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## BOARD OF DIRECTORS

### Chairman PTCL Board

Mohsin Mushtaq Chandna

### Members PTCL Board

Abdulrahim A. Al Nooryani

Hamed Yaqoob Sheikh

Hatem Dowidar

Dr. Iram Anjum Khan

Mikhail Gerchuk

Dr. Mohamed Karim Bennis

Syed Hussnain Abbas Kazmi

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

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## 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 half year ended 30th June 2022. The financial statements have been reviewed by the statutory auditors.

During the first six months of 2022, PTCL Group successfully managed to keep the top line growth momentum, which further strengthened its market standing as an integrated telecom services provider in Pakistan. Growth in revenue is mainly driven by strong performance in the consumer segment led by fixed broadband, mobile data, and business solutions, along with microfinance services that supported the Group in achieving 5.7% growth in revenue over the comparative period despite the challenges of increase in Advance Income Tax (AIT) and reduction in Mobile Termination Rates (MTR).

During the period under review, PTCL Group's revenue of Rs 71.7 billion is 5.7% higher as compared to the same period of last year. 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 factors like upfront costs associated with the acquisition of 4G spectrum and related network rollout. The Group has posted a net loss of Rs 3.1 billion. PTCL continued its growth momentum by posting 4.7% YoY revenue growth. PTML's (Ufone) revenue grew by 3.5% as compared to the same period of last year. U Bank has achieved 25.0% growth in its revenue over last year.

PTCL's revenue of Rs 40.0 billion for the period is 4.7% higher than 2021, mainly driven by growth in broadband and business solutions segments. The company has posted an operating profit of Rs 1.9 billion. Operating profit for the period remained under pressure due to increase in operating costs on account of significant hike in power and fuel tariffs. Net profit of Rs 5.2 billion for the period is 38.8% 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 32.6% decrease at operating profit level to a 38.8% increase at the net profit level.

During the half year, the company's fixed broadband business grew by 10.7% YoY, whereas IPTV segment also showed 8.6% growth YoY. Within the broadband business, Flash Fiber, the company's premium Fiber-to-the-Home (FTTH) service, showed significant growth of 91.7% and has helped PTCL in achieving consistent performance and enhanced customer experience. PTCL has expanded its FTTH services in 28 cities, and the subscriber base has doubled on a YoY basis as the company continued to tap into the demand for growing internet and data services. Voice revenue stream has seen a decline due to lower voice traffic and continued conversion of customers to OTT services.

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.

Post spectrum acquisition, Ufone has achieved growth in 4G subscriber base and data services leading to a 3.5% YoY growth in topline despite the challenges of increase in Advance Income Tax (AIT) and reduction in Mobile Termination Rates (MTR). Ufone continued to expand its network footprint across the country and has significantly modernized its network to 4G since spectrum acquisition. The company has one of the fastest growing 4G subscriber base in the country. Ufone's customer experience remains one of the best within the industry, backed by higher data speeds and industry first innovative products such as 'UPower' that has received tremendous

response from the customers. External factors like the devaluation of Pak Rupee, rising interest rates and hike in power / fuel tariffs have adversely impacted the company's bottom-line. 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 has achieved 25.0% YoY growth in its revenue by expanding its advances portfolio. The balance sheet footing of the bank reached Rs 114 billion as the bank continued to diversify its asset classes and funding streams while ensuring positive bottom-line impact. 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 Pakistani company, PTCL Group is at the forefront in extending support to the community through various CSR initiatives including collaboration with GSMA to significantly expand its women customer base by the year 2025 and the provision of its flagship Wi-Fi internet devices 'Blaze' to participants of the KPK Women Civic Internship Program to support their pursuit of personal and professional growth. PTCL & Ufone 4G joined hands with the National Emergency Center of the Government of Pakistan to extend its support for UNICEF's Polio Eradication Campaign in Pakistan. PTCL Group also supported the local fishermen community of Karachi to ensure the safety of small-scale fishermen during high tide season by donating life jackets.

Your attention is drawn to note 14.3 of PTCL's interim financial statements for the period, which describes that matters relating to certain employees' rights under the PTCL pension scheme are pending with various courts, as highlighted by external auditors in their review report.

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

Islamabad: July 18, 2022

## ڈائریکٹرز کا جائزہ

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے ڈائریکٹرز 30 جون 2022 کو ختم ہونے والی ششماہی کیلئے کمپنی کے مالی حسابات اپنے شیئر ہولڈرز کو پیش کرتے ہوئے خوش محسوس کر رہے ہیں، جن کا قانونی آڈیٹرز نے جائزہ بھی لے لیا ہے۔

پی ٹی سی ایل گروپ نے 2022 کی پہلی ششماہی کے دوران بھی اپنی ترقی کی رفتار کو برقرار رکھا اور ملک میں سب سے بڑے ٹیلی کام خدمات فراہم کرنے والے گروپ کے طور پر اپنی مارکیٹ کو مزید مضبوط کیا۔ آمدنی میں اضافہ بنیادی طور پر عوامی صارفین کے سیکمنٹ کی مضبوط کارکردگی سے ہوا ہے جس میں نمایاں کردار فیکسڈ براڈ بینڈ، موبائل ڈیٹا، برنس سلسلہ اور مائیکرو فنانس سروسز نے ادا کیا ہے، جس نے ایڈوائس اکم ٹیکس (AIT) میں اضافے اور موبائل فریمینٹیشن ریٹ (MTR) میں کمی کے چیلنجز کے باوجود تقابلی مدت کے دوران آمدن میں 5.7 فیصد اضافے کے حصول کو ممکن بنایا۔

اس سال کی پہلی ششماہی کے دوران، پی ٹی سی ایل گروپ کی 71.7 ارب روپے کی آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 5.7 فیصد زیادہ ہے۔ بجلی 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 سیکٹر کے حصول اور متعلقہ نیٹ ورک رول آؤٹ کے ساتھ منسلک پیشگی لاگت کی وجہ سے گروپ کا منافع دباؤ کا شکار رہا۔ گروپ کو 3.1 ارب روپے کا خالص نقصان ہوا ہے۔ پی ٹی سی ایل نے 2022 کی پہلی ششماہی کے دوران 4.7 فیصد سال بہ سال آمدن میں اضافے کی شرح کو برقرار رکھا۔ پی ٹی ایم ایل (یو فون) کی آمدنی میں موجودہ ششماہی میں گزشتہ سال کی بہ نسبت 3.5 فیصد اضافہ ہوا جب کہ یونیک نے بھی اپنی ترقی کی رفتار کو برقرار رکھا اور گزشتہ سال کی اسی مدت کے مقابلے میں 25 فیصد منافع حاصل کیا۔

رواں سال کی پہلی ششماہی میں پی ٹی سی ایل نے 39.9 ارب روپے کی آمدن حاصل کی جو گزشتہ سال کی اسی مدت کے مقابلے میں 4.7 فیصد زیادہ ہے، آمدن کے حصول میں کامیابی کی نمایاں وجہ براڈ بینڈ اور کارپوریٹ ریونیو کے شعبوں میں ترقی کی شرح میں اضافہ رہی۔ کمپنی نے اس ششماہی میں 1.9 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 کے بڑھتے نرخ کے باعث آپریٹنگ لاگت میں اضافہ تھا۔ اسی مدت میں ہونے والا 15.2 ارب روپے کا خالص منافع گزشتہ سال کی اسی مدت کے دوران ہونے والے منافع سے 38.8 فیصد زیادہ ہے۔ غیر آپریٹنگ آمدنی میں اضافے کی وجہ کمپنی کے غیر ملکی کرنسی کے اثاثوں، ذیلی کمپنی سے ڈیویڈنڈ کی آمدنی اور نیٹ ورک کی اپ گریڈیشن و فائبر انزیشن کے باعث بے کار و متروک اثاثوں کی فروخت سے حاصل ہونے والی آمدنی تھی۔ جس سے خالص منافع کی سطح پر 32.6 فیصد کمی کو دور کرنے میں مدد ملی۔

گزشتہ ششماہی کے دوران کمپنی کے فیکسڈ براڈ بینڈ کاروبار میں سالانہ 10.7 فیصد اضافہ دیکھا گیا جب کہ آئی ٹی وی کے شعبے میں بھی سالانہ 8.6 فیصد اضافہ ہوا۔ براڈ بینڈ کے برنس میں پی ٹی سی ایل کی پریئم فائبروڈی ہوم (FTTH) سروس فلیش فائبر نے 91.7 فیصد کی نمایاں نمو فراہم کی جس سے پی ٹی سی ایل کو اپنی 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 28 شہروں میں فائبروڈی 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۔ وائس ٹریک میں کمی کی وجہ سے وائس ریونیو میں کمی آئی اور اوور دی ٹاپ سروسز کی جانب صارفین کی منتقلی جاری رہی۔

برنس سلسلہ کے شعبے میں 5.1 فیصد کی مجموعی سالانہ آمدنی میں اضافے کی رفتار کو برقرار رکھتے ہوئے IP بینڈ تھ، کاؤڈ، ڈیٹا سینٹر اور دیگر ICT خدمات کے ذریعے مارکیٹ میں اپنی لیڈنگ حیثیت کو برقرار رکھا۔ پی ٹی سی ایل کے کارپوریٹ برنس میں گزشتہ سال کے مقابلے میں 15 فیصد اضافہ ہوا۔ ہول سیل برنس سیکمنٹ کے اندر کیریئر ریونیو میں 9.6 فیصد اضافہ ہوا لیکن کچھ بین الاقوامی آئی پی لیزڈ سروسز کی بندش کے باعث ہول سیل سیکمنٹ کی مجموعی آمدنی میں کمی واقع ہوئی۔ انٹرنیشنل ریونیو میں کمی کی قدر میں کمی کے باعث سازگار حالات دیکھے گئے اور گزشتہ سال کے مقابلے میں 14 فیصد اضافہ ہوا۔ پی ٹی سی ایل ایک مضبوط ٹیلی کمیونیکیشن انفراسٹرکچر اور بہتر کسٹمر کے تجربے کے ساتھ خدمات کے متنوع پورٹ فولیو کے ذریعے اپنے شراکت داروں کو جدید، قابل اعتماد اور پختہ فراہم کرنے کی کوشش کرتا ہے۔

4G سیکٹر کے حصول کے بعد یو فون نے ایڈوائس اکم ٹیکس (AIT) میں اضافے اور موبائل فریمینٹیشن ریٹ (MTR) میں کمی کے چیلنجز کے باوجود 4G کسٹمرز کی تعداد میں اضافہ اور ڈیٹا سروسز میں نمایاں ترقی حاصل کی، جس کے باعث ٹاپ لائن میں سالانہ 3.5 فیصد اضافہ ہوا۔ یو فون نے پورے ملک میں اپنے نیٹ ورک کے اثرات کو بڑھانا جاری رکھا اور سیکٹر کے حصول کے بعد سے اپنے نیٹ ورک کو 4G میں نمایاں طور پر جدید بنایا ہے۔ کمپنی کے پاس ملک میں سب سے تیزی سے بڑھتے ہوئے 4G سبسکرائبرز میں سے ایک ہے۔ یو پاور کسٹمرز کیلئے ایک نئی، جدید اور منفرد پروڈکٹ ہے، جس نے صارفین کی طرف سے زبردست کامیابی 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۔ VIS کریڈٹ ریٹنگ کمپنی ڈبل اے مائیس 1/اے ون کی آؤٹ لک پر اپنی ابتدائی ریٹنگ میں یو فون کو "سٹیبل" کا درجہ دیا ہے۔ ایک آزاد پلیٹ فارم سے ہونے والی یہ درجہ بندی درحقیقت یو فون کی مالیاتی طاقت کا اعتراف ہے، اس کے علاوہ بہترین کریڈٹ کوالٹی اور اعلیٰ بنیادی تحفظ کے عوامل کا اظہار کرنے کے ساتھ ساتھ یو فون پراس کے تمام سٹیک ہولڈرز کے اعتماد کا بھی منہ بولتا ثبوت ہے۔ پی ٹی سی ایل کے مائیکرو فنانس اور برانچ لیس بینکنگ کے ذیلی ادارے یونیک نے اپنی ترقی کی رفتار کو جاری رکھا اور اپنے ایڈوائس پورٹ فولیو کو وسعت دے کر اپنی آمدنی میں 25 فیصد سال بہ سال اضافہ حاصل کیا۔ یونیک کی بیلنس شیٹ کی سطح 114 ارب روپے تک پہنچ گئی، کیونکہ یونیک نے مثبت نچلے درجے کے اثرات کو یقینی بناتے ہوئے اپنی فنڈنگ کے سلسلے اور اثاثوں کی کلاسوں کو متنوع بنانا جاری رکھا۔ مائیکرو فنانس بینکنگ کے بنیادی مقاصد کو مد نظر رکھتے ہوئے یونیک ایک ایسا کاروباری سٹرکچر تشکیل دے رہا ہے جس میں معاشرے کے تمام طبقات کی شمولیت یقینی بنائی جائے اور پاکستان کے زیادہ لوگوں کو بینکنگ نیٹ میں شامل کیا جاسکے۔

ایک قومی کیریئر اور پاکستانی ٹیلی کام کمپنی ہونے کے ناطے پی ٹی سی ایل مختلف سوئٹل ایکٹیویٹیز کے ذریعے کمیونیکیشن کو تعاون فراہم کرنے میں بھی سب سے نمایاں ہے۔ اس مدت کے دوران سال 2025 تک پاکستانی خواتین کو معاشرے میں بلند مقام فراہم کرنے کیلئے GSMA کے تعاون سے خیریت خواتین میں ویمن سوک انٹرنل شپ پروگرام کا اہتمام کیا جس میں پروگرام کی شرکاء میں فلیگ شپ ڈیوائس بلیر فراہم کی گئی تاکہ اس کے ذریعے ان کی ذاتی اور پیشہ ورانہ ترقی کے حصول میں مدد کی جاسکے۔ پی ٹی سی ایل اور یو فون 4G نے پاکستان میں یونیسیف کی پولیو کے خاتمے کی مہم میں حکومت پاکستان کے فیصلے ایمرجنسی سینٹر کے ساتھ تعاون کیا۔ پی ٹی سی ایل گروپ نے کراچی میں مقامی ماہی گیروں کی کمیونٹی کی بھی مدد کی تاکہ تیز لہروں کے موسم میں چھوٹے ماہی گیروں کی حفاظت کو یقینی بنایا جاسکے۔

آخر میں آپ کی توجہ اس مدت کیلئے پی ٹی سی ایل کے عبوری مالیاتی سٹیٹمنٹ کے نوٹ 14.3 کی طرف مبذول کرائی گئی ہے، جو یہ بتاتا ہے کہ پی ٹی سی ایل پشٹن سیکم کے تحت بعض ملازمین کے حقوق سے متعلق معاملات مختلف عدالتوں میں زیر التوا ہیں، جیسا کہ بیرونی آڈیٹرز نے اپنی جائزہ رپورٹ میں روشنی ڈالی ہے۔

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 ہر سہولت فراہم کرنے والا پارٹنر اور شیئر ہولڈرز کی ویلیو میں اضافہ کرنے والا نیٹ ورک بن سکے۔

حاتم محمد با مطرف

صدر اور گروپ چیف ایگزیکٹو آفیسر

حسن مشتاق چاندہ

چیئر مین، بورڈ آف ڈائریکٹرز پی ٹی سی ایل

اسلام آباد: 18 جولائی 2022

## NOTES



**CONDENSED INTERIM  
FINANCIAL STATEMENTS**  
FOR THE SIX MONTHS PERIOD ENDED  
JUNE 30, 2022 (UN-AUDITED)

## INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF PAKISTAN TELECOMMUNICATION COMPANY LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

### INTRODUCTION

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Telecommunication Company Limited ("the Company") as at 30 June 2022 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 condensed interim 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 14.3 to the interim financial statements, which describes that matters relating to certain employees' rights under the PTCL pension scheme are pending with various courts. The ultimate outcome of these matters 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

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended 30 June 2022 and 30 June 2021 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' report is Atif Zamurrad Malik.



KPMG Taseer Hadi & Co.  
Chartered Accountants

Islamabad:  
August 26, 2022  
UDIN Number: RR202210111HEWkzumYB

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022 (UN-AUDITED)

Note	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>Equity and liabilities</b>		
<b>Equity</b>		
<b>Share capital and reserves</b>		
Share capital	51,000,000	51,000,000
Revenue reserves		
General reserve	27,497,072	27,497,072
Unappropriated profit	26,345,402	21,156,077
	53,842,474	48,653,149
	104,842,474	99,653,149
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred income tax	2,162,861	2,897,782
Employees retirement benefits	27,532,750	27,065,257
Deferred government grants	13,446,073	8,618,967
Long term loans from banks	5,000,000	-
Advances from customers	1,821,522	1,649,806
Lease liabilities	1,216,832	1,307,056
	51,180,038	41,538,868
<b>Current liabilities</b>		
Trade and other payables	105,526,404	103,320,087
Short term running finance	1,091,686	-
Security deposits	596,447	591,137
Unpaid / unclaimed dividend	209,953	210,317
Current maturity of lease liabilities	410,900	421,755
	107,835,390	104,543,296
<b>Total equity and liabilities</b>	<b>263,857,902</b>	<b>245,735,313</b>

Contingencies and commitments 14

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

Note	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	122,670,916	121,507,885
Right of use assets	1,833,056	2,085,452
Intangible assets	1,733,733	1,866,109
	126,237,705	125,459,446
Long term investments	38,736,284	30,736,284
Long term loans and advances	8,080,177	9,077,445
Contract costs	577,977	580,895
	173,632,143	165,854,070
<b>Current assets</b>		
Stores and spares	8,447,812	5,575,040
Contract costs	1,733,931	1,742,684
Trade debts and contract assets	33,367,594	27,936,723
Loans and advances	6,876,204	4,931,477
Income tax recoverable	16,143,327	18,548,005
Receivable from GoP	2,164,072	2,164,072
Prepayments and other receivables	17,608,392	16,427,088
Cash and bank balances	3,884,427	2,556,154
	90,225,759	79,881,243
<b>Total assets</b>	<b>263,857,902</b>	<b>245,735,313</b>

  
**Chief Financial Officer**
  
**President & CEO**
  
**Chairman**
  
**Chief Financial Officer**
  
**President & CEO**
  
**Chairman**

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2022 Rs '000	June 30, 2021 Rs '000	June 30, 2022 Rs '000	June 30, 2021 Rs '000
Revenue	15	20,387,850	19,255,448	39,989,584	38,187,210
Cost of services		(16,126,885)	(15,028,504)	(31,525,361)	(29,494,504)
Gross profit		4,260,965	4,226,944	8,464,223	8,692,706
Administrative and general expenses		(1,991,079)	(1,786,350)	(3,898,675)	(3,527,886)
Selling and marketing expenses		(907,213)	(826,238)	(1,866,059)	(1,607,665)
Impairment loss on trade debts and contract assets		(418,184)	(363,112)	(808,478)	(752,681)
		(3,316,476)	(2,975,700)	(6,573,212)	(5,888,232)
Operating profit		944,489	1,251,244	1,891,011	2,804,474
Other income	16	4,228,455	1,695,452	6,032,455	2,626,601
Finance costs		(111,742)	(112,020)	(178,206)	(163,544)
Profit before tax		5,061,202	2,834,676	7,745,260	5,267,531
Provision for income tax		(1,777,558)	(822,056)	(2,555,935)	(1,527,584)
Profit for the period		3,283,644	2,012,620	5,189,325	3,739,947
Earnings per share					
- basic and diluted (Rupees)		0.64	0.39	1.02	0.73

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

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2022 Rs '000	June 30, 2021 Rs '000	June 30, 2022 Rs '000	June 30, 2021 Rs '000
Profit for the period	3,283,644	2,012,620	5,189,325	3,739,947
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	3,283,644	2,012,620	5,189,325	2,626,553

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 CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

Note	Six months ended	
	June 30, 2022 Rs '000	June 30, 2021 Rs '000
<b>Cash flows from operating activities</b>		
Cash generated from operations	17	7,855,598
Employees retirement benefits paid		(1,239,637)
Advances from customers		242,611
Income tax paid		(886,177)
<b>Net cash inflow from operating activities</b>		5,972,395
<b>Cash flows from investing activities</b>		
Capital expenditure		(8,996,395)
Acquisition of intangible assets		(174,569)
Proceeds from disposal of property, plant and equipment		1,342,125
Addition to contract costs		(1,830,598)
Short term investment		-
Investment in Pak Telecom Mobile Limited		(8,000,000)
Long term loans and advances		66,493
Return on long term loan to subsidiaries		396,222
Long term loans to subsidiaries		833,333
Dividend Income from Subsidiary		195,286
Return on short term investments and bank deposit		79,216
Government grants received		5,538,387
<b>Net cash outflow from investing activities</b>		(10,550,500)
<b>Cash flows from financing activities</b>		
Dividend paid		(364)
Proceeds from long term loan from Banks		5,000,000
Lease liabilities		(184,944)
<b>Net cash in / (out) flow from financing activities</b>		4,814,692
<b>Net increase in cash and cash equivalents</b>		236,587
<b>Cash and cash equivalents at the beginning of the period</b>		2,556,154
<b>Cash and cash equivalents at the end of the period</b>	18	2,792,741

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 SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves		Total
	Class "A"	Class "B"	General reserve	Unappropriated profit	
(Rupees in '000)					
Balance as at December 31, 2020	37,740,000	13,260,000	27,497,072	15,512,733	94,009,805
Total comprehensive income for the period					
Profit for the six months period ended June 30, 2021	-	-	-	3,739,947	3,739,947
Other comprehensive income for the period - loss	-	-	-	(1,113,394)	(1,113,394)
	-	-	-	2,626,553	2,626,553
Balance as at June 30, 2021	37,740,000	13,260,000	27,497,072	18,139,286	96,636,358
Total comprehensive income for the period					
Profit for the six months period ended December 31, 2021	-	-	-	3,134,030	3,134,030
Other comprehensive income for the period - loss	-	-	-	(117,239)	(117,239)
	-	-	-	3,016,791	3,016,791
Balance as at December 31, 2021	37,740,000	13,260,000	27,497,072	21,156,077	99,653,149
Total comprehensive income for the period					
Profit for the six months period ended June 30, 2022	-	-	-	5,189,325	5,189,325
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	5,189,325	5,189,325
Balance as at June 30, 2022	37,740,000	13,260,000	27,497,072	26,345,402	104,842,474

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 SIX MONTHS PERIOD ENDED JUNE 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 SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

### 6. LONG TERM LOANS FROM BANKS

During the period the Company availed a Synicate 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. This facility is secured through hypothecation of assets in favour of the MCB Bank Limited - Security Agent (for the benefit of the Syndicate) amounting to Rs. 14,666,666 thousand. The loan is repayable in 6 bi-annual instalments commencing from 15 December 2026 and carries mark-up of 3 month KIBOR plus 0.30% (2021: Nil).

	Note	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>7. TRADE AND OTHER PAYABLES</b>			
Trade creditors		13,171,467	13,495,298
Accrued and other liabilities	7.1	33,011,491	33,308,502
Technical services assistance fee	7.2	33,155,047	30,644,507
Advances from customers / contract liabilities		7,615,311	7,136,903
Retention money / payable to contractors and suppliers		6,035,693	6,666,995
Payable to subsidiaries on account of group taxation		10,070,728	10,070,728
Sales tax payable		1,790,862	1,505,864
Income tax collected / deducted at source		675,805	491,290
		105,526,404	103,320,087
<b>7.1 Accrued and other liabilities</b>			
Accrued liability for operational expenses		8,155,368	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		10,654,767	10,670,730
Accrued wages		1,584,016	2,318,258
Others		506,537	561,593
		33,011,491	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 million (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	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	9.1	105,970,035	107,937,650
Capital work-in-progress	9.3	16,700,881	13,570,235
		122,670,916	121,507,885

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

Note	June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
<b>9.1 Operating fixed assets</b>		
Opening net book value	107,937,650	103,724,068
Additions during six months period	9.2 5,865,748	10,190,659
	113,803,398	113,914,727
Disposals during the period - at net book value	[22,844]	[14,931]
Depreciation charge for the period	[7,810,519]	[7,580,381]
	[7,833,363]	[7,595,312]
Closing net book value	105,970,035	106,319,415
<b>9.2 Detail of additions during the period:</b>		
Buildings on freehold land	70,144	411,101
Buildings on leasehold land	8,707	128,919
Lines and wires	2,244,863	3,456,810
Apparatus, plant and equipment	3,252,377	5,270,954
Office equipment	98,045	431,681
Computer equipment	49,733	17,276
Furniture and fittings	12,847	7,072
Vehicles	55,393	434,972
Submarine cables	73,639	31,874
	5,865,748	10,190,659

**9.3** Additions to CWIP during the six months period ended June 30, 2022 were Rs 9,083,041 thousand (June 30, 2021: Rs 9,777,545 thousand).

### 10. LONG TERM INVESTMENT

During the period investment of Rs 8,000,000 thousand was made in Pak Telecom Mobile Limited against issuance of 800,000,000 ordinary shares of Rs 10 each for consideration paid in cash.

	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>11. LONG TERM LOANS AND ADVANCES</b>		
Loans to PTML - unsecured	4,749,999	5,749,999
Loans to Ubank - unsecured	2,200,000	2,200,000
Loans to employees - secured	833,368	973,822
Others	296,810	153,624
	8,080,177	9,077,445

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>12. TRADE DEBTS AND CONTRACT ASSETS</b>		
Trade debts	35,548,985	30,463,686
Contract assets	4,811,401	4,484,029
	40,360,386	34,947,715
Allowance for expected credit loss	[6,992,792]	[7,010,992]
	33,367,594	27,936,723
<b>13. CASH AND BANK BALANCES</b>		
Cash in hand	161,988	71,671
Balances with banks:	13.1	
Deposit accounts local currency	780,216	1,280,946
Current accounts		
Local currency	690,405	269,498
Foreign currency	2,251,818	934,039
	2,942,223	1,203,537
	3,884,427	2,556,154

**13.1** Bank balance includes Rs 1,054 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 as disclosed in note 14.1 and 14.2.

**14.1** For the tax years 2007, 2009, 2010, 2011 to 2021, Taxation Officer disallowed certain expenses and tax credits. The impugned orders were challenged at the relevant appellate forums which allowed partial relief thereof. After taking into account the orders of CIR (Appeals), ATIR as well as rectification orders tax impact of the disallowances is Rs 62,684,014 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** 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.

**14.3** 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.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

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. However the ultimate outcome of these matters cannot be determined.

	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>14.4 Bank guarantee and bid bonds issued in favour of :</b>		
Universal Service Fund (USF) against government grants	8,643,027	9,058,005
Others	2,468,008	2,809,251
	11,111,035	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).

	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>14.5 Commitments</b>		
Contracts for capital expenditure	8,158,532	7,319,139
Letter of comforts in favour of PTML	3,500,000	3,500,000
Corporate guarantee in favour of PTML	39,791,416	27,991,416
	51,449,948	38,810,555

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

### 15. REVENUE

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

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

	Six months ended	
	June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
<b>Revenue segments</b>		
Broadband and IPTV	17,014,962	15,375,817
Voice services	4,557,271	5,080,896
Wireless data	1,111,569	1,264,414
<b>Revenue from retail customers</b>	22,683,802	21,721,127
Corporate and wholesale	13,051,559	12,733,100
International	4,254,223	3,732,983
<b>Total revenue</b>	39,989,584	38,187,210

15.1 Revenue is stated net of trade discount amounting to Rs 28,480 thousand (June 30, 2021 Rs 36,060 thousand) and Federal Excise Duty and sales tax amounting to Rs 6,379,489 thousand (June 30, 2021: Rs 5,757,914 thousand).

		Six months ended	
		June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
	Note		
<b>16. OTHER INCOME</b>			
Income from financial assets	16.1	2,926,964	911,069
Income from non-financial assets		3,105,491	1,715,532
		6,032,455	2,626,601

16.1 Income from financial assets include Rs 24 thousand (June 30, 2021: Rs 147 thousand) earned from Shariah arrangements.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	Six months ended	
	June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
<b>17. CASH GENERATED FROM OPERATIONS</b>		
Profit before tax	7,745,260	5,267,531
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	7,810,519	7,580,381
Amortization of intangible assets	306,946	245,142
Depreciation of right of use assets	252,396	198,145
Amortization of contract costs	1,842,269	1,802,498
Provision for obsolete stores and spares	(8,635)	(24,965)
Impairment loss on trade debts and contract assets	808,478	752,681
Provision for employees retirement benefits	2,096,674	2,042,317
Gain on disposal of property, plant and equipment	(1,319,281)	(522,016)
Return on bank deposits	(77,934)	(413,579)
Imputed interest on long term loans	(36,429)	15,706
Imputed interest on lease liabilities	83,865	69,187
Return on long term loan to subsidiaries	(546,036)	(388,926)
Unearned revenue realised	(70,894)	(76,277)
Dividend Income	(195,286)	-
Release of deferred government grants	(711,281)	(751,647)
	17,980,631	15,796,178
Effect on cash flows due to working capital changes:		
Decrease / (increase) in current assets:		
Stores and spares	(2,864,137)	(465,379)
Trade debts and contract assets	(6,239,349)	(2,611,351)
Loans and advances	(1,810,854)	(467,343)
Prepayments and other receivables	(1,422,317)	(950,042)
	(12,336,657)	(4,494,115)
Increase in current liabilities:		
Trade and other payables	2,206,314	3,788,378
Security deposits	5,310	3,125
	7,855,598	15,093,566
<b>18. CASH AND CASH EQUIVALENTS</b>		
Short term investments	-	10,572,022
Cash and bank balances	3,884,427	5,434,899
Short term running finance	(1,091,686)	-
	2,792,741	16,006,921

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

		Six months ended	
		June 30, 2022 (Un-Audited) Rs '000	June 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	1,535,507 1,431,865
ii.	Subsidiaries	Sale of goods and services Purchase of goods and services Mark up on long term loans Dividend income Investment made during the period	2,648,813 1,348,688 557,123 195,286 8,000,000 2,497,999 1,413,217 389,678 - -
iii.	Associated undertakings	Sale of goods and services Purchase of goods and services	1,790,732 344,209 1,678,623 251,390
iv.	Employees contribution plan	PTCL Employees GPF Trust - net	2,522 27,331
v.	Employees retirement benefit plan	Contribution to the plan- Gratuity	391,716 36,202
vi.	Other related parties	Charge under license obligations USF grant received	849,123 5,538,387 839,568 1,685,266
vii.	Directors, Chief Executive and Key management personnel	Fee and remuneration including benefits and perquisites	557,683 376,368
		June 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		8,866,667	9,700,000
Trade debts			
- Subsidiaries		683,156	487,663
- Associated undertakings		19,450,957	15,311,907
Other receivables			
- Subsidiaries		11,724,095	10,524,113
- Associated undertakings		71,305	71,305
- Pakistan Telecommunication Employees Trust (PTET)		2,957	1,300
- Long term loans to executives and key management personnel		43,442	63,548
Bank deposit with subsidiary		201	209,678
Pakistan Telecommunication Employees Trust (PTET)		1,418,624	1,802,337
Investment			
- Subsidiaries		38,684,857	30,684,857

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>Payables to related parties</b>		
Trade creditors		
- Subsidiaries	2,684,108	2,468,785
- Associated undertakings	1,906,125	1,475,384
- The Government of Pakistan related entities	702,330	1,464,680
Payable to subsidiaries on account of group taxation	10,070,728	10,070,728
PTCL Employee GPF Trust	8,063	5,541
Security deposits from subsidiary	3,623	3,623
Retention money payable to associated undertakings	5,346	3,055
Technical services assistance fee payable to Etisalat	33,155,047	30,644,507
Pakistan Telecommunication Company Limited		
Employees Gratuity Fund	9,563	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
<b>As at June 30, 2022</b>					
Trade debts and contract assets	20,906,937	(2,733,182)	18,173,755	22,186,631	40,360,386
Trade creditors	(3,098,951)	2,733,182	(365,769)	(12,805,698)	(13,171,467)
<b>As at December 31, 2021</b>					
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

22.1 This condensed interim financial statements for the six months period ended June 30, 2022 were authorized for issue by the Board of Directors of the Company on July 18, 2022.



## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED  
JUNE 30, 2022 (UN-AUDITED)

Chief Financial Officer

President & CEO

Chairman




## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022 (UN-AUDITED)

	Note	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Share capital and reserves</b>			
Share capital		51,000,000	51,000,000
Revenue reserves			
General reserve		27,497,072	27,497,072
Unappropriated profit		5,392,647	9,107,014
		32,889,719	36,604,086
Statutory and other reserves		789,313	789,313
Unrealized loss on investments measured at fair value through OCI		(28,788]	(288,630]
		84,650,244	88,104,769
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loans from banks		55,812,230	52,242,044
Subordinated debt		1,449,100	449,100
Deposits from banking customers		1,312,583	1,323,709
Lease liabilities		13,675,965	14,879,122
Deferred income tax		-	2,499,975
Employees retirement benefits		27,575,781	27,097,185
Deferred government grants		27,008,062	20,377,148
Advances from customers		1,821,522	1,651,860
License fee payable		25,504,568	21,006,989
Long term vendor liability		34,955,081	35,600,437
		189,114,892	177,127,569
<b>Current liabilities</b>			
Trade and other payables	6	105,757,314	103,983,955
Deposits from banking customers		64,604,751	53,432,764
Interest accrued		1,418,781	1,033,404
Short term running finance		9,510,466	8,227,208
Current portion of:			
Long term loans from banks		8,492,847	11,162,076
Repo Borrowing		15,139,721	17,472,353
Subordinated debt		149,700	149,820
Lease liabilities		3,345,947	3,377,198
Long term vendor liability		17,445,910	10,386,943
License fee payable		4,794,910	4,809,781
Security deposits		1,460,117	1,364,880
Unpaid / unclaimed dividend		209,953	210,317
		232,330,417	215,610,699
<b>Total equity and liabilities</b>		506,095,553	480,843,037

### Contingencies and commitments 11

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



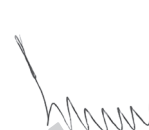
Chief Financial Officer



President & CEO



Chairman



Chief Financial Officer



President & CEO



Chairman

	Note	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	209,129,132	204,872,579
Right of use assets		15,852,075	17,154,073
Intangible assets		68,032,279	71,171,339
Long term investments		51,427	51,427
Long term loans and advances		1,130,177	1,127,445
Long term loans to banking customers		8,943,423	8,212,253
Deferred income tax		2,725,709	-
Contract costs		781,735	697,273
		306,645,957	303,286,389
<b>Current assets</b>			
Stock in trade, stores and spares		9,280,201	5,947,168
Trade debts and contract assets	8	34,659,358	29,190,559
Loans to banking customers		40,964,621	26,163,476
Loans and advances		5,133,547	3,356,292
Contract costs		2,816,479	2,879,400
Income tax recoverable		26,535,048	27,404,527
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposits, prepayments and other receivables		13,691,684	19,667,039
Short term investments	9	50,958,969	46,564,520
Cash and bank balances	10	13,245,617	14,219,595
		199,449,596	177,556,648
<b>Total assets</b>		506,095,553	480,843,037

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2022 Rs '000	June 30, 2021 Rs '000	June 30, 2022 Rs '000	June 30, 2021 Rs '000
Revenue	12	36,670,180	33,886,130	71,721,231	67,846,127
Cost of services		(28,873,726)	(25,252,739)	(56,172,940)	(49,886,214)
<b>Gross profit</b>		<b>7,796,454</b>	<b>8,633,391</b>	<b>15,548,291</b>	<b>17,959,913</b>
Administrative and general expenses		(4,873,675)	(4,483,389)	(9,483,616)	(8,880,527)
Selling and marketing expenses		(2,033,210)	(1,956,781)	(4,193,728)	(3,881,790)
Impairment loss on financial assets		(390,251)	(578,599)	(1,058,357)	(1,209,556)
		(7,297,136)	(7,018,769)	(14,735,701)	(13,971,873)
Operating profit		499,318	1,614,622	812,590	3,988,040
Other income	13	6,421,214	1,859,997	9,986,529	4,555,999
Finance costs		(9,441,599)	(1,716,707)	(15,480,254)	(4,522,761)
(Loss) / profit before tax		(2,521,067)	1,757,912	(4,681,135)	4,021,278
Provision for income tax		1,022,715	(429,791)	1,624,316	(1,086,351)
<b>(Loss) / profit for the period</b>		<b>(1,498,352)</b>	<b>1,328,121</b>	<b>(3,056,819)</b>	<b>2,934,927</b>

The annexed notes 1 to 21 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, 2022 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2022 Rs '000	June 30, 2021 Rs '000	June 30, 2022 Rs '000	June 30, 2021 Rs '000
(Loss) / profit for the period	(1,498,352)	1,328,121	(3,056,819)	2,934,927
Other comprehensive income for the period				
Items that will not be reclassified to consolidated 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 consolidated profit or loss:				
Gain on revaluation of assets	39,999	58,130	65,484	58,072
Gain / (loss) on revaluation of assets				
transferred to consolidated profit or loss	434,955	(23,810)	300,490	(79,490)
Tax effect	(137,736)	(3,341)	(106,132)	6,211
	337,218	30,979	259,842	(15,207)
Other comprehensive income / (loss) for the period - net of tax	340,224	30,979	262,848	(1,128,601)
Total comprehensive income / (loss) for the period	(1,158,128)	1,359,100	(2,793,971)	1,806,326

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

Chief Financial Officer

President & CEO

Chairman

Chief Financial Officer

President & CEO

Chairman



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

		Six months ended	
	Note	June 30, 2022 Rs '000	June 30, 2021 Rs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	10,643,250	25,357,412
Employees retirement benefits paid		(1,322,983)	(800,598)
Income tax paid		(2,625,757)	(1,761,535)
<b>Net cash inflow from operating activities</b>		6,694,510	22,795,279
<b>Cash flows from investing activities</b>			
Capital expenditure		(18,251,976)	(10,796,701)
Acquisition of intangible assets		(351,307)	(2,550,302)
Proceeds from disposal of property, plant and equipment		1,469,736	597,554
Additions to contract costs		(2,788,925)	(2,790,991)
Short term investments		(4,394,449)	(3,982,881)
Long term loans and advances		33,697	(92,800)
Government grants received		8,021,333	2,668,622
Return on long term loans and short term investments		2,849,993	1,522,255
<b>Net cash outflow from investing activities</b>		(13,411,898)	(15,425,244)
<b>Cash flows from financing activities</b>			
Loan from banks - proceeds		5,000,000	4,000,000
Loan from banks - repayments		(4,616,043)	(2,415,572)
Borrowings - Ubank (net)		(1,815,632)	4,783,114
Subordinated debt - proceeds		1,000,000	-
Subordinated debt - repayments		(120)	(120)
Vendor liability		6,413,611	(5,480,286)
Finance cost paid		(10,560,574)	(2,824,497)
Customers deposits		11,160,861	1,161,815
Lease liabilities		(2,121,587)	(1,494,045)
Dividend paid		(364)	(641)
<b>Net cash inflow / (outflow) from financing activities</b>		4,460,152	(2,270,232)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(2,257,236)	5,099,803
<b>Cash and cash equivalents at the beginning of the period</b>		5,992,387	12,024,517
<b>Cash and cash equivalents at the end of the period</b>	15	3,735,151	17,124,320

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 SIX MONTHS PERIOD ENDED JUNE 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 six months period ended June 30, 2021	-	-	-	2,934,927	-	-	2,934,927
Other comprehensive income	-	-	-	(1,113,394)	-	(15,207)	(1,128,601)
	-	-	-	1,821,533	-	(15,207)	1,806,326
Balance as at June 30, 2021	37,740,000	13,260,000	27,497,072	9,805,669	511,553	(14,578)	88,799,716
Loss for the six months period ended December 31, 2021	-	-	-	(359,662)	-	-	(359,662)
Other comprehensive income	-	-	-	(61,233)	-	(274,052)	(335,285)
	-	-	-	(420,895)	-	(274,052)	(694,947)
Transfer to statutory and other reserves	-	-	-	(277,760)	277,760	-	-
Balance as at December 31, 2021	37,740,000	13,260,000	27,497,072	9,107,014	789,313	(288,630)	88,104,769
Adjustment on initial application of IFRS 9 by U Bank	-	-	-	(660,554)	-	-	(660,554)
Adjusted balance as at January 1, 2022	37,740,000	13,260,000	27,497,072	8,446,460	789,313	(288,630)	87,444,215
Total comprehensive income for the period							
Loss for the six months period ended June 30, 2022	-	-	-	(3,056,819)	-	-	(3,056,819)
Other comprehensive income	-	-	-	3,006	-	259,842	262,848
	-	-	-	(3,053,813)	-	259,842	(2,793,971)
Balance as at June 30, 2022	37,740,000	13,260,000	27,497,072	5,392,647	789,313	(28,788)	84,650,244

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 SIX MONTHS PERIOD ENDED JUNE 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 SIX MONTHS PERIOD ENDED JUNE 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 SIX MONTHS PERIOD ENDED JUNE 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
<b>Financial assets</b>				
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
<b>Financial assets</b>					
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	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>6. TRADE AND OTHER PAYABLES</b>			
Trade creditors		14,397,655	13,659,146
Accrued and other liabilities	6.1	38,549,357	40,304,005
Technical services assistance fee		33,155,047	30,644,507
Advances from customers/ contract liability		11,013,659	10,558,009
Retention money / payable to contractors and suppliers		6,035,693	6,666,995
Income tax collected from subscribers / deducted at source		789,948	636,931
Sales tax payable		1,815,955	1,514,362
		105,757,314	103,983,955

<b>6.1 Accrued and other liabilities</b>			
Accrued liability for operational expenses		12,118,269	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		11,848,205	12,481,453
Accrued wages		1,815,774	2,628,658
Others		656,306	1,048,241
		38,549,357	40,304,005

<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	180,259,324	177,451,353
Capital work-in-progress	7.3	28,869,808	27,421,226
		209,129,132	204,872,579

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	Note	June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
<b>7.1 Operating fixed assets</b>			
Opening net book value		177,451,353	173,398,682
Additions during the period	7.2	16,803,394	15,807,296
		194,254,747	189,205,978
Disposals during the period - at net book value		(111,028)	(37,180)
Depreciation for the period		(13,884,395)	(13,511,508)
		(13,995,423)	(13,548,688)
Closing net book value		180,259,324	175,657,290

	June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
<b>7.2 Detail of additions during the period:</b>		
Buildings on freehold land	70,144	411,101
Buildings on leasehold land	8,707	128,919
Lines and wires	2,244,863	3,456,810
Apparatus, plant and equipment	13,485,840	10,537,983
Office equipment	176,691	471,485
Computer equipment	663,359	323,000
Furniture and fittings	24,758	11,152
Vehicles	55,393	434,972
Submarine cables	73,639	31,874
	16,803,394	15,807,296

**7.3** Additions to CWIP during the six months period ended June 30, 2022 were Rs 18,399,545 thousand (June 30, 2021: Rs 13,248,732 thousand).

	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>8. TRADE DEBTS AND CONTRACT ASSETS</b>		
Trade debts	37,256,645	32,135,064
Contract assets	5,027,431	4,711,533
	42,284,076	36,846,597
Allowance for expected credit loss	(7,624,718)	(7,656,038)
	34,659,358	29,190,559

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

Note	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>9. SHORT TERM INVESTMENTS</b>		
Amortized cost		
Pakistan Investment Bonds (PIBs)		
- Maturity up to 6 months	6,054,546	-
Term finance certificates - Maturity up to 6 months	981,719	-
Term deposit receipts - Maturity up to 6 months	5,000,000	7,750,000
Fair value through profit or loss		
Units of mutual fund	16,036,581	12,082,206
Fair value through other comprehensive income		
Sukuk	1,258,240	-
Market treasury bills - Maturity up to 6 months	21,627,883	20,996,827
Pakistan Investment Bonds (PIBs)		
- Maturity up to 6 months	-	5,735,487
	50,958,969	46,564,520
<b>10. CASH AND BANK BALANCES</b>		
Cash in hand	1,261,256	951,354
Balances with banks:	10.1	
Local currency		
Current account maintained with SBP	3,319,488	2,990,491
Current accounts	1,733,204	282,660
Saving accounts	3,915,949	8,404,468
	8,968,641	11,677,619
Foreign currency		
Current accounts	2,251,818	934,039
Saving accounts	763,902	656,583
	3,015,720	1,590,622
	13,245,617	14,219,595

**10.1** Bank balance includes Rs 1,054 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 and 11.2.

**11.1** For the tax years 2007, 2009, 2010, 2011 to 2021, Taxation Officer disallowed certain expenses and tax credits of the Holding Company. 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 62,684,014 thousand. Appeals on the remaining outstanding items are pending adjudication before ATIR. Reference in respect of 2007 is subjudice before 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 SIX MONTHS PERIOD ENDED JUNE 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** 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	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>11.4 Bank guarantees and bid bonds of Group issued in favor of:</b>		
Universal Service Fund (USF) against government grants	17,595,464	18,625,353
Pakistan Telecommunication Authority		
against 3G and 2G Licenses	3,277,547	2,824,217
Others	2,575,574	3,088,102
	23,448,585	24,537,672

**11.4.1** 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).

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	June 30, 2022 (Un-Audited) Rs '000	December 31, 2021 (Audited) Rs '000
<b>11.5 Commitments - Group</b>		
Standby Letter of Guarantee	12,800	10,600
Letters of credit for purchase of stock	721,152	1,083,835
Letters of comfort in favour of PTML	3,500,000	3,500,000
Commitments for capital expenditure	28,709,148	23,706,125
Corporate guarantee in favour of PTML	39,791,416	27,991,416
	72,734,516	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.

	Six months ended	
	June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
Broadband and IPTV	17,014,962	15,375,817
Cellular and other wireless services	25,855,983	25,592,762
Voice services	4,557,271	5,080,896
<b>Revenue from retail customers</b>	47,428,216	46,049,475
Corporate and wholesale	12,830,856	12,181,832
International	4,944,767	4,402,761
Banking	6,517,392	5,212,059
<b>Total revenue</b>	71,721,231	67,846,127

**12.1** Revenue is stated net of trade discount amounting to Rs 831,848 thousand (June 30, 2021: Rs 911,060 thousand) and Federal excise duty and sales tax amounting to Rs 11,049,793 thousand (June 30, 2021: Rs 10,393,914 thousand).

		Six months ended	
	Note	June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
<b>13. OTHER INCOME</b>			
Income from financial assets	13.1	5,784,796	1,714,080
Income from non-financial assets		4,201,733	2,841,919
		9,986,529	4,555,999

**13.1** Income from financial assets include Rs 24 thousand (June 30, 2021: Rs 147 thousand) earned from Shariah arrangements.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	Six months ended	
	June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
<b>14. CASH GENERATED FROM OPERATIONS</b>		
(Loss) / profit before tax	(4,681,135)	4,021,278
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	13,884,395	13,511,508
Amortization of intangible assets	3,490,367	1,829,444
Amortization of contract costs	2,767,384	2,574,399
Depreciation of right of use assets	2,101,153	1,951,637
Impairment loss on trade debts and contract assets	810,529	783,005
Impairment loss on non performing loans to banking customers	247,828	426,550
Provision for obsolete stores, spares and loose tools	(8,635)	(24,965)
Provision for employees retirement benefits	2,194,130	2,110,708
Imputed interest on long term loans	(36,429)	15,706
Imputed interest on lease liabilities	88,024	147,107
Unearned revenue realized	(70,894)	(59,217)
Gain on disposal of property, plant and equipment	(1,358,708)	(560,374)
Gain on disposal of investments measured at fair value	(65,484)	(58,072)
Return on bank deposits and Government securities	(2,664,183)	(1,518,985)
Release of deferred government grants	(1,390,419)	(1,526,990)
Finance costs	15,428,659	4,359,948
	30,736,582	27,982,687
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade, stores and spares	(3,324,398)	(529,660)
Trade debts and contract assets	(6,279,328)	(2,187,939)
Loans to banking customers	(16,440,697)	(3,440,424)
Loans and advances	(1,777,255)	(485,605)
Deposits, prepayments and other receivables	5,619,194	(725,224)
	(22,202,484)	(7,368,852)
Increase / (decrease) in current liabilities:		
Trade and other payables	2,013,915	4,769,910
Security deposits	95,237	(26,333)
	2,109,152	4,743,577
	10,643,250	25,357,412



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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

	Six months ended	
	June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
<b>15. CASH AND CASH EQUIVALENTS</b>		
Short term investments	-	10,572,022
Cash and bank balances	13,245,617	11,965,030
Short term running finance	(9,510,466)	(5,412,732)
	3,735,151	17,124,320

### 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
<b>Six months ended June 30, 2022</b>				
Segment revenue	38,878,015	29,732,550	6,517,901	75,128,466
Inter segment revenue	(2,641,349)	(765,377)	(509)	(3,407,235)
Revenue from external customers	36,236,666	28,967,173	6,517,392	71,721,231
Segment results	5,033,645	(8,583,453)	492,989	(3,056,819)
<b>Six months ended June 30, 2021</b>				
Segment revenue	36,922,796	28,915,642	5,212,253	71,050,691
Inter segment revenue	(2,498,000)	(706,370)	(194)	(3,204,564)
Revenue from external customers	34,424,796	28,209,272	5,212,059	67,846,127
Segment results	3,627,749	(1,362,842)	670,020	2,934,927
	Wireline	Wireless	Banking	Total
	Rs '000	Rs '000	Rs '000	Rs '000
<b>As at June 30, 2022</b>				
Segment assets	194,051,550	197,935,603	114,108,400	506,095,553
Segment liabilities	142,323,664	174,266,063	104,855,582	421,445,309
<b>As at December 31, 2021</b>				
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 SIX MONTHS PERIOD ENDED JUNE 30, 2022 (UN-AUDITED)

				Six months ended	
				June 30, 2022 (Un-Audited) Rs '000	June 30, 2021 (Un-Audited) Rs '000
<b>17. TRANSACTIONS WITH RELATED PARTIES</b>					
Relationship with the Group			Nature of transaction		
i.	Shareholders		Technical services assistance fee	2,510,243	2,374,614
ii.	Associated undertakings		Sale of goods and services	1,917,934	1,765,323
			Purchase of goods and services	478,959	257,130
			Prepaid rent	372,196	338,360
iii.	Employees	PTCL	Gratuity Fund	391,716	36,202
	benefits plans	PTML	Gratuity Fund	41,276	44,670
		U Bank	Gratuity Fund	30,609	23,897
iv.	Employees	PTCL	PTCL Employees GPF Trust - net	2,522	27,331
	contribution plans	PTML	Provident Fund	71,045	78,106
		U Bank	Provident Fund	27,269	20,109
v.	Other related parties		USF grant received	8,019,387	2,668,622
		PTCL	Charges under license obligation	849,123	839,568
		PTML	Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	12,000	10,750
vi.	Directors, Chief Executive and Key Management Personnel		Fee and remuneration including benefits and perquisites	942,855	930,959
				<b>June 30, 2022 (Un-Audited) Rs '000</b>	<b>December 31, 2021 (Audited) Rs '000</b>
<b>Trade debts</b>					
- Associated undertakings				19,482,217	15,338,645
<b>Deposits, prepayments and other receivables</b>					
- Associated undertakings				71,305	71,305
- Pakistan Telecommunication Employees Trust (PTET)				2,957	1,300
Pakistan Telecommunication Employees Trust (PTET)				1,418,624	1,802,337
<b>Long term loans to executives and key management personnel</b>				PTCL	
				43,442	63,548
<b>Trade and other payables</b>					
<b>Trade creditors</b>					
- Associated Undertakings				2,048,249	1,642,636
- The Government of Pakistan and its related entities				702,330	1,464,680
Retention money payable to associated undertaking				5,346	3,055
Technical assistance services fee payable to Etisalat				33,155,047	30,644,507
PTCL Employees GPF Trust				8,063	5,541
Pakistan Telecommunication Company Limited Employees Gratuity Fund				9,563	308,994
<b>PTML</b>					
- Gratuity Fund				40,088	28,523
- Provident Fund				26,614	-
<b>U Bank</b>					
- Gratuity Fund				2,941	2,240
- Provident Fund				(57)	1,555

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 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
<b>As at June 30, 2022</b>					
Trade debts and contract assets	22,546,183	(3,969,302)	18,576,881	23,707,195	42,284,076
Trade creditors	(4,403,888)	3,969,302	(434,586)	(13,963,069)	(14,397,655)
<b>As at December 31, 2021</b>					
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 six months period ended June 30, 2022 were authorized for issue by the Board of Directors of the Holding Company on July 18, 2022.



Chief Financial Officer



President & CEO



Chairman