

PAKISTAN TELECOMMUNICATION COMPANY LIMITED  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT JUNE 30, 2018

	Note	June 30, 2018 Rs '000	December 31, 2017 (Restated) Rs '000		Note	June 30, 2018 Rs '000	December 31, 2017 (Restated) Rs '000
<b>Equity and liabilities</b>				<b>Assets</b>			
<b>Equity</b>				<b>Non-current assets</b>			
<b>Share capital and reserves</b>				Property, plant and equipment			
Share capital		51,000,000	51,000,000	Intangible assets	7	95,746,657	98,250,679
Revenue reserves						1,878,935	1,882,868
Insurance reserve		2,985,696	2,806,993			<u>97,625,592</u>	100,133,547
General reserve		27,497,072	27,497,072	Long term investments		8,977,300	7,977,300
Unappropriated profit		7,308,843	3,797,720	Long term loans and advances	8	9,882,940	7,670,324
		37,791,611	34,101,785	Contract cost	9	330,870	300,046
				Investment in finance lease		14,785	17,268
		<u>88,791,611</u>	<u>85,101,785</u>			<u>116,831,487</u>	<u>116,098,485</u>
<b>Liabilities</b>				<b>Current assets</b>			
<b>Non-current liabilities</b>				Stores, spares and loose tools			
Security deposits		581,829	553,446	Trade debts and contract asset	10	4,928,040	3,633,569
Deferred income tax		6,245,533	7,145,461	Loans and advances		16,711,536	16,040,224
Employees retirement benefits		24,782,729	23,503,831	Contract cost	9	2,551,938	1,511,669
Deferred government grants		7,983,170	8,059,878	Investment in finance lease		992,609	900,139
		39,593,261	39,262,616	Income tax recoverable		34,982	35,137
<b>Current liabilities</b>				Income tax recoverable			
Trade and other payables	6	63,048,337	62,984,018	Receivable from the Government of Pakistan		14,774,590	15,253,394
				Prepayments and other receivables		2,164,072	2,164,072
				Short term investments	11	13,407,166	11,860,653
				Cash and bank balances	12	15,798,914	5,607,778
						<u>3,237,875</u>	<u>14,243,299</u>
						<u>74,601,722</u>	<u>71,249,934</u>
<b>Total equity and liabilities</b>		<u>191,433,209</u>	<u>187,348,419</u>	<b>Total assets</b>		<u>191,433,209</u>	<u>187,348,419</u>
<b>Contingencies and commitments</b>	13						

The annexed notes 1 to 23 are an integral part of these condensed interim financial statements.

PAKISTAN TELECOMMUNICATION COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018



	Note	Three months ended		Six months ended	
		June 30, 2018 Rs '000	June 30 2017 Rs '000 (Restated)	June 30, 2018 Rs '000	June 30 2017 Rs '000 (Restated)
Revenue	14	17,779,087	17,927,785	35,358,400	35,400,507
Cost of services		(13,123,079)	(13,024,195)	(25,522,004)	(25,198,923)
Gross profit		4,656,008	4,903,590	9,836,396	10,201,584
Administrative and general expenses	15	(2,077,355)	(2,327,277)	(4,138,609)	(4,618,627)
Selling and marketing expenses		(687,982)	(663,876)	(1,507,735)	(1,289,391)
		(2,765,337)	(2,991,153)	(5,646,344)	(5,908,018)
Operating profit		1,890,671	1,912,437	4,190,052	4,293,566
Other income	16	866,401	1,866,707	1,415,406	2,677,374
Finance costs		(83,453)	(82,228)	(257,885)	(123,261)
Profit before tax		2,673,619	3,696,916	5,347,573	6,847,679
Provision for income tax					
- Current		(1,346,604)	(961,111)	(2,557,676)	(2,289,194)
- Deferred		544,523	(190,394)	899,929	97,937
		(802,081)	(1,151,505)	(1,657,747)	(2,191,257)
Profit for the period		1,871,538	2,545,411	3,689,826	4,656,422
Earnings per share - basic and diluted (Rupees)		0.37	0.50	0.72	0.91

The annexed notes 1 to 23 are an integral part of these condensed interim financial statements.

PAKISTAN TELECOMMUNICATION COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018



	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30,</u> <b>2018</b> <b>Rs '000</b>	June 30 2017 Rs '000 (Restated)	<u>June 30,</u> <b>2018</b> <b>Rs '000</b>	June 30 2017 Rs '000 (Restated)
Profit for the period	<b>1,871,538</b>	2,545,411	<b>3,689,826</b>	4,656,422
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<b><u>1,871,538</u></b>	<b><u>2,545,411</u></b>	<b><u>3,689,826</u></b>	<b><u>4,656,422</u></b>

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PAKISTAN TELECOMMUNICATION COMPANY LIMITED  
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018



		<b>Six months ended</b>	
		<b>June 30,</b>	June 30
		<b>2018</b>	2017
Note		<b>Rs '000</b>	Rs '000 (Restated)
<b>Cash flows from operating activities</b>			
	Cash generated from operations	17 <b>8,706,390</b>	15,261,539
	Employees retirement benefits paid	<b>(504,145)</b>	(440,685)
	Payment to Pakistan Telecommunication Employees Trust (PTET)	-	(5,253,506)
	Payment of voluntary separation scheme	<b>(7,954)</b>	(4,687,078)
	Long term security deposits	<b>28,383</b>	(13)
	Consideration paid against purchase of tax loss from Pakistan Telecom Mobile Limited (PTML)	-	(2,244,885)
	Income tax paid	<b>(2,078,871)</b>	(1,282,531)
	Net cash from operating activities	<b>6,143,803</b>	1,352,841
<b>Cash flows from investing activities</b>			
	Capital expenditure	<b>(4,270,896)</b>	(6,908,412)
	Acquisition of intangible assets	<b>(207,177)</b>	(50,880)
	Proceeds from disposal of property, plant and equipment	<b>11,217</b>	2,774
	Short term investments	<b>3,080,778</b>	7,000,000
	Finance lease	<b>6,832</b>	25,017
	Long term loans and advances	<b>(2,261,714)</b>	(756,690)
	Return on long term loan to PTML	<b>162,184</b>	909,996
	Return on short term investments	<b>445,387</b>	-
	Long term investment in U Microfinance Bank Limited (Ubank)	<b>(1,000,000)</b>	-
	Government grants received	<b>160,000</b>	-
	Net cash (used in) / from investing activities	<b>(3,873,389)</b>	221,805
<b>Cash flows from financing activities</b>			
	Dividend paid	<b>(3,924)</b>	(4,502,529)
	Net increase / (decrease) in cash and cash equivalents	<b>2,266,490</b>	(2,927,883)
	Cash and cash equivalents at the beginning of the period	<b>16,770,299</b>	5,902,144
	Cash and cash equivalents at the end of the period	18 <b>19,036,789</b>	2,974,261

The annexed notes 1 to 23 are an integral part of these condensed interim financial statements.

PAKISTAN TELECOMMUNICATION COMPANY LIMITED  
 CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018



	Issued, subscribed and paid-up capital		Revenue reserves			Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit	
----- (Rupees in '000) -----						
Balance as at December 31, 2016 as previously reported	37,740,000	13,260,000	2,621,288	27,497,072	1,894,739	83,013,099
Impact of change in accounting policy - note 18					131,408	131,408
Balance as at January 01, 2017 - restated	37,740,000	13,260,000	2,621,288	27,497,072	2,026,147	83,144,507
Total comprehensive income for the period						
Profit for the six months period ended June 30, 2017- restated	-	-	-	-	4,656,422	4,656,422
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	4,656,422	4,656,422
Transfer to insurance reserve	-	-	185,705	-	(185,705)	-
Distribution to owners of the Company						
Interim dividend for the year ended December 31, 2017 - Re 1.00 per share	-	-	-	-	(5,100,000)	(5,100,000)
	-	-	-	-	(5,100,000)	(5,100,000)
Balance as at June 30, 2017 - restated	37,740,000	13,260,000	2,806,993	27,497,072	1,396,864	82,700,929
Total comprehensive income for the period						
Profit for the six months period ended December 31, 2017- restated	-	-	-	-	3,711,595	3,711,595
Other comprehensive income	-	-	-	-	(1,310,739)	(1,310,739)
Total comprehensive income	-	-	-	-	2,400,856	2,400,856
<b>Balance as at December 31, 2017 - restated</b>	<b>37,740,000</b>	<b>13,260,000</b>	<b>2,806,993</b>	<b>27,497,072</b>	<b>3,797,720</b>	<b>85,101,785</b>
Total comprehensive income for the period						
Profit for the six months period ended June 30, 2018	-	-	-	-	3,689,826	3,689,826
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	3,689,826	3,689,826
Transfer to insurance reserve	-	-	178,703	-	(178,703)	-
<b>Balance as at June 30, 2018</b>	<b>37,740,000</b>	<b>13,260,000</b>	<b>2,985,696</b>	<b>27,497,072</b>	<b>7,308,843</b>	<b>88,791,611</b>

The annexed notes 1 to 23 are an integral part of these condensed interim financial statements.

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018**

**1. THE COMPANY AND ITS OPERATIONS**

Pakistan Telecommunication Company Limited ("PTCL", "the Company") was incorporated in Pakistan on December 31, 1995 under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017) and commenced business on January 01, 1996. The Company, which is listed on the Pakistan Stock Exchange Limited (PSX), 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**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- '- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- '- Provision of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**3. BASIS OF PREPARATION**

These condensed interim financial statements do not include all of the information required in the annual financial statements prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. These condensed interim financial statements should be read in conjunction with the Company's latest annual financial statements as at and for the year ended December 31, 2017.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial statements in conformity with approved accounting and reporting 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 statements are the same as those used in the preparation of audited financial statements of the Company for the year ended December 31, 2017.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed interim financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended December 31, 2017, except for the changes given here under.

##### 5.1 IFRS 9 Financial Instruments

The Company has adopted IFRS 9 "*Financial Instruments*" with a date of initial application of January 01, 2018. However it has no significant impact on the Company's financial statements.

##### 5.2 IFRS 15 Revenue from Contracts with Customer

The Company has adopted IFRS 15 '*Revenue from contracts with customers*' with a date of initial application of January 01, 2018. As a result, the Company has changed its accounting policy for revenue recognition as detailed below:

###### i) Installation Charges

Installation charges for provision of Voice, Broadband, IPTV and corporate services were previously being recognized as revenue when billed. Under IFRS 15, these charges are required to be deferred and recognized as revenue over the average customer life.

###### ii) Contract cost

The Company previously recognized cost of acquiring a customer as distribution and selling costs and cost of fulfilling a contract as cost of sales when they were incurred. Under IFRS 15, the Company capitalizes the incremental costs of obtaining and fulfilling a contract, if they are expected to be recovered. The capitalized cost is amortized over the average customer life. Applying the practical expedient of IFRS 15, the Company recognises the incremental cost of obtaining and fulfilling a contract as expense when incurred if the amortization period of assets is one year or less.

###### iii) Contract assets

The contract assets primarily relate to the Company's rights to consideration for postpaid services provided to subscribers but not billed at the reporting date. The contract assets are transferred to trade debts when the rights become unconditional.

Effect of adoption of IFRS 15 on opening balances has been disclosed in note 19.

		<b>June 30, 2018 (Un-Audited) Rs '000</b>	December 31, 2017 (Restated) Rs '000
<b>6. TRADE AND OTHER PAYABLES</b>			
Trade creditors		<b>10,157,076</b>	12,225,727
Accrued liabilities		<b>24,938,903</b>	24,654,398
Voluntary Separation Scheme payable		<b>243,529</b>	251,483
Receipts against third party works		<b>1,440,976</b>	1,187,376
Income tax collected from subscribers / deducted at source		<b>677,386</b>	276,370
Sales tax payable		<b>327,407</b>	610,547
Advances from customers - contract liabilities		<b>4,153,944</b>	4,928,947
Technical services assistance fee		<b>14,470,822</b>	12,347,648
Retention money / payable to contractors and suppliers for fixed assets		<b>5,300,576</b>	5,142,146
Unclaimed dividend		<b>206,263</b>	210,187
Deferred installation revenue - contract liability		<b>861,355</b>	877,276
Other liabilities		<b>270,100</b>	271,913
		<b><u>63,048,337</u></b>	<u>62,984,018</u>
		<b>June 30, 2018 (Un-Audited) Rs '000</b>	December 31, 2017 (Audited) Rs '000
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
Operating fixed assets	6.1	<b>89,334,506</b>	91,196,004
Capital work-in-progress		<b>6,412,151</b>	7,054,675
		<b><u>95,746,657</u></b>	<u>98,250,679</u>
<b>7.1 Operating fixed assets</b>			
Opening net book value		<b>91,196,004</b>	85,046,586
Additions during the six months period (Jan-June)	6.2	<b>4,908,342</b>	11,189,482
Additions during the six months (July-Dec 2017)		<b>-</b>	9,559,907
		<b><u>96,104,346</u></b>	<u>105,795,975</u>
Disposals during the period / year - at net book value		<b>(2)</b>	(2,739)
Depreciation charge for the period / year	6.3	<b>(6,747,159)</b>	(13,550,839)
Impairment charge for the period / year	6.3	<b>(22,679)</b>	(1,046,393)
		<b><u>(6,769,840)</u></b>	<u>(14,599,971)</u>
Closing net book value		<b><u>89,334,506</u></b>	<u>91,196,004</u>



	<b>June 30, 2018 (Un-Audited) Rs '000</b>	June 30, 2017 (Un-Audited) Rs '000
<b>7.2 Detail of additions during the period :</b>		
Buildings on freehold land	99,105	167,012
Buildings on leasehold land	35,659	4,547
Lines and wires	2,041,030	1,989,232
Apparatus, plant and equipment	2,403,530	4,018,822
Office equipment	83,281	139,111
Computer equipment	72,542	78,204
Furniture and fittings	31,363	7,337
Vehicles	2,728	139,801
Submarine cables	139,104	4,645,416
	<b>4,908,342</b>	<b>11,189,482</b>

**7.3** Depreciation and impairment charge for the six month period ended June 30, 2017 amounts to Rs 6,741,615 thousand and Rs Nil respectively.

**7.4** Additions to CWIP during the six months period ended June 30, 2018 were Rs 4,406,685 thousand (six months period ended June 30, 2017: Rs 6,924,516 thousand).

	<b>June 30, 2018 (Un-Audited) Rs '000</b>	December 31, 2017 (Audited) Rs '000
<b>8. LONG TERM LOANS AND ADVANCES</b>		
Loans to PTML - unsecured	5,000,000	5,000,000
Loans to employees -secured	681,806	443,308
Advances to suppliers against turnkey contracts	4,221,273	2,286,440
Others	83,731	40,551
	<b>9,986,810</b>	<b>7,770,299</b>
Current portion shown under current assets		
Loans to employees -secured	<b>(103,870)</b>	<b>(99,975)</b>
	<b>9,882,940</b>	<b>7,670,324</b>

## 9. CONTRACT COST

Management expects that incremental costs for obtaining new subscribers are recoverable. The company has therefore capitalized them as contract costs. These costs are amortized over the expected average customer life. There was no impairment loss in relation to the costs capitalized.

	June 30, 2018 (Un-Audited) Rs '000	December 31, 2017 (Restated) Rs '000
Capitalized cost to obtain a contract	211,111	178,819
Capitalized cost to fulfill a contract	1,112,368	1,021,366
	1,323,479	1,200,185
Current maturity of contract costs	(992,609)	(900,139)
	330,870	300,046
	June 30, 2018 (Un-Audited) Rs '000	June 30, 2017 (Restated) Rs '000
<b>9.1 Movement during the period</b>		
Balance at the beginning of the period	1,200,185	1,033,932
Capitalization during the period	1,081,354	864,396
	2,281,539	1,898,328
Amortization during the period	(958,060)	(841,614)
Balance at end of the period	1,323,479	1,056,714
	June 30, 2018 (Un-Audited) Rs '000	December 31, 2017 (Restated) Rs '000
<b>10. TRADE DEBTS AND CONTRACT ASSETS</b>		
Trade debts	11,412,078	10,944,140
Contract asset	5,299,458	5,096,084
	16,711,536	16,040,224
<b>11. SHORT TERM INVESTMENTS</b>		
<b>At amortized cost:</b>		
Term deposit- maturity up to 6 months	-	3,080,778
Market Treasury Bills - maturity up to 3 months	12,815,717	-
	12,815,717	3,080,778
<b>At fair value through profit or loss:</b>		
Mutual funds	2,983,197	2,527,000
	15,798,914	5,607,778
<b>12. CASH AND BANK BALANCES</b>		
Cash in hand	551	85
Balances with banks:	11.1	
Deposit accounts local currency	1,102,133	13,743,769
Current accounts		
Local currency	862,665	96,517
Foreign currency	1,272,526	402,928
	2,135,191	499,445
	3,237,875	14,243,299

**12.1** Bank balance includes Rs 40,625 thousands (December 31, 2017: Rs 39,076 thousand) carrying profit at the rate of 2.4% to 4% (December 31, 2017: 2.4% to 4%) per annum from Shariah arrangements.

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1 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, 2017, except the followings:

- (a) For the tax years 2012, 2013, 2015 and 2016, Taxation Officer disallowed certain expenses having tax impact of Rs 22,536,409 thousand. The Company has filed appeals before ATIR against the disallowed expenses which are pending adjudication. For tax years 2012, 2015 and 2016, the Company has obtained stay orders from Honorable Islamabad High Court and ATIR against any coercive measures.
- (b) The Honorable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the Company, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated 17th May 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2), CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts, however the Islamabad High Court has dismissed the application on technicality which has been challenged before the Supreme Court. Under the circumstances, management of the Company is of the view that it is not possible at this stage to ascertain the financial obligations, if any, flowing from the referred decision of the Apex Court which could be disclosed in these financial statements.

	<b>June 30, 2018 (Un-audited) Rs '000</b>	<b>December 31, 2017 (Restated) Rs '000</b>
(c) Bank guarantee and bid bonds issued in favour of Universal Service Fund (USF) against government grants and others.	<b>6,989,204</b>	<b>6,845,906</b>

#### 13.2 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 6,548,311 thousand (December 31, 2017: Rs 5,682,111 thousand).

### 14. REVENUE

The Company principally obtains revenue from providing telecommunication services such as Broadband, IPTV, Voice, data, wireless services, interconnect, corporate and international services.

For bundled packages, the Company accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand alone selling prices.

The company generates revenue from the following performance obligations of its telecommunication services.

	Six months ended	
	June 30, 2018 (Un-Audited) Rs '000	June 30 2017 (Restated) Rs '000
<b>Revenue Segments</b>		
Broadband & IPTV	13,374,760	12,430,491
Voice services	7,449,287	7,765,723
Wireless Data	1,734,062	2,406,964
<b>Revenue from retail customers</b>	<b>22,558,109</b>	<b>22,603,178</b>
Corporate	3,428,353	3,005,961
Carrier and wholesale	5,029,886	5,286,551
International	4,342,052	4,504,817
<b>Total Revenue</b>	<b>35,358,400</b>	<b>35,400,507</b>

Revenue is stated net of trade discount amounting to Rs 55,530 thousand ( June 30, 2017: Rs 91,379 thousand ) and sales and other taxes directly attributable to sales amounting to Rs 4,604,344 thousand (June 30,2017: Rs 2,608,706 thousand)

15. This includes loss allowance on trade debts and contract assets amounting to Rs 956,030 thousand ( 2017: Rs 942,000 thousand)

		Six months ended	
		June 30, 2018 (Un-Audited) Rs '000	June 30 2017 (Un-Audited) Rs '000
<b>16. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Return on bank deposits	15.1	340,444	890,565
Mark-up on subordinated long term loan to PTML		164,225	-
Gain on disposal of investment measured at fair value through profit and loss		111,431	-
Late payment surcharge from subscribers on overdue bills		139,050	149,475
		<b>755,150</b>	<b>1,040,040</b>
<b>Income from non-financial assets</b>			
Late delivery charges from vendors		122,572	13,253
Release of deferred government grants		236,708	266,946
Income from rechargeable projects		143,193	200,479
Auctions of obsolete items		64,898	519
Gain on disposal of property, plant and equipment		6,137	649
Recovery from written off receivables		19,892	27,902
Write back of liabilities		-	1,065,508
Others		66,856	62,078
		<b>660,256</b>	<b>1,637,334</b>
		<b>1,415,406</b>	<b>2,677,374</b>

- 16.1 Return on bank deposit include Rs 42 thousand (June 30, 2017: Rs 120 thousand) earned from Shariah arrangements.

		<b>Six months ended</b>	
		<b>June 30, 2018 (Un-Audited) Rs '000</b>	<b>June 30 2017 (Restated) Rs '000</b>
<b>17. CASH GENERATED FROM OPERATIONS</b>	<b>Note</b>		
Profit before tax		5,347,573	6,847,679
Adjustments for non-cash charges and other items:			
Depreciation and amortization charge		6,958,269	7,035,484
Impairment of property, plant and equipment		22,679	-
Amortization of contract cost	8.1	958,060	841,614
Impairment loss along trade and other receivables, including contract assets		956,030	942,000
Provision for employees retirement benefits		1,783,044	2,078,634
Gain on disposal of property, plant and equipment		(6,137)	(649)
Return on bank deposits		(340,444)	(890,565)
Imputed interest on long term loans		45,204	31,628
Imputed Interest on finance lease		(4,194)	(8,427)
Return on subordinated long term loan to PTML	15	(164,225)	-
Realized gain on investment measured at fair value through profit or loss	15	(111,431)	-
Release of deferred government grants		(236,708)	(266,946)
		<b>15,207,720</b>	<b>16,610,452</b>
Effect on cash flows due to working capital changes:			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(1,294,471)	(208,990)
Trade debts and contract assets		(1,627,342)	(1,850,281)
Loans and advances		(1,036,374)	(469,146)
Contract costs		(1,081,354)	(864,396)
Prepayments and other receivables		(1,537,985)	517,778
		<b>(6,577,526)</b>	<b>(2,875,035)</b>
Increase in current liabilities:			
Trade and other payables		76,196	1,526,122
		<b>8,706,390</b>	<b>15,261,539</b>
		<b>June 30, 2018 (Un-Audited) Rs '000</b>	<b>June 30, 2017 (Un-Audited) Rs '000</b>
<b>18. CASH AND CASH EQUIVALENTS</b>			
Short term investments		15,798,914	-
Cash and bank balances		3,237,875	2,974,261
		<b>19,036,789</b>	<b>2,974,261</b>

## 19. CHANGE IN ACCOUNTING POLICY AND ITS IMPACT ON FINANCIAL STATEMENTS

The following table summarise the impacts of adopting IFRS 15 on the Company's interim financial statements

### i) Statement of financial position

	Impact of changes in accounting policies		
	As previously reported Rs '000	Adjustments Rs '000	As restated Rs '000
<b>January 01,2017</b>			
<b>ASSETS</b>			
Contract cost	-	1,033,932	1,033,932
Others	182,636,563	-	182,636,563
<b>Total Assets</b>	<b>182,636,563</b>	<b>1,033,932</b>	<b>183,670,495</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	51,000,000	-	51,000,000
Reserves	30,118,360	-	30,118,360
Retained Earnings	1,894,739	131,408	2,026,147
	<b>83,013,099</b>	<b>131,408</b>	<b>83,144,507</b>
<b>LIABILITIES</b>			
Deferred income tax	7,264,575	59,037	7,323,612
Trade and other payables	59,142,912	843,487	59,986,399
Others	33,215,977	-	33,215,977
	<b>99,623,464</b>	<b>902,524</b>	<b>100,525,988</b>
<b>Total equity and liabilities</b>	<b>182,636,563</b>	<b>1,033,932</b>	<b>183,670,495</b>
<b>December 31,2017</b>			
<b>ASSETS</b>			
Contract cost	-	1,200,185	1,200,185
Income tax recoverable	15,263,357	(9,963)	15,253,394
Others	170,894,840	-	170,894,840
<b>Total Assets</b>	<b>186,158,197</b>	<b>1,190,222</b>	<b>187,348,419</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	51,000,000	-	51,000,000
Reserves	30,304,065	-	30,304,065
Retained Earnings	3,647,809	149,911	3,797,720
	<b>84,951,874</b>	<b>149,911</b>	<b>85,101,785</b>
<b>LIABILITIES</b>			
Deferred income tax	7,086,423	59,038	7,145,461
Trade and other payables	62,002,745	981,273	62,984,018
Others	32,117,155	-	32,117,155
	<b>101,206,323</b>	<b>1,040,311</b>	<b>102,246,634</b>
<b>Total equity and liabilities</b>	<b>186,158,197</b>	<b>1,190,222</b>	<b>187,348,419</b>

	<b>June 30 2017 Rs '000</b>		<b>June 30 2017 Rs '000</b>
	<b>Impact of changes in accounting policies</b>		
	As previously reported	Adjustments	As restated
<b>ii) Statement of profit and loss</b>			
<b>Revenue</b>			
Revenue	35,473,306	(72,799)	35,400,507
Cost of services	(25,144,120)	(54,803)	(25,198,923)
Gross profit	<b>10,329,186</b>	<b>(127,602)</b>	<b>10,201,584</b>
Administrative and general expenses	(4,618,627)	-	(4,618,627)
Selling and marketing expenses	(1,366,976)	77,585	(1,289,391)
	(5,985,603)	77,585	(5,908,018)
Operating profit	<b>4,343,583</b>	<b>(50,017)</b>	<b>4,293,566</b>
Other income	2,677,374	-	2,677,374
Finance costs	(123,261)	-	(123,261)
Profit before tax	<b>6,897,696</b>	<b>(50,017)</b>	<b>6,847,679</b>
Provision for income tax	(2,207,263)	16,006	(2,191,257)
Profit for the period	<b>4,690,433</b>	<b>(34,011)</b>	<b>4,656,422</b>
<b>iii) Statement of cash flows</b>			
<b>For the six months period ended 30 June 2017</b>			
Profit before tax	<b>6,897,696</b>	(50,017)	<b>6,847,679</b>
Adjustments for non-cash and other items			
Contract cost	-	841,614	841,614
Others	8,921,159	-	8,921,159
	8,921,159	841,614	9,762,773
<b>Operating profit before working capital changes</b>	<b>15,818,855</b>	<b>791,597</b>	<b>16,610,452</b>
Contract cost	-	(864,395)	(864,395)
Trade and other payables	1,453,324	72,798	1,526,122
Working capital changes	(2,010,639)	-	(2,010,639)
<b>Cash generated from operations</b>	<b>15,261,540</b>	-	<b>15,261,540</b>
Retirement benefits and income taxes paid etc	(13,908,698)		(13,908,698)
<b>Net cash generated from operating activities</b>	<b>1,352,842</b>	-	<b>1,352,842</b>
<b>Cash flow from investing activities</b>			
Net cash flow from investing activities	221,805	-	221,805
<b>Cash flow from financing activities</b>			
<b>Net cash generated from financing activities</b>	(4,502,529)	-	(4,502,529)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,927,882)</b>	-	<b>(2,927,882)</b>
Cash and cash equivalents at the end of the period	5,902,144	-	5,902,144
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>2,974,262</b>	-	<b>2,974,262</b>

		<b>Six months ended</b>	
		<b>June 30, 2018 (Un-Audited) Rs '000</b>	<b>June 30, 2017 (Restated) Rs '000</b>
<b>20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>			
<b>Relationship with the Company</b>	<b>Nature of transaction</b>		
i. Shareholders	Technical services assistance fee - note 19.1	<b>1,170,398</b>	1,193,206
ii. Subsidiaries	Sale of goods and services	<b>2,539,850</b>	2,578,829
	Purchase of goods and services	<b>1,480,894</b>	1,711,208
	Mark up on long term loans	<b>164,225</b>	-
	Purchase of tax loss from PTML	<b>-</b>	2,244,885
	Return on bank deposit	<b>8,017</b>	11,103
iii. Associated undertakings	Sale of goods and services	<b>1,084,999</b>	599,017
	Purchase of goods and services	<b>581,139</b>	506,383
iv. Employees contribution plan	PTCL Employees GPF Trust - net	<b>31,180</b>	207,677
v. Employees retirement benefit plan	Contribution to the plan- PTET	<b>-</b>	5,253,506
	Contribution to the plan- Gratuity	<b>42,720</b>	26,382
v. Other related parties	Sale of goods and services	<b>886,625</b>	803,275
	Charge under license obligations	<b>803,823</b>	831,141
vi. Directors, Chief Executive and Key management personnel	Fee and remuneration including benefits and perquisites	<b>433,112</b>	449,992
		<b>June 30, 2018 (Un-Audited) Rs '000</b>	<b>December 31, 2017 (Audited) Rs '000</b>
<b>Period-end balances</b>			
<b>Receivables from related parties</b>			
Trade debts			
	- Subsidiaries	<b>1,699,201</b>	925,572
	- Associated undertakings	<b>1,682,993</b>	932,912
	- The Government of Pakistan and its related entities	<b>1,436,468</b>	1,392,331
Other receivables			
	- Subsidiaries	<b>9,335,037</b>	7,928,172
	- Associated undertakings	<b>71,305</b>	71,305
	- PTCL Employees GPF Trust	<b>24,568</b>	55,748
	- Pakistan Telecommunication Employees Trust (PTET)	<b>27,482</b>	7,712
	- Pakistan Telecommunication Company Limited Employees Gratuity Fund	<b>125,567</b>	82,513
	- Long term loans to executives and key management personnel	<b>237,943</b>	-
	Bank deposit with subsidiary	<b>2</b>	1,130,877



	<b>June 30, 2018 (Un-Audited) Rs '000</b>	December 31, 2017 (Audited) Rs '000
<b>Payables to related parties</b>		
Trade creditors		
- Subsidiaries	<b>568,650</b>	641,630
- Associated undertakings	<b>475,825</b>	311,296
- The Government of Pakistan and its related entities	<b>845,645</b>	1,380,182
Security deposits from subsidiary	<b>3,623</b>	3,623
Retention money payable to associated undertakings	<b>6,342</b>	7,832
Technical services assistance fee payable to Etisalat	<b>14,470,822</b>	12,347,648
Pakistan Telecommunication Employees Trust (PTET)	<b>3,244,978</b>	2,779,570

- 20.1** 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 revenue.

## 21. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to setoff	offset	Net amount	Amount not in scope of offsetting	Net as per statement of financial position
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
<b>As at June 30, 2018</b>					
<b>Trade debts and contract assets</b>	<b>7,267,653</b>	<b>(3,409,433)</b>	<b>3,858,221</b>	<b>22,055,709</b>	<b>25,913,929</b>
<b>Trade creditors</b>	<b>(4,812,965)</b>	<b>3,409,433</b>	<b>(1,403,533)</b>	<b>(8,753,544)</b>	<b>(10,157,076)</b>
<b>As at December 31, 2017</b>					
Trade debts and contract assets	10,294,641	(7,556,453)	2,738,188	21,469,217	24,207,405
Trade creditors	(8,628,339)	7,556,453	(1,071,886)	(11,153,841)	(12,225,727)

## 22. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended 31 December 2017. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended 31 December 2017.

The carrying amount of all financial assets and financial liabilities are estimated to approximate their fair values.

**23. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL STATEMENTS**

- 23.1** The Board of Directors had also declared an interim dividend of Re 1.00 per share for the year ending December 31, 2018, amounting to Rs 5,100,000 thousand.
- 23.2** This condensed interim financial statements for the six months ended June 30, 2018 was authorized for issue by the Board of Directors of the Company on July 18, 2018.