for their ICT needs while also extending vital services to other telecom service providers in the country.

During the period we achieved phenomenal growth in DSL with the foot print expanded to over 1800 cities and towns, firmly establishing PTCL by far as the market leader in Broadband DSL services.

Our flagship brand 3G EVO – wireless broadband, has gained significantly in brand equity with the service now available in more than 250 cities. Offering customers a world class experience, our wireless broadband network now supports speeds up to 9.3 Mbps making 3G EVO the fastest growing service in Pakistan.

Despite the long prevailing challenging industry environment, we witnessed a steady revenue growth and a promising increase in customer acquisition and during the year celebrated the historic milestone of becoming the first Broadband service provider in the country by acquiring our first one million broadband customers.

We are highly conscious of the fact that our success and growth is linked directly to satisfied customers. It remains a challenge to provide seamless and prompt customer friendly service. To ensure this we embarked on several projects that were specifically aimed at improving customer experience. This year we made vital progress to this end through the rollout of a new state-of-the-art Customer Relationship Management System.

Over the past few years the Company has gone through a major transformation, re-engineering and process refinement that now forms the bedrock for the next five years which will see us achieving new heights as a futuristic and innovative ICT service provider.

Our future plans are devised with the focus on strengthening our multi-play services using both wireline and wireless platforms with the specific focus on corporate solutions. We firmly intend to invest further and heavily in these areas ensuring that our customer experience is enhanced many fold and PTCL retains its position as the undisputed leader of corporate services solution provider.

Being the largest ICT service provider we continued to remain conscious and committed to our Corporate Social Responsibility initiative through investing in the well being of the society at large, while supporting and sponsoring major events/projects encompassing education, health, environment and people with special needs.

It is a sense of great pride for us that during the year our Company won several excellence awards. These included, the "Leading Operator in Pakistan" by PTA's 2011 Quality of Service survey for providing highest quality Broadband Internet service to consumers; the prestigious international SAMENA Award 2011 for being the "Best Telecom Operator in South Asia"; the 2012 Consumer Choice Award as the 'Best Wireless Broadband' Internet service provider and the "10th Teradata National IT Excellence Award" for 3G EVO Wireless Broadband Internet project. One of the foremost achievements for us was prestigious "ESRI Special Achievement in Geographic Information System (GIS) Award 2012" by the US based Environment Systems Research Institute (ESRI) at the ESRI International User Conference held in USA. This award acknowledges vision, leadership, hard work and innovative use of GIS technology. We were also awarded the "National Environmental Excellence Award 2011" by the National Forum for Environment & Health (NFEH) and the "Best Corporate Social Responsibility Initiative 2011-2012 Award" by NFEH and United Nations Environment Program.

During the year under review our subsidiary Ufone delivered a resilient performance as it continued with its customer focused strategy resulting in a substantial revenue growth. It also kept the operating cost under control resulting in an impressive bottom line. Focus remained firmly on data users through introduction of innovative data services including internet access and mobile TV for Android devices. It is the only cellular operator in the country to offer BlackBerry packages at extremely affordable prices facilitating the users to access BlackBerry Messenger, Facebook, Twitter, internet browsing, emails and instant messaging. Mobile interbank fund transfer service offered by Ufone is the first step towards introduction of full-fledged Mobile Banking Services, which are currently under process.

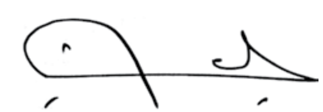
Ufone continued with its efforts to improve overall operational efficiency combined with network modernization projects. A major initiative was the successful implementation of a Quality Management System (QMS) resulting in Ufone Technical Department being declared ISO 9001:2008 certified.

Ufone became the first telecommunication company in Pakistan to join the globally acclaimed CIMA Training partner program with The Chartered Institute of Management Accountants UK.

With its futuristic vision our Group is constantly exploring emerging products and technologies in line with customers' needs and the fast evolving dynamics of the industry. New initiatives combined with our existing portfolio of diverse products, agile network and our focus on sustained long term growth will further consolidate the Group's position as the leading integrated telecom service provider in the region ensuring that Pakistan remains connected and at par with the world class telecommunication services.

I would like to extend sincere word of thanks and appreciation to our shareholders, representing both the Government of Pakistan and Emirates Telecom (Etisalat), for their continued and unabated support throughout this period. I strongly believe it is the support of the Board of Directors that has helped the management perform and steer the Company forward through these difficult times and resiliently face the challenges leading to a successful financial turnaround.

I would also like to thank all our customers whose patronage, support and confidence in our services has encouraged us to strive harder to not only match their aspirations and expectations but bring to them the experiences of the future today.



Walid Irshaid

President & Chief Executive Officer

Directors' Report

On behalf of the Board of Directors of Pakistan Telecommunication Company Limited, we are pleased to present the Annual Report of your Company and the audited financial statements for the year ended June 30, 2012 together with auditors' report thereon and a brief overview of the Company's performance.

1. Industry Outlook

Despite the global and domestic challenges of recessionary trends in economies of Euro zone and elsewhere as well as increasing fuel and commodity prices and impact of heavy rains in southern part of the country, Pakistan's economy showed resilience with estimated GDP growth of 3.7% in 2011-12 compared to 3% in the previous year.

Competition in the telecom industry remained intense resulting in decreasing average revenue per subscriber (ARPU). Overall tele-density in Pakistan was 72.1% (end May 2012) with 4% annual growth. Broadband penetration, however, witnessed 35% growth up to April 2012 with wireless broadband increasing by 65% during this period.

Latest figures released by the Pakistan Telecommunication Authority (PTA) indicate that the Telecom sector had a good year in terms of market penetration and may attract significant Foreign Direct Investment through the auction of 3G licenses in Pakistan. Also, 3G can take broadband to every nook and corner of the country, becoming accessible to more than 90 percent population, with relatively small effort.

Government of Pakistan is encouraging innovation by piloting the use of branchless banking. PTA and Ministry of Information Technology are promoting and developing the emerging field of branchless and mobile banking in the country with the aim of having two-fold benefits. Besides providing banking facilities to a large section of population, it would help in generating new business opportunities and sustainable revenue for the banks and telecom operators. PTA is also playing an important role by encouraging its regulates to play their due part in provision of smooth and efficient branchless banking services. PTCL has acquired a microfinance bank which will help PTCL Group to roll out branchless banking throughout the country.

Pakistan's Broadband subscribers' base has significantly increased and DSL remained the main technology used to access broadband services in the country, alternative wireless solutions WiMax and EV-DO are also catching up fast. The popularity of mobile broadband services is due to quality of experience and service with lucrative pricing plans bundled with low cost devices. Moreover, two-third of the population reside in rural areas where fixed line infrastructure remains low, therefore wireless broadband service becomes an attractive and relatively cheaper method to bring connectivity to the underserved regions.

2. Financial Performance

During the year under review, Broadband, wireline as well as wireless, remained main contributor of growth for PTCL. With 43% increase in subscriber base of Broadband, corresponding revenues were higher by 58%. Besides, revenues from Corporate Services and International Incoming calls also witnessed increase compared to last year.

a. Profitability

For the year under review, PTCL Group's profit after tax was Rs. 11.5 billion, 36% higher compared to the profit achieved last year. PTCL's profit of Rs. 7.2 billion was 3% less than the previous year's profit resulting in earnings per share (EPS) of Rs. 1.41.

Keeping in view the imminent funds requirements to meet on-going VSS (Voluntary Separation Scheme) obligations as well as those on account of expansion and diversification in PTCL's network to keep abreast of post 3G scenario, the Board of Directors decided not to recommend dividend for the year under review.

b. Revenues

PTCL Group revenue at Rs. 110.8 billion for the year 2011-12 was 8% higher as compared to the previous year. PTCL's revenue for the year was Rs. 60 billion showing an increase of 9% compared to last year revenue. Of this, revenue from Broadband segment showed a noteworthy growth of 58%. Revenue from Corporate Services and International Incoming calls also registered 12% and 8% increase respectively compared to previous year. Competition from cellular operators, however, kept the voice revenues slightly lower than last year.

c. Operating Costs

Inflation, devaluation of Pakistani currency, increased prices of fuel and power, and salary increments were main factors to increase the overall operating expenses by 7% compared to last year. The cost of services at Rs. 44.9 billion increased by 7%. The administrative and general expenses grew by 5% to Rs. 7.8 billion during the year under review. The selling and marketing expenses at Rs. 2.5 billion for the year under review increased by 9% on account of diversification in sales and distribution channels.

3. Products & Services

During the year under review, your Company continued to provide various voice and data communication products and services based upon latest technology to a vast array of subscribers throughout the country meeting their diversified needs at competitive prices.

An overview of the main products and services offered by PTCL and related performance is provided in succeeding paragraphs.

a. Broadband

DSL Wireline

During the year under review, DSL customer base increased by 32% to 0.8 million subscribers spread throughout the country maintaining your Company's dominance in the relevant market. The growth was primarily achieved by upgrade promotions, incentives for new subscribers, and improved bundled packages.

Among various packages offered during the year, "Double-Impact" package was an initiative that bundled capped voice minutes and data services with special focus on affordability. PTCL also improved its "Double-up Unlimited" packages facilitating subscribers with unlimited On-Net NWD/local calls, unlimited DSL downloads, free WI-FI modem, line rent waiver, mobile calls at fixed rate and waiver on IPTV service charges.

Another product introduced was "Jadoo Box". This smart device offered unlimited voice, DSL and EVO-Nitro bundled together. The device provides unlimited connectivity irrespective of power load shedding, coupled with affordable bundled offers on easy payment plans.

A limited time offer for 1MB subscribers to upgrade to 2MB speed at same rate was successful as many such subscribers continued with 2MB package after the expiry of the promotion. Students were further facilitated through increase in voice minutes and waiver of line rent on "Student Bundle Package" with a nominal increase in the price. Further, Introduction of 4Mbps broadband speed with only 25% price increase as compared to 2 Mbps speed prompted a sizeable number of existing subscribers to upgrade to 4 Mbps.

During the year, PTCL upgraded the "Smart" IPTV service through network expansions and content enrichment. Aggressive sales campaign and package development were also undertaken. As a result, customer base of IPTV service increased by 56% during the year. "Smart" IPTV is now also being offered on 3G EVO Tab with rewind feature.

Expansion and diversification of relevant network elements resulted in facilitating offering of DSL packages up to 50 Mbps widening the choice for Broadband customers to select the package as per their needs. Further, FTTH (Fiber to the Home) technology was introduced with the launch of GPON (Gigabit Passive Optic Network) services in selected areas to be expanded to green field areas too. At the same time, DSL coverage to less developed and remote areas is provided under USF (Universal Service Fund) projects. As a result, the total installed DSL enabled lines reached 1.65 million lines at end of June 2012. Also, a centralized monitoring system was set-up for broadband services making visible any broadband node outage in the real-time along with the process of its restoration thus reducing down time considerably.

EVO - 3G Wireless Broadband

Core philosophy of your Company's 3G EVO brand is to empower people with affordable wireless broadband service that further enriches the internet experience for its users. In a short span of time since its introduction, 'EVO' has achieved rapid growth that led to introduction of innovative and futuristic products and services. During the year, the subscriber base of 3G 'EVO' witnessed a growth of 90% with relevant revenue increase of 55 % over last year.

The year under review saw a range of new services and products introduced under the banner of 3G 'EVO'. Launch of 3G EVO Tab, a 7" Wi-Fi tablet, powered by built in 3G EVO, for high speed internet-on-the-go connectivity, established PTCL as the pioneer in the country for 3G enabled Tablets. Another first by your Company was EVODROID, a smart phone with built in 3G EVO capability. Next new product to be launched was Tenda 3G Wi-Fi router that supports 3G connectivity through plug-in of any 3G EVO device.

With the aim to make 3G 'EVO' service available to lower income brackets also, 256Kbps packages were introduced during the year. 3G 'EVO' prepaid packages were revised and consolidated and volume based prepaid packages were given five times more volume at same or nominal tariff increase, providing subscribers more value for their money.

During the year, regular promotions including kiosk activities and brand activations at various public areas supported by trade shows were conducted to expand 3G 'EVO' to larger part of population. Customer win-back initiatives were introduced offering recharge incentives for inactive customers.

As part of customer service initiatives, new bill payment mechanisms were introduced. These included bill payment through Easy Paisa and synergizing with Ufone to provide Easy recharge to PTCL's 'EVO' customers at all Ufone U-load retailers besides various in-house recharge facilities. PTCL also partnered with Bank Al-Falah offering special bundled discounted packages for 3G 'EVO' to the bank's credit card customers.

Major network expansion made 3G 'EVO' service available in all major areas nationwide, making it Pakistan's largest wireless coverage network. PTCL not only enhanced its blanket coverage by expanding BTS infrastructure but it also introduced micro cells to fill the gap in the congested areas. With concerted efforts, coverage of PTCL wireless broadband service 'EVO' has been extended to 254 cities and towns with the addition of 363 sites during the year. The EVO- enabled sites across the country now stand at 1,409. PTCL is the first operator in the world to offer CDMA wireless technology supporting 3.1 Mbps to 9.3 Mbps speed on commercial basis.

b. Voice

Landline

During the year under review, various initiatives were undertaken to encourage enhanced usage of landline with emphasis on new subscriber acquisition as well as

PTCL ACHIEVES FIRST 1 MILLION BROADBAND CUSTOMER MILESTONE

ANOTHER FIRST FROM THE # 1 BROADBAND COMPANY IN PAKISTAN

Thanks a million to every one in a million customers
for making PTCL their 1st choice

Broadband Pakistan

3G evo Wireless Broadband

LEADING THE BROADBAND REVOLUTION

retention of existing subscriber base. These initiatives entailed incentives in the form of customized call plans, value added services and a vast range of affordable packages.

For international outgoing traffic, rates with 30 second billing to 20 destinations world-wide facilitated the subscribers to make international calls at most economical prices. Introduction of mobile call rates allowed the subscribers to call from fixed line to any mobile network in Pakistan on discounted rates. Revision in the Pakistan-Plus Package offered free NWD minutes and conference call facility at a nominal fixed monthly charge.

Special promotions and offers were developed for Ramadan, Hajj, Christmas, Eid and New Year including provision of free telephone sets for new connections in the holy month of Ramadan.

V-fone

During the year under review, Vfone subscribers at CDMA wireless network were offered various packages with flexible tariffs. These packages included Non-Stop package with one of the lowest on-net calling rates along with very competitive off-net tariffs. PTCL Vfone Smart Package offered one simple rate for dialing nationwide. Special promotions announced during the year included Grand V-charge Offer, Special Islamic Portal, Vfone Ramzan Offer, Vfone Azadi Offer, Vfone Double Balance Offer, line rent reduction on unlimited package, removal of call set-up charges, Vfone Summer Offer and Vfone Double Balance Reconnect keeping the subscribers constantly engaged.

Uload service was introduced for PTCL wireless customers in collaboration with Ufone. As a result, PTCL Vfone and EVO customers can now reload their accounts from more than 120,000 Uload retailers nationwide.

c. Carrier & Wholesale Services

PTCL Carrier & Wholesale plays a vibrant role in ICT (Information and Communication Technologies) landscape of Pakistan by providing interconnection, leased lines and traffic routing services using various technologies including VSAT based satellite communication to other telecom operators in the country.

As part of diversification, interconnects are being transformed from TDM (Time Division Multiplexing) to IP (Internet Protocol) which helps to leverage PTCL's NGN (New Generation Network) and IP infrastructure in providing the interconnect services. Further, newer avenues of distributed IP Bandwidth and white label WLL Services proved successful.

Being cognizant of envisaged enhanced bandwidth requirements post 3G auction in the country and to reap the benefits of this opportunity, PTCL is boosting its backhauling capabilities through National Fiber BTS Backhaul project. Towards this end, your Company has already deployed a fiber backhaul solution for Ufone BTS sites in 10 major cities resolving the existing DRS bandwidth choking issues thus resulting in increased revenues. Efforts are underway to emulate this solution for other cellular operators as well.

d. International Business

Based upon its robust network capabilities, PTCL continued to maintain its dominant leadership position as being the preferred LDI (Long Distance International) carrier serving Pakistan as well as neighboring countries for international traffic and media provisioning.

As a result, International inward traffic terminating in Pakistan witnessed record growth during the year under review resulting in 8% increase in respective revenues over last year despite declining settlement rates. Further, international transit traffic to and from neighboring countries also increased significantly. Moreover, strategic optical fiber links enabled interfacing of high value data circuits commissioned with these neighboring countries.

To cater for enhanced bandwidth requirements on account of increased volumes, additional IP bandwidth was procured through successful negotiation of leasing higher capacities at lower rates. The said procurement of additional IP bandwidth was spread over all three submarine cables viz. I-ME-WE, SEA-ME-WE 3 and SEA-ME-WE 4 in all of which PTCL holds equity investment. It is worth mentioning that your Company is the only telecom operator in Pakistan which has a network of three redundant and resilient submarine cable systems thus offering unmatched quality of service to its diversified customer base ranging from retail consumers to corporate customers as well as other network operators.

e. Corporate Services

During the year under review, your Company continued to offer state-of-the-art products and services at affordable prices to the enterprise segment to meet their diversified requirements. As a result, besides retaining the existing customer base, various new customers from private and public sectors were added to PTCL's corporate customer portfolio. The sustained efforts in this regard increased revenue from this segment by 12% over the previous year.

The services offered to the corporate segments mainly comprised of Managed Services, IP Surveillance, Data Center Hosting, Web Hosting and MPLS (Multi Protocol Label Switching). Leading carriers around the world also joined hands with PTCL in offering international MPLS to meet regional and international requirements of our valued enterprise customers.

The year under review also witnessed enhanced focus on SME (Small and Medium Enterprise) sector offering sizeable growth potential. For this sector, customized "Business in a Box" is an attractive product which is a small gateway device that provides Broadband internet connection sharing, Firewall security, VPN connectivity, IP telephony, IP Camera Surveillance audio/video streaming and wireless LAN connectivity through a single line.

To extend the reach of Corporate Broadband services to far-flung areas, 170 DVB-S2 based VSATs have been installed throughout Pakistan, out of which 100 such connections were installed during the period under review.

PTCL also deployed an exclusive services monitoring platform for its Corporate customers with centralized fault monitoring capabilities which will help to serve corporate customers more efficiently.

4. Support Functions

In order to ensure that your Company continues to achieve sustained growth in its business of providing various voice and data products and services based upon latest technologies, it is imperative that support functions not only comprise of best available human and technical resources but their performance remain at optimum level through use of excellent business practices and procedures.

The succeeding paragraphs summarize performance of various support functions during the year under review.

a. Network Infrastructure

Besides augmenting the network elements specific to various product segments as detailed in preceding paragraphs, particular attention was placed during the year to overhaul and upgrade the Access Network throughout the country by undertaking 'Network Rehabilitation Campaign'. The sole objective of the campaign was to improve quality of delivered service to meet desired levels of customer satisfaction.

As a result of the continued efforts in this regard, two million copper lines in existing network were successfully made 'Broadband Enabled' under the initiative named 'Rehabilitation of Copper Network'. With improved quality, these lines are now capable to deliver higher bandwidth over longer distances thus helping enhanced DSL broadband penetration. This project not only helped to reduce customer complaints but was also instrumental in clearing pending DSL broadband installation in rehabilitated areas.

To ensure network availability in the country during long hours of commercial power load shedding, detailed inspection of power plants and air-conditioning systems at 6,000 sites across the PTCL network was carried out. Accordingly, preventive / corrective maintenance activities as and when needed were undertaken thus ensuring availability of fuel for DG sets, optimizing battery backup and streamlining manpower support. As a result, the availability time of network increased considerably.

To support the growth in bandwidth requirements, country-wide Transmission Network was continuously upgraded. With addition of 2,250 Km optical fiber during the year, the total fiber deployed in PTCL network including backbone, long-haul, subsidiary, metro and OFAN network, reached more than 31,300 KM.

In geographically difficult areas, IP based Digital Radio Systems and VSAT networks were further augmented to meet increasing requirements of residential and corporate customers as well as other telecom operators.

b. Information Technology

During the year, IP based solution for contact centers (IPCC) to manage customer complaints more efficiently was deployed in all the locations. Likewise, application of Customer Relationship Management (CRM) providing 360◦ view of relations with individual customers was also implemented across the country covering all operational regions with the focus of ensuring delivery of quality service to our esteemed customers across the board. The CRM is integrated with IPCC thus enabling instant recording and timely rectification of faults to the satisfaction of subscribers. Similarly, consolidation of various customers' interaction points for Corporate and Wireless segments is also in progress.

The strength of your Company in information technology (IT) was instrumental in speedier launch of various new packages, promotions and services in line with the commercial needs. Besides, applications like SMS updates for customers complaints; on-line real-time update of bill collection over banks' counter; automated service provisioning and billing for corporate customers; workflow for changing faulty DSL ports; VMS (Voice Messaging Services) platform facilitating launch of VMS services with automated solution and IPTV restoration services were successfully developed and implemented. Also, billing cycle process was further reduced to facilitate earlier delivery of bills to our customers.

Moreover, functionalities of the ERP (Enterprise Resource Planning) system based upon SAP were further improved through development of in-house processes and reports to cater to the business needs. An example in this regard is the Transfer and Posting (TP) module providing visibility over all the staff postings in the organization. Disaster recovery site for ERP modules was developed and tested to ensure business continuity.

In order to safeguard the information technology infrastructure against security threats, various initiatives were taken during the year. Qualys security guard appliance was deployed to audit current security posture and to remove the gaps which may compromise access to business systems. Security Incident and Event Management (SIEM) system and network configuration auditing system were implemented to secure against external attacks. Your Company also established the Security Operations Center (SOC) utilizing SIEM, Qualys and Network Auditor systems to monitor security alerts and policy violations in real-time environment. Accordingly, PTCL is the first telecom organization in Pakistan to have dedicated IT security setup.

c. Human Resource Development

During the year under review, performance based evaluation of employees was continued thus strengthening the culture of linking compensation with performance. Towards this end, extensive training was imparted to employees to evaluate the performance in objective manner.

Online Job Descriptions and KPIs (Key Performance Indicators) were made available to the management employees which helped them to perform better through increased understanding of their own responsibilities as well as those of their subordinates.

Skill assessment of Corporate sales staff was carried out identifying the areas of improvement thus equipping the concerned staff with latest available skill sets to carry out their responsibilities effectively. Similarly, training need analysis of OSS (One Stop Shop) staff was also undertaken to improve service delivery.

An Annual Training Calendar for management staff was introduced which facilitated comprehensive training programs not only to enhance skill sets but also to create awareness of the challenges and opportunities in the business. For non-management staff, soft skills training programs were undertaken to improve the behavior thus enriching relationships with internal and external customers.

Commercial function and allied responsibilities were thoroughly restructured with the objective to facilitate service delivery to the customers by regional management as their prime responsibility.

To further improve and streamline the processes as per today's business realities, the new HR Policies Manual was approved by the Board and is being implemented throughout the organization.

A Succession Planning Exercise was completed to identify potential successors to key management positions. For the identified successors, development plans on individual basis are being undertaken.

Also, PTCL's Hajj Scheme continued to be received well by employees whereby top 10% performers were given the chance to be selected to perform Hajj at Company's expenses through an objective balloting system.

The sustained efforts to improve quality of its human resource resulted in PTCL being declared winner of the prestigious '2nd Global HR Excellence Award 2011' proffered by Global Media Links and Business Milestones of Pakistan.

Recently, your Company announced the second VSS (Voluntary Separation Scheme) after the first one implemented in 2008. The current VSS is being offered to selected categories of mostly non-management employees.

d. Market Communication

During the year, PTCL maintained noteworthy presence in both electronic and print media promoting and creating awareness about the brands and its products and services at competitive rates. There was 30% increase of PTCL's presence in electronic media whereas brand activation initiatives increased by almost 100%. As a result, a dynamic corporate image of your Company is constantly portrayed.

Efforts are underway to leverage popular social/digital media platforms for proactive engagement with target audiences and to enhance the content quality of your Company's public website (www.ptcl.com.pk) and internal web portal, InfoShip.

For the third consecutive year, PTCL was rated among the top two companies in the print and electronic media by Aurora, a Dawn Media Group Publication on Ideas and Marketing Approaches, based on data provided by Gallup, Pakistan.

e. Customer Care

During the year, customer facilitation was further improved by simplifying customer related processes with easy access provided to customers at all touch points i.e. Web, Walk-in channels, Phone-in channels and Knock-in channels.

As a result of concentrated efforts involving all the stakeholders, provisioning time was improved by 50% for PSTN and Broadband services. A performance evaluation and appreciation program viz. 'Region of the Month' was introduced based upon a 'Customer Care Score Card' taking into account related KPIs regularly published on monthly basis.

Flagship One Stop Shops (OSS) are being upgraded as Model Sales and Customer Care Centers in major cities across the country. This will result in better visibility, improved facilities, service quality benchmarks and standardized layouts. Initially nineteen (19) locations are selected nationwide. Pilot run was successfully completed in Islamabad. Extensive training is being imparted to all OSS staff, with access to KBS (Knowledge Based System), installed Q-Matic machines and I-Sentry solutions (at selected locations) that has improved OSS customer experience many fold.

CRM (Customer Relationship Management) solution was successfully launched in all regions countrywide, further enabling your Company to meet the customer demands more effectively.

PTCL has developed customer feedback channels through which customers are contacted to capture their experience with PTCL on regular basis under "Voice of Customer" initiative. The activity helped to retain customers through effective win-back initiatives.

During the year, various banks were engaged to provide on-line real-time updates of bill collection over bank counters. The initiative will be instrumental in instant restoration of phones disconnected because of non-payment. The arrangement is in addition to already available channels of OSS and PCPM (Public Cash Payment Machines) in this regard.

Contact Centers

PTCL's Contact Centers continued to provide a range of services to customers through inbound and outbound calls. During the year under review, Siebel-based CRM and IPCC technologies were introduced to play the pivotal role in enhancing customer facilitation and retention through a single technology platform.

Customer communication focused initiatives included SMS Complaint Registration Service that empowered the customers to lodge complaints through SMS, intimation of monthly invoice/bills through E-Billing (Email) and SMS service. Dedicated team of outbound agents is updating the customer database while also adding new information such as email addresses and mobile numbers. Also important is 'Weekly Churn Survey' of Broadband and IPTV services with focus on customer retention and churn management of opt out customers.

Contact Center service provisioning teams aggressively followed up with regions to ensure timely provision of services to the customers. These efforts bore positive trend in service provisioning time.

Telemarketing agents regularly reach out to potential customers inviting them to experience host of communication services offered by your Company. Constant training is imparted to contact center agents to ensure that customer experience at Contact Centers remains pleasant.

f. Regulatory Affairs

Besides continuing to implement already-obtained contracts under Universal Service Fund (USF) scheme of Government of Pakistan (GoP), PTCL won two more such projects during the year. First relates to basic telephony provisioning in un-served and under-served areas of Mastung, Noshki and Ziarat districts of Baluchistan whereas the second encompasses broadband services in Sukkur Telecom Region.

Based upon presentations made by your Company, Government of Pakistan (GoP) reduced the rate of mandatory contribution to R&D (Research and Development) Fund from 1% of applicable revenues to 0.5% - in line with the rate applicable to mobile operators. Accordingly, the required amendment in PTCL's license was signed with PTA (Pakistan Telecommunication Authority) with retrospective effect from June 2005, the license effective date.

PTA carried out the second nationwide Broadband Quality of Service survey of all wireless and wire line service providers throughout the country and placed PTCL in category-A at Lahore, Rawalpindi, Islamabad, Peshawar and Quetta. PTCL also succeeded in resolving the issues with PTA for commencement of business in AJK & GB region by completing all the requirements including roll out obligations.

Besides, various legal cases pertaining to title of lands owned by PTCL as well as PTA's determinations regarding quality of service, numbering charges and PTCL's packages were effectively pursued during the year.

g. Quality Assurance

During the year, three more PTCL sites relating to customer care were ISO certified after detailed compliance audit by the certification body. Surveillance audit of certain sites which achieved ISO certification in prior years was also conducted by the certification body and, as a result, the ISO certification was allowed to be continued.

Your Company strives to ensure continuous delivery of quality services to its customers. Towards this end, all the facets involved in provisioning of products and services are thoroughly checked for quality aspects. Key performance indicators (KPIs) relating to operations of all network elements, be it Access Network, Switching Network or Transmission Network, are constantly reviewed and improved. As a result of the continuous vigilance, two million copper lines were made broadband-enabled during the year thus increasing the capacity using internal resources. Similarly, all the processes involved in implementation and operation of newly-introduced application of Customer Relationship Management (CRM) to further facilitate the provisioning and fault rectification in an efficient manner were thoroughly reviewed to comply with respective standards before its launch.

h. Procurement

With the transition from voice-centric to data-oriented products and services as well as reducing prices in the wake of competition, PTCL successfully met the challenge in a cost-effective manner through timely diversification

in the network elements and making the products and services based upon latest technology readily available to its customers at affordable prices.

For this purpose, your Company has developed an efficient structure encompassing all the operational areas throughout the country. Major elements of this structure are stores located in all the regions, establishment of data-bases comprising of information relating to latest network and products and automated processes facilitating timely availability of required inputs in line with the commercial and operational requirements. Further, synergies have been developed with other group companies to keep abreast of the latest trends and accordingly making procurement at optimum costs.

i. Synergy

With the aim to continuously reduce the costs and achieve higher revenues, your Company has embarked on initiatives with its subsidiaries and other group companies. Through these initiatives, resources are combined where feasible, examples of which are co-locations, joint contact centers, shared procurement policies, technological standardization and training and secondment of human resources. Once the envisaged 3G auction process is completed by the Government, PTCL intends to further strengthen synergy initiatives among group companies especially in the areas covering backhauling and transmission networks using PTCL's potency in this regard.

5. Corporate Social Responsibility

To uphold the high standards of corporate ethics and values of social responsibility, the Corporate Social Responsibility (CSR) Policy of PTCL focuses on areas of education, health, environment, employee welfare and special needs. In accordance with the CSR policy, numerous projects were undertaken during the year detailed in succeeding paragraphs.

To provide help to victims of 2011 devastating floods, a donation of Rs. 50 million was made by PTCL Group in Prime Minister Flood Relief Fund. For this purpose, the cheques were presented to the President of Pakistan by CEOs of PTCL and Ufone. Further, medicines worth Rs. 3.1 million were provided to flood affectees in Sind through the medical camps established by PTCL.

Your Company's Mobile Medical Units routinely visit the country's rural areas where no proper medical facilities are available. The objective of these visits is to provide general OPD facilities and medical assistance not only to PTCL employees and their families but also to the local communities at large. Also, PTCL provided medical equipment worth Rs. 9.7 million to the Federal

General Hospital located in suburbs of Islamabad. A blood donation campaign in collaboration with Pakistan Red Crescent Society and Jamila Sultana Foundation (affiliated with Thalassemia International Federation) was also conducted to support thalassemia patients.

An assistance of Rs. 2.3 million was extended to Pakistan Bait-ul-Maal's nationwide 'Pakistan Sweet Homes' project that provides quality housing and education to nearly 3,000 orphaned children across Pakistan.

PTCL commemorated the international World Environment Day 2012, 'Green Economy: Does it include YOU?' by creatively engaging its employees and their families with the message, "Every drop is precious. Treat water with respect." Your Company organized a grand nationwide "Energy Conservation" Painting Competition and Exhibition for employees and their families. More than 500 paintings from all over the country were received from employees and their families, which were exhibited in the Company Headquarters through a series of colorful mega events and prize distribution ceremonies attended by national celebrities and the media.

Your Company participated in the Government of Pakistan's tree plantation campaign by planting more than 300 saplings in PTCL offices and residential colonies. Significant efforts have been made to reduce the Company's carbon footprints. By encouraging a paperless work environment, it is aimed to reduce the adverse effects of greenhouse gases on the planet. PTCL is one of the few companies in Pakistan to switch from using simple paint to LED-free paint, thus making its buildings environment-friendly. Your Company has installed solar panels at its Headquarters, which are powering its outdoor lighting through solar energy.

The Company recently launched a clean drinking water project, installing 41 filtration plants for community welfare.

PTCL is now working on alignment, integration and compliance of its sustainability and social investment policy and agenda with the global sustainability reporting standards of UN Global Compact, Global Reporting Initiative, and ISO 26000 – 2012-2013.

6. Awards and Achievements

During the year under review, your Company was bestowed with several national and international awards and honors, which are stated here:

- Declared the leading operator in Pakistan by Pakistan Telecommunication Authority's 2011 Quality of Service survey for providing the highest quality Broadband Internet service to consumers.
- Won the prestigious international SAMENA Award 2011 for being the "Best Telecom Operator in South Asia".
- Won the 2012 Consumer Choice Award as the "Best Wireless Broadband" Internet service provider.
- Won the "National Environmental Excellence Award 2011" by the National Forum for Environment & Health (NFEH).
- Won the "Best Corporate Social Responsibility Initiative 2011-2012 Award" by NFEH and United Nations Environment Program.
- Won the prestigious "ESRI Special Achievement in GIS Award 2012" by U.S.-based Environment Systems Research Institute (ESRI) for outstanding achievements and organizational performance in GIS and programs.

- Won the "10th Teradata National IT Excellence Award" for 3G EVO Wireless Broadband Internet project.

- PTCL 3G EVO Wireless Broadband declared the highest rated project for 2012 MBA (Executive) studies by the prestigious Lahore University of Management Sciences (LUMS).

- PTCL won the prestigious "2nd Global HR Excellence Award 2011".

7. Subsidiaries

Pak Telecom Mobile Limited – Ufone

Against the backdrop of uncertain business environment, acute shortage of commercial power, soaring fuel and energy prices and security situation in the country, performance of Ufone in terms of revenue enhancement and cost reduction resulting in improved margins remained above par.

Continued focus on Voice, data and innovative VAS services contributed to revenue growth. Ufone, being one of the most proactive operators in the industry, offered the "ShahCar" promo which was replicated by the competition. The promo was a roaring success in terms of both subscriber acquisition as well as revenue enhancement.

Existing VAS portfolio was expanded with the new and innovative offers like "UMonitor" through which customers/organizations can monitor calls of their official numbers and "SMS Backup Service". In the wake of 3G, Ufone attracted data users via offering innovative products such as "Special Daily Internet Package", "Ufone App Store" and Mobile TV for Android devices.

Ufone is the only operator in Pakistan to offer BlackBerry packages at most competitive prices to its valued customers in the form of "BlackBerry Social and Complete" which provides unlimited BBM, Face book, Twitter, internet browsing, integrated email address and instant messaging.

Under VAS portfolio, "BISP Phase 2" and mobile interbank fund transfer service "Upayments" were launched. This helped Ufone to prepare and get ready for full-fledged Mobile Banking Services which are in the offing.

Major sales momentum was achieved through developing reseller segments by identifying lucrative and untapped pockets, strengthened by localized engagement plans resulting in substantial gross subscriber additions. Point of Sale extensions were also created in areas which attract high consumer traffic to serve the customer at his preferred location.

Focusing on the device strategy, Ufone successfully launched both high and medium end handsets such as Galaxy SII, HTC Salsa, HTC One V and Horizon (Android). Along with the Android handsets, Ufone also launched BlackBerry Curve 9380 and for the first time in Pakistan BlackBerry Bold 9790. This has enabled Ufone to enhance customer loyalty and attract high value customers to the Ufone family.

Ufone continued its efforts in improving overall operational efficiency combined with network modernization projects. These included complete modernization of BTS infrastructure, redesign and optimization of existing transmission network in major cities for improved reliability and performance and up-gradation of packet core network, prepaid charging platforms, MSCs and HLRs. Ufone successfully implemented the Quality Management System (QMS) which was duly audited against the ISO standard and resultantly, the Technical department was declared ISO certified. On cost efficiency front, initiative of tower sharing was continued and resulted in substantial savings of operational costs and capital expenditure.

Taking a step further to develop its staff into strategic business managers, Ufone became the first telecommunication company in Pakistan to join the globally acclaimed CIMA Training partner program with The Chartered Institute of Management Accountants, UK. The 'Ufone Way' drive was successfully completed during the year which articulated desired behaviors for all people interacting with external and internal customers, potential employees and stakeholders.

Ufone has always been a socially responsible organization and during the year it participated in a

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number of initiatives for the betterment of people and the environment. Ufone partnered in setting up Thalassemia Centre at the District Headquarters Hospital in Vehari. Helping in expansion of the Kidney Center in Karachi was yet another effort to benefit more than 500 patients resulting in 83,884 dialysis sessions annually.

Ufone is helping to promote various green initiatives with reduced carbon footprints that contribute in making the planet more environmentally sustainable. Focusing mainly on educational institutes and hospitals, Ufone has conducted various plantation activities to promote the importance of a healthy green environment.

Ufone recently hosted Iftar and Eid celebrations at SOS children's villages in Islamabad and Quetta to help make the under-privileged children part of the celebrations associated with Ramadan and Eid ul Fitr. These activities are part of wide ranging CSR activities carried out by Ufone for the under-privileged segments of society.

Rozgar Microfinance Bank

Your Company finalized the arrangements including regulatory compliances to acquire 100% ownership of Rozgar Microfinance Bank Limited. The acquisition is in line with PTCL Group's initiative on Digital-Commerce. The initiative includes offering digital payments and banking solutions.

Branchless banking brings a bouquet of financial services to consumers on the go. The services include P-P (person to person) Money transfer, mobile wallets, cash-in cash-out, bill payments, G-P (government to person) payments, merchant/retail payments, loan disbursement, loan repayment and more.

Branchless banking is used to substantially increase the financial services outreach to the mass unbanked communities. It represents a significantly cheaper alternative to conventional branch-based banking that allows financial institutions and other commercial sectors to offer financial services outside traditional bank premises by using delivery channels like retail agents, mobile phones etc.

Acquisition of Rozgar Microfinance Bank is an economic and cost effective regulatory compliance for PTCL Group to realize the benefits of opportunities being offered by branchless banking.

8. Financial Reporting Frame Work

The Company has complied with all the material requirements of the Code of Corporate Governance and Directors are pleased to confirm the following:

- The financial information prepared by the management of the Company present fairly its state of affairs, the results of its operations, its cash flows and its changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial information and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of

financial information and if any departure there from, the same has been adequately disclosed.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in listed regulations.
- The Audit Committee has recommended the appointment of M/s A. F. Ferguson & Co., Chartered Accountants as auditors of the Company for the financial year ending June 30, 2013.
- Information regarding outstanding taxes and levies is given in notes to the accounts of the financial information.
- The audited value of Pension Assets as per audited accounts amounted to Rs. 60.2 billion at June 30th, 2012 (2011: 56.5 billion).
- During the year, a training program for certification of a Director has been arranged.
- Historic business indicators, composition of Audit Committee, Human Resource & Remuneration (HR&R) Committee, number of Board Meetings, attendance of Directors and Shareholding Pattern are part of this report and appear in the following pages.

9. Challenges and Way Forward

PTCL is the only unified service provider in Pakistan, able to serve all the customer segments including consumers, small and medium enterprises, corporates, multinationals and other telcos with a comprehensive portfolio of products, with committed service levels and a seamless quality of experience for all the segments.

PTCL understands the transformation of global telecom sector from Minutes to Bytes. PTA's plans to issue licenses for third-generation (3G) mobile telecom services bring in a challenge and an opportunity for PTCL. To cater to the need of time, PTCL have invested heavily in infrastructure and technology sector and is in the process of transforming its microwave backhaul to IP technology to meet high bandwidth requirements of 3G/4G networks.

PTCL is well positioned to provide highest quality of innovative services with a new customer services interface in more enthusiastic manner. PTCL has ambitious plans with full stream and strength of expanding and consolidating both the wireline and wireless Broadband services across Pakistan. Today, PTCL Broadband network is unmatched in its size, capacity and footprints.

Pakistan is one of the fastest developing markets for branchless banking in the world. A variety of business models is emerging that involves a wide range of players, including mobile network operators (MNOs), technology partners and other associated businesses. Banks want to add mobile channel to their existing options for payment. PTCL and its subsidiary, Ufone are ready to grab this opportunity by providing communication infrastructure that integrates banking, telecom operators, consumers and agents in a cohesive network with the goal of providing uniform banking services across the spectrum.

Product Bundles offer a real opportunity for PTCL not only for retention but for customer's acquisition by up selling and cross selling. PTCL is becoming more customer focused in developing and offering attractive bundles catering to various segments.

10. Acknowledgements

The Board of Directors of the Company would like to thank all our customers, suppliers, contractors, service providers, stakeholders and shareholders for their continued support.

We would also like to appreciate the hard work, diligence and dedicated efforts of our employees across the country which enabled the Company to successfully face the challenges of a highly competitive operating environment. We would also like to express our special thanks to the Government of Pakistan and Etisalat Group for their continued support and encouragement in striving to achieve the objective of enhancing shareholders' value.

On behalf of the Board of Directors

Amir Tariq Zaman Khan
Chairman PTCL Board

Walid Irshaid
President & Chief Executive Officer

Islamabad: September 11, 2012

Composition of Audit Committee

Chairman
Serkan Okandan

Members
Abdulrahim A. Al Nooryani
Kamran Ali
Mohamed Zuhair

Secretary
Farah Qamar

Attendance of PTCL Board Members

Total 06 Meetings of the Audit Committee were held during the financial Year.

S #	Name of Board Member	Meetings Attended
1.	Abdulaziz H. Taryam	06
2.	Abdulrahim A. Al Nooryani	06
3.	Dr. Syed Ismail Shah	05

Functions of Audit Committee

Assist the Board of Directors in approving the Company's financial statements, appointment of External Auditor, reviews scope of internal control, monitors statutory compliances determines the appropriate measures to safeguard the Company's assets and recommends placement & borrowing of funds. It ensures the coordination between the internal and external auditors of the Company.

Composition of Human Resource Committee

Chairman
Abdulrahim A. Al Nooryani

Members
Fadhil Al-Ansari
Kamran Ali
Jamil A. Khan
Serkan Okandan
Dr. Daniel Ritz

Secretary
Farah Qamar

Attendance of PTCL Board Members

Total 04 Meetings of the HR&R Committee were held during the financial Year.

S #	Name of Board Member	Meetings Attended
1.	Abdulrahim A. Al Nooryani	04
2.	Abdulaziz A. Al Sawaleh	04
3.	Fadhil Al Ansari	04
4.	Abdulaziz H. Taryam	04
5.	Dr. Syed Ismail Shah	03

Functions of Human Resource Committee

Reviews and recommends development and maintenance of long term HR Policies, an effective employee development programs, appropriate compensation and benefit plans and good governance model in line with statutory requirements and best practices of the Code of Corporate Governance. It ensures that the Governance and HR Policies & procedures are aligned with the strategic vision and core objectives of the Company. It provides leadership and guidance for the organizational transformation needed in achieving Company's corporate objectives.

Attendance of PTCL Board Members

Total 06 Board meetings were held during the financial year.

S #	Name of Board Member	Meetings Attended
1.	Saeed Ahmad Khan Chairman PTCL Board	03
	Farooq Ahmed Khan Chairman PTCL Board Appointed during the year	03
2.	Abdulrahim A. Al Nooryani	06
3.	Dr. Waqar Masood Khan	03
	Abdul Wajid Rana Appointed during the year	03
4.	Jamil Ahmed Khan	04
5.	Abdulaziz A. Al Sawaleh	06
6.	Fadhil Al Ansari	06
7.	Dr. Syed Ismail Shah	05
	Kamran Ali Appointed during the year	01
8.	Abdulaziz H. Taryam	06
9.	Dr. Ahmed Al Jarwan	06

ptcl VIDEOCON

Face to Face Experience
through Video Conferencing Service

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of the Karachi & Lahore Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulations of the Islamabad Stock Exchange (Guarantee) Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Board of Directors ('the Board') comprises of nine Members. Pursuant to the provisions of the Share Purchase Agreement between the Government of Pakistan and the Strategic Investor and also Articles of Association of the Company, the Government of Pakistan nominates four Members on the Board of the Company while Etisalat International Pakistan (EIP) nominates five Members. All Members of the Board are non-executive Directors and were elected in the AGM held on October 31, 2009.
2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurring on the Board on 22-02-2012 and on 06-06-2012 were filled up by the Directors within 30 days thereof.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executives and non-executive Directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged a certification training program for one of the Directors during the year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. However, there were no new appointments of CFO, Company Secretary and Head of Internal Audit during the financial year ended June 30, 2012.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of four members; all members are non-executive Directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of six (06) members, all members are non-executive Directors and the chairman of the committee is a non-executive Director.
18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Closed Period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to Directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

Islamabad:
September 11, 2012

Walid Irshaid
President & Chief Executive Officer

Review Report to the Members

On Statement of Compliance with Best practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pakistan Telecommunication Company Limited (the Company) to comply with the Listing Regulations of the Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors (the Board) of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Code requires the Company to place before the audit committee and upon recommendation of the audit committee, before the Board for their review and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board upon recommendation of the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2012.

A.F. Ferguson & Co.
Chartered Accountants Islamabad

Engagement Partner:
M. Imtiaz Aslam

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants Islamabad

Engagement Partner:
Pervez Muslim

Dated: September 11, 2012


Connect multiple devices with
FREE 3G EVO Wi-Fi Cloud
on the go
3G evo
evo 3G nitro CLOUD
POWER
Wi Fi
3G evo
Wi Fi CLOUD
Speeds up to
9.3 Mbps
Speeds up to
3.1 Mbps
Create your Cloud - Liberate Your World

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Pakistan Telecommunication Company Limited ("the Company") as at June 30, 2012 and the related statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A.F. Ferguson & Co.
Chartered Accountants
Islamabad

Engagement Partner:
M. Imtiaz Aslam

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Islamabad

Engagement Partner:
Pervez Muslim

Dated: September 11, 2012

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

Equity and liabilities

	Note	2012 Rs '000	2011 Rs '000
Equity			
Share capital and reserves			
Share capital	6	51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,678,728	2,385,532
General reserve		30,500,000	30,500,000
Unappropriated profit		21,295,232	14,376,349
		54,473,960	47,261,881
Unrealized gain on available-for-sale investments		62,977	30,590
		105,536,937	98,292,471
Liabilities			
Non-current liabilities			
Long-term security deposits	7	707,668	740,744
Deferred taxation	8	7,821,758	5,011,731
Employees' retirement benefits	9	18,250,681	16,823,015
Deferred government grants	10	4,083,022	3,631,585
		30,863,129	26,207,075
Current liabilities			
Trade and other payables	11	20,548,656	24,644,683
Dividend payable		–	3,375,631
		20,548,656	28,020,314
Total equity and liabilities		156,948,722	152,519,860
Contingencies and commitments	12		

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chairman

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

		Note	2012 Rs '000	2011 Rs '000
Assets	**Non-current assets**			
	Fixed assets			
	Property, plant and equipment	13	85,870,337	89,743,517
	Intangible assets	14	2,799,659	3,036,127
			88,669,996	92,779,644
	Long-term investments	15	6,607,439	6,607,439
	Long-term loans and advances	16	14,311,954	14,121,134
			109,589,389	113,508,217
	Current assets			
	Stores, spares and loose tools	17	2,972,824	3,369,488
	Trade debts	18	8,785,812	9,171,851
	Loans and advances	19	1,368,215	586,124
	Accrued interest	20	426,527	508,863
	Recoverable from tax authorities	21	17,784,694	12,572,963
	Receivable from Government of Pakistan	22	2,164,072	2,164,072
	Other receivables	23	666,466	366,997
	Short-term investments	24	9,929,401	2,642,378
	Cash and bank balances	25	3,261,322	7,628,907
			47,359,333	39,011,643
	Total assets		156,948,722	152,519,860

President & CEO

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rs '000	2011 Rs '000
Revenue	26	60,038,254	55,254,014
Cost of services	27	(44,898,012)	(41,814,765)
Gross profit		15,140,242	13,439,249
Administrative and general expenses	28	(7,770,295)	(7,375,956)
Selling and marketing expenses	29	(2,478,537)	(2,281,485)
Other operating income	30	6,596,103	7,839,617
		(3,652,729)	(1,817,824)
Operating profit		11,487,513	11,621,425
Finance costs	31	(481,745)	(207,519)
Profit before tax		11,005,768	11,413,906
Taxation	32	(3,793,689)	(3,985,736)
Profit for the year		7,212,079	7,428,170
Other comprehensive income for the year			
Unrealized gain on available-for-sale investments - net of tax		32,387	30,590
Total comprehensive income for the year		7,244,466	7,458,760
Earnings per share - basic and diluted (Rupees)	33	1.41	1.46

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chairman

President & CEO

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

		Note	2012 Rs '000	2011 Rs '000
Cash flows from operating activities	Cash generated from operations	35	20,546,924	21,489,835
	Long-term security deposits		(33,076)	27,134
	Employees' retirement benefits paid		(2,490,851)	(1,847,221)
	Finance costs paid		(219,369)	(200,895)
	Income tax paid		(4,206,300)	(7,068,368)
	Net cash inflows from operating activities		13,597,328	12,400,485
Cash flows from investing activities	Capital expenditure		(11,589,283)	(15,766,753)
	Acquisition of intangible assets		(34,246)	(200,405)
	Proceeds from disposal of property, plant and equipment		58,669	141,901
	Long-term investments		–	68,540
	Long-term loans and advances		(116,435)	(4,098,014)
	PTA WLL license fee paid		–	(1,894,950)
	Return on long-term loans and short-term investments		2,615,920	3,363,326
	Government grants received		353,597	2,077,688
	Dividend income on long-term investments		1,400,000	3,180,000
	Net cash outflows from investing activities		(7,311,778)	(13,128,667)
Cash flows from financing activities	Dividend paid		(3,366,112)	(8,916,542)
	Net cash outflows from financing activities		(3,366,112)	(8,916,542)
	Net increase / (decrease) in cash and cash equivalents		2,919,438	(9,644,724)
	Cash and cash equivalents at the beginning of the year		10,271,285	19,916,009
	Cash and cash equivalents at the end of the year	36	13,190,723	10,271,285

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chairman

President & CEO

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Issued, subscribed and paid–up capital		Revenue reserves			Unrealized gain on available-for-sale investments	Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit		
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at July 01, 2010	37,740,000	13,260,000	2,113,704	30,500,000	16,145,007	–	99,758,711
Total comprehensive income for the year							
Profit for the year	–	–	–	–	7,428,170	–	7,428,170
Other comprehensive income	–	–	–	–	–	30,590	30,590
	–	–	–	–	7,428,170	30,590	7,458,760
Transfer to insurance reserve	–	–	271,828	–	(271,828)	–	–
Transactions with owners:							
Interim dividend for the year ended June 30, 2011 @ Rs 1.75 per ordinary share of Rs 10 each	–	–	–	–	(8,925,000)	–	(8,925,000)
Total transactions with owners	–	–	–	–	(8,925,000)	–	(8,925,000)
Balance as at June 30, 2011	37,740,000	13,260,000	2,385,532	30,500,000	14,376,349	30,590	98,292,471
Total comprehensive income for the year							
Profit for the year	–	–	–	–	7,212,079	–	7,212,079
Other comprehensive income	–	–	–	–	–	32,387	32,387
	–	–	–	–	7,212,079	32,387	7,244,466
Transfer to insurance reserve	–	–	293,196	–	(293,196)	–	–
Balance as at June 30, 2012	37,740,000	13,260,000	2,678,728	30,500,000	21,295,232	62,977	105,536,937

The annexed notes from 1 to 45 form an integral part of these financial statements.

Chairman

President & CEO

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. The Company and its operations

Pakistan Telecommunication Company Limited ("the Company") was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Company, which is listed on the Karachi, Lahore and Islamabad stock exchanges, was established to undertake the telecommunication business formerly carried on by the Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Company on January 01, 1996 under the Pakistan Telecommunication (Reorganization) Act, 1996, on which date, the Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees Trust (PTET). The registered office of the Company is situated at PTCL Headquarters, G-8/4, Islamabad.

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

2. Statement of compliance

These 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 separate financial statements of the Holding Company (PTCL). In addition to these separate financial statements, the Company also prepares consolidated financial statements.

2.1 Adoption of new and revised standards and interpretations:

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

		Effective date (annual periods beginning on or after)
IFRS 7	Financial instruments: Disclosures (Amendments)	January 01, 2013 & January 01, 2015
IAS 1	Presentation of Financial Statements (Amendments)	July 01, 2012 & January 01, 2013
IAS 12	Income Taxes (Amendments)	January 01, 2012
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2013
IAS 19	Employee Benefits (Amendments)	January 01, 2013
IAS 27	Consolidated and Separate Financial Statements (Revised)	January 01, 2013
IAS 28	Investments in Associates (Revised)	January 01, 2013
IAS 32	Financial Instruments Presentation (Amendments)	January 01, 2013 & January 01, 2014
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The management anticipates that, except for the effects on the financial statements of amendments to IAS 19 "Employee Benefits", the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation / disclosures. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial gains/ losses in other comprehensive income in the period of initial application, which cannot be presently quantified as on the date of the statement of financial position.

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 9	Financial Instruments	January 01, 2015
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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

c) 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 financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments at fair value and the recognition of certain employees' retirement benefits on the basis of actuarial assumptions.

4. Critical accounting estimates and judgments

The preparation of 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 Company'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 financial statements, are as follows:

(a) Provision for employees' retirement benefits

The actuarial valuation of pension, gratuity, medical and accumulating compensated absences plans (note 5.19) requires the use of certain assumptions related to future periods, including increase in remuneration / medical costs, expected long-term returns on plan assets and the discount rate used to discount future cash flows to present values.

(b) Provision for income taxes

The Company 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 Company's tax liability, are recorded on the final determination of such liability. Deferred income tax (note 5.18) 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 statement of financial position.

(c) Useful life and residual value of fixed assets

The Company reviews the useful lives and residual values of fixed assets (note 5.10) 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.

(d) 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.

(e) 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.

(f) Provisions and contingent liabilities

The management exercises judgment in measuring and recognizing provisions and the exposures to contingent liabilities related to pending litigations 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 financial statements are set out below. These policies have been consistently applied to all the years for which financial information is presented in these financial statements, unless otherwise stated.

5.1 Functional and presentation currency

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

5.2 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 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 end exchange rates, are charged to income for the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

5.3 Insurance reserve

The assets of the Company are self insured, as the 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 Company's assets resulting from theft, fire, natural or other disasters.

5.4 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 Company will be able to comply with the conditions associated with the grants.

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

5.5 Borrowings and borrowing costs

Borrowings are recognized equivalent to the value of the proceeds received by the Company. 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.

5.6 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 Company.

5.7 Provisions

Provisions are recognized when the Company 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 statement of financial position date and are adjusted to reflect the current best estimate.

5.8 Contingent liabilities

A contingent liability is disclosed when the Company 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 Company; or when the Company 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.

5.9 Dividend distribution

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

5.10 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 referred to in note 5.5 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 Company. 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, at the rates mentioned in note 13.1.

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. 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.

(b) Intangible assets

(i) 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 specified in note 14, and is charged to income for the year.

The amortization on licenses acquired during the year, 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.

(ii) 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 lives, at the rates specified in note 14, and is charged to income for the year. Costs associated with maintaining computer software, are recognized as an expense as and when incurred.

Amortization on additions to computer software, 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.

5.11 Investments in subsidiaries and associates

Investments in subsidiaries and associates, where the Company has control or significant influence, are measured at cost in the Company's financial statements. The profits and losses of subsidiaries and associates are carried in the financial statements of the respective subsidiaries and associates, and are not dealt within the financial statements of the Company, except to the extent of dividends declared by these subsidiaries and associates.

5.12 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 the 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 assets' 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 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.

5.13 Stores, spares and loose tools

These 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 statement of financial position.

5.14 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 end. Bad debts are written-off when identified.

5.15 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company 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. 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.

(a) Financial assets

Classification and subsequent measurement

The Company 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 Company 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 statement of financial position at their fair value, with changes therein recognized in the income for the year. 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 Company 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 Company's loans and receivables comprise 'Long-term loans and advances', 'Trade debts', 'Loans and advances', 'Accrued interest', 'Receivable from 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 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.

Impairment

The Company 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.

(b) Financial Liabilities

Initial recognition and measurement

The Company classifies its financial liabilities in the following categories: fair value through profit or loss and other financial liabilities. The Company 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 statement of financial position at their fair value, with changes therein recognized in the income for the year.

(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.

(c) Offsetting of financial assets and liabilities

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

5.16 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

5.17 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 Company's activities and is recognized net of services tax, rebates and discounts.

The Company principally obtains revenue from providing telecommunication services such as wireline and wireless services, interconnect, data services and equipment sales. Equipment and services may be sold separately or in a bundled package.

Revenue is recognized, when it is probable that the economic benefits associated with the transaction will flow to the Company, 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 Company'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 or receivable from revenue sharing arrangements entered into with overseas and local telecommunication operators.

(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 deferred revenue.

(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.

5.18 Taxation

The tax expense for the year comprises of current and deferred income tax, and is recognized in income for the year, 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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the 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

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 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 period when the differences reverse, and the tax rates that have been enacted, or substantively enacted, at the date of the statement of financial position.

5.19 Employees' retirement benefits

The Company operates 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 Company has constituted both defined contribution and defined benefit plans.

(a) PTCL Employees' GPF Trust

The Company 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 the Company. Interest is paid at the rate announced by the Federal Government, and this rate for the year was 14% (2011: 14%) per annum. The Company contributes to the fund, the differential, if any, of the interest paid / credited for the year and the income earned on the investments made by the Trust.

(b) Defined benefit plans

The Company operates the following defined benefit plans:

(i) Pension plans

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

(ii) Gratuity plan

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

(iii) Medical benefits plan

The Company 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 pensioner 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

The Company 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 Company'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 the Company 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.

The liability recognized in the statement of financial position in respect of defined benefit plans, is the present value of the defined benefit obligations at the date of the statement of financial position less the fair value of plan assets, if any, together with adjustments for unrecognized actuarial gains / losses, if any.

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 June 30, 2012. 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, in excess of the 'corridor' (10% of the higher of the fair value of the plan assets or the present value of the defined benefit obligation) at the beginning of the current reporting year, are recognized in the statement of comprehensive income, over the expected average remaining working lives of employees participating in the defined benefit plan. Actuarial gains and losses arising on compensated absences are recognized immediately.

6. Share capital

6.1 Authorized share capital

2012 (Number of shares '000)	2011 (Number of shares '000)		2012 Rs '000	2011 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

6.2 Issued, subscribed and paid up capital

2012 (Number of shares '000)	2011 (Number of shares '000)		2012 Rs '000	2011 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 Pakistan Telecommunication Company Limited (PTCL), under the Pakistan Telecommunication (Re-organization) Act, 1996, as referred to in note 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 Company, by the holders of three fourths of the "B" class ordinary shares. In the event of termination of the license issued to the Company, under the provisions of the 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 June 30, 2012, 599,523 thousand (2011: 599,514 thousand) "A" class ordinary shares had been exchanged for such vouchers.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

6.6 In pursuance of the privatization of the 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.

7. Long-term security deposits

	Note	2012 Rs '000	2011 Rs '000
Long-term security deposits	7.1	707,668	740,744

7.1 These represent non-interest bearing security deposits received from the customers of the Company, including security deposits of Rs 3,623 thousand (2011: Rs 3,623 thousand) from Pak Telecom Mobile Limited (PTML), a related party. The Company has adjusted / paid a sum of Rs 45,913 thousand (2011: Rs 79,187 thousand) to its customers during the current year against their balances.

8. Deferred taxation

	Note	2012 Rs '000	2011 Rs '000
The liability for deferred taxation comprises of timing differences relating to:			
Accelerated tax depreciation / amortization		11,315,598	10,468,989
Provision for doubtful trade debts		(3,379,682)	(5,343,100)
Provision for doubtful advances and receivables		(114,158)	(114,158)
		7,821,758	5,011,731
The gross movement in the deferred tax liability during the year is as follows:			
Balance as at July 01		5,011,731	2,949,770
Charge for the year	32	2,810,027	2,061,961
		7,821,758	5,011,731

9. Employees' retirement benefits

	Note	2012 Rs '000	2011 Rs '000
Liabilities for pension obligations			
Funded	9.1	5,502,293	5,618,854
Unfunded	9.1	1,637,058	1,350,323
		7,139,351	6,969,177
Gratuity - unfunded	9.1	764,006	628,804
Accumulating compensated absences	9.1	1,052,037	957,642
Post-retirement medical facility	9.1	9,295,287	8,267,392
		18,250,681	16,823,015

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

9.1 The latest actuarial valuations of the Company's defined benefit plans, were conducted at June 30, 2012 using the projected unit credit method. Details of obligations for defined benefit plans are as follows:

		Pension				Gratuity - unfunded		Accumulating compensated absences		Post-retirement medical facility		Total	
		Funded		Unfunded									
		2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000
a)	The amounts recognized in the statement of financial position:												
	Present value of defined benefit obligations	66,448,037	65,980,987	1,572,484	1,313,614	638,099	515,026	1,052,037	957,642	10,356,829	9,326,900	80,067,486	78,094,169
	Fair value of plan assets – note 9.3	(60,200,384)	(56,480,703)	–	–	–	–	–	–	–	–	(60,200,384)	(56,480,703)
	Deficit	6,247,653	9,500,284	1,572,484	1,313,614	638,099	515,026	1,052,037	957,642	10,356,829	9,326,900	19,867,102	21,613,466
	Unrecognized actuarial gains / (losses)	(745,360)	(3,881,430)	64,574	36,709	125,907	113,778	–	–	(1,061,542)	(1,059,508)	(1,616,421)	(4,790,451)
	Liability as at June 30	5,502,293	5,618,854	1,637,058	1,350,323	764,006	628,804	1,052,037	957,642	9,295,287	8,267,392	18,250,681	16,823,015
b)	Changes in the present value of defined benefit obligations:												
	Balance as at July 01	65,980,987	62,752,225	1,313,614	1,139,102	515,026	423,702	957,642	926,338	9,326,900	7,807,167	78,094,169	73,048,534
	Current service cost	553,399	515,736	110,723	132,290	105,348	109,430	27,973	32,214	123,663	101,554	921,106	891,224
	Interest cost	9,237,338	7,530,269	183,906	136,692	72,104	50,844	134,070	111,161	1,305,766	936,860	10,933,184	8,765,826
	Actuarial (gains) / losses	(4,528,761)	(431,751)	(27,865)	(89,698)	(22,508)	(44,588)	(26,310)	(71,038)	11,789	970,988	(4,593,655)	333,913
	Benefits paid	(4,794,926)	(4,385,492)	(7,894)	(4,772)	(31,871)	(24,362)	(41,338)	(41,033)	(411,289)	(489,669)	(5,287,318)	(4,945,328)
		66,448,037	65,980,987	1,572,484	1,313,614	638,099	515,026	1,052,037	957,642	10,356,829	9,326,900	80,067,486	78,094,169
c)	Charge for the year:												
	Current service cost	553,399	515,736	110,723	132,290	105,348	109,430	27,973	32,214	123,663	101,554	921,106	891,224
	Interest cost	9,237,338	7,530,269	183,906	136,692	72,104	50,844	134,070	111,161	1,305,766	936,860	10,933,184	8,765,826
	Expected return on plan assets	(7,907,298)	(6,422,600)	–	–	–	–	–	–	–	–	(7,907,298)	(6,422,600)
	Actuarial (gains) / losses	–	–	–	–	(10,379)	(5,364)	(26,310)	(71,038)	9,755	–	(26,934)	(76,402)
	Contribution from deputationists	(1,541)	(614)	–	–	–	–	–	–	–	–	(1,541)	(614)
		1,881,898	1,622,791	294,629	268,982	167,073	154,910	135,733	72,337	1,439,184	1,038,414	3,918,517	3,157,434
d)	Significant actuarial assumptions at the date of the statement of financial position:												
	Expected rate of return on plan assets	14%	12%										
	Discount rate	13%	14%	13%	14%	13%	14%	13%	14%	13%	14%		
	Future salary / medical cost increase	9-12%	9-13%	9-12%	9-13%	9-12%	9-13%	9-12%	9-13%	12%	13%		
	Future pension increase	8-20%	8-20%	8%	8%								
	Average expected remaining working lives of members	13 years	13 years	15 years	17 years	6 years	6 years			13 years	14 years		
	Expected mortality rate	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			

* Mortality table adjusted for Company's experience

9.2 Historical information

	2012 Rs '000	2011 Rs '000	2010 Rs '000	2009 Rs '000	2008 Rs '000
Defined benefit pension plan - funded					
Present value of defined benefit obligations as at June 30	66,448,037	65,980,987	62,752,225	53,610,885	50,105,610
Fair value of plan assets as at June 30	(60,200,384)	(56,480,703)	(53,521,666)	(50,096,598)	(48,441,436)
Deficit in the plan	6,247,653	9,500,284	9,230,559	3,514,287	1,664,174
Experience adjustments on plan liabilities (gains) / losses	(4,528,761)	(431,751)	6,098,147	953,077	778,679
Experience adjustment on plan assets - (losses) / gains	(1,392,691)	(366,071)	1,115,117	(1,735,854)	(522,664)
Defined benefit pension plan - unfunded					
Present value of defined benefit obligations as at June 30	1,572,484	1,313,614	1,139,102	932,231	709,378
Experience adjustment on plan liabilities - (gains) / losses	(27,865)	(89,698)	(37,370)	83,101	1,764
Defined benefit gratuity plan - unfunded					
Present value of defined benefit obligations as at June 30	638,099	515,026	423,702	314,871	251,226
Experience adjustment on plan liabilities - (gains) / losses	(22,508)	(44,588)	(5,358)	(51,220)	41,126
Defined benefit accumulating compensated absences					
Present value of defined benefit obligations as at June 30	1,052,037	957,642	926,338	1,025,164	833,006
Experience adjustment on plan liabilities - (gains) / losses	(26,310)	(71,038)	(202,585)	39,239	12,990
Defined benefit post-retirement medical facility					
Present value of defined benefit obligations as at June 30	10,356,829	9,326,900	7,807,167	6,448,686	5,195,430
Experience adjustment on plan liabilities - (gains) / losses	11,789	970,988	955,960	940,121	(51,761)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

		Note	2012 Rs '000	2011 Rs '000
9.3	**Changes in the fair value of plan assets**			
	Defined benefit pension plan - funded			
	Balance as at July 01		56,480,703	53,521,666
	Expected return on plan assets	9.3.1	7,907,298	6,422,600
	Contributions made by the Company during the year		2,000,000	1,288,000
	Benefits paid		(4,794,926)	(4,385,492)
	Actuarial losses on plan assets		(1,392,691)	(366,071)
	Balance as at June 30		60,200,384	56,480,703
	Actual return on plan assets		6,514,607	6,056,529

9.3.1 The expected return on plan assets is based on market expectations, and depends upon the asset portfolio of the funded defined benefit pension plan, held at the beginning of the year, for returns over the entire life of the related obligations.

9.4 Major categories of plan assets of the funded defined benefit pension plan, as a percentage of total plan assets, are as follows:

	2012 (Percentage)	2011
Special Savings Certificates	74	87
Pakistan Investment Bonds	1	1
Term Deposits	11	–
Defense Saving Certificates	2	–
Fixed and other assets	12	12
Total	100	100

9.5 During the next financial year, the expected contribution to be paid to the funded pension plan by the Company is Rs 1,401,219 thousand (2011: Rs 1,883,438 thousand).

9.6 **Effect of increase / decrease in total medical cost trend rate**

The effect of a 1% increase in the medical cost trend rate, on current service cost and interest cost, is Rs 30,174 thousand (2011: Rs 31,033 thousand) and the effect of a 1% decrease in the medical cost trend rate, on current service cost and interest cost, is Rs 24,984 thousand (2011: Rs 26,301 thousand).

The effect of a 1% increase in the medical cost trend rate, on the present value of defined benefit obligations for medical cost, is Rs 3,070,800 thousand (2011: Rs 2,765,426 thousand) and the effect of a 1% decrease in the medical cost trend rate, on the present value of defined benefit obligations for medical cost, is Rs 2,566,422 thousand (2011: Rs 2,311,206 thousand).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

10. Deferred government grants

	Note	2012 Rs '000	2011 Rs '000
	10.1		
Balance as at July 01		3,631,585	1,632,701
Recognized during the year		593,597	2,077,688
Amortization for the year	30	(142,160)	(78,804)
		4,083,022	3,631,585

10.1 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.

11. Trade and other payables

	Note	2012 Rs '000	2011 Rs '000
Trade creditors		6,514,031	5,569,704
Accrued liabilities	11.1	4,397,888	7,300,434
Receipts against third party works		754,029	458,422
Income tax:			
Collected from subscribers		–	227,388
Deducted at source		11,662	46,063
		11,662	273,451
Sales tax payable		907,614	223,958
Advances from customers		2,059,661	2,187,583
Technical services assistance fee	28.2	492,261	456,399
Retention money / Payable to contractors and suppliers for fixed assets	11.1	5,216,314	7,997,965
Unclaimed dividend		149,230	139,711
Other liabilities		45,966	37,056
		20,548,656	24,644,683

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rs '000	2011 Rs '000
11.1 Trade and other payables include payable to the following related parties		
Trade creditors		
Pak Telecom Mobile Limited (PTML)	69,068	14,878
Etisalat - UAE	247,107	333,442
Etisalat - Afghanistan	38,262	12,659
Thuraya Satellite Telecommunication Company	9,774	10,355
Telecom Foundation	109,597	118,569
The Government of Pakistan and its related entities	3,728,184	5,252,755
	4,201,992	5,742,658
Retention money / Payable to contractors and suppliers for fixed assets		
TF Pipes Limited	4,143	3,719

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

12. Contingencies and commitments

Contingencies

12.1 A total of 1,744 cases (2011: 1,684 cases) have been filed against the Company primarily involving subscribers and employees. Because of the number of cases involved and their uncertain nature, it is not possible to quantify their financial impact at present. However, the management and the Company's legal advisors, are of the view that the outcome of these cases is expected to be favourable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly no provision has been made in these financial statements in this regard.

12.2 In 1995, the Government of Pakistan (GoP), in the interest of public safety, passed an order to close transmission of all messages, inter-alia, through card phone services and mobile telephone services, within and outside the city of Karachi. Telecard Limited, a pay card service provider, served a legal notice on the GoP, seeking a restoration of its services and claimed damages from the GoP, amounting to Rs 2,261,924 thousand. The GoP ordered the immediate restoration of Pay Card services, including rebate relief and discounts to all pay phone service providers. In view of the relief and discounts offered by the GoP, Telecard Limited withheld payments on account of their monthly bills to the Company, and obtained a stay order from the Honorable Sindh High Court, for an amount of Rs 110,033 thousand against the Company.

On the instructions of the Honorable Court, external consultants calculated the total amount of the rebate and discount, amounting to Rs 349,953 thousand, payable by the Company to Telecard Limited for the period from January 1997 to August 2001. In the suit, final arguments of the parties are to be reheard. The Company has also filed a counter claim against Telecard Limited for aggregate receivables, amounting to Rs 334,099 thousand, up to December 31, 2001. The management and the Company's legal advisors, are of the view that the outcome of the case is expected to be favourable. Pending the decision of the court, no provision has been made in these financial statements.

In a similar case, Telefon, lodged a claim of Rs 97,337 thousand against the Company. In the last hearing, held on May 09, 2006, issues were framed and a decision made to record evidence in subsequent hearings. The management and the Company's legal advisors, are of the view that the outcome of the appeal is expected to be favourable. Pending the decision of the court, no provision has been made in these financial statements.

12.3 An assessment order was passed by the Taxation Officer, on the basis of a revised return for the tax year 2007, filed by the

Company on June 30, 2009, creating an additional demand of Rs 5,185,163 thousand, by disallowing certain expenses under section 122(5A) of the Income Tax Ordinance, 2001.

The Company has filed an appeal against this order before the Commissioner Inland Revenue - Appeals (CIR - Appeals), who has granted relief of Rs 297,793 thousand. The Company has filed an appeal against the remaining demand before the Honorable Appellate Tribunal Inland Revenue (ATIR), which has given its judgment regarding satellite charges amounting to Rs 231,001 thousand out of total disallowed expenses and endorsed the departmental view and presently the Company's reference against the judgment of the ATIR, in this respect, is pending before the Honorable Islamabad High Court.

No provision on this account has been made in these financial statements, as the management and the tax advisor of the Company are of the view, that the matter will eventually be settled in favour of the Company.

12.4 For the tax year 2008, the Taxation Officer raised a demand of Rs 4,559,208 thousand, on the plea that the Company has erroneously applied an average rate of tax, while deducting withholding tax from payments made to employees under the Voluntary Separation Scheme (VSS), as the required options before the concerned Commissioners of income tax, were not filed by such employees. The Commissioner of Income Tax - Appeals (CIT - Appeals) upheld the decision of the Taxation Officer and while disposing off the ensuing second appeal, the Honorable ATIR remanded the case back to the Taxation Officer, for verification of filing of options before the concerned Commissioners, in the light of the related law. The company has also filed a reference application with the Honorable Islamabad High Court, which is pending adjudication.

No provision on this account has been made in these financial statements, as the management and the tax advisor of the Company are of the view, that the matter will eventually be settled in favour of the Company.

12.5 For the tax year 2009, the Taxation Officer has disallowed certain expenses and International Revenue, (under section 122(5A) of the Income Tax Ordinance, 2001), and created an additional demand of Rs 4,638,249 thousand, which was subsequently reduced to Rs 3,439,222 thousand, through rectification.

The Company has filed an appeal against the order of the Taxation Officer, before the CIR-Appeals, who upheld the decision of the Taxation Officer and while disposing off the ensuing second appeal, the Honorable ATIR remanded the case back to the Taxation Officer except for the International Revenue. The Company has already deposited an amount of Rs 533,861 thousand on account of International Revenue during the year ended June 30, 2011 and is currently in the process of filing reference application, in this respect, in the High Court.

No provision on this account has been made in these financial statements, as the management and the tax advisor of the Company are of the view, that the matter will eventually be settled in favour of the Company.

12.6 Based on an audit of the Federal Excise Duty (FED) returns submitted for the period from July 2004 to June 2009, the Deputy Commissioner of Inland Revenue (DCIR), raised a demand of Rs 976,537 thousand, on the premise that the Company has claimed total input tax, without apportioning the same between allowable and exempt supplies, and that the exempt supplies were also not declared in these returns. On the same grounds, the Deputy Commissioner Inland Revenue (DCIR) has raised an additional demand on August 02, 2011, amounting to Rs 313,420 thousand, for the period from July 2005 to June 2006 and July 2008 to June 2009. The Company is in appeal against the said orders, before the CIR - Appeals and the Honorable Islamabad High Court has granted a stay order in this regard.

No provision on this account has been made in these financial statements, as the management and the tax advisor of the Company are of the view, that the matter will eventually be settled in favour of the Company.

12.7 On July 16, 2011, the DCIR raised a demand of Rs 298,008 thousand, on the premise that the Company has not paid FED on Technical Services Assistance fee, paid to the Etisalat Telecommunication Corporation of the United Arab Emirates, during the period from July 01, 2007 to June 30, 2009, on the grounds that the said fee has been paid under a Franchise agreement. On the same grounds, the DCIR has raised an additional demand on February 27, 2012, amounting to Rs 176,409 thousand, for the period from July 01, 2010 to June 30, 2011. The case has been decided against the Company by the CIR - Appeals and the Company has filed an appeal before the ATIR.

No provision on this account has been made in these financial statements, as the management and the tax advisor of the Company are of the view, that the matter will eventually be settled in favour of the Company.

12.8 On October 17, 2011, the DCIR, raised a demand of Rs 2,782,660 thousand, on the premise that the Company has not paid FED on its local interconnect revenue for the years from 2006 to 2009, aggregating to Rs 16,522,290 thousand, billed to mobile/ landline operators and Long Distance and International operators. The case has been decided against the Company by the Commissioner Inland Revenue - Appeals - II (CIR - Appeals) and the Company has filed an appeal before the ATIR which is pending for adjudication. In the month of June 2012, the Company has deposited the principal amount under the amnesty scheme offered by the Federal Board of Revenue. Further, the Company has not paid FED on local interconnect revenue for the period from 2010 to June 2012; however, no demand has been raised by the tax authorities for this period.

The GoP issued a notification dated June 30, 2012 in pursuance of section 65 of the Sales Tax Act, 1990 read with SRO 550(I)/2006 dated June 05, 2006 whereby the telecom companies were given relief from payment of FED on interconnect services up to June 30, 2012 by treating it as an inadvertent practice, provided the telecom companies commence payments of FED on interconnect services with effect from July 01, 2012. This SRO has not yet been published as a gazette notification, as it was challenged as an illegal act by the National Accountability Bureau (NAB). Currently, the matter is under investigation by NAB and it is not possible to predict the outcome of this investigation.

No provision on this account has been made in these financial statements as the management and the tax advisor of the Company are of the view, that the matter will eventually be settled in favour of the Company.

		Note	2012 Rs '000	2011 Rs '000
12.9	Bank guarantees and bid bonds issued in favour of:			
	Universal Service Fund (USF) against government grants		4,841,517	3,082,697
	Others		298,770	293,242
			5,140,287	3,375,939
	Commitments			
	Contracts for capital expenditure		12,282,162	15,106,081
	Investment in Rozgar Microfinance Bank Limited	12.10	1,000,000	–

12.10 To acquire Rozgar Microfinance Bank Limited, the Company has signed Share Purchase Agreements with existing shareholders of the bank. The Company intends to invest Rs 1,000,000 thousand in this respect.

13. Property, plant and equipment

	Note	2012 Rs '000	2011 Rs '000
Operating fixed assets	13.1	76,089,050	73,788,459
Capital work-in-progress	13.6	9,781,287	15,955,058
		85,870,337	89,743,517

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

13.1 Operating fixed assets

	Land		Buildings on									
	Freehold - note 13.2	Leasehold	Freehold land	Leasehold land	Lines and wires	Apparatus, plant and equipment	Office equipment	Computer equipment	Furniture and fittings	Vehicles	Submarine cables	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
As at July 01, 2010												
Cost	1,631,856	90,026	10,223,340	1,008,671	106,288,703	128,236,700	748,863	502,878	456,788	1,328,836	5,739,955	256,256,616
Accumulated depreciation	-	(24,276)	(3,220,635)	(380,959)	(80,166,213)	(93,415,295)	(453,567)	(278,885)	(333,330)	(1,131,843)	(2,890,924)	(182,295,927)
Net book value	1,631,856	65,750	7,002,705	627,712	26,122,490	34,821,405	295,296	223,993	123,458	196,993	2,849,031	73,960,689
Year ended June 30, 2011												
Opening net book value	1,631,856	65,750	7,002,705	627,712	26,122,490	34,821,405	295,296	223,993	123,458	196,993	2,849,031	73,960,689
Additions	233	–	339,793	–	1,878,997	4,937,900	14,451	45,959	6,478	148,035	4,087,738	11,459,584
Disposals												
Cost	–	–	(620)	–	(18,791)	(95,649)	(2,524)	(77)	(2,232)	(52,236)	–	(172,129)
Accumulated depreciation	–	–	252	–	18,791	95,649	2,524	77	2,231	51,628	–	171,152
	–	–	(368)	–	–	–	–	–	(1)	(608)	–	(977)
Depreciation charge for the year	–	(1,277)	(261,294)	(25,213)	(4,177,150)	(6,341,977)	(63,216)	(192,387)	(23,272)	(116,947)	(428,104)	(11,630,837)
Net book value	1,632,089	64,473	7,080,836	602,499	23,824,337	33,417,328	246,531	77,565	106,663	227,473	6,508,665	73,788,459
As at July 01, 2011												
Cost	1,632,089	90,026	10,562,513	1,008,671	108,148,909	133,078,951	760,790	548,760	461,034	1,424,635	9,827,693	267,544,071
Accumulated depreciation	–	(25,553)	(3,481,677)	(406,172)	(84,324,572)	(99,661,623)	(514,259)	(471,195)	(354,371)	(1,197,162)	(3,319,028)	(193,755,612)
Net book value	1,632,089	64,473	7,080,836	602,499	23,824,337	33,417,328	246,531	77,565	106,663	227,473	6,508,665	73,788,459
Year ended June 30, 2012												
Opening net book value	1,632,089	64,473	7,080,836	602,499	23,824,337	33,417,328	246,531	77,565	106,663	227,473	6,508,665	73,788,459
Additions	1,471	–	323,470	–	2,342,395	10,336,356	42,650	79,922	11,021	282,129	751,295	14,170,709
Disposals												
Cost	–	–	–	–	–	–	–	–	–	(56,747)	–	(56,747)
Accumulated depreciation	–	–	–	–	–	–	–	–	–	56,703	–	56,703
	–	–	–	–	–	–	–	–	–	(44)	–	(44)
Depreciation charge for the year	–	(1,277)	(269,185)	(25,212)	(4,095,419)	(6,415,103)	(45,081)	(56,324)	(22,780)	(88,548)	(659,386)	(11,678,315)
Impairment charge - note 13.4	–	–	–	–	–	(191,759)	–	–	–	–	–	(191,759)
Net book value	1,633,560	63,196	7,135,121	577,287	22,071,313	37,146,822	244,100	101,163	94,904	421,010	6,600,574	76,089,050
As at June 30, 2012												
Cost	1,633,560	90,026	10,885,983	1,008,671	110,491,304	143,415,307	803,440	628,682	472,055	1,650,017	10,578,988	281,658,033
Accumulated depreciation and impairment	–	(26,830)	(3,750,862)	(431,384)	(88,419,991)	(106,268,485)	(559,340)	(527,519)	(377,151)	(1,229,007)	(3,978,414)	(205,568,983)
Net book value	1,633,560	63,196	7,135,121	577,287	22,071,313	37,146,822	244,100	101,163	94,904	421,010	6,600,574	76,089,050
Annual rate of depreciation (%)		1 to 3.3	2.5	2.5	7	10	10	33.33	10	20	6.67 to 8.33	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

13.2 As explained in note 1, the property and rights vesting in the operating assets, as at January 01, 1996, were transferred to the Company 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 the Company in the land revenue records. The Company 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.

13.3 Disposal of property, plant and equipment:

During the year, the aggregate net book value of disposals of property, plant and equipment is below Rs 50,000.

13.4 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 191,759 thousand. This loss has been included in 'cost of services' in the statement of comprehensive income. The impairment charge arose in apparatus, plant and equipment owing to malfunctioning of various asset items.

		Note	2012 Rs '000	2011 Rs '000
13.5	The depreciation charge for the year has been allocated as follows:			
	Cost of services	27	11,444,749	11,398,220
	Administrative and general expenses	28	175,174	174,462
	Selling and marketing expenses	29	58,392	58,155
			11,678,315	11,630,837
13.6	Capital work-in-progress			
	Buildings		708,890	990,060
	Lines and wires		5,259,593	5,356,202
	Apparatus, plant and equipment		3,099,674	8,015,151
	Advances to suppliers		337,790	1,436,450
	Others		375,340	157,195
			9,781,287	15,955,058

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

		2012 Rs '000	2011 Rs '000
13.7	**Movement during the year**		
	Balance as at July 01	15,955,058	14,258,596
	Additions during the year	7,996,938	13,156,046
	Transfers during the year	(14,170,709)	(11,459,584)
	Balance as at June 30	9,781,287	15,955,058

13.8 Capital work-in-progress includes an amount of Rs 963,074 thousand (2011: Rs 322,580 thousand), in respect of direct overheads relating to development of assets.

14. Intangible assets

	Note	Licenses Rs '000	Computer Software Rs '000	Total Rs '000
As at July 01, 2010				
Cost		4,015,397	397,979	4,413,376
Accumulated amortization		(1,259,165)	(75,180)	(1,334,345)
Net book value		2,756,232	322,799	3,079,031
Year ended June 30, 2011				
Opening net book value		2,756,232	322,799	3,079,031
Additions		–	200,405	200,405
Amortization charge for the year		(196,415)	(46,894)	(243,309)
Closing net book value		2,559,817	476,310	3,036,127
As at July 01, 2011				
Cost		4,015,397	598,384	4,613,781
Accumulated amortization		(1,455,580)	(122,074)	(1,577,654)
Net book value		2,559,817	476,310	3,036,127
Year ended June 30, 2012				
Opening net book value		2,559,817	476,310	3,036,127
Additions		–	34,246	34,246
Amortization charge for the year	27	(194,931)	(75,783)	(270,714)
Closing net book value		2,364,886	434,773	2,799,659
As at June 30, 2012				
Cost		4,015,397	632,630	4,648,027
Accumulated amortization		(1,650,511)	(197,857)	(1,848,368)
Net book value	14.1	2,364,886	434,773	2,799,659

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rs '000	2011 Rs '000
14.1 Breakup of net book values as at June 30, is as follows:			
Licenses			
Telecom	14.2	84,774	94,747
WLL spectrum	14.2	2,192,697	2,371,695
WLL and LDI License	14.3	87,415	92,880
IPTV	14.4	–	495
		2,364,886	2,559,817
Computer software			
Bill printing software	14.5	2,733	4,374
Billing and automation of broadband	14.5	17,659	26,873
HP OSS	14.5	31,964	-
SAP - Enterprise Resource Planning (ERP) system	14.6	382,417	445,063
		434,773	476,310
		2,799,659	3,036,127

14.2 The Pakistan Telecommunication Authority (PTA) has issued a license to the 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 Company to provide Wireless Local Loop (WLL) 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.

14.3 The Pakistan Telecommunication Authority (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 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.

14.4 IPTV license expired on September 30, 2011 and the cost of the license is fully amortized during the year. The Company has applied for the renewal of the license.

14.5 The cost of computer software is being amortized, on a straight-line basis, over a period of 5 years.

14.6 This represents the cost of the SAP - Enterprise Resource Planning (ERP) system, with a useful life of 10 years, being amortized on a straight-line basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

15. Long-term investments

	Note	2012 Rs '000	2011 Rs '000
Investments in related parties	15.1	6,523,539	6,523,539
Other investments	15.2	83,900	83,900
		6,607,439	6,607,439

15.1 Investments in related parties - unquoted

	Note	2012 Rs '000	2011 Rs '000
Wholly owned subsidiaries			
Pak Telecom Mobile Limited			
650,000,000 (2011: 650,000,000) ordinary shares of Rs 10 each			
Ordinary shares held 100% (2011: 100%)		6,500,000	6,500,000
Associate			
TF Pipes Limited			
1,658,520 (2011: 1,658,520) ordinary shares of Rs 10 each			
Ordinary shares held 40% (2011: 40%)		23,539	23,539
		6,523,539	6,523,539

15.2 Other investments

	Note	2012 Rs '000	2011 Rs '000
Available-for-sale investments - unquoted			
Thuraya Satellite Telecommunication Company			
3,670,000 (2011: 3,670,000) ordinary shares of 1 Dirham each		63,900	63,900
Alcatel-Lucent Pakistan Limited			
2,000,000 (2011: 2,000,000) ordinary shares of Rs 10 each		20,000	20,000
New ICO Global Communications (Holdings) Limited			
218,207 (2011: 218,207) ordinary shares of USD 0.01 per share	15.2.1	–	104,708
Less: Provision for impairment		–	(104,708)
		–	–
World Tel Assembly of Governors			
Participation Fund investment of USD 100,000 (2011: USD 100,000)	15.2.1	–	6,390
Less: Provision for impairment		–	(6,390)
		–	–
		83,900	83,900

15.2.1 These investments have been written-off during the year against provision for impairment.

16. Long-term loans and advances - considered good

	Note	2012 Rs '000	2011 Rs '000
Loans to PTML - unsecured	16.1	11,000,000	11,000,000
Loans to employees - secured	16.2	723,703	607,268
Advances to suppliers against turnkey contracts	16.3	3,444,453	2,633,759
Others		12,852	5,576
		15,181,008	14,246,603
Less: Current portion shown under current assets			
Loans to PTML - unsecured	19	(750,000)	–
Loans to employees - secured	19	(119,054)	(125,469)
		14,311,954	14,121,134

16.1 These represent various unsecured loans given to PTML under subordinated debt agreements, from 2008 to 2010, on the following terms:

	First loan	Second loan	Third loan	Fourth loan
Disbursement Date	November 15, 2008	November 04, 2009	May 18, 2010	July 05, 2010
Loan (Rs '000)	3,000,000	2,000,000	2,000,000	4,000,000
Mark-up Rate	3 months Kibor plus 82 basis points	3 months Kibor plus 82 basis points	3 months Kibor plus 180 basis points	3 months Kibor plus 180 basis points
Grace Period	4 years	4 years	3 years	3 years
Repayment method	Eight equal quarterly installments	Eight equal quarterly installments	Eight equal quarterly installments	Eight equal quarterly installments
Due date of first installment	February 13, 2013	February 04, 2014	August 18, 2013	October 02, 2013

The maximum amount of the loan to PTML, outstanding at any time since the date of the previous statement of financial position, was Rs 11,000,000 thousand (2011: Rs 11,000,000 thousand).

16.2 These loans and advances are for house building and purchase of motor cars, motor cycles and bicycles. Loans to gazetted employees of the Company carry interest at the rate of 14% per annum (2011: 15% per annum), whereas, loans to employees other than gazetted employees are interest free. These loans are recoverable in equal monthly installments spread over a period of 5 to 10 years and are secured against future pension payments of the employees.

This balance also includes a sum of Rs 2,449 thousand (2011: Rs 4,774 thousand), due from employees against purchase of vehicles from the Company, recoverable in monthly installments spread over a period of 1 to 2 years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

	As at July 01, 2011 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at June 30, 2012 Rs '000
Executives	11,752	853	6,381	6,224
Other employees	595,516	245,615	123,652	717,479
	607,268	246,468	130,033	723,703

	As at July 01, 2010 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at June 30, 2011 Rs '000
Executives	9,545	4,790	2,583	11,752
Other employees	499,709	211,884	116,077	595,516
	509,254	216,674	118,660	607,268

16.3 These represent various unsecured non-interest bearing advances issued to the Company's vendors under turnkey contracts. This includes an advance of Rs 61,961 thousand (2011: Rs 49,696 thousand) given to Telecom Foundation, a related party.

17. Stores, spares and loose tools

	Note	2012 Rs '000	2011 Rs '000
Stores, spares and loose tools	17.1	3,595,530	3,896,680
Provision for obsolescence	17.2	(622,706)	(527,192)
		2,972,824	3,369,488

17.1 Stores, spares and loose tools include items which may be capitalized as a part of property, plant and equipment but are not distinguishable.

	Note	2012 Rs '000	2011 Rs '000
17.2 Provision for obsolescence			
Balance as at July 01		527,192	628,323
Provision during the year	27	284,623	73,992
		811,815	702,315
Written-off against provision		(189,109)	(175,123)
		622,706	527,192

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

18. Trade debts - unsecured

	Note	2012 Rs '000	2011 Rs '000
Domestic			
Considered good	18.1	7,769,178	7,517,948
Considered doubtful		9,490,723	13,594,288
		17,259,901	21,112,236
International			
Considered good	18.2	1,016,634	1,653,903
Considered doubtful		165,512	840,327
		1,182,146	2,494,230
		18,442,047	23,606,466
Provision for doubtful debts	18.3	(9,656,235)	(14,434,615)
		8,785,812	9,171,851

18.1 These include amounts due from the following related parties:

	2012 Rs '000	2011 Rs '000
Pak Telecom Mobile Limited	588,760	924,074
The Government of Pakistan and its related entities	1,302,367	1,102,252
	1,891,127	2,026,326

18.2 These include amounts due from the following related parties:

	2012 Rs '000	2011 Rs '000
Etisalat - UAE	–	105,006
Eithad Etisalat Company - KSA	107,199	73,109
	107,199	178,115

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

18.3 Provision for doubtful debts

	Note	2012 Rs '000	2011 Rs '000
Balance as at July 01		14,434,615	18,566,724
Provision for the year	28	1,853,559	1,614,876
Provision transferred from MAXCOM		–	5,744
		16,288,174	20,187,344
Trade debts written-off against provision		(6,631,939)	(5,752,729)
		9,656,235	14,434,615

19. Loans and advances - considered good

	Note	2012 Rs '000	2011 Rs '000
Current portion of long-term loans to PTML	16	750,000	–
Current portion of long-term loans to employees	16	119,054	125,469
Advances to suppliers and contractors	19.1	499,161	460,655
		1,368,215	586,124

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

		2012 Rs '000	2011 Rs '000
19.1	These include amounts due from the following related parties:		
	TF Pipes Limited	6,841	11,887
	The Government of Pakistan and its related entities	6,715	–
		13,556	11,887

These include an advance of Rs 6,841 thousand (2011: Rs 11,887 thousand) given to a related party accrued in the normal course of business.

20. Accrued interest

	Note	2012 Rs '000	2011 Rs '000
Return on bank deposits		110,724	167,158
Mark-up on long-term loans	20.1	251,418	279,082
Interest receivable on loans to employees - secured		64,385	62,623
		426,527	508,863

20.1 This represents mark-up on loans to PTML, as indicated in note 16.1.

21. Recoverable from tax authorities

	Note	2012 Rs '000	2011 Rs '000
Considered good			
Income tax		14,430,550	11,207,912
Sales tax		570,489	614,056
Federal Excise Duty		2,783,655	750,995
		17,784,694	12,572,963
Considered doubtful			
Federal Excise Duty		466,176	466,176
Provision for doubtful amount	21.1	(466,176)	(466,176)
		–	–
		17,784,694	12,572,963

		2012 Rs '000	2011 Rs '000
21.1	Provision for doubtful recoverable from tax authorities		
	Balance as at July 01	466,176	–
	Provision for the year	–	466,176
		466,176	466,176

22. 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 Company's employees during the year ended June 30, 2008.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

23. Other receivables

	Note	2012 Rs '000	2011 Rs '000
Considered good			
Due from related parties:			
- PTML - against service charges for software maintenance		2,798	13,522
- Etisalat - UAE against secondment of employees		57,625	58,297
- Pakistan Telecommunication Employees Trust		104,801	95,691
- PTCL employees' GPF Trust		86,606	64,124
- Universal Services Fund		240,000	–
Others		174,636	135,363
		666,466	366,997
Considered doubtful		326,166	326,166
Provision for doubtful receivables	23.1	(326,166)	(326,166)
		–	–
		666,466	366,997

23.1 Provision for doubtful receivables

	Note	2012 Rs '000	2011 Rs '000
Balance as at July 01		326,166	185,239
Provision for the year	28	–	140,927
		326,166	326,166

24. Short-term investments

	Note	2012 Rs '000	2011 Rs '000
Term deposits			
- maturity upto 3 months	24.1	9,611,508	2,356,872
Available-for-sale investments			
- units of mutual funds	24.2	317,893	285,506
		9,929,401	2,642,378

24.1 Term deposits

	Term months	Maturity Upto	Profit rate % per annum	2012 Rs '000	2011 Rs '000
Askari Bank Limited	3	August 28, 2011	13.30	–	2,356,872
Allied Bank Limited	3	July 02, 2012	12.25	1,026,847	–
Askari Bank Limited	3	July 10, 2012	12.25	2,642,656	–
Habib Bank Limited	3	August 22, 2012	12.25	2,026,849	–
Bank Alfalah Limited	3	August 29, 2012	12.00	2,064,928	–
Bank Alfalah Limited	3	September 18, 2012	12.25	1,850,228	–
				9,611,508	2,356,872

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rs '000	2011 Rs '000
24.2 Available-for-sale investments			
24.2.1 Units of mutual funds			
Units of open-end mutual funds:			
Pakistan Cash Management Fund 2,540,554 (2011: 2,236,062) units		127,174	114,411
NAFA Government Securities Liquid Fund 6,384,990 (2011: 5,563,826) units		64,184	57,638
BMA Empress Cash Fund 3,192,415 (2011: 2,733,117) units		32,108	28,844
Faysal Saving Growth Fund 608,167 (2011: 546,288) units		62,781	56,262
Askari Sovereign Cash Fund 313,124 (2011: 281,564) units		31,646	28,351
		317,893	285,506
24.2.2 Movement in available-for-sale investments during the year:			
Balance as at July 01		285,506	254,916
Unrealised gain transferred to other comprehensive income - net of tax		32,387	30,590
		317,893	285,506

25. Cash and bank balances

	Note	2012 Rs '000	2011 Rs '000
Cash in hand		–	226
Balances with banks:			
Deposit accounts	25.1	358,984	5,893,448
Current accounts			
Local currency		2,557,147	1,453,073
Foreign currency (USD 3,672 thousand (2011: USD 3,287 thousand))		345,191	282,160
		2,902,338	1,735,233
		3,261,322	7,628,907

25.1 The balances in deposit accounts, carry mark-up ranging between 2% and 13.30% (2011: 5% to 13.30%) per annum.

25.2 Deposit accounts include Rs 215,719 thousand (2011: Rs 3,691,898 thousand) under lien of bank, against letters of guarantees and letters of credits issued on behalf of the Company.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

26. Revenue

	Note	2012 Rs '000	2011 Rs '000
Domestic	26.1	54,290,471	49,951,388
International	26.2	5,747,783	5,302,626
		60,038,254	55,254,014

26.1 Revenue is exclusive of Federal Excise Duty amounting to Rs 5,698,469 thousand (2011: Rs 5,957,830 thousand).

26.2 International revenue represents revenue from foreign network operators, for calls that originate outside Pakistan, and has been shown net of interconnect costs relating to other operators and Access Promotion Charges, aggregating to Rs 7,121,997 thousand (2011: Rs 11,241,321 thousand).

27. Cost of services

	Note	2012 Rs '000	2011 Rs '000
Salaries, allowances and other benefits	27.1	11,771,474	11,008,434
Call centre charges		426,658	303,815
Interconnect costs		2,585,923	2,742,012
Foreign operators costs and satellite charges		8,789,817	7,820,618
Fuel and power		4,089,691	3,398,492
Communication		8,490	7,980
Stores, spares and loose tools consumed		1,758,446	1,432,599
Provision for obsolete stores, spares and loose tools	17.2	284,623	73,992
Rent, rates and taxes		899,518	826,553
Repairs and maintenance		1,935,720	2,006,296
Printing and stationery		215,732	320,109
Travelling and conveyance		10,536	9,828
Depreciation on property, plant and equipment	13.5	11,444,749	11,398,220
Amortization of intangible assets	14	270,714	243,309
Impairment on property, plant and equipment	13.4	191,759	–
Annual license fee to Pakistan Telecommunication Authority (PTA)		214,162	222,508
		44,898,012	41,814,765

27.1 This includes Rs 3,260,296 thousand (2011: Rs 2,626,984 thousand) in respect of employees' retirement benefits.

28. Administrative and general expenses

	Note	2012 Rs '000	2011 Rs '000
Salaries, allowances and other benefits	28.1	1,199,396	1,121,649
Call centre charges		63,999	45,572
Fuel and power		307,816	255,790
Rent, rates and taxes		148,841	258,780
Repairs and maintenance		11,325	11,739
Printing and stationery		3,331	4,942
Travelling and conveyance		84,287	78,623
Technical services assistance fee	28.2	1,912,281	1,764,098
Legal and professional charges		206,213	195,342
Auditors' remuneration	28.3	14,654	12,425
Depreciation on property, plant and equipment	13.5	175,174	174,462
Research and development fund	28.4	239,281	220,230
Provisions:			
– against doubtful debts	18.3	1,853,559	1,614,876
– against doubtful receivables	23.1	–	140,927
Donations	28.5	40,162	46,575
Loss on transfer of assets from MAXCOM		–	6,144
Other expenses		1,509,976	1,423,782
		7,770,295	7,375,956

28.1 This includes Rs 332,191 thousand (2011: Rs 268,383 thousand) in respect of employees' retirement benefits.

28.2 This represents the Company'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 PTCL group's consolidated annual revenue.

28.3 Auditors' remuneration

	2012 Rs '000	2011 Rs '000
A. F. Ferguson & Co.		
Statutory audit, including half yearly review	4,500	4,500
Tax services	5,004	1,000
Out of pocket expenses	250	250
Ernst & Young Ford Rhodes Sidat Hyder		
Statutory audit, including half yearly review	4,500	4,500
Tax services	150	1,925
Out of pocket expenses	250	250
	14,654	12,425

28.4 This represents the Company's contribution to the National Information Communication Technology, Research and Development Fund ("National ICT R&D Fund"), at the rate of 0.5% (2011: 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 license to provide telecommunication services.

28.5 There were no donations during the year in which the directors, or their spouses, had any interest.

29. Selling and marketing expenses

	Note	2012 Rs '000	2011 Rs '000
Salaries, allowances and other benefits	29.1	1,177,147	1,100,844
Call centre charges		42,666	30,381
Sales and distribution charges		661,541	447,244
Fuel and power		90,882	75,521
Printing and stationery		2,224	3,300
Travelling and conveyance		10,536	9,828
Advertisement and publicity		435,149	556,212
Depreciation on property, plant and equipment	13.5	58,392	58,155
		2,478,537	2,281,485

29.1 This includes Rs 326,030 thousand (2011: Rs 262,067 thousand) in respect of employees' retirement benefits.

30. Other operating income

	Note	2012 Rs '000	2011 Rs '000
Income from financial assets:			
Return on bank deposits		1,000,905	1,734,105
Mark-up on long-term loans	30.1	1,532,679	1,575,318
Late payment surcharge from subscribers on overdue bills		199,962	181,749
Dividend		–	36,000
Exchange gain		–	8,985
Income from non-financial assets:			
Dividend from a subsidiary - PTML		1,400,000	3,144,000
Gain on disposal of items of property, plant and equipment		58,625	140,924
Gain on sale of obsolete stores		180,980	63,264
Liabilities no longer payable written back	30.2	1,800,660	527,760
Secondment income from Etisalat, UAE - a related party		58,852	75,545
Amortization of deferred government grants	10	142,160	78,804
Others		221,280	273,163
		6,596,103	7,839,617

30.1 This includes a sum of Rs 1,526,127 thousand (2011: Rs 1,566,957 thousand) accrued on the loans given to PTML, a related party.

30.2 This includes Rs 1,340,114 thousand (2011: Rs Nil) related to reversal of liabilities on account of the National ICT R&D Fund, pursuant to an amendment in the Company's license by PTA.

31. Finance costs

	Note	2012 Rs '000	2011 Rs '000
Bank and other charges		219,369	200,895
Exchange loss		259,505	–
Imputed interest related to acquisition of MAXCOM		2,871	6,624
		481,745	207,519

32. Taxation

	Note	2012 Rs '000	2011 Rs '000
Current			
- for the year		983,662	1,401,084
- for prior year		–	522,691
		983,662	1,923,775
Deferred	8	2,810,027	2,061,961
		3,793,689	3,985,736

32.1 Tax charge reconciliation

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

	2012 %	2011 %
Applicable tax rate	35.00	35.00
Tax effect of amounts chargeable to tax at lower rates	(0.53)	(4.66)
Effect of change in prior year's tax	–	4.58
	(0.53)	(0.08)
Average effective tax rate charged to the statement of comprehensive income	34.47	34.92

33. Earnings per share - basic and diluted

		2012	2011
Profit for the year	Rupees in thousand	7,212,079	7,428,170
Weighted average number of ordinary shares	Numbers in thousand	5,100,000	5,100,000
Earnings per share	Rupees	1.41	1.46

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

34. Non-funded finance facilities

The 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 16,625,000 thousand (2011: Rs 18,125,000 thousand) and Rs 5,500,000 thousand (2011: Rs 5,000,000 thousand) is available for letters of credit and letters of guarantee respectively, out of which the facility availed at the year end is Rs 5,133,626 thousand (2011: Rs 7,350,770 thousand). The letter of credit facility is secured by a hypothecation charge over certain assets of the Company, amounting to Rs 16,985,000 thousand (2011: Rs 11,650,333 thousand).

35. Cash generated from operations

	2012 Rs '000	2011 Rs '000
Profit before tax	11,005,768	11,413,906
Adjustments for non-cash charges and other items:		
Depreciation and amortization	11,949,029	11,874,146
Impairment	191,759	–
Provision for doubtful trade debts and other receivables	1,853,559	1,755,803
Employees' retirement benefits	3,918,517	3,157,434
Imputed interest on consideration payable on MAXCOM	2,871	6,624
Interest on long-term loans	(1,532,679)	(1,566,957)
Gain on disposal of property, plant and equipment	(58,625)	(140,924)
Unrealized gain on available-for-sale investments - net of tax	32,387	30,590
Dividend income	(1,400,000)	(3,180,000)
Return on bank deposits	(1,000,905)	(1,734,105)
Provision for obsolete stores, spares and loose tools	284,623	73,992
Amortization of Government grants	(142,160)	(78,804)
Loss on transfer of assets of MAXCOM	–	6,144
Liabilities no longer payable written back	(1,800,660)	(527,760)
Finance costs	219,369	200,895
	23,522,853	21,290,984
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	112,041	632,383
Trade debts	(1,467,520)	(779,342)
Loans and advances	(38,506)	(33,868)
Recoverable from tax authorities	(1,989,093)	(263,641)
Other receivables	(66,745)	415,260
	(3,449,823)	(29,208)
Increase in current liabilities:		
Trade and other payables	473,894	228,059
	20,546,924	21,489,835

36. Cash and cash equivalents

	Note	2012 Rs '000	2011 Rs '000
Short-term investments	24	9,929,401	2,642,378
Cash and bank balances	25	3,261,322	7,628,907
		13,190,723	10,271,285

37. Capacity

	Access Lines Installed (ALI)		Access Lines In Service (ALIS)	
	2012	2011	2012	2011
	(Number)			
Number of lines	9,011,678	10,191,128	4,235,999	4,486,935

ALI represent switching lines. ALI include 268,565 (2011: 238,600) and ALIS include 92,156 (2011: 93,654) Primary Rate Interface (PRI) and Basic Rate Interface (BRI) respectively. ALI and ALIS also include 3,406,000 (2011: 3,764,600) and 1,424,248 (2011: 1,549,915) WLL connections, respectively.

The difference between ALI and ALIS is due to pending and potential future demand.

38. Remuneration of Directors, Chief Executive and Executives

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

	Chairman		Chief Executive		Executives	
	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000
Managerial remuneration	–	–	99,366	96,021	619,676	587,196
Honorarium	300	300	–	–	2,796	2,051
Bonus	–	–	–	–	8,317	8,197
Retirement benefits	–	–	–	–	60,827	55,297
Housing	–	–	–	–	214,931	203,632
Utilities	–	–	–	–	56,275	49,699
	300	300	99,366	96,021	962,822	906,072
Number of persons	1	1	1	1	501	492

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

The aggregate amount charged in the financial statements for the year as fee paid to 9 directors (2011: 9 directors), is Rs 32,765 thousand (2011: Rs 7,885 thousand) for attending the Board of Directors, and its sub-committee, meetings.

39. Rates of exchange

Assets in foreign currencies have been translated into Rupees at USD 1.0638 (2011: USD 1.1648) equal to Rs 100, while liabilities in foreign currencies have been translated into Rupees at USD 1.0616 (2011: USD 1.1648) equal to Rs 100.

40. Financial risk management

40.1 Financial risk factors

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

	2012 Rs '000	2011 Rs '000
USD		
Trade and other payables	(5,151,602)	(4,557,353)
Trade debts	1,820,360	2,494,230
Cash and bank balances	345,191	282,160
Net exposure	(2,986,051)	(1,780,963)
AED		
Trade and other payables	(49,577)	(45,094)
EUR		
Trade and other payables	(3,006)	(3,169)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rs '000	2011 Rs '000
CHF		
Trade and other payables	–	(7,395)
AUD		
Loans and advances	3,028	2,337

The following significant exchange rates were applied during the year:

	2012	2011
Rupees per USD		
Average rate	94.55	85.46
Reporting date rate	94.20	85.85
Rupees per AED		
Average rate	25.53	23.40
Reporting date rate	25.65	23.40
Rupees per EUR		
Average rate	117.99	124.54
Reporting date rate	118.50	124.44
Rupees per CHF		
Average rate	99.02	90.41
Reporting date rate	98.62	103.35
Rupees per AUD		
Average rate	96.17	84.95
Reporting date rate	95.55	92.19

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, AED, EUR, CHF and AUD with all other variables held constant, the impact on profit after taxation for the year would have been Rs 98,657 thousand (2011: Rs 59,614 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 Company is exposed to equity securities price risk, because of the investments held by the Company in money market mutual funds, and classified on the statement of financial position as available-for-sale. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio.

The other financial assets include available-for-sale investments of Rs 317,893 thousand (2011: Rs 285,506 thousand) which were subject to price risk.

If redemption price on mutual funds, at the year end date, fluctuate by 5% higher / lower with all other variables held constant, total comprehensive income for the year would have been Rs 15,895 thousand (2011: Rs 14,275 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 statement of financial position, the interest rate profile of the Company's interest bearing financial instruments is:

	2012 Rs '000	2011 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	723,703	607,268
Short-term investments - term deposits	9,611,508	2,356,872
Floating rate instruments:		
Long-term loans - loan to subsidiary	11,000,000	11,000,000
Bank balances - deposit accounts	358,984	5,893,448
	21,694,195	19,857,588

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on long-term loans to subsidiary and deposit bank balances, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs 73,833 thousand (2011: Rs 124,610 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:

	2012 Rs '000	2011 Rs '000
Long-term investments	83,900	83,900
Long-term loans and advances	14,311,954	14,121,134
Trade debts	8,785,812	9,171,851
Loans and advances	1,368,215	586,124
Accrued interest	426,527	508,863
Receivable from the Government of Pakistan	2,164,072	2,164,072
Other receivables	666,466	366,997
Short-term investments	9,929,401	2,642,378
Bank balances	3,261,322	7,628,681
	40,997,669	37,274,000

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 Company believes that it is not exposed to major concentrations of credit risk, as its exposure is spread over a large number of counter parties and subscribers. Long-term loans include a loan of Rs 11,000,000 thousand to the subsidiary - PTML.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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		Rating		
	Short term	Long term	Agency	2012	2011
				Rs '000	Rs '000
National Bank of Pakistan	A–1+	AAA	JCR–VIS	2,149,008	3,960,627
Bank Alfalah Limited	A1+	AA	PACRA	3,906,379	1,641,487
MCB Bank Limited	A1+	AA+	PACRA	12,485	29,020
Soneri Bank Limited	A1+	AA–	PACRA	23,095	22,554
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,921	4,966
The Bank of Punjab	A1+	AA–	PACRA	6,197	177,474
NIB Bank Limited	A1+	AA–	PACRA	3	79,872
Habib Bank Limited	A1+	AA+	PACRA	1,987,647	–
Askari Bank Limited	A1+	AA	PACRA	2,599,634	3,432,092
Allied Bank Limited	A1+	AA	PACRA	1,129,868	159,985
United Bank Limited	A–1+	AA+	JCR–VIS	403,263	4,924
KASB Bank Limited	A3	BBB	PACRA	1,758	228
Tameer Micro Finance Bank	A–1	A	JCR–VIS	590	141
Bank Al–Habib Limited	A1+	AA+	PACRA	161,774	167,569
Summit Bank Limited	A–2	A	JCR–VIS	3,721	3,537
Dubai Islamic Bank (Pakistan) Limited	A–1	A	JCR–VIS	251,446	59,252
Citibank, N.A	A–1	A+	S&P's	131,582	148,889
HSBC Bank Middle East Limited	P–1	A1	Moody's	939	1,416
Silkbank Limited	A–2	A–	JCR–VIS	212	5,857
SME Bank Limited	A–3	BBB	JCR–VIS	715	645
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	61,021	33,574
Meezan Bank Limited	A–1+	AA–	JCR–VIS	36,572	51,444
Mutual Fund –Arif Habib	AM 2	–	PACRA	127,174	114,411
Mutual Fund –NAFA	AM 2–	–	PACRA	64,184	57,638
Mutual Fund –BMA	AM 2–	–	JCR–VIS	32,108	28,844
Mutual Fund –Faysal	AM3+	–	JCR–VIS	62,781	56,262
Mutual Fund –Askari	AM3+	–	PACRA	31,646	28,351
				13,190,723	10,271,059

Due to the Company'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 Company. 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 financial liabilities.

The Company 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 June 30, 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 security deposits	707,668	–	707,668	-
Employees' retirement benefits	18,250,681	–	–	18,250,681
Trade and other payables	16,815,690	16,815,690	–	-
	35,774,039	16,815,690	707,668	18,250,681

The following are the contractual maturities of financial liabilities as at June 30, 2011:

	Carrying amount Rs '000	Less than one year Rs '000	One to five years Rs '000	More than five years Rs '000
Long-term security deposits	740,744	–	740,744	–
Employees' retirement benefits	16,823,015	–	–	16,823,015
Trade and other payables	21,501,269	21,501,269	–	–
Dividend payable	3,375,631	3,375,631	–	–
	42,440,659	24,876,900	740,744	16,823,015

40.2 Fair value of financial assets and liabilities

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

40.3 Financial instruments by categories

	Available-for-sale		Loans and receivables		Total	
	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 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	–	–	14,311,954	14,121,134	14,311,954	14,121,134
Trade debts	–	–	8,785,812	9,171,851	8,785,812	9,171,851
Loans and advances	–	–	1,368,215	586,124	1,368,215	586,124
Accrued interest	–	–	426,527	508,863	426,527	508,863
Receivable from the Government of Pakistan	–	–	2,164,072	2,164,072	2,164,072	2,164,072
Other receivables	–	–	666,466	366,997	666,466	366,997
Short-term investments	317,893	285,506	9,611,508	2,356,872	9,929,401	2,642,378
Cash and bank balances	–	–	3,261,322	7,628,907	3,261,322	7,628,907
	401,793	369,406	40,595,876	36,904,820	40,997,669	37,274,226

	Liabilities at fair value through profit or loss		Other financial liabilities		Total	
	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000
Financial liabilities as per statement of financial position						
Long-term security deposits	–	–	707,668	740,744	707,668	740,744
Employees' retirement benefits	–	–	18,250,681	16,823,015	18,250,681	16,823,015
Trade and other payables	–	–	16,815,690	21,501,269	16,815,690	21,501,269
Dividend payable	–	–	–	3,375,631	–	3,375,631
	–	–	35,774,039	42,440,659	35,774,039	42,440,659

40.4 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 Company's business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity'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 Company 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 Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

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

41. Transactions with related parties

The Company's related parties comprise its subsidiary, associated undertakings, the Government of Pakistan and its related entities, employees' retirement benefit plans, and key management personnel. Amounts due from / (to) related parties, are shown under respective receivable and payable balances. Remuneration of key management personnel is disclosed in note 38. Additionally, the Company had transactions with the following related parties during the year:

Subsidiary
- Pak Telecom Mobile Limited

Associated undertakings
- TF Pipes Limited
- Emirates Telecommunication Corporation
- Etisalat International Pakistan
- Etisalat - Afghanistan
- Etihad Etisalat Company - Kingdom of Saudi Arabia (KSA)
- Thuraya Satellite Telecommunication Company

Employees' retirement benefit plans
- Pakistan Telecommunication Employees' Trust
- PTCL Employees' GPF Trust
- Telecom Foundation

The Government of Pakistan and its related entities

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

Transactions between the Company and its related parties, other than those which have been disclosed elsewhere in these financial statements, are:

	2012 Rs '000	2011 Rs '000
Subsidiaries		
Sale of goods and services	5,220,732	5,410,401
Purchase of goods and services	2,627,487	1,973,658
Mark-up on long-term loans	1,526,127	1,567,735
Disbursement of loan	–	4,000,000
Associates		
Sale of goods and services	1,062,547	3,598,964
Purchase of goods and services	1,105,115	1,294,902
Dividend paid	2,088,450	2,088,450
The Government of Pakistan and its related entities		
Sale of goods and services	2,199,865	1,784,686
Purchase of goods and services	8,470,233	7,228,382
National ICT R&D Fund	239,281	220,230
Transfer under license agreements	350,763	623,080
Dividend paid	–	5,549,369

42. Events after the date of Statement of Financial Position

The Company announced a Voluntary Separation Scheme (VSS). Pending acceptance by the employees the financial impact of VSS cannot be determined at present.

43. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for better presentation and disclosure:

Reclassification from	Reclassification to	Rs '000
Capital work-in-progress	Long-term loans and advances	2,633,759

44. Date of authorization for issue

These financial statements were authorized for issue on September 11, 2012 by the Board of Directors of the Company.

45. General

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

Chairman

President & CEO

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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 company, Pak Telecom Mobile Limited as at June 30, 2012 and the related 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 opinion on the financial statements of Pakistan Telecommunication Company Limited. The financial statements of subsidiary company, Pak Telecom Mobile Limited, were audited by one of the joint auditors, A.F. Ferguson & Co., whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of the said joint auditor. 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 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 Pakistan Telecommunication Company Limited and its subsidiary company as at June 30, 2012 and the results of its operations for the year then ended.

A.F. Ferguson & Co.
Chartered Accountants
Islamabad

Engagement Partner:
M. Imtiaz Aslam

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Islamabad

Engagement Partner:
Pervez Muslim

Dated: September 11, 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

		Note	2012 Rs '000	2011 Rs '000
Equity and liabilities	**Equity**			
	Share capital and reserves			
	Share capital	6	51,000,000	51,000,000
	Revenue reserves			
	Insurance reserve		2,678,728	2,385,532
	General reserve		30,500,000	30,500,000
	Unappropriated profit		34,814,916	23,669,848
			67,993,644	56,555,380
	Unrealized gain on available-for-sale investments		62,977	30,590
			119,056,621	107,585,970
	Liabilities			
	Non-current liabilities			
	Long-term loans from banks	7	20,000,000	11,000,000
	Liability against assets subject to finance lease	8	75,265	83,439
	License fee payable	9	118,932	138,246
	Long-term security deposits	10	1,662,397	1,646,400
	Deferred taxation	11	18,697,440	15,498,413
	Employees' retirement benefits	12	18,473,380	17,018,391
	Deferred government grants	13	4,083,022	3,631,585
	Long-term vendor liability	14	2,227,858	3,188,375
			65,338,294	52,204,849
	Current liabilities			
	Trade and other payables	15	31,384,208	34,268,771
	Interest accrued		248,146	417,093
	Short-term running finance	16	1,688,703	234,676
	Current portions of:			
	Long-term loans from banks	7	500,000	9,000,000
	Liability against assets subject to finance lease	8	31,983	32,075
	License fee payable	9	44,476	42,984
	Long-term vendor liability	14	5,665,900	3,232,951
	Unearned income		2,628,247	1,592,680
	Dividend payable		–	3,375,631
			42,191,663	52,196,861
	Total equity and liabilities		226,586,578	211,987,680
	Contingencies and commitments	17		

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012

		Note	2012 Rs '000	2011 Rs '000
Assets	**Non-current assets**			
	Fixed assets			
	Property, plant and equipment	18	149,893,160	153,539,989
	Intangible assets	19	3,547,121	3,906,996
			153,440,281	157,446,985
	Long-term investments	20	110,870	107,553
	Long-term loans and advances	21	4,133,080	3,186,519
			157,684,231	160,741,057
	Current assets			
	Stores, spares and loose tools	22	2,972,824	3,369,488
	Stock-in-trade	23	436,067	569,742
	Trade debts	24	10,164,030	9,434,885
	Loans and advances	25	2,538,023	773,746
	Deposits and prepayments	26	1,116,452	1,295,348
	Accrued interest	27	175,661	377,822
	Recoverable from tax authorities	28	18,811,420	13,317,194
	Receivable from the Government of Pakistan	29	2,164,072	2,164,072
	Other receivables	30	798,362	504,042
	Short-term investments	31	25,853,301	2,642,378
	Cash and bank balances	32	3,872,135	16,797,906
			68,902,347	51,246,623
	Total assets		226,586,578	211,987,680

President & CEO

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rs '000	2011 Rs '000
Revenue	33	110,793,288	102,551,197
Cost of services	34	(72,204,405)	(66,912,075)
Gross profit		38,588,883	35,639,122
Administrative and general expenses	35	(14,834,673)	(14,029,609)
Selling and marketing expenses	36	(8,163,769)	(7,510,628)
Other operating income	37	4,619,417	4,459,484
		(18,379,025)	(17,080,753)
Operating profit		20,209,858	18,558,369
Finance costs	38	(3,305,222)	(2,774,014)
		16,904,636	15,784,355
Share of profit / (loss) from an associate		3,751	(1,357)
Profit before tax		16,908,387	15,782,998
Taxation			
Group		(5,469,689)	(7,377,376)
Associate		(434)	–
	39	(5,470,123)	(7,377,376)
Profit for the year		11,438,264	8,405,622
Other comprehensive income for the year			
Unrealized gain on available-for-sale investments - net of tax		32,387	30,590
Total comprehensive income for the year		11,470,651	8,436,212
Earnings per share - basic and diluted (Rupees)	40	2.24	1.65

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chairman

President & CEO

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

		Note	2012 Rs '000	2011 Rs '000
Cash flows from operating activities	Cash generated from operations	42	41,826,603	43,073,735
	Long-term security deposits		15,997	351,392
	Employees' retirement benefits paid		(2,574,670)	(1,924,391)
	Payment of other VSS components		–	(9,885)
	Finance costs paid		(3,430,876)	(2,491,915)
	Income tax paid		(5,274,254)	(7,818,210)
	Net cash inflows from operating activities		30,562,800	31,180,726
Cash flows from investing activities	Capital expenditure		(21,941,261)	(25,719,495)
	Acquisition of intangible assets		(231,343)	(514,795)
	Proceeds from disposal of property, plant and equipment		101,880	245,313
	Long-term loans and advances		(128,107)	(187,012)
	PTA WLL license fee paid		(26,350)	(1,936,100)
	Consideration paid related to acquisition of MAXCOM		–	(31,912)
	Return on long-term loans and short-term investments		1,573,749	2,497,035
	Government grants received		353,597	2,077,688
	Dividend income on long-term investments		–	36,000
	Net cash outflows from investing activities		(20,297,835)	(23,533,278)
Cash flows from financing activities	Long-term loan received		9,500,000	7,000,000
	Long-term loan paid		(9,000,000)	–
	Long-term vendor liability		1,472,432	(10,018,112)
	Liabilities against assets subject to finance lease		(40,160)	(73,611)
	Dividend paid		(3,366,112)	(8,916,542)
	Net cash outflows from financing activities		(1,433,840)	(19,008,265)
	Net increase / (decrease) in cash and cash equivalents		8,831,125	(11,360,817)
	Cash and cash equivalents at the beginning of the year		19,205,608	23,566,425
	Cash and cash equivalents at the end of the year	43	28,036,733	12,205,608

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chairman

President & CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Issued, subscribed and paid–up capital		Revenue reserves			Unrealized gain on available-for-sale investments	Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit		
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance as at July 01, 2010	37,740,000	13,260,000	2,113,704	30,500,000	24,461,054	–	108,074,758
Total comprehensive income for the year							
Profit for the year	–	–	–	–	8,405,622	–	8,405,622
Other comprehensive income	–	–	–	–	–	30,590	30,590
	–	–	–	–	8,405,622	30,590	8,436,212
Transfer to insurance reserve	–	–	271,828	–	(271,828)	–	–
Transactions with owners:							
Interim dividend for the year ended June 30, 2011 @ Rs 1.75 per ordinary share of Rs 10 each	–	–	–	–	(8,925,000)	–	(8,925,000)
Total transactions with owners	–	–	–	–	(8,925,000)	–	(8,925,000)
Balance as at June 30, 2011	37,740,000	13,260,000	2,385,532	30,500,000	23,669,848	30,590	107,585,970
Total comprehensive income for the year							
Profit for the year	–	–	–	–	11,438,264	–	11,438,264
Other comprehensive income	–	–	–	–	–	32,387	32,387
	–	–	–	–	11,438,264	32,387	11,470,651
Transfer to insurance reserve	–	–	293,196	–	(293,196)	–	–
Balance as at June 30, 2012	37,740,000	13,260,000	2,678,728	30,500,000	34,814,916	62,977	119,056,621

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chairman

President & CEO

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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 01, 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 01, 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.

As a consequence of PTCL's privatization during 2006, 26 % of its shares were acquired by Eitisalat International Pakistan LLC, based in the UAE.

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 F-7 Markaz, Islamabad.

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.

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 company (PTML) 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 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, 2013 & January 01, 2015
IAS 1	Presentation of financial statements (Amendments)	July 01, 2012 & January 01, 2013
IAS 12	Income Taxes (Amendments)	January 01, 2012
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2013
IAS 19	Employee Benefits (Amendments)	January 01, 2013
IAS 27	Consolidated and Separate Financial Statements (Revised)	January 01, 2013
IAS 28	Investments in Associates (Revised)	January 01, 2013
IAS 32	Financial Instruments Presentation (Amendments)	January 01, 2013 & January 01, 2014
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The management anticipates that, except for the effects on the consolidated financial statements of amendments to IAS 19 "Employee Benefits", the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Group's financial statements other than in presentation / disclosures. The application of the amendments to IAS 19 would result in the recognition of cumulative unrecognized actuarial gains/losses in other comprehensive income in the period of initial application, which cannot be presently quantified as on the date of the consolidated statement of financial position.

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 9	Financial Instruments	January 01, 2015
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

c) 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 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 and accumulating compensated absences plans (note 5.21) requires the use of certain assumptions related to future periods, including increase in remuneration / medical costs, expected long-term returns on plan assets 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 5.20) 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) Useful life and residual value of fixed assets

The Group reviews the useful lives and residual values of fixed assets (note 5.11) 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.

(d) 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.

(e) 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.

(f) 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 years for which financial information is presented in these consolidated financial statements, unless otherwise stated.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

5.1 Consolidation

a) Subsidiary

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 have been 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 comprehensive income.

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 end exchange rates, are charged to income for the year.

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 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 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.

5.6 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.

5.7 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.

5.8 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.

5.9 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.

5.10 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.

5.11 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 referred to in note 5.6 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, at the rates mentioned 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. 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.

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 comprehensive income 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 this 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 specified in note 19.1, and is charged to income for the year.

The amortization on licenses acquired during the year, 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, at the rates specified in note 19.1, and is charged to income for the year. Costs associated with maintaining computer software, are recognized as an expense as and when incurred.

Amortization on additions to computer software, 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.

5.12 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 assets' 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.

5.13 Stores, spares and loose tools

These 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.

5.14 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.

5.15 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 end. Bad debts are written-off when identified.

5.16 Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument and derecognized 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. 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.

(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. 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 investments 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.

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.

(b) 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.

(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.

(c) 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.

5.17 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.

5.18 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.

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 deferred revenue.

(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.

5.19 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 comprehensive income on a straight line basis over the period of the lease.

5.20 Taxation

The tax expense for the year comprises of current and deferred income tax, and is recognized in income for the year, 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

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

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 period 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.

5.21 Employees' retirement benefits

The Group operates 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 the schemes operated by the Group in PTCL and its subsidiary - PTML 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 the PTCL. Interest is paid at the rate announced by the Federal Government, and this rate for the year was 14% (2011: 14%) per annum. PTCL contributes to the fund, the differential, if any, of the interest paid / credited for the year and the income earned on the investments made by the Trust.

(b) Defined benefit plans

PTCL operates the following defined benefit plans:

(i) Pension plans

PTCL operates an approved funded pension plan 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 pensioner 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.

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 statement of financial position less the fair value of plan assets, if any, together with adjustments for unrecognized actuarial gains / losses, if any.

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 June 30, 2012. 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, in excess of the 'corridor' (10% of the higher of the fair value of the plan assets or the present value of the defined benefit obligation) at the beginning of the current reporting year, are recognized in the consolidated statement of comprehensive income, over the expected average remaining working lives of employees participating in the defined benefit plan. Actuarial gains and losses arising on compensated absences are recognized immediately.

PTML

(a) 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. 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 rupees and have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the corridor limit as defined in IAS 19 are charged or credited in the consolidated statement of comprehensive income over the expected average remaining service life of employees.

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

(b) 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 comprehensive income.

5.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting of the Group in note 48 to the consolidated financial statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

6. Share capital

6.1 Authorized share capital

2012 (Number of shares '000)	2011 (Number of shares '000)		2012 Rs '000	2011 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

6.2 Issued, subscribed and paid up capital

2012 (Number of shares '000)	2011 (Number of shares '000)		2012 Rs '000	2011 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 holding 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 holding 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 June 30, 2012, 599,523 thousand (2011: 599,514 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.

7. Long-term loans from banks

	Note	2012 Rs '000	2011 Rs '000
Secured			
From banks	7.1	16,500,000	9,000,000
From consortia of banks	7.2	4,000,000	11,000,000
		20,500,000	20,000,000
Due within one year		(500,000)	(9,000,000)
		20,000,000	11,000,000

7.1 From banks

	Mark-up rate (3 month Kibor plus)	Repayment commencement date – Interest	Repayment commencement date – Principal	Repayment installments	Outstanding loan balance 2012 Rs '000	Outstanding loan balance 2011 Rs '000
Bank Al Habib Limited	1.80%	June, 2010	June, 2013	8	1,000,000	1,000,000
MCB Bank Limited	1.70%	February, 2011	February, 2014	8	3,000,000	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	2,000,000
NIB Bank Limited	1.75%	June, 2010	June, 2013	8	1,000,000	1,000,000
Summit Bank Limited	1.80%	June, 2010	September, 2013	8	1,000,000	1,000,000
Meezan Bank Limited	1.65%	December, 2010	December, 2013	8	1,000,000	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	9,000,000

All loans, except for the loan balance of Rs 1,500,000 thousand from Meezan Bank, are secured by way of first charge ranking pari passu by way of hypothecation over all present and future moveable equipment and other assets (excluding land, building and license) of PTML. The above referred loan from Meezan Bank is secured by way of first charge ranking pari passu by way of hypothecation over all its present and future movable fixed assets described in the loan agreement with the bank.

Principal and interest are repayable in quarterly installments.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

7.2 This represents syndicated term finance loans obtained from consortia of banks as follows:

	Mark-up rate (3 month Kibor plus)	Principal Repayment Date	Outstanding Loan Balance 2012 Rs '000	2011 Rs '000
Term financing - 1	0.69%	July, 2011	–	4,500,000
Term financing - 2	0.69%	July, 2011	–	4,500,000
Term financing - 3	1.35%	June, 2014	4,000,000	2,000,000
			4,000,000	11,000,000

Syndicate term financing 1 and 2 were secured by first ranking pari passu charge by way of hypothecation over all present and future assets (excluding land and building) of PTML. Syndicated term financing 3 is secured by first ranking pari passu charge by way of hypothecation over all moveable fixed assets of PTML.

Interest is payable quarterly. Principal for term finance 1 and 2 was payable in single installment and for term finance 3, it is payable in 8 quarterly installments.

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 December 2017. 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:

	2012 Rs '000	2011 Rs '000
Gross obligation under finance lease		
Minimum lease payments due		
Not later than 1 year	36,538	36,630
Later than 1 year and not later than 5 years	146,150	146,150
Later than 5 year	16,136	52,674
	198,824	235,454
Finance charges allocated to future periods	(91,576)	(119,940)
Net obligation under finance lease	107,248	115,514
Current portion shown under current liabilities	(31,983)	(32,075)
	75,265	83,439

8.1 The present value of finance lease liabilities is as follows:

	2012 Rs '000	2011 Rs '000
Not later than 1 year	31,983	32,075
Later than 1 year and not later than 5 years	71,093	71,093
Later than 5 year	4,172	12,346
	107,248	115,514

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

9. License fee payable

	2012 Rs '000	2011 Rs '000
License fee payable	188,400	214,750
Imputed deferred interest	(24,992)	(33,520)
Present value of license fee payable	163,408	181,230
Current portion shown under current liabilities	(44,476)	(42,984)
	118,932	138,246

9.1 This represents a 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 commencing June 2007 to 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

	2012 Rs '000	2011 Rs '000
	1,662,397	1,646,400

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 45,913 thousand (2011: Rs 79,187 thousand) to its customers during the current year against their balances.

11. Deferred taxation

	Note	2012 Rs '000	2011 Rs '000
The liability for deferred taxation comprises of timing differences relating to:			
Accelerated tax depreciation / amortization		22,337,213	22,371,425
Provision for doubtful trade debts / stocks		(3,531,886)	(5,455,302)
Provision for doubtful advances and receivables		(114,158)	(114,158)
Un-used tax losses		(8,136)	(1,576,553)
Leased assets		2,165	7,623
Others		12,242	265,378
		18,697,440	15,498,413
The gross movement in the deferred tax liability during the year is as follows:			
Balance as at July 01		15,498,413	10,633,651
Charge for the year	39	3,199,027	4,864,762
Balance as at June 30		18,697,440	15,498,413

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

12. Employees' retirement benefits

	Note	2012 Rs '000	2011 Rs '000
Liabilities for pension obligations			
Funded	12.1	5,502,293	5,618,854
Unfunded	12.1	1,637,058	1,350,323
		7,139,351	6,969,177
Gratuity			
Funded	12.1	63,748	80,071
Unfunded	12.1	764,006	628,804
		827,754	708,875
Accumulating compensated absences	12.1	1,210,988	1,072,947
Post-retirement medical facility	12.1	9,295,287	8,267,392
		18,473,380	17,018,391

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

12.1 The latest actuarial valuations of the Group's defined benefit plans, were conducted at June 30, 2012 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		Total	
		Funded		Unfunded		Funded		Unfunded							
		2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000
a)	**The amounts recognized in the consolidated statement of financial position:**														
	Present value of defined benefit obligations	66,448,037	65,980,987	1,572,484	1,313,614	328,484	281,751	638,099	515,026	1,210,988	1,072,947	10,356,829	9,326,900	80,554,921	78,491,225
	Fair value of plan assets – note 12.3	(60,200,384)	(56,480,703)	–	–	(275,202)	(188,418)	–	–	–	–	–	–	(60,475,586)	(56,669,121)
	Deficit	6,247,653	9,500,284	1,572,484	1,313,614	53,282	93,333	638,099	515,026	1,210,988	1,072,947	10,356,829	9,326,900	20,079,335	21,822,104
	Unrecognized actuarial gains / (losses)	(745,360)	(3,881,430)	64,574	36,709	10,466	(13,262)	125,907	113,778	-	-	(1,061,542)	(1,059,508)	(1,605,955)	(4,803,713)
	Liability as at June 30	5,502,293	5,618,854	1,637,058	1,350,323	63,748	80,071	764,006	628,804	1,210,988	1,072,947	9,295,287	8,267,392	18,473,380	17,018,391
b)	**Changes in the present value of defined benefit obligations:**														
	Balance as at July 01	65,980,987	62,752,225	1,313,614	1,139,102	281,751	209,446	515,026	423,702	1,072,947	1,019,098	9,326,900	7,807,167	78,491,225	73,350,740
	Current service cost	553,399	515,736	110,723	132,290	51,875	68,722	105,348	109,430	58,768	54,874	123,663	101,554	1,003,776	982,606
	Interest cost	9,237,338	7,530,269	183,906	136,692	38,340	25,133	72,104	50,844	150,096	122,292	1,305,766	936,860	10,987,550	8,802,090
	Actuarial (gains) / losses	(4,528,761)	(431,751)	(27,865)	(89,698)	(27,692)	(2,335)	(22,508)	(44,588)	(25,737)	(76,429)	11,789	970,988	(4,620,774)	326,187
	Benefits paid	(4,794,926)	(4,385,492)	(7,894)	(4,772)	(15,790)	(19,215)	(31,871)	(24,362)	(45,086)	(46,888)	(411,289)	(489,669)	(5,306,856)	(4,970,398)
		66,448,037	65,980,987	1,572,484	1,313,614	328,484	281,751	638,099	515,026	1,210,988	1,072,947	10,356,829	9,326,900	80,554,921	78,491,225
c)	**Charge for the year:**														
	Current service cost	553,399	515,736	110,723	132,290	51,875	68,722	105,348	109,430	58,768	54,874	123,663	101,554	1,003,776	982,606
	Interest cost	9,237,338	7,530,269	183,906	136,692	38,340	25,133	72,104	50,844	150,096	122,292	1,305,766	936,860	10,987,550	8,802,090
	Expected return on plan assets	(7,907,298)	(6,422,600)	–	–	(26,467)	(13,898)	–	–	–	–	–	–	(7,933,765)	(6,436,498)
	Actuarial (gains) / losses	–	–	–	–	–	114	(10,379)	(5,364)	(25,737)	(76,429)	9,755	–	(26,361)	(81,679)
	Contribution from deputationists	(1,541)	(614)	–	–	–	–	–	–	–	–	–	–	(1,541)	(614)
		1,881,898	1,622,791	294,629	268,982	63,748	80,071	167,073	154,910	183,127	100,737	1,439,184	1,038,414	4,029,659	3,265,905
d)	**Significant actuarial assumptions at the date of the consolidated statement of financial position:**														
	Expected rate of return on plan assets	14%	12%			11.5%	12%								
	Discount rate	13%	14%	13%	14%	12.5%	14%	13%	14%	13%	14%	13%	14%		
	Future salary / medical cost increase	9-12%	9-13%	9-12%	9-13%	12.5%	14%	9-12%	9-13%	9-12.5%	9-14%	12%	13%		
	Future pension increase	8-20%	8-20%	8%	8%										
	Average expected remaining working lives of members	13 years	13 years	15 years	17 years	15 years	12 years	6 years	6 years			13 years	14 years		
	Expected mortality rate	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			

* Mortality table adjusted for Group's experience

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

12.2 Historical information

	2012 Rs '000	2011 Rs '000	2010 Rs '000	2009 Rs '000	2008 Rs '000
Defined benefit pension plan - funded					
Present value of defined benefit obligations as at June 30	66,448,037	65,980,987	62,752,225	53,610,885	50,105,610
Fair value of plan assets as at June 30	(60,200,384)	(56,480,703)	(53,521,666)	(50,096,598)	(48,441,436)
Deficit in the plan	6,247,653	9,500,284	9,230,559	3,514,287	1,664,174
Experience adjustments on plan liabilities (gains) / losses	(4,528,761)	(431,751)	6,098,147	953,077	778,679
Experience adjustment on plan assets - (losses) / gains	(1,392,691)	(366,071)	1,115,117	(1,735,854)	(522,664)
Defined benefit pension plan - unfunded					
Present value of defined benefit obligations as at June 30	1,572,484	1,313,614	1,139,102	932,231	709,378
Experience adjustment on plan liabilities - (gains) / losses	(27,865)	(89,698)	(37,370)	83,101	1,764
Defined benefit gratuity plan - funded					
Present value of defined benefit obligations as at June 30	328,484	281,751	209,446	152,555	106,094
Fair value plan assets at year end	(275,202)	(188,418)	(115,814)	(82,072)	(64,002)
Deficit in the plan	53,282	93,333	93,632	70,483	42,092
Experience adjustment on plan liabilities – losses	(27,692)	(2,335)	6,244	3,196	4,645
Experience adjustment on plan assets – (losses) / gains	(3,964)	6,607	2,659	5,930	1,464
Defined benefit gratuity plan – unfunded					
Present value of defined benefit obligations as at June 30	638,099	515,026	423,702	314,871	251,226
Experience adjustment on plan liabilities – (gains) / losses	(22,508)	(44,588)	(5,358)	(51,220)	41,126
Defined benefit accumulating compensated absences					
Present value of defined benefit obligations as at June 30	1,210,988	1,072,947	1,019,098	1,084,390	880,970
Experience adjustment on plan liabilities – (gains) / losses	(25,737)	(76,429)	(188,994)	45,308	18,328
Defined benefit post–retirement medical facility					
Present value of defined benefit obligations as at June 30	10,356,829	9,326,900	7,807,167	6,448,686	5,195,430
Experience adjustment on plan liabilities – (gains) / losses	11,789	970,988	955,960	940,121	(51,761)

		Note	Defined benefit pension plan - funded 2012 Rs '000	Defined benefit pension plan - funded 2011 Rs '000	Defined benefit gratuity plan - funded 2012 Rs '000	Defined benefit gratuity plan - funded 2011 Rs '000
12.3	Changes in the fair value of plan assets					
	Balance as at July 01		56,480,703	53,521,666	188,418	115,814
	Expected return on plan assets	12.3.1	7,907,298	6,422,600	26,467	13,898
	Contributions made by the Group during the year		2,000,000	1,288,000	80,071	71,314
	Benefits paid		(4,794,926)	(4,385,492)	(15,790)	(19,215)
	Actuarial (losses) / gain on plan assets		(1,392,691)	(366,071)	(3,964)	6,607
	Balance as at June 30		60,200,384	56,480,703	275,202	188,418
	Actual return on plan assets		6,514,607	6,056,529	22,503	20,505

12.3.1 The expected return on plan assets is based on market expectations, and depends upon the asset portfolio of the funded defined benefit pension plan, held at the beginning of the year, for returns over the entire life of the related obligations.

The expected rate of return on plan assets of funded defined benefit gratuity plan is based on current yield on investment in corporate bonds.

		Defined benefit pension plan - funded 2012 Rs '000	Defined benefit pension plan - funded 2011 Rs '000	Defined benefit gratuity plan - funded 2012 Rs '000	Defined benefit gratuity plan - funded 2011 Rs '000
		(Percentage)		(Percentage)	
12.4	Major categories of plan assets as a percentage of total plan assets, are as follows:				
	Special Saving Certificates	74	87	–	–
	Defense Saving Certificates	2	–	–	–
	Pakistan Investment Bonds	1	1	–	–
	Term Deposits	11	–	–	–
	Fixed and other assets	12	12	–	–
	Debt instruments	–	–	89	81
	Cash	–	–	11	19
	Total	100	100	100	100

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 1,401,219 thousand (2011: Rs 1,883,438 thousand) and Rs 63,748 thousand (2011: Rs 88,820 thousand) respectively.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

12.6 Effect of increase / decrease in medical cost trend rate

The effect of a 1% increase in the medical cost trend rate, on current service cost and interest cost, is Rs 30,174 thousand (2011: Rs 31,033 thousand) and the effect of a 1% decrease in the medical cost trend rate, on current service cost and interest cost, is Rs 24,984 thousand (2011: Rs 26,301 thousand).

The effect of a 1% increase in the medical cost trend rate, on the present value of defined benefit obligations for medical cost, is Rs 3,070,800 thousand (2011: Rs 2,765,426 thousand) and the effect of a 1% decrease in the medical cost trend rate, on the present value of defined benefit obligations for medical cost, is Rs 2,566,422 thousand (2011: Rs 2,311,206 thousand).

13. Deferred government grants

	Note	2012 Rs '000	2011 Rs '000
	13.1		
Balance as at July 01		3,631,585	1,632,701
Recognized during the year		593,597	2,077,688
Amortization for the year	37	(142,160)	(78,804)
		4,083,022	3,631,585

13.1 These represent grants received / receivable 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 an amount payable to a vendor in respect of procurement of network and allied assets, and comprises:

	2012 Rs '000	2011 Rs '000
Obligation under acceptance of bills of exchange	7,100,647	5,798,800
Other accrued liabilities	793,111	622,526
	7,893,758	6,421,326
Current portion shown under current liabilities	(5,665,900)	(3,232,951)
	2,227,858	3,188,375

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

15. Trade and other payables

	Note	2012 Rs '000	2011 Rs '000
Trade creditors		7,977,370	7,125,058
Accrued liabilities		12,020,864	13,737,543
Receipts against third party works		754,029	458,422
Income tax:			
collected from subscribers		–	227,388
deducted at source		113,954	383,148
		113,954	610,536
Sales tax payable		1,633,588	778,735
Advances from customers		2,059,661	2,187,583
Technical services assistance fee	35.2	1,019,343	949,389
Retention money / Payable to contractors and suppliers related to fixed capital expenditure		5,224,475	8,003,770
Unclaimed dividend		149,230	139,711
Other liabilities		431,694	278,024
		31,384,208	34,268,771

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

	2012 Rs '000	2011 Rs '000
Trade creditors		
Etisalat - UAE	247,107	333,442
Etisalat - Afghanistan	38,262	12,659
Thuraya Satellite Telecommunication Company	9,774	10,355
Telecom Foundation	109,597	118,569
The Government of Pakistan and its related entities	3,728,184	5,252,755
	4,132,924	5,727,780
Technical services assistance fee		
Etisalat - UAE	1,019,343	949,389
Retention money / Payable to contractors and suppliers related to fixed capital expenditure		
TF Pipes Limited	4,143	3,719
Accrued liabilities		
Etisalat - UAE	580,335	547,036

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

	Note	2012 Rs '000	2011 Rs '000
16. Short-term running finance	16.1	1,688,703	234,676

16.1 Short term running finance facilities available under mark-up arrangements with banks amounting to Rs 2,000,000 thousand (2011: Rs 2,000,000 thousand), out of which the amount unavailed at the year end was Rs. 311,297 thousand (2011: Rs. 1,765,324 thousand).

17. Contingencies and commitments

Contingencies

PTCL

17.1 A total of 1,744 cases (2011: 1,684 cases) have been filed against PTCL primarily involving subscribers and employees. Because of the number of cases involved and their uncertain nature, it is not possible to quantify their financial impact at present. However, the management and PTCL's legal advisors, are of the view that the outcome of these cases is expected to be favourable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly no provision has been made in these consolidated financial statements in this regard.

17.2 In 1995, the Government of Pakistan (GoP), in the interest of public safety, passed an order to close transmission of all messages, inter-alia, through card phone services and mobile telephone services, within and outside the city of Karachi. Telecard Limited, a pay card service provider, served a legal notice on the GoP, seeking a restoration of its services and claimed damages from the GoP, amounting to Rs 2,261,924 thousand. The GoP ordered the immediate restoration of Pay Card services, including rebate relief and discounts to all pay phone service providers. In view of the relief and discounts offered by the GoP, Telecard Limited withheld payments on account of their monthly bills to PTCL, and obtained a stay order from the Honorable Sindh High Court, for an amount of Rs 110,033 thousand against PTCL.

On the instructions of the Honorable Court, external consultants calculated the total amount of the rebate and discount, amounting to Rs 349,953 thousand, payable by PTCL to Telecard Limited for the period from January 1997 to August 2001. In the suit, final arguments of the parties are to be reheard. PTCL has also filed a counter claim against Telecard Limited for aggregate receivables, amounting to Rs 334,099 thousand, up to December 31, 2001. The management and PTCL's legal advisors, are of the view that the outcome of the case is expected to be favourable. Pending the decision of the court, no provision has been made in these consolidated financial statements.

In a similar case, Telefon, lodged a claim of Rs 97,337 thousand against PTCL. In the last hearing, held on May 09, 2006, issues were framed and a decision made to record evidence in subsequent hearings. The management and PTCL's legal advisors, are of the view that the outcome of the appeal is expected to be favourable. Pending the decision of the court, no provision has been made in these consolidated financial statements.

17.3 An assessment order was passed by the Taxation Officer, on the basis of a revised return for the tax year 2007, filed by PTCL on June 30, 2009, creating an additional demand of Rs 5,185,163 thousand, by disallowing certain expenses under section 122(5A) of the Income Tax Ordinance, 2001.

PTCL has filed an appeal against this order before the Commissioner Inland Revenue - Appeals (CIR - Appeals), who has granted relief of Rs 297,793 thousand. PTCL has filed an appeal against the remaining demand before the Honorable Appellate Tribunal Inland Revenue (ATIR), which has given its judgment regarding satellite charges amounting to Rs 231,001 thousand out of total disallowed expenses and endorsed the departmental view and presently PTCL's reference against the judgment of the ATIR, in this respect, is pending before the Honorable Islamabad High Court.

No provision on this account has been made in these consolidated financial statements, as the management and the tax advisor of PTCL are of the view, that the matter will eventually be settled in favour of PTCL.

17.4 For the tax year 2008, the Taxation Officer raised a demand of Rs 4,559,208 thousand, on the plea that PTCL has erroneously applied an average rate of tax, while deducting withholding tax from payments made to employees under the Voluntary Separation Scheme (VSS), as the required options before the concerned Commissioners of income tax, were not filed by such employees. The Commissioner of Income Tax - Appeals (CIT - Appeals) upheld the decision of the Taxation Officer and while disposing off the ensuing second appeal, the Honorable ATIR remanded the case back to the Taxation Officer, for verification of filing of options before the concerned Commissioners, in the light of the related law. PTCL has also filed a reference application with the Honorable Islamabad High Court, which is pending adjudication.

No provision on this account has been made in these consolidated financial statements, as the management and the tax advisor of PTCL are of the view, that the matter will eventually be settled in favour of PTCL.

17.5 For the tax year 2009, the Taxation Officer has disallowed certain expenses and International Revenue, (under section 122(5A) of the Income Tax Ordinance, 2001), and created an additional demand of Rs 4,638,249 thousand, which was subsequently reduced to Rs 3,439,222 thousand, through rectification.

PTCL has filed an appeal against the order of the Taxation Officer, before the CIR - Appeals, who upheld the decision of the Taxation Officer and while disposing off the ensuing second appeal, the Honorable ATIR remanded the case back to the Taxation Officer except for the International Revenue. PTCL has already deposited an amount of Rs 533,861 thousand on account of International Revenue during the year ended June 30, 2011 and is currently in the process of filing reference application, in this respect, in the High Court.

No provision on this account has been made in these consolidated financial statements, as the management and the tax advisor of PTCL are of the view, that the matter will eventually be settled in favour of PTCL.

17.6 Based on an audit of the Federal Excise Duty (FED) returns submitted for the period from July 2004 to June 2009, the Deputy Commissioner of Inland Revenue (DCIR), raised a demand of Rs 976,537 thousand, on the premise that PTCL has claimed total input tax, without apportioning the same between allowable and exempt supplies, and that the exempt supplies were also not declared in these returns. On the same grounds, the DCIR has raised an additional demand on August 02, 2011, amounting to Rs 313,420 thousand, for the period from July 2005 to June 2006 and July 2008 to June 2009. PTCL is in appeal against the said orders, before the CIR - Appeals and the Honorable Islamabad High Court has granted a stay order in this regard.

No provision on this account has been made in these consolidated financial statements, as the management and the tax advisor of PTCL are of the view, that the matter will eventually be settled in favour of PTCL.

17.7 On July 16, 2011, the DCIR raised a demand of Rs 298,008 thousand, on the premise that PTCL has not paid FED on Technical Services Assistance fee, paid to the Etisalat Telecommunication Corporation of the United Arab Emirates, during the period from July 01, 2007 to June 30, 2009, on the grounds that the said fee has been paid under a Franchise agreement. On the same grounds, the DCIR has raised an additional demand on February 27, 2012, amounting to Rs 176,409 thousand, for the period from July 01, 2010 to June 30, 2011. The case has been decided against PTCL by the CIR - Appeals and PTCL has filed an appeal before the ATIR.

No provision on this account has been made in these consolidated financial statements, as the management and the tax advisor of PTCL are of the view, that the matter will eventually be settled in favour of PTCL.

17.8 On October 17, 2011, the Deputy Commissioner Inland Revenue (DCIR), raised a demand of Rs 2,782,660 thousand, on the premise that PTCL has not paid FED on its local interconnect revenue for the years from 2006 to 2009, aggregating to Rs 16,522,290 thousand, billed to mobile / landline operators and Long Distance and International operators. The case has been decided against PTCL by the Commissioner Inland Revenue (Appeals - II) and PTCL has filed an appeal before the ATIR which is pending for adjudication. In the month of June 2012, PTCL has deposited the principal amount under the amnesty scheme offered by the Federal Board of Revenue. Further, PTCL has not paid FED on local interconnect revenue for the period from 2010 to June 2012; however, no demand has been raised by the tax authorities for this period.

The Government of Pakistan issued a notification dated June 30, 2012 in pursuance of section 65 of the Sales Tax Act, 1990 read with SRO 550(I)/2006 dated June 05, 2006 whereby the telecom companies were given relief from payment of FED on interconnect services up to June 30, 2012 by treating it as an inadvertent practice, provided the telecom companies commence payments of FED on interconnect services with effect from July 01, 2012. This SRO has not yet been published as a gazette notification, as it was challenged as an illegal act by the National Accountability Bureau (NAB). Currently, the matter is under investigation by NAB and it is not possible to predict the outcome of this investigation.

No provision on this account has been made in these consolidated financial statements as the management and the tax advisor of PTCL are of the view, that the matter will eventually be settled in favour of PTCL.

		2012 Rs '000	2011 Rs '000
17.9	Bank guarantees and bid bonds issued in favour of:		
	Universal Service Fund (USF) against government grants	4,841,517	3,082,697
	Others	298,770	293,242
		5,140,287	3,375,939
	PTML		
17.10	Letter of guarantee issued to PTA in compliance with license terms	–	12,293

17.11 Tax authorities have created Federal excise demands on payment of technical service fee to Etisalat by treating the same as fee for "Franchise Service" which contention has not been accepted by PTML and appeals are pending at various appellate fora. The management considers these demands frivolous as PTML's services and brands have existed before employment of Etisalat as advisors. However, the management has paid Rs 501,541 thousand under protest which is recorded as receivable from taxation authorities as reflected in note 28.1 to the consolidated financial statements.

17.12 PTML is contesting various claims made by the Income tax and Sales tax authorities before the CIT - Appeals, Income Tax Appellate Tribunal and Sales Tax Appellate Tribunal, Azad Jammu and Kashmir. These cases have either been decided in favour of PTML and now the Income tax department is in appeal before the High court or the case is pending but PTML is confident that this will result in a favourable outcome. No provision has been made there against in these consolidated financial statements since the management believes that PTML has a prima facie valid claim.

Commitments - Group

	Note	2012 Rs '000	2011 Rs '000
a) Letter of credit for purchase of stock		170,881	256,867
b) Commitments for capital expenditure			
- for network assets		18,851,375	17,523,567
- non network assets		498,956	197,987
		19,350,331	17,721,554
c) Investment in Rozgar Microfinance Bank Limited	17.13	1,000,000	–

17.13 To acquire Rozgar Microfinance Bank Limited, the holding Company has signed Share Purchase Agreements with existing shareholders of the bank. The holding Company intends to invest Rs 1,000,000 thousand in this respect.

18. Property, plant and equipment

	Note	2012 Rs '000	2011 Rs '000
Operating fixed assets	18.1	132,674,271	134,582,399
Capital work-in-progress	18.6	17,218,889	18,957,590
		149,893,160	153,539,989

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

18.1 Operating fixed assets

	Land		Buildings on					Computer and				Leased	
	Freehold - note 18.2	Leasehold	Freehold land	Leasehold land	Lines and wires	Apparatus, plant and equipment	Office equipment	electrical equipment	Furniture and fittings	Vehicles	Submarine cables	Network and allied systems	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000		Rs '000
As at July 01, 2010													
Cost	1,648,560	921,678	10,223,340	1,008,671	106,288,703	204,081,778	1,254,253	2,148,137	487,000	1,596,424	5,739,955	–	335,398,499
Accumulated depreciation	–	(410,570)	(3,220,635)	(380,959)	(80,166,213)	(111,013,778)	(733,125)	(1,109,502)	(345,789)	(1,303,749)	(2,890,924)	–	(201,575,244)
Net book value	1,648,560	511,108	7,002,705	627,712	26,122,490	93,068,000	521,128	1,038,635	141,211	292,675	2,849,031	–	133,823,255
Year ended June 30, 2011													
Opening net book value	1,648,560	511,108	7,002,705	627,712	26,122,490	93,068,000	521,128	1,038,635	141,211	292,675	2,849,031	–	133,823,255
Additions	233	66,978	339,793	–	1,878,997	14,354,411	12,793	1,145,205	6,943	194,142	4,087,738	157,637	22,244,870
Disposals													
Cost	(900)	(33,788)	(620)	–	(18,791)	(209,051)	(2,524)	(11,724)	(3,383)	(53,398)	–	–	(334,179)
Accumulated depreciation	–	20,457	252	–	18,791	148,098	2,524	11,110	2,855	52,480	–	–	256,567
	(900)	(13,331)	(368)	–	–	(60,953)	–	(614)	(528)	(918)	–	–	(77,612)
Depreciation charge for the year	–	(155,357)	(261,294)	(25,213)	(4,177,150)	(15,143,817)	(66,055)	(947,500)	(23,490)	(159,791)	(428,104)	(20,343)	(21,408,114)
Net book value	1,647,893	409,398	7,080,836	602,499	23,824,337	92,217,641	467,866	1,235,726	124,136	326,108	6,508,665	137,294	134,582,399
As at July 01, 2011													
Cost	1,647,893	954,868	10,562,513	1,008,671	108,148,909	218,227,138	1,264,522	3,281,618	490,560	1,737,168	9,827,693	157,637	357,309,190
Accumulated depreciation	–	(545,470)	(3,481,677)	(406,172)	(84,324,572)	(126,009,497)	(796,656)	(2,045,892)	(366,424)	(1,411,060)	(3,319,028)	(20,343)	(222,726,791)
Net book value	1,647,893	409,398	7,080,836	602,499	23,824,337	92,217,641	467,866	1,235,726	124,136	326,108	6,508,665	137,294	134,582,399
Year ended June 30, 2012													
Opening net book value	1,647,893	409,398	7,080,836	602,499	23,824,337	92,217,641	467,866	1,235,726	124,136	326,108	6,508,665	137,294	134,582,399
Additions	1,471	3,641	323,470	–	2,342,395	15,000,980	42,650	1,276,468	11,762	339,589	751,295	–	20,093,721
Disposals													
Cost	–	(437)	–	–	–	(187,111)	–	(44,456)	(264)	(61,911)	–	–	(294,179)
Accumulated depreciation	–	353	–	–	–	150,408	–	43,975	220	60,748	–	–	255,704
	–	(84)	–	–	–	(36,703)	–	(481)	(44)	(1,163)	–	–	(38,475)
Transfers / adjustments	–	(487)	–	–	–	(284)	–	397	374	–	–	(3,748)	(3,748)
Depreciation charge for the year	–	(149,541)	(269,185)	(25,212)	(4,095,419)	(15,490,128)	(45,081)	(856,298)	(25,494)	(132,010)	(659,386)	(20,113)	(21,767,867)
Impairment charge – note 18.4	–	–	–	–	–	(191,759)	–	–	–	–	–	–	(191,759)
Net book value	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
As at June 30, 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	357,015,011
Accumulated depreciation and impairment	–	(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)	(244,238,954)
Net book value	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
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 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 Disposal of property, plant and equipment:

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

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rs '000	Rs '000	Rs '000	Rs '000		
Appratus, plant and equipment	21,646	6,339	15,307	15,307	Insurance claim	EFU General Insurance Co.
	18,884	13,658	5,226	518	Auction	Karim Technologies
	19,479	5,967	13,512	13,512	Insurance claim	EFU General Insurance Co.
Motor vehicles	5,164	4,045	1,119	1,291	As per company policy	Mr Abdul Aziz Chief Executive Officer - PTML
Computer and accessories	787	185	602	602	Insurance claim	EFU General Insurance Co.
	299	115	184	184	As per company policy	Mr Sheikh Younas Iqbal Ex Chief Sales Officer - PTML

18.4 The carrying amount of certain items of apparatus, plant and equipment has been reduced to their recoverable amount through recognition of an impairment loss of Rs 191,759 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.

	Note	2012 Rs '000	2011 Rs '000
18.5 The depreciation charge for the year has been allocated as follows:			
Cost of services	34	20,539,887	20,221,074
Administrative and general expenses	35	1,169,588	1,128,848
Selling and marketing expenses	36	58,392	58,192
		21,767,867	21,408,114
18.6 Capital work-in-progress			
Buildings		708,890	990,060
Lines and wires		5,259,593	5,356,202
Apparatus, plant and equipment		9,742,803	10,543,252
Advances to suppliers		337,790	1,436,450
Others		1,169,813	631,626
		17,218,889	18,957,590

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rs '000	2011 Rs '000
18.7 Movement during the year		
Balance as at July 01	18,957,590	17,959,087
Additions during the year	18,355,020	23,243,373
Transfers during the year	(20,093,721)	(22,244,870)
Balance as at June 30	17,218,889	18,957,590

Capital work-in-progress includes an amount of Rs 963,074 thousand (2011: Rs 322,580 thousand), in respect of direct overheads relating to development of assets.

19. Intangible assets

	Licenses Rs '000	Computer Software Rs '000	Frequency vacation charges Rs '000	Total Rs '000
As at July 01, 2010				
Cost	4,588,988	1,126,995	342,000	6,057,983
Accumulated amortization	(1,437,003)	(375,259)	(254,670)	(2,066,932)
Net book value	3,151,985	751,736	87,330	3,991,051
Year ended June 30, 2011				
Opening net book value	3,151,985	751,736	87,330	3,991,051
Additions	–	514,795	–	514,795
Amortization charge for the year	(234,654)	(341,396)	(22,800)	(598,850)
Closing net book value	2,917,331	925,135	64,530	3,906,996
As at July 01, 2011				
Cost	4,588,988	1,641,790	342,000	6,572,778
Accumulated amortization	(1,671,657)	(716,655)	(277,470)	(2,665,782)
Net book value	2,917,331	925,135	64,530	3,906,996
Year ended June 30, 2012				
Opening net book value	2,917,331	925,135	64,530	3,906,996
Additions	–	231,343	–	231,343
Amortization charge for the year	(233,170)	(335,248)	(22,800)	(591,218)
Closing net book value	2,684,161	821,230	41,730	3,547,121
As at June 30, 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 value	2,684,161	821,230	41,730	3,547,121

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

		Note	2012 Rs '000	2011 Rs '000
19.1	Breakup of net book values as at June 30, is as follows:			
	Licenses - PTCL			
	Telecom	19.2	84,774	94,747
	WLL spectrum	19.2	2,192,697	2,371,695
	WLL and LDI License	19.3	87,415	92,880
	IPTV	19.4	–	495
	Licenses - PTML	19.5	319,275	357,514
			2,684,161	2,917,331
	Computer software - PTCL			
	Bill printing software	19.6	2,733	4,374
	Billing and automation of broadband	19.6	17,659	26,873
	HP OSS	19.6	31,964	–
	SAP - Enterprise Resource Planning (ERP) system	19.7	382,417	445,063
	Software - PTML	19.8	386,457	448,825
			821,230	925,135
	Frequency vacation charges	19.9	41,730	64,530
			3,547,121	3,906,996

19.2 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 (WLL) 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.

19.3 The Pakistan Telecommunication Authority (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 .4 IPTV license expired on September 30, 2011 and the cost of the license is fully amortized during the year. The holding Company has applied for the renewal of the license.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

19.5 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.

19.6 The cost of computer software is being amortized, on a straight-line basis, over a period of 5 years.

19.7 This represents the cost of the SAP - Enterprise Resource Planning (ERP) system, with a useful life of 10 years, being amortized on a straight-line basis.

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

19.9 Vacancy 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. It has a useful life of 15 years.

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

	Note	2012 Rs '000	2011 Rs '000
Cost of services	34	331,753	304,348
Administrative and general expenses	35	259,465	294,502
		591,218	598,850

20. Long-term investments

	Note	2012 Rs '000	2011 Rs '000
Investments in related party	20.1	26,970	23,653
Other investments	20.2	83,900	83,900
		110,870	107,553

20.1 Investments in related party - unquoted

Associate

TF Pipes Limited
1,658,520 (2011: 1,658,520) ordinary shares of Rs 10 each
Ordinary shares held 40% (2011: 40%)

	2012 Rs '000	2011 Rs '000
Cost	23,539	23,539
Post acquisition profit	3,431	114
	26,970	23,653

20.1.1 The net assets of the associate - TF Pipes Limited are as follows:

	2012 Rs '000	2011 Rs '000
Total assets	90,894	103,556
Total liabilities	43,128	62,022
Revenue	171,402	182,599
Expenses	162,024	187,042
Profit / (loss) before tax	9,378	(3,393)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

		Note	2012 Rs '000	2011 Rs '000
20.2	Other investments			
	Available-for-sale investments - unquoted			
	Thuraya Satellite Telecommunication Company 3,670,000 (2011: 3,670,000) ordinary shares of 1 Dirham each		63,900	63,900
	Alcatel-Lucent Pakistan Limited 2,000,000 (2011: 2,000,000) ordinary shares of Rs 10 each		20,000	20,000
	New ICO Global Communications (Holdings) Limited 218,207 (2011: 218,207) ordinary shares of USD 0.01 per share	20.2.1	–	104,708
	Less: Provision for impairment		–	(104,708)
			–	–
	World Tel Assembly of Governors Participation Fund investment of USD 100,000 (2011: USD 100,000)	20.2.1	–	6,390
	Less: Provision for Impairment		–	(6,390)
			–	–
			83,900	83,900

20.2.1 These investments have been written-off during the year against provision for impairment.

21. Long-term loans and advances - considered good

	Note	2012 Rs '000	2011 Rs '000
Loans to employees - secured			
PTCL	21.1	723,703	607,268
PTML	21.2	94,570	83,622
		818,273	690,890
Advances to suppliers against turnkey contracts	21.4	3,444,453	2,633,759
Others		12,852	5,576
		4,275,578	3,330,225
Less: Current portion shown under current assets			
Loans to employees - secured	25	(142,498)	(143,706)
		4,133,080	3,186,519

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

21.1 These loans and advances are for house building and purchase of motor cars, motor cycles and bicycles. Loans to gazetted employees of the holding Company carry interest at the rate of 14% per annum (2011: 15% per annum), whereas, loans to employees other than gazetted 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 future pension payments of the employees.

This balance also includes a sum of Rs 2,449 thousand (2011: Rs 4,774 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:

PTCL

	As at July 01, 2011 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at June 30, 2012 Rs '000
Executives	11,752	853	6,381	6,224
Other employees	595,516	245,615	123,652	717,479
	607,268	246,468	130,033	723,703

	As at July 01, 2010 Rs '000	Disbursements Rs '000	Repayments Rs '000	As at June 30, 2011 Rs '000
Executives	9,545	4,790	2,583	11,752
Other employees	499,709	211,884	116,077	595,516
	509,254	216,674	118,660	607,268

PTML

	Chief Executive Officer		Key management personnel	
	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000
Balance as at July 01	60,200	–	71,014	–
Disdursements during the year	–	63,000	56,168	73,780
Repayments / transfers during the year	(8,400)	(2,800)	(30,445)	(2,766)
Balance as at June 30	51,800	60,200	96,737	71,014

The maximum amount due from the Chief Executive Officer and key management personnel at the end of any month during the year was Rs 170,073 thousand (2011: Rs 131,214 thousand).

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 61,961 thousand (2011: Rs 49,696 thousand) given to Telecom Foundation, a related party.

22. Stores, spares and loose tools

	Note	2012 Rs '000	2011 Rs '000
Stores, spares and loose tools	22.1	3,595,530	3,896,680
Provision for obsolescence	22.2	(622,706)	(527,192)
		2,972,824	3,369,488

22.1 Stores, spares and loose tools include items which may be capitalized as a part of property, plant and equipment but are not distinguishable.

	Note	2012 Rs '000	2011 Rs '000
22.2 Provision for obsolescence			
Balance as at July 01		527,192	628,323
Provision during the year	34	284,623	73,992
		811,815	702,315
Written-off against provision		(189,109)	(175,123)
		622,706	527,192

23. Stock-in-trade

	2012 Rs '000	2011 Rs '000
SIM cards	239,893	160,002
Scratch cards	39,982	20,155
Mobile phones	296,295	446,307
	576,170	626,464
Provision for slow moving stock and warranty against mobile phones	(140,103)	(56,722)
	436,067	569,742

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

24. Trade debts

	Note	2012 Rs '000	2011 Rs '000
PTCL - unsecured			
Domestic			
Considered good	24.1	7,180,418	6,593,874
Considered doubtful		9,490,723	13,594,288
		16,671,141	20,188,162
International			
Considered good	24.2	1,016,634	1,653,903
Considered doubtful		165,512	840,327
		1,182,146	2,494,230
PTML			
Considered good - secured	24.3	709,998	639,564
Considered good - unsecured	24.2	1,256,980	547,544
Considered doubtful - unsecured		284,802	263,855
		2,251,780	1,450,963
		20,105,067	24,133,355
Provision for doubtful debts	24.4	(9,941,037)	(14,698,470)
		10,164,030	9,434,885

24.1 These include amounts of Rs 1,302,367 thousand (2011: Rs 1,102,252 thousand) due from the Government of Pakistan and its related entities, a related party.

	2012 Rs '000	2011 Rs '000
24.2 These include amounts due from the following related parties:		
Etisalat - UAE	27,130	127,469
Eithad Etisalat Company - KSA	107,199	73,109
	134,329	200,578

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

24.3 These are secured against customer and dealer deposits having aggregate amount of Rs 958,351 thousand (2011: Rs 905,656 thousand). These also include unbilled revenue related to postpaid subscribers, aggregating to Rs 233,000 thousand (2011: Rs 200,000 thousand).

	Note	2012 Rs '000	2011 Rs '000
24.4 Provision for doubtful debts			
Balance as at July 01		14,698,470	18,806,183
Provision for the year	35	1,874,506	1,645,016
		16,572,976	20,451,199
Trade debts written-off against provision		(6,631,939)	(5,752,729)
		9,941,037	14,698,470

25. Loans and advances

	Note	2012 Rs '000	2011 Rs '000
Loans			
Current portion of long-term loans to employees - considered good	21	142,498	143,706
Short-term loan - unsecured considered doubtful	25.1	9,964	9,964
Provision for short-term loan		(9,964)	(9,964)
		–	–
Advances - considered good			
Current portion of long-term loans to subsidiaries			
Advances to employees	25.2	88,355	40,101
Advances to suppliers and contractors	25.3	542,326	589,939
Advances to taxation authorities	25.4	1,764,844	–
		2,395,525	630,040
		2,538,023	773,746

25.1 This represents a loan to Pakistan MNP Database (Guarantee) Limited, a related party, for working capital purposes, carrying interest at 17% (2011:17%) per annum. The loan was due for repayment on June 30, 2010. However, no repayment was received till June 30, 2012 and full provision has been made against this balance.

25.2 These include advances to executives and key management personnel amounting to Rs 7,568 thousand (2011: Rs 6,026 thousand) and of Rs 2,719 thousand (2011: Rs 1,665 thousand) respectively.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rs '000	2011 Rs '000
25.3 These include amounts due from the following related parties:		
TF Pipes Limited	6,841	11,887
The Government of Pakistan and its related entities	6,715	–
	13,556	11,887

25.4 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. Deposits and prepayments

	2012 Rs '000	2011 Rs '000
Deposits		
Security deposits	60,996	63,553
Margin against letter of credit	4,195	21,748
	65,191	85,301
Prepayments		
Site rentals	910,475	798,387
Maintenance	93,638	354,786
Others	47,148	56,874
	1,051,261	1,210,047
	1,116,452	1,295,348

27. Accrued interest

	2012 Rs '000	2011 Rs '000
Return on bank deposits	111,276	315,199
Interest receivable on loans to employees - secured	64,385	62,623
	175,661	377,822

28. Recoverable from tax authorities

	Note	2012 Rs '000	2011 Rs '000
Considered good			
Income tax		14,955,735	11,952,143
Sales tax		570,489	614,056
Federal Excise Duty	28.1	3,285,196	750,995
		18,811,420	13,317,194
Considered doubtful			
Federal Excise Duty		466,176	466,176
Provision for doubtful amount		(466,176)	(466,176)
		–	–
		18,811,420	13,317,194

28.1 As explained in note 17.11, this includes federal excise duty (on technical services fee) paid by PTML to the taxation authorities amounting to Rs 501,541 thousand (2011: Rs Nil).

	2012 Rs '000	2011 Rs '000
28.2 Provision for doubtful recoverable from tax authorities		
Balance as at July 01	466,176	–
Provision for the year	–	466,176
	466,176	466,176

29. 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.

30. Other receivables

	Note	2012 Rs '000	2011 Rs '000
Considered good			
Due from related parties:			
- Etisalat - UAE against secondment of employees		57,625	58,297
- Pakistan Telecommunication Employees Trust		104,801	95,691
- PTCL employees' GPF Trust		86,606	64,124
- Universal Services Fund		240,000	–
Other receivables from:			
Vendors		39,202	113,067
Forward foreign exchange contracts	30.1	20,932	-
Others		249,196	172,863
		798,362	504,042
Considered doubtful		326,166	326,166
Provision for doubtful receivables	30.2	(326,166)	(326,166)
		–	–
		798,362	504,042

30.1 This represents fair value of forward foreign exchange contracts entered into by the Group to hedge its foreign currency exposure. As at June 30, 2012, the Group had forward exchange contracts to purchase USD 51,137 thousand (2011: USD Nil) at various maturity dates matching the anticipated payment dates for network liability.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rs '000	2011 Rs '000
30.2 Provision for doubtful receivables			
Balance as at July 01		326,166	185,239
Provision for the year	35	–	140,927
Balance as at June 30		326,166	326,166

31. Short-term investments

	Note	2012 Rs '000	2011 Rs '000
At fair value through profit or loss	31.1	15,923,900	–
Term deposits			
- maturity up to 3 months	31.2	9,611,508	2,356,872
Available-for-sale investments			
- units of mutual funds	31.3	317,893	285,506
		25,853,301	2,642,378

	Note	2012 Rs '000	2011 Rs '000
31.1 At fair value through profit or loss			
- Mutual funds	31.1.1	304,620	–
- Treasury bills	31.1.2	15,619,280	–
		15,923,900	–

31.1.1 This represents investment in 30,303,539 units (2011: Nil) of NAFA Government Securities Liquid Fund. Net asset value of these units as at June 30, 2012 was Rs 10.0523 (2011: Nil) per unit.

31.1.2 This represents treasury bills carrying markup ranging from 11.83% to 11.92% (2011: Nil) per annum with maturities up to 3 months. The fair value of these treasury bills is calculated using the market quoted yields.

31.2 Term deposits

	Term months	Maturity Upto	Profit rate % per annum	2012 Rs '000	2011 Rs '000
Askari Bank Limited	3	August 28, 2011	13.30	–	2,356,872
Allied Bank Limited	3	July 02, 2012	12.25	1,026,847	–
Askari Bank Limited	3	July 10, 2012	12.25	2,642,656	–
Habib Bank Limited	3	August 22, 2012	12.25	2,026,849	–
Bank Alfalah Limited	3	August 29, 2012	12.00	2,064,928	–
Bank Alfalah Limited	3	September 18, 2012	12.25	1,850,228	–
				9,611,508	2,356,872

	Note	2012 Rs '000	2011 Rs '000
31.3 Available-for-sale investments			
31.3.1 Units of mutual funds			
Units of open-end mutual funds:			
Pakistan Cash Management Fund 2,540,554 (2011: 2,236,062) units		127,174	114,411
NAFA Government Securities Liquid Fund 6,384,990 (2011: 5,563,826) units		64,184	57,638
BMA Empress Cash Fund 3,192,415 (2011: 2,733,117) units		32,108	28,844
Faysal Saving Growth Fund 608,167 (2011: 546,288) units		62,781	56,262
Askari Sovereign Cash Fund 313,124 (2011: 281,564) units		31,646	28,351
		317,893	285,506
31.3.2 Movement in available-for-sale investments during the year:			
Balance as at July 01		285,506	254,916
Unrealised gain transferred to other comprehensive income - net of tax		32,387	30,590
		317,893	285,506

32. Cash and bank balances

	Note	2012 Rs '000	2011 Rs '000
Cash in hand		84,301	28,256
Balances with banks:			
Deposit accounts	32.1	358,984	14,893,448
Saving accounts	32.3	518,868	140,969
Current accounts			
Local currency		2,564,791	1,453,073
Foreign currency (USD 3,672 thousand (2011: USD 3,287 thousand))		345,191	282,160
		2,909,982	1,735,233
		3,872,135	16,797,906

32.1 The balances in deposit accounts, carry mark-up ranging between 2% and 13.65% (2011: 5% to 13.70%) per annum.

32.2 Deposit accounts include Rs 215,719 thousand (2011: Rs 3,691,898 thousand) under lien of bank, against letters of guarantees and letters of credits issued on behalf of the holding Company.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

32.3 This includes foreign currency balances of USD 978 thousand (2011: USD 638 thousand) and Euro 116 thousand (2011: Euro 10 thousand). The effective interest / mark-up rate, on saving accounts, ranged between 5% to 11% (2011: 5% to 11.5%) per annum.

33. Revenue

	Note	2012 Rs '000	2011 Rs '000
Domestic	33.1	105,045,505	97,348,571
International	33.2	5,747,783	5,202,626
		110,793,288	102,551,197

33.1 Revenue is exclusive of Federal Excise Duty amounting to Rs 15,148,469 thousand (2011: Rs 14,872,830 thousand).

33.2 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 7,121,997 thousand (2011: Rs 11,241,321 thousand).

34. Cost of services

	Note	2012 Rs '000	2011 Rs '000
Salaries, allowances and other benefits	34.1	12,329,487	11,489,102
Call centre charges		426,658	303,815
Interconnect cost		7,918,461	10,691,717
Foreign operators cost and satellite charges		9,088,111	8,292,626
Network operating cost		9,274,046	5,079,425
Fuel and power		4,089,691	3,399,180
Value Added Services		765,715	564,632
Communication		8,490	7,980
Cost of SIMs		858,776	703,702
Cost of prepaid cards		142,328	129,917
Stores, spares and loose tools consumed		1,758,446	1,432,652
Provision for obsolete stores, spares and loose tools	22.2	284,623	73,992
Rent, rates and taxes		899,518	829,815
Repairs and maintenance		1,935,720	2,006,511
Printing and stationery		215,732	320,692
Travelling and conveyance		10,536	9,834
Depreciation on property, plant and equipment	18.5	20,539,887	20,221,074
Amortization of intangible assets	19.10	331,753	304,348
Impairment on property, plant and equipment		191,759	–
Annual license fee to Pakistan Telecommunication Authority (PTA)		1,010,686	959,338
Others		123,982	91,723
		72,204,405	66,912,075

34.1 This includes Rs 3,303,685 thousand (2011: 2,673,648 thousand) in respect of employees' retirement benefits.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

35. Administrative and general expenses

	Note	2012 Rs '000	2011 Rs '000
Salaries, allowances and other benefits	35.1	2,498,035	2,255,784
Call centre charges		63,999	45,572
Fuel and power		307,816	255,842
Rent, rates and taxes		466,905	475,323
Repairs and maintenance		483,034	439,897
Printing and stationery		3,331	4,942
Travelling and conveyance		285,063	233,967
Technical services assistance fee	35.2	3,877,765	3,743,561
Legal and professional charges		337,342	282,365
Auditors' remuneration	35.3	21,654	16,842
Depreciation on property, plant and equipment	18.5	1,169,588	1,128,848
Amortization of intangible assets	19.10	259,465	294,502
Research and development fund	35.4	239,281	220,230
Provisions:			
- against doubtful debts	24.4	1,874,506	1,645,016
- against doubtful receivables	30.2	–	140,927
Donations	35.5	75,162	60,175
Goodwill on acquisition of MAXCOM - written off on voluntary winding up		–	26,424
Other expenses		2,871,727	2,759,392
		14,834,673	14,029,609

35.1 This includes Rs 428,861 thousand (2011: Rs 338,541 thousand) in respect of employees' retirement benefits.

35.2 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 annual revenue.

35.3 Auditors' remuneration

	2012 Rs '000	2011 Rs '000
A. F. Ferguson & Co.		
Statutory audit, including half yearly review	5,600	5,350
Tax services	8,667	3,542
Out of pocket expenses	600	525
Others	1,887	750
Ernst & Young Ford Rhodes Sidat Hyder		
Statutory audit, including half yearly review	4,500	4,500
Tax services	150	1,925
Out of pocket expenses	250	250
	21,654	16,842

35.4 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% (2011: 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 license to provide telecommunication services.

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

36. Selling and marketing expenses

	Note	2012 Rs '000	2011 Rs '000
Salaries, allowances and other benefits	36.1	2,004,153	1,842,948
Call centre charges		42,666	30,381
Sales and distribution charges		2,009,558	1,431,814
Fuel and power		90,882	75,536
Printing and stationery		2,224	3,300
Travelling and conveyance		10,536	9,828
Advertisement and publicity		2,934,321	3,068,079
Customer port in fee - net		–	167,321
Net cost of handsets sold		89,134	108,447
GoP activation tax		802,146	418,209
Depreciation on property, plant and equipment	18.5	58,392	58,192
Others		119,757	296,573
		8,163,769	7,510,628

36.1 This includes Rs 383,199 thousand (2011: Rs 304,648 thousand) in respect of employees' retirement benefits.

37. Other operating income

	2012 Rs '000	2011 Rs '000
Income from financial assets:		
Return on bank deposits	1,371,588	2,418,334
Mark-up on long-term loans	6,552	8,361
Late payment surcharge from subscribers on over due bills	199,962	181,749
Dividend	–	36,000
Gain on sale of investments	298,098	18,915
Gain on fair value remeasurement of:		
- short-term investments	207,420	–
- forward exchange contracts	20,932	–

	Note	2012 Rs '000	2011 Rs '000
Income from non-financial assets:			
Gain on disposal of items of property, plant and equipment		65,930	167,701
Gain on sale of obsolete stores		180,980	63,264
Liabilities no longer payable written back	37.1	1,800,660	1,131,081
Secondment income from Etisalat, UAE - a related party		58,852	75,545
Amortization of deferred government grants	13	142,160	78,804
Others		266,283	279,730
		4,619,417	4,459,484

37.1 This includes Rs 1,340,114 thousand (2011: Rs Nil) related to reversal of liabilities on account of the National ICT R&D Fund, pursuant to an amendment in the holding Company's license by PTA.

38. Finance costs

	Note	2012 Rs '000	2011 Rs '000
Interest on:			
Long-term loans from banks		2,157,920	2,330,736
Long-term liability		172,462	29,557
Short-term running finances		19,293	567
Finance lease		31,894	31,488
Bank and other charges		238,461	263,711
Exchange loss		667,418	51,380
Imputed interest related to			
AJK license fee		8,528	12,359
Long-term loans		6,375	47,592
Acquisition of MAXCOM		2,871	6,624
		3,305,222	2,774,014

38.1 During the year finance costs of Rs Nil (2011: Rs 34,464 thousand) were capitalized.

39. Taxation

	Note	2012 Rs '000	2011 Rs '000
Current			
- for the year		3,301,662	1,989,923
- for prior year		(1,031,000)	522,691
		2,270,662	2,512,614
Deferred	11	3,199,027	4,864,762
		5,469,689	7,377,376
Share of tax of an associate		434	–
		5,470,123	7,377,376

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

39.1 Tax charge reconciliation

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

	2012 %	2011 %
Applicable tax rate	35.00	35.00
Effect of change in prior year's tax	–	3.31
Tax effect of minimum tax not recognised as deffered tax asset	–	3.71
Utilization of minimum tax paid in prior years, not recognized as deferred tax asset	(6.10)	–
Tax effect of income taxed but eliminated on consolidation	2.55	3.60
Tax effect of amounts that are not deductible for tax purposes and others	0.90	1.12
	(2.65)	11.74
Average effective tax rate charged to the statement of comprehensive income	32.35	46.74

40. Earnings per share - basic and diluted

		2012	2011
Profit for the year	Rupees in thousand	11,438,264	8,405,622
Weighted average number of ordinary shares	Numbers in thousand	5,100,000	5,100,000
Earnings per share	Rupees	2.24	1.65

41. Non-funded finance facilities

PTCL 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 16,625,000 thousand (2011: Rs 18,125,000 thousand) and Rs 5,500,000 thousand (2011: Rs 5,000,000 thousand) is available for letters of credit and letters of guarantee respectively, out of which the facility availed at the year end is Rs 5,133,626 thousand (2011: Rs 7,350,770 thousand). The letter of credit facility is secured by a hypothecation charge over certain assets of PTCL, amounting to Rs 16,985,000 thousand (2011: Rs 11,650,333 thousand).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

42. Cash generated from operations

	2012 Rs '000	2011 Rs '000
Profit before tax	16,908,387	15,782,998
Adjustments for non-cash charges and other items:		
Depreciation and amortization	22,359,085	22,006,964
Impairment	191,759	–
Provision for doubtful trade debts and other receivables	1,874,506	1,785,943
Provision for doubtful loans and advances	–	9,964
Provision for doubtful recoverable from tax authorities	–	466,176
Provision for obsolete stores, spares and loose tools	284,623	73,992
Provision for stock and warranty against mobile phones	83,381	56,722
Employees' retirement benefits	4,029,659	3,265,905
Imputed interest payable to previous shareholders of Maxcom	2,871	–
Imputed interest on AJK license fee	8,528	–
Imputed interest on long-term loans	6,375	–
Interest income on long-term loans	(6,552)	–
Gain on disposal of property, plant and equipment	(65,930)	(167,701)
Unrealized gain on available-for-sale investments - net of tax	32,387	30,590
Dividend	–	(36,000)
Return on bank deposits	(1,371,588)	(2,418,334)
Gain on fair value adjustment for forward exchange contracts	(20,932)	–
Amortization of government grants	(142,160)	(78,804)
Goodwill written off	–	26,424
Liabilities no longer payable written back	(1,800,660)	(1,131,081)
Finance costs	3,287,448	2,668,418
Share of (profit) / loss from associate	(3,751)	1,357
	45,657,436	42,343,533
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	112,041	632,383
Stock in trade	50,294	(241,265)
Trade debts	(2,603,651)	(694,668)
Loans and advances	(1,752,633)	(94,037)
Deposits and prepayments	178,896	(50,725)
Recoverable from tax authorities	(2,490,634)	(729,817)
Other receivables	(46,240)	435,310
	(6,551,927)	(742,819)
Increase / (decrease) in current liabilities:		
Trade and other payables	1,685,527	1,735,468
Unearned income	1,035,567	(262,447)
	2,721,094	1,473,021
	41,826,603	43,073,735

43. Cash and cash equivalents

	Note	2012 Rs '000	2011 Rs '000
Short-term investments	31	25,853,301	2,642,378
Cash and bank balances	32	3,872,135	16,797,906
Short-term borrowings		(1,688,703)	(234,676)
		28,036,733	19,205,608

44. Remuneration of Directors, Chief Executive and Executives

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

	Chairman		Chief Executive		Executives	
	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000
Managerial remuneration	–	–	99,366	96,021	1,639,726	1,400,115
Honorarium	300	300	–	–	2,796	2,051
Bonus	–	–	–	–	280,431	159,400
Retirement benefits	–	–	–	–	475,418	360,824
Housing	–	–	–	–	631,504	533,777
Utilities	–	–	–	–	115,813	96,855
	300	300	99,366	96,021	3,145,688	2,553,022
Number of persons	1	1	1	1	984	872

The Group also provides free medical and limited residential telephone facilities, to all its Executives, including the Chief Executive. 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 as fee paid to 9 directors (2011: 9 directors), is Rs 32,765 thousand (2011: Rs 7,885 thousand) for attending the Board of Directors, and its sub-committee, meetings.

45. Rates of exchange

Assets in foreign currencies have been translated into Rupees at USD 1.0638 (2011: USD 1.1648) equal to Rs 100, while liabilities in foreign currencies have been translated into Rupees at USD 1.0616 (2011: USD 1.1648) equal to Rs 100.

46. Financial risk management

46.1 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), Swiss Franc (CHF), Arab Emirates Dirham (AED), EURO (EUR) and Australian Dollar (AUD). 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:

	2012 Rs '000	**2011 Rs '000**
USD		
Trade and other payables	(5,319,952)	(4,722,690)
Accrued network liability	(343,727)	(5,287,691)
License fee payable	(163,408)	(181,125)
Trade debts	1,923,249	2,559,588
Cash and bank balances	437,297	336,973
Net exposure	(3,466,541)	(7,294,945)
EUR		
Trade and other payables	(55,409)	(69,355)
Accrued network liability	(19,386)	–
Trade debts	43,892	36,354
Cash and bank balances	13,693	1,285
Net exposure	(17,210)	(31,716)
AED		
Trade and other payables	(49,577)	(45,094)
CHF		
Trade and other payables	–	(7,395)
AUD		
Loans and advances	3,028	2,337

The following significant exchange rates were applied during the year:

	2012	2011
Rupees per USD		
Average rate	94.55	85.46
Reporting date rate	94.20	85.85
Rupees per EUR		
Average rate	117.99	114.76
Reporting date rate	118.50	124.89
Rupees per AED		
Average rate	25.53	23.40
Reporting date rate	25.65	23.40
Rupees per CHF		
Average rate	99.02	90.41
Reporting date rate	98.62	103.35
Rupees per AUD		
Average rate	96.17	84.95
Reporting date rate	95.55	92.19

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, EUR, AED, CHF and AUD with all other variables held constant, the impact on profit after taxation for the year would have been Rs 114,735 thousand (2011: Rs 238,191 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 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 622,513 thousand (2011: Rs 285,506 thousand) which were subject to price risk.

If redemption price on mutual funds, at the year end date, fluctuate by 5% higher / lower with all other variables held constant, total comprehensive income for the year would have been Rs 20,231 thousand (2011: Rs 14,275 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 statement of financial position, the interest rate profile of the Group's interest bearing financial instruments is:

	2012 Rs '000	2011 Rs '000
Financial assets		
Fixed rate instruments:		
Staff loans	723,703	607,268
Short-term investments - term deposits	9,611,508	2,356,872
Bank balances - deposit accounts	–	9,000,000
Treasury Bills	15,619,280	–
Floating rate instruments		
Bank balances - deposit accounts	358,984	5,893,448
Bank balances - saving accounts	518,868	140,969
	26,832,343	17,998,557
Financial liabilities		
Floating rate instruments		
Long-term loans from banks	20,500,000	20,000,000
Liability against assets subject to finance lease	107,248	115,514
Long-term vendor liability	7,893,758	6,421,326
Short-term running finance	1,688,703	234,676
	30,189,709	26,771,516

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 end date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs 21,822 thousand (2011: Rs 57,024 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:

	2012 Rs '000	2011 Rs '000
Long-term investment	83,900	83,900
Long-term loans	4,133,080	3,186,519
Trade debts	10,164,030	9,434,885
Loans and advances	4,275,578	3,330,225
Deposits	65,191	85,301
Accrued interest	175,661	377,822
Receivable from the Government of Pakistan	2,164,072	2,164,072
Other receivables	798,362	504,042
Short-term investments	25,853,301	2,642,378
Bank balances	3,872,135	16,769,650
	51,585,310	38,578,794

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		Rating		
	Short term	**Long term**	**Agency**	**2012**	**2011**
				Rs '000	**Rs '000**
National Bank of Pakistan	A–1+	AAA	JCR–VIS	2,162,780	3,960,627
Bank Al Falah Limited	A1+	AA	PACRA	3,906,379	2,641,487
MCB Bank Limited	A1+	AA+	PACRA	12,485	29,020
Soneri Bank Limited	A1+	AA–	PACRA	23,095	22,554
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,921	4,966
The Bank of Punjab	A1+	AA–	PACRA	6,197	177,474
NIB Bank Limited	A1+	AA–	PACRA	3	1,081,653
Habib Bank Limited	A1+	AA+	PACRA	1,987,647	3,511,644
Faysal Bank Limited	A1+	AA	JCR–VIS	7,647	8,575
Askari Bank Limited	A1+	AA	PACRA	2,688,992	4,432,092
Allied Bank Limited	A1+	AA	PACRA	1,129,868	159,985
United Bank Limited	A1+	AA+	JCR–VIS	796,142	4,924
KASB Bank Limited	A3	BBB	PACRA	1,758	228
Tameer Micro Finance Bank	A–1	A	JCR–VIS	590	141
Bank AL HABIB Limited	A1+	AA+	PACRA	164,979	1,694,079
Summit Bank Limited	A–2	A	JCR–VIS	3,721	1,003,537
Dubai Islamic Bank	A–1	A	JCR–VIS	251,446	60,060
Citibank, N.A	A–1	A+	S&P's	131,582	196,036
HSBC Bank Middle East Limited	P–1	A1	Moody's	939	1,416
Silkbank Limited	A–2	A–	JCR–VIS	212	5,857
SME Bank Limited	A–3	BBB	JCR–VIS	715	645
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	73,450	33,574
Meezan Bank Limited	A–1	AA–	JCR–VIS	36,572	51,444
Barclays Bank PLC	A1+	AA–	S&P's	7,222	44,504
Mutual Fund – Arif Habib	AM 2	N/A	PACRA	127,174	114,411
Mutual Fund – NAFA	AM 2 –	N/A	PACRA	368,804	57,638
Mutual Fund – BMA	AM 2 –	N/A	JCR	32,108	28,844
Mutual Fund – Faysal	AM3+	N/A	JCR	62,781	56,262
Mutual Fund – Askari	AM3	N/A	PACRA	31,646	28,351
				14,021,855	19,412,028

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 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 June 30, 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	20,500,000	500,000	20,000,000	–
Liability against assets subject to finance lease	107,248	31,983	71,093	4,172
License fee payable	163,408	44,476	118,932	–
Long-term security deposits	1,662,397	–	704,046	958,351
Employees' retirement benefits	18,473,380	–	–	18,473,380
Long-term vendor liability	7,893,758	5,665,900	2,227,858	–
Trade and other payables	14,773,976	14,773,976	–	–
Interest accrued	248,146	248,146	–	–
Short-term running finance	1,688,703	1,688,703	–	–
	65,511,016	22,953,184	23,121,929	19,435,903

The following are the contractual maturities of financial liabilities as at June 30, 2011:

	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	20,000,000	9,000,000	11,000,000	–
Liability against assets subject to finance lease	115,514	32,075	71,093	12,346
License fee payable	181,230	42,984	138,246	–
Long-term security deposits	1,646,400	–	740,744	905,656
Employees' retirement benefits	17,018,391	–	–	17,018,391
Long-term vendor liability	6,421,326	3,232,951	3,188,375	–
Trade and other payables	16,495,952	16,495,952	–	–
Interest accrued	417,093	417,093	–	–
Short-term running finance	234,676	234,676	–	–
Dividend payable	3,375,631	3,375,631		
	65,906,213	32,831,362	15,138,458	17,936,393

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

46.2 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.

46.3 Financial instruments by categories

	Fair value through profit or loss		Available-for-sale		Loans and receivables		Total	
	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000
Financial assets as per statement of financial position								
Long-term investments	–	–	83,900	83,900	–	–	83,900	83,900
Long-term loans	–	–	–	–	4,133,080	3,186,519	4,133,080	3,186,519
Trade debts	–	–	–	–	10,164,030	9,434,885	10,164,030	9,434,885
Loans and advances	–	–	–	–	4,275,518	330,225	4,275,518	330,225
Deposits	–	–	–	–	65,191	85,301	65,191	85,301
Accrued interest	–	–	–	–	175,661	377,822	175,661	377,822
Receivable from the Government of Pakistan	–	–	–	–	2,164,072	2,164,072	2,164,072	2,164,072
Other receivables	20,932	–	–	–	798,362	504,042	819,294	504,042
Short-term investments	15,923,900	–	317,893	285,506	9,611,508	2,356,872	25,853,301	2,642,378
Cash and bank balances	–	–	–	–	3,872,135	16,797,906	3,872,135	16,797,906
	15,944,832	–	401,793	369,406	35,259,557	35,237,644	51,606,182	35,607,050

	Liabilities at fair value through profit or loss		Other financial liabilities		Total	
	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000	2012 Rs '000	2011 Rs '000
Financial liabilities as per statement of financial position						
Long-term loans	–	–	20,500,000	20,000,000	20,500,000	20,000,000
Liability against assets subject to finance lease	–	–	107,248	115,514	107,248	115,514
License fee payable	–	–	163,408	181,230	163,408	181,230
Long-term security deposits	–	–	1,662,397	1,646,400	1,662,397	1,646,400
Employees' retirement benefits	–	–	18,473,380	17,018,391	18,473,380	17,018,391
Long-term vendor liability	–	–	7,893,758	6,421,326	7,893,758	6,421,326
Trade and other payables	–	–	14,773,976	16,495,952	14,773,976	16,495,952
Interest accrued	–	–	248,146	417,093	248,146	417,093
Short-term running finance	–	–	1,688,703	234,676	1,688,703	234,676
Dividend payable	–	–	–	3,375,631	–	3,375,631
	–	–	65,511,016	65,906,213	65,511,016	65,906,213

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

46.4 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.

47. Transactions with related parties

The Group's related parties comprise its associated undertakings, the Government of Pakistan and its related entities, employees' retirement benefit plans, and key management personnel. Amounts due from / (to) related parties, are shown under respective receivable and payable balances. Remuneration of key management personnel is disclosed in note 44. Additionally, the Group had transactions with the following related parties during the year:

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

Employees' benefit plans
- Pakistan Telecommunication Employees' Trust
- PTCL Employees' GPF Trust
- Telecom Foundation
- PTML - Employees' Provident Fund
- PTML - Employees' Gratuity Fund

The Government of Pakistan and its related entities

Transactions between the Group and its related parties other than those which have been disclosed elsewhere in these consolidated financial statements are:

	2012 Rs '000	2011 Rs '000
Associates		
Sale of goods and services	1,106,814	1,685,270
Purchase of goods and services	1,158,326	1,278,756
Dividend paid	2,088,450	2,088,450
Technical services assistance fee	3,896,100	3,743,561
The Government of Pakistan and its related entities		
Sale of goods and services	2,199,865	1,784,686
Purchase of goods and services	8,470,233	7,228,382
National ICT R&D Fund	239,281	220,230
Transfer under license agreements	350,763	623,080
Dividend paid	–	5,549,369

48. Operating segment Information

48.1 Management has determined the operating segments based on the information that is presented to the Group's 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.

48.2 The Group's 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.

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

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
Year ended June 30, 2012			
Segment revenue	56,043,727	61,912,059	117,955,786
Inter-segment revenue	(5,220,426)	(1,942,072)	(7,162,498)
Revenue from external customers	50,823,301	59,969,987	110,793,288
Segment results	7,346,830	4,091,434	11,438,264
Year ended June 30, 2011			
Segment revenue	52,444,416	56,601,772	109,046,188
Inter-segment revenue	(4,965,088)	(1,529,903)	(6,494,991)
Revenue from external customers	47,479,328	55,071,869	102,551,197
Segment results	5,662,027	2,743,595	8,405,622

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

Information on assets and liabilities of the segments is as follows:

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
As at June 30, 2012			
Segment assets	127,773,851	98,812,727	226,586,578
Segments liabilities	51,307,064	56,222,893	107,529,957
As at June 30, 2011			
Segment assets	126,586,343	85,401,337	211,987,680
Segments liabilities	54,111,570	50,290,140	104,401,710

48.4 Other segment information is as follows:

Year ended June 30, 2012			
Depreciation	10,490,650	11,277,217	21,767,867
Amortization	270,714	320,504	591,218
Finance cost	481,745	2,823,477	3,305,222
Interest income	1,094,888	283,252	1,378,140
Income tax expense	3,513,476	1,956,647	5,470,123
Share of profit from associates	3,751	–	3,751
Year ended June 30, 2011			
Depreciation	10,770,349	10,637,765	21,408,114
Amortization	58,847	540,003	598,850
Finance cost	207,723	2,566,291	2,774,014
Interest income	1,742,466	684,229	2,426,695
Income tax expense	4,969,400	2,407,976	7,377,376
Share of loss from associates	1,357	–	1,357

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

48.6 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 holding Company's Board of Directors.

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

	2012 Rs '000	2011 Rs '000
Voice	77,174,515	78,046,831
Data	21,580,364	15,869,957
Other services	13,543,157	10,673,549
	112,298,036	104,590,337

49. Events after the date of Consolidated Statement of Financial Position

The holding Company announced a Voluntary Separation Scheme (VSS). Pending acceptance by the employees the financial impact of VSS cannot be determined at present.

50. Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of better presentation and disclosure:

Reclassification from	Reclassification to	Rs '000
Capital work in progress	Long-term loans and advances	2,633,759
Trade and other payables	Interest accrued	29,979
Trade and other payables	Stock-in-trade	7,692
Cost of services	Revenue	2,039,140
Selling and marketing expenses	Cost of services	40,632
Administrative and general expenses	Selling and marketing expenses	36,085
Administrative and general expenses	Cost of services	225,621

51. Date of authorization for issue

These consolidated financial statements were authorized for issue on September 11, 2012 by the Board of Directors of the holding Company.

52. General

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

Chairman

President & CEO

ANNEXES

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2012

Size of Holding Rs. 10 Shares		Number of Shares Held	Number of Shareholders
1	100	25,679	2,538,393
101	500	9,503	2,932,750
501	1,000	3,124	2,748,347
1,001	5,000	3,517	9,275,501
5,001	10,000	837	6,867,934
10,001	15,000	293	3,817,381
15,001	20,000	214	4,009,184
20,001	25,000	144	3,453,190
25,001	30,000	87	2,497,394
30,001	35,000	51	1,679,778
35,001	40,000	44	1,714,682
40,001	45,000	29	1,261,289
45,001	50,000	96	4,767,408
50,001	55,000	21	1,104,272
55,001	60,000	22	1,289,984
60,001	65,000	10	636,417
65,001	70,000	10	691,173
70,001	75,000	9	668,100
75,001	80,000	20	1,570,453
80,001	85,000	11	914,189
85,001	90,000	6	531,591
90,001	95,000	2	187,500
95,001	100,000	51	5,091,418
100,001	105,000	8	820,353
105,001	110,000	9	975,975
110,001	115,000	2	225,500
115,001	120,000	7	834,300
120,001	125,000	7	863,363
125,001	130,000	4	519,500
130,001	135,000	6	806,581
135,001	140,000	5	700,000
140,001	145,000	4	576,114
145,001	150,000	15	2,239,810
150,001	155,000	5	758,092
155,001	160,000	2	320,000
160,001	165,000	2	330,000
165,001	170,000	1	170,000
170,001	175,000	3	520,600
175,001	180,000	3	540,000

Size of Holding Rs. 10 Shares		Number of Shares Held	Number of Shareholders
180,001	185,000	5	917,567
185,001	190,000	7	1,313,361
190,001	195,000	1	192,133
195,001	200,000	14	2,794,945
200,001	205,000	5	1,013,850
205,001	210,000	2	415,657
210,001	215,000	2	423,731
215,001	220,000	2	437,850
220,001	225,000	1	225,000
225,001	230,000	3	682,400
235,001	240,000	3	715,900
240,001	245,000	1	245,000
245,001	250,000	6	1,500,000
250,001	255,000	3	756,657
265,001	270,000	1	267,444
270,001	275,000	3	822,568
275,001	280,000	2	553,744
280,001	285,000	1	280,666
295,001	300,000	9	2,695,856
300,001	305,000	2	601,297
305,001	310,000	2	615,527
310,001	315,000	2	624,703
315,001	320,000	2	639,500
320,001	325,000	1	324,735
325,001	330,000	1	329,483
335,001	340,000	1	338,462
345,001	350,000	3	1,050,000
350,001	355,000	1	351,200
355,001	360,000	1	357,918
365,001	370,000	2	736,000
370,001	375,000	1	371,000
375,001	380,000	1	376,857
385,001	390,000	1	387,073
390,001	395,000	2	786,714
395,001	400,000	2	799,700
405,001	410,000	1	410,000
410,001	415,000	1	412,500
415,001	420,000	1	415,598
440,001	445,000	2	885,619

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2012

Size of Holding Rs. 10 Shares		Number of Shares Held	Number of Shareholders
445,001	450,000	1	446,500
455,001	460,000	1	457,000
460,001	465,000	1	460,636
470,001	475,000	3	1,422,716
475,001	480,000	3	1,435,798
490,001	495,000	1	494,190
495,001	500,000	7	3,498,000
500,001	505,000	1	502,604
510,001	515,000	1	512,539
530,001	535,000	1	530,901
535,001	540,000	1	539,446
560,001	565,000	1	560,239
595,001	600,000	4	2,400,000
605,001	610,000	1	608,670
650,001	655,000	1	650,600
660,001	665,000	1	662,650
690,001	695,000	1	690,400
695,001	700,000	1	700,000
730,001	735,000	1	730,900
745,001	750,000	2	1,500,000
750,001	755,000	1	754,750
785,001	790,000	1	787,000
790,001	795,000	1	790,358
840,001	845,000	1	840,758
875,001	880,000	1	877,532
925,001	930,000	1	929,954
935,001	940,000	1	940,000
960,001	965,000	1	961,100
995,001	1,000,000	1	1,000,000
1,050,001	1,055,000	1	1,055,000
1,075,001	1,080,000	2	2,154,750
1,095,001	1,100,000	1	1,100,000
1,110,001	1,115,000	1	1,110,393
1,115,001	1,120,000	1	1,117,300
1,125,001	1,130,000	1	1,127,000
1,140,001	1,145,000	1	1,142,905
1,175,001	1,180,000	1	1,179,500
1,195,001	1,200,000	2	2,390,902
1,220,001	1,225,000	1	1,220,500

Size of Holding Rs. 10 Shares		Number of Shares Held	Number of Shareholders
1,300,001	1,305,000	1	1,304,329
1,395,001	1,400,000	1	1,400,000
1,420,001	1,425,000	1	1,420,480
1,495,001	1,500,000	1	1,500,000
1,560,001	1,565,000	1	1,561,000
1,600,001	1,605,000	1	1,600,400
1,635,001	1,640,000	1	1,640,000
1,725,001	1,730,000	1	1,728,382
1,745,001	1,750,000	1	1,750,000
1,765,001	1,770,000	1	1,766,333
1,820,001	1,825,000	1	1,823,278
1,825,001	1,830,000	1	1,830,000
1,860,001	1,865,000	1	1,861,510
1,920,001	1,925,000	1	1,922,339
1,995,001	2,000,000	1	2,000,000
2,195,001	2,200,000	1	2,200,000
2,320,001	2,325,000	1	2,322,400
2,570,001	2,575,000	1	2,573,670
2,615,001	2,620,000	1	2,617,562
2,670,001	2,675,000	1	2,672,666
2,700,001	2,705,000	1	2,705,000
2,995,001	3,000,000	2	6,000,000
3,080,001	3,085,000	1	3,084,050
3,095,001	3,100,000	1	3,097,310
3,125,001	3,130,000	1	3,127,000
3,155,001	3,160,000	1	3,159,899
3,245,001	3,250,000	1	3,250,000
3,330,001	3,335,000	1	3,332,236
3,345,001	3,350,000	1	3,347,600
3,585,001	3,590,000	1	3,588,000
3,755,001	3,760,000	1	3,759,211
3,940,001	3,945,000	1	3,943,049
3,995,001	4,000,000	1	4,000,000
4,240,001	4,245,000	1	4,243,414
4,495,001	4,500,000	3	13,498,500
4,810,001	4,815,000	1	4,810,200
4,845,001	4,850,000	1	4,847,500
4,935,001	4,940,000	1	4,938,998
5,385,001	5,390,000	1	5,390,000

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2012

Size of Holding Rs. 10 Shares		Number of Shares Held	Number of Shareholders
5,405,001	5,410,000	1	5,410,000
5,695,001	5,700,000	1	5,699,698
5,985,001	5,990,000	1	5,985,639
6,475,001	6,480,000	1	6,476,079
6,640,001	6,645,000	1	6,644,100
6,995,001	7,000,000	1	7,000,000
8,145,001	8,150,000	1	8,145,568
8,210,001	8,215,000	1	8,213,500
8,425,001	8,430,000	1	8,430,000
8,665,001	8,670,000	1	8,667,100
8,925,001	8,930,000	1	8,925,477
9,865,001	9,870,000	2	19,736,247
10,220,001	10,225,000	1	10,225,000
11,470,001	11,475,000	1	11,472,230
18,495,001	18,500,000	1	18,500,000
32,265,001	32,270,000	1	32,266,854
55,890,001	55,895,000	1	55,893,800
57,060,001	57,065,000	1	57,060,074
57,760,001	57,765,000	1	57,764,103
196,385,001	196,390,000	1	196,387,991
407,805,001	407,810,000	1	407,809,524
918,190,001	918,195,000	1	918,190,476
2,974,680,000	2,974,685,000	1	2,974,680,002
Total		44,085	5,100,000,000

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2012

S.No.	Shareholders' Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, CEO & children	9	9	0.00
2	NIT & ICP	8	13,000,768	0.25
3	Banks, DFI & NBFI	27	57,255,305	1.12
4	Insurance companies	15	17,417,084	0.34
5	Modarabas	11	428,100	0.01
6	Public sector companies & corporations	5	117,079,267	2.30
7	General public (local)	43,235	125,567,347	2.46
8	General public (foreign)	361	484,900	0.01
9	Others	263	27,019,199	0.53
10	Foreign companies	91	138,478,499	2.72
11	Holding more than 5%	4	4,497,067,993	88.18
12	Mutual funds	40	99,755,875	1.96
13	Pension funds	16	6,445,654	0.13
	Total	44,085	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 financial year 2011-2012

DETAILS OF CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2012

1 DIRECTORS, CEO & CHILDREN

S. No.	Folio	Name	Holding
1	82713	MR. ABDUL RAHIM A. AL NOORYANI	1
2	82714	MR. ABDUL AZIZ A. AL SAWALEH	1
3	82715	MR. FADHIL MUHAMMAD ERHAMA AL ANSARI	1
4	82716	MR. ABDUL AZIZ H. TARYAM	1
5	83219	DR. AHMED AL JARWAN	1
6	83349	MR. JAMIL AHMED KHAN	1
7	83413	MR. ABDUL WAJID RANA	1
8	83414	MR. FAROOQ AHMED AWAN	1
9	83442	MR. KAMRAN ALI	1
	TOTAL		9

2 NIT & ICP

S. No.	Folio	Name	Holding
1	4702	NATIONAL BANK OF PAKISTAN TRUSTEE WING	2,000
2	26869	INVESTMENT CORPORATION OF PAKISTAN	3,400
3	33312	NATIONAL BANK OF PAKISTAN TRUSTEE WING	1,000
4	67726	INVESTMENT CORPORTION OF PAKISTAN	100
5	71094	NATIONAL INVESTMENT TRUST LTD.	400
6	79615	INVESTMENT CORPORATION OF PAKISTAN	800
7	02154-27	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	8,145,568
8	11353-22	NATIONAL INVESTMENT TRUST LIMITED	4,847,500
	TOTAL		13,000,768

3 BANKS, DFI & NBFI

S. No.	Folio	Name	Holding
1	43305	UNITED BANK LIMITED.	600
2	57252	CRESCENT INVESTMENT BANK LTD.	1,000
3	57664	CRESCENT INVESTMENT BANK LTD.	1,000
4	67159	CRESECENT INVESTMENT BANK LTD.	200
5	75124	MUSLIM COMMERCIAL BANK LIMITED	690,400
6	78786	THE BANK OF PUNJAB	100
7	01446-31	MCB BANK LIMITED	50,000
8	02295-39	FAYSAL BANK LIMITED	1,055,000
9	02626-37	BANK AL HABIB LIMITED	600,000
10	02832-32	MEEZAN BANK LIMITED	3,159,899
11	03335-57	BANK ALFALAH LIMITED	750,000
12	03590-23	J S BANK LIMITED.	5,699,698
13	03798-52	THE BANK OF KHYBER	1,823,278
14	03798-60	THE BANK OF KHYBER	72,000
15	03889-28	NATIONAL BANK OF PAKISTAN	530,901
16	03889-44	NATIONAL BANK OF PAKISTAN	32,266,854
17	04127-28	MCB BANK LIMITED - TREASURY	560,239
18	04838-22	INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN	30,597
19	05132-26	ASKARI BANK LIMITED	4,243,414
20	05181-21	SME BANK LIMITED	8,600
21	07088-47	THE BANK OF PUNJAB, TREASURY DIVISION.	3,759,211
22	07088-62	THE BANK OF PUNJAB, TREASURY DIVISION.	250,000
23	07393-24	SUMMIT BANK LIMITED	394,014
24	09332-28	FIRST CREDIT & INVESTMENT BANK LIMITED	2,500
25	10157-27	BURJ BANK LIMITED	1,100,000
26	11940-4410	ESCORTS INVESTMENT BANK LIMITED	5,900
27	11940-6951	ESCORTS INVESTMENT BANK LIMITED	199,900
	TOTAL		57,255,305

4 INSURANCE COMPANIES

S. No.	Folio	Name	Holding
1	56890	PAKISTAN GUARANTEE INSURANCE CO.LTD.	100
2	73493	GULF INSURANCE CO. LTD.	100
3	02139-29	PREMIER INSURANCE LIMITED	140,000
4	02451-21	JUBILEE GENERAL INSURANCE COMPANY LIMITED	2,322,400
5	03277-2184	EFU GENERAL INSURANCE LIMITED	500,000
6	03277-2538	EFU LIFE ASSURANCE LTD	8,213,500
7	03277-4064	NATIONAL INSURANCE COMPANY LIMITED	2,617,562
8	03277-4255	PAKISTAN REINSURANCE COMPANY LIMITED	319,500
9	03277-7330	RELIANCE INSURANCE COMPANY LTD.	120,000
10	03277-8372	EXCEL INSURANCE CO.LTD.	10,000
11	03277-9371	JUBILEE LIFE INSURANCE COMPANY LIMITED	2,705,000
12	03459-996	ASKARI GENERAL INSURANCE CO. LTD.	48,322
13	03939-17934	SILVER STAR INSURANCE COMPANY LIMITED	370,000
14	05892-7814	THE PAKISTAN GENERAL INS.CO. LTD	600
15	07302-12390	ASIA INSURANCE COMPANY LIMITED	50,000
	TOTAL		17,417,084

5 MODARABAS

S. No.	Folio	Name	Holding
1	37257	L.T.V.CAPITAL MODARABA.	100
2	02113-21	FIRST EQUITY MODARABA	50,000
3	02667-17	TRUST MODARABA	10,000
4	02667-25	TRUST MODARABA	95,000
5	03277-1142	FIRST PRUDENTIAL MODARABA	20,000
6	03277-1149	B.F.MODARABA	57,000
7	03277-4962	FIRST ALNOOR MODARABA	132,500
8	03277-7520	FIRST HABIB MODARABA	5,000
9	03277-7525	FIRST PAK MODARABA	2,500
10	03525-52268	FIRST ELITE CAPITAL MODARABA	52,000
11	04077-25	FIRST FIDELITY LEASING MODARABA	4,000
	TOTAL		428,100

DETAILS OF CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2012

6 PUBLIC SECTOR COMPANIES & CORPORATIONS

S. No.	Folio	Name	Holding
1	02683-23	STATELIFEINSURANCECORP.OFPAKISTAN	57,060,074
2	03277-4070	EMPLOYEE'SOLD-AGEBENEFITSINSTITUTION	55,893,800
3	06122-8946	TRUSTEEOVERSEASPAKISTANISPENSIONTRUST	15,000
4	06247-63	SAUDIPAKINDUSTRIAL&AGRICULTURALINVESTMENTCO.LTD.-PMD	3,000,000
5	10819-26	PAKBRUNEIINVESTMENTCOMPANYLIMITED	1,110,393
	TOTAL		117,079,267

7 OTHERS

S. No.	Folio	Name	Holding
1	20795	SIR.E.HAROON JAFFER & SONS (PVT) LTD.	100
2	20800	JAFFER BROTHERS (PRIVATE) LTD	16,700
3	25329	GRAND LEISURE CORP (PVT) LTD.	500
4	25330	AREEN INTERNATION (PVT) LTD.	1,000
5	39143	CAPITOL TRAVELS (PRIVATE) LTD.	2,000
6	48919	YUNAS METAL WORKS PVT LTD	500
7	56640	SIDCO CONSTRUCTION LTD.	200
8	61251	ARSHAD CORPORATION (PVT)LTD	300
9	62420	UNIVERSAL BRUSHWARES (PVT) LTD.	100
10	62470	ENVICRETE LTD.	500
11	62529	TAURUS SECURITIES LTD.	600
12	62586	WORLD TRADE CENTRE (PVT) LTD.	500
13	63174	M/S YUNAS ELECTRONICS AJK, PVT LTD	400
14	63570	YUNAS ELECTRONICS PAK (PVT) LTD	400
15	68500	EVERGREEN TRADERS	100
16	68502	SHADAB ENTER PRISES	100
17	73578	KHAQAN NAJEEB (PVT) SERVICE	200
18	74270	FIRST CAPITAL SECURITIES CORPORATION LTD	100
19	75253	NAZIR, SINDH HIGH COURT, REF.1674/1997	11,500
20	75761	IHSAN SONS (PVT) LTD.	500
21	76780	Y.S.SECURITIES AND SERVICES (PVT) LTD.	100
22	77695	AQEEL KARIM DHEDHI SECURITIES (PVT) LTD.	300
23	77819	Y.S. SECURITIES & SREVICES (PVT) LTD	700
24	78341	PRUDENTIAL SECURITIES LTD.	100
25	78343	PRUDENTIALL SECURITIES LTD.	100
26	78345	AL MAL SECURITIES & SERVICES LTD	100
27	78350	SAKHAWAT HUSSAIN BUKHARI (PVT)LTD	100
28	78388	FINEX SECURITIES LTD	100
29	78401	PRUDENTIAL SECURITIES.LTD	100
30	79171	KHADIM ALI SHAH BUKHARI & CO. LTD.	100
31	79172	INDOSUES W.I. CARR SECURITIES PVT. LTD.	300
32	79173	PREMIER CAPITAL MANAGEMENT PVT. LTD.	300
33	80012	FAWAD YOUSUF SECURITIES (PVT) LTD.	100
34	80014	ACE SECURTIES (PVT) LTD.	100
35	80021	MARS SECURITIES (PVT) LTD.	1,000
36	80642	ADAMJEE AUTOMOTIVE (PVT) LIMITED	2,000
37	80715	RAHAT SECURITIES LTD.	300
38	80717	ZAHID LATIF KHAN SECURITIES (PVT) LTD.	100
39	80721	KHADIM ALI SHAH BUKHARI & CO. LIMITED	100
40	80723	ZILLION CAPITAL SECURITIES (PVT) LTD.	100
41	80725	M.S. SECURITIES (PVT) LTD.	200
42	80728	ZAFAR SECURITIES (PVT) LTD.	200
43	00307-46	IGI FINEX SECURITIES LIMITED	1
44	00307-68332	TRUSTEE NESTLE PAKISTAN LTD, EMPLOYEES PROVIDENT FUND	861
45	00364-13688	TRUSTEES KUEHNE & NAGEL PAKISTAN SPF	20,000
46	00364-32225	SAIF HOLDINGS LIMITED (05648)	5,000
47	00364-55242	CRAFTSMAN (PVT) LTD (8095)	20,000
48	00364-107787	PAK KUWAIT TEXTILES LIMITED	30,000
49	00364-113140	PAK GREASE MANUFACTURING CO. (PVT) LTD.	63,500
50	00364-115541	UHF CONSULTING (PRIVATE) LIMITED	788
51	00414-35	MOOSA,NOOR MOHAMMAD,SHAHZADA&CO.PVT.LTD	31,000
52	00513-32	RAHAT SECURITIES LIMITED	100
53	00521-3878	TRUSTEE-SANOFI AVENTIS PAKISTAN-EMPLOYEES PROVIDENT FUND	338,462
54	00521-3894	TRUSTEE-SANOFI AVENTIS PAKISTAN- EMPLOYEES GRATUITY FUND	27,196
55	00547-6432	TRUSTEE - IBM ITALIA S.P.A. PAKISTAN EMPLOYEES GRATUITY FUND	55,105
56	00547-6457	TRUSTEE - IBM SEMEA EMPLOYEES PROVIDENT FUND	460,636
57	00547-8651	UNILEVER PAKISTAN LIMITED NON-MANAGEMENT STAFF GRATUITY FUND	24,545
58	00547-8701	TRUSTEE-RAFHAN BEST FOODS EMPLOYEES PROVIDENT FUND	89,181
59	00620-21	TAURUS SECURITIES LIMITED	900
60	00695-10684	TRUSTEE PAK TOBACCO CO. LTD MANAGEMENT PROV FUND (1386-2)	392,700
61	00695-10692	TRUSTEE PAK TOBACCO CO. LTD EMPLOYEES PROVIDENT FUND(1385-5)	539,446
62	00695-10700	TRUSTEE PAK TOBACCO CO LTD EMPLOYEES GRATUITY FUND(1383-4)	662,650
63	01057-11449	SARDAR MOHAMMAD ASHRAF D BALUCH PVT. LTD	5,500
64	01164-7584	TRUSTEES D.G.KHAN CEMENT CO. LTD. EMPLOYEES PROVIDENT FUND	100,000
65	01339-34	INTERMARKET SECURITIES LIMITED	25,000
66	01412-14092	TRUSTEE, H.J.BEHRANA PARSI FIRE TEMPLE T	25,000
67	01412-15727	TRUSTEES, SETH H.M. KHAJURINA TECH.TR.FN	2,000
68	01412-16410	M.C. MAMA PARSI GIRL`S SEC. SCHOOL	40,000
69	01412-16618	ZOROASTRIAN CO-OP. HOUSING SOCIETY LTD.	7,500
70	01420-17	STANDARD BEARER SECURITIES LIMITED	1,100
71	01552-52	FIRST CAPITAL EQUITIES LIMITED	34,000
72	01669-26	SHAFFI SECURITIES (PVT) LIMITED	308
73	01826-34	BMA CAPITAL MANAGEMENT LTD.	105,000
74	01826-1529	TRUSTEE-ENGRO CORPORATION LIMITED. GRATUITY FUND	83,000
75	01826-69559	TRUSTEE-CHERAT CEMENT COMPANY LTD. EMPLOYEES PROVIDENT FUND	100,000
76	01917-33	PRUDENTIAL SECURITIES LIMITED	20,400
77	01917-41	PRUDENTIAL SECURITIES LIMITED	200
78	03038-23279	UNIIFIED VENTURES (PRIVATE) LIMITED	25,000
79	03038-23295	UNIFIED D-LABS (PRIVATE) LIMITED	10
80	03137-36	MOOSANI SECURITIES (PVT) LTD.	415,598
81	03228-43	ABBASI & COMPANY (PRIVATE) LIMITED	100
82	03244-25	ZAFAR SECURITIES (PVT) LTD.	135,000
83	03277-894	M/S S. FAZALILAHI & SONS (PVT) LTD	100,500
84	03277-895	M/S IHSAN INDUSTRIES (PVT) LIMITED	3,000
85	03277-973	LUCKY ENERGY (PVT) LTD.	50,000
86	03277-1225	HASHOO HOLDINGS (PVT) LTD	200,000
87	03277-1339	PREMIER FASHIONS (PVT) LTD	30,000
88	03277-2102	THE AGA KHAN UNIVERSITY FOUNDATION	475,000

DETAILS OF CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2012

S. No.	Folio	Name	Holding
89	03277-2404	MOHAMAD AMIN BROS (PVT) LIMITED	13,000
90	03277-3785	TRUSTEE CHERAT CEMENT CO.LTD.EMP.PRO.FND	25,000
91	03277-3893	SITARA CHEMICAL INDUSTRIES LTD.	50,000
92	03277-4230	CRESCENT STEEL AND ALLIED PRODUCTS LTD.	180,000
93	03277-4275	TRUSTEES NRL OFFICERS PROVIDENT FUND	14,000
94	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	412,500
95	03277-4865	SHAKOO (PVT) LTD.	50,000
96	03277-6081	TRUSTEES ALOO&MINOCHER DINSHAW CHR.TRUST	40,000
97	03277-7421	TRUSTEES SAEEDA AMIN WAKF	125,000
98	03277-7633	TRUSTEES MOHAMAD AMIN WAKF ESTATE	150,000
99	03277-7652	ISMAILIA YOUTH SERVICES	70,000
100	03277-9217	JUPITER TEXTILE MILLS (PVT) LTD	50,000
101	03277-9219	TRUSTEES AL-MAL GROUP STAFF PROVIDENT FN	5,000
102	03277-9284	PAKISTAN HOUSE INTERNATIONAL LTD	142,000
103	03277-9372	TRUSTEES ASIATIC P.R.NETWORK(PVT) EMP PF	2,000
104	03277-9981	TRUSTEES OF FAROUKH&ROSHEN KARANI TRUST	20,000
105	03277-10726	TRUSTEES WORLD MEMON FND.COMM.CEN.TRUST	50,000
106	03277-11151	BANDENAWAZ (PVT) LTD	19,000
107	03277-11821	TRUSTEES OF DHORAJI HOUSING&RELIEF TRUST	165,000
108	03277-12220	TRUSTEES CHEVRON PAKISTAN LIMITED MNGT. STAFF PROVIDENT FUND	100,000
109	03277-12637	TRUSTEES PAKISTAN PTA MNGT STAFF G.FUND	145,710
110	03277-13034	PRUDENTIAL DISCOUNT &GUARANTEE HOUSE LTD	10,000
111	03277-13122	MANG.COM.KARACHI ZARTHOSTI BANU MANDAL	17,000
112	03277-13154	TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	236,000
113	03277-14004	TRUSTEES PAKISTAN PTA NON MGN STAFF GF	3,493
114	03277-14005	TRUSTEES PAKISTAN PTA MNG STAFF PF	253,718
115	03277-14731	TRUSTEES AKHTAR & HASAN(PVT)LTD.EMP.P.F	96,800
116	03277-14768	AL NOOR MODARABA MANAGEMENT (PVT) LTD.	10,000
117	03277-14818	TRUSTEES ADAMJEE ENTERPRISES STAFF P.F	2,000
118	03277-15138	TRUSTEES ENGRO CORPORATION LTD. P.F	730,900
119	03277-16576	TRUSTEES DUKE OF EDINBURGH'S AWARD F.PAK	5,000
120	03277-17628	TRUSTEES QAMARUNNISA SHARIF WEL.TRUST	20,000
121	03277-18963	TRUSTEES OF HAJI MOHAMMED WELFARE TRUST	150,000
122	03277-19048	TRUSTEES PAK PTA MNG STAFF DEF.CONT.SF	205,657
123	03277-19517	TRUSTEES OF CHERAT CEMENT CO.STAFF GF	25,000
124	03277-23841	TRUSTEES MCB EMPLOYEES FOUNDATION	100,000
125	03277-24198	PAKISTAN SERVICES LTD.	350,000
126	03277-25504	PRINTEK (PRIVATE) LIMITED	3,000
127	03277-31790	RELIANCE MERCHANDISING CORP (PVT) LTD	20,000
128	03277-32070	TRUSTEES ENGRO CORPORATION LTD,G.F	300,797
129	03277-35326	ASLAM SONS (PVT) LTD	186,569
130	03277-35867	TRUSTEE GUL AHMED TEXTILE MILLS LTD EMP P.F	4,500
131	03277-38250	TRUSTEES OF STATE OIL COMPANY LTD.EMPLOYEES P.F	25,000
132	03277-45641	TRUSTEES GLAXO LABORATORIES PAKISTAN LTD. PROVIDENT FUND	239,900
133	03277-48792	TRUSTEES OF GREAVES PAKISTAN (PVT) LTD. EMP PROVIDENT FUND	10,000
134	03277-55465	MARIAM ALI MUHAMMAD TABBA FOUNDATION	50,000
135	03277-57693	MAGNUS INVESTMENT ADVISORS LIMITED	100
136	03277-61348	POLYPROPYLENE PRODUCTS LTD	229,400
137	03277-63669	TRUSTEE OF HAJI MOHAMMED BENEVOLENT TRUST	200,000
138	03277-65957	AMANAH INVESTMENTS LIMITED	10,000
139	03277-67482	TRUSTEES OF ENGRO CHEMICAL PAK LTD NON-MPT EMP GRATUITY FUND	34,000
140	03277-67767	ANAM FABRICS (PVT) LTD.	538
141	03277-72577	HAMEED SHAFI HOLDINGS (PVT) LTD.	70,000
142	03277-76864	TRUSTEES OF PAKISTAN REFINERY LTD LABOUR & CLERICAL S. G. F.	33,000
143	03277-76866	TRUSTEES OF PAKISTAN REFINERY LTD PROVIDENT FUND	110,000
144	03277-77227	TRUSTEES INDUS MOTOR COMPANY LTD. EMPLOYEES PROVIDENT FUND	50,000
145	03277-78367	TRUSTEE PNSC EMPLOYEES CONTRIBUTORY PROVIDENT FUND	50,000
146	03277-78974	CS CAPITAL (PVT) LTD	170,000
147	03293-12	S.H. BUKHARI SECURITIES (PVT) LIMITED	200
148	03350-22	ZAHID LATIF KHAN SECURITIES (PVT) LTD.	200
149	03475-28	REPUBLIC SECURITIES LIMITED	1,500
150	03525-1895	VOHRAH ENGINEERING (PVT.) LIMITED	2,500
151	03525-28788	TRUSTEES D.G.KHAN CEMENT CO.LTD.EMP. P.F	240,000
152	03525-48472	MANAGING COMMITTEE CRESCENT FOUNDATION	129,500
153	03525-63817	NH SECURITIES (PVT) LIMITED.	10,000
154	03525-66812	TRUSTEES NESTLE PAKISTAN LTD EMPLOYEES PROVIDENT FUND	307,535
155	03574-25	PROGRESSIVE INVESTMENT MANAGEMENT (PVT) LTD.	500
156	03715-27	EXCEL SECURITIES (PVT.) LTD.	1,000
157	03863-20	ACE SECURITIES (PVT.) LIMITED	56,992
158	03939-11093	HIGHLINK CAPITAL (PVT) LTD	5,155
159	03939-12232	AMCAP SECURITIES PVT LIMITED	25,000
160	03939-12463	CAPITAL VISION SECURITIES PVT LIMITED	43,000
161	03939-12703	EXCEL SECURITIES (PRIVATE) LIMITED	10,700
162	03939-15599	BLACK STONE EQUITIES (PRIVATE) LIMITED	5,000
163	04044-36	TOTAL SECURITIES LIMITED	1,000
164	04085-24	M.R.A. SECURITIES (PVT) LIMITED	350,000
165	04093-23	PROGRESSIVE SECURITIES (PRIVATE) LIMITED	300
166	04150-15346	ATLAS TEXTILE (PRIVATE) LIMITED	300
167	04218-1868	TRUSTEES RESOURCE DEVELOPMENT FOUNDATION	5,000
168	04234-25	RAFI SECURITIES (PRIVATE) LIMITED	30,000
169	04234-5651	FAIR EDGE SECURITIES (PVT) LTD	500
170	04291-2611	HK SECURITIES (PVT.) LTD	9,000
171	04317-25	DALAL SECURITIES (PVT) LTD.	10,000
172	04341-22	ORIENTAL SECURITIES (PVT) LTD.	300
173	04341-3265	RAO SYSTEMS (PVT.) LTD.	14,219
174	04432-21	ADAM SECURITIES (PVT) LTD.	446,500
175	04440-20	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	85,000
176	04481-26	DOSSLANI'S SECURITIES (PVT) LIMITED	148,400
177	04580-23	CAPITAL VISION SECURITIES (PVT) LTD.	18,800
178	04705-10416	NATIONAL LOGISTIC CELL	500,000
179	04705-48962	SHAKIL EXPRESS (PVT) LTD	1,000
180	04705-50687	TRUSTEES OF GENERAL RAHIM KHAN TRUST(GRK TRUST)	200
181	04705-68853	TRUSTEES OF ARL GENRAL STAFF PROVIDENT FUND	40,000
182	04705-68854	TRUSTEES OF ARL STAFF PROVIDENT FUND	15,000
183	04804-10917	AMCAP SECURITIES (PVT) LTD	25,000
184	04820-23	STOCK VISION (PVT.) LTD.	3,500
185	04879-28	AKHAI SECURITIES (PRIVATE) LIMITED	38,500
186	04895-26	DJM SECURITIES (PRIVATE) LIMITED	300,000
187	04978-42	LIVE SECURITIES LIMITED	217,893
188	05116-28	TIME SECURITIES (PVT.) LTD.	75,800

DETAILS OF CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2012

S. No.	Folio	Name	Holding
189	05298-28	MAAN SECURITIES (PRIVATE) LIMITED	49,700
190	05306-25	FAIR EDGE SECURITIES (PRIVATE) LIMITED	200
191	05314-24	INVESTFORUM (SMC-PVT) LIMITED	8,800
192	05348-21	HH MISBAH SECURITIES (PRIVATE) LIMITED	52,000
193	05405-10923	UNIFIED JUNCTIONS SERVICES (PVT) LTD	250,000
194	05470-26	B & B SECURITIES (PRIVATE) LIMITED	27,001
195	05504-20	MGM SECURITIES (PRIVATE) LIMITED	30,000
196	05587-55	FIRST NATIONAL EQUITIES LIMITED	1,900
197	05587-21382	UNEX SECURITIES (PVT) LTD	2,000
198	05660-4677	THE JINNAH SOCIETY	25,000
199	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	700,000
200	05785-28	ABM SECURITIES (PVT) LIMITED	800
201	05801-24	ADEEL & NADEEM SECURITIES (PVT) LTD.	40,000
202	05884-26	ISMAIL IQBAL SECURITIES (PVT) LTD.	20,000
203	05942-28	AAA SECURITIES (PRIVATE) LIMITED	400
204	06270-29	GROWTH SECURITIES (PVT) LTD.	107,025
205	06361-28	A. H. M. SECURITIES (PRIVATE) LIMITED	1,186
206	06429-20	ISLAMABAD SECURITIES (PRIVATE) LIMITED	9
207	06445-28	DARSON SECURITIES (PVT) LIMITED	3,332,236
208	06445-9870	STOCK STREET (PVT) LIMITED.	16,400
209	06452-3112	SIDDIQSONS DENIM MILLS LTD.STAFF PROVIDENT FUND	10,000
210	06452-10604	TRUSTEE CHERAT CEMENT CO. LTD EMPLOYEES PROVIDENT FUND	50,000
211	06601-27	AXIS GLOBAL LIMITED	227,500
212	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	118,500
213	06684-22999	PROGRESIVE SECURITIES (PVT) LTD.	200
214	06684-95722	MAK SECURITIES (PRIVATE) LIMITED	100
215	06700-2740	SHALIMAR ESTATES CO-OPERATIVE HOUSING SOCIETY LIMITED	10,000
216	06734-22	GAZIPURA SECURITIES & SERVICES (PRIVATE) LIMITED	474,000
217	06874-3731	RYK MILLS LIMITED	100
218	06882-25	AWJ SECURITIES (SMC-PRIVATE) LIMITED.	888
219	06916-20	PASHA SECURITIES (PVT) LTD.	3,400
220	06924-29	HK SECURITIES (PVT) LTD.	200
221	06981-23	FAIR DEAL SECURITIES (PVT) LTD.	1,050
222	06999-22	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	4
223	07005-29	MAM SECURITIES (PVT) LIMITED	600
224	07161-21	ZHV SECURITIES (PVT) LIMITED	16,550
225	07179-3008	MUHAMMAD BASHIR KASMANI SECURITIES (PVT) LTD.	4,000
226	07229-23	ALTAF ADAM SECURITIES (PVT) LTD.	273,000
227	07260-29	M.R. SECURITIES (SMC-PVT) LTD.	1,862
228	07286-27	DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	201,000
229	07294-26	AL-HAQ SECURITIES (PVT) LTD.	200
230	07385-25	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	600
231	07419-6175	SINDH GAS (PRIVATE) LIMITED	40,000
232	07450-9878	HUM SECURITIES LIMITED	35,780
233	09639-13	KSR STOCK BROKERAGE (PVT) LTD.	100
234	09787-24	SNM SECURITIES (PVT) LTD.	2,350
235	10231-27	MSMANIAR FINANCIALS (PVT) LTD.	1,463
236	10447-22	PEARL CAPITAL MANAGEMENT (PRIVATE) LIMITED	2,856
237	10470-29	GPH SECURITIES (PVT.) LTD.	85,000
238	10629-64934	TRUSTEE CHERAT CEMENT COMPANY LTD.STAFF GRATUITY FUND	134,144
239	10769-23	IMPERIAL INVESTMENTS (PVT) LIMITED	5,741
240	11072-26	SEVEN STAR SECURITIES (PVT.) LTD.	5,000
241	11072-34	SEVEN STAR SECURITIES (PVT.) LTD.	25,000
242	11072-1271	AL-HAQ SECURITIES (PVT) LLD.	25,000
243	11478-28	CMA SECURITIES (PVT) LIMITED	15,000
244	11676-23	A.I. SECURITIES (PRIVATE) LIMITED	3,470
245	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	512,539
246	11692-17819	AFSA (PVT) LTD	15,000
247	12005-22	GUL DHAMI SECURITIES (PVT) LTD	30,000
248	12153-25	RAH SECURITIES (PVT) LIMITED	34,000
249	12161-24	HAJI ABDUL SATTAR SECURITIES (PVT.) LIMITED	10,600
250	12286-20	JSK SECURITIES LIMITED	1,000
251	12369-1143	TRUSTEES LEINER PAK GELATINE LTD EMPLOYEES PROVIDENT FUND	24,500
252	12666-536	TRUSTEES OF SULAIMANIYAH TRUST	55,000
253	12674-22	BURJ CAPITAL PAKISTAN (PRIVATE) LIMITED	50,000
254	12948-29	BABA EQUITIES (PVT) LTD. - MT	12,500
255	13276-20	TAURUS SECURITIES LIMITED - MT	25,000
256	13284-29	MAAN SECURITIES (PRIVATE) LIMITED - MT	20,625
257	13417-22	INVEST CAPITAL MARKETS LIMITED	376,857
258	13417-21283	Y. S. STOCKS (PVT) LIMITED	3,000
259	13417-23149	IMPERIAL INVESTMENT (PVT) LTD.	35,000
260	13904-22	CYAN LIMITED	4,000,000
261	1	PRESIDENT OF PAKISTAN	5,600
262	1000001	PRESIDENT OF PAKISTAN	3,900
263	2000004	PRESIDENT OF PAKISTAN	1,561,000
	TOTAL		27,019,199
	TOTAL		3,172,638,493

8 FOREIGN COMPANIES

S. No.	Folio	Name	Holding
1	25341	GATES LIMITED	1,500
2	71121	BOSTON SAFE DEPOSIT & TRUST CO.	100
3	83428	M/S. J.P. MORGAN SECURITIES LIMITED	275,900
4	83436	M/S. LEGAL AND GENERAL ASSURANCE SOCIETY LTD.	79,800
5	1000002	Citibank N.A., New York	6,644,100
6	1000007	SOMERS NOMINEES (FAR EAST) LTD.	500
7	1000015	STATE STREET BANK & TRUST CO.	600
8	1000040	SOMERS NOMINEES (FAR EAST) LTD.	100
9	1000082	BARING (GUERNSEY) LIMITED.	1,000
10	1000213	ROYAL BANK OF SCOTLAND PLC U.K.	100
11	1000251	NOMURA BANK (LUXEMBOURG) S.A.	100
12	1000373	FLEDGELING NOMINEES INTERNATIONAL LTD.	100
13	1000530	ASIAN CAPITAL HOLDINGS FUND.	500
14	1000711	CREDIT LYONNAIS SECRITIES(SINGAPORE)PTE	300
15	1000898	FIDUCIARY TRUST COMPANY INTERNATIONAL	5,000
16	1000957	TEMPLETON DEVELOPING MARKETS TRUST	1,100
17	1000963	MORGAN STANLEY BANK LUXEMBOURG	800
18	1001143	CITIBANK N.A., NEW YORK	3,000
19	1001181	UBL EXPORT PROCESSING ZONE BRANCH	150,000

DETAILS OF CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2012

S. No.	Folio	Name	Holding
20	00364-18430	EMIRATES INVESTMENT BANK PJSC	26,400
21	00521-502	STATE STREET BANK AND TRUST CO.	2,200,000
22	00521-700	DEUTSCHE BANK LONDON GLOBAL EQUITIES	144,756
23	00521-1179	DEUTSCHE BANK SECURITIES INC.	100
24	00521-2300	THE BANK OF NEW YORK MELLON SA/NV	961,100
25	00521-2920	EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS	1,127,000
26	00521-3118	ACADIAN EMRG MARKETS EQUITY II FUND, LLC	790,358
27	00521-3274	ING INTERNATIONAL SMALLCAP FUND	274,568
28	00521-3415	CALIFORNIA PUBLIC EMPLOYEES RTM SYT-FUNDAMENTAL EMRG MKT	3,097,310
29	00521-3472	RUSSELL INSTI FNDS PLC - CONSILIUM INVESTMENT MANAGEMENT	5,410,000
30	00521-3605	ACADIAN INTERNATIONAL ALL CAP FUND	201,762
31	00521-3621	UNITED TECHNOLOGIES CORPORATION MASTER RETIREMENT TRUST	840,758
32	00521-3639	UPS GROUP TRUST	1,195,292
33	00521-3647	UNIVERSITY OF SOUTHERN CALIFORNIA	314,103
34	00521-3654	EMERGING MARKETS EQUITY MANAGERS PTF 1 OFFSHORES MASTER LP	110,000
35	00521-3662	EATON VANCE STRUCTURED EMERGING MARKETS FUND	4,810,200
36	00521-3688	EATON VANCE TAX MANAGED EMERGING MARKETS FUND	4,498,500
37	00521-3746	THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM	1,766,333
38	00521-3779	PPL SERVICES CORPORATION MASTER TRUST	130,000
39	00521-3811	ACADIAN FRONTIER MARKETS EQUITY FUND	8,925,477
40	00521-3936	ACADIAN ALL COUNTRY WORLD EX US FUND	1,142,905
41	00521-4587	THE BANK OF NEW YORK MELLON	267,444
42	00521-4678	THE BANK OF NEW YORK MELLON	251,714
43	00521-4785	PENSION PROTECTION FUND	1,922,339
44	00521-4793	TEACHER RETIREMENT SYSTEM OF TEXAS	1,220,500
45	00521-4850	CORNELL UNIVERSITY	1,195,610
46	00521-4942	EARNEST INSTITUTIONAL LLC	387,073
47	00521-5006	WILMINGTON MULTI-MANAGER INTERNATIONAL FUND	135,000
48	00521-5048	RUSSELL INVESTMENT COMPANY PLC	144,358
49	00521-5055	FIRST CHURCH OF CHRIST SCIENTIST	134,937
50	00521-5147	POLUNIN CAPITAL PARTNERS EMERGING MARKETS ACTIVE FUND	4,500,000
51	00521-5162	ADVANCE SERIES TRUST - AST PARAMETRIC EMERGING MKTS EQT PRTF	1,117,300
52	00521-5196	RTCC EMP BENEFIT FDS TRT RUSSELL FRONTIER MKT EQT FD	3,127,000
53	00521-5287	WILMINGTON INTERNATIONAL EQUITY FUND SELECT, L.P.	80,366
54	00521-5535	THE EMERGING FRONTIERS MASTER FUND LTD	307,992
55	00521-5592	POLUNIN DISCOVERY FUNDS-FRONTIER MARKETS FUND	3,588,000
56	00521-5659	EURIZON EASYFUND	444,825
57	00547-716	THE NORTHERN TRUST COMPANY	1,100
58	00547-1938	CLSA SINGAPORE PTE LTD - CLIENT ACCOUNT	2,500
59	00547-2068	MERRILL LYNCH INTERNATIONAL	186,004
60	00547-2282	EMIRATES NATIONAL INVESTMENT CO. LLC	3,084,050
61	00547-2621	SIMPLICITY ASIEN	500,000
62	00547-2753	J.P.MORGAN WHITEFRIARS INC.	11,472,230
63	00547-3595	THE DEPARTMENT OF THE STATE TREASURER OF MASSACHUSETTS	1,900
64	00547-4429	FNIL A/C J.P.MORGAN SECURITIES (ASIA PACIFIC) LTD CLIENT A/C	2,000
65	00547-6267	THE NORTHERN TRUST COMPANY	48,828
66	00547-6622	BNP PARIBAS ARBITRAGE	479,328
67	00547-6697	JP MORGAN WHITEFRIARS INC	650,600
68	00547-6903	THE ROYAL BANK OF SCOTLAND PLC	440,794
69	00547-7885	IBM DIVERSIFIED GLOBAL EQUITY FUND	608,670
70	00547-8115	EATON VANCE INTL IRELND F.P-EATN V.INTL IRELND PPA E.M.EQ. F	3,943,049
71	00547-8222	TUNDRA PAKISTAN FOND	8,430,000
72	00547-8487	NTGI-QM COMMON DIVERSIFIED FRONTIER MARKETS INDEX FUND	251,225
73	00695-1535	CREDIT SUISSE (HK) LTD (368-6)	6,476,079
74	00695-2764	UNION BANK OF CALIFORNIA GLOBAL (460-1)	1,728,382
75	00695-5148	MORGAN STANLEY & CO INT'L PLC [644-1]	1,304,329
76	00695-9892	MORGAN STANLEY MAURITIUS COMPANY LIMITED(1130-1)	9,866,710
77	00695-10122	THE NAMURA TRUST AND BANKING CO. LIMITED (1153-5)	324,735
78	00695-10817	GOLDMAN SACHS INVESTMENTS (MAURITIUS) I LIMITED [1400-5]	210,761
79	00695-10916	PUBLIC EMP RETIREMENT ASSOCIATION OF NEW MEXICO [1404-0]	84,500
80	00695-11096	UBS AG LONDON BRANCH [1408-2]	50,227
81	00695-11187	NOMURA INTERNATIONAL PLC [1431-4]	99,118
82	00695-12102	CITY OF PHILADELPHIA PUBLIC EMPLOYEES RETIRMENT SYS (1524-1)	351,200
83	03277-47575	TRUSTEES OF DIAMOND INVESTMENT & RETIREMENT PLAN TRUST	16,500
84	03533-698	HABIB BANK AG ZURICH, ZURICH,SWITZERLAND	366,000
85	03533-706	HABIB BANK AG ZURICH, LONDON	1,179,500
86	03533-722	HABIB BANK AG ZURICH, DEIRA DUBAI	8,667,100
87	05264-7240	KAYMO TRADING (FZE)	49,000
88	05264-12505	MONTAGUE INTERNATIONAL TRADING LTD.	23,500
89	06502-755	HABIBSONS BANK LTD - CLIENT ACCOUNT	10,225,000
90	06635-560	M/S DUBAI ISLAMIC BANK U.A.E.	3,347,600
91	12732-1162	ABT HOLDING LTD.	50,000
	TOTAL	138,478,499	

9 HOLDING MORE THAN 05%

S. No.	Folio	Name	Holding
1	2000001	PRESIDENT OF PAKISTAN	2,974,680,002
2	2050000	PRESIDENT OF PAKISTAN	196,387,991
3	04705-44589	ETISALAT INTERNATIONAL PAKISTAN (LLC) - FIRST CDC ACCOUNT	918,190,476
4	04705-44676	ETISALAT INTERNATIONAL PAKISTAN (LLC) - Second CDC ACCOUNT	407,809,524
	TOTAL		4,497,067,993

10 MUTUAL FUNDS

S. No.	Folio	Name	Holding
1	05454-28	JS VALUE FUND LIMITED	1,830,000
2	05652-23	CDC - TRUSTEE JS LARGE CAP. FUND	2,000,000
3	05819-23	CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	19,000
4	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	600,000
5	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	1,861,510
6	06130-25	CDC - TRUSTEE JS ISLAMIC FUND	750,000
7	06213-25	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1,750,000
8	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	219,957
9	06825-21	MC FSL - TRUSTEE JS KSE-30 INDEX FUND	49,563
10	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	2,573,670
11	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	9,869,537
12	07377-26	CDC - TRUSTEE UNITED STOCK ADVANTAGE FUND.	3,250,000

DETAILS OF CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2012

13	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	600,000
14	09456-24	CDC - TRUSTEE UNITED COMPOSITE ISLAMIC FUND	1,500,000
15	09480-21	CDC - TRUSTEE NAFA STOCK FUND	5,400
16	09506-26	CDC - TRUSTEE NAFA MULTI ASSET FUND	165,000
17	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	399,700
18	10603-21	CDC - TRUSTEE APF-EQUITY SUB FUND	200,000
19	10660-25	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	119,300
20	10801-27	CDC - TRUSTEE NAFA ISLAMIC MULTI ASSET FUND	3,000
21	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	200,000
22	11049-29	MC FSL - TRUSTEE JS GROWTH FUND	4,500,000
23	11403-25	FIRST CAPITAL MUTUAL FUND LIMITED	250,000
24	11809-26	CDC - TRUSTEE IGI STOCK FUND	940,000
25	12021-20	CDC - TRUSTEE NIT STATE ENTERPRISE FUND	57,764,103
26	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	5,985,639
27	12310-25	CDC - TRUSTEE FIRST HABIB STOCK FUND	187,188
28	12526-29	MCBFSL-TRUSTEE URSF-EQUITY SUB FUND	100,000
29	12534-28	MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND	100,000
30	12625-27	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	2,000
31	12880-27	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	295,856
32	13052-26	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	152,992
33	13367-29	CDC - TRUSTEE PICIC INCOME FUND - MT	5,000
34	13581-22	CDC-TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	494,190
35	13698-29	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	80,000
36	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	50,000
37	13839-21	MCBFSL - TRUSTEE NAMCO BALANCED FUND - MT	280,666
38	13946-28	CDC - TRUSTEE KSE MEEZAN INDEX FUND	502,604
39	13953-27	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	50,000
40	13961-26	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	50,000
	TOTAL		99,755,875

11 PENSION FUNDS

S. No.	Folio	Name	Holding
1	00521-3886	TRUSTEE-SANOFI AVENTIS PAKISTAN SENIOR-EXECUTIVE PENSION FD	329,483
2	00547-6424	TRUSTEE - IBM ITALIA S.P.A. PAKISTAN EMPLOYEES PENSION FUND	78,359
3	00695-10049	TRUSTEE-UNILEVER PENSION PLAN (1145-3)	1,420,480
4	00695-10718	TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	30,087
5	00695-10759	TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	2,672,666
6	00695-11526	TRUSTEE-UNILEVER PAKISTAN DC PENSION FUND SUB FUND-A[1465-1]	212,970
7	00695-11534	TRUSTEE-UNILEVER PAKISTAN DC PENSION FUND SUB FUND-B[1464-4]	187,300
8	01446-866	TRUSTEE-MCB EMPLOYEES PENSION FUND	200,000
9	03277-12636	TRUSTEES PAKISTAN PTA MNGT STAFF PEN.F	48,655
10	03277-15506	TRUSTEES PERAC MNG&SUPERVISORY S.PEN FND	2,310
11	03277-34872	TRUSTEES ENGRO CORPORATION LTD.MPT EMP DEF.CONT P.FUND	929,954
12	03277-61129	TRUSTEE NATIONAL REFINERY LTD. MANAGEMENT STAFF PENSION FUND	42,890
13	03277-77228	TRUSTEES INDUS MOTOR COMPANY LTD. EMPLOYEES PENSION FUND	50,000
14	03939-8891	TRUSTEE- KHYBER PAKHTUNKHWA -PENSION FUND	180,000
15	04705-69173	TRUSTEES OF ARL MANAGEMENT STAFF PENSION FUND	50,000
16	10629-32543	TRUSTEE-PAK GUMS & CHEMICAL LTD EXCUTIVE STAFF PENSION FUND	10,500
	TOTAL		6,445,654

Associated Companies, Undertakings and Related Parties (name wise details)	**Nil**
Executives	**Nil**

NOTICE OF 17TH ANNUAL GENERAL MEETING

Notice is hereby given that the Seventeenth Annual General Meeting of Pakistan Telecommunication Company Limited will be held on Thursday, 18th October, 2012 at 10:30 a.m. at the Islamabad Serena Hotel, Sheesh Mahal Hall, Khayaban-e-Suhrwardi, Sector G-5, Opposite Convention Center, Islamabad, to transact the following business:

Ordinary Business

1. To confirm the minutes of the last AGM held on October 19, 2011.

2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2012, together with the Auditors' and Directors' reports.

3. To appoint Auditors for the financial year ending June 30, 2013 and to fix their remuneration. The retiring Auditors M/s A. F. Ferguson & Co., Chartered Accountants being eligible have offered themselves for re-appointment.

4. To elect Directors of the Company for another term of three years commencing from October 31, 2012 in terms of Section 178 of the Companies Ordinance, 1984.

   a. Pursuant to Section 178 (1) of the Companies Ordinance, 1984, the Board of Directors has fixed the number of elected Directors of the Company at nine.

   b. Pursuant to Section 178 (2)(b) of the Companies Ordinance, 1984, names of the retiring Directors are as under:

1.	Mr. Amir Tariq Zaman Khan	2.	Mr. Abdul Wajid Rana
3.	Mr. Kamran Ali	4.	Mr. Jamil Ahmed Khan
5.	Mr. Abdulrahim A. Al Nooryani	6.	Mr. Serkan Okandan
7.	Mr. Fadhil Al Ansari	8.	Dr. Daniel Ritz
9.	Mr. Jamal Saif Al Jarwan		

   c. Pursuant to Section 178 (3) of the Companies Ordinance, 1984, the retiring Directors have indicated their intentions to offer themselves for election to the office of Director.

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

By order of the Board

(Farah Qamar)
Company Secretary

Dated: September 11, 2012.
Islamabad

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. Any member who seeks to contest the election to the office of Director shall, file with the Company, not later than 14 days before the meeting at which elections are to be held, a notice of his/her intention to offer him / herself for election as a Director. Declaration in accordance with the Listing Regulations along with consent to act as Director under section 184 of the Companies Ordinance, 1984 may also be filed.

3. The Share Transfer Books of the Company will remain closed from October 12, 2012 to October 18, 2012 (both days inclusive).

4. Members are requested to notify any change in address immediately to our Shares Registrar, M/s FAMCO Associates (Pvt.) Limited at Ground Floor, State Life Building No. 1-A, I.I. Chundrigar Road, Karachi.

5. 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

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 Seventeenth Annual General Meeting of the Company to be held on Thursday, October 18, 2012 at 10:30 a.m. and at any adjournment thereof.

Signed this ______________ day of ______________ 2012.

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 the 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