CONTENTS

BOARD OF DIRECTORS

Chairman PTCL Board

Akhlaq Ahmad Tarar

Members PTCL Board

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

Company Secretary PTCL

Farah Qamar

CORPORATE INFORMATION

Management

Walid Irshaid
President & Chief Executive Officer

Muhammad Nehmatullah Toor
SEVP (Finance) / Chief Financial Officer

Syed Mazhar Hussain
SEVP (Human Resources)

Muhammad Nasrullah
SEVP (Business Zones)

Naveed Saeed
SEVP (Special Projects)

Hamid Farooq
SEVP (Business Development)

Furqan Habib Qureshi
SEVP (Commercial)

Kamal Ahmed
SEVP (Special Projects)

Jamil A. Khwaja
Chief Customer Care Officer

Tariq Salman
Chief Technical Officer

Jamal Abdalla Salim Hussain Al Suwaidi
SEVP (Procurement & Supply Chain)

Raed Yousef Ali Abdel Fattah
Chief Information Officer

Company Secretary

Farah Qamar

EVP (Legal)

Zahida Awan

Bankers

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

Registered Office

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

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Share Registrar

M/S FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal,
Karachi
Tel # 021- 34380101-2
Fax # 021-34380106
info.shares@famco.com.pk

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 nine months period ended 30th September 2013.

With the objective to achieve further growth in business, your Company seized the opportunity of consolidation in telecom industry by making a non-binding offer to acquire Warid Telecom (Pvt) Limited, one of the cellular operator in Pakistan. Further, PTCL Group is also poised to reap the envisaged benefits of possible 3G license and spectrum auction expected to be held in near future.

Financial Performance

During the period under review, the PTCL Group revenue surpassed Rs. 100 billion land mark. Of these, the revenues earned by PTCL were Rs. 60.7 billion registering 31% growth over same period last year mainly on account of growth in Broadband and International businesses.

The increase in revenues coupled with effective cost control measures resulted in enhanced profitability (before tax) for PTCL Group to the tune of Rs. 11.3 billion. PTCL's profitability for the period under review was Rs. 9.3 billion.

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 (remeasurement gains / losses) pertinent to various retirement benefit schemes were accounted for retrospectively through restatement of corresponding figures.

Products and Services

Your Company continued to grow in terms of enhanced revenues and increased customer base. Data segment of wireline and wireless Broadband as well as the International business were the main contributories. Further, the PSTN voice customer base, after a long time, registered an increase during the period under review based upon consistent efforts and innovations introduced for this segment. The enticing and persistent market campaigns also played the due role in enhancing the customer base and revenues.

a. Broadband

With over 1.1 million subscribers at the period end, there was 23% growth in wireline Broadband customer base. The strategy to extend the Broadband reach by introducing new franchise network supported by incentives for PTCL employees garnered momentum during the period culminating in higher number of installations. Concurrently, campaigns to upgrade customers to higher bandwidth played a valuable role in enhancing revenue growth from this segment.

b. EVO-3G Wireless Broadband

Performance of the 3G EVO wireless Broadband remained impressive during the period achieving 68% growth with a customer base of about 0.67 million at the period end. Focused marketing campaigns and expansion of the distribution network were the main factors in achieving this growth.

c. Voice

The PSTN voice segment, after a long time, registered a positive growth in customer additions. The significant contributor was the re-launch of the Reconnect Landline campaign in July this year. On the other hand, however, the WLL voice segment continued to churn customers because of stiff competition from cellular industry. A new strategy to arrest the said decline and to enhance revenues from this segment is being put in place.

d. International Business

Based upon its robust network capabilities, your Company continued to maintain its leadership position as being the preferred LDI Carrier in domestic market as well as neighboring countries for international traffic and media provisioning. Consequently, revenues from international incoming calls grew significantly. Special efforts were put in place to aggregate international transit business for Afghanistan and vice versa for terminating around/from the Globe.

Additional IP bandwidth was procured with further reduction in cost per unit through effective negotiation of leasing higher capacities at lower rates. In order to cater for internal/external customers' ever growing bandwidth requirements, PTCL is actively considering additional investment in new submarine cable systems.

e. Corporate Services & Product Development

During the period, PTCL continued to focus on enhancing business relationships with existing corporate and enterprise customers as well as closing deals with new ones. The business relationship with various government and educational entities was further strengthened. Accordingly, your Company was successful in obtaining orders from universities offering non-conventional medium to over one hundred thousand students across the country, satisfying their need of wireless connectivity with cloud and other ICT services. Besides, PTCL has an increased focus on improving quality of service and after sales support to our valued corporate customers to ensure smooth and un-interrupted services for their business critical applications.

f. Carrier and Wholesale Services

In order to further enhance revenues from carrier and wholesale services, your Company is cognizant of the opportunity being offered due to relative lack of high quality telecom infrastructure by other telecom operators in emerging urban centers and rural areas compared to PTCL's robust infrastructure and network capabilities already available in these areas. As such, the lack of passive infrastructure such as towers, fiber network by other operators provides an opportunity to PTCL to channelize its revenue growth by further strengthening its business relationships with these operators.

The long overdue 3G license auction and increase in the data usage preference of consumers is expected to act as a catalyst for growth in revenues from carrier and wholesale services.

Customer Care

To give the customers the experience of smooth service delivery, your Company continued to improve its seamless processes and enabling technologies with the objective to go beyond a transactional relation and build a lasting and mutually beneficial customer relationship.

New Joiners' (NJ) Program was launched under the CVM (Customer Value Management) initiative. The NJ program is designed to provide good customer experience ab initio. Key elements of the program include:

- Quality of Installations verification for all NJs
- Welcome call, email and SMS, providing information about PTCL's help lines
- 5-STAR category for 90 days and associated preferential treatment, like queue jumping and early faults rectifications
- Higher level of complaints escalation

Following other steps were also undertaken to enhance customers' experience:

- Preferential treatment for high-value customers
- Self care portal – my PTCL
- Self care videos
- Web chat

Further, nine functional departments were enabled to get ISO 9001: 2008 certifications. A new initiative is underway to start ISO certification for human resource function.

Network Infrastructure

Despite the strong market competition, your Company continued to introduce various innovative products and services. Broadband has been a differentiating factor, which played a vital role in achieving business growth. Customers are becoming more demanding in terms of higher speeds, improved quality but reduced prices. Telecom operators, therefore, are left with no choice but to deploy latest technologies to enable provision of innovative and cost effective services.

DIRECTORS' REPORT

Pakistan is poised to enter in near future into 3G era for more modern and innovative broadband services. For the telecom operators in Pakistan, this is expected to bring in stiff competition as customers' expectations of availing contemporary broadband applications will be high. Realizing the challenge, PTCL has proactively started its mega rollout program of expanding its wireless broadband infrastructure in terms of capacity and capability.

On wireline side, untapped areas are being targeted to expand PTCL's broadband footprint there. A mega initiative has been undertaken, by which 200K fiber backhaul broadband lines are being deployed with MSAGs nodes. These MSAGs shall address higher data rate requirement of the customers residing over larger distances from PTCL exchanges and facing quality issues on legacy copper network. This step is aimed to augment PTCL's long term strategy to fiberize its access network.

Prevailing power crisis is undermining our initiatives to provide smooth service to the customers. Out of the box techniques are being opted to solve the issue. Fast charging battery solution at BTS and MSAG sites, ATS panel deployment and periodic replacing of backup batteries on outdoor broadband cabinets as well as indoor sites helped to reduce the impact of the commercial power outages in urban and far flung areas of the network.

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

On behalf of the Board,

Akhlaq Ahmad Tarar
Chairman

Walid Irshaid
President & CEO PTCL

Islamabad: October 22, 2013

CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2013

CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2013 (UN-AUDITED)

	Note	September 30, 2013	December 31, 2012
		(Un-Audited)	(Audited) (Restated)
		(Rupees in '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,958,336	2,678,728
General reserve		30,500,000	30,500,000
Unappropriated profit		24,458,218	20,552,622
		57,916,554	53,731,350
Remeasurement of defined benefit plans		(5,865,116)	(5,865,116)
Unrealized gain on available-for-sale investments		63,668	51,789
		103,115,106	98,918,023
NON CURRENT LIABILITIES			
Long-term security deposits		540,837	534,487
Deferred income tax		4,303,264	4,071,129
Employees' retirement benefits	7	24,846,996	29,048,207
Deferred government grants		4,614,612	3,991,818
		34,305,709	37,645,641
CURRENT LIABILITIES			
Trade and other payables		35,951,740	28,291,874
Dividend payable		569,005	–
		36,520,745	28,291,874
TOTAL EQUITY AND LIABILITIES		173,941,560	164,855,538
CONTINGENCIES AND COMMITMENTS	8		

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

Chairman

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2013 (UN-AUDITED)

	Note	September 30, 2013	December 31, 2012
		(Un-Audited)	(Audited) (Restated)
		(Rupees in '000)	
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	83,701,071	85,041,154
Intangible assets		2,828,947	2,678,582
		86,530,018	87,719,736
Long-term investments		7,791,296	7,791,296
Long-term loans and advances	6	9,431,699	11,986,019
		103,753,013	107,497,051
CURRENT ASSETS			
Stores, spares and loose tools		4,163,848	2,934,843
Trade debts		21,201,015	15,402,253
Loans and advances		6,598,857	3,409,815
Accrued interest		473,246	559,390
Recoverable from tax authorities		14,868,924	18,055,152
Receivable from the Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		690,265	885,415
Short term investments		11,814,922	8,897,458
Cash and bank balances		8,213,398	5,050,089
		70,188,547	57,358,487
TOTAL ASSETS		173,941,560	164,855,538

President & CEO

CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

	Note	Three months period ended		Nine months period ended	Six months period ended
		September 30, 2013	September 30, 2012	September 30, 2013	December 31, 2012
		(Un-Audited)	(Un-Audited) (Restated)	(Un-Audited)	(Audited) (Restated)
		(Rupees in '000)			
REVENUE		20,593,280	15,645,929	60,695,206	37,139,189
Cost of services		(13,613,661)	(12,177,673)	(39,889,471)	(24,445,538)
GROSS PROFIT		6,979,619	3,468,256	20,805,735	12,693,651
Administrative and general expenses		(2,497,243)	(1,898,022)	(6,898,937)	(4,184,723)
Selling and marketing expenses		(921,016)	(665,384)	(2,452,994)	(1,418,094)
Voluntary separation scheme cost		–	(10,997,525)	–	(9,467,268)
Other income	9	1,059,579	848,835	3,089,884	1,580,752
Gain / (loss) on disposal of property, plant and equipment		–	–	5,548	(216,220)
		(2,358,680)	(12,712,096)	(6,256,499)	(13,705,553)
OPERATING PROFIT / (LOSS)		4,620,939	(9,243,840)	14,549,236	(1,011,902)
Finance costs		(19,648)	(32,124)	(264,307)	(136,001)
PROFIT / (LOSS) BEFORE TAX		4,601,291	(9,275,964)	14,284,929	(1,147,903)
Provision for income tax					
- Current		(1,950,839)	(78,230)	(4,767,590)	(187,196)
- Deferred		340,385	–	(232,135)	592,489
		(1,610,454)	(78,230)	(4,999,725)	405,293
PROFIT / (LOSS) AFTER TAX FOR THE PERIOD		2,990,837	(9,354,194)	9,285,204	(742,610)
OTHER COMPREHENSIVE INCOME / (LOSS):					
Items that will not be reclassified into profit or loss:					
Remeasurement of defined benefit plans - net of tax		–	(4,814,442)	–	(4,814,442)
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments - net of tax					
Unrealized gain arising during the period		21,121	20,263	61,174	16,899
Less: Gain on disposal transferred to income		-	(28,087)	(49,295)	(28,087)
		21,121	(7,824)	11,879	(11,188)
Other comprehensive income / (loss) for the period - net of tax		21,121	(4,822,266)	11,879	(4,825,630)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		3,011,958	(14,176,460)	9,297,083	(5,568,240)
Earnings per share - basic and diluted (Rupees)		0.59	(1.83)	1.82	(0.15)

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

	Note	Nine months period ended September 30, 2013	Six months period ended December 31, 2012
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	25,062,720	15,556,394
Long term security deposits		6,350	(173,181)
Payment to Pakistan Telecommunication Employees' Trust (PTET)		(6,774,000)	–
Employees' retirement benefits paid		(528,609)	(4,339,522)
Payment of voluntary separation scheme cost		(46,839)	(5,143,842)
Income tax paid		(1,124,394)	(327,947)
Net cash inflows from operating activities		16,595,228	5,571,902
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(9,857,917)	(5,072,390)
Acquisition of intangible assets		(399,570)	(15,910)
Proceeds from disposal of property, plant and equipment		5,804	127,964
Long term investments		–	(1,183,857)
Long term loans and advances		(47,907)	181,537
Return on long term loans and short term investments		2,109,011	1,133,373
Government grants received		833,171	–
Dividend income on long term investments		–	15,000
Repayments of subordinated loans		1,375,000	–
Net cash outflows from investing activities		(5,982,408)	(4,814,283)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,532,047)	(795)
Net cash outflows from financing activities		(4,532,047)	(795)
Net increase in cash and cash equivalents		6,080,773	756,824
Cash and cash equivalents at the beginning of the period		13,947,547	13,190,723
Cash and cash equivalents at the end of the period	11	20,028,320	13,947,547

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves			Remeasure-ment of defined benefit plans	Unrealized gain on available-for-sale investments	Total
	Class “A”	Class “B”	Insurance reserve	General reserve	Unappropriated profit			
	(Rupees in ‘000)							
Balance as at June 30, 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 7	–	–	–	–	–	(1,050,674)	–	(1,050,674)
Balance as at July 01, 2012 (as restated)	37,740,000	13,260,000	2,678,728	30,500,000	21,295,232	(1,050,674)	62,977	104,486,263
Total comprehensive loss for the period								
Loss for the period	–	–	–	–	(742,610)	–	–	(742,610)
Other comprehensive loss								
Unrealized gain on investments	–	–	–	–	–	–	(11,188)	(11,188)
Effect of change in accounting policy – note 7	–	–	–	–	–	(4,814,442)	–	(4,814,442)
	–	–	–	–	(742,610)	(4,814,442)	(11,188)	(5,568,240)
Balance as at December 31, 2012 (restated)	37,740,000	13,260,000	2,678,728	30,500,000	20,552,622	(5,865,116)	51,789	98,918,023
Total comprehensive income for the period								
Profit for the period	–	–	–	–	9,285,204	–	–	9,285,204
Other comprehensive Income	–	–	–	–	–	–	11,879	11,879
Transfer to insurance reserve	–	–	279,608	–	(279,608)	–	–	–
Interim dividend for the year ended December 31, 2013 – Rs. 1.00 per share	–	–	–	–	(5,100,000)	–	–	(5,100,000)
	–	–	279,608	–	3,905,596	–	11,879	4,197,083
Balance as at September 30, 2013	37,740,000	13,260,000	2,958,336	30,500,000	24,458,218	(5,865,116)	63,668	103,115,106

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

Chairman

President & CEO

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.

The Company changed its financial year end from June 30 to December 31 in last reporting period. Accordingly, corresponding figures in condensed interim financial information pertain to the six months period ended December 31, 2012 and therefore, are not entirely comparable in respect of condensed statement of comprehensive income, condensed statement of cash flows, condensed statement of changes in equity and notes to and forming part of the condensed interim financial information.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the nine months period ended September 30, 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 (Revised).

3.1 Revision to IAS 19 Employee Benefits

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

Effect of revision in IAS 19 on opening balances has been disclosed in note 7.

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 judgment in the process of applying the Company's accounting policies. Estimates and judgments 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 judgments 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.

	Note	September 30, 2013	December 31, 2012
		(Un-Audited)	(Audited)
		(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	75,472,053	74,262,561
Capital work-in-progress		8,229,018	10,778,593
		83,701,071	85,041,154
5.1 Operating fixed assets			
Opening net book amount		74,262,561	76,089,050
Additions during the period	5.2	10,523,455	4,433,177
		84,786,016	80,522,227
Disposals during the period - at net book amount		(256)	(344,184)
Depreciation for the period		(9,153,707)	(5,828,696)
Impairment for the period		(160,000)	(86,786)
		(9,313,963)	(6,259,666)
Closing net book amount		75,472,053	74,262,561

	Nine months period ended September 30, 2013	Six months period ended December 31, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
5.2 Details of additions during the period :		
Buildings on freehold land	305,401	69,187
Lines and wires	2,439,895	612,662
Apparatus, plant and equipment	7,130,207	3,016,126
Office equipment	17,851	209,328
Computer equipment	322,974	30,320
Furniture and fittings	29,209	3,627
Vehicles	117,284	24,376
Submarine cables	160,634	467,551
	10,523,455	4,433,177

6. LONG-TERM LOANS AND ADVANCES

These include unsecured loans of Rs 9,625,000 thousand (December 31, 2012: Rs 11,000,000 thousand) to Pak Telecom Mobile Limited (PTML), 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 month KIBOR plus 82 to 180 basis points.

7. CHANGE IN ACCOUNTING POLICY

As referred to in note 3.1, the change in accounting policy related to recognition of remeasurement gains / losses on defined benefit plans, consequent to revision in IAS 19 has been accounted for retrospectively and the corresponding figures have been restated as follows:

	As previously reported	As restated
	(Rupees in '000)	
Effect on the statement of financial position as at December 31, 2012		
Remeasurement of defined benefit plans	–	5,865,116
Deferred income tax	7,229,269	4,071,129
Employees' retirement benefits	20,024,951	29,048,207
Effect on the statement of comprehensive income for the six months period ended December 31, 2012		
Amount recognized in other comprehensive income		
Remeasurement losses for the period		
- net of tax amounting to Rs 2,592,392 thousand	–	4,814,442

Remeasurement of defined benefit plans' shown as a separate line item in the statement of financial position includes remeasurements of Rs 1,050,674 thousand net of tax amounting to Rs 565,748 thousand for period upto June 30, 2012.

The effect of remeasurement gains / losses on defined benefit plans on the condensed interim statement of comprehensive income for the nine months period ended September 30, 2013 has not been disclosed separately since the actuarial valuation is carried out at each year end. There is no impact on condensed interim statement of cash flows.

8. CONTINGENCIES AND COMMITMENTS

8.1 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, except for contingency related to Federal Excise Duty (FED) on Technical Services Assistance fee disclosed in note 12.3 to the financial statements for the six months period ended December 31, 2012 where Appellate Tribunal Inland Revenue (ATIR) has decided in favour of the tax department. Islamabad High Court, in the wake of writ petition filed by the Company, has granted stay against the decision of ATIR.

8.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 10,005,896 thousand (December 31, 2012: Rs 6,270,263 thousand).

	Three months period ended		Nine months period ended	Six months period ended
	September 30, 2013	September 30, 2012	September 30, 2013	December 31, 2012
	(Un-Audited)	(Un-Audited) (Restated)	(Un-Audited)	(Audited) (Restated)
	(Rupees in '000)			
9. OTHER INCOME				
Interest on loan to subsidiary	265,573	359,404	833,802	681,528
Return on bank placements	409,659	335,413	1,189,065	584,708
Dividend income	–	15,000	–	15,000
Others	384,347	139,018	1,067,017	299,516
	1,059,579	848,835	3,089,884	1,580,752

	September 30, 2013	December 31, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
10. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before tax	14,284,929	(1,147,903)
Adjustments for non-cash charges and other items:		
Depreciation and amortization	9,402,913	5,965,683
Provision for impairment	160,000	86,786
Provision for obsolete stores, spares and loose tools	90,732	163,628
Provision for doubtful trade debts	1,541,919	916,287
Employees' retirement benefits	3,101,396	1,837,712
Voluntary separation scheme cost	-	9,467,268
Imputed interest on long term loans	139,906	-
Markup on long term loans	(833,802)	(681,528)
Gain on disposal of available-for-sale investments	(49,295)	(28,087)
Unrealized gain on available-for-sale investments	61,174	16,899
(Gain) / loss on disposal of property, plant and equipment	(5,548)	216,220
Return on bank deposits	(1,189,065)	(584,708)
Dividend income	-	(15,000)
Amortization of government grants	(210,377)	(91,204)
	26,494,882	16,122,053
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,319,737)	(125,647)
Trade debts	(7,340,681)	(7,532,728)
Loans and advances	(217,687)	(310,131)
Recoverable from tax authorities	(456,966)	(129,707)
Prepayments and other receivables	195,149	(223,699)
	(9,139,922)	(8,321,912)
Increase in current liabilities:		
Trade and other payables	7,707,760	7,756,253
	25,062,720	15,556,394

		Nine months period ended September 30, 2013	Six months period ended December 31, 2012
		(Un-Audited)	(Audited)
		(Rupees in '000)	

11. CASH AND CASH EQUIVALENTS

Short-term investments	11,814,922	8,897,458
Cash and bank balances	8,213,398	5,050,089
	20,028,320	13,947,547

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Relationship with the Company	Nature of transaction	Nine months 2013	Six months 2012
i. Shareholders	Technical services fee - note 12.1	1,987,098	1,194,134
ii. Subsidiary	Purchase of goods and services	2,394,252	1,723,976
	Sale of goods and services	3,920,972	2,555,518
	Mark-up on long-term loans	833,802	674,203
iii. Associated undertakings	Purchase of goods and services	1,160,725	899,765
	Sale of goods and services	1,783,869	292,147
iv. Employees' benefit plans	Contribution to Pakistan Telecommunication Employees' Trust (PTET)	6,780,764	3,479,630
v. Employees' contribution plan	Payment to PTCL employees' on behalf of GPF Trust	13,301	16,755
vi. Other related parties	Charges under license obligation	1,067,077	639,545
vii. Directors, Chief Executive and Executives	Fees and remuneration including benefits and perquisites	1,052,430	558,760

Period-end balances

Receivables from related parties

Long-term loans to subsidiary	9,625,000	11,000,000
Trade debts		
– Subsidiary	2,029,795	1,159,863
– Associated undertakings	80,600	96,004
– The Government of Pakistan and its related entities	1,562,834	1,424,117
Accrued interest receivable		
– Subsidiary	180,746	209,044
Other receivables		
– Subsidiary	3,437	2,537
– Associated undertakings	72,461	68,627
– Universal Service Fund	-	240,000
– PTCL Employees' GPF Trust	125,308	69,851
– Pakistan Telecommunication Employees' Trust (PTET)	115,580	108,816

Payables to related parties

Trade creditors		
– Subsidiary	522,799	159,440
– Associated undertakings	683,837	564,434
– The Government of Pakistan and its related entities	7,920,718	5,164,709
Retention money payable to associated undertaking	5,227	7,532
Technical services fee payable to Etisalat	681,963	682,615
Pakistan Telecommunication Employees' Trust (PTET)	9,146,403	14,420,100

12.1 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.

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

This condensed interim financial information for the nine months period ended September 30, 2013 was authorized for issue on October 22, 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 NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2013

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2013 (UN-AUDITED)

	Note	September 30, 2013 (Un-Audited)	December 31, 2012 (Audited) (Restated)
		(Rupees in '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,958,336	2,678,728
General reserve		30,500,000	30,500,000
Unappropriated profit		41,903,971	36,004,998
		75,362,307	69,183,726
Remeasurement of defined benefit plans		(5,865,116)	(5,865,116)
Unrealized gain on available-for-sale investments		63,668	51,789
		120,560,859	114,370,399
NON CURRENT LIABILITIES			
Long term loans from banks		–	18,750,000
Liability against assets subject to finance lease		61,702	70,348
License fee payable		92,743	126,246
Long-term security deposits		1,513,283	1,479,740
Deferred income tax		16,563,600	16,236,263
Employees' retirement benefits		25,107,499	29,257,639
Deferred government grants		4,614,612	3,991,818
Long term vendor liability		3,897,446	3,032,264
		51,850,885	72,944,318
CURRENT LIABILITIES			
Trade and other payables		47,789,647	37,842,006
Dividend payable		569,005	–
Deposits from customers		106,534	–
Interest accrued		311,133	205,846
Current portion of:			
Long term loans from banks		–	1,750,000
Liability against assets subject to finance lease		31,977	31,977
License fee payable		50,549	47,212
Long-term vendor liability		11,016,987	12,546,663
Unearned income		2,966,428	2,458,492
		62,842,260	54,882,196
TOTAL EQUITY AND LIABILITIES		235,254,004	242,196,913
CONTINGENCIES AND COMMITMENTS	5		

The annexed notes from 1 to 13 form an integral part of this condensed consolidated interim financial information.

Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2013 (UN-AUDITED)

	September 30, 2013 (Un-Audited)	December 31, 2012 (Audited) (Restated)
	(Rupees in '000)	
ASSETS		
NON CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	151,362,331	152,183,985
Intangible assets	3,890,543	3,936,746
	155,252,874	156,120,731
Long-term investments	108,219	108,219
Long-term loans and advances	5,187,142	3,557,317
	160,548,235	159,786,267
CURRENT ASSETS		
Stores, spares and loose tools	4,166,870	2,935,121
Stock-in-trade	435,012	293,871
Trade debts	21,731,280	15,873,745
Loans and advances	1,568,566	1,076,809
Deposits	83,151	83,446
Accrued interest	301,475	353,739
Recoverable from tax authorities	15,383,978	19,440,755
Receivable from Government of Pakistan	2,164,072	2,164,072
Prepayments and other receivables	2,709,758	2,532,246
Short term investments	16,134,156	30,616,399
Cash and bank balances	10,027,451	7,040,443
	74,705,769	82,410,646
TOTAL ASSETS	235,254,004	242,196,913

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

	Note	Three months period ended		Nine months period ended	Six months period ended
		September 30, 2013	September 30, 2012	September 30, 2013	December 31, 2012
		(Un-Audited)	(Un-Audited) (Restated)	(Un-Audited)	(Audited) (Restated)
		(Rupees in '000)			
REVENUE		34,913,256	29,066,261	100,474,993	62,580,649
Cost of services		(23,069,464)	(19,449,747)	(64,493,978)	(38,278,570)
GROSS PROFIT		11,843,792	9,616,514	35,981,015	24,302,079
Administrative and general expenses		(2,554,802)	(3,898,347)	(11,195,531)	(8,132,004)
Selling and marketing expenses		(4,626,241)	(2,348,275)	(8,675,909)	(4,433,243)
Voluntary separation scheme cost		–	(10,997,525)	–	(9,467,268)
Other operating income		943,520	1,027,196	3,377,307	2,059,065
Gain / (Loss) on disposal of property, plant and equipment		–	–	5,548	(182,070)
		(6,237,523)	(16,216,951)	(16,488,585)	(20,155,520)
OPERATING PROFIT / (LOSS)		5,606,269	(6,600,437)	19,492,430	4,146,559
Finance costs		(381,439)	(936,630)	(2,162,682)	(1,927,964)
		5,224,830	(7,537,067)	17,329,748	2,218,595
Share of profit / (Loss) from an associate		–	–	–	(2,155)
PROFIT / (LOSS) BEFORE TAX		5,224,830	(7,537,067)	17,329,748	2,216,440
Provision for income tax					
- Current		(2,027,417)	(468,116)	(5,723,832)	(336,171)
- Deferred		217,086	(255,000)	(327,335)	(696,963)
		(1,810,331)	(723,116)	(6,051,167)	(1,033,134)
PROFIT / (LOSS) FOR THE PERIOD		3,414,499	(8,260,183)	11,278,581	1,183,306
OTHER COMPREHENSIVE INCOME FOR THE PERIOD					
Items that will not be reclassified into profit or loss:					
Remeasurement of defined benefit plans - net of tax		–	(4,814,442)	–	(4,814,442)
Items that may be reclassified subsequently to profit or loss:					
Available-for-sale investments - net of tax					
Unrealized gain arising during the period		21,121	20,263	61,174	16,899
Less: Gain on disposal transferred to income for the period		–	(28,087)	(49,295)	(28,087)
		21,121	(7,824)	11,879	(11,188)
Other comprehensive income / (loss) for the period - net of tax		21,121	(4,822,266)	11,879	(4,825,630)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		3,435,620	(13,082,449)	11,290,460	(3,642,324)
Earnings per share - basic and diluted (Rupees)		0.67	(1.62)	2.21	0.23

The annexed notes from 1 to 13 form an integral part of this condensed consolidated interim financial information.

Chairman

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

	Note	Nine months period ended September 30, 2013	Six months period ended December 31, 2012
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	41,021,943	26,837,453
Long-term security deposits - net		33,543	(182,657)
Payment made to Pakistan Telecommunication Employees' Trust (PTET)		(6,774,000)	–
Employees' retirement benefits paid		(570,979)	(4,404,499)
Payment of voluntary separation scheme cost		(46,839)	(5,143,842)
Finance costs paid		(2,042,626)	(1,970,264)
Income tax paid		(1,210,088)	(835,303)
Net cash inflows from operating activities		30,410,954	14,300,888
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(19,219,162)	(13,986,518)
Acquisition of intangible assets		(598,566)	(574,086)
Acquisition of U Microfinance Bank Limited - net of cash		–	(79,762)
Proceeds from disposal of property, plant and equipment		106,879	195,599
Proceeds from disposal of investments		–	754,059
Long term loans and advances		254,211	594,294
PTA lince fee		(49,275)	10,050
Return on short term investments		2,486,508	711,134
Dividend income on long term investments		–	15,000
Net cash outflows from investing activities		(17,019,405)	(12,360,230)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(4,532,047)	(795)
Long term loan paid		(20,500,000)	–
Deferred government grants		833,172	–
Long term vendor liability		(664,494)	7,685,169
Liabilities against assets subject to finance lease		(23,415)	(4,923)
Net cash inflows from financing activities		(24,886,784)	7,679,451
Net (decrease) / increase in cash and cash equivalents		(11,495,235)	9,620,109
Cash and cash equivalents at the beginning of the period		37,656,842	28,036,733
Cash and cash equivalents at the end of the period	7	26,161,607	37,656,842

The annexed notes from 1 to 13 form an integral part of this condensed consolidated interim financial information.

Chairman **President & CEO**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves			Remeasure-ment of defined benefit plans	Unrealized gain on available-for-sale investments	Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit			
	(Rupees in '000)							
Balance as at June 30, 2012 (as previously reported)	37,740,000	13,260,000	2,678,728	30,500,000	34,814,916	–	62,977	119,056,621
Effect of change in accounting policy – note 8	–	–	–	–	–	(1,050,674)	–	(1,050,674)
Balance as at July 01, 2012 (as restated)	37,740,000	13,260,000	2,678,728	30,500,000	34,814,916	(1,050,674)	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								
Unrealized gain on investments	–	–	–	–	–	–	(11,188)	(11,188)
Effect of change in accounting policy – note 8	–	–	–	–	–	(4,814,442)	–	(4,814,442)
Effect of prior period adjustment	–	–	–	–	6,776	–	–	6,776
	–	–	–	–	1,190,082	(4,814,442)	(11,188)	(3,635,548)
Balance as at December 31, 2012 (restated)	37,740,000	13,260,000	2,678,728	30,500,000	36,004,998	(5,865,116)	51,789	114,370,399
Total comprehensive income / (loss) for the period								
Profit for the period	–	–	–	–	11,278,581	–	–	11,278,581
Other comprehensive Income	–	–	–	–	–	–	11,879	11,879
Transfer to insurance reserve	–	–	279,608	–	(279,608)	–	–	–
Interim Dividend for the year ended	–	–	–	–	–	–	–	–
December 2013 Rs. – 1.00 per share	–	–	–	–	(5,100,000)	–	–	(5,100,000)
	–	–	279,608	–	5,898,973		11,879	6,190,460
Balance as at September 30, 2013	37,740,000	13,260,000	2,958,336	30,500,000	41,903,971	(5,865,116)	63,668	120,560,859

The annexed notes from 1 to 13 form an integral part of this condensed consolidated interim financial information.

Chairman **President & CEO**

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 nine months period ended September 30, 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 (Revised).

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

Effect of revision in IAS 19 on opening balances has been disclosed in note 8.

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 condolidated 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 as disclosed in the last audited financial statements of the Group for the six months period ended December 31, 2012, except for contingency related to Federal Excise Duty (FED) on Technical Services Assistance fee disclosed in note 17.3 to the financial statements for the six months period ended December 31, 2012 where Appellate Tribunal Inland Revenue (ATIR) has decided in favour of the tax department. Islamabad High Court, in the wake of writ petition filed by the Company, has granted stay against the decision of ATIR.

5.2 Commitments

Commitments in respect of contracts for capital expenditure amount to Rs.10,005,896 thousand (December 31, 2012: Rs. 16,204,476 thousand).

	Nine months period ended September 30, 2013	Six months period ended December 31, 2012
	(Un-Audited)	(Audited)
	(Rupees in '000)	
6. CASH GENERATED FROM OPERATIONS		
Profit before tax	17,329,748	2,216,440
Adjustments for non-cash charges and other items:		
Depreciation and amortization	18,595,051	11,494,489
Impairment	160,000	86,786
Provision for doubtful trade debts and other receivables	1,586,258	926,447
Provision for obsolete stores, spares and loose tools	90,732	163,628
Provision for stock-in-trade	10,547	(23,400)
Employees' retirement benefits	3,194,839	1,889,422
Voluntary separation scheme expense	–	9,467,268
Imputed interest	139,906	(14,083)
Loss / (gain) on disposal of property, plant and equipment	(60,381)	182,070
Gain on disposal of available-for-sale investments	(49,295)	(28,087)
Loss / (gain) on fair value adjustment for forward exchange contracts	(216,420)	(739,976)
Unrealized gain on available-for-sale investments	61,174	16,899
Return on short term investments	(2,217,824)	(889,212)
Dividend Income	–	(15,000)
License fee charge for the year	19,109	–
Amortization of government grants	(210,377)	(91,204)
Finance costs	2,162,682	1,927,964
Prior period adjustment Income	(6,776)	–
Share of (profit) / loss from associate	–	2,155
	40,588,973	26,572,606
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(1,322,481)	(125,925)
Stock in trade	(151,688)	165,596
Trade debts	(7,443,793)	(6,636,162)
Loans and advances	(631,663)	1,442,683
Deposits and prepayments	295	(17,283)
Recoverable from tax authorities	(456,966)	(129,707)
Other receivables	(177,512)	(682,623)
	(10,183,808)	(5,983,421)
Increase / (decrease) in current liabilities:		
Trade and other payables	10,002,308	6,418,023
Deposits from customers	106,534	(169,755)
Unearned income	507,936	–
	10,616,778	6,248,268
	41,021,943	26,837,453

	Nine months period ended September 30, 2013 (Un-Audited)	Six months period ended December 31, 2012 (Audited)
	(Rupees in '000)	
7. CASH AND CASH EQUIVALENTS		
Short-term investments	16,134,156	30,616,399
Cash and bank balances	10,027,451	7,040,443
	26,161,607	37,656,842

8. As referred to in note 3.1, the change in accounting policy related to recognition of remeasurement gains / losses on defined benefit plans, consequent to revision in IAS 19 has been accounted for retrospectively and the corresponding figures have been restated as follows:

	As previously reported	As restated
	(Rupees in '000)	
Effect on the statement of financial position as at December 31, 2012		
Remeasurement of defined benefit plans	–	5,865,116
Deferred income tax	19,394,403	16,236,263
Employees' retirement benefits	20,234,383	29,257,639
Effect on the statement of comprehensive income for the six months period ended December 31, 2012		
Amount recognized in other comprehensive income		
Remeasurement losses for the period		
- net of tax amounting to Rs 2,592,392 thousand	–	4,814,442

Remeasurement of defined benefit plans' shown as a separate line item in the statement of financial position includes remeasurements of Rs 1,050,674 thousand net of tax amounting to Rs 565,748 thousand for period upto June 30, 2012.

The effect of remeasurement gains / losses on defined benefit plans on the condensed interim statement of comprehensive income for the nine months period ended September 30, 2013 has not been disclosed separately since the actuarial valuation is carried out at each year end. There is no impact on condensed 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.

9.1 Revenue information regarding the Group's operating segments for the nine months period ended September 30, 2013 and six months period ended December 31, 2012 is tabulated below:

	Note	Wire line	Wireless	Total
			(Rupees in '000)	
Nine months period ended September 30, 2013				
Segment revenue		55,825,935	50,964,282	106,790,217
Inter segment revenue	9.1.1	(3,920,972)	(2,394,252)	(6,315,224)
Revenue from external customers		51,904,963	48,570,030	100,474,993
Six months period ended December 31, 2012				
Segment revenue		34,788,989	32,023,709	66,812,698
Inter segment revenue	9.1.1	(2,555,519)	(1,676,530)	(4,232,049)
Revenue from external customers		32,233,470	30,347,179	62,580,649

9.1.1 Inter segment revenues are eliminated on consolidation.

9.2 Assets & liabilities of the Group's operating segments as at September 30, 2013 and December 31, 2012 are tabulated below.

	Wire line	Wireless	Total
		(Rupees in '000)	
As at September 30, 2013 (Un-Audited)			
Segment assets	145,589,677	89,664,327	235,254,004
Segment liabilities	70,517,272	44,175,873	114,693,145
As at December 31, 2012 (Audited) (restated)			
Segment assets	134,511,663	107,685,250	242,196,913
Segment liabilities	65,726,637	62,099,877	127,826,514

10. TRANSACTIONS WITH RELATED PARTIES

			Nine months period ended September 30, 2013 (Un-Audited)	Six months period ended December 31, 2012 (Audited)
			(Rupees in '000)	
Relationship with the Group		**Nature of transaction**		
i. Shareholders		Technical services fee	3,471,433	2,190,115
ii. Associated undertakings		Purchase of goods and services	1,160,725	961,488
		Sale of goods and services	1,835,195	331,839
iii. Employees' benefit plans	**PTCL**	Contribution to Pakistan Telecommunication Employees' Trust (PTET)	6,780,764	3,479,630
	PTML	Gratuity Fund	63,763	34,266
iv. Employees' contribution plans	**PTCL**	Payment to PTCL employees' on behalf of GPF Trust	13,301	16,755
	PTML	Provident Fund	76,199	48,435
v. Other related parties	**PTCL**	Charges under license obligation	1,067,077	639,545
	PTML	Expenses reimbursed to Pakistan MNP Database (Guarante) Limited	13,400	8,650
vi. Directors, Chief Executive and Executives		Fees and remuneration including benefits and perquisites	1,087,526	805,737
Period-end balances				
Receivables from related parties				
Trade debts				
– Associated undertakings			166,739	159,818
– The Government of Pakistan and its related entities			1,562,834	1,424,117
Other receivables				
– Associated undertakings			72,461	68,627
– Universal Service Fund			–	240,000
– PTCL Employees' GPF Trust			125,308	69,851
– Pakistan Telecommunication Employees' Trust (PTET)			115,580	308,816
– Pakistan MNP Database (Guarantee) Limited			14,250	8,650
Payables to related parties				
Trade creditors				
– Associated Undertakings			683,837	641,650
– The Government of Pakistan and its related entities			7,920,718	5,164,709
Technical services fee payable to Etisalat			1,160,440	1,170,633
Retention money payable to associated undertaking			5,227	7,532
PTCL				
Pakistan Telecommunication Employees' Trust (PTET)			9,146,403	14,420,100
PTML				
Gratuity Fund			63,763	34,266
Provident Fund			20,754	18,934
Pakistan Telecommunication Employees' Trust (PTET)			83,333	–
Remuneration key management personnel			–	887

11. CORRESPONDING FIGURES

The corresponding figures in these financial statements pertain to the six months period ended December 31, 2012 and therefore, are not entirely comparable in respect of statement of condensed interm comprehensive income, condensed interm statement of cash flows, condensed interm statement of changes in equity and notes to and forming part of the financial statements.

12. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL INFORMATION

This condensed consolidated interim financial information was authorised for issue on October 22, 2013 by the Board of Directors of the holding company.

13. GENERAL

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

Chairman **President & CEO**


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