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BOARD OF DIRECTORS

Chairman PTCL Board

Shahid Rashid

Members PTCL Board

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

Company Secretary PTCL

Farah Qamar

CORPORATE INFORMATION

Management

Walid Irshaid

President & Chief Executive Officer

Muhammad Nehmatullah Toor

SEVP (Finance) / CFO

Syed Mazhar Hussain

SEVP (Human Resources)

Muhammad Nasrullah

SEVP (Business Zones)

Naveed Saeed

SEVP (Corporate Development)

Hamid Farooq

SEVP (Business Development)

Furqan Habib Qureshi

SEVP (Commercial)

Jamil A. Khwaja

Chief Customer Care Officer

Tariq Salman

Chief Technical Officer

Raed Yousef Ali Abdel Fattah

Chief Information Officer

Jamal Abdalla Salim Hussain Al Suwaidi

SEVP (Procurement & Supply Chain)

Company Secretary

Farah Qamar

EVP (Legal Affairs)

Zahida Awan

Bankers

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

The Bank of Punjab

Citybank N.A.

Dubai Islamic Bank (Pakistan) Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metro Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

NIB Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Registered Office

PTCL Headquarters,

Sector G-8/4,

Islamabad-44000, Pakistan.

Tel: +92-51-2263732 & 34

Fax: +92-51-2263733

E-mail: company.secretary@ptcl.net.pk

Web: www.ptcl.com.pk

Auditors

A.F. Ferguson & Co.

Chartered Accountants

Share Registrar

M/s FAMCO Associates (Pvt.) Limited

Ground Floor,

State Life Building 1-A,

I.I. Chundrigar Road,

Karachi 74000.

Tel: +92-21-32422344, 32467406

Fax: +92-21-32428310

DIRECTORS' REPORT

The Directors of Pakistan Telecommunication Company Limited (PTCL) are pleased to present to the shareholders the un-audited financial information of the Company for the three months ended 31st March 2013.

After the change of financial year of PTCL Group from 30th June to 31st December in 2012, the succeeding paragraphs cover performance of your Company for the first three months of current financial year of 2013.

Financial Performance

The PTCL Group revenue of Rs. 32.2 billion during the period under review increased by 14% compared to same period last year. Of these, the revenues earned by PTCL of Rs. 19.4 billion registered an increase of 31% mainly due to robust growth in Broadband segment.

The increase in revenues coupled with effective cost control measures resulted in enhanced profitability for PTCL Group by 37%. PTCL's profitability for the period under review registered 111% growth compared to corresponding period of last year.

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

Products and Services

PTCL is the only integrated telecommunication service provider in the country. Based upon its strengths manifested in vast and diversified networks comprising of an array of wireline and wireless network elements as well as a dedicated professional work force, your Company continued to introduce innovative products and services meeting the needs of its large customer base ranging from households to enterprises as well as other telecom operators in Pakistan.

a. Broadband

Being the largest and the fastest growing broadband service provider in Pakistan, PTCL launched several new broadband packages, both for wireline and wireless customers, which resulted in an increased subscribers' base coupled with improved customer satisfaction resulting in 11% increase in customers during the period under review.

Fixed-Wireline

Your Company introduced the 'Broadband Economy' package of 1Mbps at affordable price with downloads up to 10 GB to meet the internet connectivity requirements of low to medium economic segments of the society. The package was well received by the intended customer base and stimulated upgrades to meet the growing demand for higher speeds and downloads once the customers experienced the quality of service through usage.

Re-enforcing PTCL broadband as the best choice for a range of high speed internet, the limited time 'Broadband 1 to 2Mbps Upgrade Promotion' launched with the objective to enhance value to the customers at the same price was successful as is evident from the fact that after the expiry of the promotion, 80% of the upgraded subscribers were retained on the regular 2Mbps package price. The promotion also had domino effect of enticing new customers to 2Mbps package.

PTCL also launched many media campaigns, electronic as well as print, relating to provision of free Wi-Fi modem to its broadband subscribers highlighting that to meet the internet connectivity requirements because of increased proliferation of Wi-Fi enabled gadgets - tablets, mobile phones etc., the broadband Wi-Fi modem or router is a cost-effective and reliable choice. The campaign helped to increase attractiveness of PTCL's broadband.

EVO - 3G Wireless Broadband

'EVO' – PTCL's 3G enabled wireless broadband service, empowering the customers with high-speed mobile internet, has evolved as a major brand in the country. Through innovative and premium quality products and services regularly introduced, 'EVO' has enabled superior user experience for our valued customers. As a result, 'EVO' customers' base increased by 19% during the first quarter of 2013.

The wireless broadband customers were further facilitated through revision of prepaid packages as well as usage enhancement for EVO and Nitro cloud subscribers' base. Also, Smart TV service was launched on EVO network to provide the users with quality television viewing experience on their devices. Besides, various bulk sales deals were signed to attract a large customer base.

DIRECTORS' REPORT

In order to win-back churned-out customers, both prepaid and post paid, free balances as well as outstanding bill waivers were offered. The campaign with email and SMS messages regularly being sent is conducive to increase the 'EVO' customer base. Further, the bill collections have improved through customized reminder letters for on-time bill payment.

b. Voice

Landline

PTCL landline continues to be the backbone of the telecom and internet industry of Pakistan and is by far the largest voice telephony network in the country. This segment witnessed several innovative and revenue yielding campaigns which were launched in the first quarter of the year 2013.

In an attempt to regain lost landline customers and strengthen our brand as an effective solution to meet all-time-available voice communication service, the 'Re-Connect' campaign was launched. The primary objective of this campaign was to regain maximum customers, who were disconnected either voluntarily or because of non-payment of PTCL bills, as well as to reinvigorate interest in PTCL landline. The campaign enabled customers to re-connect their closed landline connections by paying 50% of the total PTCL outstanding amount. The campaign helped to rebuild PSTN landline image and enabled PTCL to regain the lost customers. Resultantly, the PSTN customer base witnessed an increase during the quarter in spite of stiff competition from cellular operators.

Your company also launched designer phone sets with the primary objective to deliver quality products and to increase customer satisfaction. The launch features warranty-protected designer telephone sets, enabling PTCL to build a greater brand image in terms of innovation and quality as well as to promote the Company as a complete solutions provider.

V-Fone

With the aim to acquire new subscribers as well as to retain and win-back existing and churned-out customers, new promotions viz. V-Fone New Year Promotion and V-Fone Reconnect Offer were launched during the period under review. The V-Fone New Year Promotion aimed at encouraging customers to enhance usage through use of quality CDMA sets. The V-Fone Reconnect Offer helped to win-back the disconnected customers through attractive tariff rationalization.

c. International Business and Carrier Services

International Business, based upon its robust network capabilities, continued to maintain its leadership position as being the preferred LDI (Long Distance International) carrier in domestic market as well as neighboring countries for international traffic and media provisioning. As a result, the revenue from international inward termination increased significantly during the period. Also, the international transit traffic continued to increase signifying your Company's efforts in this direction. Moreover, efforts were made to aggregate international transit business for Afghanistan and vice versa for terminating around/from the Globe.

Carrier Services segment provides wholesale products and services to communication service providers with access to our platforms, skills and technology, making PTCL's investments and economies of scale work for their benefit. This promotes competition, delivers end-customer choice, avoids infrastructure duplication and encourages innovation. During the quarter, your Company remained focused on delivering long-term value for our valued customers.

d. Corporate Services

During the period, PTCL focused on data center and connectivity services and signed a number of deals with enterprise customers in this regard. Connectivity for various existing customers was also upgraded. Besides, new services such as Managed WAN and Business in a Box were introduced. Additionally, constant efforts are under way to improve quality of service and after-sales support to our corporate customers to ensure smooth and un-interrupted connectivity for their business critical applications.

Network infrastructure

Your Company took various new initiatives to enhance capacity and capability in wireline as well as wireless broadband domains to match the increasing demand. The capacity of CDMA wireless network is being increased by 100% with the prime objective to provide quality service to the growing 'EVO' customer base through expanded coverage in existing as well as hitherto non-served areas.

The wireline access was augmented with the deployment of innovative multiservice broadband

DIRECTORS' REPORT

nodes, not only to meet the increasing broadband requirement but also to improve the access network capability for delivering high bandwidth over longer distances by reducing last mile copper loop length. PTCL also engaged vendors through frame contracts with the objective to improve time-to-market and to reduce procurement processing time to the extent possible.

Transmission and core networks were augmented with new IP based products to support the service offering on the backend. MPLS-TP (Multiprotocol Label Switching Transport Profile) based nodes were introduced in transport network to provide resilient service levels to our valued customers. 100 KMs long fiber is being laid from Timergarha to Chitral, while laying of 440 KMs optical fiber is also under execution on long haul and spur links for added protection.

In order to cope with prevailing power crisis in the country, fast charging batteries at BTS (Base Station Transceiver System) and MSAG (Multi-service Access Gateway) sites, smart switches with ATS (Automatic Transfer Switch) deployment and periodic replacement of backup batteries on ONU (Optical Network Unit) sites were the measures adopted to ensure un-interrupted service to our valued customers across Pakistan.

Customer Care

Your Company continued to take various measures to further enhance customer satisfaction levels.

Customer profile data correctness is a vital measure to provide personalized services, increase loyalty, prevent churn proactively and manage the overall customer experience in an improved manner. A customer data enrichment portal was launched with the objective to make a platform available for the customers where they can amend the information about their addresses, identity cards and other credentials so as to ensure availability of updated customer information.

Social media is one of the fast growing communication channels. PTCL developed a 24/7 Web-Chat software to interact with the customers for addressing any service-related issues as well as for potential opportunities to capture cross selling and up selling. Similarly, in order to further facilitate customers in the area of bill payment, three more banks were added into the on-line real-time channel of collections over the bank counter.

After establishing the CVM (Customer Value Management) team, test campaigns were run and results were analyzed. Upon analyzing those results, ADS (Analytical Data Store) was developed to formulate campaigns with the objective to enhance value for various customer strata.

Out of total nineteen (19) flagship OSS (One Stop Shop), revamping of fifteen (15) locations was completed to-date thus increasing the quality of service being delivered to customers. A comprehensive training module based on product knowledge and soft skills was developed and required training imparted to nation-wide OSS staff to improve their competency level.

Moreover, a Comprehensive Retention Campaign to reduce churn was initiated and its results are being monitored closely. In this regard, various activities are being carried out including bill reminders via e-bills, IVRs and SMSs to the churning customers.

Synergy

During the period, various synergy initiatives between PTCL and Ufone were actively pursued. Utilizing the respective strengths of both the entities and working within the agreed framework including business processes and procedures, these measures enabled PTCL and Ufone to achieve positive results in many areas including Technical, Network Infrastructure and Commercial.

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



Shahid Rashid
Chairman

On behalf of the Board,



Walid Irshaid
President & CEO PTCL

Islamabad: April 14, 2013



**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013 (UN-AUDITED)

Note	March 31, 2013	December 31, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	51,000,000	51,000,000
Revenue reserves		
Insurance reserve	2,678,728	2,678,728
General reserve	30,500,000	30,500,000
Unappropriated profit	17,603,824	14,687,506
	50,782,552	47,866,234
Unrealized gain on available-for-sale investments	20,133	51,789
	101,802,685	98,918,023
NON CURRENT LIABILITIES		
Long-term security deposits	537,608	534,487
Deferred taxation	3,866,659	4,071,129
Employees' retirement benefits	23,141,100	29,048,207
Deferred government grants	5,008,876	3,991,818
	32,554,243	37,645,641
CURRENT LIABILITIES		
Trade and other payables	30,878,600	28,291,874
TOTAL EQUITY AND LIABILITIES	165,235,528	164,855,538
CONTINGENCIES AND COMMITMENTS		

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



Chairman

	Note	March 31, 2013 (Un-Audited)	December 31, 2012 (Audited)
(Rupees in '000)			
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	83,058,675	85,041,154
Intangible assets		3,003,769	2,678,582
		86,062,444	87,719,736
Long-term investments		7,791,296	7,791,296
Long-term loans and advances	6	11,044,235	11,986,019
		104,897,975	107,497,051
CURRENT ASSETS			
Stores, spares and loose tools		3,148,888	2,934,843
Trade debts		16,542,095	15,402,253
Loans and advances		4,110,682	3,409,815
Accrued interest		547,435	559,390
Recoverable from tax authorities		16,484,285	18,055,152
Receivable from the Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		852,556	885,415
Short term investments		12,916,880	8,897,458
Cash and bank balances		3,570,660	5,050,089
		60,337,553	57,358,487
TOTAL ASSETS		165,235,528	164,855,538


President & CEO

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

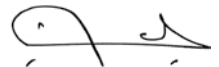
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	Note	Three months period ended	
		March 31, 2013	March 31, 2012
		(Rupees in '000)	
REVENUE		19,424,850	14,834,131
Cost of services		(12,779,756)	(11,102,050)
GROSS PROFIT		6,645,094	3,732,081
Administrative and general expenses		(2,117,467)	(1,897,120)
Selling and marketing expenses		(743,372)	(512,613)
Other operating income	8	953,359	863,242
		(1,907,480)	(1,546,491)
OPERATING PROFIT		4,737,614	2,185,590
Finance costs		(190,354)	(100,209)
PROFIT BEFORE TAX		4,547,260	2,085,381
Provision for income tax			
- Current		(1,835,412)	(683,514)
- Deferred		204,470	(44,701)
		(1,630,942)	(728,215)
PROFIT FOR THE PERIOD		2,916,318	1,357,166
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Available-for-sale investments - net of tax			
Unrealized gain arising during the period		17,639	7,994
Less: Gain on disposal transferred to income for the period		(49,295)	-
		(31,656)	7,994
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,884,662	1,365,160
Earnings per share - basic and diluted (Rupees)		0.57	0.27

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



Chairman



President & CEO

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	Note	Three months period ended	
		March 31, 2013	March 31, 2012
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	10,884,498	7,639,273
Long term security deposits		3,121	(14,994)
Payment to PTET		(6,774,000)	-
Employees' retirement benefits paid		(159,447)	(77,031)
Finance costs paid		(48,018)	(60,282)
Income tax paid		(284,720)	(300,729)
Net cash inflows from operating activities		3,621,434	7,186,237
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,719,066)	(3,563,918)
Acquisition of intangible assets		(399,570)	(34,246)
Proceeds from disposal of property, plant and equipment		418	34,655
Long term loans and advances		(108,814)	(49,301)
Return on long term loans and short term investments		697,582	727,723
Government grants received		1,073,171	-
Subordinated loans received back		375,000	-
Net cash outflows from investing activities		(1,081,279)	(2,885,087)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(163)	(5,663)
Net cash outflows from financing activities		(163)	(5,663)
Net increase in cash and cash equivalents		2,539,992	4,295,487
Cash and cash equivalents at the beginning of the period		13,947,548	8,316,582
Cash and cash equivalents at the end of the period	11	16,487,540	12,612,069

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



Chairman



President & CEO

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

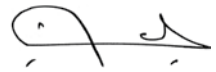
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves			Unrealized gain on available-for-sale investments	Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit		
	(Rupees in '000)						
Balance as at July 01, 2012 (as previously reported)	37,740,000	13,260,000	2,678,728	30,500,000	21,295,232	62,977	105,536,937
Effect of change in accounting policy (note 12)	-	-	-	-	(1,050,674)	-	(1,050,674)
Balance as at July 01, 2012 (restated)	37,740,000	13,260,000	2,678,728	30,500,000	20,244,558	62,977	104,486,263
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	(742,610)	-	(742,610)
Other comprehensive loss	-	-	-	-	-	(11,188)	(11,188)
	-	-	-	-	(742,610)	(11,188)	(753,798)
Balance as at December 31, 2012	37,740,000	13,260,000	2,678,728	30,500,000	19,501,948	51,789	103,732,465
Balance as at January 01, 2013 (as previously reported)	37,740,000	13,260,000	2,678,728	30,500,000	20,552,622	51,789	104,783,139
Effect of change in accounting policy (note 12)	-	-	-	-	(5,865,116)	-	(5,865,116)
Balance as at January 01, 2013 (restated)	37,740,000	13,260,000	2,678,728	30,500,000	14,687,506	51,789	98,918,023
Total comprehensive income \ (loss) for the period							
Profit for the period	-	-	-	-	2,916,318	-	2,916,318
Other comprehensive loss	-	-	-	-	-	(31,656)	(31,656)
	-	-	-	-	2,916,318	(31,656)	2,884,662
Balance as at March 31, 2013	37,740,000	13,260,000	2,678,728	30,500,000	17,603,824	20,133	101,802,685

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



Chairman



President & CEO

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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

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

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the three months period ended March 31, 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the Company’s audited financial statements for the six months period ended December 31, 2012 except for the change due to adoption of amendments to IAS-19 Employee Benefits.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of this condensed interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Estimates and judgements are continually evaluated and are based on historic experience including expectation of future events that are believed to be reasonable under the circumstances.

Estimates and judgements made by the management in the preparation of this condensed interim financial information are the same as those used in the preparation of audited financial statements of the Company for the six months period ended December 31, 2012.

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION**
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	Note	As at March 31, 2013	As at December 31, 2012
		(Un-Audited)	(Audited)
		(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	73,958,865	74,262,561
Capital work-in-progress		9,099,810	9,781,287
		<u>83,058,675</u>	<u>84,043,848</u>
5.1 Operating fixed assets			
Opening book value		74,262,561	76,089,050
Additions during the period	5.2	2,820,733	4,433,177
		<u>77,083,294</u>	<u>80,522,227</u>
Disposals during the period - at book value		(9)	(344,184)
Depreciation / Impairment for the period		(3,124,420)	(5,915,482)
		<u>(3,124,429)</u>	<u>(6,259,666)</u>
Closing book value		<u>73,958,865</u>	<u>74,262,561</u>
5.2 Details of additions during the period :			
Buildings on freehold land		80,141	69,187
Lines and wires		409,394	612,662
Apparatus, plant and equipment		2,118,792	3,016,126
Office equipment		2,055	209,328
Computer equipment		153,910	30,320
Furniture and fittings		26,962	3,627
Vehicles		29,479	24,376
Submarine cables		-	467,551
		<u>2,820,733</u>	<u>4,433,177</u>
6. LONG-TERM LOANS			

These include unsecured loans of Rs 10,625,000 thousand (December 31, 2012: Rs 11,000,000 thousand) to Pak Telecom Mobile Limited, a wholly owned subsidiary of the Company, under subordinated debt agreements. These loans are recoverable in eight equal quarterly installments commencing after a grace period of 3 to 4 years maturing latest by November 2015 and carrying mark-up at the rate of three months KIBOR plus 82 to 180 basis points (December 31, 2012: KIBOR plus 82 to 180 basis points).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There has been no material change in contingencies as disclosed in the last audited financial statements of the Company for the six months period ended December 31, 2012.

7.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 10,317,730 thousand (December 31, 2012: Rs 6,270,263 thousand).

	Three months period ended	
	March 31, 2013	March 31, 2012
	(Un-Audited)	(Un-Audited)
(Rupees in '000)		
8. OTHER OPERATING INCOME		
Interest on loan to subsidiary	285,891	363,095
Return on bank placements	399,736	263,963
Others	267,732	236,184
	953,359	863,242

9. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services fee - note 9.1	641,254	477,393
ii. Subsidiary	Purchase of goods and services	478,075	531,293
	Sale of goods and services	1,103,308	1,194,342
	Mark-up on long-term loans	285,891	363,095
iii. Associated undertakings	Purchase of goods and services	389,918	252,401
	Sale of goods and services	18,771	298,557
iv. Employees' contribution plans	Contribution to Pakistan Telecommunication Employees' Trust (PTET)	6,776,338	-
v. Employees' benefit plans	Payment to PTCL employees on behalf of GPF Trust	12,464	10,412
vi. Other related parties	Charges under license obligation	340,345	268,446
vii. Directors, Chief Executive and Executives	Fees and remuneration including benefits and perquisites	296,332	265,403

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION**
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	As at March 31, 2013	As at December 31, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
Period-end balances		
Receivables from related parties		
Long-term loans to subsidiary	10,625,000	11,000,000
Trade debts		
- Subsidiary	1,548,721	1,159,863
- Associated undertakings	1,091,903	96,004
Accrued interest receivable		
- Subsidiary	192,570	209,044
Other receivables		
- PTCL employees' GPF Trust	82,315	69,851
- Pakistan Telecommunication Employees' Trust (PTET)	111,154	108,816
Payables to related parties		
Trade creditors		
- Subsidiary	183,267	159,440
- Associated undertakings	-	460,814
Technical services fee payable to Etisalat	641,254	682,615
Retention money payable to associated undertaking	5,602	7,532
Pakistan Telecommunication Employees' Trust (PTET)	503,346	6,774,327

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

	Three months period ended	
	March 31, 2013	March 31, 2012
	(Un-Audited)	(Un-Audited)
	(Rupees in '000)	
10. CASH GENERATED FROM OPERATIONS		
Profit before tax	4,547,260	2,085,381
Adjustments for non-cash charges and other items:		
Depreciation and amortization	3,088,804	2,964,605
Impairment	110,000	-
Provision for obsolete stores, spares and loose tools	50,000	-
Provision for doubtful trade debts	479,000	469,664
Employees' retirement benefits	995,348	980,484
Imputed interest	142,337	589
Markup on long term loans	(285,891)	(363,095)
Gain on disposal of available-for-sale investments	(49,295)	-
Unrealized gain on available-for-sale investments		
- net of tax	17,639	7,994
Gain on disposal of property, plant and equipment	(418)	(34,611)
Return on bank deposits	(399,736)	(263,934)
Amortization of government grants	(56,113)	(38,153)
Finance costs	48,018	60,282
	8,686,953	5,869,206

**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION**
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	Three months period ended	
	March 31, 2013	March 31, 2012
	(Un-Audited)	(Un-Audited)
	(Rupees in '000)	
Effect on cash flows due to working capital changes: (Increase) / decrease in current assets:		
Stores, spares and loose tools	(264,045)	20,127
Trade debts	(1,618,842)	(906,510)
Loans and advances	418,188	(161,279)
Recoverable from tax authorities	20,174	(40,329)
Other receivables	30,414	52,973
	(1,414,111)	(1,035,018)
Increase / (decrease) in current liabilities:		
Trade and other payables	3,611,656	2,805,085
	10,884,498	7,639,273
11. CASH AND CASH EQUIVALENTS		
Short-term investments	12,916,880	9,076,926
Cash and bank balances	3,570,660	3,535,143
	16,487,540	12,612,069

- 12.** Consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on January 1, 2013, the Company has changed its accounting policy for recognition of actuarial gains and losses on employee's retirement benefit plans. In terms of the new policy, the actuarial gains and losses are recognised immediately in other comprehensive income. Previously, the actuarial gains/losses in excess of the corridor limit were recognised in profit and loss account over the remaining service life of the employees. The change in accounting policy has been accounted for retrospectively and the comparative figures have been restated.

The effect of the restatement is summarised below:

	Cumulative effect upto December 31, 2012	Effect for the period ended December 31, 2012	Cumulative effect upto June 30, 2012
	(Rupees in '000)		
Decrease in unappropriated profit - Actuarial loss on retirement benefit plans (net of tax)			
Actuarial lossess recognised during the period	(9,023,256)	(7,406,834)	(1,616,422)
Tax effect on actuarial lossess recognised	3,158,140	2,592,392	565,748
Actuarial losses on retirement benefit plans (net of tax)	(5,865,116)	(4,814,442)	(1,050,674)
Increase in liability for employees retirement benefits	(9,023,256)	(7,406,834)	(1,616,422)
Decrease in deferred tax liability	3,158,140	2,592,392	565,748

The effect on the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarter ended March 31, 2012 has not been disclosed separately since the actuarial valuation is carried out on annual basis. There is no impact on condensed interim statement of cash flows.

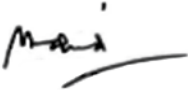
**NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)**

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

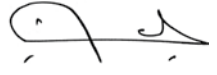
This condensed interim financial information for the three months period ended March 31, 2013 was authorised for issue on April 14, 2013 by the Board of Directors of the Company.

14. GENERAL

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



Chairman



President & CEO



**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL INFORMATION**
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013 (UN-AUDITED)

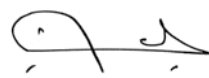
Note	March 31, 2013	December 31, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	51,000,000	51,000,000
Revenue reserves		
Insurance reserve	2,678,728	2,678,728
General reserve	30,500,000	30,500,000
Unappropriated profit	33,464,783	30,133,106
	66,643,511	63,311,834
Unrealized gain on available-for-sale investments	20,133	51,789
	117,663,644	114,363,623
NON CURRENT LIABILITIES		
Long-term loans from banks	16,125,000	18,750,000
Liability against assets subject to finance lease	67,645	70,348
License fee payable	129,655	126,246
Long-term security deposits	1,468,187	1,479,740
Deferred taxation	16,319,535	16,236,263
Employees' retirement benefits	23,342,357	29,257,639
Deferred government grants	5,008,876	3,991,818
Long-term vendor liability	2,484,973	3,032,264
	64,946,228	72,944,318
CURRENT LIABILITIES		
Trade and other payables	41,639,253	37,848,782
Deposits from customers	9,741	-
Interest accrued	162,956	205,846
Current portion of:		
Long-term loans from banks	1,875,000	1,750,000
Liability against assets subject to finance lease	31,977	31,977
License fee payable	48,488	47,212
Long-term vendor liability	14,556,924	12,546,663
Unearned income	2,359,816	2,458,492
	60,684,155	54,888,972
TOTAL EQUITY AND LIABILITIES	243,294,027	242,196,913
CONTINGENCIES AND COMMITMENTS	5	

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



Chairman

	March 31, 2013	December 31, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
ASSETS		
NON CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	150,324,049	152,183,985
Intangible assets	4,163,110	3,936,746
	154,487,159	156,120,731
Long-term investments	108,219	108,219
Long-term loans and advances	4,006,840	3,557,317
	158,602,217	159,786,267
CURRENT ASSETS		
Stores, spares and loose tools	3,148,888	2,935,121
Stock-in-trade	278,341	293,871
Trade debts	16,649,092	15,873,745
Loans and advances	708,004	1,076,809
Deposits	-	83,446
Accrued interest	358,624	353,739
Recoverable from tax authorities	17,971,144	19,440,755
Receivable from Government of Pakistan	2,164,072	2,164,072
Prepayments and other receivables	2,596,249	2,532,246
Short-term investments	35,387,907	30,616,399
Cash and bank balances	5,429,489	7,040,443
	84,691,810	82,410,646
TOTAL ASSETS	243,294,027	242,196,913



President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	Three months period ended	
	March 31, 2013	March 31, 2012
	(Rupees in '000)	
REVENUE	32,180,980	28,254,556
Cost of services	(20,745,974)	(18,410,929)
GROSS PROFIT	11,435,006	9,843,627
Administrative and general expenses	(4,276,626)	(3,746,298)
Selling and marketing expenses	(1,999,063)	(2,044,685)
Other operating income	1,233,108	702,993
	(5,042,581)	(5,087,990)
OPERATING PROFIT	6,392,425	4,755,637
Finance costs	(1,069,807)	(797,217)
PROFIT BEFORE TAX	5,322,618	3,958,420
Provision for income tax		
- Current	(1,907,670)	(1,364,672)
- Deferred	(83,271)	(201,566)
	(1,990,941)	(1,565,361)
PROFIT FOR THE PERIOD	3,331,677	2,393,059
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		
Available-for-sale investments - net of tax		
Unrealized gain arising during the period	17,639	7,994
Less: Gain on disposal transferred to income for the period	(49,295)	-
	(31,656)	7,994
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,300,021	2,401,053
Earnings per share - basic and diluted (Rupees)	0.65	0.47

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



Chairman



President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

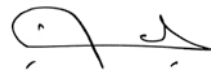
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	Note	Three months period ended	
		March 31, 2013	March 31, 2012
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	14,621,611	12,441,777
Long-term security deposits - net		(11,553)	4,675
Payment made to PTET		(6,774,000)	-
Employees' retirement benefits paid		(165,938)	(77,478)
Finance costs paid		(1,256,160)	(658,900)
Income tax paid		(453,547)	(580,841)
Net cash inflows from operating activities		5,960,413	11,129,233
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(4,007,053)	(2,873,395)
Acquisition of Intangible assets		(226,364)	(34,246)
Proceeds from disposal of property, plant and equipment		45,289	41,886
Long term loans and advances		133,825	(49,302)
Return on short term investments		1,221,005	496,549
Net cash outflows from investing activities		(2,833,297)	(2,418,508)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(5,663)
Long term loan received		-	7,500,000
Long term loan paid		(2,500,000)	-
Deferred government grants		1,073,172	-
Long term vendor liability		1,462,970	89,320
Liabilities against assets subject to finance lease		(2,703)	(2,775)
Net cash inflows from financing activities		33,439	7,580,882
Net increase in cash and cash equivalents		3,160,554	16,291,607
Cash and cash equivalents at the beginning of the period		37,656,842	11,185,965
Cash and cash equivalents at the end of the period	7	40,817,396	27,477,572

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



Chairman



President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

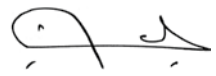
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves			Unrealized gain on available-for-sale investments	Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit		
	(Rupees in '000)						
Balance as at July 01, 2012 (as previously reported)	37,740,000	13,260,000	2,678,728	30,500,000	34,814,916	62,977	119,056,621
Effect of change in accounting policy (note 8)	-	-	-	-	(1,050,674)	-	(1,050,674)
Balance as at July 01, 2012 (restated)	37,740,000	13,260,000	2,678,728	30,500,000	33,764,242	62,977	118,005,947
Total comprehensive income \ (loss) for the period							
Profit for the period	-	-	-	-	1,183,306	-	1,183,306
Other comprehensive loss	-	-	-	-	-	(11,188)	(11,188)
	-	-	-	-	1,183,306	(11,188)	1,172,118
Balance as at December 31, 2012	37,740,000	13,260,000	2,678,728	30,500,000	34,947,548	51,789	119,178,065
Balance as at January 01, 2013 (as previously reported)	37,740,000	13,260,000	2,678,728	30,500,000	35,998,222	51,789	120,228,739
Effect of change in accounting policy (note 8)	-	-	-	-	(5,865,116)	-	(5,865,116)
Balance as at January 01, 2013 (restated)	37,740,000	13,260,000	2,678,728	30,500,000	30,133,106	51,789	114,363,623
Total comprehensive income \ (loss) for the period							
Profit for the period	-	-	-	-	3,331,677	-	3,331,677
Other comprehensive loss	-	-	-	-	-	(31,656)	(31,656)
	-	-	-	-	3,331,677	(31,656)	3,300,021
Balance as at March 31, 2013	37,740,000	13,260,000	2,678,728	30,500,000	33,464,783	20,133	117,663,644

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



Chairman



President & CEO

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

1. CONSTITUTION AND OWNERSHIP

The condensed consolidated interim financial information of the Pakistan Telecommunication Company Limited and its subsidiaries ("the Group") comprise of the financial information of:

Pakistan Telecommunication Company Limited (PTCL)

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

Pak Telecom Mobile Limited (PTML)

Pak Telecom Mobile Limited (PTML) was incorporated in Pakistan, on July 18, 1998, as a public limited company to provide cellular mobile telephony services in Pakistan. PTML commenced its commercial operations in January 2001, under the brand name of Ufone.

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

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

2. STATEMENT OF COMPLIANCE

This condensed consolidated interim financial information of the Group for the three months period ended March 31, 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the consolidated audited financial statements for the six months period ended December 31, 2012, except for the change due to adoption of amendments to IAS - 19 Employee benefits.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of this condensed consolidated interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience including expectation of future events that are believed to be reasonable under the circumstances.

Estimates and judgements made by the management in the preparation of this condensed consolidated interim financial information are the same as those used in the preparation of audited consolidated financial statements of the Group for the six months period ended December 31, 2012.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

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

5.2 Commitments

Commitments in respect of contracts for capital expenditure amount to Rs.17,937,535 thousand (December 31, 2012: Rs. 16,204,476 thousand).

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

	Three months period ended	
	March 31, 2013	March 31, 2012
	(Un-Audited)	(Un-Audited)
	(Rupees in '000)	
6. CASH GENERATED FROM OPERATIONS		
Profit before tax	5,322,618	3,958,420
Adjustments for non-cash charges and other items:		
Depreciation and amortization	6,143,640	5,552,800
Impairment	110,000	-
Provision for doubtful trade debts and other receivables	492,118	469,861
Provision for obsolete stores, spares and loose tools	50,000	-
Employees' retirement benefits	1,024,656	1,005,327
Imputed interest	142,337	589
Interest on Long term loan from banks	(285,891)	-
Gain on disposal of property, plant and equipment	(21,512)	(33,471)
Gain on disposal of available-for-sale investments	(49,295)	-
Unrealized gain on available-for-sale investments	17,639	-
Return on short term investments	(939,999)	(467,920)
Amortization of government grants	(56,113)	(38,153)
Finance costs	1,213,270	757,290
	13,163,468	11,204,743
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(263,767)	20,128
Stock in trade	15,530	38,922
Trade debts	(1,267,465)	(137,412)
Loans and advances	226,468	(656,552)
Deposits and prepayments	83,446	329,735
Recoverable from tax authorities	20,174	(40,332)
Other receivables	(64,003)	37,582
	(1,249,617)	(407,929)
Increase / (decrease) in current liabilities:		
Trade and other payables	2,796,695	1,607,755
Deposits from customers	9,741	-
Unearned income	(98,676)	37,208
	2,707,760	1,644,963
	14,621,611	12,441,777
7. CASH AND CASH EQUIVALENTS		
Short-term investments	35,387,907	6,222,788
Cash and bank balances	5,429,489	5,756,518
	40,817,396	11,979,306

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

8. Consequent to the revision of IAS 19 “Employee Benefits” which is effective for annual periods beginning on January 1, 2013, the Group has changed its accounting policy for recognition of actuarial gains and losses on employee’s retirement benefit plans. In terms of the new policy, the actuarial gains and losses are recognised immediately in other comprehensive income. Previously, the actuarial gains/losses in excess of the corridor limit were recognised in profit and loss account over the remaining service life of the employees. The change in accounting policy has been accounted for retrospectively and the comparative figures have been restated.

The effect of the restatement is summarised below:

	Cumulative effect upto December 31, 2012	Effect for the period ended December 31, 2012	Cumulative effect upto June 30, 2012
(Rupees in ‘000)			
Decrease in unappropriated profit - Actuarial loss on retirement benefit plans (net of tax)			
Actuarial lossess recognised during the period	(9,023,256)	(7,406,834)	(1,616,422)
Tax effect on actuarial lossess recognised	3,158,140	2,592,392	565,748
Actuarial losses on retirement benefit plans (net of tax)	(5,865,116)	(4,814,442)	(1,050,674)
Increase in liability for employees retirement benefits	(9,023,256)	(7,406,834)	(1,616,422)
Decrease in deferred tax liability	3,158,140	2,592,392	565,748

The effect on the condensed consolidated interim profit and loss account and the condensed consolidated interim statement of comprehensive income for the quarter ended March 31, 2012 has not been disclosed separately since the actuarial valuation is carried out on annual basis. There is no impact on condensed consolidated interim statement of cash flows.

9. SEGMENT INFORMATION

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

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2013 (UN-AUDITED)

9.1 Revenue information regarding the Group's operating segments for the three months period ended March 31, 2013 and 2012 is tabulated below:

	Note	Wire line	Wireless	Total
(Rupees in '000)				
Three months period ended March 31, 2013				
Segment revenue		17,965,878	15,796,485	33,762,363
Inter segment revenue	9.1.1	(1,103,308)	(478,075)	(1,581,383)
Revenue from external customers		16,862,570	15,318,410	32,180,980
Three months period ended March 31, 2012				
Segment revenue		13,932,093	16,048,098	29,980,191
Inter segment revenue	9.1.1	(1,194,342)	(531,293)	(1,725,635)
Revenue from external customers		12,737,751	15,516,805	28,254,556

9.1.1 Inter segment revenues are eliminated on consolidation.

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

	Wire line	Wireless	Total
(Rupees in '000)			
As at March 31, 2013 (Un-Audited)			
Segment assets	135,239,769	108,054,258	243,294,027
Segment liabilities	63,185,772	62,444,611	125,630,383
As at December 31, 2012 (Audited)			
Segment assets	134,511,663	107,685,250	242,196,913
Segment liabilities	65,726,637	62,106,653	127,833,290

10. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL INFORMATION

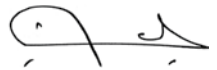
This condensed consolidated interim financial information was authorised for issue on April 14, 2013 by the Board of Directors of the holding company.

11. GENERAL

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



Chairman



President & CEO