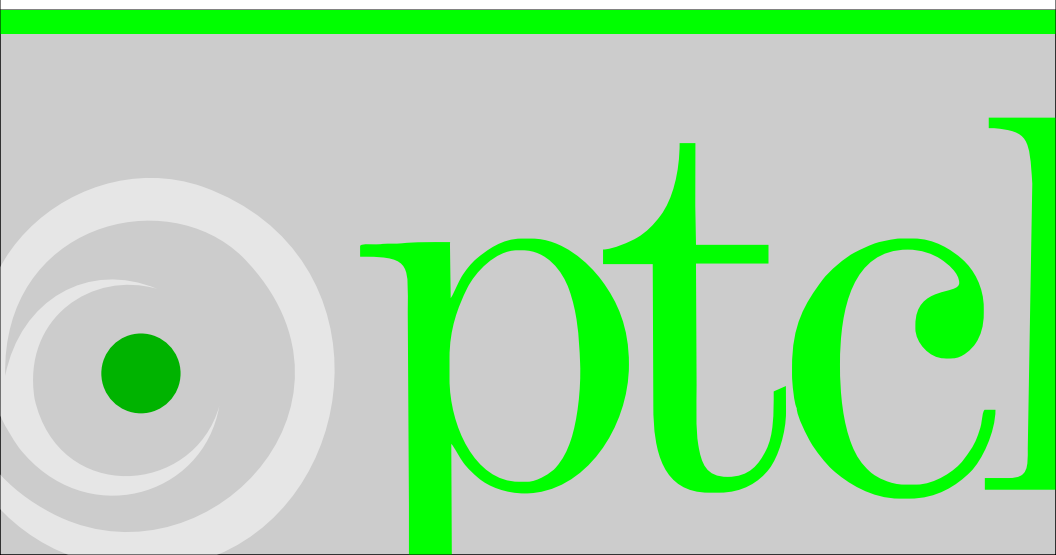
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**CONSOLIDATED
FINANCIAL STATEMENTS**
Pakistan Telecommunication Group



PAKISTAN TELE BALANCE SHEET AS AT

EQUITY AND LIABILITIES	Note	September 30, 2007	June 30, 2007
SHARE CAPITAL AND RESERVES			
(Rupees In Thousand)			
Authorized share capital			
11,100,000,000 "A" class ordinary shares of Rs 10 each		111,000,000	111,000,000
3,900,000,000 "B" class ordinary shares of Rs 10 each		39,000,000	39,000,000
		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up capital		51,000,000	51,000,000
General reserves		30,500,000	30,500,000
Insurance reserve		1,749,047	1,749,047
Unappropriated profit		34,256,224	30,966,132
		117,505,271	114,215,179
NON CURRENT LIABILITIES			
Long term loans and other borrowings -secured		10,349,555	10,348,250
Liabilities against assets subject to finance lease		1,458	2,231
Payable to PTA against license fee		1,809,033	1,768,681
Deferred taxation		5,381,512	5,234,579
Employees retirement benefits and other obligations		12,570,215	12,378,636
Long term security deposits from customers - non interest bearing		1,632,824	1,587,805
Other long term liabilities		5,713,267	4,138,063
		37,457,864	35,458,245
CURRENT LIABILITIES			
Trade and other payable		24,086,049	24,460,644
Interest and markup accrued		584	21,490
Short term borrowings		1,942,953	3,674,630
Current portion of			
Long term loans and other borrowings - secured		1,285,768	1,440,030
Liabilities against assets subject to finance lease		3,635	3,635
Employee retirement benefits and other obligations		6,829	12,774
Payable to PTA against license fee		26,966	26,966
Taxation	6	2,996,636	2,709,157
		30,349,420	32,349,326
CONTINGENCIES AND COMMITMENTS			
	3	<u>185,312,555</u>	<u>182,022,750</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.



Chairman



COMMUNICATION GROUP

SEPTEMBER 30, 2007 (UN-AUDITED)

Note	September 30, 2007	June 30, 2007
(Rupees In Thousand)		
NON CURRENT ASSETS		
Property, plant and equipment	95,051,206	97,817,992
Capital Work-in-Progress	21,502,463	17,961,583
Assets subjects of finance lease	-	4,983
Intangible assets	3,837,370	3,898,249
Long term investment	3,797,745	3,917,383
Long term loans	1,098,503	1,174,140
	<u>125,287,287</u>	<u>124,774,330</u>
CURRENT ASSETS		
Stores and spares	3,985,758	3,879,206
Stock in trade	378,994	270,464
Trade debts	11,937,116	11,543,494
Loans advances, prepayments and other receivables	7,717,731	6,296,871
Cash and bank balances	36,005,669	35,258,385
	60,025,268	57,248,420
	<u>185,312,555</u>	<u>182,022,750</u>

President & CEO



**PAKISTAN TELECOMMUNICATION GROUP
PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)**

Note	July 1, 2007 to September 30, 2007	July 1, 2006 to September 30, 2006
	(Rupees In Thousand)	
Revenue	19,873,507	21,439,584
Operating cost	(15,515,564)	(13,335,309)
Operating profit	4,357,943	8,104,275
Non-operating income	1,132,655	1,070,094
Finance cost	(399,168)	(421,650)
Profit before taxation	5,091,430	8,752,719
Taxation	(1,801,339)	(2,959,915)
Profit after taxation	3,290,091	5,792,804
Earning per share - basic and diluted (Rupee)	0.65	1.14

The annexed notes from 1 to 8 form an integral part of these financial statements.


 Chairman


 President & CEO



PAKISTAN TELECOMMUNICATION GROUP
CASH FLOW STATEMENT
 FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

	Note	September 30, 2007	June 30, 2007
Cash flows from operating activities			
Cash generated from operations	4	6,313,270	15,586,587
Long term security deposits		21,650	139,263
Employee retirement benefits		(37,197)	(63,774)
Income tax paid		(1,545,929)	(1,329,119)
Finance cost paid		(204,199)	(125,531)
Net cash inflow from operating activities		4,547,595	14,207,426
Cash flows from investing activities			
Fixed capital expenditure		(2,992,925)	(3,424,839)
Return on deposits		959,570	802,998
Long term loans		104,419	75,096
Sale proceeds from disposal of property, plant and equipment		7,424	15,397
Net cash (outflow) from investing activities		(1,921,512)	(2,531,348)
Cash flows from financing activities			
Long term loans less repayments		(154,262)	1,322,794
Lease rental paid		(774)	(708)
Long term finance received		9,569	-
Dividend paid		(1,655)	(3,994,395)
Net cash used in financing activities		(147,122)	(2,672,309)
Net increase in cash and cash equivalents		2,478,961	9,003,769
Cash and cash equivalents at beginning of the year		31,583,755	22,130,958
Cash and cash equivalents at end of the period	5	<u>34,062,716</u>	<u>31,134,727</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.


Chairman


President & CEO

PAKISTAN TELECOMMUNICATION COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

(Rupees In Thousand)

	Share capital		Revenue		Total
	Class "A"	Class "B"	General reserve	Insurance reserve	
Balance as at July 01, 2006	37,740,000	13,260,000	30,500,000	1,492,414	107,615,394
Net profit for the period				24,622,980	5,792,804
Balance as at Sep 30, 2006	37,740,000	13,260,000	30,500,000	1,492,414	113,408,198
Net profit for the period	-	-	-	11,007,934	11,007,934
Transfer to insurance reserve	-	-	-	257,586	(257,586)
Final dividend on ordinary shares for the year ended June 30, 2006 @ Rs.2 per share	-	-	-	-	(10,200,000)
Reserve utilized during the year	-	-	-	(953)	(953)
Balance as at June 30, 2007	37,740,000	13,260,000	30,500,000	1,749,047	114,215,179
Net profit for the period				3,290,092	3,290,092
Balance as at September 30, 2007	37,740,000	13,260,000	30,500,000	1,749,047	117,505,271

The annexed notes from 1 to 8 form an integral part of these financial statements.



Chairman



President & CEO

PAKISTAN TELECOMMUNICATION GROUP
SELECTED NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2007 (UN-AUDITED)

1. These condensed interim financial statements have been presented in accordance with the requirements of International Accounting Standard (IAS)-34 "Interim Financial Reporting" and are being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2007.
2. The accounting policies adopted for the preparation of these financial statements are the same as those applied in the preparation of preceding annual published financial statements for the group for the year ended June 30, 2007.
3. Commitments in respect of contracts for capital expenditure amount to Rs. 40,421,525 thousand (June 2007: Rs. 45,322,975 thousand).

Note	September 30, 2007	September 30, 2006
4. Cash flow from operating activities		
Cash generated from operations		
Profit before taxation	5,091,430	8,752,719
Add/(less) adjustments for non cash charges and other items		
Depreciation	3,840,872	3,611,053
Amortization of investment	119,639	83,191
Amortization of intangible assets	85,952	56,003
Provision for doubtful debts	735,839	501,235
Employee retirement benefits	222,836	284,264
Profit on sale of property, plant and equipment	(7,395)	(15,397)
Return on deposits	(841,694)	(691,437)
Interest and mark-up expenses	410,051	452,957
Working capital changes	(3,344,260)	2,551,999
	<u>6,313,270</u>	<u>15,586,587</u>
4.1 Working capital changes		
(Increase)/decrease in current assets		
Stores and spares	(106,552)	(156,321)
Stock in trade	(87,698)	(49,952)
Trade debts	(1,696,661)	(901,327)
Loans, advances, deposits and other receivables	(1,192,431)	(151,533)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities (net)	(351,598)	3,150,717
Increase in unearned income	90,680	660,415
	<u>(3,344,260)</u>	<u>2,551,999</u>
5. Cash and cash equivalents		
Cash and bank balances	36,005,669	32,593,239
Short term running finances	(1,942,953)	(1,458,512)
Cash and cash equivalents as restated	<u>34,062,716</u>	<u>31,134,727</u>
6. Taxation		
Provision for taxation has been made on an estimated basis.		

7. These financial statements were authorised for issue by the Board of Directors on October 30, 2007.
8. Corresponding figures have been rearranged, wherever necessary for the purpose of comparison.


Chairman


President & CEO