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BOARD OF DIRECTORS

**Chairman PTCL Board**
Aamir Ashraf Khawaja

**Members PTCL Board**
Abdulrahim A. Al Nooryani
Arif Ahmed Khan
Hatem Dowidar
Serkan Okandan
Irfan Ali
Khalifa Al Shamsi
Hesham Al Qassim
Mudassar Hussain
CORPORATE INFORMATION

Management
Dr. Daniel Ritz
President & Chief Executive Officer

Mohammad Nadeem Khan
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

Adil Rashid
Chief Business Services Officer

Jahanzeb Taj
Chief Business Operations Officer

Muhammad Shehzad Yousef
Chief Internal Auditor

Moqeem 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 N.A. - Pakistan
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
Industrial & Commercial Bank of China Limited
JS Bank Limited
Khushali Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Telenor Microfinance Bank Limited
The Bank of Khyber
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
KPMG Taseer Hadi & Co.,
Chartered Accountants

Share Registrar
FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.
Tel: +92-21-34380101-2
Fax: +92-21-34380106
E-mail: info.shares@famco.com.pk
The Directors of Pakistan Telecommunication Company Limited (PTCL) are pleased to present to the shareholders the financial statements of the Company for the half year ended 30th June 2018. The financial statements have been reviewed by the statutory auditors.

During the period under review, PTCL’s revenue was Rs. 35.4 billion - at par with the revenue of same period last year (SPLY). The revenue of second quarter during the period registered 1% growth over the previous quarter’s revenue. PTCL’s leading fixed Broadband DSL service posted revenue growth of 8% over SPLY. Investments made in Charji/LTE during previous years also yielded positive results with year-on-year (YoY) revenue growth in double digits. Similarly, revenue from Corporate services also grew considerably by 14% over SPLY. However, due to continued conversion of subscribers to OTT and cellular services resulting in reduced voice traffic volumes, revenue from Voice services, both domestic and international, declined during the period.

PTCL’s operating profit of Rs. 4.2 billion and net profit after tax of Rs. 3.7 billion during the period decreased by 2% and 21% respectively over SPLY. Main reasons for the said reduction were higher marketing and customer acquisition costs incurred at the beginning of the current financial year as well as lower non-operating income mainly due to reduced availability of funds on account of VSS payments and CAPEX investments during last year. Excluding the one-off items, PTCL’s net profitability, however, decreased by 12% in a like-to-like manner. Based upon cost optimization measures undertaken, the overall operating expenses during the period remained at the same level as of SPLY.

For the financial year 2018, the Directors declared an interim cash dividend of 10% (Re. 1.00 per share). Your attention is drawn to note 13 of PTCL’s interim financial statements for the period, which, inter-alia, describe that the matter relating to certain employees’ rights under the PTCL pension scheme is pending before the Supreme Court of Pakistan, as highlighted by external auditors in their review report.

During the period, your Company continued with its comprehensive Network Transformation project and accordingly several additional exchanges were fully transformed in various regions. In this regard, 368 new MSAGs were commissioned, adding over 109K additional VDSL2 broadband ports. Moreover, 25K new GPON lines were also added in the network to provide high speed FTTH (Fiber to the Home) broadband services. The ongoing transformation program delivers positive results in terms of reduced customer complaints, higher customer numbers, better ARPU and increased revenue in upgraded exchanges. Besides, various commercial promotions with attractive terms were continued to encourage new subscriptions of DSL broadband services as well as conversion of existing customers to higher speed and volume packages. Resultantly, customer base availing 5Mbps and above DSL broadband packages grew by 54% during the period.
In view of the increasing demand of Charji LTE services, the wireless broadband access network is being continuously transformed in different regions / cities to provide Charji LTE services with higher speeds and volumes thus considerably improving customer experience. At the same time, through various promotions having attractive commercial terms e.g. free device swapping, double volume offers etc., existing EVO 3.1Mbps and 9.3Mbps subscribers are being persuaded to shift to the Charji LTE services which can provide speeds up to 75Mbps. Consequently, the Charji customer base increased by 62% during the period.

PTCL also partnered with Netflix, the world’s leading streaming content provider, to give customers access to quality international content, thus further enhancing their viewing experience. Customers having 8Mbps and above unlimited internet packages can enjoy Netflix subscription for six months free of cost.

During the period, your Company signed new Cloud Infrastructure Services and Connectivity Services agreements with various enterprise customers thus expanding its customer base. At the same time, the Enterprise Solutions and Cloud Services portfolio was further enhanced by signing reseller partnership agreements with global IT companies. PTCL and Telenor Pakistan, for the third consecutive year, have entered into a fiber leasing agreement, under which PTCL will deliver fiber footprint to Telenor Pakistan for 2018. Further, PTCL has introduced Cyber Threat Intelligence (CTI) services to its valuable customers by leveraging Etisalat-Telefonica CTI capabilities.

Being the leading national telecom operator, PTCL contributed in supporting the national sports by sponsoring Hockey Cup 2018, Pakistan team in T20 cricket series i.e. Pakistan vs. New Zealand, West Indies and Scotland as well as Islamabad United Team in Pakistan Super League Season 3 (PSL3) held during the period. The said contribution aided significantly in enhancing brand value of your Company. PTCL was recognized by Brand Finance as the ‘Fastest Growing Brand in Pakistan’.

The management and employees of PTCL remain committed to provide quality service at competitive prices through concentrated efforts to be the partner of choice for our customers and also to improve shareholders’ value.

On behalf of the Board

Dr. Daniel Ritz
President & Chief Executive Officer

Aamir Ashraf Khawaja
Chairman

Islamabad: July 18, 2018
CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2018 (UN-AUDITED)
INTRODUCTION

We have reviewed the accompanying condensed interim financial statement of financial position of Pakistan Telecommunication Company Limited ("the Company") as at 30 June 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim financial statements 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 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to Note 13 to the interim financial statements, which describes that the matter relating to certain employees' rights under the PTCL pension scheme are pending with the Supreme Court of Pakistan. The ultimate outcome of the matter cannot presently be determined and, accordingly, no provision for any effects on the Company that may result has been made in the interim financial statements. Our conclusion is not modified in respect of this matter.

OTHER MATTERS

1. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended 30 June 2018, have not been reviewed and we do not express a conclusion on them.

2. The condensed interim financial statements and financial statements of the Company for the six-month period ended 30 June 2017 and for the year ended 31 December 2017 were reviewed and audited by another auditor whose reports dated 19 July 2017 and 14 February 2018 respectively, expressed an unqualified conclusion and opinion thereon. However, the
reports included emphasis of matter para on the matter relating to certain employees’ rights under the PTCL pension scheme.

The engagement partner on the audit resulting in this independent auditor’s report is Atif Zamurrad Malik.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad:
18 July 2018
## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
### AS AT JUNE 30, 2018 (UN-AUDITED)

### Equity and liabilities

#### Equity

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2018</th>
<th>December 31, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital and reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>51,000,000</td>
<td>51,000,000</td>
</tr>
<tr>
<td>Revenue reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance reserve</td>
<td>2,985,696</td>
<td>2,806,993</td>
</tr>
<tr>
<td>General reserve</td>
<td>27,497,072</td>
<td>27,497,072</td>
</tr>
<tr>
<td>Unappropriated profit</td>
<td>7,308,843</td>
<td>3,797,720</td>
</tr>
<tr>
<td></td>
<td>37,791,611</td>
<td>34,101,785</td>
</tr>
</tbody>
</table>

#### Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2018</th>
<th>December 31, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security deposits</td>
<td>581,829</td>
<td>553,446</td>
</tr>
<tr>
<td>Deferred income tax</td>
<td>6,245,533</td>
<td>7,145,461</td>
</tr>
<tr>
<td>Employees retirement benefits</td>
<td>24,782,729</td>
<td>23,503,831</td>
</tr>
<tr>
<td>Deferred government grants</td>
<td>7,983,170</td>
<td>8,059,878</td>
</tr>
<tr>
<td></td>
<td>39,593,261</td>
<td>39,262,616</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>63,048,337</td>
<td>62,984,018</td>
</tr>
</tbody>
</table>

### Total equity and liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2018</th>
<th>December 31, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>191,433,209</td>
<td>187,348,419</td>
</tr>
</tbody>
</table>

### Contingencies and commitments

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2018</th>
<th>December 31, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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Chief Financial Officer

President & CEO

Chairman
<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018</th>
<th>December 31, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs ‘000</td>
<td>Rs ‘000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7</td>
<td>95,746,657</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td>1,878,935</td>
</tr>
<tr>
<td>****</td>
<td></td>
<td>97,625,592</td>
</tr>
<tr>
<td>Long term investments</td>
<td></td>
<td>8,977,300</td>
</tr>
<tr>
<td>Long term loans and advances</td>
<td>8</td>
<td>9,882,940</td>
</tr>
<tr>
<td>Contract cost</td>
<td>9</td>
<td>330,870</td>
</tr>
<tr>
<td>Investment in finance lease</td>
<td></td>
<td>14,785</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stores, spares and loose tools</td>
<td></td>
<td>4,928,040</td>
</tr>
<tr>
<td>Trade debts and contract asset</td>
<td>10</td>
<td>16,711,536</td>
</tr>
<tr>
<td>Loans and advances</td>
<td></td>
<td>2,551,938</td>
</tr>
<tr>
<td>Contract cost</td>
<td>9</td>
<td>992,609</td>
</tr>
<tr>
<td>Investment in finance lease</td>
<td></td>
<td>34,982</td>
</tr>
<tr>
<td>Income tax recoverable</td>
<td></td>
<td>14,774,590</td>
</tr>
<tr>
<td>Receivable from the Government of Pakistan</td>
<td></td>
<td>2,164,072</td>
</tr>
<tr>
<td>Prepayments and other receivables</td>
<td></td>
<td>13,407,166</td>
</tr>
<tr>
<td>Short term investments</td>
<td>11</td>
<td>15,798,914</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>12</td>
<td>3,237,875</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>74,601,722</td>
</tr>
</tbody>
</table>

**Chairman**

**President & CEO**

**Chief Financial Officer**
# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 [UN-AUDITED]

<table>
<thead>
<tr>
<th>Note</th>
<th>Three months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2018 Rs ‘000</td>
<td>June 30, 2017 Rs ‘000</td>
</tr>
<tr>
<td></td>
<td>June 30, 2018 Rs ‘000</td>
<td>June 30, 2017 Rs ‘000</td>
</tr>
<tr>
<td>Revenue</td>
<td>17,779,087</td>
<td>17,927,785</td>
</tr>
<tr>
<td>Cost of services</td>
<td>(13,123,079)</td>
<td>(13,024,195)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>4,656,008</td>
<td>4,903,590</td>
</tr>
<tr>
<td>Administrative and general expenses</td>
<td>(2,077,355)</td>
<td>(2,327,277)</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>(687,982)</td>
<td>(663,876)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1,890,671</td>
<td>1,912,437</td>
</tr>
<tr>
<td>Other income</td>
<td>866,401</td>
<td>1,866,707</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(83,453)</td>
<td>(82,228)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>2,673,619</td>
<td>3,696,916</td>
</tr>
<tr>
<td>Provision for income tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current</td>
<td>(1,346,604)</td>
<td>(961,111)</td>
</tr>
<tr>
<td>- Deferred</td>
<td>544,523</td>
<td>(190,394)</td>
</tr>
<tr>
<td>Provision</td>
<td>(802,081)</td>
<td>(1,151,505)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>1,871,538</td>
<td>2,545,411</td>
</tr>
</tbody>
</table>

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.
## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 (UN-AUDITED)

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

The annexed notes 1 to 23 are an integral part of these condensed interim financial statements.
# CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 [UN-AUDITED]

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>Six months ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>June 30, 2018 Rs ’000</td>
<td>June 30, 2017 Rs ’000 (Restated)</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Cash generated from operations</td>
<td>8,706,390</td>
<td>15,261,539</td>
<td></td>
</tr>
<tr>
<td>(504,145)</td>
<td>Employees retirement benefits paid</td>
<td></td>
<td>440,685</td>
<td></td>
</tr>
<tr>
<td>(7,954)</td>
<td>Payment of voluntary separation scheme</td>
<td>28,383</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>(2,078,871)</td>
<td>Income tax paid</td>
<td></td>
<td>1,282,531</td>
<td></td>
</tr>
<tr>
<td>6,143,803</td>
<td>Net cash from operating activities</td>
<td></td>
<td>1,352,841</td>
<td></td>
</tr>
<tr>
<td>(4,270,896)</td>
<td>Capital expenditure</td>
<td></td>
<td>6,908,412</td>
<td></td>
</tr>
<tr>
<td>(207,177)</td>
<td>Acquisition of intangible assets</td>
<td></td>
<td>50,880</td>
<td></td>
</tr>
<tr>
<td>11,217</td>
<td>Proceeds from disposal of property, plant and equipment</td>
<td></td>
<td>2,774</td>
<td></td>
</tr>
<tr>
<td>3,080,778</td>
<td>Short term investments</td>
<td></td>
<td>7,000,000</td>
<td></td>
</tr>
<tr>
<td>6,832</td>
<td>Finance lease</td>
<td></td>
<td>25,017</td>
<td></td>
</tr>
<tr>
<td>(2,261,714)</td>
<td>Long term loans and advances</td>
<td></td>
<td>756,690</td>
<td></td>
</tr>
<tr>
<td>162,184</td>
<td>Return on long term loan to PTML</td>
<td></td>
<td>909,996</td>
<td></td>
</tr>
<tr>
<td>445,387</td>
<td>Return on short term investments</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>(1,000,000)</td>
<td>Long term investment in U Microfinance Bank Limited (Ubank)</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>160,000</td>
<td>Government grants received</td>
<td></td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>(3,873,389)</td>
<td>Net cash (used in) / from investing activities</td>
<td></td>
<td>221,805</td>
<td></td>
</tr>
<tr>
<td>(3,924)</td>
<td>Dividend paid</td>
<td></td>
<td>4,502,529</td>
<td></td>
</tr>
<tr>
<td>2,666,490</td>
<td>Net increase / (decrease) in cash and cash equivalents</td>
<td></td>
<td>2,927,883</td>
<td></td>
</tr>
<tr>
<td>16,770,299</td>
<td>Cash and cash equivalents at the beginning of the period</td>
<td></td>
<td>5,902,144</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Cash and cash equivalents at the end of the period</td>
<td>19,036,789</td>
<td>2,974,261</td>
<td></td>
</tr>
</tbody>
</table>

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

Chief Financial Officer

President & CEO

Chairman
<table>
<thead>
<tr>
<th>Issued, subscribed and paid-up capital</th>
<th>Revenue reserves</th>
<th>General reserve</th>
<th>Unappropriated profit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A</td>
<td>Class B</td>
<td>Insurance reserve</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>(Rupees in '000)</td>
<td>(Rupees in '000)</td>
<td>(Rupees in '000)</td>
<td>(Rupees in '000)</td>
<td></td>
</tr>
<tr>
<td>Balance as at December 31, 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>as previously reported</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,621,288</td>
<td>83,013,099</td>
<td></td>
</tr>
<tr>
<td>Impact of change in accounting policy - Note 19</td>
<td>4,456,422</td>
<td>4,456,422</td>
<td>131,408</td>
<td>131,408</td>
</tr>
<tr>
<td>Balance as at January 01, 2017 - restated</td>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,806,993</td>
<td>84,144,507</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>2,400,856</td>
<td>2,400,856</td>
<td>11,310,595</td>
<td>13,911,451</td>
</tr>
<tr>
<td>Profit for the six months period ended June 30, 2017- restated</td>
<td></td>
<td></td>
<td>3,711,595</td>
<td>3,711,595</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td>-1,310,739</td>
<td>-1,310,739</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td>2,400,856</td>
<td>2,400,856</td>
</tr>
<tr>
<td>Transfer to insurance reserve</td>
<td></td>
<td></td>
<td>-178,703</td>
<td>-178,703</td>
</tr>
<tr>
<td>Balance as at December 31, 2017 - restated</td>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,985,696</td>
<td>85,101,795</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>3,689,826</td>
<td>3,689,826</td>
<td>11,787,033</td>
<td>15,476,859</td>
</tr>
<tr>
<td>Profit for the six months period ended June 30, 2018</td>
<td></td>
<td></td>
<td>3,689,826</td>
<td>3,689,826</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td>3,689,826</td>
<td>3,689,826</td>
</tr>
<tr>
<td>Transfer to insurance reserve</td>
<td></td>
<td></td>
<td>-178,703</td>
<td>-178,703</td>
</tr>
<tr>
<td>Balance as at June 30, 2018</td>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,985,696</td>
<td>88,791,611</td>
</tr>
</tbody>
</table>

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
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 (UN-AUDITED)

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;
- 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 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 recognizes 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 18.

<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018 (Un-Audited) Rs ‘000</th>
<th>December 31, 2017 (Restated) Rs ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.</td>
<td>TRADE AND OTHER PAYABLES</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Trade creditors</td>
<td>10,157,076</td>
</tr>
<tr>
<td></td>
<td>Accrued liabilities</td>
<td>24,938,903</td>
</tr>
<tr>
<td></td>
<td>Voluntary Separation Scheme payable</td>
<td>243,529</td>
</tr>
<tr>
<td></td>
<td>Receipts against third party works</td>
<td>1,440,976</td>
</tr>
<tr>
<td></td>
<td>Income tax collected from subscribers / deducted at source</td>
<td>677,386</td>
</tr>
<tr>
<td></td>
<td>Sales tax payable</td>
<td>327,407</td>
</tr>
<tr>
<td></td>
<td>Advances from customers - contract liabilities</td>
<td>4,153,944</td>
</tr>
<tr>
<td></td>
<td>Technical services assistance fee</td>
<td>14,470,822</td>
</tr>
<tr>
<td></td>
<td>Retention money / payable to contractors and suppliers for fixed assets</td>
<td>5,300,576</td>
</tr>
<tr>
<td></td>
<td>Unclaimed dividend</td>
<td>206,263</td>
</tr>
<tr>
<td></td>
<td>Deferred installation revenue - contract liability</td>
<td>861,355</td>
</tr>
<tr>
<td></td>
<td>Other liabilities</td>
<td>270,100</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>63,048,337</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018 (Audited) Rs ‘000</th>
<th>December 31, 2017 (Audited) Rs ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.</td>
<td>PROPERTY, PLANT AND EQUIPMENT</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operating fixed assets</td>
<td>89,334,506</td>
</tr>
<tr>
<td></td>
<td>Capital work-in-progress</td>
<td>6,412,151</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>95,746,657</td>
</tr>
</tbody>
</table>
7.1 Operating fixed assets

<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018 (Un-Audited) Rs ‘000</th>
<th>December 31, 2017 (Audited) Rs ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net book value</td>
<td>91,196,004</td>
<td>85,046,586</td>
</tr>
<tr>
<td>Additions during the six months period (Jan-June)</td>
<td>4,908,342</td>
<td>11,189,482</td>
</tr>
<tr>
<td>Additions during the six months (July-Dec 2017)</td>
<td>-</td>
<td>9,559,907</td>
</tr>
<tr>
<td>Opening net book value</td>
<td>96,104,346</td>
<td>105,795,975</td>
</tr>
<tr>
<td>Disposals during the period / year - at net book value</td>
<td>(2)</td>
<td>(2,739)</td>
</tr>
<tr>
<td>Depreciation charge for the period / year</td>
<td>(6,747,159)</td>
<td>(13,550,839)</td>
</tr>
<tr>
<td>Impairment charge for the period / year</td>
<td>(22,679)</td>
<td>(1,046,393)</td>
</tr>
<tr>
<td>Closing net book value</td>
<td>89,334,506</td>
<td>91,196,004</td>
</tr>
</tbody>
</table>

7.2 Detail of additions during the period:

<table>
<thead>
<tr>
<th>Item</th>
<th>June 30, 2018 (Un-Audited) Rs ‘000</th>
<th>June 30, 2017 (Un-Audited) Rs ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings on freehold land</td>
<td>99,105</td>
<td>167,012</td>
</tr>
<tr>
<td>Buildings on leasehold land</td>
<td>35,659</td>
<td>4,547</td>
</tr>
<tr>
<td>Lines and wires</td>
<td>2,041,030</td>
<td>1,989,232</td>
</tr>
<tr>
<td>Apparatus, plant and equipment</td>
<td>2,403,530</td>
<td>4,018,822</td>
</tr>
<tr>
<td>Office equipment</td>
<td>83,281</td>
<td>139,111</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>72,542</td>
<td>78,204</td>
</tr>
<tr>
<td>Furniture and fittings</td>
<td>31,363</td>
<td>7,337</td>
</tr>
<tr>
<td>Vehicles</td>
<td>2,728</td>
<td>139,801</td>
</tr>
<tr>
<td>Submarine cables</td>
<td>139,104</td>
<td>4,645,416</td>
</tr>
<tr>
<td>Total</td>
<td>4,908,342</td>
<td>11,189,482</td>
</tr>
</tbody>
</table>

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).

8. LONG TERM LOANS AND ADVANCES

<table>
<thead>
<tr>
<th>Item</th>
<th>June 30, 2018 (Un-Audited) Rs ‘000</th>
<th>December 31, 2017 (Audited) Rs ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to PTML - unsecured</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Loans to employees - secured</td>
<td>681,806</td>
<td>443,308</td>
</tr>
<tr>
<td>Advances to suppliers against turnkey contracts</td>
<td>4,221,273</td>
<td>2,286,440</td>
</tr>
<tr>
<td>Others</td>
<td>83,731</td>
<td>40,551</td>
</tr>
<tr>
<td>Total</td>
<td>9,986,810</td>
<td>7,770,299</td>
</tr>
</tbody>
</table>

Current portion shown under current assets:

<table>
<thead>
<tr>
<th>Item</th>
<th>June 30, 2018 (Un-Audited) Rs ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to employees - secured</td>
<td>(103,870)</td>
</tr>
<tr>
<td>Total</td>
<td>9,882,940</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018 (Un-Audited)</th>
<th>December 31, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalized cost to obtain a contract</td>
<td>211,111</td>
<td>178,819</td>
</tr>
<tr>
<td>Capitalized cost to fulfill a contract</td>
<td>1,112,368</td>
<td>1,021,366</td>
</tr>
<tr>
<td>Current maturity of contract costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.1</td>
<td>1,323,479</td>
<td>1,200,185</td>
</tr>
<tr>
<td></td>
<td>(992,609)</td>
<td>(900,139)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018 (Un-Audited)</th>
<th>June 30, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of the period</td>
<td>1,200,185</td>
<td>1,033,932</td>
</tr>
<tr>
<td>Capitalization during the period</td>
<td>1,081,354</td>
<td>864,396</td>
</tr>
<tr>
<td>Amortization during the period</td>
<td>2,281,539</td>
<td>1,898,328</td>
</tr>
<tr>
<td></td>
<td>(958,060)</td>
<td>(841,614)</td>
</tr>
<tr>
<td>Balance at end of the period</td>
<td>1,323,479</td>
<td>1,056,714</td>
</tr>
</tbody>
</table>

10. TRADE DEBTS AND CONTRACT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018 (Un-Audited)</th>
<th>December 31, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debts</td>
<td>11,412,078</td>
<td>10,944,140</td>
</tr>
<tr>
<td>Contract asset</td>
<td>5,299,458</td>
<td>5,096,084</td>
</tr>
</tbody>
</table>

11. SHORT TERM INVESTMENTS

<table>
<thead>
<tr>
<th>At amortized cost:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Term deposit - maturity up to 6 months</td>
<td>-</td>
<td>3,080,778</td>
</tr>
<tr>
<td>Market Treasury Bills - maturity up to 3 months</td>
<td>12,815,717</td>
<td>12,815,717</td>
</tr>
<tr>
<td>At fair value through profit or loss:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>2,983,197</td>
<td>2,527,000</td>
</tr>
</tbody>
</table>

15,798,914 | 5,607,778
12. CASH AND BANK BALANCES

<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018 (Un-Audited) Rs '000</th>
<th>December 31, 2017 (Restated) Rs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>551</td>
<td>85</td>
</tr>
<tr>
<td>Balances with banks:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposit accounts local currency</td>
<td>1,102,133</td>
<td>13,743,769</td>
</tr>
<tr>
<td>Current accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local currency</td>
<td>862,665</td>
<td>96,517</td>
</tr>
<tr>
<td>Foreign currency</td>
<td>1,272,526</td>
<td>402,928</td>
</tr>
<tr>
<td>Total</td>
<td>2,135,191</td>
<td>499,445</td>
</tr>
</tbody>
</table>

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

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 the 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.

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

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.

<table>
<thead>
<tr>
<th>Revenue Segments</th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs '000</td>
<td>Rs '000</td>
</tr>
<tr>
<td>Broadband &amp; IPTV</td>
<td>13,374,760</td>
<td>12,430,491</td>
</tr>
<tr>
<td>Voice services</td>
<td>7,449,287</td>
<td>7,765,723</td>
</tr>
<tr>
<td>Wireless data</td>
<td>1,734,062</td>
<td>2,406,964</td>
</tr>
<tr>
<td>Revenue from retail customers</td>
<td>22,558,109</td>
<td>22,603,178</td>
</tr>
<tr>
<td>Corporate</td>
<td>3,428,353</td>
<td>3,005,961</td>
</tr>
<tr>
<td>Carrier and wholesale</td>
<td>5,029,886</td>
<td>5,286,551</td>
</tr>
<tr>
<td>International</td>
<td>4,342,052</td>
<td>4,504,817</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>35,358,400</td>
<td>35,400,507</td>
</tr>
</tbody>
</table>

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)

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

<table>
<thead>
<tr>
<th>Other Income</th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs '000</td>
<td>Rs '000</td>
</tr>
<tr>
<td>Return on bank deposits</td>
<td>340,444</td>
<td>890,565</td>
</tr>
<tr>
<td>Mark-up on subordinated long term loan to PTML</td>
<td>164,225</td>
<td>-</td>
</tr>
<tr>
<td>Gain on disposal of investment measured at fair value through profit and loss</td>
<td>111,431</td>
<td>-</td>
</tr>
<tr>
<td>Late payment surcharge from subscribers on overdue bills</td>
<td>139,050</td>
<td>149,475</td>
</tr>
<tr>
<td></td>
<td>755,150</td>
<td>1,040,040</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income from non-financial assets</th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs '000</td>
<td>Rs '000</td>
</tr>
<tr>
<td>Late delivery charges from vendors</td>
<td>122,572</td>
<td>13,253</td>
</tr>
<tr>
<td>Release of deferred government grants</td>
<td>236,708</td>
<td>266,946</td>
</tr>
<tr>
<td>Income from rechargeable projects</td>
<td>143,193</td>
<td>200,479</td>
</tr>
<tr>
<td>Auctions of obsolete items</td>
<td>64,898</td>
<td>519</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>6,137</td>
<td>649</td>
</tr>
<tr>
<td>Recovery from written off receivables</td>
<td>19,892</td>
<td>27,902</td>
</tr>
<tr>
<td>Write back of liabilities</td>
<td>-</td>
<td>1,065,508</td>
</tr>
<tr>
<td>Others</td>
<td>66,856</td>
<td>62,078</td>
</tr>
<tr>
<td></td>
<td>660,256</td>
<td>1,637,334</td>
</tr>
<tr>
<td></td>
<td>1,415,406</td>
<td>2,677,374</td>
</tr>
</tbody>
</table>
16.1 Return on bank deposit include Rs 42 thousand (June 30, 2017: Rs 120 thousand) earned from Shariah arrangements.

<table>
<thead>
<tr>
<th>Note</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2018</td>
</tr>
<tr>
<td></td>
<td>(Un-Audited)</td>
</tr>
<tr>
<td></td>
<td>Rs '000</td>
</tr>
<tr>
<td>17. CASH GENERATED FROM OPERATIONS</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>5,347,573</td>
</tr>
<tr>
<td>Adjustments for non-cash charges and other items:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization charge</td>
<td>6,958,269</td>
</tr>
<tr>
<td>Impairment of property, plant and equipment</td>
<td>22,679</td>
</tr>
<tr>
<td>Amortization of contract cost 8.1</td>
<td>958,060</td>
</tr>
<tr>
<td>Impairment loss along trade and other receivables, including contract assets</td>
<td>956,030</td>
</tr>
<tr>
<td>Provision for employees retirement benefits</td>
<td>1,783,044</td>
</tr>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>6,137</td>
</tr>
<tr>
<td>Return on bank deposits (340,444)</td>
<td>45,204</td>
</tr>
<tr>
<td>Imputed interest on long term loans</td>
<td>4,194</td>
</tr>
<tr>
<td>Imputed Interest on finance lease</td>
<td>(164,225)</td>
</tr>
<tr>
<td>Return on subordinated long term loan to PTML 15</td>
<td>(111,431)</td>
</tr>
<tr>
<td>Realized gain on investment measured at fair value through profit or loss 15</td>
<td>(236,708)</td>
</tr>
<tr>
<td>Release of deferred government grants</td>
<td>19,207,720</td>
</tr>
</tbody>
</table>

Effect on cash flows due to working capital changes:

<table>
<thead>
<tr>
<th>Increase) / decrease in current assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores, spares and loose tools (1,294,471)</td>
<td>(208,990)</td>
</tr>
<tr>
<td>Trade debts and contract assets (1,627,342)</td>
<td>(1,850,281)</td>
</tr>
<tr>
<td>Loans and advances (1,036,374)</td>
<td>(469,146)</td>
</tr>
<tr>
<td>Contract costs (1,081,354)</td>
<td>(864,396)</td>
</tr>
<tr>
<td>Prepayments and other receivables (1,537,985)</td>
<td>517,778</td>
</tr>
<tr>
<td>(6,577,526)</td>
<td>(2,875,035)</td>
</tr>
</tbody>
</table>

Increase in current liabilities:

| Trade and other payables | 76,196         | 1,526,122     |

18. CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Note</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2018</td>
</tr>
<tr>
<td></td>
<td>(Un-Audited)</td>
</tr>
<tr>
<td></td>
<td>Rs '000</td>
</tr>
<tr>
<td>Short term investments</td>
<td>15,798,914</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>3,237,875</td>
</tr>
</tbody>
</table>

19,036,789                              | 2,974,262       |
The following table summarises the impacts of adopting IFRS 15 on the Company’s interim financial statements:

<table>
<thead>
<tr>
<th>Impact of changes in accounting policies</th>
<th>As previously reported Rs ‘000</th>
<th>Adjustments Rs ‘000</th>
<th>As restated Rs ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Statement of financial position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January 01,2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract cost</td>
<td>-</td>
<td>1,033,932</td>
<td>1,033,932</td>
</tr>
<tr>
<td>Others</td>
<td>182,636,563</td>
<td>-</td>
<td>182,636,563</td>
</tr>
<tr>
<td>Total Assets</td>
<td>182,636,563</td>
<td>1,033,932</td>
<td>183,670,495</td>
</tr>
<tr>
<td>EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>51,000,000</td>
<td>-</td>
<td>51,000,000</td>
</tr>
<tr>
<td>Reserves</td>
<td>30,118,360</td>
<td>-</td>
<td>30,118,360</td>
</tr>
<tr>
<td>Unappropriated profit</td>
<td>1,894,739</td>
<td>131,408</td>
<td>2,026,147</td>
</tr>
<tr>
<td>Total equity</td>
<td>83,013,099</td>
<td>131,408</td>
<td>83,144,507</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income tax</td>
<td>7,264,575</td>
<td>59,037</td>
<td>7,323,612</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>59,142,912</td>
<td>843,487</td>
<td>59,986,399</td>
</tr>
<tr>
<td>Others</td>
<td>33,215,977</td>
<td>-</td>
<td>33,215,977</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>99,623,464</td>
<td>902,524</td>
<td>100,525,988</td>
</tr>
<tr>
<td>December 31,2017</td>
<td>182,636,563</td>
<td>1,033,932</td>
<td>183,670,495</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract cost</td>
<td>-</td>
<td>1,200,185</td>
<td>1,200,185</td>
</tr>
<tr>
<td>Income tax recoverable</td>
<td>15,263,357</td>
<td>(9,963)</td>
<td>15,253,394</td>
</tr>
<tr>
<td>Others</td>
<td>170,894,840</td>
<td>-</td>
<td>170,894,840</td>
</tr>
<tr>
<td>Total Assets</td>
<td>186,158,197</td>
<td>1,190,222</td>
<td>187,348,419</td>
</tr>
<tr>
<td>EQUITY AND LIABILITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>51,000,000</td>
<td>-</td>
<td>51,000,000</td>
</tr>
<tr>
<td>Reserves</td>
<td>30,304,065</td>
<td>-</td>
<td>30,304,065</td>
</tr>
<tr>
<td>Unappropriated profit</td>
<td>3,647,809</td>
<td>149,911</td>
<td>3,797,720</td>
</tr>
<tr>
<td>Total equity</td>
<td>84,951,874</td>
<td>149,911</td>
<td>85,101,785</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income tax</td>
<td>7,086,423</td>
<td>59,038</td>
<td>7,145,461</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>62,002,745</td>
<td>981,273</td>
<td>62,984,018</td>
</tr>
<tr>
<td>Others</td>
<td>32,117,155</td>
<td>-</td>
<td>32,117,155</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>101,206,323</td>
<td>1,040,311</td>
<td>102,246,634</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>186,158,197</td>
<td>1,190,222</td>
<td>187,348,419</td>
</tr>
</tbody>
</table>
NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 [UN-AUDITED]

<table>
<thead>
<tr>
<th>June 30</th>
<th>June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017 Rs '000</td>
</tr>
<tr>
<td>Impact of changes in accounting policies</td>
<td>As previously reported</td>
</tr>
<tr>
<td>Revenue</td>
<td>35,473,306</td>
</tr>
<tr>
<td>Cost of services</td>
<td>(25,144,120)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>10,329,186</td>
</tr>
<tr>
<td>Administrative and general expenses</td>
<td>[4,618,627]</td>
</tr>
<tr>
<td>Selling and marketing expenses</td>
<td>[1,366,976]</td>
</tr>
<tr>
<td>Operating profit</td>
<td>4,343,583</td>
</tr>
<tr>
<td>Other income</td>
<td>2,677,374</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(123,261)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>6,897,696</td>
</tr>
<tr>
<td>Provision for income tax</td>
<td>(2,207,263)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>4,690,433</td>
</tr>
</tbody>
</table>

iii) Statement of cash flows

For the six months period ended 30 June 2017

<table>
<thead>
<tr>
<th></th>
<th>Profit before tax</th>
<th>Adjustments</th>
<th>6,847,679</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract cost</td>
<td>-</td>
<td>841,614</td>
<td>841,614</td>
</tr>
<tr>
<td>Others</td>
<td>8,921,159</td>
<td>-</td>
<td>8,921,159</td>
</tr>
<tr>
<td>Operating profit before working capital changes</td>
<td>15,818,855</td>
<td>791,598</td>
<td>16,610,452</td>
</tr>
<tr>
<td>Contract cost</td>
<td>-</td>
<td>(864,396)</td>
<td>(864,396)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>1,453,324</td>
<td>72,798</td>
<td>1,526,122</td>
</tr>
<tr>
<td>Working capital changes</td>
<td>(2,010,639)</td>
<td>-</td>
<td>(2,010,639)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>15,261,540</td>
<td>-</td>
<td>15,261,539</td>
</tr>
<tr>
<td>Retirement benefits and income taxes paid etc</td>
<td>(13,908,698)</td>
<td>-</td>
<td>(13,908,698)</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>1,352,842</td>
<td>-</td>
<td>1,352,841</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>221,805</td>
<td>-</td>
<td>221,805</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-</td>
<td>(4,502,529)</td>
<td>(4,502,529)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>(2,927,882)</td>
<td>-</td>
<td>(2,927,883)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>5,902,144</td>
<td>-</td>
<td>5,902,144</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period</td>
<td>2,974,262</td>
<td>-</td>
<td>2,974,261</td>
</tr>
</tbody>
</table>
### 20. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

<table>
<thead>
<tr>
<th>Relationship with the Company</th>
<th>Nature of transaction</th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>i. Shareholders</td>
<td>Technical services assistance fee</td>
<td>1,170,398</td>
<td>1,193,206</td>
</tr>
<tr>
<td></td>
<td>- note 20.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii. Subsidiaries</td>
<td>Sale of goods and services</td>
<td>2,539,850</td>
<td>2,578,829</td>
</tr>
<tr>
<td></td>
<td>Purchase of goods and services</td>
<td>1,480,894</td>
<td>1,711,208</td>
</tr>
<tr>
<td></td>
<td>Mark up on long term loans</td>
<td>164,225</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Purchase of tax loss from PTML</td>
<td>-</td>
<td>2,244,885</td>
</tr>
<tr>
<td></td>
<td>Return on bank deposit</td>
<td>8,017</td>
<td>11,103</td>
</tr>
<tr>
<td>iii. Associated undertakings</td>
<td>Sale of goods and services</td>
<td>1,084,999</td>
<td>599,017</td>
</tr>
<tr>
<td></td>
<td>Purchase of goods and services</td>
<td>581,139</td>
<td>506,383</td>
</tr>
<tr>
<td>iv. Employees contribution plan</td>
<td>PTCL Employees GPF Trust - net</td>
<td>31,180</td>
<td>207,677</td>
</tr>
<tr>
<td>v. Employees retirement benefit plan</td>
<td>Contribution to the plan- PTET</td>
<td>-</td>
<td>5,253,506</td>
</tr>
<tr>
<td>v. Other related parties</td>
<td>Sale of goods and services</td>
<td>886,625</td>
<td>803,275</td>
</tr>
<tr>
<td></td>
<td>Charge under license obligations</td>
<td>803,823</td>
<td>831,141</td>
</tr>
<tr>
<td>vi. Directors, Chief Executive and key management personnels</td>
<td>Fee and remuneration including benefits and perquisites</td>
<td>433,112</td>
<td>449,992</td>
</tr>
</tbody>
</table>

### Period-end balances

#### Receivables from related parties

<table>
<thead>
<tr>
<th>Trade debts</th>
<th></th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Subsidiaries</td>
<td></td>
<td>1,699,201</td>
<td>925,572</td>
</tr>
<tr>
<td>- Associated undertakings</td>
<td></td>
<td>1,682,993</td>
<td>932,912</td>
</tr>
<tr>
<td>- The Government of Pakistan and its related entities</td>
<td></td>
<td>1,436,468</td>
<td>1,392,331</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other receivables</th>
<th></th>
<th>June 30, 2018</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Subsidiaries</td>
<td></td>
<td>9,335,037</td>
<td>7,928,172</td>
</tr>
<tr>
<td>- Associated undertakings</td>
<td></td>
<td>71,305</td>
<td>71,305</td>
</tr>
<tr>
<td>- PTCL Employees GPF Trust</td>
<td></td>
<td>24,568</td>
<td>55,748</td>
</tr>
<tr>
<td>- Pakistan Telecommunication Employees Trust [PTET]</td>
<td></td>
<td>27,482</td>
<td>7,712</td>
</tr>
<tr>
<td>- Pakistan Telecommunication Company Limited Employees Gratuity Fund</td>
<td></td>
<td>125,567</td>
<td>82,513</td>
</tr>
<tr>
<td>- Long term loans to executives and key management personnel</td>
<td></td>
<td>237,943</td>
<td>-</td>
</tr>
</tbody>
</table>

Bank deposit with subsidiary | 2 | 1,130,877 |
NOTES TO AND FORMING PART OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 [UN-AUDITED]

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

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

<table>
<thead>
<tr>
<th>Gross amounts subject to setoff</th>
<th>Offset</th>
<th>Net amount</th>
<th>Amount not in scope of offsetting</th>
<th>Net as per statement of financial position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs ’000</td>
<td>Rs ’000</td>
<td>Rs ’000</td>
<td>Rs ’000</td>
<td>Rs ’000</td>
</tr>
<tr>
<td>As at June 30, 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade debts and contract assets</td>
<td>7,267,653</td>
<td>(3,409,433)</td>
<td>3,858,220</td>
<td>22,055,709</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>(4,812,965)</td>
<td>3,409,433</td>
<td>(1,403,532)</td>
<td>(8,753,544)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(10,157,076)</td>
</tr>
<tr>
<td>As at December 31, 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade debts and contract assets</td>
<td>10,294,441</td>
<td>(7,556,453)</td>
<td>2,738,188</td>
<td>21,469,217</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>(8,628,339)</td>
<td>7,556,453</td>
<td>(1,071,886)</td>
<td>(11,153,841)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(12,225,727)</td>
</tr>
</tbody>
</table>

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 AND INTERIM DIVIDEND

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.

Chief Financial Officer

President & CEO

Chairman
## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
### AS AT JUNE 30, 2018 [UN-AUDITED]

<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018 [Un-Audited] Rs ‘000</th>
<th>December 31, 2017 [Restated] Rs ‘000</th>
</tr>
</thead>
</table>

### Equity and liabilities

#### Equity

**Share capital and reserves**

- **Share capital**: 51,000,000
  - **Insurance reserve**: 2,985,696
  - **General reserve**: 27,497,072
  - **Unappropriated profit**: 7,069,131
  - **Statutory and other reserves**: 84,837
  - **Unrealized gain / (loss) on investments measured at fair value through OCI**: 67

  **Total equity**: 88,636,803

#### Liabilities

**Non-current liabilities**

- **Long term loans from banks**: 25,146,667
- **Subordinated debt**: 599,760
- **Customers deposits**: 3,762,649
- **Liability against assets subject to finance lease**: 1,537
- **Long term security deposits**: 1,459,238
- **Deferred Income tax**: 8,790,278
- **Employees retirement benefits**: 24,827,476
- **Deferred government grants**: 16,986,633
- **Long term vendor liability**: 28,225,212

  **Total non-current liabilities**: 109,799,450

**Current liabilities**

- **Trade and other payables**: 69,711,472
- **Customer deposits**: 11,257,511
- **Interest accrued**: 568,206
- **Short term running finance**: 3,152,478

  **Current portion of:***
  - **Long term loans from banks**: 6,361,319
  - **Liability against assets subject to finance lease**: 3,085
  - **Long term vendor liability**: 9,082,409
  - **Unearned income - contract liability**: 6,101,475

  **Total current liabilities**: 106,237,955

**Total equity and liabilities**: 304,674,208

### Contingencies and commitments

The annexed notes 1 to 20 are an integral part of these condensed consolidated interim financial statements.

---

**Chief Financial Officer**  
**President & CEO**  
**Chairman**
<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Un-Audited) Rs ‘000</td>
<td>(Restated) Rs ‘000</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7</td>
<td>164,577,270</td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td>32,896,099</td>
</tr>
<tr>
<td></td>
<td></td>
<td>197,273,369</td>
</tr>
<tr>
<td>Long term investments</td>
<td></td>
<td>93,600</td>
</tr>
<tr>
<td>Long term loans and advances</td>
<td></td>
<td>5,193,266</td>
</tr>
<tr>
<td>Contract cost</td>
<td>8</td>
<td>418,642</td>
</tr>
<tr>
<td>Investment in finance lease</td>
<td></td>
<td>14,785</td>
</tr>
<tr>
<td></td>
<td></td>
<td>202,993,662</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock in trade, stores and spares</td>
<td></td>
<td>5,208,887</td>
</tr>
<tr>
<td>Trade debts and contract assets</td>
<td>9</td>
<td>17,240,008</td>
</tr>
<tr>
<td>Loans to banking customers</td>
<td></td>
<td>13,031,962</td>
</tr>
<tr>
<td>Loans and advances</td>
<td></td>
<td>2,620,432</td>
</tr>
<tr>
<td>Contract cost</td>
<td>8</td>
<td>1,513,898</td>
</tr>
<tr>
<td>Investment in finance lease</td>
<td></td>
<td>34,982</td>
</tr>
<tr>
<td>Income tax recoverable</td>
<td></td>
<td>20,826,820</td>
</tr>
<tr>
<td>Receivable from the Government of Pakistan</td>
<td></td>
<td>2,164,072</td>
</tr>
<tr>
<td>Deposits, prepayments and other receivables</td>
<td></td>
<td>12,436,155</td>
</tr>
<tr>
<td>Short term investments</td>
<td></td>
<td>19,505,865</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td></td>
<td>7,097,465</td>
</tr>
<tr>
<td></td>
<td></td>
<td>101,680,546</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>304,674,208</td>
</tr>
</tbody>
</table>

Chairman  
President & CEO  
Chief Financial Officer
### CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 (UN-AUDITED)

<table>
<thead>
<tr>
<th>Note</th>
<th>Three months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2018 Rs '000</td>
<td>June 30, 2017 Rs '000 (Restated)</td>
</tr>
<tr>
<td></td>
<td>Revenue 11</td>
<td>30,612,404</td>
</tr>
<tr>
<td></td>
<td>Cost of services</td>
<td>(22,508,471)</td>
</tr>
<tr>
<td></td>
<td>Gross profit</td>
<td>8,103,933</td>
</tr>
<tr>
<td></td>
<td>Administrative and general expenses 12</td>
<td>(4,535,348)</td>
</tr>
<tr>
<td></td>
<td>Selling and marketing expenses</td>
<td>(1,619,230)</td>
</tr>
<tr>
<td></td>
<td>(6,154,578)</td>
<td>(6,078,472)</td>
</tr>
<tr>
<td></td>
<td>Operating profit</td>
<td>1,949,355</td>
</tr>
<tr>
<td></td>
<td>Other income</td>
<td>1,055,760</td>
</tr>
<tr>
<td></td>
<td>Finance costs</td>
<td>(2,018,784)</td>
</tr>
<tr>
<td></td>
<td>Profit before tax</td>
<td>986,331</td>
</tr>
<tr>
<td></td>
<td>Provision for income tax</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Current</td>
<td>(937,720)</td>
</tr>
<tr>
<td></td>
<td>- Deferred</td>
<td>1,082,460</td>
</tr>
<tr>
<td></td>
<td>144,740</td>
<td>(1,447,787)</td>
</tr>
<tr>
<td></td>
<td>Profit for the period</td>
<td>1,131,071</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 20 are an integral part of these condensed consolidated interim financial statements.
## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 (UN-AUDITED)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th></th>
<th></th>
<th>Six months ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2018 Rs '000</td>
<td>June 30, 2017 Rs ‘000 (Restated)</td>
<td></td>
<td>June 30, 2018 Rs ‘000</td>
<td></td>
<td>June 30, 2017 Rs ’000 (Restated)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>1,131,071</td>
<td>2,736,098</td>
<td></td>
<td>2,138,090</td>
<td></td>
<td>3,855,205</td>
</tr>
<tr>
<td>Other comprehensive income for the period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that may be subsequently reclassified to profit or loss:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Loss)/gain on investments measured at fair value arising during the period</td>
<td>(22,611)</td>
<td>785</td>
<td>(164)</td>
<td>3,169</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effect of revaluation of investments measured at fair value</td>
<td>6,770</td>
<td>1,185</td>
<td>22</td>
<td>470</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized (loss)/gain on investments measured at fair value - net of tax</td>
<td>(15,841)</td>
<td>1,970</td>
<td>(142)</td>
<td>3,639</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss/(gain) on disposal transferred to income for the period</td>
<td>191</td>
<td>(4,736)</td>
<td>237</td>
<td>(4,736)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>(15,650)</td>
<td>(2,766)</td>
<td>95</td>
<td>(1,097)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The annexed notes 1 to 20 are an integral part of these condensed consolidated interim financial statements.
## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 [UN-AUDITED]

<table>
<thead>
<tr>
<th>Note</th>
<th>Description</th>
<th>June 30, 2018</th>
<th>June 30, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash generated from operations</td>
<td>13</td>
<td>18,277,221</td>
</tr>
<tr>
<td></td>
<td>Payment made to Pakistan Telecommunication Employees Trust (PTET)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees retirement benefits paid</td>
<td>(589,243)</td>
<td>(497,633)</td>
</tr>
<tr>
<td></td>
<td>Payment of voluntary separation scheme cost</td>
<td>(7,954)</td>
<td>(4,687,078)</td>
</tr>
<tr>
<td></td>
<td>Finance cost paid</td>
<td>(3,535,019)</td>
<td>(1,726,473)</td>
</tr>
<tr>
<td></td>
<td>Long term security deposits</td>
<td>13,976</td>
<td>30,183</td>
</tr>
<tr>
<td></td>
<td>Income tax paid</td>
<td>(3,221,239)</td>
<td>(2,238,440)</td>
</tr>
<tr>
<td></td>
<td><strong>Net cash from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10,937,742</td>
<td>6,249,541</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital expenditure</td>
<td>(11,645,415)</td>
<td>(14,688,367)</td>
</tr>
<tr>
<td></td>
<td>Acquisition of Intangible assets</td>
<td>(262,113)</td>
<td>(133,838)</td>
</tr>
<tr>
<td></td>
<td>Proceeds from disposal of property, plant and equipment</td>
<td>139,679</td>
<td>127,777</td>
</tr>
<tr>
<td></td>
<td>Short term loans and advances</td>
<td>2,560,778</td>
<td>7,000,000</td>
</tr>
<tr>
<td></td>
<td>Finance lease</td>
<td>6,832</td>
<td>25,017</td>
</tr>
<tr>
<td></td>
<td>Government grants received</td>
<td>1,979,833</td>
<td>4,680,408</td>
</tr>
<tr>
<td></td>
<td>Return on short term investments</td>
<td>628,467</td>
<td>905,041</td>
</tr>
<tr>
<td></td>
<td><strong>Net cash used in investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(9,017,135)</td>
<td>(2,833,483)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Loan from banks</td>
<td>1,921,833</td>
<td>1,375,000</td>
</tr>
<tr>
<td></td>
<td>Subordinated debt</td>
<td>(240)</td>
<td>600,000</td>
</tr>
<tr>
<td></td>
<td>Vendor liability</td>
<td>(1,317,095)</td>
<td>3,227,523</td>
</tr>
<tr>
<td></td>
<td>License fee payable</td>
<td>-</td>
<td>(2,769,967)</td>
</tr>
<tr>
<td></td>
<td>Customers deposits</td>
<td>(121,695)</td>
<td>777,905</td>
</tr>
<tr>
<td></td>
<td>Liability against assets subject to finance lease</td>
<td>(5,524)</td>
<td>(15,280)</td>
</tr>
<tr>
<td></td>
<td>Dividend paid</td>
<td>(3,924)</td>
<td>(4,502,529)</td>
</tr>
<tr>
<td></td>
<td><strong>Net cash from/(used in) financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>473,355</td>
<td>(1,307,348)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2,393,962</td>
<td>2,108,710</td>
</tr>
<tr>
<td></td>
<td><strong>Cash and cash equivalents at the beginning of the period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>18,536,890</td>
<td>12,155,598</td>
</tr>
<tr>
<td></td>
<td><strong>Cash and cash equivalents at the end of the period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>20,930,852</td>
<td>14,264,308</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 20 are an integral part of these condensed consolidated interim financial statements.
### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 (UN-AUDITED)

<table>
<thead>
<tr>
<th>Class</th>
<th>Issued, subscribed and paid-up capital</th>
<th>Revenue reserves</th>
<th>General reserve</th>
<th>Unrealized gain / loss on investments measured at fair value through OCI</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class &quot;A&quot;</td>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,621,288</td>
<td>27,497,072</td>
<td>7,047,199</td>
</tr>
<tr>
<td>Class &quot;B&quot;</td>
<td>2,681,288</td>
<td>2,621,288</td>
<td>7,047,199</td>
<td>416,648</td>
<td></td>
</tr>
</tbody>
</table>

Balance as at December 31, 2016 as previously reported:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,621,288</td>
<td>27,497,072</td>
<td>7,047,199</td>
<td>88,186,718</td>
</tr>
</tbody>
</table>

Impact of Change in accounting policy - Note 15:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>416,648</td>
<td>-</td>
<td>416,648</td>
</tr>
</tbody>
</table>

Balance as at January 01, 2017 - restated:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,621,288</td>
<td>27,497,072</td>
<td>7,463,847</td>
<td>88,603,366</td>
</tr>
</tbody>
</table>

Total comprehensive income for the period:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the six months period ended June 30, 2017 - restated</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,855,205</td>
<td>-</td>
<td>3,855,205</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,669</td>
<td>1,669</td>
</tr>
</tbody>
</table>

Total: - - - 3,856,874 |

Transfer to insurance reserve:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>185,705</td>
<td>-</td>
<td>(185,705)</td>
<td>-</td>
</tr>
</tbody>
</table>

Distributions to the owners of holding company:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(5,100,000)</td>
<td>-</td>
<td>(5,100,000)</td>
</tr>
</tbody>
</table>

Balance as at June 30, 2017 - restated:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,806,993</td>
<td>27,497,072</td>
<td>6,033,347</td>
<td>87,360,240</td>
</tr>
</tbody>
</table>

Profit for the six months period ended December 31, 2017 - restated:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>462,448</td>
<td>-</td>
<td>462,448</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,321,310)</td>
<td>(2,760)</td>
<td>(1,324,070)</td>
</tr>
</tbody>
</table>

Total: - - - 460,682 |

Transfer to statutory and other reserves:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(64,741)</td>
<td>64,741</td>
<td></td>
</tr>
</tbody>
</table>

Balance as at December 31, 2017 - restated:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,806,993</td>
<td>27,497,072</td>
<td>5,109,744</td>
<td>86,498,618</td>
</tr>
</tbody>
</table>

Total comprehensive income for the period:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the six months period ended June 30, 2018</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,138,090</td>
<td>-</td>
<td>2,138,090</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>95</td>
<td>95</td>
</tr>
</tbody>
</table>

Total: - - - 2,138,185 |

Transfer to insurance reserve:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
<td>-</td>
<td>178,703</td>
<td>-</td>
<td>(178,703)</td>
<td>-</td>
</tr>
</tbody>
</table>

Balance as at June 30, 2018:

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37,740,000</td>
<td>13,260,000</td>
<td>2,985,696</td>
<td>27,497,072</td>
<td>7,069,131</td>
<td>88,636,803</td>
</tr>
</tbody>
</table>

The annexed notes 1 to 20 are an integral part of these condensed consolidated interim financial statements.

Chairman

President & CEO

Chief Financial Officer
NOTES TO AND FORMING PART OF THE
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 (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 under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017) and commenced business on January 01, 1996. The Holding Company, which is listed on the Pakistan Stock Exchange Limited (PSX), 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 (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 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 Ali 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 throughout the country under the license from Pakistan Electronic Media Regulatory Authority (PEMRA). Auction for DTH license was held on 23 November 2016, in which Company had actively participated. PEMRA has announced three winning companies of DTH Licenses. Later on, the honorable Lahore High Court has declared whole process of DTH auction as null and void and advised PEMRA to restart the whole process. Smart Sky is a wholly owned subsidiary of PTCL. The registered office of the Company 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 UBAnk, incorporated under Microfinance Institutions Ordinance, 2001, is to provide nationwide microfinance and branchless banking services.
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 financials reporting comprise of:

- International accounting Standard (IAS) 34, interim Financial Reporting, issued by 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 consolidated 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 Group’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 Group’s latest annual consolidated financial statements as at and for the year ended December 31, 2017.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS
The preparation of these condensed consolidated interim financial statements 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 these condensed consolidated interim financial statements are the same as those used in the preparation of annual audited consolidated financial statements of the Group for the year ended December 31, 2017.

5. SIGNIFICANT ACCOUNTING POLICIES
The accounting policies and the methods of computations adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the consolidated annual audited financial statements for the year ended December 31, 2017 except for the changes given here under;

5.1 IFRS 9 Financial Instruments
The Group has adopted IFRS 9 “Financial Instruments” with a date of initial application of 1st January 2018. It has no significant impact on the financial statements of PTCL and PTML. However, U bank will adopt IFRS 9 as per State Bank of Pakistan timelines.

5.2 IFRS 15 Revenue from contracts with customers
The Group has adopted IFRS 15 “Revenue from contracts with customers” with a date of initial application of 1st January 2018. As a result, the Group 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 shall be deferred and recognized as revenue over the average customer life.
ii) Upfront maintenance and service fee
The upfront maintenance and service fee was previously included in “Subscription fee and line rent” under Revenue. Under IFRS 15, it has to be recognized as revenue on discharge of respective performance obligations. It will therefore be allocated to the performance obligations viz. Voice, Data, Value added Services and Messaging.

iii) Discount on Prepaid cards and load
The discount on prepaid cards and load was previously shown as a deduction to gross revenue in the revenue note to the Financial Statements. Under IFRS 15, it will be allocated to the respective performance obligations viz. Voice, Data, Value added Services and Messaging.

iv) Sale of Handsets
Handset revenue to be recognized separately from the handset cost as a separate performance obligation. Previously, handset cost net of handset revenue was recognized in Distribution and Selling Costs as customer acquisition cost.

v) Transaction price allocated to the remaining performance obligations
The group applies the practical expedient in para 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected duration of one year or less.

vi) Contract Cost
The Group previously recognized cost of acquiring a customer as distribution and selling costs when they were incurred. Under IFRS 15, the group 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 group recognizes the incremental cost of obtaining and fulfilling a contract as expense when incurred if the amortization period of the assets is one year or less.

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

### 6. TRADE AND OTHER PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018 [Un-Audited] Rs ‘000</th>
<th>December 31, 2017 [Audited] Rs ‘000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td>7,114,202</td>
<td>9,143,875</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>35,652,469</td>
<td>36,612,030</td>
</tr>
<tr>
<td>VSS payable</td>
<td>243,529</td>
<td>251,483</td>
</tr>
<tr>
<td>Receipts against third party works</td>
<td>1,440,976</td>
<td>1,187,376</td>
</tr>
<tr>
<td>Income tax collected from subscribers / deducted at source</td>
<td>966,685</td>
<td>496,826</td>
</tr>
<tr>
<td>Sales tax payable</td>
<td>327,407</td>
<td>620,574</td>
</tr>
<tr>
<td>Advances from customers</td>
<td>3,038,145</td>
<td>2,568,205</td>
</tr>
<tr>
<td>Employees Provident Fund</td>
<td>23,934</td>
<td>19,091</td>
</tr>
<tr>
<td>Technical services assistance fee</td>
<td>14,470,822</td>
<td>12,347,648</td>
</tr>
<tr>
<td>Retention money / payable to contractors and suppliers for fixed assets</td>
<td>5,300,576</td>
<td>5,142,146</td>
</tr>
<tr>
<td>Unclaimed dividend</td>
<td>206,263</td>
<td>210,187</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>926,464</td>
<td>881,825</td>
</tr>
<tr>
<td></td>
<td><strong>69,711,472</strong></td>
<td><strong>69,481,266</strong></td>
</tr>
<tr>
<td>Note</td>
<td>June 30, 2018 (Un-Audited) Rs ’000</td>
<td>December 31, 2017 (Restated) Rs ’000</td>
</tr>
<tr>
<td>------</td>
<td>----------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td><strong>7. PROPERTY, PLANT AND EQUIPMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating fixed assets</td>
<td>149,582,786</td>
<td>157,193,242</td>
</tr>
<tr>
<td>Capital work-in-progress</td>
<td>14,994,484</td>
<td>10,297,556</td>
</tr>
<tr>
<td></td>
<td>164,577,270</td>
<td>167,490,798</td>
</tr>
<tr>
<td><strong>7.1 Operating fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening net book value</td>
<td>157,193,242</td>
<td>158,693,829</td>
</tr>
<tr>
<td>Additions during six months period (January - June)</td>
<td>6,943,409</td>
<td>18,623,911</td>
</tr>
<tr>
<td>Additions during the six months (July - December 2017)</td>
<td>-</td>
<td>12,375,604</td>
</tr>
<tr>
<td></td>
<td>164,136,651</td>
<td>189,693,344</td>
</tr>
<tr>
<td>Disposals during the period / year - at net book value</td>
<td>(135,399)</td>
<td>(98,744)</td>
</tr>
<tr>
<td>Depreciation for the period / year</td>
<td>(14,395,787)</td>
<td>(29,967,982)</td>
</tr>
<tr>
<td>Impairment for the period / year</td>
<td>(22,679)</td>
<td>(2,433,376)</td>
</tr>
<tr>
<td></td>
<td>(14,553,865)</td>
<td>(32,500,102)</td>
</tr>
<tr>
<td>Closing net book value</td>
<td>149,582,786</td>
<td>157,193,242</td>
</tr>
<tr>
<td><strong>7.2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and impairment charge for six months period ended June 30, 2017 amounts to Rs 14,974,000 thousand and NIL respectively.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>7.3</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions to CWIP during the six months period ended 30 June 2018 were Rs 11,710,523 thousand (six months period ended 30 June 2017: Rs. 14,826,316 thousand).</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>8. CONTRACT COST</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract cost is amortized over the expected average customer life. There was no impairment loss in relation to the costs capitalized.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>June 30, 2018 (Un-Audited) Rs ’000</th>
<th>December 31, 2017 (Restated) Rs ’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capitalized cost to obtain a contract</strong></td>
<td>697,067</td>
<td>422,186</td>
</tr>
<tr>
<td><strong>Capitalized cost to fulfill a contract</strong></td>
<td>1,235,473</td>
<td>1,123,927</td>
</tr>
<tr>
<td></td>
<td>1,932,540</td>
<td>1,546,113</td>
</tr>
<tr>
<td>Current maturity of contract costs</td>
<td>(1,513,898)</td>
<td>(1,207,882)</td>
</tr>
<tr>
<td></td>
<td>418,642</td>
<td>338,231</td>
</tr>
<tr>
<td><strong>8.1 Movement during the period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the period</td>
<td>1,546,113</td>
<td>2,067,864</td>
</tr>
<tr>
<td>Capitalization during the period</td>
<td>1,632,255</td>
<td>1,728,792</td>
</tr>
<tr>
<td>Amortization during the period</td>
<td>3,178,368</td>
<td>3,796,656</td>
</tr>
<tr>
<td></td>
<td>(1,245,828)</td>
<td>(1,683,228)</td>
</tr>
<tr>
<td>Balance at end of the period</td>
<td>1,932,540</td>
<td>2,113,428</td>
</tr>
</tbody>
</table>
NOTES TO AND FORMING PART OF THE
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 [UN-AUDITED]

9. TRADE DEBTS AND CONTRACT ASSETS

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2018 (Un-Audited) Rs '000</th>
<th>December 31, 2017 (Restated) Rs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Debts</td>
<td>11,708,790</td>
<td>11,459,486</td>
</tr>
<tr>
<td>Contract asset</td>
<td>5,531,218</td>
<td>5,346,109</td>
</tr>
<tr>
<td></td>
<td></td>
<td>17,240,008</td>
</tr>
</tbody>
</table>

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 Group for the year ended December 31, 2017, except the followings:

PTCL

(a) For the tax years 2012, 2013, 2015 and 2016, Taxation Officer disallowed certain expenses having tax impact of Rs. 22,536,409 thousand. PTCL has filed appeals before ATIR against the disallowed expenses which are pending adjudication. For tax years 2012, 2015 and 2016, PTCL has obtained stay orders from the 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 PTCL, 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.

DVCOM

(c) After dismissal of the writ petition by the Honorable Islamabad High Court, wherein the vires of Act and regulation were challenged, DVCOM has filed CPLA against the judgement passed by Islamabad High Court before the Honorable Supreme Court of Pakistan. In compliance of interim order dated 15.05.2018 passed by the Supreme Court in CPLA NO.1558/2018, a bank guarantee in favour of Pakistan Telecommunication Authority (PTA) for an amount of Rs. 675,000 thousand on behalf of DVCOM has been provided under protest whereas the balance amount of the imposed Late Payment Additional Fee of Rs. 1,697,082 thousand has also been paid to PTA under protest.
 Letter of guarantee issued in favor of PTA for USD 8,321 thousand (December 31, 2017: USD 8,321 thousand) in relation to the performance of PTML’s obligation stipulated under the license agreements for 2G and 3G services 1,011,831 919,471

 Bank guarantee and bid bonds of the group issued in favor of Universal Service Fund [USF] against government grants and others. 13,666,203 14,394,376

| Commitments for capital expenditure | 13,980,817 | 7,793,694 |
| Letters of credit for purchase of stock | 74,266 | 48,780 |
| Standby Letter of Guarantee | 6,365 | 6,365 |

10.2 Commitments - Group

<table>
<thead>
<tr>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2018</td>
</tr>
<tr>
<td>(Un-Audited)</td>
</tr>
<tr>
<td>Rs ‘000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11. REVENUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband &amp; IPTV</td>
</tr>
<tr>
<td>Voice services</td>
</tr>
<tr>
<td>Cellular and other wireless</td>
</tr>
<tr>
<td>Banking</td>
</tr>
<tr>
<td>Revenue from retail customers</td>
</tr>
<tr>
<td>Corporate</td>
</tr>
<tr>
<td>Carrier and wholesale</td>
</tr>
<tr>
<td>International</td>
</tr>
<tr>
<td>Total Revenue</td>
</tr>
</tbody>
</table>

Revenue is stated net of trade discount amounting to Rs1,022,495 thousand (June 30, 2017: Rs1,105,696 thousand) and sales and other taxes directly attributable to sales amounting to Rs 8,226,823 thousand (June 30, 2017: Rs 5,710,056 thousand).

12. This includes loss allowance on trade debts and contract assets amounting to Rs 974,953 thousand (2017: Rs 980,206 thousand).
NOTES TO AND FORMING PART OF THE
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018 (UN-AUDITED)

<table>
<thead>
<tr>
<th>Six months ended</th>
<th>June 30, 2018 (Un-Audited)</th>
<th>June 30, 2017 (Restated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs '000</td>
<td>Rs '000</td>
</tr>
</tbody>
</table>

13. CASH GENERATED FROM OPERATIONS

Profit before tax  
Adjustments for non-cash charges and other items:
- Depreciation and amortization charge
- Impairment of property, plant and equipment
- Amortization of contract costs
- Loss allowance on trade and other receivables, including contract assets
- Provision for non performing advances
- Provision for slow moving stock and warranty against mobile phones
- Provision for employees retirement benefits
- Imputed interest on long term loans
- Imputed interest on finance lease
- Loss / (gain) on disposal of property, plant and equipment
- Gain on disposal of investments measured at fair value through profit or loss
- Return on bank deposits and Government Securities
- Release of deferred government grants
- Finance costs

Effect on cash flows due to working capital changes:

Increase / (decrease) in current assets:
- Stores, spares and loose tools
- Trade debts and contract assets
- Loans to banking customers
- Contract costs
- Loans and advances
- Prepayments and other receivables

Increase / (decrease) in current liabilities:
- Trade and other payables
- Customers deposits
- Unearned income - contract liability

14. CASH AND CASH EQUIVALENTS

Short term investments
Cash and bank balances
Short term running finance
15. CHANGE IN ACCOUNTING POLICY AND ITS IMPACT ON FINANCIAL STATEMENTS

The following table summarise the impacts of adopting IFRS 15 on the Group’s Financial Statements

<table>
<thead>
<tr>
<th>Impact of changes in accounting policies</th>
<th>As previously reported</th>
<th>Adjustments</th>
<th>As restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs '000</td>
<td>Rs '000</td>
<td>Rs '000</td>
</tr>
<tr>
<td>i) Statement of Financial Position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January 01, 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract cost</td>
<td>-</td>
<td>1,441,417</td>
<td>1,441,417</td>
</tr>
<tr>
<td>Others</td>
<td>302,611,576</td>
<td>-</td>
<td>302,611,576</td>
</tr>
<tr>
<td>Total Assets</td>
<td>302,611,576</td>
<td>1,441,417</td>
<td>304,052,993</td>
</tr>
<tr>
<td>Equities and Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>51,000,000</td>
<td>-</td>
<td>51,000,000</td>
</tr>
<tr>
<td>Reserves</td>
<td>30,139,519</td>
<td>-</td>
<td>30,139,519</td>
</tr>
<tr>
<td>Unappropriated profit</td>
<td>7,047,199</td>
<td>416,646</td>
<td>7,463,845</td>
</tr>
<tr>
<td>Total</td>
<td>88,186,718</td>
<td>416,646</td>
<td>88,603,364</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax</td>
<td>12,089,802</td>
<td>181,284</td>
<td>12,271,086</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>70,001,837</td>
<td>843,487</td>
<td>70,845,324</td>
</tr>
<tr>
<td>Others</td>
<td>132,333,219</td>
<td>-</td>
<td>132,333,219</td>
</tr>
<tr>
<td>Total</td>
<td>214,424,858</td>
<td>1,024,771</td>
<td>215,449,629</td>
</tr>
<tr>
<td>Total Equity and Liabilities</td>
<td>302,611,576</td>
<td>1,441,417</td>
<td>304,052,993</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract cost</td>
<td>-</td>
<td>1,546,113</td>
<td>1,546,113</td>
</tr>
<tr>
<td>Income tax recoverable</td>
<td>19,838,281</td>
<td>(9,963)</td>
<td>19,828,318</td>
</tr>
<tr>
<td>Others</td>
<td>273,577,019</td>
<td>-</td>
<td>273,570,112</td>
</tr>
<tr>
<td>Total Assets</td>
<td>293,415,300</td>
<td>1,536,150</td>
<td>294,944,543</td>
</tr>
<tr>
<td>Equities and Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>51,000,000</td>
<td>-</td>
<td>51,000,000</td>
</tr>
<tr>
<td>Reserves</td>
<td>30,139,519</td>
<td>-</td>
<td>30,139,519</td>
</tr>
<tr>
<td>Unappropriated profit</td>
<td>4,717,685</td>
<td>392,059</td>
<td>5,109,744</td>
</tr>
<tr>
<td>Total</td>
<td>86,106,595</td>
<td>392,059</td>
<td>86,498,618</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax</td>
<td>10,471,742</td>
<td>162,816</td>
<td>10,634,558</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>69,384,175</td>
<td>97,091</td>
<td>69,481,266</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>5,818,447</td>
<td>877,277</td>
<td>6,695,724</td>
</tr>
<tr>
<td>Others</td>
<td>121,634,377</td>
<td>-</td>
<td>121,634,377</td>
</tr>
<tr>
<td>Total</td>
<td>207,308,741</td>
<td>1,137,184</td>
<td>208,445,925</td>
</tr>
<tr>
<td>Total Equity and Liabilities</td>
<td>293,415,300</td>
<td>1,529,243</td>
<td>294,944,543</td>
</tr>
</tbody>
</table>
## ii) Statement of profit or loss

### For the period ended 30 June 2017

<table>
<thead>
<tr>
<th>Impact of changes in accounting policies</th>
<th>June 30 2017</th>
<th>June 30 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>As previously reported</td>
<td>Rs '000</td>
<td>Rs '000</td>
</tr>
<tr>
<td>Adjustments</td>
<td>(5,441)</td>
<td>(150,099)</td>
</tr>
<tr>
<td>As restated</td>
<td>Rs '000</td>
<td>Rs '000</td>
</tr>
</tbody>
</table>

| Revenue                                 | 58,512,465  | 58,507,024  |
| Cost of services                        | (43,753,808)| (43,903,907)|
| Gross profit                            | 14,758,657  | 14,603,117  |
| Administrative and general expenses     | [8,908,419] | 14,942      |
| Selling and marketing expenses          | [3,041,253] | 14,507      |
|                                      | (11,949,672)| 29,449      |
| Operating profit                        | 2,808,985   | 2,682,894   |
| Other income                            | 4,999,396   | 4,999,396   |
| Finance costs                           | (1,733,760) | (1,733,760) |
| Profit before taxation                  | 6,074,621   | 5,948,530   |
| Provision for income tax                | (2,132,153) | (2,093,325) |
| Profit after taxation                   | 3,942,468   | 3,855,205   |

## iii) Statement of Cash flows

### For the six months period ended 30 June 2017

<table>
<thead>
<tr>
<th>Adjustments for non-cash and other items</th>
<th>June 30 2017</th>
<th>June 30 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract cost</td>
<td>-</td>
<td>1,147,493</td>
</tr>
<tr>
<td>Others</td>
<td>20,014,049</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>20,014,049</td>
<td>1,147,493</td>
</tr>
<tr>
<td>Operating profit before working</td>
<td>26,088,670</td>
<td>27,110,072</td>
</tr>
<tr>
<td>Contract costs</td>
<td>(1,094,200)</td>
<td>(1,094,200)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(2,523,275)</td>
<td>(2,370,785)</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>(79,692)</td>
<td>(26,597)</td>
</tr>
<tr>
<td>Working capital changes</td>
<td>(2,935,636)</td>
<td>(2,935,636)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>20,682,854</td>
<td>20,682,854</td>
</tr>
<tr>
<td>Finance cost, income tax and others</td>
<td>(14,433,313)</td>
<td>(14,433,313)</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>6,249,541</td>
<td>6,249,541</td>
</tr>
<tr>
<td>Cash flow from Investing Activities</td>
<td>(2,833,483)</td>
<td>(2,833,483)</td>
</tr>
<tr>
<td>Cash flow from Financing Activities</td>
<td>(1,307,348)</td>
<td>(1,307,348)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>2,108,710</td>
<td>2,108,710</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the period</td>
<td>12,155,598</td>
<td>12,155,598</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of the period</td>
<td>14,264,308</td>
<td>14,264,308</td>
</tr>
</tbody>
</table>
16. 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.

16.1 Segment information for the reportable segments is as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>Wire line</th>
<th>Wireless</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs ‘000</td>
<td>Rs ‘000</td>
<td>Rs ‘000</td>
</tr>
<tr>
<td>Six months ended June 30, 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment revenue</td>
<td>33,624,400</td>
<td>30,293,963</td>
<td>63,918,363</td>
</tr>
<tr>
<td>Inter segment revenue 16.1.1</td>
<td>(2,539,849)</td>
<td>(716,389)</td>
<td>(3,256,238)</td>
</tr>
<tr>
<td>Revenue from external customers</td>
<td>31,084,551</td>
<td>29,577,574</td>
<td>60,662,125</td>
</tr>
<tr>
<td>Segment results</td>
<td>3,505,336</td>
<td>(1,367,246)</td>
<td>2,138,090</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note</th>
<th>Wire line</th>
<th>Wireless</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs ‘000</td>
<td>Rs ‘000</td>
<td>Rs ‘000</td>
</tr>
<tr>
<td>Six months ended June 30, 2017 - (Restated)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment revenue</td>
<td>32,994,507</td>
<td>28,907,659</td>
<td>61,902,166</td>
</tr>
<tr>
<td>Inter segment revenue 16.1.1</td>
<td>(2,578,829)</td>
<td>(816,313)</td>
<td>(3,395,142)</td>
</tr>
<tr>
<td>Revenue from external customers</td>
<td>30,415,678</td>
<td>28,091,346</td>
<td>58,507,024</td>
</tr>
<tr>
<td>Segment results</td>
<td>4,330,473</td>
<td>(475,268)</td>
<td>3,855,205</td>
</tr>
</tbody>
</table>

16.1.1 Inter segment revenues are eliminated on consolidation.

<table>
<thead>
<tr>
<th>Note</th>
<th>Wire line</th>
<th>Wireless</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs ‘000</td>
<td>Rs ‘000</td>
<td>Rs ‘000</td>
</tr>
<tr>
<td>As at June 30, 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment assets</td>
<td>150,091,643</td>
<td>154,582,565</td>
<td>304,674,208</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>99,582,340</td>
<td>116,455,065</td>
<td>216,037,405</td>
</tr>
<tr>
<td>As at December 31, 2017 (Restated)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Segment assets</td>
<td>146,920,724</td>
<td>148,023,819</td>
<td>294,944,543</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>98,475,431</td>
<td>109,970,494</td>
<td>208,445,925</td>
</tr>
</tbody>
</table>
### 17. TRANSACTIONS WITH RELATED PARTIES

#### Relationship with the Group | Nature of transaction | Six months ended
--- | --- | ---
| | | June 30, June 30, 2018 2017 (Un-Audited) (Restated) Rs ‘000 Rs ‘000 |
#### i. Shareholders | Technical services assistance fee | 2,073,174 2,047,936 |
#### ii. Associated undertakings | Sale of goods and services | 1,144,383 653,777 |
| | Purchase of goods and services | 682,811 596,674 |
| | Prepaid rent | 263,632 246,385 |
#### iii. Employees | PTCL | Pakistan Telecommunication benefits plans Employees Trust (PTET) - 5,253,506 |
| | PTCL | Gratuity Fund 42,720 26,382 |
| | PTML | Gratuity Fund 43,228 34,820 |
| | U Bank | Gratuity Fund 6,431 4,500 |
#### iv. Employees | PTCL | PTCL Employees GPF Trust - net contribution plans Provident Fund 31,180 207,677 |
| | PTML | Provident Fund 52,661 50,222 |
| | U Bank | Provident Fund 2,517 5,330 |
#### v. Other related parties | PTCL | Sale of goods and services 886,625 803,275 |
| | PTCL | Charges under license obligation 803,823 831,141 |
| | PTML | Expenses reimbursed to Pakistan MNP Database [Guarantee] Limited 10,900 9,061 |
#### vi. Directors, Chief Executive and Key Management Personnel | Fee and remuneration including benefits and perquisites 794,025 848,369 |

#### Trade debts
- Associated undertakings 1,871,067 1,066,041
- The Government of Pakistan and its related entities 1,436,468 1,392,331

#### Deposits, Prepayments and other receivables
- Associated undertakings 71,305 71,305
- PTCL Employees GPF Trust 24,568 55,748
- Pakistan Telecommunication Employees Trust (PTET) 27,482 7,712
- Prepaid rent 89,836 83,959
- Pakistan Telecommunication Authority - 45,616
- Pakistan Telecommunication Company Limited Employees Gratuity Fund 125,567 93,293

#### Long term loans to executives
- PTCL 237,943 -
- PTML 28,957 56,499

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

<table>
<thead>
<tr>
<th>Description</th>
<th>June 30, 2018</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Associated Undertakings</td>
<td>786,003</td>
<td>583,741</td>
</tr>
<tr>
<td>- The Government of Pakistan and its related entities</td>
<td>845,645</td>
<td>1,380,182</td>
</tr>
<tr>
<td>Retention money payable to associated undertaking</td>
<td>6,342</td>
<td>7,832</td>
</tr>
<tr>
<td>Technical services fee payable to Etisalat</td>
<td>14,470,822</td>
<td>12,347,648</td>
</tr>
<tr>
<td>Pakistan Telecommunication Employees Trust (PTET)</td>
<td>3,747,351</td>
<td>2,759,357</td>
</tr>
<tr>
<td>PTML</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Gratuity Fund</td>
<td>40,417</td>
<td>82,980</td>
</tr>
<tr>
<td>- Provident Fund</td>
<td>18,991</td>
<td>19,091</td>
</tr>
<tr>
<td>- Remuneration payable to chief executive and key management personnels</td>
<td>716</td>
<td>489</td>
</tr>
<tr>
<td>U Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Gratuity Fund</td>
<td>4,943</td>
<td>580</td>
</tr>
<tr>
<td>- Provident Fund</td>
<td>4,330</td>
<td>3,464</td>
</tr>
</tbody>
</table>

18. FAIR VALUE ESTIMATION
The financial asset of forward exchange contracts at fair value through profit or loss is Rs. 238,827 thousand (December 31, 2017: Rs. 155,791 thousand).
The carrying amount of all financial assets and financial liabilities are estimated to approximate their fair values.

19. FINANCIAL RISK MANAGEMENT
The Group’s financial risk management objectives and policies are consistent with that disclosed in the annual consolidated 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 form those as disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2017.

20. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND INTERIM DIVIDEND
20.1 The Board of Directors of Holding Company has declared an interim dividend of Re. 1.00 per share for the year ending December 31, 2018, amounting to Rs.5,100,000 thousand.
20.2 These condensed consolidated interim financial statements for the six months period ended June 30, 2018 was authorized for issue by the Board of Directors of the Holding Company on July 18, 2018.