

PAKISTAN TELECOMMUNICATION COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021 (UN-AUDITED)

| Note | March 31, 2021 Rs '000 (Un-Audited) | December 31, 2020 Rs '000 (Audited) |
|-------------------------------------------|----------------------------------------------|----------------------------------------------|
| Equity and liabilities | | |
| Equity | | |
| Share capital and reserves | | |
| Share capital | 51,000,000 | 51,000,000 |
| Revenue reserves | | |
| General reserve | 27,497,072 | 27,497,072 |
| Unappropriated profit | 8,477,548 | 7,984,136 |
| | 35,974,620 | 35,481,208 |
| Statutory and other reserves | 511,553 | 511,553 |
| Advance against issuance of Share Capital | - | - |
| Unrealized (loss) / gain on investments | (45,557) | 629 |
| | 87,440,616 | 86,993,390 |
| Liabilities | | |
| Non-current liabilities | | |
| Long term loans from banks | 26,532,631 | 28,774,903 |
| Subordinated debt | 599,160 | 599,160 |
| Deposits from banking customers | 1,900,604 | 3,347,788 |
| Lease liabilities | 16,185,463 | 16,974,431 |
| Deferred income tax | 5,239,648 | 6,093,589 |
| Employees retirement benefits | 25,619,832 | 24,581,798 |
| Deferred government grants | 18,744,876 | 18,216,421 |
| Advances from customers | 1,481,000 | 1,499,169 |
| Long term vendor liability | 30,595,831 | 31,069,424 |
| | 126,899,045 | 131,156,683 |
| Current liabilities | | |
| Trade and other payables | 96,736,769 | 94,177,147 |
| Deposits from banking customers | 43,496,132 | 42,285,528 |
| Interest accrued | 1,856,553 | 1,371,131 |
| Short term running finance | 5,974,047 | 6,680,285 |
| Current portion of: | | |
| Long term loans from banks | 13,051,796 | 14,990,172 |
| Lease liabilities | 3,116,344 | 3,041,986 |
| Long term vendor liability | 5,328,530 | 9,157,498 |
| Security deposits | 1,330,237 | 1,302,184 |
| Unpaid / unclaimed dividend | 211,177 | 211,511 |
| | 171,101,585 | 173,217,442 |
| Total equity and liabilities | 385,441,246 | 391,367,515 |

Contingencies and commitments 11

The annexed notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

| Note | March 31, 2021 Rs '000 (Un-Audited) | December 31, 2020 Rs '000 (Audited) |
|---------------------------------------------|----------------------------------------------|----------------------------------------------|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 7 190,987,253 | 193,715,646 |
| Right of use assets | 18,490,329 | 19,419,596 |
| Intangible assets | 25,267,487 | 25,582,008 |
| | 234,745,069 | 238,717,250 |
| Long term investments | 51,427 | 51,427 |
| Long term loan to banking customers | 2,815,704 | 1,433,652 |
| Contract costs | 736,985 | 703,496 |
| | 239,338,148 | 241,953,952 |
| Current assets | | |
| Stock in trade, stores and spares | 4,115,993 | 3,832,884 |
| Trade debts and contract assets | 8 25,685,798 | 25,436,953 |
| Loans to banking customers | 28,852,129 | 28,572,647 |
| Loans and advances | 1,494,685 | 1,553,937 |
| Contract costs | 2,785,743 | 2,626,170 |
| Income tax recoverable | 24,582,888 | 24,837,418 |
| Receivable from the Government of Pakistan | 2,164,072 | 2,164,072 |
| Deposits, prepayments and other receivables | 16,201,235 | 17,160,181 |
| Short term investments | 9 28,298,970 | 30,736,733 |
| Cash and bank balances | 10 11,921,585 | 12,492,568 |
| | 146,103,098 | 149,413,563 |
| Total assets | 385,441,246 | 391,367,515 |

Chief Financial Officer

Director

Chairman

PAKISTAN TELECOMMUNICATION COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

| | Note | Three months ended | |
|----------------------------------------------------|------|------------------------------|------------------------------|
| | | March 31, 2021 Rs '000 | March 31, 2020 Rs '000 |
| Revenue | 12 | 33,959,997 | 31,825,093 |
| Cost of services | | (24,633,475) | (23,965,061) |
| Gross profit | | 9,326,522 | 7,860,032 |
| Administrative and general expenses | | (4,397,138) | (4,255,705) |
| Selling and marketing expenses | | (1,925,009) | (1,860,094) |
| Impairment loss on trade debts and contract assets | | (630,957) | (1,138,233) |
| | | (6,953,104) | (7,254,032) |
| Operating profit | | 2,373,418 | 606,000 |
| Other income | 13 | 3,010,570 | 2,151,342 |
| Finance costs | | (3,120,622) | (3,278,828) |
| Profit / (loss) before tax | | 2,263,366 | (521,486) |
| Provision for income tax | | (656,560) | 114,762 |
| Profit / (loss) for the period | | 1,606,806 | (406,724) |

The annexed notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Director

Chairman

PAKISTAN TELECOMMUNICATION COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

| | Three months ended | |
|----------------------------------------------------------------------------------|---------------------------|---------------------------|
| | March 31, 2021 | March 31, 2020 |
| | Rs '000 | Rs '000 |
| Profit / (loss) for the period | 1,606,806 | (406,724) |
| Other comprehensive income for the period | | |
| Items that will not be reclassified to consolidated statement of profit or loss: | | |
| Remeasurement loss on employees retirement benefits | (1,568,160) | - |
| Tax effect | 454,766 | - |
| | (1,113,394) | - |
| Items that may be subsequently reclassified to profit or loss: | | |
| Loss on revaluation of assets transferred to profit or loss | (58) | (20,114) |
| (Loss) / Gain on revaluation of assets | (55,680) | 37,728 |
| Tax effect | 9,552 | (10,941) |
| | (46,186) | 6,673 |
| Other comprehensive (loss) / income for the period - net of tax | (1,159,580) | 6,673 |
| Total comprehensive income / (loss) for the period | 447,226 | (400,051) |

The annexed notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Director

Chairman

PAKISTAN TELECOMMUNICATION COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

| | | Three months ended | |
|-----------------------------------------------------------------|------|---------------------------|------------------|
| | | March 31, | March 31, |
| | | 2021 | 2020 |
| | | Rs '000 | Rs '000 |
| | Note | | |
| Cash flows from operating activities | | | |
| Cash generated from operations | 14 | 14,409,953 | 7,142,470 |
| Employees retirement benefits paid | | (394,946) | (381,387) |
| Income tax paid | | (801,205) | (941,034) |
| Net cash inflow from operating activities | | 13,213,802 | 5,820,049 |
| Cash flows from investing activities | | | |
| Capital expenditure | | (4,021,407) | (5,322,707) |
| Acquisition of intangible assets | | (600,208) | (112,555) |
| Proceeds from disposal of property, plant and equipment | | 337,632 | 470,538 |
| Additions to contract costs | | (1,462,264) | (985,979) |
| Long term loans and advances | | 80,283 | (39,831) |
| Short term investments | | 5,296,093 | - |
| Government grants received | | 1,292,623 | 459,895 |
| Return on long term loans and short term investments | | 646,148 | 610,664 |
| Net cash inflow / (outflow) from investing activities | | 1,568,900 | (4,919,975) |
| Cash flows from financing activities | | | |
| Loan from banks - net | | (4,180,648) | (717,584) |
| Vendor liability | | (4,302,561) | 1,919,914 |
| Finance cost paid | | (1,787,080) | (2,277,174) |
| Customers deposits | | (236,580) | 6,590 |
| Lease liabilities | | (1,281,913) | (1,062,923) |
| Dividend paid | | (335) | (564) |
| Net cash outflow financing activities | | (11,789,117) | (2,131,741) |
| Net increase / (decrease) in cash and cash equivalents | | 2,993,585 | (1,231,667) |
| Cash and cash equivalents at the beginning of the period | | 12,024,517 | 12,188,911 |
| Cash and cash equivalents at the end of the period | 15 | 15,018,102 | 10,957,244 |

The annexed notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Director

Chairman

PAKISTAN TELECOMMUNICATION COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

| | Issued, subscribed and paid-up capital | | Revenue reserves | | | Statutory and other reserves | Unrealized (loss)/gain on investments measured at fair value through OCI | Total |
|-----------------------------------------------------------|-------------------------------------------|------------|----------------------|-----------------|--------------------------|---------------------------------|-----------------------------------------------------------------------------------------|-------------|
| | Class "A" | Class "B" | Insurance reserve | General reserve | Unappropriated profit | | | |
| | ----- (Rupees in '000) ----- | | | | | | | |
| Balance as at January 01, 2020 | 37,740,000 | 13,260,000 | 3,172,624 | 27,497,072 | 1,492,423 | 285,013 | (8,779) | 83,438,353 |
| Total comprehensive income for the period | | | | | | | | |
| Loss for the three months period ended March 31, 2020 | - | - | - | - | (406,724) | - | - | (406,724) |
| Other comprehensive income | - | - | - | - | - | - | 6,673 | 6,673 |
| | - | - | - | - | (406,724) | - | 6,673 | (400,051) |
| Balance as at March 31, 2020 | 37,740,000 | 13,260,000 | 3,172,624 | 27,497,072 | 1,085,699 | 285,013 | (2,106) | 83,038,302 |
| Profit for the nine months period ended December 31, 2020 | - | - | - | - | 3,679,390 | - | - | 3,679,390 |
| Other comprehensive income | - | - | - | - | 2,822,963 | - | 2,735 | 2,825,698 |
| | - | - | - | - | 6,502,353 | - | 2,735 | 6,505,088 |
| Others | | | | | | | | |
| Transfer of insurance reserve | | | (3,172,624) | | 3,172,624 | | | - |
| Transfer to statutory and other reserves | - | - | - | - | (226,540) | 226,540 | - | - |
| Distribution to owners of the Holding Company | | | | | | | | |
| Final dividend for the year ended | | | | | | | | |
| December 31, 2019 - Re 0.5 per share | - | - | - | - | (2,550,000) | - | - | (2,550,000) |
| Balance as at December 31, 2020 | 37,740,000 | 13,260,000 | - | 27,497,072 | 7,984,136 | 511,553 | 629 | 86,993,390 |
| Total comprehensive income / (loss) for the period | | | | | | | | |
| Profit for the three months period ended March 31, 2021 | - | - | - | - | 1,606,806 | - | - | 1,606,806 |
| Other comprehensive income | - | - | - | - | (1,113,394) | - | (46,186) | (1,159,580) |
| | - | - | - | - | 493,412 | - | (46,186) | 447,226 |
| Balance as at March 31, 2021 | 37,740,000 | 13,260,000 | - | 27,497,072 | 8,477,548 | 511,553 | (45,557) | 87,440,616 |

The annexed notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

Director

Chairman

PAKISTAN TELECOMMUNICATION COMPANY LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

1. Legal status and nature of business

1.1 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.

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 (Ubank)

The Holding Company acquired 100% ownership of Ubank on August 30, 2012 to offer services of digital commerce and branchless banking. Ubank was incorporated on October 29, 2003 as a public limited company. The registered office of Ubank is situated at Jinnah Super Market F-7 Markaz, 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 Head Quarters 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. Smart Sky is a wholly owned subsidiary of PTCL. The registered office of Smart Sky is located at PTCL Headquarters, G-8/4, Islamabad.

1.2 Activities of the Group

The Group principally provides telecommunication and broadband internet services in Pakistan. PTCL owns and operates telecommunication facilities and provides domestic and international telephone services throughout Pakistan. PTCL has also been licensed to provide such services to territories in Azad Jammu and Kashmir and Gilgit-Baltistan. PTML provides cellular mobile telephony services throughout Pakistan and Azad Jammu and Kashmir. Principal business of U Bank, incorporated under Microfinance Institutions Ordinance, 2001, is to provide nationwide microfinance and branchless banking services.

During the last year, the COVID-19 pandemic emerged which impacted the economy in general. Due to COVID-19 outbreak, there is a negative impact of approximately Rs 60,164 thousand on the revenues of the Group during Q1 2021. Further there has been no material impact on the carrying amount of assets and liabilities of the Group.

2. Statement of compliance

These condensed consolidated 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

- Provisions 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.

The applicable financial reporting framework for consolidated subsidiary also includes the following:

- Microfinance Institutions Ordinance, 2001 (the MFI Ordinance);

- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP); and

Where the requirements of the Companies Act, 2017, the MFI Ordinance and the directives issued by the SECP and SBP differ with the requirements of IAS 34, the requirements of the Companies Act, 2017, the Microfinance Ordinance, 2001, or the requirements of the said directives shall prevail.

3 Basis of preparation

These condensed consolidated interim financial statements do not include all of the information required in the annual financial statements prepared in accordance with the 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 Groups's financial position and performance since the last annual consolidated financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Groups's latest annual consolidated financial statements as at and for the year ended December 31, 2020.

4. 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, 2020.

5. Significant accounting policies

The accounting policies and the methods of computations adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the consolidated annual audited financial statements for the year ended December 31, 2020 except for implementation of IFRS 9 by U Bank. Prior year impact of IFRS 9 implementation on U Bank equity is Rs 67,429 thousand.

| | | March 31, 2021 Rs '000 (Un-Audited) | December 31, 2020 Rs '000 (Audited) |
|------------------------------------------------------------|-----|----------------------------------------------|----------------------------------------------|
| 6 Trade and other payables | | | |
| Trade creditors | | 11,016,300 | 12,988,191 |
| Accrued and other liabilities | 6.1 | 38,345,258 | 36,341,187 |
| Technical services assistance fee | | 27,015,538 | 25,827,068 |
| Advances from customers / contract liability | | 10,457,679 | 10,127,857 |
| Retention money / payable to contractors and suppliers | | 6,765,404 | 6,116,052 |
| Income tax collected from subscribers / deducted at source | | 1,004,017 | 983,567 |
| Sales tax payable | | 2,088,772 | 1,793,225 |
| Payable to employees' provident fund | | 43,801 | - |
| | | 96,736,769 | 94,177,147 |

| | | March 31, 2021 Rs '000 (Un-Audited) | December 31, 2020 Rs '000 (Audited) |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------------------------------------------|----------------------------------------------|
| 6.1 Accrued and other liabilities | Note | | |
| Accrued liability for operational expenses | | 11,232,059 | 9,967,829 |
| Amount withheld on account of provincial levies (Sub-judice) for ICH operations | | 12,110,803 | 12,110,803 |
| Accrual for Government / regulatory expenses | | 12,188,994 | 11,321,524 |
| Accrued wages | | 1,053,328 | 1,818,469 |
| Others | | 1,760,074 | 1,122,562 |
| | | 38,345,258 | 36,341,187 |
| 7 Property, plant and equipment | | | |
| Operating fixed assets | 7.1 | 172,106,586 | 173,398,683 |
| Capital work-in-progress | 7.3 | 18,880,667 | 20,316,963 |
| | | 190,987,253 | 193,715,646 |
| 7.1 Operating fixed assets | | | |
| Opening net book value | | 173,398,683 | 168,066,793 |
| Additions during the period | 7.2 | 5,457,703 | 7,587,614 |
| | | 178,856,386 | 175,654,407 |
| Disposals during the period - at net book value | | (8,394) | (13,676) |
| Depreciation for the period | | (6,741,406) | (6,782,663) |
| | | (6,749,800) | (6,796,339) |
| Closing net book value | | 172,106,586 | 168,858,068 |
| 7.2 Detail of additions during the period: | | | |
| Buildings on freehold land | | 1,999 | 70,950 |
| Buildings on leasehold land | | 893 | 21,325 |
| Lines and wires | | 1,488,575 | 1,615,881 |
| Apparatus, plant and equipment | | 3,549,511 | 5,783,708 |
| Office equipment | | 100,394 | 61,623 |
| Computer equipment | | 271,555 | 20,918 |
| Furniture and fittings | | 559 | 8,489 |
| Vehicles | | 44,217 | 4,720 |
| | | 5,457,703 | 7,587,614 |
| 7.3 Additions to CWIP during the three months period ended March 31, 2021 were Rs 4,799,653 thousand (March 31, 2020: Rs 5,485,622 thousand). | | | |
| | | March 31, 2021 Rs '000 (Un-Audited) | December 31, 2020 Rs '000 (Audited) |
| 8 Trade debts and contract assets | | | |
| Trade debts | | 26,796,928 | 26,365,889 |
| Contract assets | | 7,486,265 | 7,261,072 |
| | | 34,283,193 | 33,626,961 |
| Accumulated impairment loss on trade debts and contract assets | | (8,597,395) | (8,190,008) |
| | | 25,685,798 | 25,436,953 |

| | Note | March 31, 2021 Rs '000 (Un-Audited) | December 31, 2020 Rs '000 (Audited) |
|-----------------------------------------------------------------------|------|----------------------------------------------|----------------------------------------------|
| 9 Short term investments | | | |
| Amortized cost | | | |
| Market treasury bills | | 9,070,564 | 6,212,234 |
| Term deposit receipts - Maturity up to 6 months | | 7,800,000 | 6,120,000 |
| Repurchase agreement Lending (Reverse Repo) - Maturity up to 6 months | | - | 450,000 |
| | | 16,870,564 | 12,782,234 |
| Fair value through Other Comprehensive Income | | | |
| Market treasury bills - Maturity up to 6 months | | 1,017,703 | 10,353,348 |
| Pakistan Investment Bonds (PIBs) - Maturity up to 6 months | | 8,388,863 | 7,601,151 |
| Mutual funds | | 2,021,840 | - |
| | | 28,298,970 | 30,736,733 |

10 Cash and bank balances

| | | | |
|-------------------------------------|------|-------------------|-------------------|
| Cash in hand | | 1,185,312 | 1,234,771 |
| Balances with banks: | 10.1 | | |
| Local currency | | | |
| Current account maintained with SBP | | 2,296,398 | 2,238,550 |
| Current accounts | | 1,397,988 | 1,557,346 |
| Saving accounts | | 3,717,541 | 4,136,574 |
| | | 7,411,927 | 7,932,470 |
| Foreign currency | | | |
| Current accounts | | 2,926,796 | 2,569,829 |
| Saving accounts | | 397,550 | 755,498 |
| | | 3,324,346 | 3,325,327 |
| | | 11,921,585 | 12,492,568 |

10.1 Bank balance includes Rs 28,883 thousands (December 31, 2020: Rs 2,026 thousand) carrying profit at the rate of 2.85% (December 31, 2020: 2.84%) per annum from Shariah arrangements.

11 Contingencies and commitments

There has been no material changes in contingencies as disclosed in the annual consolidated financial statements for the year ended December 31, 2020 except as disclosed below.

11.1 For the tax years 2007, 2009, 2010, 2011 to 2018 and 2020, Taxation Officer disallowed certain expenses and tax credits. The impugned orders were challenged at the relevant appellate forums which allowed partial relief thereof. After taking into account the orders of CIR (Appeals), ATIR as well as rectification orders tax impact of the disallowances is Rs 43,160,720 thousand. Appeals on the remaining outstanding items are pending adjudication before ATIR. Reference in respect of 2007 is subjudice before the Honorable Islamabad High Court. Stay has been obtained in all cases from different fora.

11.2 In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on June 12, 2015 the Apex Court decided the case in the interest of pensioners. On July 13, 2015, Review Petition was filed in the Honourable Supreme Court of Pakistan against the Judgment of June 12, 2015. The Honourable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the Holding Company, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated May 17, 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, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated June 12, 2015 have been directed by the Apex Court to approach the appropriate forum on May 10, 2018. Under the circumstances, management of the Holding Company, on the basis of legal advice, believes that the Holding Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in these consolidated financial statements.

| | Note | March 31, 2020 Rs '000 (Un-Audited) | December 31, 2019 Rs '000 (Audited) |
|------------------------------------------------------------------------|-------|----------------------------------------------|----------------------------------------------|
| 11.3 Bank guarantees and bid bonds of Group issued in favor of: | | | |
| Universal Service Fund (USF) against government grants | | 15,166,543 | 12,848,281 |
| Pakistan Telecommunication Authority against 3G and 2G Licenses | | 572,850 | 599,363 |
| Others | 11.3. | 2,304,739 | 2,616,704 |
| | | 18,044,132 | 16,064,348 |

11.3.1 Others includes bank guarantees given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2020: Rs. 675,000 thousand).

11.4 Commitments

| | | |
|-----------------------------------------|-------------------|-------------------|
| Standby Letter of Guarantee | 10,200 | 10,200 |
| Letters of credit for purchase of stock | 117,624 | 171,782 |
| Letters of comfort in favour of PTML | 3,500,000 | 3,500,000 |
| Commitments for capital expenditure | 10,235,357 | 10,838,181 |
| | 13,863,181 | 14,520,163 |

12 Revenue

Broadband and IPTV
Cellular and other wireless services
Fixed line voice services

Revenue from retail customers

Corporate and wholesale

International

Banking

Total revenue

| Three months ended | |
|----------------------------------------------|----------------------------------------------|
| March 31, 2021 Rs '000 (Un-Audited) | March 31, 2020 Rs '000 (Un-Audited) |
| 7,589,117 | 6,761,424 |
| 12,830,365 | 12,720,868 |
| 2,341,865 | 2,572,891 |
| 22,761,347 | 22,055,183 |
| 6,399,375 | 5,587,077 |
| 2,101,669 | 2,041,563 |
| 2,708,486 | 2,141,270 |
| 33,959,997 | 31,825,093 |

- 12.1 Revenue is stated net of trade discount amounting to Rs 466,914 thousand (March 31, 2020: Rs 503,510 thousand) and sales and other taxes directly attributable to sales amounting to Rs 5,246,082 thousand (March 31, 2020: Rs 5,102,839 thousand)

13 Other income

Income from financial assets
Income from non-financial assets

| Note | Three months ended | |
|------|----------------------------------------------|----------------------------------------------|
| | March 31, 2021 (Un-Audited) Rs '000 | March 31, 2020 (Un-Audited) Rs '000 |
| 13.1 | 1,646,453 | 978,212 |
| | 1,364,117 | 1,173,130 |
| | 3,010,570 | 2,151,342 |

- 13.1 Income from financial assets include Rs 111 thousand (March 31, 2020: Rs 161 thousand) earned from Shariah arrangements.

14 Cash generated from operations

| | | |
|--------------------------------------------------------|------------|------------|
| Profit / (Loss) before tax | 2,263,366 | (521,486) |
| Depreciation of property, plant and equipment | 6,741,406 | 6,782,663 |
| Amortization of intangible assets | 914,729 | 870,021 |
| Amortization of contract costs | 1,269,202 | 1,097,724 |
| Depreciation of right of use assets | 985,669 | 871,407 |
| Impairment loss on trade debts and contract assets | 406,996 | 698,112 |
| Provision for non performing advances | 223,961 | 440,121 |
| Provision for obsolete stores and spares | (17,529) | (509) |
| Provision for employees retirement benefits | 1,054,473 | 1,131,603 |
| Imputed interest on long term loans | (21,119) | 18,287 |
| Imputed interest on lease liabilities | 510,901 | 451,664 |
| Gain on disposal of property, plant and equipment | (329,238) | (456,862) |
| Gain on disposal of investments measured at fair value | 58 | (20,652) |
| Return on bank deposits and Government Securities | (692,391) | (583,339) |
| Government grants recognized as income | (764,168) | (431,818) |
| Finance costs | 2,272,502 | 3,051,934 |
| | 14,818,818 | 13,398,870 |

Effect on cash flows due to working capital changes:

Decrease / (increase) in current assets:

Stock in trade, stores and spares
Trade debts and contract assets
Loans to banking customers
Loans and advances
Deposits, prepayments and other receivables

| | |
|-------------|-------------|
| (265,580) | 224,331 |
| (655,841) | (2,736,783) |
| (1,885,495) | (1,698,835) |
| 59,252 | (289,497) |
| (230,707) | (661,180) |
| (2,978,371) | (5,161,964) |

(Decrease) / increase in current liabilities:

Trade and other payables
Security deposit

| | |
|------------|-------------|
| 2,541,453 | (1,079,756) |
| 28,053 | (14,680) |
| 2,569,506 | (1,094,436) |
| 14,409,953 | 7,142,470 |

| | | Three months ended | |
|----|----------------------------------|----------------------------------------------|----------------------------------------------|
| | | March 31, 2021 (Un-Audited) Rs '000 | March 31, 2020 (Un-Audited) Rs '000 |
| 15 | Cash and cash equivalents | | |
| | Short term investments | 9,070,564 | 6,169,068 |
| | Cash and bank balances | 11,921,585 | 10,192,331 |
| | Short term running finance | (5,974,047) | (5,404,155) |
| | | <u>15,018,102</u> | <u>10,957,244</u> |

16 Segment information

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

16.1 Segment information for the reportable segments is as follows:

| Three months ended March 31, 2021 | Note | Wireline Rs '000 | Wireless Rs '000 | Banking Rs '000 | Total Rs '000 |
|----------------------------------------------|--------|---------------------|---------------------|--------------------|-------------------|
| Segment revenue | | 18,311,003 | 14,522,969 | 2,708,584 | 35,542,556 |
| Inter segment revenue | 16.1.1 | (1,235,306) | (347,155) | (98) | (1,582,559) |
| Revenue from external customers | | <u>17,075,697</u> | <u>14,175,814</u> | <u>2,708,486</u> | <u>33,959,997</u> |
| Segment results | | <u>1,675,507</u> | <u>(410,448)</u> | <u>341,747</u> | <u>1,606,806</u> |
| Three months ended March 31, 2020 | | | | | |
| Segment revenue | | 17,133,011 | 14,344,313 | 2,141,717 | 33,619,041 |
| Inter segment revenue | 16.1.1 | (1,444,401) | (349,100) | (447) | (1,793,948) |
| Revenue from external customers | | <u>15,688,610</u> | <u>13,995,213</u> | <u>2,141,270</u> | <u>31,825,093</u> |
| Segment results | | <u>1,174,854</u> | <u>(1,586,108)</u> | <u>4,530</u> | <u>(406,724)</u> |

16.1.1 Inter segment revenues are eliminated on consolidation.

| As at March 31, 2021 | Wireline Rs '000 | Wireless Rs '000 | Banking Rs '000 | Total Rs '000 |
|--------------------------------|---------------------|---------------------|--------------------|--------------------|
| Segment assets | 179,472,988 | 140,226,898 | 65,741,360 | 385,441,246 |
| Segment liabilities | <u>122,591,979</u> | <u>118,029,789</u> | <u>57,378,862</u> | <u>298,000,630</u> |
| As at December 31, 2020 | | | | |
| Segment assets | 177,718,707 | 144,112,373 | 69,536,435 | 391,367,515 |
| Segment liabilities | <u>119,691,288</u> | <u>123,288,202</u> | <u>61,394,635</u> | <u>304,374,125</u> |

| Three months ended | |
|----------------------------------------------|----------------------------------------------|
| March 31, 2021 Rs '000 (Un-Audited) | March 31, 2020 Rs '000 (Un-Audited) |

17 Transactions with related parties

| Relationship with the Group | | | Nature of transaction | | |
|-----------------------------------------------------------------------|------------------------------------------------------------|--------|------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| i. | Shareholders | | Technical services assistance fee | 1,188,600 | 1,113,878 |
| ii. | Associated undertakings | | Sale of goods and services | 911,608 | 1,050,298 |
| | | | Purchase of goods and services | 134,264 | 217,118 |
| | | | Prepaid rent | 466,206 | 148,994 |
| iii. | Employees | PTCL | Gratuity Fund | - | 21,753 |
| | benefits plans | PTML | Gratuity Fund | 22,323 | 23,045 |
| | | U Bank | Gratuity Fund | 11,058 | 9,007 |
| iv. | Employees | PTCL | PTCL Employees GPF | | |
| | contribution plans | | Trust - net | 18,097 | 15,805 |
| | | PTML | Provident Fund | 39,428 | 37,228 |
| | | U Bank | Provident Fund | 9,673 | 8,287 |
| v. | Other related | PTCL | Sale of goods and services | - | - |
| | parties | PTCL | Charges under license obligation | 415,625 | 404,662 |
| | | PTML | Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited | 5,625 | 9,025 |
| vi. | Directors, Chief Executive and Key Management Personnel | | Fee and remuneration including benefits and perquisites | 401,422 | 481,617 |
| | | | | March 31, 2021 (Un-Audited) Rs '000 | December 31, 2020 (Audited) Rs '000 |
| Trade debts | | | | | |
| - Associated undertakings | | | | 10,732,359 | 10,637,624 |
| Deposits, prepayments and other receivables | | | | | |
| - Associated undertakings | | | | 71,305 | 71,305 |
| - PTCL Employees GPF Trust | | | | 6,646 | 12,208 |
| - Pakistan Telecommunication Employees Trust (PTET) | | | | 2,326 | 1,262 |
| - Rent prepaid to PTET | | | | 264,344 | 96,125 |
| Pakistan Telecommunication Employees Trust (PTET) | | | | 2,106,077 | 2,257,551 |
| Long term loans to executives and key management personnel | | | | 70,326 | 80,543 |
| | | | | 1,325 | 3,728 |
| Trade and other payables | | | | | |
| Trade creditors | | | | | |
| - Associated Undertakings | | | | 1,522,140 | 1,469,091 |
| - The Government of Pakistan and its related entities | | | | 1,607,182 | 1,282,461 |
| Retention money payable to associated undertaking | | | | 3,055 | 3,055 |
| Rent payable to PTET | | | | - | - |
| Technical services fee payable to Etisalat | | | | 27,015,538 | 25,827,068 |
| Pakistan Telecommunication Company Limited | | | | | |
| Employees Gratuity Fund | | | | 275,657 | 240,788 |
| PTML | | | | | |
| - Gratuity Fund | | | | 22,247 | 40,399 |
| - Provident Fund | | | | 32,353 | - |
| U Bank | | | | | |
| - Gratuity Fund | | | | 11,449 | 3,518 |
| - Provident Fund | | | | 2,618 | 1,236 |

Chairman