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BOARD OF DIRECTORS

Chairman PTCL Board

Rizwan Bashir Khan

Members PTCL Board

Abdulrahim A. Al Nooryani

Dr. Waqar Masood Khan

Hatem Dowidar

Serkan Okandan

Sardar Ahmad Nawaz Sukhera

Khalifa Al Shamsi

Hesham Al Qassim

Mudassar Hussain



CORPORATE INFORMATION

Management

Dr. Daniel Ritz

President & Chief Executive Officer

Muhammad Nehmatullah Toor

Chief Financial Officer

Syed Mazhar Hussain

Chief Human Resource Officer

Saad Muzaffar Waraich

Chief Technology and Information Officer

Sikandar Naqi

Chief Business Development Officer

Adnan Shahid

Chief Commercial Officer

Kamal Ahmed

Chief Digital Services Officer

Jahanzeb Taj

Chief Business Operations Officer

Muhammad Shehzad Yousuf

Chief Internal Auditor

Moqem ul Haque

Chief Strategy Officer

Company Secretary

Saima Akbar Khattak

Legal Advisor

Zahida Awan

Executive Vice President (Legal)

Bankers

Conventional

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

The Bank of Punjab

Citibank

Habib Metropolitan Bank Limited

Habib Bank limited

Khushhali Bank Limited

MCB Bank Limited

National Bank of Pakistan

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

U Microfinance Bank Limited

United Bank Limited

Islamic

Meezan Bank

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

Chartered Accountants

Share Registrar

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

E-mail: info.shares@famco.com.pk

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 2016. The financial information has been reviewed by the statutory auditors.

Based upon its vast network capabilities and being the only fully integrated telecom service provider in Pakistan, your Company is fully committed to retain its leadership position in provision of voice and data services to its esteemed customer base by further expanding its network infrastructure using latest available technologies thus satisfactorily meeting the increasing IP bandwidth demand for broadband needs in the country.

The succeeding paragraphs briefly cover performance of PTCL for the first half of current financial year of 2016.

1. FINANCIAL PERFORMANCE

During the period under review, PTCL Group earned revenue of Rs. 59 billion whereas PTCL's revenue was Rs. 36 billion. Revenue from DSL services increased over same period last year, however, the Voice revenue declined mainly due to ICH (International Clearing House) deregulation. With effective cost optimization measures in place, operating expenses of PTCL and PTCL Group both decreased by 4% over the same period last year.

PTCL Group's net profit before tax was increased by 34% compared with same period last year mainly on account of increased operational efficiency. However, the net profit after tax showed slight decrease of 2% due to increased tax charge accounted for in the financial results of half year 2016. PTCL's net profit after tax for the period was Rs. 5.6 billion.

Your attention is also drawn to note 10.1(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 2016, the Directors have declared an interim dividend of Re. 1.00 per share

2. PRODUCTS AND SERVICES

a. Wireline Business

With the objective to further increase its market share in Data services and to sustain revenues from Wireline network, your Company continued to introduce various promising packages along with tariff rationalization measures during the period. As a result, revenues from DSL services grew over the corresponding period of last year.

As part of tariff rationalization, the on-net call charges were slightly revised. For single-play non-freedom package users, the PSTN line rent was also rationalized with the objective to increase usage of economical 'Freedom Package'. Further, besides the revision in installation charges, the processes of receiving new connections were further improved as part of which these charges are now received upfront in form of advance set up charges. The new processes are presently being tested in a few regions, to be replicated country-wide after the success thereof. These measures were undertaken to optimize the Wireline usage thus increasing revenue therefrom.

Moreover, 1Mbps to 2Mbps Economy, 1Mbps to 2Mbps Unlimited, 2Mbps to 4Mbps Unlimited and 4Mbps to 8Mbps Unlimited upgrade promotions were undertaken during the period. PTCL also introduced a 4 Mbps Ramadan promo with availability of limited time subscriptions. Being an opt-in campaign, customers can avail 4 Mbps Economy and 4Mbps Unlimited in price of 2 Mbps Economy and 2Mbps Unlimited respectively for the given period. These upgrade promotions give taste of higher speed data rate to customers without extra charges for limited period of time. Majority of the subscribers continue to stay on higher data rates switching over to regular charges of higher speed DSL packages.



Launch of 4 Mbps Starter Package focused on the needs of a specific segment which needed higher speeds with lower charges and limited download volume of 20 GBs. This package is expected to increase the new broadband acquisitions as well as package upgrades.

b. Wireless Business

Cognizant of the customers' preference of speedier but cost-effective wireless data services, your Company introduced an 'EVO Wireless Upgrade Offer'. Under the promotion, PTCL EVO subscribers can trade-in their existing EVO devices for upgraded CharJi LTE products. Subscribers currently using EVO 3.1 and EVO 9.3 products may upgrade to CharJi EVO Devices with discounted prices, while EVO 3.1 subscribers can receive a Wingle 9.3 upgrade free of cost. Besides, under another initiative by the name of 'EVO Muft Offer' subscribers opting for the package were provided with a 3G EVO Wingle device free of cost along with unlimited internet usage, valid for the first month. The initial month's line rent was received in advance. Moreover, an enticing starter package for EVO 9.3 was also launched. The offer enabled light data users to benefit from an economical 5 GB package at attractive monthly charges without any time restrictions.

Re-runs of the EVO biometric verification campaign continued during the period with consistent marketing efforts urging EVO / CharJi and V-Fone subscribers to fulfill the regulatory requirement by getting their wireless devices verified using the facilities provided by the Company. In order to make the campaign successful, services of subscribers who recharged were immediately blocked with restoration contingent only upon successful biometric verification. The campaign was effective as the devices of over a million subscribers were biometrically verified by end of the period.

c. Contents & Multimedia

During the period, the Smart TV service was further enhanced by adding new features. Enrichment of Live TV section was undertaken with the addition of three channels in the News and Regional genre. The Smart TV Channel lineup was also refined for customer convenience. Smart TV app was offered free of cost to Smart TV (IPTV) customers in the month of Ramadan. Video tutorials on usage of PTCL Smart TV features were added in the VOD (Video on Demand) section and were also made part of the PTCL's products' channel.

'Red-bull Extreme Sports' VOD bundle was launched on PTCL Smart TV and Smart TV app service featuring popular videos from the fast-pace, high-action, extreme sports world encompassing jet boating, motor sports, sky diving, skiing etc.

Cognizant of the vast fan-following of cricket in Pakistan, your Company capitalized on the event of T-20 World Cup by offering ad-free screening of the T-20 cricket world cup matches on Smart TV app without any extra charges to customers. The related marketing campaign was aptly designed around the event with wide coverage.

Similarly, services of Smart TV and Smart TV app duly covered the events of Pakistan Super League T-20 and T-20 Asia Cup cricket tournaments along with wide-spread marketing campaigns.

Enrichment of e-junior VOD bundle was provided by e-Vision (Subsidiary of Etisalat) for provision of Kids contents on the Smart TV which range from pre-school series to grown-up kids titles.

d. Carrier and Wholesale Services

For the wholesale customers i.e. the other telecom operators and service providers, your Company offers a comprehensive range of tailor-made products such as interconnection, IP bandwidth, backhaul and active / passive infrastructure services which enables such carrier customers not only to build and extend their networks and provide a broad range of services to their end-users but also are instrumental in saving capital and operating expenditure for them.

With regard to the launch and expansion of next generation (3G & 4G) data services by the carriers, PTCL continued to offer its support to cater to their needs of the increased demand for IP bandwidth capacity at attractive prices. As a result, your Company was successful in concluding long-term fiber leasing agreements with a few prominent cellular operators during the period thus enabling major upgrade of their transport infrastructures.

e. International Business

Being the only telecom operator in the country having the network of three redundant and resilient submarine cable systems which satisfactorily meets the IP bandwidth demand of its vast customer base as well as of other operators offering quality service via diverse and redundant routes, your Company completed the needed upgrades of the submarine cables thus ensuring availability of the required IP bandwidth to meet the demand in near future.

Further, despite the effect of ICH deregulation resulting in reduced rates for incoming international traffic as well as challenges like growth in OTT (Over the Top) traffic, PTCL retained its leadership position as the preferred LDI (Long Distance International) carrier for the domestic market as well as for the neighboring countries with reduced cost using modern technologies and practices whereby the usage on the routes is diligently monitored in order to ensure high quality services to all segments of our esteemed customer base.

f. Digital Services

During the period under review, PTCL further enhanced its existing services for the enterprise segment through product development by adding new solutions to meet the demands of corporate customers. These solutions include managed Wi-Fi, Point-to-Multipoint and Cloud services in the realm of IaaS (Infrastructure as a Service) and hosting services.

In this direction, your Company concluded a collaborative agreement with IBM (Pakistan) for commissioning of a turnkey Public Cloud Services solution at PTCL's Data Centers in Lahore and Karachi for its corporate customers. The initiative enabled PTCL to offer IaaS with services like Virtual Private Servers (VPS), Disaster Recovery Site (DRS), Back-up as a Service, Storage as a Service, Webhosting Solutions and Compute on Demand to its enterprise customers. The cloud platform equipped with latest technologies is an important step forward in developing a viable service infrastructure as part of its successful Data Center business.

The enterprise customer base of your Company comprises of major sectors of economy like financial institutions, government concerns, health, education and SMEs (Small and Medium Enterprises).

3. SUPPORT FUNCTIONS

a. Network Infrastructure

During the period, PTCL continued network expansion through innovative technologies and smart solutions. Capacity enhancement in access (wireline and wireless both), core and transport networks were duly undertaken to ensure timely provision of advanced products and improved IP based services to our esteemed customer base. Besides, HSE (Health, Safety and Environment) aspects of major hub sites were further improved with modern and sophisticated solutions.

For the wireline broadband access network, more than 55 MSAGs (Multi Services Access Gateways) were deployed in the areas affected by Lahore Orange Train project to ensure continuation of services to affected customers. This was in addition to the deployment of 71 MSAGs elsewhere, out of which 21 MSAGs were installed for access network transformation to enable 20 Mbps network readiness for a pilot site with VDSL2+ technology. PTCL also provided state-of-the-art GPON (Gigabit Passive Optical Network) based FTTH (Fiber to the Home) lines at 12 sites to enable ultrahigh bandwidth services. Additionally, new NGN (New Generation Network) broadband ports were added at central offices in GTR and FTR regions.



The spared DSLAM (Digital Subscriber Line Access Multiplexer) ports from these sites were effectively re-utilized at other sites to meet pending demand for broadband services.

With the objective to further strengthen the wireless broadband, your Company not only made additions in the existing subscriber capacity but also undertook further measures to improve quality of service for its valued EVO / Charji customer base through network optimization and hardware load balancing in the areas of high demand. Besides completing the reframing of the spectrum to meet the regulatory requirements, your Company also performed successful trials of PTCL LTE and Ufone's GSM + UMTS services on single BTS / single RAN (Radio Access Network) architecture.

To meet growing bandwidth demand of its broadband customers, new transmission capacity is being added in the inter-cities and intra-cities links country-wide. 100G DWDM (Dense Wavelength Division Multiplexing) solution is also being added in the backbone network. To optimize network operations, out-lived transmission nodes are being replaced with latest and power-efficient IP nodes. In this direction legacy SDH (Synchronous Digital Hierarchy) nodes were swapped with MPLS-TP (Multi-Protocol Label Switching – Transport Profile) nodes in the subsidiary network of NTR-II, FTR and MTR regions.

The deployment of high-capacity internet cache solutions on four major sites provided enhanced customer experience and efficient utilization of core network capacity while saving bandwidth cost at the same time. The international peering with Google was augmented by another 30Gbps. Direct peering with Facebook is being established. On the international side, establishment of a peering facility with German Internet Exchange is in process which is in addition to such existing arrangements with Amsterdam and Singapore Public exchanges. All these peering arrangements are instrumental in minimizing the round trip time to fetch popular contents thus ensuring enhanced user experience. In this regard, your Company added two new L-Root servers for IP address facilitation in the network to provide for the increased resilience and redundancy. PTCL also deployed a Carrier-Grade IP Address Management Solution for efficient management of IP addresses.

For the enterprise segment, the customers were provided with managed services solution as well as fiber connectivity. Also, expansion of the commercial Data Center at Lahore with additional 60 new racks was underway to serve our corporate customers. Moreover, PTCL also completed deployment of its flagship TDD (Time Division Duplex) LTE (Long Term Evolution) network for corporate customers in 18 major cities across the country.

b. Customer Care

Your Company undertook various initiatives during the period with focus on enhanced understating of contemporary service problems being faced by customers so as to provide instant solutions thus increasing retention of existing subscribers' base. The said initiatives cover all the contact mediums be it voice calls, social media or e-care platform. PTCL also added a customer friendly functionality on its corporate website to provide customers with a single electronic communication channel.

To redress the customers' grievances relating to bill delivery issues, a specific IVR (Interactive Voice Response) was put in place. Through the newly-introduced interactive IVR, the customer call is transferred to a live agent to understand the calling subscriber's needs with the objective provide instant solution. The customers were also prompted to opt for E-bill service to ensure bill delivery to customers through email medium.

Through dedicated teams at call centers, disconnected customers are promptly contacted to redress their problems and bring them back as PTCL subscribers. Further, customers with low usage in immediate past are proactively contacted by your Company to assess the underlying reasons and to take immediate action with the objective to increase the usage. Similarly, zero-usage customers are also contacted and the issues faced by them are immediately addressed.

Moreover, the wireline broadband customers who are either dormant i.e. low or no usage in immediate past, or who are experiencing high number of faults and thus declining usage are being proactively contacted by staff of the call centers. Besides addressing the problems being faced by them on priority, they are also offered an EVO Wingle device which plugs into the DSL modem to ensure continued internet experience.

For the customers opting for voluntary closure of the PTCL services being availed by them, the process of requesting voluntary closure has been streamlined via the implementation of a web portal at the OSS (One Stop Shop) channels. At the same time, such customers are dialed out by an outbound call campaign to understand the reason for the closure request and to provide the alternative resolution thus increasing the retention.

To improve customer experience at e-channels, PTCL has established a centralized e-care team, whereby country-wide customers complaints received in PTCL through various electronic channels are centralized with the objective not only to address the complaints promptly to the satisfaction of the customers but also to gather and analyze the complaint data to adopt long-term permanent solutions through improvement in the network. For this purpose, the back-end processes were further improved to capture the up-to-date statistics of customers' experience relating to fault restoration. A high-value customer dash board was also put in place to provide priority services to this esteemed customer base.

c. Information Technology (IT)

During the period, your Company completed implementation of new CRM (Customer Relationship Management) application in all regions. Accordingly, through the unified processes of order capturing, service activation and bill processing, covering all the elements of Operational Support Systems (OSS), service level to the subscribers has been further enhanced. The said processes embedded in the new CRM application are modeled on the eTOM (Enhanced Telecom Operations Map) industry standards for the fixed line business operations.

Further, through a consolidated interface of PTCL website, customers are enabled not only to view their usage details on self-service basis but also to recharge their accounts through online channels. The Ufone customers can also pay their bills through credit / debit card using the said application.

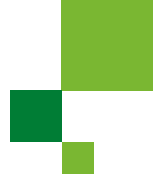
Moreover, the new CRM application is integrated with central NOC (Network Operations Centre) which provides details of country-wide elements of wireline network and enables availability of data relating to service outages in the form of affected network elements and related customers on real-time basis. This in turn helps to provide redressal measures promptly to restore the service and thus to increase customers' satisfaction level. Additionally, augmenting the existing alerts through various mediums, SMS notifications to customers on recharge, bill payments and package change were introduced as well.

Your Company also implemented the web security gateway technology which further enhanced the operational controls of critical business applications. Also, through a newly-introduced process in ERP (Enterprise Resource Planning) system for the fuel consumption, improved fuel consumption efficiency with reduced cost was achieved country-wide.

d. Human Resources

With the objective to further enrich the talent base of PTCL's workforce to serve our esteemed customer base more efficiently, your Company undertook various initiatives during the period. In this regard, under the 'Raabta' initiative, field visits by the senior management helped to establish two-way communication up to the grass-root levels to identify the on-ground contemporary challenges to be addressed on priority to provide quality service to customers.

On the human capital front, capability assessments and talent reviews were undertaken to categorize, develop and optimally deploy the best-available talent on business critical positions. To boost the culture of innovation, a session on 'Critical Success Factors in



Innovation, Entrepreneurship & Sales in PTCL' by a renowned scholar was organized for the employees. Similarly, the Pride-Knowledge sharing sessions, Triple Play Service Installation & Maintenance and other technical plus soft skills training programs, particularly for the staff at exchanges and OSS, were conducted. 'X Factor', a renewed leadership model, was introduced to develop talent of champions-people managers who effectively align, motivate and develop their teams. Incentive program of 'Lajawab Inaami Scheme' was launched for field staff along with the introduction of online promotion cycle for employees. Disbursement of annual bonus was linked to regional business performance in addition to employees' individual performance to incentivize high performers. PTCL Cricket Festival, Ramadan and Eid celebrations with frontline staff, Ramadan flex timings, Eid incentive scheme and other engagement activities were also undertaken across the Company to keep the employees motivated and energized. Moreover, to honor female employees of PTCL, International Women's Day was celebrated with theme of 'RENEW – Respect, Educate, Nurture & Empower Women' where eminent guest speakers talked about respect and honor of women in our society.

The tradition of providing insightful learning platform to young and talented students was continued by offering one week externship program to the selected students of LUMS (Lahore University of Management Sciences). Further, PTCL brought onboard 400 young talented graduates of the country through its flagship CSR (Corporate Social Responsibility) initiatives - Management Associates Program (MAP) and Experia to provide them with hands-on exposure to compete in the corporate world with practical experience in the dynamic environment of PTCL along with trainings on cutting-edge technology platforms, leadership skills and best industry practices.

For the safety of employees and Company's assets, customized training for HSE (Health Safety and Environment) was conducted for over seven thousand CSRs (Customer Service Representatives) and CPEIs (Customer Premises Equipment Installers). Besides, evacuation drills for emergency preparedness and health awareness sessions for employees were also undertaken. As a result of your Company's efforts to promote a healthy and safe workplace, PTCL was awarded 3rd place in the category of Service Sector on the platform of 11th EFP's (Employers' Federation of Pakistan) Best Practices Award on Occupational Safety Health & Environment.

e. Marketing & Communication

Your Company undertook integrated branding and marketing initiatives during the period with the objective to further enhance value of PTCL's brand.

The Biometric Verification campaign of EVO, CharJi and V-fone devices continued with 360 degree visibility through the use of all ATL (Above the Line) and BTL (below the Line) vehicles to meet the regulatory requirements. Similarly, leveraging on the nation's cricketing passion, PTCL Smart TV app, EVO Biometric Verification, Lagataar (Triple Play) 4Mbps, Muft EVO Offer and 4Mbps Starter Package campaigns were undertaken during Pakistan Super League, T-20 World Cup and Asia World Cup. Smart TV app, especially in T-20 World Cup, was advertised giving ad-free option to the viewers to watch cricket without interruption.

As the PTCL exchanges are centrally located country-wide, the premises thereof were also used with attractive advertisements of PTCL's products and services hence achieving saving of related expenditure. On the same lines, branding of PTCL's fleet vehicles was also initiated.

Further, Pakistan Gaming Lounge (PGL) activation took place in Karachi and Lahore giving live gaming experience to the audience. Smart TV app was also promoted through various radio shows nationwide.

PTCL's footprint on digital forums grew further as well. The digital platforms were not only utilized to offer products directly to the relevant audience but also enabled the customers to connect with PTCL more conveniently and to access timely customer support.

With the objective to further enhance customers' recall value, the continued brand visibility of your Company was ensured through proactive perception management, placement of Company news and events in national media and engagement of key audiences and stakeholders.

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

On behalf of the Board,



Rizwan Bashir Khan
Chairman



Dr. Daniel Ritz
President & Chief Executive Officer

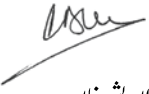
Islamabad: July 19, 2016

مالیاتی جائزہ برائے ششماہی 30 جون 2016

ڈیویڈنڈ:

رواں مالی سال 2016 کے لئے ڈائریکٹرز نے عمومی کیش ڈیویڈنڈ کی مد میں 10 فیصد (ایک روپے فی شیئر) کی منظوری دی ہے۔

منجانب بورڈ آف ڈائریکٹرز



رضوان بشیر خان

چیئرمین پی ٹی سی ایل بورڈ



ڈاکٹر ڈینیل رزا

صدر و چیف ایگزیکٹو آفیسر

اسلام آباد: 19 جولائی 2016

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے ڈائریکٹرز 30 جون 2016 کو ختم ہونے والی ششماہی کی مالیاتی معلومات اپنے شیئر ہولڈرز (تھرسٹل یا فنڈنگ) کے سامنے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں External آڈیٹرز نے مالی معلومات کا جائزہ لیا ہے۔

وسیع نیٹ ورک کی حامل اور ملک کے واحد مکمل مربوط ٹیلی کام سروس فراہم کرنے والے ادارے کی بناء پر آپ کی کمپنی اس عزم کا اعادہ کئے ہوئے ہے کہ اپنی انفرادی حیثیت کو برقرار رکھتے ہوئے اپنے معزز صارفین کو وائس (voice) اور ڈیٹا (Data) کی سہولیات فراہم کرنے کے لیے جدید ٹیکنالوجی کو بروئے کار لاتے ہوئے اپنے نیٹ ورک کو مزید وسعت دے گی تاکہ IP بیڈ ویڈتھ (Bandwidth) کی ملک گیر بڑھتی ہوئی طلب کو تسلی بخش انداز میں پورا کرے۔

مالیاتی امور:

مذکورہ مدت کے دوران پی ٹی سی ایل کی گروپ آمدن 59 ارب روپے رہی۔ جبکہ پی ٹی سی ایل کی آمدن 36 ارب روپے تھی۔ گزشتہ سال کی اسی مدت کے مقابلے میں DSL سروسز کی آمدن میں اضافہ ہوا تاہم آئی سی ایچ (انٹرنیشنل کلیئرنگ ہاؤس) کی ڈی ریگولیشن کے باعث وائس (voice) کی آمدن میں کمی ہوئی۔ گزشتہ برس کی اس مدت کے مقابلے میں لاگت میں کمی کے لئے کئے گئے اقدامات کے تحت پی ٹی سی ایل اور پی ٹی سی ایل گروپ کے آپریٹنگ اخراجات میں 4 فی صد کمی واقع ہوئی۔

پی ٹی سی ایل گروپ کا قبل از ٹیکس منافع گزشتہ برس کے اس مدت کے مقابلے میں 34 فیصد بڑھا جس کی بڑی وجہ آپریشنل کارکردگی میں اضافہ ہے تاہم بعد از ٹیکس منافع میں 2 فیصد معمولی کمی رواں برس 2016 کے ٹیکس ریٹ میں اضافے کے باعث ہوئی۔ پی ٹی سی ایل کا بعد از ٹیکس منافع 5.6 ارب روپے رہا۔

دیگر معاملات:

آپ کی توجہ اس ششماہی کے پی ٹی سی ایل کی فنانشل انفارمیشن کی شق 10.1(e) کی جانب مبذول کروا رہے ہیں جو کہ ان مختلف قانونی مقدمات کے بارے میں انفارمیشن اور وضاحت مہیا کرتے ہیں جنہیں External آڈیٹرز نے اپنی جائزہ رپورٹ میں اجاگر کیا ہے۔



**CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED
JUNE 30, 2016 (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, 2016, 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 and condensed interim statement of comprehensive income for the three months ended June 30, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months ended June 30, 2016.

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, 2016, 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 10.1(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.

Deloitte Yousuf Adil

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner: Asad Ali Shah

Karachi: July 19, 2016

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2016 (UN-AUDITED)

	Note	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		2,621,288	2,416,078
General reserve		27,497,072	30,500,000
Unappropriated profit		5,565,946	2,302,282
		35,684,306	35,218,360
		86,684,306	86,218,360
Liabilities			
Non-current liabilities			
Long term security deposits		551,924	552,122
Deferred income tax		4,793,687	5,754,847
Employees retirement benefits		29,467,202	32,111,859
Deferred government grants		8,891,999	8,926,403
		43,704,812	47,345,231
Current liabilities			
Trade and other payables		49,381,156	46,814,183
Total equity and liabilities		179,770,274	180,377,774
Contingencies and commitments	10		

The annexed notes 1 to 16 are an integral part of this condensed interim financial information.



Chairman



	Note	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	5	93,522,333	94,912,046
Intangible assets	6	2,318,648	2,539,060
		95,840,981	97,451,106
Long term investments		7,977,300	7,977,300
Long term loans and advances	7	2,096,188	2,261,126
Investment in finance lease		83,046	96,113
		105,997,515	107,785,645
Current assets			
Stores, spares and loose tools		3,853,222	2,940,425
Trade debts		14,793,024	14,304,039
Loans and advances		1,167,260	1,593,099
Investment in finance lease		52,177	52,255
Accrued interest		197,912	128,174
Recoverable from tax authorities		15,849,118	18,179,032
Receivable from the Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		5,883,426	4,982,082
Short term investments	8	26,400,000	26,038,803
Cash and bank balances	9	3,412,548	2,210,148
		73,772,759	72,592,129
Total assets		179,770,274	180,377,774

President & CEO

CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2016 Rs '000	June 30, 2015 Rs '000	June 30, 2016 Rs '000	June 30, 2015 Rs '000
Revenue		18,228,218	20,103,186	36,225,560	39,353,823
Cost of services		(12,895,147)	(13,315,785)	(25,446,458)	(26,432,518)
Gross profit		5,333,071	6,787,401	10,779,102	12,921,305
Administrative and general expenses		(1,902,224)	(2,187,950)	(4,076,520)	(4,361,187)
Selling and marketing expenses		(911,695)	(880,372)	(1,611,790)	(1,767,720)
		(2,813,919)	(3,068,322)	(5,688,310)	(6,128,907)
Operating profit		2,519,152	3,719,079	5,090,792	6,792,398
Other income	11	1,158,760	1,680,635	3,445,594	2,483,214
Finance costs		(60,677)	1,094	(103,134)	(67,894)
Profit before tax		3,617,235	5,400,808	8,433,252	9,207,718
Provision for income tax					
- Current		(1,642,964)	553,676	(3,828,466)	(1,487,712)
- Deferred		461,264	(2,351,881)	961,160	(1,642,912)
		(1,181,700)	(1,798,205)	(2,867,306)	(3,130,624)
Profit for the period		2,435,535	3,602,603	5,565,946	6,077,094
Earnings per share - basic and diluted (Rupees)		0.48	0.71	1.09	1.19

The annexed notes 1 to 16 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, 2016 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2016 Rs '000	June 30, 2015 Rs '000	June 30, 2016 Rs '000	June 30, 2015 Rs '000
Profit for the period	2,435,535	3,602,603	5,565,946	6,077,094
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	-	-	-	-
Gain on disposal transferred to income for the period	-	(375,695)	-	(329,039)
Unrealized gain on available for sale investments - net of tax	-	(375,695)	-	(329,039)
Total comprehensive income for the period	2,435,535	3,226,908	5,565,946	5,748,055

The annexed notes 1 to 16 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, 2016 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2016 Rs '000	June 30, 2015 Rs '000
Cash flows from operating activities			
Cash generated from operations	12	17,430,960	19,178,750
Payment to Pakistan Telecommunication Employees' Trust (PTET)		(4,472,112)	(5,937,780)
Employees retirement benefits paid		(542,835)	(404,654)
Payment of voluntary separation scheme cost		(10,525)	(745,348)
Long term security deposits		(198)	2,187
Income tax paid		(1,498,552)	(1,600,647)
Net cash inflows from operating activities		10,906,738	10,492,508
Cash flows from investing activities			
Capital expenditure		(5,703,265)	(6,639,630)
Intangible assets		(36)	-
Proceeds from disposal of property, plant and equipment		32,325	20,705
Short term investment		(3,388,608)	(6,000,000)
Finance lease		20,272	12,580
Long term loans and advances		188,594	(371,436)
Receipts against loan to PTML		-	2,000,000
Return on long term loans and short term investments		1,092,873	1,360,618
Government grants received		275,521	638,816
Long term investment - UBank		-	(100,000)
Long term investment - DVCOM Data (Private) Limited		-	(1,000)
Dividend income		12,500	10,000
Net cash outflows from investing activities		(7,469,824)	(9,069,347)
Cash flows from financing activities			
Dividend paid		(5,261,925)	(7,378,145)
Net decrease in cash and cash equivalents		(1,825,011)	(5,954,984)
Cash and cash equivalents at the beginning of the period		5,237,559	10,959,935
Cash and cash equivalents at the end of the period	13	3,412,548	5,004,951

The annexed notes 1 to 16 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, 2016 (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		
Balance as at January 01, 2015	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							
Profit for the period	-	-	-	-	6,077,094	-	6,077,094
Other comprehensive income	-	-	-	-	-	(329,039)	(329,039)
Transfer to insurance reserve	-	-	219,308	-	(219,308)	-	-
Final dividend for the year ended December 31, 2014 - Rs. 1.50 per share	-	-	-	-	(7,650,000)	-	(7,650,000)
Balance as at June 30, 2015	37,740,000	13,260,000	2,416,078	30,500,000	6,325,568	-	90,241,646
Total comprehensive income for the period							
Profit for the period	-	-	-	-	2,682,501	-	2,682,501
Other comprehensive loss	-	-	-	-	(1,605,787)	-	(1,605,787)
Interim dividend for the year ended December 31, 2015 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
Balance as at December 31, 2015	37,740,000	13,260,000	2,416,078	30,500,000	2,302,282	-	86,218,360
Total comprehensive income for the period							
Profit for the period	-	-	205,210	-	5,565,946	-	5,565,946
Transfer to insurance reserve	-	-	-	-	(205,210)	-	-
Transfer from General reserve	-	-	-	(3,002,928)	3,002,928	-	-
Final dividend for the year ended December 31, 2015 - Re. 1.00 per share	-	-	-	-	(5,100,000)	-	(5,100,000)
Balance as at June 30, 2016	37,740,000	13,260,000	2,621,288	27,497,072	5,565,946	-	86,684,306

The annexed notes 1 to 16 are an integral part of this condensed interim financial information.



Chairman



President & CEO

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Pakistan Telecommunication Company Limited ("PTCL", "the Company") was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Company, which is listed on the Pakistan Stock Exchange Limited (PSX) (formerly 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, 2016 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, 2015.

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, 2015.

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values.

	Note	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	83,702,663	88,231,816
Capital work-in-progress		9,819,670	6,680,230
		93,522,333	94,912,046

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

	Note	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
5.1 Operating fixed assets			
Opening net book amount		88,231,816	85,072,228
Additions during the period / year at cost	5.2	2,563,825	17,187,929
		90,795,641	102,260,157
Disposals during the period / year - at net book amount		(14,748)	(31,505)
Depreciation charge for the period / year		(6,678,355)	(13,835,595)
Impairment charge for the period / year		(399,875)	(161,241)
		(7,092,978)	(14,028,341)
Closing net book amount		83,702,663	88,231,816
5.2 Detail of additions during the period / year:			
Buildings on freehold land		85,194	535,913
Buildings on leasehold land		2,540	2,277
Lines and wires		1,639,083	5,532,729
Apparatus, plant and equipment		705,691	9,804,779
Office equipment		62,804	405,539
Computer equipment		52,781	245,504
Furniture and fittings		15,695	48,024
Vehicles		37	114,583
Submarine cables		-	498,581
		2,563,825	17,187,929
6. INTANGIBLE ASSETS			
Opening net book amount		2,539,060	4,826,422
Additions during the period / year - net		36	380,500
		2,539,096	5,206,922
Derecognition during the period / year - at net book amount		-	(2,102,273)
Amortization charge for the period / year		(220,448)	(565,589)
		(220,448)	(2,667,862)
Closing net book amount		2,318,648	2,539,060
7. LONG TERM LOANS AND ADVANCES			
Loans to employees -secured	7.1	473,792	407,543
Advances to suppliers against turnkey contracts		1,705,159	1,950,821
Others		30,042	26,639
		2,208,993	2,385,003
Current portion shown under current assets			
Loans to employees -secured		(112,805)	(123,877)
		2,096,188	2,261,126

7.1 Loans to employees carry interest at the rate of 12% per annum (December 31, 2015: 12% per annum).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

	Note	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
8. SHORT TERM INVESTMENTS			
Term deposits			
- maturity upto 6 months	8.1	26,400,000	23,011,392
- maturity upto 3 months		-	3,027,411
		26,400,000	26,038,803

8.1 Term deposit carry interest rate ranging between 6.7% to 7% (December 31, 2015: 7.25% to 7.70%) per annum.

	Note	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
9. CASH AND BANK BALANCES			
Cash in hand		194	90
Balances with banks:	9.1		
Deposit accounts local currency		1,799,229	1,673,024
Current accounts			
Local currency		1,523,011	499,275
Foreign currency		90,114	37,759
		1,613,125	537,034
		3,412,548	2,210,148

9.1 Bank balance includes Rs.52,460 thousands (December 31, 2015: Rs. 168,118 thousand) carrying profit at the rate of 4% (December 31, 2015: 4%) per annum from Shariah arrangements.

10. CONTINGENCIES AND COMMITMENTS

10.1 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, 2015, except the followings:

- (a) For the tax year 2007, after allowance of certain expenses by ATIR, an appeal is pending before ATIR for certain other disallowed expenses with tax impact of Rs 27,640 thousand. This is in addition to earlier disallowed expense of satellite charges (tax impact Rs 80,850 thousand) by ATIR for which the reference application filed by the Company is pending adjudication before the Honorable Islamabad High Court.
- (b) For the tax year 2009, after appeal effect order issued by taxation officer, tax impact of the disallowed expenses amounted to Rs 1,113,058 thousand. The Company has filed appeal before ATIR and also filed reference application before the Honorable Islamabad High Court.
- (c) For the tax year 2013, taxation officer disallowed certain expenses with tax impact of Rs 1,130,787 thousand. The Company has filed an appeal before CIR (Appeals), pending adjudication.
- (d) For the tax year 2014, CIR (Appeals) has remanded back certain expenses earlier disallowed by Assessing Officer with tax impact of Rs 864,692 thousand for de novo consideration.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

- (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 Petition 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. Further, through a separate order dated 27th May 2016, the Honorable Lahore High Court decided that the pensioners who availed VSS package are not entitled to pension increases announced by the Government of Pakistan.

10.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 5,480,501 thousand (December 31, 2015: Rs 6,050,252 thousand).

	Note	Six months ended	
		June 30, 2016 (Un-Audited) Rs '000	June 30, 2015 (Un-Audited) Rs '000
11. OTHER INCOME			
Return on bank deposits	11.1	1,162,611	870,078
Mark up on long term loans		-	89,790
Late payment surcharge from subscribers on overdue bills		150,134	122,659
Recovery from written off defaulters		1,238,259	201,024
Gain on disposal of available for sale investment		-	558,672
Dividend Income	11.2	12,500	10,000
Gain / (loss) on disposal of fixed assets		17,577	103,432
Late delivery charges		270,150	737
Amortization of government grants		309,926	249,276
Pre-deposit income		218,158	10,117
Others		66,279	267,429
		3,445,594	2,483,214

11.1 Return on bank deposit include Rs 2 thousand (June 30, 2015: Rs 25,129 thousand) earned from Shariah arrangements.

11.2 Dividend from Alcatel - Lucent Pakistan Limited.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

	Six months ended	
	June 30, 2016 (Un-Audited) Rs '000	June 30, 2015 (Un-Audited) Rs '000
12. CASH GENERATED FROM OPERATIONS		
Profit before tax	8,433,252	9,207,718
Adjustments for non-cash charges and other items:		
Depreciation and amortization charge	6,898,803	7,170,931
Impairment	399,875	-
Provision for obsolete stores, spares and loose tools	47,112	-
Provision for doubtful trade debts	892,847	1,090,573
Employees retirement benefits	2,370,290	2,274,673
Gain on disposal of property, plant and equipment	(17,577)	(20,705)
Gain on derecognition of intangible assets	-	(82,727)
Return on bank deposits	(1,162,611)	(870,078)
Imputed interest on long term loans	(12,585)	(31,364)
Imputed Interest on finance lease	(7,127)	(7,366)
Markup on long term loans	-	(89,790)
Gain on disposal of available for sale investments	-	(558,672)
Dividend income	(12,500)	(10,000)
Amortization of government grants	(309,926)	(249,276)
	17,519,853	17,823,917
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(959,910)	(310,801)
Trade debts	(1,381,832)	(613,984)
Loans and advances	414,767	(92,438)
Sales tax	475,018	277,360
Prepayments and other receivables	(901,344)	850,237
	(2,353,301)	110,374
Increase in current liabilities:		
Trade and other payables	2,264,408	1,244,459
	17,430,960	19,178,750
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,412,548	5,004,951
	3,412,548	5,004,951

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

		Six months ended	
		June 30, 2016 (Un-Audited) Rs '000	June 30, 2015 (Un-Audited) Rs '000
14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services assistance fee - note 14.1	1,195,423	1,286,588
ii. Subsidiaries	Sale of goods and services	2,517,368	2,666,983
	Purchase of goods and services	1,997,669	1,882,473
	Mark up on long term loans	-	89,790
iii. Associated undertakings	Sale of goods and services	1,076,861	1,070,153
	Purchase of goods and services	483,285	479,638
iv. Employees retirement benefit plan	Contribution to the plan - Gratuity	103,030	-
	- PTET	4,472,112	5,937,780
v. Employees contribution plan	PTCL Employees GPF Trust - net	9,521	73,998
vi. Other related parties	Sale of goods and services	817,661	94,130
	Charge under license obligations	832,187	707,473
vii. Directors, Chief Executive and Executives	Fee and remuneration including benefits and perquisites	1,086,243	997,063
		June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Period-end balances			
Receivables from related parties			
Trade debts			
- Subsidiaries		615,324	334,594
- Associated undertakings		315,951	133,056
- The Government of Pakistan and its related entities		1,341,450	1,600,018
Other receivables			
- Subsidiaries		5,245,059	4,527,469
- Associated undertakings		71,305	71,305
- PTCL Employees GPF Trust		16,425	6,812
- Pakistan Telecommunication Employees Trust (PTET)		4,103	116
- Pakistan Telecommunication Company Limited Employees Gratuity Fund		18,134	48,667
Payables to related parties			
Trade creditors			
- Subsidiaries		854,030	158,758
- Associated undertakings		243,873	220,718
- The Government of Pakistan and its related entities		3,203,833	3,812,018
Security deposits from subsidiary		3,623	3,623
Retention money payable to associated undertakings		1,917	1,231
Technical services assistance fee payable to Etisalat		6,213,350	4,149,636
Pakistan Telecommunication Employees Trust (PTET)		8,516,329	11,972,112



NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

14.1 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.

15. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Trade debts presented in the statement of financial position include aggregate receivable of Rs 5,051,389 thousand (December 31, 2015: Rs 9,992,194 thousand) set off against aggregate payable of Rs 2,480,015 thousand (December 31, 2015: Rs 7,227,356 thousand).

Trade and other payables presented in the statement of financial position include aggregate payable of Rs 4,765,673 thousand (December 31, 2015: Rs 6,349,434 thousand) set off against aggregate receivable of Rs 2,479,250 thousand (December 31, 2015: Rs 4,382,174 thousand).

16. AUTHORIZATION FOR ISSUE AND INTERIM DIVIDEND

16.1 The Board of Directors has declared an interim dividend of Re 1.00 per share for the period ending June 30, 2016, amounting to Rs 5,100,000 thousand on July 19, 2016.

16.2 This condensed interim financial information for the six months ended June 30, 2016 was authorized for issue by the Board of Directors of the Company on July 19, 2016.

Chairman

President & CEO



**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED
JUNE 30, 2016 (UN-AUDITED)**



CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2016 (UN-AUDITED)

Note	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Equity and liabilities		
Equity		
Share capital and reserves		
Share capital	51,000,000	51,000,000
Revenue reserves		
Insurance reserve	2,621,288	2,416,078
General reserve	27,497,072	30,500,000
Unappropriated profit	13,460,205	12,668,976
	43,578,565	45,585,054
Statutory and other reserves	2,007	2,007
Unrealized gain on available for sale investments	7,213	(995)
	94,587,785	96,586,066
Liabilities		
Non-current liabilities		
Long term loans	26,350,000	20,975,000
Long term deposits	1,085,662	106,308
Liability against assets subject to finance lease	14,653	25,293
License fee payable	12,473,995	19,818,874
Long term security deposits	1,535,007	1,576,434
Deferred income tax	10,674,779	12,379,290
Employees retirement benefits	29,695,095	32,372,480
Deferred government grants	9,846,340	9,497,840
Long term vendor liability	29,098,127	24,639,049
	120,773,658	121,390,568
Current liabilities		
Trade and other payables	60,751,846	58,989,970
Deposits	2,473,192	959,008
Interest accrued	491,876	554,585
Short term running finance	295,921	427,428
Current portion of:		
Long term loans	150,000	25,000
Liability against assets subject to finance lease	31,977	31,977
License fee payable	5,982,163	7,584,902
Long term vendor liability	5,088,490	2,163,554
Unearned income	3,720,630	3,231,768
	78,986,095	73,968,192
Total equity and liabilities	294,347,538	291,944,826

Contingencies and commitments

7

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

Chairman



	Note	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	5	169,744,458	170,289,008
Intangible assets	6	38,588,414	40,326,443
		208,332,872	210,615,451
Long term investments		92,443	92,443
Long term loans and advances		2,156,841	2,359,788
Investment in finance lease		83,046	96,113
		210,665,202	213,163,795
Current assets			
Stores, spares and loose tools		3,853,222	2,940,425
Stock in trade		218,483	248,586
Trade debts		15,287,761	15,549,034
Loans and advances		4,617,213	2,643,569
Investment in finance lease		52,177	52,255
Accrued interest		432,592	221,179
Recoverable from tax authorities		19,264,288	21,242,681
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposits, prepayments and other receivables		5,290,986	4,015,502
Short term investments		28,623,319	26,569,286
Cash and bank balances		3,878,223	3,134,442
		83,682,336	78,781,031
Total assets		294,347,538	291,944,826

President & CEO

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2016 Rs '000	June 30, 2015 Rs '000	June 30, 2016 Rs '000	June 30, 2015 Rs '000
Revenue	29,614,971	30,807,165	58,959,267	60,984,822
Cost of services	(21,562,403)	(21,914,838)	(42,518,779)	(43,573,503)
Gross profit	8,052,568	8,892,327	16,440,488	17,411,319
Administrative and general expenses	(4,018,943)	(4,286,644)	(8,275,688)	(8,569,031)
Selling and marketing expenses	(1,873,452)	(2,174,134)	(4,036,152)	(4,656,164)
	(5,892,395)	(6,460,778)	(12,311,840)	(13,225,195)
Operating profit	2,160,173	2,431,549	4,128,648	4,186,124
Other income	1,308,010	1,785,393	3,659,956	2,637,764
Finance costs	(913,995)	(994,462)	(1,802,761)	(2,364,827)
Profit before tax	2,554,188	3,222,480	5,985,843	4,459,061
Provision for income tax				
- Current	(2,017,532)	429,070	(4,600,361)	(1,739,275)
- Deferred	788,255	(1,204,503)	1,708,029	443,650
	(1,229,277)	(775,433)	(2,892,332)	(1,295,625)
Profit for the period	1,324,911	2,447,047	3,093,511	3,163,436
Earnings per share - basic and diluted (Rupees)	0.26	0.48	0.61	0.62

The annexed notes 1 to 14 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, 2016 (UN-AUDITED)



	Three months ended		Six months ended	
	June 30, 2016 Rs '000	June 30, 2015 Rs '000	June 30, 2016 Rs '000	June 30, 2015 Rs '000
Profit for the period	1,324,911	2,447,047	3,093,511	3,163,436
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	3,082	91,236	11,726	242,451
Tax effect of revaluation of available for sale investments	(925)	-	(3,518)	-
Unrealized gain on available for sale investments - net of tax	2,157	91,236	8,208	242,451
Gain on disposal transferred to income for the period	-	(462,958)	-	(558,672)
	2,157	(371,722)	8,208	(316,221)
Total comprehensive income for the period	1,327,068	2,075,325	3,101,719	2,847,215

The annexed notes 1 to 14 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, 2016 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2016 Rs '000	June 30, 2015 Rs '000
Cash flows from operating activities			
Cash generated from operations	8	24,896,956	28,452,894
Payment made to Pakistan Telecommunication Employees Trust (PTET)		(4,472,112)	(5,937,780)
Employees retirement benefits paid		(632,584)	(495,095)
Payment of voluntary separation scheme cost		(10,525)	(745,348)
Long term deposits received		979,354	-
Finance costs paid		(1,861,690)	(2,526,321)
Long term security deposits		(41,427)	24,893
Income tax paid		(2,621,968)	(1,913,909)
Net cash inflows from operating activities		16,236,004	16,859,334
Cash flows from investing activities			
Capital expenditure		(14,145,503)	(12,252,782)
Intangible assets		(43,568)	(2,183,715)
Proceeds from disposal of property, plant and equipment		215,032	177,947
Short term investments - net		(4,140,882)	(1,500,000)
Long term loans and advances		171,394	(366,813)
Investment in finance lease		20,272	19,946
Government grants received		700,522	638,816
Dividend received		12,500	10,000
Return on long term loans and short term investments		1,102,617	1,309,732
Net cash outflows from investing activities		(16,107,616)	(14,146,869)
Cash flows from financing activities			
Long term loan received		5,500,000	4,000,000
Long term vendor liability		7,384,014	1,794,115
License fee payable		(8,947,618)	(2,307,552)
Liability against assets subject to finance lease		(14,420)	(11,438)
Dividend paid		(5,261,925)	(7,378,146)
Net cash outflows from financing activities		(1,339,949)	(3,903,021)
Net decrease in cash and cash equivalents		(1,211,561)	(1,190,556)
Cash and cash equivalents at the beginning of the period		5,914,908	12,642,397
Cash and cash equivalents at the end of the period	9	4,703,347	11,451,841

The annexed notes 1 to 14 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, 2016 (UN-AUDITED)

	issued, subscribed and paid-up capital			Revenue reserves			Statutory and other 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, 2015	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 income	-	-	-	-	(219,308)	-	-	(219,308)	
Transfer to insurance reserve	-	-	219,308	-	-	-	-	-	
Final dividend for the year ended December 31, 2014 - Re 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	
Total comprehensive income for the period	-	-	-	-	(1,294,970)	-	-	(1,294,970)	
Profit for the period	-	-	-	-	(1,588,312)	-	(28,710)	(1,617,022)	
Other comprehensive loss	-	-	-	-	(2,007)	-	-	(2,007)	
Transfer to statutory and other reserves	-	-	-	-	-	2,007	-	2,007	
Interim dividend for the year ended December 31, 2015 - Re 1.00 per share	-	-	-	-	(5,100,000)	-	-	(5,100,000)	
	-	-	-	-	(7,985,289)	2,007	(28,710)	(8,011,992)	
Balance as at December 31, 2015	37,740,000	13,260,000	2,416,078	30,500,000	12,668,976	2,007	(995)	96,586,066	
Total comprehensive income for the period	-	-	-	-	3,093,511	-	-	3,093,511	
Profit for the period	-	-	-	-	-	-	8,208	8,208	
Other comprehensive income	-	-	-	-	(205,210)	-	-	(205,210)	
Transfer to insurance reserve	-	-	205,210	-	-	-	-	-	
Transfer from general reserve	-	-	-	(3,002,928)	3,002,928	-	-	-	
Final dividend for the year ended December 31, 2015 - Re 1.00 per share	-	-	-	-	(5,100,000)	-	-	(5,100,000)	
	-	-	205,210	(3,002,928)	791,229	-	8,208	(1,998,281)	
Balance as at June 30, 2016	37,740,000	13,260,000	2,621,288	27,497,072	13,460,205	2,007	7,213	94,587,785	

The annexed notes 1 to 14 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, 2016 (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 01, 1996. The Holding Company, which is listed on the Pakistan Stock Exchange Limited (PSX) (formerly Karachi, Lahore and Islamabad Stock Exchanges), was established to undertake the telecommunication business formerly carried on by Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Holding Company on January 01, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Holding Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees Trust (PTET). The registered office of the Holding Company is situated at PTCL Headquarters, G-8/4, Islamabad.

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 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 the 2nd Floor, 13-B, Jinnah Super Market, F-7 Islamabad.

DVCOM DATA (PRIVATE) LIMITED (DVCOM Data)

The Holding Company acquired 100% ownership of DVCOM Data effective from April 01, 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 Headquarters South, Hatim Alvi Road, Clifton Karachi.

Smart Sky (Private) Limited (Smart Sky)

Smart Sky was incorporated in Pakistan on October 12, 2015 as a private limited company to provide Direct-to-Home (DTH) television services through out the country under the license from Pakistan Electronic Media Regulatory Authority (PEMRA). However, the said license is yet to be auctioned by the authority and therefore, company has not yet started its commercial operations. It is a wholly owned subsidiary of PTCL. The registered office of the Company is located at PTCL Headquarters, G-8/4, Islamabad.

2. STATEMENT OF COMPLIANCE

This condensed consolidated interim financial information of the Group for the six months period ended June 30, 2016 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)



the Companies Ordinance, 1984. In case where 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 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 expectations 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 annual audited consolidated financial statements of the Group for the year ended December 31, 2015.

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 period ended December 31, 2015.

	Note	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	156,945,774	161,962,080
Capital work-in-progress		12,798,684	8,326,928
		169,744,458	170,289,008
5.1 Operating fixed assets			
Opening net book amount		161,962,080	157,630,781
Additions during the period / year at cost		9,673,747	32,918,256
		171,635,827	190,549,037
Disposal during the period / year - at net book amount		(83,796)	(106,087)
Impairment for the period / year		(399,875)	(161,241)
Depreciation for the period / year		(14,206,382)	(28,319,629)
		(14,690,053)	(28,586,957)
Closing net book amount		156,945,774	161,962,080
6. INTANGIBLE ASSETS			
Opening net book value		40,326,443	42,874,181
Additions during the period / year at cost		43,568	3,242,850
		40,370,011	46,117,031
Derecognition during the period / year - at net book value		-	(2,102,273)
Amortization for the period / year		(1,781,597)	(3,688,315)
		(1,781,597)	(5,790,588)
Closing net book value		38,588,414	40,326,443

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2016 (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, 2015, except the followings:

- (a) For the tax year 2007, after allowance of certain expenses by ATIR, an appeal of PTCL is pending before ATIR for certain other disallowed expenses with tax impact of Rs 27,640 thousand. This is in addition to earlier disallowed expense of satellite charges (tax impact Rs 80,850 thousand) by ATIR for which the reference application filed by the Company is pending adjudication before the Honorable Islamabad High Court.
- (b) For the tax year 2009, after appeal effect order issued by taxation officer, tax impact of the disallowed expenses amounted to Rs 1,113,058 thousand. PTCL has filed appeal before ATIR and also filed reference application before the Honorable Islamabad High Court.
- (c) For the tax year 2013, taxation officer disallowed certain expenses with tax impact of Rs 1,130,787 thousand. PTCL has filed an appeal before CIR (Appeals), pending adjudication.
- (d) For the tax year 2014, CIR (Appeals) has remanded back certain expenses of PTCL earlier disallowed by Assessing Officer with tax impact of Rs 864,692 thousand for de novo consideration.
- (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 this financial information. In the meanwhile, PTET has issued notices to prospective beneficiaries for the determination of their entitlements. Further, through a separate order dated 27th May 2016, the Honorable Lahore High Court decided that the pensioners who availed VSS package are not entitled to pension increases announced by the Government of Pakistan.
- (f) The total exposure in the case Federal Excise Duty (FED) demands by assessing the PTML's payments of technical services fee to Etisalat as fee for "Franchise Services" has increased to Rs. 1,838,6621 thousand (December 31, 2015: Rs. 1,454,935 thousand).

7.2 Commitments

- (a) Commitments in respect of contracts for capital expenditure amount to Rs. 10,328,076 thousand (December 31, 2015: Rs. 11,957,065 thousand).
- (b) Commitment in respect of letter of guarantee issued by PTML in favour of PTA amounting to Rs. 935,445 thousand (December 31, 2015: Rs 1,339,344 thousand) in relation to the performance of the PTML's obligation stipulated under the license agreements of 2G and 3G services.
- (c) Letter of guarantee issued in favour of USF in relation to the performance of the PTML's obligation stipulated under the USF Grant agreement amounting to Rs. 2,151,900 thousand (December 31, 2015: Rs. 2,171,900 thousand)
- (d) Standby letter of guarantee issued by the UBank, backed by the Bank's deposit, to UnionPay International Company Limited for interbank settlements amounting to Rs. 6,365 thousand (December 31, 2015: Rs. 6,365 thousand)

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)



	Six months ended	
	June 30, 2016 (Un-Audited) Rs '000	June 30, 2015 (Un-Audited) Rs '000
8. CASH GENERATED FROM OPERATIONS		
Profit before tax	5,985,843	4,459,061
Adjustments for non-cash charges and other items:		
Depreciation and amortization	15,987,979	15,940,406
Impairment	399,875	-
Provision against doubtful trade debts and other receivables	907,192	1,116,106
Provision against non performing advances	21,717	1,304
Provision for obsolete stores, spares and loose tools	47,112	-
Provision for slow moving stock and warranty	5,719	-
Employees retirement benefits	2,427,311	2,325,883
Imputed interest on long term loans and advances	(12,585)	(31,364)
Imputed interest on finance lease	(7,127)	(7,366)
Gain on disposal of property, plant and equipment	(131,236)	(73,167)
Gain on derecognition of intangible assets	-	(82,727)
Gain on disposal of available for sale investments	-	(558,672)
Return on bank deposits	(1,258,166)	(1,000,767)
Dividend income	(12,500)	(10,000)
Amortization of government grants	(352,022)	(249,276)
Finance cost	1,802,761	2,364,827
	25,811,873	24,194,248
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(959,909)	(310,801)
Stock in trade	24,384	38,051
Trade debts	(645,919)	(1,862,180)
Sales tax	475,018	277,360
Loans and advances	(1,995,361)	(623)
Prepayments and other receivables	(1,275,484)	3,988,446
	(4,377,271)	2,130,253
Increase in current liabilities:		
Trade and other payables	1,459,308	1,816,902
Deposit	1,514,184	-
Unearned income	488,862	311,491
	3,462,354	2,128,393
	24,896,956	28,452,894
9. CASH AND CASH EQUIVALENTS		
Short term investments	1,121,045	5,029,272
Cash and bank balances	3,878,223	6,424,731
Short term running finance	(295,921)	(2,162)
	4,703,347	11,451,841

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

10. SEGMENT INFORMATION

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

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, 2016				
Segment revenue		32,541,760	29,873,999	62,415,759
Inter segment revenue	10.1.1	(2,510,888)	(945,603)	(3,456,492)
Revenue from external customers		30,030,872	28,928,396	58,959,267
Segment results		5,002,002	(1,908,491)	3,093,511
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

10.1.1 Inter segment revenues are eliminated on consolidation.

		Wire line Rs '000	Wireless Rs '000	Total Rs '000
As at June 30, 2016 (Un-Audited)				
Segment assets		141,796,010	152,551,528	294,347,538
Segment liabilities		86,821,308	112,938,445	199,759,753
As at December 31, 2015 (Audited)				
Segment assets		143,088,769	148,856,057	291,944,826
Segment liabilities		87,892,741	107,466,019	195,358,760

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

			Six months ended	
			June 30, 2016 (Un-Audited) Rs '000	June 30, 2015 (Un-Audited) Rs '000
11. TRANSACTIONS WITH RELATED PARTIES				
Relationship with the Group	Nature of transaction			
i. Shareholders	Technical services assistance fee		2,063,574	2,134,474
ii. Associated undertakings	Sale of goods and services		1,131,613	1,096,734
	Purchase of goods and services		572,813	535,138
	Prepaid rent		191,033	180,000
iii. Employees benefit plans	PTCL	Contribution to Pakistan Tele-communication Employees Trust	4,472,112	5,937,780
	PTCL	Gratuity Fund	103,030	-
	PTML	Gratuity Fund	36,858	43,659
	U Bank	Gratuity Fund	2,250	-
iv. Employees contribution plans	PTCL	PTCL Employees GPF Trust - net	9,521	73,998
	PTML	Provident Fund	50,205	55,010
	U Bank	Provident Fund	3,447	2,977
v. Other related parties	PTCL	Sale of goods and services	817,661	94,130
	PTCL	Charges under license obligation	832,187	707,473
	PTML	Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	8,650	4,017
vi. Directors, Chief Executive and Executives	Fees and remuneration including benefits and perquisites		1,440,368	1,325,199
			June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Period / year-end balances				
Receivables from related parties				
Trade debts				
- Associated undertakings			429,793	200,796
- The Government of Pakistan and its related entities			1,341,450	1,600,018
Other receivables				
- Associated undertakings			71,305	79,955
- PTCL Employees GPF Trust			16,425	6,812
- Pakistan Telecommunication Company Limited Employees Gratuity Fund			18,134	48,667
- Pakistan Telecommunication Employees Trust (PTET)			4,103	116
- Prepaid rent			117,700	40,333
- Long term loans to executive and key management personnel			90,814	145,916
- Remuneration payable to and key management personnels			2,873	794

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2016 (UN-AUDITED)

	June 30, 2016 (Un-Audited) Rs '000	December 31, 2015 (Audited) Rs '000
Payables to related parties		
Trade creditors		
- Associated Undertakings	412,881	330,074
- The Government of Pakistan and its related entities	3,203,833	3,812,018
- Retention money payable to associated undertaking	1,917	1,231
- Technical services fee payable to Etisalat	6,213,350	4,149,636
- Pakistan Telecommunication Employees Trust (PTET)	8,516,329	11,972,112
PTML		
- Gratuity Fund	36,859	59,383
- Provident Fund	18,227	18,859
U Bank		
- Gratuity Fund	1,378	2
- Provident Fund	375	2,199

12. CORRESPONDING FIGURES

Following corresponding figures have been reclassified for appropriate presentation of balances:

From	To	Rs '000
Current Liabilities	Non-current liabilities	
Trade and other payables	Deferred government grants	571,437
Current Liabilities	Current Liabilities	
Trade and other payables	Deposits	959,008
Current Liabilities	Non-current Liabilities	
Trade and other payables	Long term deposits	106,308
Equity	Equity	
Unappropriated profit	Statutory and other reserves	2,007

13. FAIR VALUE ESTIMATION

The financial liability of the forward exchange contracts at fair value through profit or loss is Rs. 189,344 thousand (December 31, 2015: Rs. 10,591 thousand)

Carrying values of all the financial assets and liabilities reflected in the interim condensed consolidated financial statements approximate their fair value.

14. DATE OF AUTHORIZATION FOR ISSUE AND INTERIM DIVIDEND

14.1 The Board of Directors of the Holding Company has declared an interim dividend of Re 1.00 per share for the period ending June 30, 2016, amounting to Rs 5,100,000 thousand on July 19, 2016.

14.2 This condensed consolidated interim financial information for the six months ended June 30, 2016 was authorised for issue by the Board of Directors of the Holding Company on July 19, 2016.



Chairman



President & CEO