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BOARD OF DIRECTORS

Chairman PTCL Board

Mohsin Mushtaq Chandna

Members PTCL Board

Abdulrahim A. Al Nooryani

Ahad Khan Cheema

Hamed Yaqoob Sheikh

Hatem Dowidar

Dr. Iram Anjum Khan

Mikhail Gerchuk

Dr. Mohamed Karim Bennis

Burak Sevilengul

CORPORATE INFORMATION

Management

Hatem Mohamed Bamatraf

President & Group Chief Executive Officer

Mohammad Nadeem Khan

Group Chief Financial Officer

Muhammad Shoaib Baig

Group Chief People Officer

Zahida Awan

Group Chief Legal Officer

Naveed Khalid Butt

Group Chief Regulatory Officer

Saad Muzaffar Waraich

Group Chief Information Officer

Jafar Khalid

Group Chief Technology Officer

Adnan Anjum

Group Chief Commercial Officer

Ahmad Kamal

Group Chief Customer Care Officer

Zarrar Hasham Khan

Chief Business Solutions Officer

Muhammad Shehzad Yousuf

Chief Business Operations Officer

Shahid Abbas

Group Chief Internal Auditor

Syed Mazhar Hussain

Advisor to President and

Group Chief Executive Officer

Company Secretary

Saima Akbar Khattak

Group Company Secretary

Legal Advisor

Zahida Awan

Group Chief Legal Officer

Bankers

Conventional

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

Citibank N.A.

Deutsche Bank A.G.

Faysal Bank Limited

First Women Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

JS Bank Limited

MCB Bank Limited

National Bank of Pakistan

NIB Bank Limited

S.M.E. Bank Limited

Samba Bank Limited

Silk Bank Limited

Sindh Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

Summit Bank Limited

The Bank of Khyber

The Bank of Punjab

The Punjab Provincial Cooperative Bank Limited

United Bank Limited

Zarai Taraqiati Bank Limited

Mobilink Microfinance Bank Limited

Telenor Microfinance Bank Limited

U Microfinance Bank Limited

Islamic

Al Baraka Bank (Pakistan) Limited

Bank Islami Pakistan Limited

Burj Bank Limited

Dubai Islamic Bank Pakistan Limited

Meezan Bank Limited

MCB Islamic Bank Limited

Registered Office

PTCL Headquarters,

Sector G-8/4,

Islamabad-44000, Pakistan.

Fax: +92-51-2263733

E-mail: company.secretary@ptclgroup.com

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., Shakra-e-Faisal, Karachi.

Tel: +92-21-34380101-2

Fax: +92-21-34380106

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

DIRECTORS' REVIEW

The Directors of Pakistan Telecommunication Company Limited (PTCL) are pleased to present to the shareholders the financial statements of the Company for the nine months ended 30th September 2022.

PTCL Group remained on the growth trajectory during the third quarter as its fixed and wireless streams continued to perform positively. During the period under review, PTCL Group's revenue has increased by 8% to Rs 110.5 billion YoY, mainly driven by strong performance in the consumer segment led by fixed broadband, mobile data, and wholesale & business solutions, along with microfinance services. The Group's profitability remained under pressure due to significant hike in power and fuel tariffs, devaluation of the Pak Rupee against USD, higher interest rates, and other costs associated with the acquisition of 4G spectrum and related network rollout. The Group has posted a net loss of Rs 5.6 billion. PTCL continued its growth momentum by posting 6.7% YoY revenue growth. PTCL's (Ufone) revenue grew by 5.4% as compared to the same period of last year. U Bank has achieved a 29.8% growth in its revenue over the same period of last year.

PTCL's revenue of Rs 61.1 billion for the period is 6.7% higher than 2021, mainly driven by growth in broadband and wholesale & business solutions segments. The company has posted an operating profit of Rs 3.2 billion, which remained under pressure compared to last year mainly due to increase in operating costs on account of significant hike in power and fuel tariffs. Net Profit of Rs 8.2 billion for the period is 45.2% higher as compared to the same period of last year. Increase in non-operating income, due to translation gain on the Company's forex denominated assets, dividend income from a subsidiary and gain on disposal of obsolete assets due to upgrade and fiberization of network, has helped turn the 12.4% decrease at operating profit level to a 45.2% increase at the net profit level.

During the first 3 quarters, the company's fixed broadband business grew by 11.7% YoY. Within the broadband business, revenues from Flash Fiber, the company's premium FTTH service, showed significant growth of 98.7%. IPTV also showed 8.6% growth YoY. Voice revenue stream has seen a decline due to lower voice traffic and continued conversion of customers to OTT services. PTCL continues to perform consistently with enhanced customer experience through the company's seamless fixed broadband, including the fastest internet service in Pakistan through the Flash Fiber brand. PTCL has expanded its FTTH services in 35 cities, and the subscriber base has doubled on a YoY basis as the company continues to tap into the demand for growing internet and data services.

While continuing momentum with overall YoY revenue growth of 8.8%, the business solutions segment sustained its market leadership in IP bandwidth, Cloud, Data Center, and other ICT services. PTCL's corporate business grew by 13.0% as compared to the same period of last year. Within the wholesale business segment, carrier revenue grew by 16.2% but the overall wholesale segment revenue has declined as a result of closure of certain international IP leased circuits. International revenue, helped by the favorable impact of currency devaluation, has increased by 13.9% over last year.

While continuing momentum with overall YoY revenue growth of 5.1%, the business solutions segment sustained its market leadership in IP bandwidth, cloud, data center, and other ICT services. PTCL's corporate business grew by 15.0% as compared to last year. Within the wholesale business segment, carrier revenue grew by 9.6% but the overall wholesale segment revenue has declined as a result of closure of certain international IP leased circuits. International revenue, helped by the favorable impact of currency devaluation, has increased by 14.0% over last year. PTCL strives to provide innovative, dependable, and agile solutions to its partners through robust telecommunication infrastructure and a diverse portfolio of services with enhanced customer experience.

Ufone's revenue grew by 5.4% as compared to the same period of last year. Data remains the main driver of growth for Ufone through continued investment to expand 4G coverage and conversion of customer base to 4G. As a result, Ufone achieved 3.5 million 4G net adds this year. Ufone has posted topline growth despite the challenges of increase in Advance Income Tax (AIT), reduction in Mobile Termination Rates (MTR) and recent floods in the country. External factors like the devaluation of Pak Rupee, rising interest rates and hike in power / fuel tariffs have adversely impacted Ufone's bottom-line. During the second quarter, VIS Credit Rating Company has assigned initial entity ratings of 'AA-/A-1' (Double A Minus/A-One) to Ufone with outlook on the assigned ratings as 'Stable'. This acknowledges the financial strength of Ufone through an independent rating exercise which also denotes high credit quality and good fundamental protection factors and is a testimony of stakeholders' confidence in Ufone.

U Bank, the microfinance and branchless banking subsidiary of PTCL, continued its growth trajectory and achieved 29.8% growth in its revenue over last year by deepening its advances and investment portfolio, despite the challenging macro-economic situation, further exacerbated by the recent flood. The balance sheet footing of the bank reached Rs 122 billion as the bank continued to diversify its asset classes and funding streams while ensuring positive bottom-line impact. As the six business canvases of the bank, namely: Rural Retail Banking, Corporate Finance & Investment Banking, Islamic Banking, Urban Retail Banking, Corporate Banking and Digital Banking take their distinct forms and structures, this year will witness Ubank emerging as a Retail Challenger Bank aiming to extend banking services in accordance with the unique needs of its diverse and heterogeneous clientele. With the core mission of microfinance at its heart, the business model of the bank is evolving to capture new segments and customer classes to include more of Pakistan into the banking net and further its ambition of financial and social inclusion.

Being a national carrier and a Pakistani company, PTCL Group during the recent floods has contributed significantly towards the relief and rehabilitation of flood-affected communities across Pakistan. PTCL Group has taken multiple initiatives including donation to PM's Flood Relief Fund, collaboration with NGOs, PTCL opening the doors of its medical centers nationwide to provide emergency health and care to the affected communities and Ufone 4G offering free calls to help people stay in touch with their friends and family.

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

On behalf of the Board



Mohsin Mushtaq Chandna
Chairman, Board of Directors PTCL



Hatem Mohamed Bamatraf
President & Group Chief Executive Officer

Dubai: October 13, 2022

ڈائریکٹرز کا جائزہ

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی تیسری سہ ماہی کیلئے کمپنی کے مالی حسابات اپنے شیئر ہولڈرز کو پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

پی ٹی سی ایل گروپ نے 2022 کی تیسری سہ ماہی کے دوران بھی اپنی ترقی کی رفتار کو برقرار رکھا کیونکہ اس مدت کے دوران فکسڈ اور وائرلیس اسٹریٹجی نے مثبت کارکردگی کا مظاہرہ کیا۔ ہر جائزہ مدت کے دوران پی ٹی سی ایل گروپ کی سالانہ آمدنی 8 فیصد اضافے کے ساتھ 110.5 ارب روپے ہوئی، آمدنی میں یہ اضافہ بنیادی طور پر عوامی صارفین کے سیکشن کی مضبوط کارکردگی سے ہوا ہے جس میں نمایاں کردار فکسڈ براڈ بینڈ، موبائل ڈیٹا، بزنس سلوشنز اور مائیکرو فنانس سروسز نے ادا کیا۔ بجلی اور تیل کے نرخوں میں نمایاں اضافے، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، شرح سود میں نمایاں اضافے سمیت دیگر عوامل جیسے 4G سپیکٹرم کے حصول اور متعلقہ نیٹ ورک رول آؤٹ کے ساتھ منسلک پیچیدگی لاگت کی وجہ سے گروپ کا منافع دباؤ کا شکار رہا۔ گروپ کو 5.6 ارب روپے کا خالص نقصان ہوا ہے۔ پی ٹی سی ایل نے 2022 کی تیسری سہ ماہی کے دوران 6.7 فیصد سالانہ آمدن میں اضافے کی شرح کو برقرار رکھا۔ پی ٹی سی ایل (یونٹ) کی آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 5.4 فیصد اضافہ ہوا جب کہ یونیک نے بھی اپنی ترقی کی رفتار کو برقرار رکھا اور گزشتہ سال کی اسی مدت کے مقابلے میں 29.8 فیصد زائد آمدن حاصل کی۔

رواں سال کی تیسری سہ ماہی میں پی ٹی سی ایل نے 161.1 ارب روپے کی آمدن حاصل کی جو گزشتہ سال کی اسی مدت کے مقابلے میں 6.7 فیصد زیادہ ہے، آمدن کے حصول میں کامیابی کی نمایاں وجہ براڈ بینڈ اور ہولسل، بزنس سیکشن کے شعبوں میں ترقی کی شرح میں اضافہ رہی۔ کمپنی نے اس مدت میں 3.2 ارب روپے کا آپریٹنگ منافع کمایا، گزشتہ سال کی اسی مدت کے مقابلے میں آپریٹنگ منافع کے حصول میں کمی دیکھی گئی جس کی نمایاں وجہ بجلی اور تیل کے بڑھتے نرخ کے باعث آپریٹنگ لاگت میں اضافہ تھا۔ اسی مدت میں ہونے والا 8.2 ارب روپے کا خالص منافع گزشتہ سال کی اسی مدت کے دوران ہونے والے منافع سے 45.2 فیصد زیادہ ہے۔ غیر آپریٹنگ آمدنی میں اضافے کی وجہ کمپنی کے غیر ملکی کرنسی کے اثاثوں، ڈی بی کمپنی سے ڈی بی ٹیڈ کی آمدنی اور نیٹ ورک کی اپ گریڈیشن و فائبرائزیشن کے باعث بے کار و متروک اثاثوں کی فروخت سے حاصل ہونے والی آمدنی تھی۔ جس سے آپریٹنگ منافع کی سطح پر 12.4 فیصد کمی کو دور کرنے میں مدد ملی اور خالص منافع کی سطح پر 45.2 فیصد اضافہ ہوا۔

پہلی 3 سہ ماہیوں کے دوران کمپنی کے فکسڈ براڈ بینڈ کاروبار میں سالانہ 11.7 فیصد اضافہ دیکھا گیا۔ براڈ بینڈ کے بزنس میں پی ٹی سی ایل کی پریسینٹ فائبر ٹو دی ہوم (FTTH) سروس فلیش فائبر نے 98.7 فیصد کی نمایاں نمو ظاہر کی۔ آئی پی ٹی وی کے شعبے میں بھی سالانہ 8.6 فیصد اضافہ ہوا۔ وائس ٹریڈنگ میں کمی کی وجہ سے وائس ریونیو میں کمی آئی اور وائیڈ باندھ سروسز کی جانب صارفین کی منتقلی جاری رہی۔ پی ٹی سی ایل کو اپنے بہترین انٹرنیٹ کی بدولت مسلسل کارکردگی اور کسٹمر کے بہترین تجربے کو حاصل کرنے میں مدد ملی۔ مضبوط اور جارحانہ تجارتی حکمت عملی کے تحت پی ٹی سی ایل نے ملک بھر کے 35 شہروں میں فائبر ٹو دی ہوم (FTTH) سروسز کو وسعت دی۔ کسٹمر کی بڑھتی ہوئی انٹرنیٹ کی ضرورت اور تیز ترین ڈیٹا سروسز کی ڈیمانڈ کو پورا کرنے کے باعث کسٹمر کی تعداد سالانہ بنیادوں پر ڈگنی ہو گئی ہے۔

بزنس سلوشنز کے شعبے میں 8.8 فیصد کی مجموعی سالانہ آمدنی میں اضافے کی رفتار کو برقرار رکھتے ہوئے IP بینڈ ویڈ، کلاؤڈ، ڈیٹا سینٹر اور دیگر ICT خدمات کے ذریعے مارکیٹ میں اپنی لیڈنگ حیثیت کو برقرار رکھا۔ پی ٹی سی ایل کے کارپوریٹ بزنس میں گزشتہ سال کے مقابلے میں 13 فیصد اضافہ ہوا۔ ہولسل بزنس سیکشن کے اندر کیرئیر ریونیو میں 16.2 فیصد اضافہ ہوا لیکن کچھ بین الاقوامی آئی پی لیئرڈ سروسز کی بندش کے باعث ہولسل سیکشن کی مجموعی آمدنی میں کمی واقع ہوئی۔ انٹرنیشنل ریونیو میں کرنسی کی قدر میں کمی کے باعث سالانہ کاروبار حالات دیکھے گئے اور گزشتہ سال کے مقابلے میں 13.9 فیصد اضافہ ہوا۔

گزشتہ سال کی اسی مدت کے مقابلے میں یونٹ کی آمدنی میں 5.4 فیصد اضافہ ہوا۔ 4G ڈیٹا کوریج کو بڑھانے اور کسٹمرز میں 4G میں تبدیل کرنے کے لیے مسلسل سرمایہ کاری Ufone کی ترقی کی نمایاں وجہ ثابت ہوئی جس کے نتیجے میں یونٹ نے 4G کے شعبے میں اس سال 3.5 ملین کسٹمرز کا خالص اضافہ کیا۔ ایڈوائس کلمنگس (AIT) میں اضافے، موبائل ریونیویشن (MTR) میں کمی اور ملک میں حالیہ سیلاب کے چیلنجز کے باوجود یونٹ نے 4G کسٹمرز کی تعداد میں اضافہ اور ڈیٹا سروسز میں نمایاں ترقی حاصل کی۔ چند بیرونی عوامل جیسے پاکستانی روپے کی قدر میں کمی، شرح سود میں اضافہ اور بجلی و پٹرول کی تیزی سے بڑھتی قیمتیں کمپنی کے شرح منافع پر کافی اثر انداز ہوئیں۔ دوسری سہ ماہی کے دوران VIS کرڈٹ ریٹنگ کمپنی ڈی بی اے مائٹس/اے ون کی آؤٹ لک پر اپنی ابتدائی ریٹنگ میں یونٹ کو "سٹیبل" کارڈ دیا ہے۔ ایک آزاد پبلیٹ فارم سے ہونے والی یہ درجہ بندی درحقیقت یونٹ کی مالیاتی طاقت کا اعتراف ہے، اس کے علاوہ بہترین کرڈٹ کوالٹی اور اعلیٰ بنیادی تحفظ کے عوامل کا اظہار کرتے ہوئے اس کے ساتھ ساتھ یونٹ پر اس کے تمام سٹیک ہولڈرز کے اعتماد کا بھی منہ بولا ثبوت ہے۔

پی ٹی سی ایل کے مائیکرو فنانس اور براج ٹیلیس بینکنگ کے ذیلی ادارے یونیک نے اپنی ترقی کی رفتار کو جاری رکھا اور حالیہ سیلاب کی وجہ سے چیلنجنگ مائیکرو اکنامک صورتحال کے باوجود اپنی ترقی اور سرمایہ کاری کے پورٹ فولیو کو وسعت دے کر گزشتہ سال کے مقابلے میں اپنی آمدنی میں 29.8 فیصد اضافہ حاصل کیا۔ بینک کی ٹیلیس شپ کی سطح 122 ارب روپے تک پہنچ گئی، کیونکہ بینک نے مثبت چیلے درجے کے اثرات کو یقینی بناتے ہوئے اپنی فنڈنگ کے سلسلے اور اثاثوں کی کلاسوں کو متنوع بنانا جاری رکھا۔ جیسا کہ بینک کے چھ کاروباری کمیونس، یعنی: رول ریٹیل بینکنگ، کارپوریٹ بینکنگ، انویسٹمنٹ بینکنگ، اسلامک بینکنگ، آر بن ریٹیل بینکنگ، کارپوریٹ بینکنگ اور ڈیجیٹل بینکنگ اپنی الگ فنکشن اور ڈھانچے رکھتے ہیں، اس سال یونیک ایک ریٹیل چیلنجر کے طور پر ابھرنے کا مشاہدہ کرے گا۔ بینک کا مقصد اپنے مختلف گاہکوں کی ضروریات کے مطابق بینکاری کی بہترین خدمات فراہم کرنا ہے۔ مائیکرو فنانس بینکنگ کے بنیادی مقاصد کو مدنظر رکھتے ہوئے یونیک ایک ایسا کاروباری سٹریٹجی تشکیل دے رہا ہے جس میں معاشرے کے تمام طبقات کی شمولیت یقینی بنائی جائے اور پاکستان کے زیادہ سے زیادہ لوگوں کو بینکنگ نیٹ میں شامل کیا جاسکے۔

ایک قومی کیریئر اور پاکستانی ٹیلی کام کمپنی ہونے کے ناطے پی ٹی سی ایل گروپ نے حالیہ سیلاب کے دوران پاکستان بھر میں متاثرہ کمیونیز کی امداد اور بحالی میں نمایاں کردار ادا کیا۔ پی ٹی سی ایل گروپ نے متعدد اقدامات کیے جن میں وزیراعظم کے فلڈ ریلیف فنڈ میں عطیات کی فراہمی، این جی اوز کے ساتھ تعاون، متاثرہ کمیونیز کو پہلگی صحت اور دیکھ بھال فراہم کرنے کے لیے پی ٹی سی ایل نے ملک بھر میں اپنے طبی مراکز کے دروازے کھولے ہیں اور یونٹ 4G متاثرہ علاقوں میں مفت کالز کی سہولت پیشکش کر رہا ہے تاکہ لوگوں کو اپنے پیاروں سے رابطے میں رہنے میں مدد فراہم کی جاسکے۔

پی ٹی سی ایل کی انتظامیہ اور ملازمین کا یہ عزم ہے کہ مارکیٹ میں مسابقتی قیمتوں پر معیاری خدمات کی فراہمی کے سلسلے کو جاری رکھا جائے تاکہ یہ صارفین کو ان کی پسند کی سہولت فراہم کرنے والا پارٹنر اور شیئر ہولڈرز کی ویلیو میں اضافہ کرنے والا نیٹ ورک بن سکے۔

محسن مشتاق چاندہ
چیئر مین، بورڈ آف ڈائریکٹرز پی ٹی سی ایل
صدر اور گروپ چیف ایگزیکٹو آفیسر

دبئی: 13 اکتوبر 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022 (UN-AUDITED)

	Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital		51,000,000	51,000,000
Revenue reserves			
General reserve		27,497,072	27,497,072
Unappropriated profit		29,382,924	21,156,077
		56,879,996	48,653,149
Liabilities			
Non-current liabilities			
Deferred income tax		2,307,111	2,897,782
Employees retirement benefits		27,945,531	27,065,257
Deferred government grants		14,323,265	8,618,967
Long term loan from banks	6	11,000,000	-
Advances from customers		1,800,187	1,649,806
Lease liabilities		1,372,499	1,307,056
		58,748,593	41,538,868
Current liabilities			
Trade and other payables	7	108,857,050	103,320,087
Short term running finance	8	3,427,804	-
Security deposits		595,604	591,137
Unpaid / unclaimed dividend		209,884	210,317
Current maturity of lease liabilities		416,615	421,755
		113,506,957	104,543,296
Total equity and liabilities		280,135,546	245,735,313

Contingencies and commitments 14

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

	Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
Assets			
Non-current assets			
Property, plant and equipment	9	123,023,006	121,507,885
Right of use assets		1,946,457	2,085,452
Intangible assets		1,597,070	1,866,109
		126,566,533	125,459,446
Long term investments	10	44,736,284	30,736,284
Long term loans and advances	11	10,646,184	9,077,445
Contract costs		592,261	580,895
		182,541,262	165,854,070
Current assets			
Stores and spares		8,859,775	5,575,040
Contract costs		1,776,781	1,742,684
Trade debts and contract assets	12	38,950,960	27,936,723
Loans and advances		6,523,348	4,931,477
Income tax recoverable		15,356,479	18,548,005
Receivable from GoP		2,164,072	2,164,072
Prepayments and other receivables		20,217,316	16,427,088
Cash and bank balances	13	3,745,553	2,556,154
		97,594,284	79,881,243
Total assets		280,135,546	245,735,313


Chief Financial Officer


President & CEO


Chairman


Chief Financial Officer


President & CEO


Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2022 Rs '000	September 30, 2021 Rs '000	September 30, 2022 Rs '000	September 30, 2021 Rs '000
Revenue	15	21,135,531	19,099,461	61,125,115	57,286,671
Cost of services		(16,553,798)	(15,078,811)	(48,079,159)	(44,573,315)
Gross profit		4,581,733	4,020,650	13,045,956	12,713,356
Administrative and general expenses		(1,908,995)	(1,857,029)	(5,807,670)	(5,384,915)
Selling and marketing expenses		(939,408)	(943,103)	(2,805,467)	(2,550,768)
Impairment loss on trade debts and contract assets		(413,532)	(361,263)	(1,222,010)	(1,113,944)
		(3,261,935)	(3,161,395)	(9,835,147)	(9,049,627)
Operating profit		1,319,798	859,255	3,210,809	3,663,729
Other income	16	3,802,260	1,920,887	9,834,715	4,547,488
Finance costs		(588,455)	(68,384)	(766,661)	(231,928)
Profit before tax		4,533,603	2,711,758	12,278,863	7,979,289
Provision for income tax		(1,496,081)	(786,410)	(4,052,016)	(2,313,994)
Profit for the period		3,037,522	1,925,348	8,226,847	5,665,295
Earnings per share					
- basic and diluted (Rupees)		0.60	0.38	1.61	1.11

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



Chief Financial Officer



President & CEO



Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2022 Rs '000	September 30, 2021 Rs '000	September 30, 2022 Rs '000	September 30, 2021 Rs '000
Profit for the period	3,037,522	1,925,348	8,226,847	5,665,295
Other comprehensive income for the period				
Items that will not be reclassified to statement of profit or loss:				
Remeasurement loss on employees retirement benefits	-	-	-	(1,568,160)
Tax effect	-	-	-	454,766
	-	-	-	(1,113,394)
Total comprehensive income for the period	3,037,522	1,925,348	8,226,847	4,551,901

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



Chief Financial Officer



President & CEO



Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

Note	Nine months ended	
	September 30, 2022 Rs '000	September 30, 2021 Rs '000
Cash flows from operating activities		
Cash generated from operations 17	11,658,690	20,518,447
Employees retirement benefits paid	(1,683,336)	(1,117,398)
Advances from customers	255,736	15,060
Income tax paid	(1,451,161)	(1,365,332)
Net cash inflow from operating activities	8,779,929	18,050,777
Cash flows from investing activities		
Capital expenditure	(13,246,231)	(15,689,318)
Acquisition of intangible assets	(193,144)	(531,424)
Proceeds from disposal of property, plant and equipment	2,596,768	822,332
Addition to contract costs	(2,810,680)	(2,670,373)
Investment in Pak Telecom Mobile Limited	(13,000,000)	(13,000,000)
Investment in U Microfinance Bank Limited	(1,000,000)	-
Long term loans and advances	(40,616)	(50,925)
Return on long term loans to subsidiaries	653,099	433,648
Subordinated long term loan to Pak Telecom Mobile Limited	(4,000,000)	-
Repayments of subordinated loans - Pak Telecom Mobile Limited	1,250,000	-
Repayments of subordinated loan - U Microfinance Bank Limited	1,000,000	-
Dividend income - U Microfinance Bank Limited	195,286	-
Return on bank deposit	117,372	568,856
Government grants received	6,767,876	2,232,752
Net cash outflow from investing activities	(21,710,270)	(27,884,452)
Cash flows from financing activities		
Dividend paid	(433)	(964)
Long term loan from Banks	11,000,000	-
Lease liabilities	(307,631)	(326,602)
Net cash inflow / (outflow) from financing activities	10,691,936	(327,566)
Net decrease in cash and cash equivalents	(2,238,405)	(10,161,241)
Cash and cash equivalents at the beginning of the period	2,556,154	11,976,601
Cash and cash equivalents at the end of the period 18	317,749	1,815,360

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

Chief Financial Officer

President & CEO

Chairman

Chief Financial Officer

President & CEO

Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Revenue reserves		Total
	General reserve	Unappropriated profit	
Issued, subscribed and paid-up capital	(Rupees in '000)		
Class "A"	Class "B"		
Balance as at December 31, 2020	37,740,000	13,260,000	94,009,805
Total comprehensive income for the period			
Profit for the nine months period ended September 30, 2021	-	5,665,295	5,665,295
Other comprehensive income for the period - loss	-	(1,113,394)	(1,113,394)
Balance as at September 30, 2021	37,740,000	20,064,634	98,561,706
Total comprehensive income for the period			
Profit for the three months period ended December 31, 2021	-	1,208,682	1,208,682
Other comprehensive income for the period - loss	-	(117,239)	(117,239)
Balance as at December 31, 2021	37,740,000	21,156,077	99,653,149
Total comprehensive income for the period			
Profit for the nine months period ended September 30, 2022	-	8,226,847	8,226,847
Other comprehensive income for the period	-	-	-
Balance as at September 30, 2022	37,740,000	29,382,924	107,879,996

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Pakistan Telecommunication Company Limited ("PTCL", "the Company") was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Company, which is listed on the Pakistan Stock Exchange Limited (PSX), was established to undertake the telecommunication business formerly carried on by the Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Company on January 01, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees Trust (PTET). The registered office of the Company is situated at PTCL Headquarters, G-8/4, Islamabad.

The Company provides telecommunication services in Pakistan. It owns and operates telecommunication facilities and provides domestic and international telephone services and other communication facilities throughout Pakistan. The Company has also been licensed to provide such services in territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

2. STATEMENT OF COMPLIANCE

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

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

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

3. BASIS OF PREPARATION

These condensed interim financial statements do not include all of the information required in the annual financial statements prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. These condensed interim financial statements should be read in conjunction with the Company's latest annual financial statements as at and for the year ended December 31, 2021.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgments made by the management in the preparation of this condensed interim financial statements are the same as those used in the preparation of audited financial statements of the Company for the year ended December 31, 2021.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these 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, 2021.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

6. LONG TERM LOAN FROM BANKS

During the period the Company has entered into a syndicate term finance agreement dated 16 June 2022 to avail long term finance facility to the extent of Rs. 11,000,000 thousand for the purpose of equity injection into its wholly owned subsidiary Pak Telecom Mobile Limited. The finance facility is secured by creating a charge by way of hypothecation over the Hypothecated Assets in favour of the MCB Bank Limited - Security Agent (for the benefit of the Syndicate) in terms of the Letter of Hypothecation in the amount of Rs. 14,600,000 thousand, the charge shall constitute a first charge in favour of MCB Bank Limited - Security Agent (for the benefit of the Syndicate). The loan is repayable in 6 bi-annual instalments commencing from 15 December 2026.

	Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
7. TRADE AND OTHER PAYABLES			
Trade creditors		13,090,752	13,495,298
Accrued and other liabilities	7.1	35,134,160	33,308,502
Technical services assistance fee	7.2	34,375,811	30,644,507
Advances from customers / contract liabilities		6,748,878	7,136,903
Retention money / payables to contractors and suppliers		6,806,080	6,666,995
Payable to subsidiaries on account of group taxation		10,070,728	10,070,728
Sales tax payable		1,971,653	1,505,864
Income tax collected / deducted at source		658,988	491,290
		108,857,050	103,320,087
7.1 Accrued and other liabilities			
Accrued liability for operational expenses		9,246,736	7,647,118
Amount withheld on account of provincial levies (Sub-judice) for ICH operations		12,110,803	12,110,803
Accrual for Government / regulatory expenses		11,094,849	10,670,730
Accrued wages		2,048,231	2,318,258
Others		633,541	561,593
		35,134,160	33,308,502

7.2 Liability has not been settled since State Bank of Pakistan has not yet acknowledged the extension of Technical Service Assistance (TSA) Agreement.

8. SHORT TERM RUNNING FINANCE

These facilities are obtained from various commercial banks with an aggregate limit of Rs. 5,100,000 thousand (2021: Nil) and are secured against 1st pari passu charge on present and future current assets and all other movable assets of the Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.2% to 1.5% (2021: Nil) per annum.

	Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	106,367,033	107,937,650
Capital work-in-progress	9.3	16,655,973	13,570,235
		123,023,006	121,507,885

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

Note	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
9.1 Operating fixed assets		
Opening net book value	107,937,650	103,724,068
Additions during nine months period	9.2 10,160,463	12,169,651
	118,098,113	115,893,719
Disposals during the period - at net book value	(44,531)	(45,996)
Depreciation charge for the period	(11,686,549)	(11,406,274)
	(11,731,080)	(11,452,270)
Closing net book value	106,367,033	104,441,449
9.2 Detail of additions during the period:		
Buildings on freehold land	87,473	462,971
Buildings on leasehold land	9,006	142,159
Lines and wires	4,161,077	3,977,790
Apparatus, plant and equipment	5,318,935	6,435,330
Office equipment	253,691	506,404
Computer equipment	142,534	142,698
Furniture and fittings	22,735	46,824
Vehicles	91,373	423,601
Submarine cables	73,639	31,874
	10,160,463	12,169,651

9.3 Additions to CWIP during the nine months period ended September 30, 2022 were Rs 13,222,176 thousand (September 30, 2021: Rs 16,149,188 thousand).

10. LONG TERM INVESTMENT

During the period investment of Rs 13,000,000 thousand was made in PTML against issuance of 1,300,000,000 ordinary shares of Rs 10 each for consideration received in cash and Rs 1,000,000 thousand investment made in Ubank against issuance of 10,000,000 ordinary shares of Rs 10 each by conversion of subordinated loan into share capital.

	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
11. LONG TERM LOANS AND ADVANCES		
Loans to PTML - unsecured	8,249,999	5,749,999
Loans to Ubank - unsecured	1,200,000	2,200,000
Loans to employees - secured	872,441	973,822
Others	323,744	153,624
	10,646,184	9,077,445

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
12. TRADE DEBTS AND CONTRACT ASSETS		
Trade debts	41,213,578	30,463,686
Contract assets	5,144,704	4,484,029
	46,358,282	34,947,715
Allowance for expected credit loss	(7,407,322)	(7,010,992)
	38,950,960	27,936,723
13. CASH AND BANK BALANCES		
Cash in hand	111,752	71,671
Balances with banks:	13.1	
Deposit accounts local currency	652,527	1,280,946
Current accounts		
Local currency	117,487	269,498
Foreign currency	2,863,787	934,039
	2,981,274	1,203,537
	3,745,553	2,556,154

13.1 Bank balance includes Rs 59,267 thousand (December 31, 2021: Rs 1,924 thousand) carrying profit at the rate of 6.50% (December 31, 2021: 4.00%) per annum from Shariah arrangements.

14. CONTINGENCIES AND COMMITMENTS

There has been no material change in contingencies as disclosed in the last audited financial statements of the Company for the year ended December 31, 2021, except in note 14.1, 14.2 and 14.3 in the following:

14.1 For the tax years 2007, 2009, 2010, 2011 to 2021, Taxation Officer disallowed certain expenses, tax credits and levied short deduction of WHT. The impugned orders were challenged at the relevant appellate forums which allowed partial relief thereof. After taking into account the orders of CIR (Appeals), ATIR as well as rectification orders tax impact of the disallowances is Rs 64,743,664 thousand. Appeals on the remaining outstanding items are pending adjudication before ATIR. Reference in respect of 2007 is subjudice before the Honorable Islamabad High Court. Stay has been obtained in all cases from different fora.

14.2 For the Tax Year 2020, Taxation officer objected to the quarterly advance tax calculation submitted by the Company based on group taxation and raised demand amounting to Rs. 2,855,907 thousand despite that PTCL had filed option for group taxation within prescribed time. PTCL obtained stay order from Honorable Islamabad High against any coercive measures.

14.3 The Sindh Revenue Board (SRB) has assessed Sindh sales tax on services amounting to Rs 702 million on the premise that PTCL did not pay sales tax on invoices issued for services rendered to Cellular Mobile Operators (CMOs). Department view was not supported by the record and PTCL has submitted detailed evidence to refute the same before the learned Commissioner Appeals, SRB and stay has been granted.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

14.4 "In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on June 12, 2015 the Apex Court decided the case in the interest of pensioners. On July 13, 2015, Review Petition was filed in Supreme Court of Pakistan against the Judgment of June 12, 2015.

The Honourable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the Company, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated May 17, 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2) CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated June 12, 2015 have been directed by the Apex Court to approach the appropriate forum on May 10, 2018. Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Apex court within the limitation. Under the circumstances, management of the Company, on the basis of legal advice, believes that the Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in the Company's financial statements.

	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
14.5 Bank guarantee and bid bonds issued in favour of :		
Universal Service Fund (USF) against government grants	9,195,921	9,058,005
Others	2,454,175	2,809,251
	11,650,096	11,867,256

Others includes bank guarantee given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2021: Rs. 675,000 thousand).

	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
14.6 Commitments		
Contracts for capital expenditure	12,559,220	7,319,139
Letter of comforts in favour of PTML	3,500,000	3,500,000
Corporate guarantee in favour of PTML	43,800,000	27,991,416
	59,859,220	38,810,555

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

15. REVENUE

The Company principally obtains revenue from providing telecommunication services such as Broadband, IPTV, Voice, data, wireless services, interconnect, corporate and international services. For bundled packages, the Company accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand alone selling prices.

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

	Nine months ended	
	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
Revenue segments		
Broadband and IPTV	26,036,078	23,338,265
Voice services	6,810,841	7,546,275
Wireless data	1,629,162	1,908,944
Revenue from retail customers	34,476,081	32,793,484
Corporate and wholesale	20,064,068	18,709,337
International	6,584,966	5,783,850
Total revenue	61,125,115	57,286,671

15.1 Revenue is stated net of trade discount amounting to Rs 41,390 thousand (September 30, 2021: Rs 53,386 thousand) and Federal Excise Duty and sales tax amounting to Rs 10,057,960 thousand (September 30, 2021: Rs 8,699,653 thousand).

		Nine months ended	
	Note	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
16. OTHER INCOME			
Income from financial assets	16.1	4,698,878	2,072,065
Income from non-financial assets		5,135,837	2,475,423
		9,834,715	4,547,488

16.1 Income from financial assets include Rs 82 thousand (September 30, 2021: Rs 301 thousand) earned from Shariah arrangements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Nine months ended	
	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
17. CASH GENERATED FROM OPERATIONS		
Profit before tax	12,278,863	7,979,289
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	11,686,549	11,406,274
Amortization of intangible assets	462,183	366,388
Depreciation of right of use assets	381,551	295,938
Amortization of contract costs	2,765,217	2,733,046
Provision for obsolete stores and spares	[9,890]	[33,517]
Impairment loss on trade debts and contract assets	1,222,010	1,113,944
Provision for employees retirement benefits	3,145,012	3,099,466
Gain on disposal of property, plant and equipment	(2,552,237)	(776,336)
Return on bank deposits	(108,436)	(577,067)
Imputed interest on long term loans	(3,763)	10,620
Imputed interest on lease liabilities	125,379	104,184
Return on long term loan to subsidiaries	(966,074)	(588,100)
Unearned revenue realised	(105,355)	(106,342)
Dividend income - U Microfinance Bank Limited	(195,286)	-
Release of deferred government grants	(1,063,578)	(1,132,731)
	27,062,145	23,895,056
Effect on cash flows due to working capital changes:		
Decrease / (increase) in current assets:		
Stores and spares	(3,274,846)	(1,356,294)
Trade debts and contract assets	(12,236,247)	(5,308,136)
Loans and advances	(1,366,230)	(1,292,178)
Prepayments and other receivables	(4,067,591)	(2,023,589)
	(20,944,914)	(9,980,197)
Increase in current liabilities:		
Trade and other payables	5,536,992	6,600,179
Security deposits	4,467	3,409
	11,658,690	20,518,447
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,745,553	1,815,360
Short term running finance	(3,427,804)	-
	317,749	1,815,360

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Nine months ended	
	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Relationship with the Company	Nature of transaction	
i. Shareholders	Technical services assistance fee - note 19.1	2,223,728 2,153,282
	Exchange gain on trade debts	4,245,298 817,735
ii. Subsidiaries	Sale of goods and services	4,103,823 3,807,556
	Purchase of goods and services	1,999,932 2,115,008
	Mark up on long term loans	977,161 588,853
	Long term investment in subsidiaries	14,000,000 13,000,000
	Dividend income	195,286 -
iii. Associated undertakings	Sale of goods and services	4,570,580 2,724,371
	Purchase of goods and services	459,948 382,251
iv. Employees contribution plan	PTCL Employees GPF Trust - net	19,006 33,109
v. Employees retirement benefit plan	Contribution to the plan- Gratuity	308,994 49,614
vi. Other related parties	Charge under license obligations	1,522,151 1,271,771
	USF grant received	6,767,876 2,232,752
vii. Directors, Chief Executive and Key management personnel	Fee and remuneration including benefits and perquisites	557,683 484,569
	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
Period / year-end balances		
Receivables from related parties		
Long term loans to subsidiaries	11,450,000	9,700,000
Trade debts		
- Subsidiaries	537,881	487,663
- Associated undertakings	23,948,290	15,311,907
Other receivables		
- Subsidiaries	13,015,974	10,524,113
- Associated undertakings	71,305	71,305
- Pakistan Telecommunication Employees Trust (PTET)	6,981	1,300
- Long term loans to executives and key management personnel	37,588	63,548
Bank deposit with subsidiary	204,220	209,678
Pakistan Telecommunication Employees Trust (PTET)	1,220,936	1,802,337

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
Payables to related parties		
Trade creditors		
- Subsidiaries	2,232,473	2,468,785
- Associated undertakings	1,493,033	1,475,384
- The Government of Pakistan related entities	1,272,242	1,464,680
Payable to subsidiaries on account of group taxation	10,070,728	10,070,728
PTCL Employee GPF Trust	24,547	5,541
Security deposits from subsidiary	3,623	3,623
Retention money payable to associated undertakings	3,055	3,055
Technical services assistance fee payable to Etisalat Pakistan Telecommunication Company Limited	34,375,811	30,644,507
Employees Gratuity Fund	5,807	308,994

19.1 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.

20. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to setoff Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at September 30, 2022					
Trade debts and contract assets	29,988,515	(1,541,994)	28,446,521	17,911,761	46,358,282
Trade creditors	(2,058,147)	1,541,994	(516,153)	(12,574,599)	(13,090,752)
As at December 31, 2021					
Trade debts and contract assets	21,820,678	(6,444,128)	15,376,550	12,560,173	27,936,723
Trade creditors	(6,853,324)	6,444,128	(409,196)	13,904,494	13,495,298

21. 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 December 31, 2021. 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 December 31, 2021.

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

22. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL STATEMENTS

This condensed interim financial statements for the nine months period ended September 30, 2022 were authorized for issue by the Board of Directors of the Company on October 13, 2022.

Chief Financial Officer

President & CEO

Chairman



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2022 (UN-AUDITED)

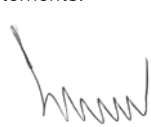
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022 (UN-AUDITED)

Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
Equity and liabilities		
Equity		
Share capital and reserves		
Share capital	51,000,000	51,000,000
Revenue reserves		
General reserve	27,497,072	27,497,072
Unappropriated profit	2,820,510	9,107,014
	30,317,582	36,604,086
Statutory and other reserves	789,313	789,313
Unrealized loss on investments measured at fair value through OCI	(9,690)	(288,630)
	82,097,205	88,104,769
Liabilities		
Non-current liabilities		
Long term loans from banks	64,353,775	52,242,044
Subordinated debt	1,449,220	449,100
Deposits from banking customers	1,244,226	1,323,709
Lease liabilities	12,482,572	14,879,122
Deferred income tax	-	2,499,975
Employees retirement benefits	28,008,608	27,097,185
Deferred government grants	27,614,556	20,377,148
Advances from customers	1,800,187	1,651,860
License fee payable	19,319,447	21,006,989
Long term vendor liability	37,081,596	35,600,437
	193,354,187	177,127,569
Current liabilities		
Trade and other payables	6 107,586,100	103,983,955
Deposits from banking customers	70,451,943	53,432,764
Interest accrued	1,755,110	1,033,404
Short term running finance	16,234,332	8,227,208
Current portion of:		
Long term loans from banks	8,000,982	11,162,076
Repo Borrowing	15,511,057	17,472,353
Subordinated debt	149,580	149,820
Lease liabilities	3,762,681	3,377,198
Long term vendor liability	15,900,640	10,386,943
License fee payable	1,100,053	4,809,781
Security deposits	1,454,019	1,364,880
Unpaid / unclaimed dividend	209,884	210,317
	242,116,381	215,610,699
Total equity and liabilities	517,567,773	480,843,037

Contingencies and commitments 11

The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.



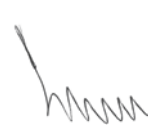
Chief Financial Officer



President & CEO



Chairman



Chief Financial Officer



President & CEO



Chairman

Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
Assets		
Non-current assets		
Property, plant and equipment	7 212,593,837	204,872,579
Right of use assets	15,043,457	17,154,073
Intangible assets	66,324,384	71,171,339
Long term investments	51,427	51,427
Long term loans and advances	1,196,184	1,127,445
Long term loans to banking customers	12,065,995	8,212,253
Deferred income tax	6,024,760	-
Contract costs	785,612	697,273
	314,085,656	303,286,389
Current assets		
Stock in trade, stores and spares	9,847,468	5,947,168
Trade debts and contract assets	8 38,597,956	29,190,559
Loans to banking customers	43,322,380	26,163,476
Loans and advances	4,699,065	3,356,292
Contract costs	2,860,012	2,879,400
Income tax recoverable	26,022,004	27,404,527
Receivable from the Government of Pakistan	2,164,072	2,164,072
Deposits, prepayments and other receivables	10,346,738	19,667,039
Short term investments	9 52,095,009	46,564,520
Cash and bank balances	10 13,527,413	14,219,595
	203,482,117	177,556,648
Total assets	517,567,773	480,843,037

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2022 Rs '000	September 30, 2021 Rs '000	September 30, 2022 Rs '000	September 30, 2021 Rs '000
Revenue	12	38,818,576	34,522,494	110,539,807	102,368,621
Cost of services		(31,252,791)	(25,930,596)	(87,425,731)	(75,816,810)
Gross profit		7,565,785	8,591,898	23,114,076	26,551,811
Administrative and general expenses		(5,263,077)	(4,515,511)	(14,746,693)	(13,396,038)
Selling and marketing expenses		(2,073,918)	(1,952,553)	(6,267,646)	(5,834,343)
Impairment loss on financial assets		22,720	(1,002,942)	(1,035,637)	(2,212,498)
		(7,314,275)	(7,471,006)	(22,049,976)	(21,442,879)
Operating profit		251,510	1,120,892	1,064,100	5,108,932
Other income	13	5,023,823	3,344,417	15,010,352	7,900,416
Finance costs		(9,340,755)	(3,489,386)	(24,821,009)	(8,012,147)
(Loss) / profit before tax		(4,065,422)	975,923	(8,746,557)	4,997,201
Provision for income tax		1,493,285	(229,100)	3,117,601	(1,315,451)
(Loss) / profit for the period		(2,572,137)	746,823	(5,628,956)	3,681,750

The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

President & CEO

Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2022 Rs '000	September 30, 2021 Rs '000	September 30, 2022 Rs '000	September 30, 2021 Rs '000
(Loss) / profit for the period	(2,572,137)	746,823	(5,628,956)	3,681,750
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss:				
Remeasurement loss on employees retirement benefits	3,006	-	3,006	(1,568,160)
Tax effect	-	-	-	454,766
	3,006	-	3,006	(1,113,394)
Items that may be subsequently reclassified to profit or loss:				
Gain on revaluation of assets	91,172	(300,519)	116,657	(242,447)
Gain on revaluation of assets transferred to profit or loss	410,681	192,523	276,216	113,033
Tax effect	(145,537)	31,319	(113,933)	37,530
	356,316	(76,677)	278,940	(91,884)
Other comprehensive income				
- loss for the period - net of tax	359,322	(76,677)	281,946	(1,205,278)
Total comprehensive income for the period - loss	(2,212,815)	670,146	(5,347,010)	2,476,472

The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

President & CEO

Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

		Nine months ended	
	Note	September 30, 2022 Rs '000	September 30, 2021 Rs '000
Cash flows from operating activities			
Cash generated from operations	14	20,015,265	35,833,035
Employees retirement benefits paid		(1,948,222)	(1,339,497)
Income tax paid		(3,910,678)	(5,190,971)
Net cash inflow from operating activities		14,156,365	29,302,567
Cash flows from investing activities			
Capital expenditure		(28,865,194)	(19,481,382)
Acquisition of intangible assets		(392,034)	(24,952,931)
Proceeds from disposal of property, plant and equipment		2,734,193	896,462
Additions to contract costs		(4,223,565)	(4,057,378)
Short term investments		(5,530,489)	(6,394,166)
Long term loans and advances		(64,976)	(26,549)
Government grants received		9,250,823	4,081,345
Return on long term loans and short term investments		4,872,632	2,697,472
Net cash outflow from investing activities		(22,218,610)	(47,237,127)
Cash flows from financing activities			
Loan from banks - proceeds		15,000,000	21,000,000
Loan from banks - repayments		(6,120,787)	(4,451,944)
Borrowings - Ubank (net)		(1,889,872)	3,383,360
Subordinated debt - proceeds		1,000,120	-
Subordinated debt - repayments		(240)	(120)
Vendor liability		6,994,856	(5,672,831)
Finance cost paid		(29,369,111)	(6,533,327)
Customers deposits		16,939,696	4,948,015
Lease liabilities		(3,191,290)	(2,686,097)
Dividend paid		(433)	(964)
Net cash (outflow) / inflow from financing activities		(637,061)	9,986,092
Net (decrease) / increase in cash and cash equivalents		(8,699,306)	(7,948,468)
Cash and cash equivalents at the beginning of the period		5,992,387	12,024,517
Cash and cash equivalents at the end of the period	15	(2,706,919)	4,076,049

The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.


Chief Financial Officer

President & CEO

Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves		Statutory and other reserves	Unrealized gain / (loss) on investments measured at fair value through OCI	Total
	Class "A"	Class "B"	General reserve	Unappropriated profit / (loss)			
(Rupees in '000)							
Balance as at December 31, 2020	37,740,000	13,260,000	27,497,072	7,984,136	511,553	629	86,993,390
Total comprehensive income for the period							
Profit for the nine months period ended September 30, 2021							
Other comprehensive income							
	</						

The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.


Chief Financial Officer

President & CEO

Chairman

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Constitution and ownership

The condensed consolidated interim financial statements of the Pakistan Telecommunication Company Limited and its subsidiaries ("the Group") comprise of the financial information of:

Pakistan Telecommunication Company Limited (PTCL)

Pakistan Telecommunication Company Limited (the Holding Company) was incorporated in Pakistan on December 31, 1995 and commenced business on January 01, 1996. The Holding Company, which is listed on the Pakistan Stock Exchange Limited (PSX) (formerly Karachi, Lahore and Islamabad Stock Exchanges), was established to undertake the telecommunication business formerly carried on by Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Holding Company on January 01, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Holding Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees Trust (PTET). The registered office of the Holding Company is situated at PTCL Headquarters, G-8/4, Islamabad.

Pak Telecom Mobile Limited (PTML)

PTML was incorporated in Pakistan on July 18, 1998, as a public limited company to provide cellular mobile telephony services in Pakistan. PTML commenced its commercial operations on January 29, 2001, under the brand name of Ufone. It is a wholly owned subsidiary of PTCL. The registered office of PTML is situated at Ufone Tower, Plot No. 55-C, 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 Alvi Road, Clifton Karachi.

Smart Sky (Private) Limited (Smart Sky)

Smart Sky was incorporated in Pakistan on October 12, 2015 as a private limited company. Smart Sky is a wholly owned subsidiary of PTCL. The registered office of Smart Sky is located at PTCL Headquarters, G-8/4, Islamabad.

1.2 Activities of the Group

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

2. STATEMENT OF COMPLIANCE

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

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

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

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

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

- Microfinance Institutions Ordinance, 2001 (the MFI Ordinance); and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP);

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

3. BASIS OF PREPARATION

These condensed consolidated interim financial statements do not include all of the information required in the annual financial statements prepared in accordance with the accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the 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, 2021.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed consolidated interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgements made by the management in the preparation of this condensed consolidated interim financial information are the same as those used in the preparation of annual audited consolidated financial statements of the Group for the year ended December 31, 2021, other than those related to early adoption of IFRS 9 "Financial Instruments" by U Bank.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the consolidated annual audited financial statements for the year ended December 31, 2021 except for early adoption of IFRS 9 "Financial Instruments" by U Bank from 1 January 2022 as per the State Bank of Pakistan BPRD Circular No. 03 of 2022 dated 05 July 2022. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. At the initial application date the Group has recognized an additional charges for expected credit loss on opening balances of financial assets of U Bank aggregating to Rs 660,554 thousand.

The following table provides details of change in classification of financial instruments of the U Bank by class and their carrying amounts as at 31 December 2021 and 01 January 2022:

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Classification as at 01 January 2022			
	Designated as at FVTPL Rs '000	Designated as at FVOCI Rs '000	Amortized Cost Rs '000	Total Carrying Amount Rs '000
Financial assets				
Investments - net of provisions:				
Pakistan Investment Bonds (PIBs)	-	-	6,066,755	6,066,755
Loans to banking customers	-	-	33,135,096	33,135,096
Other assets	-	-	10,630,663	10,630,663

	Classification as at 31 December 2021				
	Available for Sale Rs '000	Held for Trading Rs '000	Held to Maturity Rs '000	Amortized Cost Rs '000	Total Carrying Amount Rs '000
Financial assets					
Investments - net of provisions:					
Pakistan Investment Bonds (PIBs)	5,754,228	-	-	-	5,754,228
Loans to banking customers	-	-	-	34,375,729	34,375,729
Other assets	-	-	-	10,050,583	10,050,583

	Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
6. TRADE AND OTHER PAYABLES			
Trade creditors		11,425,162	13,659,146
Accrued and other liabilities	6.1	41,652,137	40,304,005
Technical services assistance fee		34,375,811	30,644,507
Advances from customers/ contract liability		10,222,132	10,558,009
Retention money / payables to contractors and suppliers		6,806,080	6,666,995
Income tax collected from subscribers / deducted at source		806,153	636,931
Sales tax payable		2,001,801	1,514,362
Forward exchange contracts		296,824	-
		107,586,100	103,983,955

6.1 Accrued and other liabilities			
Accrued liability for operational expenses		14,028,187	12,034,850
Amount withheld on account of provincial levies (Sub-judice)			
for ICH operations		12,110,803	12,110,803
Accrual for Government / regulatory expenses		12,636,044	12,481,453
Accrued wages		2,303,603	2,628,658
Others		573,500	1,048,241
		41,652,137	40,304,005

7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	185,622,702	177,451,353
Capital work-in-progress	7.3	26,971,135	27,421,226
		212,593,837	204,872,579

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Note	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
7.1 Operating fixed assets			
Opening net book value		177,451,353	173,398,683
Additions during the period	7.2	29,315,285	19,536,769
		206,766,638	192,935,452
Disposals during the period - at net book value		(139,715)	(75,789)
Depreciation for the period		(21,004,221)	(20,322,536)
		(21,143,936)	(20,398,325)
Closing net book value		185,622,702	172,537,127

7.2 Detail of additions during the period:			
Buildings on freehold land		87,473	462,971
Buildings on leasehold land		9,006	142,159
Lines and wires		4,161,077	3,977,790
Apparatus, plant and equipment		23,419,766	11,702,359
Office equipment		524,208	592,612
Computer equipment		895,389	2,140,748
Furniture and fittings		53,354	62,655
Vehicles		91,373	423,601
Submarine cables		73,639	31,874
		29,315,285	19,536,769

7.3 Additions to CWIP during the nine months period ended September 30, 2022 were Rs 28,745,386 thousand (September 30, 2021: Rs 69,156,061 thousand).

	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
8. TRADE DEBTS AND CONTRACT ASSETS		
Trade debts	41,282,725	32,135,064
Contract assets	5,354,382	4,711,533
	46,637,107	36,846,597
Allowance for expected credit loss	(8,039,151)	(7,656,038)
	38,597,956	29,190,559

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
9. SHORT TERM INVESTMENTS		
Amortized cost		
Pakistan Investment Bonds (PIBs)		
- Maturity up to 6 months	5,497,232	-
Term finance certificates - Maturity up to 6 months	1,010,762	-
Term deposit receipts - Maturity up to 6 months	-	7,750,000
Fair value through profit or loss		
Market treasury bills - Maturity up to 6 months	8,837,548	-
Units of mutual fund	21,777,858	12,082,206
Fair value through other comprehensive income		
Sukuk	997,505	-
Market treasury bills - Maturity up to 6 months	8,974,104	20,996,827
Pakistan Investment Bonds (Floater)		
- Maturity up to 6 months	5,000,000	5,735,487
	52,095,009	46,564,520
10. CASH AND BANK BALANCES		
Cash in hand	1,337,429	951,354
Balances with banks:	10.1	
Local currency		
Current account maintained with SBP	3,927,680	2,990,491
Current accounts	166,399	282,660
Saving accounts	4,342,127	8,404,468
	8,436,206	11,677,619
Foreign currency		
Current accounts	2,863,787	934,039
Saving accounts	889,991	656,583
	3,753,778	1,590,622
	13,527,413	14,219,595

10.1 Bank balance includes Rs 59,267 thousands (December 31, 2021: Rs 1,924 thousand) carrying profit at the rate of 6.50% (December 31, 2021: 4.00%) per annum from Shariah arrangements.

11. CONTINGENCIES AND COMMITMENTS

There has been no material changes in contingencies as disclosed in the last audited consolidated financial statements for the year ended December 31, 2021 except as disclosed in note 11.1, 11.2 and 11.3.

11.1 For the tax years 2007, 2009, 2010, 2011 to 2021, Taxation Officer disallowed certain expenses, tax credits and levied short deduction of WHT. The impugned orders were challenged at the relevant appellate forums which allowed partial relief thereof. After taking into account the orders of CIR (Appeals), ATIR as well as rectification orders tax impact of the disallowances is Rs 64,743,664 thousand. Appeals on the remaining outstanding items are pending adjudication before ATIR. Reference in respect of 2007 is subjudice before the Honorable Islamabad High Court. Stay has been obtained in all cases from different fora.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

11.2 The Sindh Revenue Board (SRB) has assessed Sindh sales tax on services amounting to Rs 702 million on the premise that the Holding Company did not pay sales tax on invoices issued for services rendered to Cellular Mobile Operators (CMOs). Department view was not supported by the record and the Holding Company has submitted detailed evidence to refute the same before the learned Commissioner Appeals, SRB and stay has been granted. Management and tax advisors believe that this case would be settled in favor of the Holding Company owing to the evidence on record.

11.3 For the Tax Year 2020, Taxation officer objected to the quarterly advance tax calculation submitted by the Company based on group taxation and raised demand amounting to Rs. 2,855,907 thousand despite that the Holding Company had filed option for group taxation within prescribed time. The Holding Company obtained stay order from Honorable Islamabad High against any coercive measures.

11.4 In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on June 12, 2015 the Apex Court decided the case in the interest of pensioners. On July 13, 2015, Review Petition was filed in the Honorable Supreme Court of Pakistan against the Judgment of June 12, 2015.

The Honorable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the Holding Company, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated May 17, 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2) CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated June 12, 2015 have been directed by the Apex Court to approach the appropriate forum on May 10, 2018. Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Apex court within the limitation. Under the circumstances, management of the Holding Company, on the basis of legal advice, believes that the Holding Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in these condensed consolidated interim financial statements. However the ultimate outcome of these matters cannot be determined.

Note	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
11.5 Bank guarantees and bid bonds of Group issued in favor of:		
Universal Service Fund (USF) against government grants	16,660,258	18,625,353
Pakistan Telecommunication Authority		
against 3G and 2G Licenses	3,655,232	2,824,217
Others	2,513,353	3,088,102
	22,828,843	24,537,672

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

11.5.1 Others includes bank guarantees given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2021: Rs. 675,000 thousand).

	September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
11.6 Commitments - Group		
Standby Letter of Guarantee	15,000	10,600
Letters of credit for purchase of stock	826,880	1,083,835
Letters of comfort in favour of PTML	3,500,000	3,500,000
Commitments for capital expenditure	37,004,154	23,706,125
Corporate guarantee in favour of PTML	43,800,000	27,991,416
	85,146,034	56,291,976

12. REVENUE

The Group mainly earns revenue from providing telecommunication services such as data, voice, IPTV, connectivity services, interconnect, information and communication technology (ICT), digital solutions and equipment sales, messaging services, sales of mobile devices etc. Further, U Bank provides banking and microfinance services.

	Nine months ended	
	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
Broadband and IPTV	26,036,078	23,338,265
Cellular and other wireless services	39,731,478	38,750,767
Voice services	6,810,841	7,546,275
Revenue from retail customers	72,578,397	69,635,307
Corporate and wholesale	19,855,991	17,919,936
International	7,656,898	6,766,048
Banking	10,448,521	8,047,330
Total revenue	110,539,807	102,368,621

12.1 Revenue is stated net of trade discount amounting to Rs 1,276,724 thousand (September 30, 2021: Rs 1,346,139 thousand) and Federal excise duty and sales tax amounting to Rs 17,328,425 thousand (September 30, 2021: Rs 15,592,499 thousand).

		Nine months ended	
	Note	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
13. OTHER INCOME			
Income from financial assets	13.1	8,315,086	3,814,795
Income from non-financial assets		6,695,266	4,085,621
		15,010,352	7,900,416

13.1 Income from financial assets include Rs 82 thousand (September 30, 2021: Rs 301 thousand) earned from Shariah arrangements.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Nine months ended	
	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
14. CASH GENERATED FROM OPERATIONS		
(Loss) / profit before tax	(8,746,557)	4,997,201
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	21,004,221	20,322,536
Amortization of intangible assets	5,238,989	3,022,943
Amortization of contract costs	4,154,614	3,898,620
Depreciation of right of use assets	3,159,614	2,945,406
Impairment loss on trade debts and contract assets	1,223,964	1,168,402
Impairment loss on non performing loans to banking customers	188,327	1,044,096
Provision for obsolete stores, spares and loose tools	(9,890)	(33,517)
Provision for employees retirement benefits	3,252,196	3,202,720
Imputed interest on long term loans	(3,763)	10,620
Imputed interest on lease liabilities	131,225	217,207
Unearned revenue realized	(105,355)	(106,342)
Gain on disposal of property, plant and equipment	(2,594,478)	(820,673)
Gain on disposal of investments measured at fair value	(116,656)	(113,033)
Return on bank deposits and Government securities	(4,624,353)	(2,747,237)
Release of deferred government grants	(2,013,415)	(2,236,074)
Finance costs	24,693,547	7,784,320
	44,832,230	42,557,195
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade, stores and spares	(3,890,410)	(1,325,186)
Trade debts and contract assets	(10,631,361)	(5,131,415)
Loans to banking customers	(21,861,527)	(3,886,418)
Loans and advances	(1,342,773)	(1,355,972)
Deposits, prepayments and other receivables	8,964,140	(1,185,458)
	(28,761,931)	(12,884,449)
Increase / (decrease) in current liabilities:		
Trade and other payables	3,855,827	6,139,806
Security deposits	89,139	20,483
	3,944,966	6,160,289
	20,015,265	35,833,035

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

	Nine months ended	
	September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	13,527,413	7,564,840
Short term running finance	(16,234,332)	(3,488,791)
	(2,706,919)	4,076,049

16. SEGMENT INFORMATION

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

16.1 Segment information for the reportable segments is as follows:

Note	Wireline	Wireless	Banking	Total
	Rs '000	Rs '000	Rs '000	Rs '000
Nine months ended September 30, 2022				
Segment revenue	59,495,953	45,767,891	10,449,155	115,712,999
Inter segment revenue	(4,103,823)	(1,068,735)	(634)	(5,173,192)
Revenue from external customers	55,392,130	44,699,156	10,448,521	110,539,807
Segment results	7,980,042	(14,653,091)	1,044,093	(5,628,956)
Nine months ended September 30, 2021				
Segment revenue	55,377,726	43,805,269	8,047,584	107,230,579
Inter segment revenue	(3,807,556)	(1,054,148)	(254)	(4,861,958)
Revenue from external customers	51,570,170	42,751,121	8,047,330	102,368,621
Segment results	5,495,336	(2,667,535)	853,949	3,681,750
	Wireline	Wireless	Banking	Total
	Rs '000	Rs '000	Rs '000	Rs '000
As at September 30, 2022				
Segment assets	199,192,049	196,994,038	121,381,686	517,567,773
Segment liabilities	153,719,123	170,294,129	111,457,316	435,470,568
As at December 31, 2021				
Segment assets	184,828,498	193,039,942	102,974,597	480,843,037
Segment liabilities	132,033,093	166,394,841	94,310,334	392,738,268

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

		Nine months ended	
		September 30, 2022 (Un-Audited) Rs '000	September 30, 2021 (Un-Audited) Rs '000
17. TRANSACTIONS WITH RELATED PARTIES			
Relationship with the Group	Nature of transaction		
i. Shareholders	Technical services assistance fee Exchange gain on trade debts	3,731,304 4,557,396	3,582,902 -
ii. Associated undertakings	Sale of goods and services Purchase of goods and services Prepaid rent	4,798,606 741,962 564,110	2,856,822 562,875 512,827
iii. Employees	PTCL Gratuity Fund	308,994	49,614
benefits plans	PTML Gratuity Fund	61,339	66,939
	U Bank Gratuity Fund	47,816	36,514
iv. Employees	PTCL PTCL Employees GPF Trust - net	19,006	33,109
contribution plans	PTML Provident Fund	105,605	116,093
	U Bank Provident Fund	40,999	30,661
v. Other related parties	USF grant received	9,248,876	2,668,622
	PTCL Charges under license obligation	1,522,151	1,271,771
	PTML Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	18,000	21,500
vi. Directors, Chief Executive and Key Management Personnel	Fee and remuneration including benefits and perquisites	1,065,279	1,328,435
		September 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
Trade debts			
- Associated undertakings		24,008,223	15,338,645
Deposits, prepayments and other receivables			
- Associated undertakings		71,305	71,305
- Pakistan Telecommunication Employees Trust (PTET)		6,981	1,300
Pakistan Telecommunication Employees Trust (PTET)		1,220,936	1,802,337
Long term loans to executives and key management personnel		PTCL 37,588	63,548
Trade and other payables			
Trade creditors			
- Associated Undertakings		1,689,727	1,642,636
- The Government of Pakistan and its related entities		1,272,242	1,464,680
Retention money payable to associated undertaking		3,055	3,055
Technical assistance services fee payable to Etisalat		34,375,811	30,644,507
PTCL Employees GPF Trust		24,547	5,541
Pakistan Telecommunication Company Limited			
Employees Gratuity Fund		5,807	308,994
PTML			
- Gratuity Fund		60,133	28,523
- Provident Fund		24,860	-
U Bank			
- Gratuity Fund		2,327	2,240
- Provident Fund		2,943	1,555

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022 (UN-AUDITED)

18. FAIR VALUE ESTIMATION

The carrying value of financial assets and liabilities approximates their fair value.

19. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to offsetting Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at September 30, 2022					
Trade debts and contract assets	31,559,720	(2,826,119)	28,733,601	17,903,506	46,637,107
Trade creditors	(3,523,726)	2,826,119	(697,607)	(10,727,555)	(11,425,162)
As at December 31, 2021					
Trade debts and contract assets	23,144,418	(7,564,956)	15,579,462	21,267,135	36,846,597
Trade creditors	(8,144,923)	7,564,956	(579,967)	(13,079,179)	(13,659,146)

20. 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 December 31, 2021. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited consolidated financial statements of the Group for the year ended December 31, 2021.

21. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements for the Nine months period ended September 30, 2022 were authorized for issue by the Board of Directors of the Holding Company on October 13, 2022.



Chief Financial Officer



President & CEO



Chairman