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BOARD OF DIRECTORS

Chairman PTCL Board

Azmat Ali Ranjha

Members PTCL Board

Abdulrahim A. Al Nooryani
Dr. Waqar Masood Khan
Serkan Okandan
Dr. Daniel Ritz
Sardar Ahmad Nawaz Sukhera
Rainer Rathgeber
Mudassar Hussain
Hesham Abdulla Al Qassim



CORPORATE INFORMATION

Management

Walid Irshaid

President & Chief Executive Officer

Muhammad Nehmatullah Toor

Chief Financial Officer

Syed Mazhar Hussain

Chief Human Resource Officer

Muhammad Nasrullah

Chief Business Operations Officer

Sikandar Naqi

Chief Business Development Officer

Adnan Shahid

Chief Commercial Officer

Kamal Ahmed

Chief Digital & Corporate Services Officer

Tariq Salman

Chief Technical Officer

Raed Yousef Ali Abdel Fattah

Chief Information Officer

Jamal Abdalla Salim Hussain Al Suwaidi

Chief Procurement Officer

Jahanzeb Taj

Chief Strategy Officer

Muhammad Shehzad Yousuf

Chief Internal Auditor

Company Secretary & EVP (Legal Affairs)

Zahida Awan

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
The Bank of Punjab
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
United Bank Limited

Registered Office

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

Auditors

Deloitte Yousuf Adil
(Formerly M. Yousuf Adil Saleem & 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., Shakra-e-Faisal, Karachi.
Tel: +92-21-34380101-2
Fax: +92-21-34380106
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DIRECTORS' REPORT

The Directors of Pakistan Telecommunication Company Limited (PTCL) are pleased to present to the shareholders the financial information of the Company for the half year ended 30th June 2015. The financial information has been reviewed by the statutory auditors.

The succeeding paragraphs briefly cover performance of PTCL for the first half of current financial year of 2015.

1. FINANCIAL PERFORMANCE

During the period under review, PTCL's revenues were Rs. 39.4 billion. Revenue from the Data services registered 17% increase over same period last year, however, the Voice revenue declined mainly due to ICH (International Clearing House) deregulation. PTCL's Group revenues were Rs. 61 billion. With cost optimization measures in place, PTCL's operating expenses decreased by 5% over the same period last year.

PTCL's net profit after tax for the period was Rs. 6.1 billion. Profitability for PTCL Group remained subdued mainly on account of financing cost and amortization expenses related to 3G network roll out by Ufone – the 100% owned subsidiary of PTCL.

Your attention is also drawn to note 9.1(e) of PTCL's financial information for the period, which contains the information and explanation regarding certain litigation cases as highlighted by external auditors in their review report.

For the financial year 2015, the Directors have declared an interim dividend of Re. 1.00 per share.

2. PRODUCTS AND SERVICES

a. Broadband

PTCL's Broadband business continued to be the leading business segment showing steady growth in revenues with innovative product launches coupled with creative win-back and upgrade campaigns. Data speed and quality of service were the catalysts of growth and investments in broadband infrastructure facilitated in customer acquisition and providing them with quality service.

Wireline

Wireline Broadband upgrade campaigns played a pivotal role in achieving growth in terms of subscribers and revenue. PTCL launched three upgrade campaigns in the year 2015, whereby customers have been upgraded to 2 Mbps and 4 Mbps speeds. The campaigns were aimed at upselling by providing broadband customers an experience of higher speeds thus enabling the subscribers to opt for higher data rates. These campaigns, therefore, helped PTCL in gaining new broadband subscriptions as well as aided in retaining upgraded subscribers on a higher data rate. The encouraging market response to the upgrade campaigns forms the basis in launching similar upgrade campaigns for higher than 4 Mbps speeds in the coming months of 2015.

PTCL launched a commercial "Broadband Reconnect" campaign in April, 2015 with attractive discount as well as remission of installation / restoration charges upon full payment of their outstanding PTCL dues. Building on our efforts towards promoting double and triple play packages, an appealing campaign offered waiver of DSL installation charges for single play customers connected through MSAGs (Multi Services Access Gateways) with the aim to enhance utilization of the MSAG capacity by offering customers uninterrupted double/triple play services.

Your Company also introduced a scheme to encourage timely bill payment of PTCL Wireline services. The "Lucky Draw Bill Payment Incentive" was introduced in June 2015 offering customers a chance to win attractive prizes.



Further, an all-product-bundle branded as “Power Pack” which comprises of a combination of EVO, Broadband, Smart TV and landline was launched during the period. Both existing and new customers can purchase the bundle and receive a unified postpaid bill for all services. Creating the concept of a ‘PTCL Digital Home’, the product is positioned as a single convenient bundle catering to the voice and data needs of an average Pakistani household.

Wireless

Based on identification of growth potential through analysis of market dynamics, several innovative campaigns were launched during the period under review.

Affordable un-bundled “CharJi EVO” packages were launched to cater to the needs of customers searching for economical pricing options. A new “CharJi EVO” Wingle device was also introduced in the product mix. “CharJi EVO” service was also rolled out in Multan and Faisalabad in order to tap into growing demand for high speed Broadband services in these regions.

The launch of “Wingle Winter Promo” and “EVO 3.1 Reconnect Offer” helped us retain and enhance the existing customer base of wireless broadband. PTCL offered another Wireless Upgrade promotion which allowed existing users to trade in any EVO device for an upgrade at discounted price. Your Company also launched a campaign which incentivized inactive EVO 9.3 subscribers to recharge with a discounted line-rent for the first two recharges/payments. Being the largest bandwidth provider, PTCL also introduced “EVO Double Volume” promotion for existing EVO 9.3 and CharJi EVO packages.

“EVO Luck Patti” offer was launched in June 2015. The time-bound promotion is designed to incentivize recharges and improve bill collections by rewarding our esteemed EVO subscribers with attractive cash prizes.

Your Company also launched a new product by the name of CharJi EVO Tablet. The dual SIM (CharJi & GSM) high-performance quad-core tablet with attractive features is bundled with a complimentary time-bound Smart-TV application, 15,000 free on-net Ufone minutes, a free Sygic GPS navigation application, a complimentary car tablet-holder and vehicle charger.

b. Smart TV and Video Services

In an effort to become the largest multimedia content aggregator in Pakistan, your Company has collaborated with Akamai for the installation of CDN (Content Delivery Network) nodes in Karachi, Lahore and Islamabad. These nodes will not only enhance customers’ video streaming experience but will also conserve International bandwidth by serving the contents locally.

PTCL launched ad-free Smart TV application on the occasion of ICC cricket World Cup offering 150 channels, video on demand service and interactive features such as TVOD (Transactional Video on Demand), PVR (Personal Video Recording) parental lock etc. Moreover, as part of furthering PTCL Group’s multi-screen strategy, Ufone customers will now be offered pre-installed Dailymotion application in their smartphones.

c. Voice

Being the pioneer of fixed line telephony in Pakistan, PTCL introduced yet another appealing landline package for its subscribers. The “Utalk Bundle” package at economical price was launched in collaboration with Ufone with the objective to encourage subscribers to enhance the landline usage with unlimited monthly minutes for calling Ufone numbers. The package has been successful as a sizeable number of customers have subscribed to this service in a short span of time increasing both number of calls made and minutes consumed.

d. Carrier & Wholesale Services

PTCL, having the distinction of being the only fully integrated service provider in the country with extensive and advanced network capabilities, is well-poised to serve all segments of customers. Portfolio of the products offered by your Company for the carriers, therefore,

encompass interconnection, IP bandwidth, backhaul and active / passive infrastructure services thus enabling the carriers to build and extend their networks and provide a broad range of voice and data services to their end-users at affordable prices.

Despite the challenging market dynamics, PTCL continued to offer its consistent support to carriers in their launch and expansion of next generation (3G & 4G) services capitalizing on the increased demand for IP bandwidth capacity by adopting a competitive pricing strategy. With the inclusion of Wi-Fi Hotspots offering, Managed Colocation Services and Tower Sites Leasing in the existing product range, your Company has proven its commitment towards innovation and progression.

e. Corporate Services

Capitalizing on the market opportunity, your Company further expanded the customer base during the period besides upselling to the current set of enterprise customers. In addition to the traditional product sales, PTCL focused on different ICT (Information and Communication Technology) projects to broaden the service portfolio with the help of various System Integrators thus attaining higher growth in business.

Besides growing the business with large sized enterprises of the country in major cities, your Company's focus on targeting tier-II cities has resulted in continuous expansion of enterprise customer base in these areas as well.

Further, SMEs (Small and Medium Enterprises) present a sizeable market opportunity for PTCL although, presently this segment is highly fragmented in fulfilling their ICT needs. By virtue of a dedicated effort, PTCL has attained sizeable sales volume in this sector.

In cloud services, PTCL launched SaaS (Software as a Service) platform, targeting SMEs and business customers. The platform hosts six applications comprising of web building tool, HD video conferencing, email marketing tool with analytics, online storage box, end-point protective software and patient management system for doctors and clinics.

f. International Business

Your Company is the only telecom operator in Pakistan with a network of three redundant and resilient Submarine Cable Systems which allows it to offer quality service to all the customer segments, be it retail, corporate or carriers. In order to cater for customers' ever growing bandwidth requirements, PTCL invested in the upgrade of SEA-ME-WE-4 submarine cable system adhering to the strategy to offer high-speed broadband services and to keep the market leadership position in Pakistan. With the upgradation, your Company is capable of catering to the growth requirements of its customers in foreseeable future at affordable cost. Further, in spite of ICH (International Clearing House) deregulation and the impediments faced in its aftermath, PTCL continued to maintain its leading position as being the preferred LDI (Long Distance and International) carrier in domestic market as well as neighboring countries for international traffic and media provisioning.

3. SUPPORT FUNCTIONS

a. Network Infrastructure

PTCL continued to expand its network and enhance its resilience by adding more redundancy in fiber routes and core network. A new hub site has also been established at Lahore which ensures protection and availability of all type of services throughout PTCL network. Health, Safety and Environment of major hub sites are being further improved in line with contemporary standards to ensure seamless services availability to our esteemed customer base at all times.



To meet higher bandwidth demand and to improve the experience of its wireless broadband customers, PTCL acquired additional 5MHz spectrum during the period. In the wireline broadband segment, your Company deployed FTTH (Fiber to the Home) solution in selected areas e.g. Bahria Town Islamabad, Pearl City Multan and certain other sectors of Islamabad. International cable station and duct route projects are progressing as per agreed plan with the consortium AAE-1 (Asia-Africa-Europe-1) thus enabling high bandwidth channels on international routes. Projects were also initiated for international connectivity with Afghan Telecom for Torkhum – Karachi route.

PTCL continued its effort to support public agencies for the execution of different welfare projects. An example in this regard is successful delivery of GPON based connectivity solution to Rawalpindi/Islamabad Metro Bus Project to interlink its stations and ticketing systems. PTCL has also expanded its detection and mitigation systems for DDoS (Distributed Denial of Service), which will provide comprehensive visibility with real-time reporting of critical network traffic, services and applications.

In response to prevailing power crisis in the country, PTCL deployed alternate power back-up solutions for telecom equipment. These include enhanced battery backup, deployment of new technologies like smart switches and fast charging batteries leading to improvement in network performance. Your Company also introduced state-of-the-art shell-based precision cooling system for essential equipment to reduce operational expenses. Additionally, PTCL has deployed solar based power solution at BTS sites to ensure the uninterrupted power availability.

b. Customer Care

To further enhance the customer satisfaction levels at each touch point, related customer care functions were consolidated under single administrative leadership. During the period, segmentation of PTCL's wireline and wireless customer base was carried out thus enabling priority services to high value customers.

Customer retention initiatives were further augmented thus improving Company's perception amongst valued customers. The online channel accessibility was increased by adding online shop and payment facilities. The Company also undertook various programs to improve customer satisfaction level such as strict monitoring, guidance and process reengineering to minimize customer complaints at all levels.

In addition to telemarketing, Contact Centers ensured up-selling high-end package plans to increase yield and to reduce churn while ensuring quality and timely service. Contact Center activities have consistently supported business zones and contributed in new order registration.

To facilitate regional customers, Pashto language IVR (Interactive Voice Response) was launched. The digital medium also remained a key focus area for serving customers an example of which is increased online chat transactions with subscribers via internet.

c. Marketing Communication

During the period under review, PTCL continued to further strengthen its brand perception and equity through integration of various branding and marketing initiatives, with particular focus on tapping new segments.

Effective marketing campaigns on both traditional and digital media were initiated to capture maximum attention. Digital and new media spectrum were particularly focused, that led to strengthening PTCL's value proposition among various audiences.

PTCL gained vital customer insight through various research initiatives after conducting surveys about analysis of win-back, upgrade and related campaigns. A nationwide field research on Brand Equity covering PTCL corporate and the sub brands was also carried out to generate actionable insights for business strengthening.

d. Information Technology (IT)

To effectively support the core business functions, PTCL is continuously expanding its IT capabilities in line with the evolving technological advancements. In this direction, an Over the Top TV (OTT TV) application was launched for the Smart TV segment thus enlarging the related customer base. Further, the provisioning and billing modules of the "Smart link" application were successfully launched.

The customer segmentation was implemented in the CRM (Customer Relationship Management) application enabling tailor-made priority services to high-value customers. Further, the newly implemented Enterprise Data Warehouse System provides insights into the various business segments through dashboards and interactive reports in such a way that 360-degree view of all transactions related to various products, services and customers is obtained through one data model.

PTCL has also taken several measures to ensure information security especially with regards to its customer data such as introduction of new security policies which include "Information Classification and Exchange Policy" and "Mobile Secure Environment Policy".

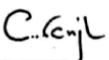
e. Human Resources

Adhering to your Company's resolve to build capable leadership pipeline, Harvard Manage Mentor (HMM), a globally recognized online learning solution, was launched for high potential employees and senior leadership of PTCL. Furthermore, distinctive interventions like "The 8th Habit®" and "Silicon Valley Best Practices in Culture, Organization, Leadership and Talent" were conducted to help senior leaders staying conversant with latest industry trends. To strengthen personal and professional development of employees, Professional Enrichment Program (PEP) was launched, introducing LUMS Executive MBA program for mid-career high performing employees. PTCL also commenced HR Certification program from HRCI (Human Resource Certification Institute) for relevant staff to enhance employees' knowledge and skillset.

For the second consecutive year, your Company was awarded the prestigious HR Excellence Award (EFQM), for the "Most Improved OPCO" by Etisalat Group, in recognition of its effective human resource practices.

The management and employees of PTCL remain committed to providing highest level of service to its valued customers by way of investments in infrastructure and human capital and in the process create greater value for its shareholders.

On behalf of the Board,



Azmat Ali Ranjha
Chairman



Walid Irshaid
President & Chief Executive Officer

Islamabad: July 15, 2015



**CONDENSED INTERIM
FINANCIAL INFORMATION**
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(UN-AUDITED)



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Telecommunication Company Limited (the Company) as at June 30, 2015, and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity and notes to the financial information for the six months then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the three months ended June 30, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2015.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months ended June 30, 2015, is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter paragraph

We draw attention to note 9.1[e] to the condensed interim financial information, which describes the position related to the review petitions filed by the Company, Pakistan Telecommunication Employees Trust and the Federal Government before the Supreme Court of Pakistan against its order dated June 12, 2015. Our conclusion is not qualified in respect of this matter.

OTHER MATTER

The financial statements of the Company for the year ended December 31, 2014 and condensed interim financial information for the six months ended June 30, 2014 were audited and reviewed respectively by another firm of Chartered Accountants who had expressed an unqualified opinion and added an emphasis of matter paragraph on the uncertainty of outcome of the law suits filed against the Company vide their report dated February 10, 2015 on the financial statements for the year ended December 31, 2014. Auditors expressed unqualified conclusion on six months interim condensed financial information for the period ended June 30, 2014.

Deloitte Yousuf Adil

Deloitte Yousuf Adil
Chartered Accountants
Karachi: July 15, 2015

Engagement Partner:
Asad Ali Shah



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2015 (UN-AUDITED)

	Note	June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
EQUITY AND LIABILITIES			
Equity			
Share capital and reserves			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,416,078	2,196,770
General reserve		30,500,000	30,500,000
Unappropriated profit		6,325,568	8,117,782
		39,241,646	40,814,552
Unrealized gain on available for sale investments		-	329,039
		90,241,646	92,143,591
Liabilities			
Non-current liabilities			
Long term security deposits		551,443	549,256
Deferred income tax		4,318,938	2,676,026
Employees' retirement benefits		28,943,501	33,011,258
Deferred government grants		7,237,720	6,848,180
		41,051,602	43,084,720
Current liabilities			
Trade and other payables		42,931,314	44,345,349
TOTAL EQUITY AND LIABILITIES		174,224,562	179,573,660

Contingencies and commitments

9

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.

C. Gijl

Chairman



	Note	June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
ASSETS			
Non-current assets			
Fixed assets			
Property, plant and equipment	5	94,192,171	94,452,061
Intangible assets	6	2,427,746	4,826,422
		96,619,917	99,278,483
Long term investments	7	7,892,296	7,791,296
Long term loans and advances		3,204,763	2,794,106
Investment in finance lease		68,522	84,398
		107,785,498	109,948,283
Current assets			
Stores, spares and loose tools		3,208,338	2,872,542
Trade debts		15,282,216	15,758,805
Loans and advances	8	2,225,447	4,136,133
Investment in finance lease		31,601	28,305
Accrued interest		173,685	344,801
Recoverable from tax authorities		16,202,032	16,366,457
Receivable from the Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		4,146,722	4,994,327
Short term investments		18,000,000	18,441,389
Cash and bank balances		5,004,951	4,518,546
		66,439,064	69,625,377
TOTAL ASSETS		174,224,562	179,573,660

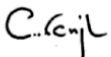
President & CEO

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS

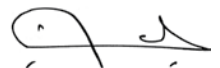
FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2015 Rs '000	June 30, 2014 Rs '000	June 30, 2015 Rs '000	June 30, 2014 Rs '000
Revenue		20,103,186	21,735,856	39,353,823	42,849,088
Cost of services		(13,315,785)	(13,968,650)	(26,432,518)	(27,501,549)
Gross profit		6,787,401	7,767,206	12,921,305	15,347,539
Administrative and general expenses		(2,187,950)	(2,623,590)	(4,361,187)	(5,115,538)
Selling and marketing expenses		(880,372)	(811,926)	(1,767,720)	(1,573,965)
		(3,068,322)	(3,435,516)	(6,128,907)	(6,689,503)
Operating profit		3,719,079	4,331,690	6,792,398	8,658,036
Other income	10	1,680,635	1,469,358	2,483,214	2,560,767
Finance costs		1,094	(122,321)	(67,894)	(284,772)
Profit before tax		5,400,808	5,678,727	9,207,718	10,934,031
Provision for income tax					
- Current		553,676	(1,655,084)	(1,487,712)	(4,094,313)
- Deferred		(2,351,881)	(389,257)	(1,642,912)	158,062
		(1,798,205)	(2,044,341)	(3,130,624)	(3,936,251)
Profit for the period		3,602,603	3,634,386	6,077,094	6,997,780
Earnings per share - basic and diluted (Rupees)		0.71	0.71	1.19	1.37

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.



Chairman



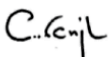
President & CEO

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2015 Rs '000	June 30, 2014 Rs '000	June 30, 2015 Rs '000	June 30, 2014 Rs '000
Profit for the period	3,602,603	3,634,386	6,077,094	6,997,780
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit and loss:				
Gain on available for sale investments arising during the period	87,263	42,458	229,633	76,956
Gain on disposal transferred to income for the period	(462,958)	-	(558,672)	(13,803)
(Realized) / unrealized gain on available for sale investments - net of tax	(375,695)	42,458	(329,039)	63,153
Total comprehensive income for the period	3,226,908	3,676,844	5,748,055	7,060,933

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.



Chairman



President & CEO



CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2015 Rs '000	June 30, 2014 Rs '000
Cash flows from operating activities			
Cash generated from operations	11	19,178,750	20,310,563
Payment to Pakistan Telecommunication Employees' Trust (PTET)		(5,937,780)	-
Employees' retirement benefits paid		(404,654)	(559,134)
Payment of voluntary separation scheme cost		(745,348)	-
Long term security deposits		2,187	8,666
Income tax paid		(1,600,647)	(1,142,248)
Net cash inflows from operating activities		10,492,508	18,617,847
Cash flows from investing activities			
Capital expenditure		(6,639,630)	(10,654,703)
Proceeds from disposal of property, plant and equipment		20,705	38,723
Short-term investments		(6,000,000)	-
Finance lease		12,580	6,012
Long term loans and advances		(371,436)	(1,315,338)
Receipts against loan to PTML		2,000,000	2,750,000
Return on long term loans and short term investments		1,360,618	1,896,371
Government grants received		638,816	1,492,835
Long term investment - UBank		(100,000)	-
Long term investment - DVCOM Data (Private) Limited		(1,000)	-
Dividend income		10,000	-
Net cash outflows from investing activities		(9,069,347)	(5,786,100)
Cash flows from financing activities			
Dividend paid		(7,378,145)	(4,552,052)
Net (decrease) / increase in cash and cash equivalents		(5,954,984)	8,279,695
Cash and cash equivalents at the beginning of the period		10,959,935	26,763,930
Cash and cash equivalents at the end of the period	12	5,004,951	35,043,625

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.

Chairman

President & CEO

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

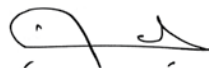
FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	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 January 01, 2014	37,740,000	13,260,000	2,958,336	30,500,000	16,324,138	89,785	100,872,259
Total comprehensive income for the period	-	-	-	-	6,997,780	-	6,997,780
Profit for the period	-	-	-	-	-	63,153	63,153
Other comprehensive income	-	-	-	-	(267,576)	-	(267,576)
Transfer to insurance reserve	-	-	267,576	-	-	-	-
Final dividend for the year ended December 31, 2013 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	267,576	-	1,630,204	63,153	1,960,933
Balance as at June 30, 2014	37,740,000	13,260,000	3,225,912	30,500,000	17,954,342	152,938	102,833,192
Total comprehensive income for the period	-	-	-	-	(1,790,286)	-	(1,790,286)
Loss for the period	-	-	-	-	(3,975,416)	176,101	(3,799,315)
Other comprehensive (loss) / income	-	-	-	-	1,029,142	-	1,029,142
Utilization of insurance reserve	-	-	(1,029,142)	-	-	-	-
Interim dividend for the year ended December 31, 2014 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	(1,029,142)	-	(9,836,560)	176,101	(10,689,601)
Balance as at December 31, 2014	37,740,000	13,260,000	2,196,770	30,500,000	8,117,782	329,039	92,143,591
Total comprehensive income for the period	-	-	-	-	6,077,094	-	6,077,094
Profit for the period	-	-	-	-	-	(329,039)	(329,039)
Other comprehensive loss	-	-	-	-	(219,308)	-	(219,308)
Transfer to insurance reserve	-	-	219,308	-	-	-	-
Final dividend for the year ended December 31, 2014 - Rs. 1.50 per share	-	-	-	-	(7,650,000)	-	(7,650,000)
	-	-	219,308	-	(1,792,214)	(329,039)	(1,901,945)
Balance as at June 30, 2015	37,740,000	13,260,000	2,416,078	30,500,000	6,325,568	-	90,241,646

The annexed notes 1 to 15 are an integral part of this condensed interim financial information.

C. Goyal

Chairman



President & CEO



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2015 (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 (Re-organization) Act, 1996, on which date, the Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees' Trust (PTET). The registered office of the Company is situated at PTCL Headquarters, G-8/4, Islamabad.

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

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the six months ended June 30, 2015 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 requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 expectations 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 year ended December 31, 2014.

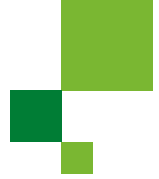
4. SIGNIFICANT ACCOUNTING POLICIES

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 year ended December 31, 2014.

	Note	June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	81,031,538	85,072,228
Capital work-in-progress		13,160,633	9,379,833
		94,192,171	94,452,061

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)



	Note	June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
5.1 Operating fixed assets			
Opening net book amount		85,072,228	78,951,084
Additions during the period / year at cost	5.2	2,858,832	19,761,293
		87,931,060	98,712,377
Transfer during the period / year - at net book amount		(24,995)	(58,117)
Loss due to fire for the period / year		-	(841,231)
Depreciation for the period / year		(6,874,527)	(12,740,801)
		(6,899,522)	(13,640,149)
Closing net book amount		81,031,538	85,072,228
5.2 Detail of additions during the period / year:			
Buildings on freehold land		2,270	153,888
Buildings on leasehold land		-	3,107
Lines and wires		796,063	3,935,385
Apparatus, plant and equipment		1,524,436	15,327,396
Office equipment		3,675	9,781
Computer equipment		15,753	205,965
Furniture and fittings		2,865	13,985
Vehicles		15,190	111,786
Submarine cables		498,580	-
		2,858,832	19,761,293
6. INTANGIBLE ASSETS			
Opening net book amount		4,826,422	5,157,172
Additions during the period / year at cost		-	246,373
		4,826,422	5,403,545
Derecognition during the period / year - at net book amount	6.1	(2,102,272)	-
Amortization charge for the period / year		(296,404)	(577,123)
		(2,398,676)	(577,123)
Closing net book amount		2,427,746	4,826,422

6.1 The Company has vacated 1900 MHz spectrum in nine telecom regions acquired from Telecard Limited in September 2013 due to certain conditions mandatory to complete the transaction as stipulated in the agreements embodying the commercial arrangement remaining unfulfilled.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	Note	June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
7. LONG TERM INVESTMENTS			
Opening balance		7,791,296	7,791,296
Additions during the period at cost	7.1	101,000	-
Closing balance		7,892,296	7,791,296

7.1 It includes acquisition of 100% shareholding of DVCOM Data (Private) Limited, which owns Wireless Local Loop (WLL) License of 1900 MHz spectrum in nine telecom regions of Pakistan.

8. LONG TERM LOANS AND ADVANCES

These include unsecured loans of Rs 1,000,000 thousand (December 31, 2014: Rs 3,000,000 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.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no material change in contingencies as disclosed in the last audited financial statements of the Company for the year ended December 31, 2014, except the followings:

- (a)** Against the decision of ATIR upholding tax authorities' decision to impose FED amounting to Rs 474,417 thousand on Technical Services Assistance fee assuming that the fee is against franchise arrangement for the period from July 2007 to June 2010, Honorable Islamabad High Court remanded the cases back to ATIR with the directions to decide the cases afresh. Accordingly, the stay order earlier granted by the Honorable Islamabad High Court upholds.
- (b)** For the tax year 2010, the Commissioner Inland Revenue (Appeals) decided the appeal and deleted certain disallowed expenses with tax impact of Rs.3,955,783 thousand.
- (c)** For the tax year 2014, taxation officer disallowed certain expenses with tax impact of Rs 8,051,168 thousand. The Company has filed an appeal before CIR (Appeals), pending adjudication. Stay against recovery proceeding has also been obtained from CIR (Appeals).
- (d)** Against the decision of Collector Customs imposing additional duties and taxes amounting to Rs. 2,027,613 thousand the Company is in the process of filling the appeal before Customs Appellate Tribunal.
- (e)** With regard to the appeals filed by the Company before the Honorable Supreme Court of Pakistan against the orders passed by various High Courts, the Honorable Supreme Court of Pakistan dismissed such appeals through announcement of the earlier-reserved order on 12th June, 2015. Based on the directives contained in the said order and the pertinent legal provisions, the Company is evaluating extent of its responsibility vis-à-vis such order. The Company, the Pakistan Telecommunication Employees Trust and the Federal Government have filed Review Petitions before the Apex Court in this regard. Under the circumstances, the management of the Company is of the view, it is not possible at this stage to ascertain the financial obligations, if any, flowing from the Honorable Supreme Court decision which could be disclosed in these financial information. In the meanwhile, PTET has issued notices to prospective beneficiaries for the determination of their entitlements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

9.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 7,244,661 thousand (December 31, 2014: Rs 7,281,071 thousand).

	Six months ended	
	June 30, 2015 (Un-Audited) Rs '000	June 30, 2014 (Un-Audited) Rs '000
10. OTHER INCOME		
Mark up on long term loans	89,790	389,094
Return on bank deposits	870,078	1,441,789
Gain on disposal of available for sale investment	558,672	13,803
Amortization of deferred government grants	249,276	178,779
Gain / (loss) on disposal of fixed assets	103,432	(19,394)
Others	611,966	556,696
	2,483,214	2,560,767
11. CASH GENERATED FROM OPERATIONS		
Profit before tax	9,207,718	10,934,031
Adjustments for non-cash charges and other items:		
Depreciation and amortization	7,170,931	6,611,580
Provision against doubtful trade debts	1,090,573	1,029,926
Employees' retirement benefits	2,274,673	2,852,786
(Gain) / loss on disposal of property, plant and equipment	(20,705)	19,394
(Gain) on derecognition of intangible assets	(82,727)	-
Return on bank deposits	(870,078)	(1,441,789)
Imputed interest on long term loans	(31,364)	69,557
Imputed Interest on finance lease	(7,366)	(3,001)
Markup on long term loans	(89,790)	(389,094)
Gain on disposal of available for sale investments	(558,672)	(13,803)
Dividend income	(10,000)	-
Amortization of government grants	(249,276)	(178,779)
	17,823,917	19,490,808
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(310,801)	359,510
Trade debts	(613,984)	(821,146)
Loans and advances	(92,438)	129,575
Recoverable from tax authorities	277,360	-
Prepayments and other receivables	850,237	(163)
	110,374	(332,224)
Increase in current liabilities:		
Trade and other payables	1,244,459	1,151,979
	19,178,750	20,310,563

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

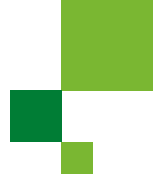
	Six months ended	
	June 30, 2015 (Un-Audited) Rs '000	June 30, 2014 (Un-Audited) Rs '000
12. CASH AND CASH EQUIVALENTS		
Short term investments	-	29,522,131
Cash and bank balances	5,004,951	5,521,494
	5,004,951	35,043,625

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services assistance fee - note 13.1	1,286,588	1,407,184
ii. Subsidiary	Sale of goods and services	2,666,983	2,745,914
	Purchase of goods and services	1,882,473	1,745,323
	Mark up on long term loans	89,790	389,094
iii. Associated undertakings	Sale of goods and services	1,070,153	69,472
	Purchase of goods and services	479,638	776,949
iv. Employees' retirement benefit plan	Contribution to the plan	5,937,780	-
v. Other related parties	Sale of goods and services	94,130	-
	Charge under license obligations	707,473	1,036,291
vi. Directors, Chief Executive and Executives	Fee and remuneration including benefits and perquisites	997,063	829,391
		June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
Period-end balances			
Receivables from related parties			
Long-term loans to subsidiary		1,000,000	3,000,000
Trade debts			
- Subsidiary		557,309	636,998
- Associated undertakings		975,007	28,409
- The Government of Pakistan and its related entities		1,379,155	1,493,357
Accrued interest receivable			
- Subsidiary		18,230	67,224
Other receivables			
- Subsidiaries		2,784,235	11,257
- Associated undertakings		74,286	74,265
- PTCL Employees' GPF Trust		599,375	525,377
- Pakistan Telecommunication Employees' Trust (PTET)		147,760	4,082,578

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)



	June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
Payables to related parties		
Trade creditors		
- Subsidiary	-	1,091,952
- Associated undertakings	161,956	294,230
- The Government of Pakistan and its related entities	3,025,534	5,044,143
Retention money payable to associated undertaking	194	52
Technical services assistance fee payable to Etisalat	1,286,588	633,814
Pakistan Telecommunication Employees' Trust (PTET)	7,100,548	12,250,956

13.1 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.

14. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Trade debts presented in the statement of financial position include aggregate receivable of Rs 6,910,959 thousand (December 31, 2014: Rs 7,888,708 thousand) set off against aggregate payable of Rs 3,953,802 thousand (December 31, 2014: Rs 5,480,621 thousand).

Trade and other payables presented in the statement of financial position include aggregate payable of Rs 4,606,684 thousand (December 31, 2014: Rs 8,298,999 thousand) set off against aggregate receivable of Rs 3,160,001 thousand (December 31, 2014: Rs 6,633,920 thousand).

15. AUTHORIZATION FOR ISSUE AND INTERIM DIVIDEND

15.1 This condensed interim financial information for the six months ended June 30, 2015 was authorized for issue by the Board of Directors of the Company on July 15, 2015.

15.2 The Board of Directors had also declared an interim dividend of Re 1.00 per share for the year ending December 31, 2015, amounting to Rs 5,100,000 thousand.

Chairman

President & CEO



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

**FOR THE SIX MONTHS ENDED JUNE 30, 2015
(UN-AUDITED)**



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2015 (UN-AUDITED)

Note	June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
EQUITY AND LIABILITIES		
Equity		
Share capital and reserves		
Share capital	51,000,000	51,000,000
Revenue reserves		
Insurance reserve	2,416,078	2,196,770
General reserve	30,500,000	30,500,000
Unappropriated profit	20,654,265	25,360,137
	53,570,343	58,056,907
Unrealized gain on available for sale investments	27,715	343,936
	104,598,058	109,400,843
Liabilities		
Non-current liabilities		
Long term loans from banks	19,000,000	15,000,000
Liability against assets subject to finance lease	33,911	41,819
License fee payable	21,796,489	25,592,882
Long term security deposits	1,517,303	1,492,410
Deferred income tax	12,218,980	12,658,200
Employees' retirement benefits	29,195,018	33,302,010
Deferred government grants	7,237,720	6,848,180
Long term vendor liability	15,150,087	9,820,755
	106,149,508	104,756,256
Current liabilities		
Trade and other payables	57,132,601	57,142,828
Interest accrued	530,297	695,321
Short term running finance	2,162	-
Current portion of:		
Liability against assets subject to finance lease	31,977	31,977
License fee payable	5,895,682	4,406,841
Long term vendor liability	9,391,568	12,926,785
Unearned income	2,950,020	2,638,529
	75,934,307	77,842,281
Total equity and liabilities	286,681,873	291,999,380

Contingencies and commitments

7

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

Chairman



	Note	June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
ASSETS			
Non-current assets			
Fixed assets			
Property, plant and equipment	5	168,663,048	170,567,752
Intangible assets	6	41,874,293	42,874,181
		210,537,341	213,441,933
Long term investments		100,441	100,441
Long term loans and advances		3,320,849	2,925,795
Investment in finance lease		68,522	84,398
		214,027,153	216,552,567
Current assets			
Stores, spares and loose tools		3,208,338	2,872,542
Stock in trade		291,440	329,491
Trade debts		16,257,309	15,511,235
Loans and advances		2,116,538	2,114,096
Investment in finance lease		31,601	28,305
Accrued interest		233,786	330,823
Recoverable from tax authorities		19,015,195	19,116,720
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposit, prepayments and other receivables		4,382,438	8,337,132
Short term investments		18,529,272	18,959,345
Cash and bank balances		6,424,731	5,683,052
		72,654,720	75,446,813
Total assets		286,681,873	291,999,380



President & CEO



CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2015 Rs '000	June 30, 2014 Rs '000	June 30, 2015 Rs '000	June 30, 2014 Rs '000
Revenue	30,807,165	35,133,976	60,984,822	68,509,193
Cost of services	(21,914,838)	(22,539,899)	(43,573,503)	(42,950,479)
Gross profit	8,892,327	12,594,077	17,411,319	25,558,714
Administrative and general expenses	(4,286,644)	(5,016,158)	(8,569,031)	(9,806,313)
Selling and marketing expenses	(2,174,134)	(2,402,183)	(4,656,164)	(4,656,560)
	(6,460,778)	(7,418,341)	(13,225,195)	(14,462,873)
Operating profit	2,431,549	5,175,736	4,186,124	11,095,841
Other income	1,785,393	1,216,272	2,637,764	2,499,186
Finance costs	(994,462)	(854,173)	(2,364,827)	(1,244,381)
Profit before tax	3,222,480	5,537,835	4,459,061	12,350,646
Provision for income tax				
- Current	429,070	(1,981,927)	(1,739,275)	(5,372,569)
- Deferred	(1,204,503)	329,902	443,650	1,259,309
	(775,433)	(1,652,025)	(1,295,625)	(4,113,260)
Profit for the period	2,447,047	3,885,810	3,163,436	8,237,386
Earnings per share - basic and diluted (Rupees)	0.48	0.76	0.62	1.62

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

Chairman

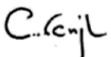
President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

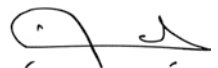
FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2015 Rs '000	June 30, 2014 Rs '000	June 30, 2015 Rs '000	June 30, 2014 Rs '000
Profit for the period	2,447,047	3,885,810	3,163,436	8,237,386
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit and loss:				
Gain on available for sale investments arising during the period	91,236	42,548	242,451	77,046
Gain on disposal transferred to income for the period	(462,958)	-	(558,672)	(13,803)
(Realized) / unrealized gain on available for sale investments - net of tax	(371,722)	42,548	(316,221)	63,243
Total comprehensive income for the period	2,075,325	3,928,358	2,847,215	8,300,629

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



Chairman



President & CEO



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2015 Rs '000	June 30, 2014 Rs '000
Cash flows from operating activities			
Cash generated from operations	8	28,452,894	28,666,219
Payment made to Pakistan Telecommunication Employees' Trust (PTET)		(5,937,780)	-
Employees' retirement benefits paid		(495,095)	(638,071)
Payment of voluntary separation scheme cost		(745,348)	-
Finance costs paid		(2,526,321)	(489,016)
Long term security deposits		24,893	(8,582)
Income tax paid		(1,913,909)	(3,721,163)
Net cash inflows from operating activities		16,859,334	23,809,387
Cash flows from investing activities			
Capital expenditure		(12,252,782)	(19,562,183)
Acquisition of intangible assets		(2,183,715)	(39,116,543)
Proceeds from disposal of property, plant and equipment		177,947	247,742
Investment in finance lease		19,946	6,012
Short term investments		(1,500,000)	-
Long term loans and advances		(366,813)	(1,321,738)
Government grants received		638,816	1,492,835
Dividend received		10,000	-
Return on long term loans and short term investments		1,309,732	1,437,188
Net cash outflows from investing activities		(14,146,869)	(56,816,687)
Cash flows from financing activities			
Long term loans received		4,000,000	12,000,000
Long term vendor liability		1,794,115	4,425,459
PTA license fee payable		(2,307,552)	30,169,742
Liability against assets subject to finance lease		(11,438)	(15,162)
Dividend paid		(7,378,146)	(4,552,052)
Net cash (outflows) / inflows from financing activities		(3,903,021)	42,027,987
Net (decrease) / increase in cash and cash equivalents		(1,190,556)	9,020,687
Cash and cash equivalents at the beginning of the period		12,642,397	27,568,998
Cash and cash equivalents at the end of the period	9	11,451,841	36,589,685

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

Chairman

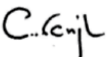
President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

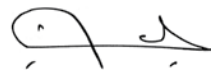
FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	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		
	37,740,000	13,260,000	2,958,336	30,500,000	34,815,636	89,785	119,363,757
Balance as at January 01, 2014							
Total comprehensive income for the period	-	-	-	-	8,237,386	-	8,237,386
Profit for the period	-	-	-	-	-	63,243	63,243
Other comprehensive income	-	-	-	-	(267,576)	-	(267,576)
Transfer to insurance reserve	-	-	267,576	-	-	-	-
Final dividend for the year ended December 31, 2013 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	267,576	-	2,869,810	63,243	3,200,629
Balance as at June 30, 2014	37,740,000	13,260,000	3,225,912	30,500,000	37,685,446	153,028	122,564,386
Total comprehensive (loss) / income for the period	-	-	-	-	(4,270,737)	-	(4,270,737)
Loss for the period	-	-	-	-	(3,983,714)	190,908	(3,792,806)
Other comprehensive (loss) / income	-	-	-	-	1,029,142	-	1,029,142
Utilization of insurance reserve	-	-	(1,029,142)	-	-	-	-
Interim dividend for the year ended December 31, 2014 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
	-	-	(1,029,142)	-	(12,325,309)	190,908	(13,163,543)
Balance as at December 31, 2014	37,740,000	13,260,000	2,196,770	30,500,000	25,360,137	343,936	109,400,843
Total comprehensive income for the period	-	-	-	-	3,163,436	-	3,163,436
Profit for the period	-	-	-	-	-	(316,221)	(316,221)
Other comprehensive loss	-	-	-	-	(219,308)	-	(219,308)
Transfer to insurance reserve	-	-	219,308	-	-	-	-
Final dividend for the year ended December 31, 2014 - Rs. 1.50 per share	-	-	-	-	(7,650,000)	-	(7,650,000)
	-	-	219,308	-	(4,705,872)	(316,221)	(4,802,785)
Balance as at June 30, 2015	37,740,000	13,260,000	2,416,078	30,500,000	20,654,265	27,715	104,598,058

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



Chairman



President & CEO



NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2015 (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)

Pakistan Telecommunication Company Limited (the Holding Company) was incorporated in Pakistan on December 31, 1995 and commenced business on January 1, 1996. The Holding Company, which is listed on Karachi, Lahore and Islamabad stock exchanges, was established to undertake the telecommunication business formerly carried on by Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Holding Company on January 1, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Holding Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees Trust (PTET). The registered office of the Holding Company is situated at PTCL Headquarters, G-8/4, Islamabad.

The Holding 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 Holding Company has also been licensed to provide such services in territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

Pak Telecom Mobile Limited (PTML)

PTML was incorporated in Pakistan on July 18, 1998, as a public limited company to provide cellular mobile telephony services in Pakistan. PTML commenced its commercial operations on January 29, 2001, under the brand name of Ufone. It is a wholly owned subsidiary of PTCL. The registered office of PTML is situated at Ufone Tower, Jinnah Avenue, Blue Area, Islamabad.

U Microfinance Bank Limited (U Bank)

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

DVCOM Data (Private) Limited

The Holding Company acquired 100% ownership of DVCOM Data (Private) Limited vide Share Purchase Agreement dated April 10, 2015. The company has a Wireless Local Loop (WLL) License of 1900 MHz spectrum in nine telecom regions of Pakistan. The registered office of the Company is located at PTCL Head Quarters South, Hatim Alvi road, Clifton Karachi.

2. STATEMENT OF COMPLIANCE

This condensed consolidated interim financial information of the Group for the six months ended June 30, 2015 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 shall prevail.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed consolidated interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience, including expectations 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 consolidated interim financial information are the same as those used in the preparation of annual audited consolidated financial statements of the Group for the year ended December 31, 2014.

4. 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 annual audited financial statements for the year ended December 31, 2014.

	Note	June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	153,901,793	157,630,781
Capital work-in-progress		14,761,255	12,936,971
		168,663,048	170,567,752
5.1 Operating fixed assets			
Opening net book amount		157,630,781	142,821,939
Additions during the period / year at cost		10,428,498	41,264,776
		168,059,279	184,086,715
Derecognition during the period / year - at net book amount		(47,048)	(226,811)
Loss due to fire for the period / year		-	(841,231)
Depreciation for the period / year		(14,110,438)	(25,387,892)
		(14,157,486)	(26,455,934)
Closing net book amount		153,901,793	157,630,781
6. INTANGIBLE ASSETS			
Opening net book value		42,874,181	6,191,581
Additions during the period / year at cost	6.1	2,932,352	39,734,272
		45,806,533	45,925,853
Derecognition during the period / year - at net book value		(2,102,272)	-
Amortization for the period / year		(1,829,968)	(3,051,672)
		(3,932,240)	-
Closing net book value		41,874,293	42,874,181

6.1 The Holding Company acquired 100% shareholding of DVCOM Data (Private) Limited, which owns Wireless Local Loop (WLL) License of 1900 MHz spectrum in nine telecom regions of Pakistan.

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

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (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 Group for the year ended December 31, 2014, except the followings:

- (a) Against the decision of ATIR upholding tax authorities' decision to impose FED on PTCL amounting to Rs 474,417 thousand on Technical Services Assistance fee assuming that the fee is against franchise arrangement for the period from July 2007 to June 2010, Honorable Islamabad High Court remanded the cases back to ATIR with the directions to decide the cases afresh. Accordingly, the stay order earlier granted by the Honorable Islamabad High Court upholds.
- (b) For the tax year 2010, the Commissioner Inland Revenue (Appeals) decided the appeal of PTCL and deleted certain disallowed expenses with tax impact of Rs.3,955,783 thousand.
- (c) For the tax year 2014, taxation officer disallowed certain expenses with tax impact of Rs 8,051,168 thousand. PTCL has filed an appeal before CIR (Appeals), pending adjudication. Stay against recovery proceeding has also been obtained from CIR (Appeals).
- (d) Against the decision of Collector Customs imposing additional duties and taxes amounting to Rs. 2,027,613 thousand PTCL is in the process of filling the appeal before Customs Appellate Tribunal.
- (e) With regard to the appeals filed by PTCL before the Honorable Supreme Court of Pakistan against the orders passed by various High Courts, the Honorable Supreme Court of Pakistan dismissed such appeals through announcement of the earlier-reserved order on 12th June, 2015. Based on the directives contained in the said order and the pertinent legal provisions, PTCL is evaluating extent of its responsibility vis-à-vis such order. PTCL, the Pakistan Telecommunication Employees Trust and the Federal Government have filed Review Petitions before the Apex Court in this regard. Under the circumstances, the management of PTCL is of the view, it is not possible at this stage to ascertain the financial obligations, if any, flowing from the Honorable Supreme Court decision which could be disclosed in these financial information. In the meanwhile, PTET has issued notices to prospective beneficiaries for the determination of their entitlements.
- (f) In relation to the demand raised by the taxation authorities for Advance Income Tax paid by the PTML under section 148. as disclosed in note 17.16 of Consolidated Financial Statements for the year ended December 31, 2014, the company has received a demand for tax year 2014 amounting to Rs. 581,000 thousand. The Company is of the view that these demands are not based on sound principles as the Company is subject to normal tax regime since its inception and the equipment imported is used in-house for provision of telecom services and not sold by the Company as commercial importer to derive income. The Company's appeal filed with ATIR against the decision of CIR(A) is pending adjudication.

7.2 Commitments

Commitments in respect of contracts for capital expenditure amount to Rs. 11,636,453 thousand (December 31, 2014: Rs. 11,289,190 thousand).

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

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

	Six months ended	
	June 30, 2015 (Un-Audited) Rs '000	June 30, 2014 (Un-Audited) Rs '000
8. CASH GENERATED FROM OPERATIONS		
Profit before tax	4,459,061	12,350,646
Adjustments for non-cash charges and other items:		
Depreciation and amortization	15,940,406	13,624,396
Provision for doubtful trade debts and other receivables	1,116,106	1,070,944
Provision for non performing advances	1,304	1,032
Employees' retirement benefits	2,325,883	2,916,359
Imputed interest on long term loans and advances	(31,364)	69,557
Imputed interest on finance lease	(7,366)	(3,001)
Imputed interest on PTA License fee	-	161,310
Gain on disposal of property, plant and equipment	(73,167)	(30,909)
Gain on derecognition of intangible assets	(82,727)	-
Gain on disposal of available for sale investments	(558,672)	(13,803)
Loss on fair value adjustment for forward exchange contracts	-	214,802
Return on bank deposits and short term investments	(1,000,767)	(1,441,789)
Dividend income	(10,000)	-
Amortization of government grants	(249,276)	(178,779)
Finance costs	2,364,827	786,634
	24,194,248	29,527,399
Effect on cash flows due to working capital changes: (Increase) / decrease in current assets:		
Stores, spares and loose tools	(310,801)	360,009
Stock in trade	38,051	244,035
Trade debts	(1,862,180)	(1,944,572)
Recoverable from tax authorities	277,360	-
Loans and advances	(623)	(15,001)
Deposits, prepayments and other receivables	3,988,446	(353,173)
	2,130,253	(1,708,702)
Increase in current liabilities:		
Trade and other payables	1,816,902	406,272
Unearned income	311,491	441,250
	2,128,393	847,522
	28,452,894	28,666,219
9. CASH AND CASH EQUIVALENTS		
Short term investments	5,029,272	29,866,789
Cash and bank balances	6,424,731	6,722,896
Short term running finance	(2,162)	-
	11,451,841	36,589,685

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

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

10. SEGMENT INFORMATION

For Management purposes, the Group is organized into two operating segments i.e. Fixed line communications (Wire line) and Wireless communications (Wireless). The reportable operating segments derive their revenue primarily from voice, data and other services.

10.1 Segment information for the reportable segments is as follows:

	Note	Wire line Rs '000	Wireless Rs '000	Total Rs '000
Six months ended June 30, 2015				
Segment revenue		34,674,753	29,779,176	64,453,929
Inter segment revenue	10.1.1	(2,666,983)	(802,124)	(3,469,107)
Revenue from external customers		32,007,770	28,977,052	60,984,822
Segment results		5,354,543	(2,191,107)	3,163,436
Six months ended June 30, 2014				
Segment revenue		38,403,658	33,833,701	72,237,359
Inter segment revenue	10.1.1	(2,745,915)	(982,251)	(3,728,166)
Revenue from external customers		35,657,743	32,851,450	68,509,193
Segment results		5,004,320	3,233,066	8,237,386

10.1.1 Inter segment revenues are eliminated on consolidation.

	Wire line Rs '000	Wireless Rs '000	Total Rs '000
As at June 30, 2015 (Un-Audited)			
Segment assets	138,530,899	148,150,974	286,681,873
Segment liabilities	78,764,812	103,319,003	182,083,815
As at December 31, 2014 (Audited)			
Segment assets	141,099,038	150,900,342	291,999,380
Segment liabilities	81,320,765	101,277,772	182,598,537

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

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

		Six months ended	
		June 30, 2015 (Un-Audited) Rs '000	June 30, 2014 (Un-Audited) Rs '000
11. TRANSACTIONS WITH RELATED PARTIES			
Relationship with the Group	Nature of transaction		
i. Shareholders	Technical services assistance fee	2,134,474	2,399,958
ii. Associated undertakings	Purchase of goods and services	535,138	818,679
	Sale of goods and services	1,096,734	78,390
	Prepaid rent	180,000	100,002
iii. Employees' retirement benefit plans	PTCL Contribution to Pakistan Telecommunication Employees' Trust (PTET)	5,937,780	-
		PTML Gratuity Fund	43,659
	PTML Provident Fund	55,010	55,535
	U Bank Provident Fund	2,977	2,561
	iv. Other related parties		
	PTCL Sale of goods and services	94,130	-
	PTCL Charges under license obligation	707,473	1,036,291
	PTML Expenses reimbursed to Pakistan MNP Database (Guarantee) Ltd.	4,017	25,850
v. Directors, Chief Executive and Executives	Fee and remuneration including benefits and perquisites	922,777	1,193,419
		June 30, 2015 (Un-Audited) Rs '000	December 31, 2014 (Audited) Rs '000
Period-end balances			
Receivables from related parties			
Trade debts			
	- Associated undertakings	1,002,102	54,564
	- The Government of Pakistan and its related entities	1,379,155	1,493,357
Other receivables			
	- Associated undertakings	74,286	74,265
	- PTCL Employees' GPF Trust	599,375	525,377
	- Pakistan Telecommunication Employees' Trust (PTET)	147,760	4,082,578
	- Prepaid rent	73,333	33,334
PTML			
	- Long term loans to executive and key management personnel	106,302	115,690
Payables to related parties			
Trade creditors			
	- Associated Undertakings	233,358	369,183
	- The Government of Pakistan and its related entities	3,025,534	5,044,143
	- Technical services assistance fee payable to Etisalat	2,134,474	1,071,619
PTCL			
	- Pakistan Telecommunication Employees' Trust (PTET)	7,100,548	12,250,956
PTML			
	- Gratuity Fund	43,659	97,287
	- Provident Fund	19,481	19,853
U Bank			
	- Provident Fund	1,050	-



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

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (UN-AUDITED)

12. AUTHORIZATION FOR ISSUE AND INTERIM DIVIDEND

- 12.1** This condensed consolidated interim financial information for the six months ended June 30, 2015 was authorized for issue by the Board of Directors of the Holding Company on July 15, 2015.
- 12.2** The Board of Directors of the Holding Company had also declared an interim dividend of Re 1.00 per share for the year ending December 31, 2015, amounting to Rs 5,100,000 thousand.

A handwritten signature in black ink, appearing to read "C. G. J.", written in a cursive style.

Chairman

A handwritten signature in black ink, consisting of a stylized, flowing script.

President & CEO