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BOARD OF DIRECTORS

Chairman PTCL Board

Shoab Ahmad Siddiqui

Members PTCL Board

Abdulrahim A. Al Nooryani

Naveed Kamran Baloch

Rizwan Malik

Hatem Dowidar

Mudassar Hussain

Serkan Okandan

Hesham Al Qassim

Khalifa Al Shamsi

CORPORATE INFORMATION

Management

Rashid Naseer Khan

President & Chief Executive Officer

Mohammad Nadeem Khan

Chief Financial Officer

Syed Mazhar Hussain

Chief Human Resource Officer

Saad Muzaffar Waraich

Chief Technology & Information Officer and
Chief Business Services Officer

Sikandar Naqi

Chief Business Development Officer

Moqem ul Haque

Chief Commercial Officer & Chief Strategy Officer

Jahanzeb Taj

Chief Business Operations Officer

Muhammad Shehzad Yousuf

Chief Internal Auditor

Company Secretary

Saima Akbar Khattak

Legal Advisor

Zahida Awan

Executive Vice President (Legal Affairs)

Bankers

Conventional

Citibank N.A - Pakistan

Faysal Bank Limited

Habib Metropolitan Bank Limited

Habib Bank Limited

JS Bank Limited

Khushhali Bank Limited

MCB Bank Limited

Mobilink Microfinance Bank Limited

National Bank of Pakistan

NRSP Microfinance Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

The Bank of Punjab

Telenor Microfinance Bank Limited

The Bank of Khyber

United Bank Limited

U Microfinance Bank Limited

Islamic

Meezan Bank

Registered Office

PTCL Headquarters,

Sector G-8/4,

Islamabad-44000, Pakistan.

Fax: +92-51-2263733

E-mail: company.secretary@ptcl.net.pk

Web: www.ptcl.com.pk

Auditors

KPMG Taseer Hadi & Co.,

Chartered Accountants

Share Registrar

FAMCO Associates (Pvt.) Limited

8-F, Next to Hotel Faran, Nursery,

Block-6, P.E.C.H.S., 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 the financial statements of the Company for the half year ended 30th June 2019. The financial statements have been reviewed by the statutory auditors.

Despite tough economic conditions, PTCL Group's financial performance has shown marked improvement over the same period of last year. PTCL Group's revenue for the period has grown by 9% to Rs 66.3 billion as a result of an accelerated growth in Ufone and Ubank revenues. PTCL Group's operating profit and net profit for the period have improved by 20% and 10% respectively as a result of the revenue growth.

Ufone registered revenue growth in-line with the industry and was able to maintain its market share despite aggressive competition. Ufone has outperformed the industry in data subscribers' growth during the period. Super Card has remained the brand of choice for consumers, maintaining its market leadership in the industry. Ufone is implementing dynamic sharing of GSM/LTE in 1800MHz spectrum and has so far implemented commercial trials in 7 major cities.

Ubank has a network of 179 touch points, across 157 cities and rural areas in Pakistan, offering a wide range of microfinance loans, deposit products and branchless banking solutions. The bank is proud to be at the front line of fighting poverty in Pakistan and is dedicated to play a critical role in the implementation of National Financial Inclusion Strategy 2020 that aims to bring 50% of Pakistan's adult population into the banking net. The bank's deposit and loan portfolios grew by 34% and 42% respectively from 30th June 2018.

During the period under review, PTCL's revenue was Rs 35.8 billion which is marginally lower than the same period of last year. PTCL's flagship Fixed Broadband services posted revenue growth of 5%. Corporate and wholesale businesses continued its growth momentum and has achieved a double digit revenue growth. Wireless revenue for the period has declined due to strong competition from the cellular companies providing wireless data services. There is continued decline in domestic and international voice revenues due to conversion of subscribers to OTT and cellular services.

PTCL has posted a Net Profit after Tax which is 3% higher than same period of last year. Operating profit for the period remained under pressure mainly due to increase in operating cost on account of significant hike in power tariffs and currency devaluation. Non-operating income has increased due to higher income on investments as a result of significant increase in interest rates.

Your attention is drawn to note 12.1 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.

During the period, PTCL continued its Network Transformation project to upgrade its top 100 exchanges in different parts of Pakistan. So far, 76 exchanges have been fully transformed in 12 cities. For the transformed exchanges, year-on-year revenue growth is around 13% and there is a 30% reduction in customer complaints. To provide high quality content, with the least latency and best quality of service, PTCL has deployed cache nodes across the network for customers who are using Google, Facebook, Netflix, etc.

Focused on bringing value for our esteemed customers, PTCL has enhanced its corporate services portfolio from serving connectivity needs to becoming the customer's trusted security arm through offerings like cyber threat intelligence, IT Service Management solutions, virtual as well as physical firewalls, DNS and other security solutions. PTCL, through these concerted efforts, has become Pakistan's first Managed Security Service Provider (MSSP). During the period, the Company was able to successfully secure a data center deal with a local microfinance bank, multiple cloud services and ICT deals resulting in the on-boarding of several new customers to the platform.

PTCL, in collaboration with PTA and the telecom industry, is making concerted efforts to implement a new grey traffic monitoring and controlling system. The Company is working with its international retail partners, especially in the Gulf region, for securing international traffic termination to improve its international revenue stream. PTCL is also establishing strategic partnerships with neighboring countries to enable cross border connectivity. PTCL has signed

exclusive bandwidth provisioning agreement with SCO for Pakistan transit connectivity to Chinese operators from Pak-China border to international destinations.

PTCL partnered with Netflix, the world's leading subscription based video-on-demand service, for payment integration enabling PTCL customers to easily pay their Netflix subscription as part of their monthly PTCL broadband bill. PTCL also collaborated with brands like Careem, a ride-hailing service and Daraz, a leading e-commerce platform, to get lucrative discounts for our valued customers.

As a responsible corporate citizen, PTCL took a noteworthy step by adopting Sojhra Twin Schools, with over 553 children, in Khairpur Sindh to contribute towards the advancement of education in Pakistan. PTCL also collaborated with The Citizen's Foundation (TCF) by hosting their message on customer bills in an attempt to boost collection of donations for the provision of quality education to children of underprivileged communities studying at TCF schools nationwide. The Company has launched 'PTCL Razakaar Trust', a contributory fund, to support fellow employees who struggle to make ends meet for the education or medical needs of their dependents and to assist employees who are challenged with disability in the line of duty. Other noteworthy initiatives, taken by the Company, include 'Ramzan Mehman' – open-air iftar arrangements at 20 locations nationwide, sponsorship of Pakistan's blind women cricket team series with Nepal, collaboration with 'Sabaq' to bring free digital educational series for children, a tree plantation activity in collaboration with Ministry of Climate Change and mentorship for startups at NIC Karachi and Peshawar startup incubators.

For the financial year 2019, the Directors declared an interim cash dividend of 5% (Re. 0.50 per share) in the Board meeting held on April 17, 2019.

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



Shoaib Ahmad Siddiqui
Chairman



Rashid Naseer Khan
President & Chief Executive Officer

Islamabad: July 17, 2019

مالیاتی جائزہ برائے ششماہی 30 جون 2019

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے ڈائریکٹرز 30 جون 2019 کو ختم ہونے والی ششماہی کی مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ مجاز آڈیٹرز مالیاتی معلومات کا جائزہ لے چکے ہیں۔

سخت معاشی حالات کے باوجود پی ٹی سی ایل گروپ کی مالی کارکردگی میں بہتری دیکھنے کو ملی۔ دوران مدت پی ٹی سی ایل گروپ کی آمدن سال بہ سال 9 فیصد اضافے سے 66.3 ارب روپے رہی جو کہ پونوں اور پونینک کی آمدن میں اضافے کی وجہ سے ممکن ہوئی۔ رواں مدت کے دوران آمدن میں استحکام کی بدولت پی ٹی سی ایل گروپ کے آپریٹنگ منافع اور نیٹ منافع میں بالترتیب 20 اور 10 فیصد بہتری آئی۔

زیر جائزہ دورانیے میں پی ٹی سی ایل کی آمدن 35.8 ارب روپے رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں کم ہے۔ پی ٹی سی ایل کی فکسڈ براڈ بینڈ سروسز کی آمدن میں گزشتہ سال کی نسبت 05 فیصد اضافہ دیکھنے میں آیا۔ کارپوریٹ اور ہول سیل بزنس کی شرح نمو میں مسلسل اضافہ رہا جس کی بدولت اس کی آمدن میں دوہرے ہندسوں کا اضافہ ہوا۔ اسی مدت کے دوران سیلولر کمیونیوں کی جانب سے فراہم کی جانے والی وائرلیس ڈیٹا سروسز میں سخت مقابلے کی وجہ سے پی ٹی سی ایل کی وائرلیس سروسز سے حاصل ہونے والی آمدن میں کمی آئی۔ وائس ٹریک میں صارفین کے اوٹنی ٹی (اورودی ٹاپ) اور سیلولر سروسز کی جانب بدلتے رجحان کے باعث دونوں مقامی اور بین الاقوامی آمدن میں کمی آئی ہے۔

پی ٹی سی ایل کے بعد از ٹیکس خالص منافع میں گزشتہ برس کے اسی دورانیے کی نسبت 03 فیصد اضافہ ہوا۔ کرنسی کی بے قدری اور بجلی کے نرخوں میں اضافے کی وجہ سے آپریٹنگ منافع و باؤ کا شکار رہا۔ تاہم شرح سود میں نمایاں اضافے کے نتیجے کے طور پر سرمایہ کاری پر زیادہ آمدن کی وجہ سے نان آپریٹنگ آمدن میں اضافہ ہوا۔

17 اپریل 2019 کو منعقد ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں مالی سال 2019 کیلئے ڈائریکٹرز نے عبوری نقد منافع کی مدتیں 5 فیصد (0.50 روپے فی شیئر) کی منظوری دی ہے۔

آپ کی توجہ زیرہ جائزہ دورانیے کے پی ٹی سی ایل کے عبوری فنانشل اسٹیٹمنٹس کی شق 12.1 کی جانب مبذول کروا رہے ہیں جس میں پی ٹی سی ایل پینشن سکیم کے تحت کچھ ملازمین کے حقوق جو کہ مختلف عدالتوں کے سامنے زیر التواء ہیں کو بیان کیا گیا ہے، جیسا کہ بیرونی آڈیٹرز (external Auditors) نے اپنی جائزہ رپورٹ میں اجاگر کیا ہے۔

پی ٹی سی ایل کی انتظامیہ اور ملازمین اپنی ان تھک محنت کی بدولت اپنے صارفین کو بہترین قیمت پر اعلیٰ معیاری سروسز فراہم کرنے کیلئے پرعزم ہیں۔

منجانب بورڈ آف ڈائریکٹرز

Rashid Khan
راشد نصیر خان
صدر و چیف ایگزیکٹو آفیسر

شعب احمد صدیقی
چیئر مین پی ٹی سی ایل بورڈ

اسلام آباد: 17 جولائی 2019



**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2019 (UN-AUDITED)**

INDEPENDENT AUDITOR'S 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 2019 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.

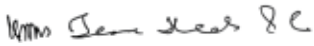
Emphasis of matter

We draw attention to Note 12.1 to the interim financial statements, which describes that the matter relating to certain employees' rights under the PTCL pension scheme are pending with various courts, No provision for any effects on the Company that may result has been made in the interim financial statements. Our conclusion is not modified in respect of this matter.

OTHER MATTERS

1. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended 30 June 2019 and 30 June 2018 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:

23 August 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019 (UN-AUDITED)

	Note	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		3,172,624	2,985,696
General reserve		27,497,072	27,497,072
Unappropriated profit		2,301,548	2,088,583
		32,971,244	32,571,351
		83,971,244	83,571,351
Liabilities			
Non-current liabilities			
Deferred income tax		6,546,065	6,991,303
Employees retirement benefits		31,166,652	28,487,425
Deferred government grants		7,632,608	7,841,637
Advances from customers		1,630,499	1,112,453
Lease liabilities	6	1,051,151	-
		48,026,975	44,432,818
Current liabilities			
Trade and other payables	7	66,802,771	67,195,789
Security deposits		579,450	579,039
Unpaid / unclaimed dividend		214,386	264,836
Current maturity of lease liabilities	6	181,265	-
		67,777,872	68,039,664
Total equity and liabilities		199,776,091	196,043,833

Contingencies and commitments 12.

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



Chief Financial Officer



President & CEO



Chairman


	Note	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Assets			
Non-current assets			
Property, plant and equipment	8	108,688,929	106,151,422
Right of use assets	6	1,276,818	-
Intangible assets		1,432,496	1,690,725
Long term investments		8,968,757	8,968,757
Long term loans and advances		10,908,603	10,690,139
Contract cost		404,477	364,502
		131,680,080	127,865,545
Current assets			
Stores and spares		4,701,927	6,067,575
Contract cost		1,213,432	1,093,505
Trade debts and contract assets	9	19,850,498	16,178,523
Loans and advances		2,546,228	1,762,470
Income tax recoverable		15,545,603	16,478,323
Receivable from the GoP		2,164,072	2,164,072
Prepayments and other receivables		16,068,677	14,128,424
Short term investments	10	244,720	4,930,370
Cash and bank balances	11	5,760,854	5,375,026
		68,096,011	68,178,288
Total assets		199,776,091	196,043,833



Chief Financial Officer



President & CEO



Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2019 Rs '000	June 30, 2018 Rs '000	June 30, 2019 Rs '000	June 30, 2018 Rs '000
Revenue	13	17,907,262	18,074,204	35,772,075	36,044,566
Cost of services		(13,623,873)	(13,418,196)	(26,745,556)	(26,208,170)
Gross profit		4,283,389	4,656,008	9,026,519	9,836,396
Administrative and general expenses	14	(2,170,263)	(2,077,355)	(4,216,444)	(4,138,609)
Selling and marketing expenses		(727,901)	(687,982)	(1,435,790)	(1,507,735)
		(2,898,164)	(2,765,337)	(5,652,234)	(5,646,344)
Operating profit		1,385,225	1,890,671	3,374,285	4,190,052
Other income	15	1,340,583	843,765	2,347,660	1,415,406
Finance costs		(62,817)	(83,453)	(145,300)	(257,885)
Profit before tax		2,662,991	2,650,983	5,576,645	5,347,573
Provision for income tax		(881,294)	(795,290)	(1,784,527)	(1,657,747)
Profit for the period		1,781,697	1,855,693	3,792,118	3,689,826
Earnings per share - basic and diluted (Rupees)		0.35	0.36	0.74	0.72

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 SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2019 Rs '000	June 30, 2018 Rs '000	June 30, 2019 Rs '000	June 30, 2018 Rs '000
Profit for the period	1,781,697	1,855,693	3,792,118	3,689,826
Items that will not be reclassified to profit or loss:				
Remeasurement loss on employees retirement benefits	(1,186,233)	-	(1,186,233)	-
Tax effect	344,008	-	344,008	-
Other comprehensive income for the period	(842,225)	-	(842,225)	-
Total comprehensive income for the period	939,472	1,855,693	2,949,893	3,689,826

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 SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2019 Rs '000	June 30, 2018 Rs '000 (Restated)
Cash flows from operating activities			
Cash generated from operations	16	8,844,084	8,726,819
Employees retirement benefits paid		(601,456)	(504,145)
Income tax paid		(953,037)	(2,078,871)
Net cash inflow from operating activities		7,289,591	6,143,803
Cash flows from investing activities			
Capital expenditure		(9,474,373)	(6,412,906)
Proceeds from disposal of property, plant and equipment		236,541	11,217
Disposal of short term investments - net		-	3,080,778
Long term loans and advances		(269,350)	(320,049)
Return on long term loan to subsidiaries		319,222	162,184
Return on short term investments		279,468	445,387
Government grants received		-	160,000
Long term investments in Ubank		-	(1,000,000)
Net cash outflow from investing activities		(8,908,492)	(3,873,389)
Cash flows from financing activities			
Dividend paid		(2,600,450)	(3,924)
Lease liability		(80,471)	-
Net cash outflow from financing activities		(2,680,921)	(3,924)
Net (decrease) / increase in cash and cash equivalents		(4,299,822)	2,266,490
Cash and cash equivalents at the beginning of the period		10,305,396	16,770,299
Cash and cash equivalents at the end of the period	17	6,005,574	19,036,789

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 CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves			Total
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit	
	(Rupees in '000)					
Balance as at December 31, 2017 - Restated	37,740,000	13,260,000	2,806,993	27,497,072	3,797,720	85,101,785
Total comprehensive income for the period						
Profit for the six months period ended June 30, 2018	-	-	-	-	3,689,826	3,689,826
Other comprehensive income for the period	-	-	-	-	-	-
Transfer to insurance reserve	-	-	178,703	-	(178,703)	-
Balance as at June 30, 2018	37,740,000	13,260,000	2,985,696	27,497,072	7,308,843	88,791,611
Total comprehensive income for the period						
Profit for the six months period ended December 31, 2018	-	-	-	-	3,732,621	3,732,621
Other comprehensive income for the period	-	-	-	-	(3,852,881)	(3,852,881)
Distribution to owners of the Company						
Interim dividend for the year ended December 31, 2018 - Re 1.00 per share	-	-	-	-	(120,260)	(120,260)
Balance as at December 31, 2018	37,740,000	13,260,000	2,985,696	27,497,072	2,088,583	83,571,351
Total comprehensive income for the period						
Profit for the six months period ended June 30, 2019	-	-	-	-	3,792,118	3,792,118
Other comprehensive income for the period	-	-	-	-	(842,225)	(842,225)
Transfer to insurance reserve	-	-	186,928	-	(186,928)	-
Interim dividend for the year ending December 31, 2019 - Rs 0.50 per share	-	-	-	-	(2,550,000)	(2,550,000)
Balance as at June 30, 2019	37,740,000	13,260,000	3,172,624	27,497,072	2,301,548	83,971,244

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

Chief Financial Officer

President & CEO

Chairman

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Pakistan Telecommunication Company Limited ("PTCL", "the Company") was incorporated in Pakistan on December 31, 1995 under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017) and commenced business on January 01, 1996. The Company, which is listed on the Pakistan Stock Exchange Limited (PSX), was established to undertake the telecommunication business formerly carried on by the Pakistan Telecommunication Corporation (PTC). PTC's business was transferred to the Company on January 01, 1996 under the Pakistan Telecommunication (Re-organization) Act, 1996, on which date, the Company took over all the properties, rights, assets, obligations and liabilities of PTC, except those transferred to the National Telecommunication Corporation (NTC), the Frequency Allocation Board (FAB), the Pakistan Telecommunication Authority (PTA) and the Pakistan Telecommunication Employees Trust (PTET). The registered office of the Company is situated at PTCL Headquarters, G-8/4, Islamabad. The Company provides telecommunication services in Pakistan. It owns and operates telecommunication facilities and provides domestic and international telephone services and other communication facilities throughout Pakistan. The Company has also been licensed to provide such services in territories of Azad Jammu and Kashmir and Gigit-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, 2018.

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, 2018 except for new significant judgments relating to lease accounting under IFRS 16, which are described in note 5.1.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed interim financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended December 31, 2018, except for the changes given here under.

5.1 Leases

The Company has initially adopted IFRS 16 'Leases' from January 01, 2019.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company applied IFRS 16 using the modified retrospective approach, under which the Company has recognized lease liabilities at the date of initial recognition for leases previously classified as operating lease under IAS 17 at the present value of the remaining lease payments using the Company's incremental borrowing rate and recognizing right of use assets at the date of initial application for leases. The Company has chosen to measure the right of use assets at an amount equal to the lease liabilities. Accordingly, the comparative figures presented for 2018 have not been restated.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The impact of adoption of IFRS 16, on transition is disclosed in note 6.

The Company used the following practical expedients when applying IFRS 16, to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

5.2 IFRIC 23 Uncertainty over Income Tax Treatments

The Company has adopted IFRIC 23 "Uncertainty over Income Tax Treatments" with a date of initial application of January 01, 2019. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. However it has no significant impact on the Company's financial statements.

6. LEASE LIABILITIES AND RIGHT OF USE OF ASSETS

January 01,
2019
(Un-Audited)
Rs '000

Lease liabilities	
Operating lease commitments	1,692,549
Discounted using the incremental borrowing rate	1,252,039

When measuring the lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using an estimated incremental borrowing rate of 10%.

Right of use (ROU) assets

Right of use assets have been measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments relating to the lease recognized in the condensed interim statement of financial position as at January 01, 2019.

January 01,
2019
(Un-Audited)
Rs '000

Present value of the future lease payments	1,252,039
Prepayments reclassified as right of use assets	164,266
	1,416,305

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	June 30, 2019 (Un-Audited) Rs '000
Lease commitments	
- Within one year	293,001
- Between 2 and 5 years	1,272,004
- After 5 years	47,073
Total undiscounted lease commitments	1,612,078
Discounted lease liability using the incremental borrowing rate	1,232,416
Current portion shown under current liabilities	(181,265)
Due after 12 months	1,051,151
Right of use assets	
Balance as at January 01, 2019	1,416,305
Depreciation for the period	(139,487)
Balance as at June 30, 2019	1,276,818
Amounts recognized in condensed interim statement of profit or loss	
Interest on lease liabilities	60,848
Depreciation of right of use assets	139,487
	200,335

If IFRS 16 were not applicable than rental cost of Rs 156,213 thousand and Rs 3,188 thousand would have been recognized in cost of sales and administration and general expenses respectively. Accordingly, profit before tax decreased by Rs 40,934 thousand for six months period ended June 30, 2019 as a result of the adoption of IFRS 16.

	Note	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
7. TRADE AND OTHER PAYABLES			
Trade creditors		9,731,975	12,233,377
Accrued and other liabilities		26,584,133	26,851,061
Technical services assistance fee		19,084,048	16,763,367
Advances from customers / contract liabilities		4,519,501	4,318,188
Retention money / payable to contractors and suppliers		6,305,115	6,000,635
Income tax collected from subscribers / deducted at source / Sales tax		515,665	1,003,963
Payable to GPF Trust		62,334	25,198
		66,802,771	67,195,789
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	92,539,667	91,947,710
Capital work-in-progress		16,149,262	14,203,712
		108,688,929	106,151,422

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Note	June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
8.1 Operating fixed assets			
Opening net book value		91,947,710	91,196,004
Additions during six months period	8.2	7,528,823	4,908,342
		99,476,533	96,104,346
Disposals during the period - at net book value		(15,969)	(2)
Depreciation and impairment charge for the period		(6,920,897)	(6,769,838)
		(6,936,866)	(6,769,840)
Closing net book value		92,539,667	89,334,506
8.2 Detail of additions during the period:			
Leasehold land		10,563	-
Buildings on freehold land		36,797	99,105
Buildings on leasehold land		20,057	35,659
Lines and wires		1,939,954	2,041,030
Apparatus, plant and equipment		5,384,812	2,403,530
Office equipment		16,196	83,281
Computer equipment		40,474	72,542
Furniture and fittings		2,582	31,363
Vehicles		77,388	2,728
Submarine cables		-	139,104
		7,528,823	4,908,342
8.3 Additions to CWIP during the six months period ended June 30, 2019 were Rs 9,305,984 thousand (June 30, 2018: Rs 4,406,685 thousand).			
		June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
9. TRADE DEBTS AND CONTRACT ASSETS			
Trade debts		23,019,822	18,245,208
Contract assets		5,147,968	5,208,608
		28,167,790	23,453,816
Allowance for expected credit loss		(8,317,292)	(7,275,293)
		19,850,498	16,178,523
10. SHORT TERM INVESTMENTS			
Market treasury bills - Amortized cost		244,720	980,221
Investment in mutual funds - FVTPL		-	3,950,149
		244,720	4,930,370

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Note	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
11. CASH AND BANK BALANCES			
Cash in hand		180,670	258,774
Balances with banks:	11.1		
Deposit accounts local currency		1,365,881	829,885
Current accounts			
Local currency		886,764	1,967,619
Foreign currency		3,327,539	2,318,748
		4,214,303	4,286,367
		5,760,854	5,375,026

11.1 Bank balance includes Rs 21,809 thousands (December 31, 2018: Rs 15,343 thousand) carrying profit at the rate of 6.26% (December 31, 2018: 2.4% to 4%) per annum from Shariah arrangements.

12. CONTINGENCIES AND COMMITMENTS

12.1 There has been no material changes in contingencies as disclosed in the annual financial statements for the year ended December 31, 2018. Further, there has been no change in the status of pension case as disclosed in the annual financial statements for the year ended December 31, 2018. As also disclosed in the annual financial statements, under the circumstances, management of the Company, on the basis of legal advice, believes that that Company's obligations against benefits are restricted to the extent of pension increases as determined solely by the Board of Trustees of the Pakistan Telecommunication Employees Trust 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 interim financial statements.

	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
12.2 Bank guarantee and bid bonds		
Universal Service Fund (USF) against government grants	4,530,296	4,530,296
Others	2,670,543	2,649,064
	7,200,839	7,179,360

12.3 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 11,426,632 thousand (December 31, 2018: Rs 5,727,341 thousand).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

13. 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 standalone selling prices.

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

	Six months ended	
	June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
Revenue segments		
Broadband and IPTV	14,049,539	13,374,760
Voice services	6,461,578	7,449,287
Wireless data	1,046,732	1,734,062
Revenue from retail customers	21,557,849	22,558,109
Corporate and wholesale	10,494,223	9,144,405
International	3,720,003	4,342,052
Total revenue	35,772,075	36,044,566

13.1 Revenue is stated net of trade discount amounting to Rs 34,092 thousand (June 30, 2018 Rs 55,530 thousand) and Sales and other taxes directly attributable to sales amounting to Rs 4,810,409 thousand (June 30, 2018: Rs 4,604,344 thousand).

14. This includes loss allowance on trade debts and contract assets amounting to Rs 922,000 thousand (June 30, 2018: Rs 956,030 thousand).

	Note	Six months ended	
		June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
15. OTHER INCOME			
Income from financial assets	15.1	1,646,348	755,150
Income from non-financial assets		701,312	660,256
		2,347,660	1,415,406

15.1 Income from financial assets include Rs 744 thousand (June 30, 2018: Rs 42 thousand) earned from Shariah arrangements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Six months ended	
	June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
16. CASH GENERATED FROM OPERATIONS		
Profit before tax	5,576,645	5,347,573
Adjustments for non-cash charges and other items:		
Depreciation and impairment of property, plant and equipment	6,920,897	6,769,838
Depreciation and impairment of intangible assets	258,230	211,110
Depreciation of right of use assets	139,487	-
Amortization of contract cost	443,707	958,060
Impairment loss on trade debts and contract assets	922,000	956,030
Provision for employees retirement benefits	2,094,449	1,783,044
Gain on disposal of property, plant and equipment	(220,571)	(6,137)
Return on bank deposits	(196,703)	(340,444)
Imputed interest on long term loans	2,958	45,204
Imputed interest on lease liability	60,848	(4,194)
Return on long term loan to subsidiaries	(583,714)	(164,225)
Gain on investment measured at fair value through profit or loss	(92,925)	(111,431)
Release of deferred government grants	(209,029)	(236,708)
	15,116,279	15,207,720
Effect on cash flows due to working capital changes:		
Decrease / (increase) in current assets:		
Stores and spares	1,365,648	(1,294,471)
Contract cost	(603,609)	(1,081,354)
Trade debts and contract assets	(4,593,974)	(1,627,342)
Loans and advances	(735,831)	(1,036,374)
Prepayments and other receivables	(1,792,730)	(1,537,985)
	(6,360,496)	(6,577,526)
Increase in current liabilities:		
Trade and other payables	87,889	68,242
Security deposits	412	28,383
	8,844,084	8,726,819
17. CASH AND CASH EQUIVALENTS		
Short term investments	244,720	15,798,914
Cash and bank balances	5,760,854	3,237,875
	6,005,574	19,036,789

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

		Six months ended	
		June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services assistance fee - note 18.1	1,258,546	1,170,398
ii. Subsidiaries	Sale of goods and services	2,893,585	2,803,713
	Purchase of goods and services	1,374,504	1,480,894
	Mark up on long term loans	583,714	164,225
	Return on bank deposit	-	8,017
iii. Associated undertakings	Sale of goods and services	1,537,202	1,084,999
	Purchase of goods and services	289,022	581,139
iv. Employees contribution plan	PTCL Employees GPF Trust - net	37,136	31,180
v. Employees retirement benefit plan	Contribution to the plan- Gratuity	58,301	42,720
vi. Other related parties	Charge under license obligations	804,346	803,823
vii. Directors, Chief Executive and key management personnel	Fee and remuneration including benefits and perquisites	779,188	433,112
		June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Period / year-end balances			
Receivables from related parties			
Long term loans to subsidiaries		10,000,000	10,000,000
Trade debts			
- Subsidiaries		742,439	331,634
- Associated undertakings		4,789,897	2,830,294
Other receivables			
- Subsidiaries		11,887,438	10,431,903
- Associated undertakings		71,305	71,305
- Pakistan Telecommunication Employees Trust (PTET)		5,876	2,777
- Long term loans to executives and key management personnel		58,457	156,693
Bank deposit with subsidiary		100	110

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Payables to related parties		
Trade creditors		
- Subsidiaries	1,249,282	1,024,635
- Associated undertakings	790,713	574,684
- The Government of Pakistan related entities	686,087	1,208,447
Security deposits from subsidiary	3,623	3,623
Retention money payable to associated undertakings	3,055	2,751
Technical services assistance fee payable to Etisalat	19,084,048	16,763,367
PTCL Employees GPF Trust	62,334	25,198
Pakistan Telecommunication Company Limited		
Employees Gratuity Fund	275,925	230,987
Pakistan Telecommunication Employees Trust (PTET)	8,299,385	6,415,222

18.1 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.

19. 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 June 30, 2019					
Trade debts and contract assets	9,710,541	(3,476,361)	6,234,180	21,933,610	28,167,790
Trade creditors	(4,622,270)	3,476,361	(1,145,909)	(8,586,066)	(9,731,975)
As at December 31, 2018					
Trade debts and contract assets	14,514,210	(8,203,905)	6,310,305	17,143,511	23,453,816
Trade creditors	(9,352,869)	8,203,905	(1,148,964)	(11,084,413)	(12,233,377)

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

20. 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, 2018. 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, 2018.

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

21. CORRESPONDING FIGURES

Following corresponding figures have been reclassified for appropriate presentation of operating results.

Condensed Interim Statement of Profit or Loss

	As previously reported Rs '000	Reclassified Rs '000	As reclassified Rs '000
Revenue	35,358,400	686,166	36,044,566
Cost of services	(25,522,004)	(686,166)	(26,208,170)

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

This condensed interim financial statements for the six months period ended June 30, 2019 was authorized for issue by the Board of Directors of the Company on July 17, 2019.



Chief Financial Officer



President & CEO



Chairman



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2019 (UN-AUDITED)**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019 (UN-AUDITED)

	Note	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital		51,000,000	51,000,000
Revenue reserves			
Insurance reserve		3,172,624	2,985,696
General reserve		27,497,072	27,497,072
Unappropriated profit		298,675	1,535,145
		30,968,371	32,017,913
Statutory and other reserves		221,601	221,601
Unrealized loss on investments measured at fair value through OCI		(1,421)	(29)
		82,188,551	83,239,485
Liabilities			
Non-current liabilities			
Long term loans from banks		23,751,667	24,408,332
Subordinated debt		599,520	599,640
Deposits from banking customers		3,141,301	3,400,885
Lease liabilities	6	18,152,460	15,558
Deferred income tax		7,528,734	8,975,585
Employees retirement benefits		31,210,797	28,594,794
Deferred government grants		19,211,224	18,720,796
Advances from customers		1,630,499	1,112,453
Long term vendor liability		22,740,724	26,951,860
		127,966,926	112,779,903
Current liabilities			
Trade and other payables	7	78,562,731	81,065,025
Deposits from banking customers		16,939,403	17,133,725
Interest accrued		1,324,893	1,226,312
Short term running finance		3,642,805	1,225,137
Current portion of:			
Long term loans from banks		8,095,000	7,176,667
Lease liabilities	6	1,870,195	3,287
Long term vendor liability		13,627,855	13,532,709
Security deposits		1,513,285	1,471,112
Unpaid / unclaimed dividend		214,386	264,836
		125,790,553	123,098,810
Total equity and liabilities		335,946,030	319,118,198

Contingencies and commitments

12


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



Chief Financial Officer



President & CEO



Chairman

	Note	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Assets			
Non-current assets			
Property, plant and equipment	8	175,377,072	177,479,128
Right of use assets	6	21,268,406	-
Intangible assets		29,533,104	31,177,147
Long term investments		83,900	83,900
Long term loans and advances		918,721	706,390
Long term loans to banking customers		199,522	457,920
Contract costs		510,767	461,145
		227,891,492	210,365,630
Current assets			
Stock in trade, stores and spares		5,089,202	6,281,620
Trade debts and contract assets	9	21,806,150	18,903,883
Loans to banking customers		18,719,985	16,561,918
Loans and advances		2,618,472	1,864,766
Contract costs		2,148,760	1,842,504
Income tax recoverable		23,274,328	23,767,450
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposits, prepayments and other receivables		12,225,338	11,010,349
Short term investments	10	7,832,877	17,198,237
Cash and bank balances	11	12,175,354	9,157,769
		108,054,538	108,752,568
Total assets		335,946,030	319,118,198



Chief Financial Officer



President & CEO



Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2019 Rs '000	June 30, 2018 Rs '000	June 30, 2019 Rs '000	June 30, 2018 Rs '000
Revenue	13	32,773,217	30,792,504	66,308,181	61,084,428
Cost of services		(24,332,329)	(22,621,235)	(47,912,636)	(44,367,502)
Gross profit		8,440,888	8,171,269	18,395,545	16,716,926
Administrative and general expenses	14	(5,005,594)	(4,535,348)	(9,864,077)	(8,969,881)
Selling and marketing expenses		(1,612,764)	(1,576,002)	(3,236,258)	(3,324,707)
		(6,618,358)	(6,111,350)	(13,100,335)	(12,294,588)
Operating profit		1,822,530	2,059,919	5,295,210	4,422,338
Other income	15	1,788,429	1,033,125	3,258,161	1,917,365
Finance costs		(2,979,144)	(2,129,348)	(5,039,536)	(3,823,134)
Profit before tax		631,815	963,696	3,513,835	2,516,569
Provision for income tax		(287,046)	151,531	(1,171,152)	(378,479)
Profit for the period		344,769	1,115,227	2,342,683	2,138,090

The annexed notes 1 to 23 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 SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2019 Rs '000	June 30, 2018 Rs '000	June 30, 2019 Rs '000	June 30, 2018 Rs '000
Profit for the period	344,769	1,115,227	2,342,683	2,138,090
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss:				
Remeasurement loss on employees retirement benefits	(1,186,233)	-	(1,186,233)	-
Tax effect of remeasurement loss on employees retirement benefits	344,008	-	344,008	-
	(842,225)	-	(842,225)	-
Items that may be subsequently reclassified to profit or loss:				
(Loss) / gain on investments measured at fair value arising during the period	(1,481)	24	(2,462)	(164)
Tax effect of revaluation of investments measured at fair value	554	(21)	579	22
Unrealized (loss) / gain on investments measured at fair value - net of tax	(927)	3	(1,883)	(142)
Loss on disposal transferred to income for the period	372	191	491	237
	(842,780)	194	(843,617)	95
Total comprehensive income for the period	(498,011)	1,115,421	1,499,066	2,138,185

The annexed notes 1 to 23 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 SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2019 Rs '000	June 30, 2018 Rs '000 (Restated)
Cash flows from operating activities			
Cash generated from operations	16	17,785,381	13,962,878
Employees retirement benefits paid		(717,955)	(589,243)
Finance cost paid		(4,011,274)	(3,535,019)
Income tax paid		(1,780,294)	(3,221,239)
Net cash inflow from operating activities		11,275,858	6,617,377
Cash flows from investing activities			
Capital expenditure		(12,498,399)	(13,842,361)
Proceeds from disposal of property, plant and equipment		287,745	139,679
Disposal of short term investments - net		-	2,560,778
Long term loans and advances		(215,289)	(483,531)
Government grants received		722,900	1,979,833
Return on long term loans and short term investments		667,398	628,467
Net cash outflow from investing activities		(11,035,645)	(9,017,135)
Cash flows from financing activities			
Loan from banks - net		261,668	1,921,833
Subordinated debt		(120)	(240)
Vendor liability		(4,115,990)	(1,317,095)
Customers deposits		(453,906)	4,198,670
Lease liability		(2,096,858)	(5,524)
Dividend paid		(2,600,450)	(3,924)
Net cash (outflow) / inflow financing activities		(9,005,656)	4,793,720
Net (decrease) / increase in cash and cash equivalents		(8,765,443)	2,393,962
Cash and cash equivalents at beginning of the period		25,130,869	18,536,890
Cash and cash equivalents at end of the period	17	16,365,426	20,930,852

The annexed notes 1 to 23 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, 2019 (UN-AUDITED)

	issued, subscribed and paid-up capital		Revenue reserves			Statutory and other reserves	Unrealized (loss) / gain on investments measured at fair value through OCI	Total
	Class 'A'	Class 'B'	Insurance reserve	General reserve	Unappropriated profit			
	(Rupees in '000)							
Balance as at January 01, 2018 - restated	37,740,000	13,260,000	2,806,993	27,497,072	5,109,744	84,837	(28)	86,498,618
Total comprehensive income for the period	-	-	-	-	2,138,090	-	-	2,138,090
Profit for the six months period ended June 30, 2018	-	-	-	-	2,138,090	-	95	2,138,090
Other comprehensive income	-	-	-	-	-	-	95	95
Transfer to insurance reserve	-	-	178,703	-	(178,703)	-	-	-
Balance as at June 30, 2018	37,740,000	13,260,000	2,985,696	27,497,072	7,069,131	84,837	67	88,636,803
Profit for the six months period ended December 31, 2018	-	-	-	-	3,571,914	-	-	3,571,914
Other comprehensive income	-	-	-	-	(3,869,136)	-	(96)	(3,869,232)
Distribution to owners of the Holding Company Interim dividend for the year ended December 31, 2018 - Re 1.00 per share	-	-	-	-	(5,100,000)	-	-	(5,100,000)
Transfer to statutory and other reserves	-	-	-	-	(136,764)	136,764	-	-
Balance as at December 31, 2018	37,740,000	13,260,000	2,985,696	27,497,072	1,535,145	221,601	(29)	83,239,485
Total comprehensive income for the period	-	-	-	-	2,342,483	-	-	2,342,483
Profit for the six months period ended June 30, 2019	-	-	-	-	(842,225)	-	(1,392)	(843,617)
Other comprehensive income	-	-	-	-	1,500,458	-	(1,392)	1,499,066
Transfer to insurance reserve	-	-	186,928	-	(186,928)	-	-	-
Distribution to owners of the Holding Company Interim dividend for the year ending December 31, 2019 - Re 0.5 per share	-	-	-	-	(2,550,000)	-	-	(2,550,000)
Balance as at June 30, 2019	37,740,000	13,260,000	3,172,624	27,497,072	298,675	221,601	(1,421)	82,188,551

The annexed notes 1 to 23 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, 2019 (UN-AUDITED)

1. Legal status and nature of business

1.1 Constitution and ownership

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

Pakistan Telecommunication Company Limited (PTCL)

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

Pak Telecom Mobile Limited (PTML)

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

U Microfinance Bank Limited (Ubank)

Ubank principal business is to assist in stimulating progress, prosperity and social peace in society through creation of income generating opportunities for the small entrepreneur under the Microfinance Institutions Ordinance, 2001. Ubank also provides branchless banking services.

The Holding Company acquired 100% ownership of Ubank on August 30, 2012 to offer services of digital commerce and branchless banking. Ubank was incorporated on October 29, 2003 as a public limited company. The registered office of Ubank is situated at Jinnah Super Market F-7 Markaz, Islamabad.

DVCOM Data (Private) Limited (DVCOM Data)

The principal activities of the DVCOM Data are to provide Wireless Local Loop (WLL) services in Pakistan under the license from Pakistan Telecommunication Authority (PTA). The Holding Company acquired 100% ownership of DVCOM Data effective from April 01, 2015. DVCOM Data 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 to provide Direct-to-Home (DTH) television services throughout the country under the license from Pakistan Electronic Media Regulatory Authority (PEMRA). Auction for DTH license was held on 23 November 2016, in which Company had actively participated. PEMRA has announced three winning companies of DTH Licenses. Later on, the honorable Lahore High Court has declared whole process of DTH auction as null and void and advised PEMRA to restart the whole process. Smart Sky is a wholly owned subsidiary of PTCL. The registered office of the Company is located at PTCL Headquarters, G-8/4, Islamabad.

1.2 Activities of the Group

The Group principally provides telecommunication and broadband internet services in Pakistan. PTCL owns and operates telecommunication facilities and provides domestic and international

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

telephone services throughout Pakistan. PTCL has also been licensed to provide such services to territories in Azad Jammu and Kashmir and Gilgit-Baltistan. PTML provides cellular mobile telephony services throughout Pakistan and Azad Jammu and Kashmir. Principal business of Ubank, incorporated under Microfinance Institutions Ordinance, 2001, is to provide nationwide microfinance and branchless banking services.

2. STATEMENT OF COMPLIANCE

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

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

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

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

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

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

3. BASIS OF PREPARATION

These condensed consolidated interim financial statements do not include all of the information required in the annual financial statements prepared in accordance with the accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Groups's financial position and performance since the last annual consolidated financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Groups's latest annual consolidated financial statements as at and for the year ended December 31, 2018.

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, 2018, except for new significant judgments relating to lessee accounting under IFRS 16, which are described in note 5.1.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

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, 2018, except for the changes given here-under.

5.1 Leases

The Group has adopted IFRS 16 'Leases' with the date of initial application of January 01, 2019. Ubank has adopted IFRS 16 with the date of application of June 30, 2019 as notified by State Bank of Pakistan (SBP).

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group applied IFRS 16 using the modified retrospective approach, under which the Group has recognized lease liabilities at the date of initial recognition for leases previously classified as operating lease under IAS 17 at the present value of the remaining lease payments using the Group's incremental borrowing rate and recognizing a right of use assets at the date of initial application for leases. The Group has chosen to measure the right of use assets at an amount equal to the lease liabilities. Accordingly, the comparative figure presented for 2018 has not been restated.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Group now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The impact of adoption of IFRS 16, on transition is disclosed in note 6.

The Group used the following practical expedients when applying IFRS 16, to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

5.2 IFRIC 23 Uncertainty over Income Tax Treatments

The Group has adopted IFRIC 23 'Uncertainty over Income Tax Treatments' with a date of initial application of January 01, 2019. IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. However, it has no significant impact on Group's financial statements.

5.3 IFRS 15 Revenue from Contracts with Customers

Ubank has adopted the requirements of IFRS 15 'Revenue from Contracts with Customers' from January 01, 2019 and a number of interpretations and amendments to standards, which have had an insignificant effect on these condensed consolidated interim financial statements of the Group.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

6. LEASE LIABILITIES AND RIGHT OF USE OF ASSETS

	January 01, 2019 (Un-Audited) Rs '000
Lease liabilities	
Operating lease commitments	29,080,433
Discounted using the incremental borrowing rate	19,193,624

When measuring the lease liabilities for leases that were classified as operating leases, the Group and Ubank discounted lease payments using an estimated incremental borrowing rate of 10% and 14.07% respectively.

Right of use (ROU) assets

Right of use assets have been measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments relating to the lease recognized in the condensed consolidated interim statement of financial position as at January 01, 2019.

	January 01, 2019 (Un-Audited) Rs '000
Present value of the future lease payments	19,193,624
Prepayments reclassified as right of use assets	1,791,510
	20,985,134

	June 30, 2019 (Un-Audited) Rs '000
Lease commitments	
- Within one year	3,737,882
- Between 2 and 5 years	16,872,573
- After 5 years	8,074,460
Total undiscounted lease commitments	28,684,915
Discounted lease liability using the incremental borrowing rate	20,022,655
Current portion shown under current liabilities	(1,870,195)
Due after 12 months	18,152,460
Right of use assets	
Balance as at January 01, 2019	20,985,134
Additions	1,980,321
Depreciation for the period	(1,697,049)
Balance as at June 30, 2019	21,268,406
Amounts recognized in condensed consolidated interim statement of profit or loss	
Interest on lease liabilities	926,185
Depreciation of right of use assets	1,697,049
	2,623,234

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

If IFRS 16 were not applicable than rental cost of Rs 1,572,213 thousand and Rs 420,188 thousand would have been recognized in cost of sales and administration and general expenses respectively. Accordingly, profit before tax decreased by Rs 630,833 thousand for six months period ended June 30, 2019 as a result of the adoption of IFRS 16.

	Note	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
7. TRADE AND OTHER PAYABLES			
Trade creditors		12,688,161	15,937,328
Accrued and other liabilities		31,200,341	32,738,230
Technical services assistance fee		19,084,048	16,763,367
Advances from customers/ contract liability		8,543,088	8,506,360
Retention money / payable to contractors and suppliers		6,305,115	6,000,635
Income tax collected from subscribers / deducted at source/Sales tax		652,893	1,081,810
Payable to GPF Trust		89,085	37,295
		78,562,731	81,065,025

8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	154,018,403	156,293,468
Capital work-in-progress		21,358,669	21,185,660
		175,377,072	177,479,128

	Note	June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
8.1 Operating fixed assets			
Opening net book value		156,293,468	157,193,242
Additions during the period	8.2	12,165,595	6,943,409
		168,459,063	164,136,651
Disposals during the period - at net book value		(69,294)	(135,399)
Depreciation and impairment for the period		(14,371,366)	(14,418,466)
		(14,440,660)	(14,553,865)
Closing net book value		154,018,403	149,582,786
8.2 Detail of additions during the period:			
Leasehold land		10,563	-
Buildings on freehold land		36,797	99,105
Buildings on leasehold land		93,897	102,359
Lines and wires		1,939,954	2,041,030
Apparatus, plant and equipment		9,192,157	3,853,164
Office equipment		27,468	166,340
Computer equipment		770,184	471,461
Furniture and fittings		17,187	65,242
Vehicles		77,388	5,604
Submarine cables		-	139,104
		12,165,595	6,943,409

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

8.3 Additions to CWIP during the six months period ended June 30, 2019 were Rs 12,096,600 thousand (June 30, 2018: Rs 11,710,523 thousand).

	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
9. TRADE DEBTS AND CONTRACT ASSETS		
Trade debts	24,779,757	21,090,737
Contract assets	5,379,254	5,448,677
	30,159,011	26,539,414
Allowance for expected credit loss	(8,352,861)	(7,635,531)
	21,806,150	18,903,883
10. SHORT TERM INVESTMENTS		
Amortized cost		
Market treasury bills	244,720	980,221
Term deposit receipts	5,600,000	9,900,000
	5,844,720	10,880,221
Fair value through profit or loss (FVTPL)		
Units of mutual fund	-	3,950,149
Money market funds	-	400,043
	-	4,350,192
Available for sale investments		
Market treasury bills	1,988,157	1,967,824
	7,832,877	17,198,237
11. CASH AND BANK BALANCES		
Cash in hand	864,686	892,602
Balances with banks:		
Local currency		
Current account maintained with SBP	876,314	904,261
Current accounts	1,163,353	1,994,624
Saving accounts	5,225,764	2,548,828
	7,265,431	5,447,713
Foreign currency		
Current accounts	3,327,539	2,318,748
Saving accounts	717,698	498,706
	4,045,237	2,817,454
	12,175,354	9,157,769

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

12. CONTINGENCIES AND COMMITMENTS

12.1 There has been no material changes in contingencies as disclosed in the annual consolidated financial statements for the year ended December 31, 2018 except for the note 18.11 where the intra-court appeal filed by the taxation authorities has been decided in favour of the petitioners. Further, there has been no change in the status of the Holding Company's pension case as disclosed in the annual consolidated financial statements for the year ended December 31, 2018. As also disclosed in the annual consolidated financial statements, under the circumstances, management of the Holding Company, on the basis of legal advice, believes that the Holding Company's obligations against benefits are restricted to the extent of pension increases as determined solely by the Board of Trustees of the Pakistan Telecommunication Employees Trust 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.

	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
12.2 Bank guarantees and bid bonds of Group issued in favor of:		
Universal Service Fund (USF) against government grants	11,510,895	11,510,895
Pakistan Telecommunication Authority against 3G and 2G Licenses	601,125	537,204
Others	3,110,902	2,740,542
	15,222,922	14,788,641
12.3 Commitments - Group		
Standby Letter of Guarantee	7,425	7,425
Letters of credit for purchase of stock	188,635	60,922
Contracts for capital expenditure	19,660,352	10,129,879
	19,856,412	10,198,226

13. REVENUE

The Group mainly generates 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, Ubank provides banking and microfinance services.

Services are offered separately and as bundled packages along with other services and/or devices.

For bundled packages, the Group 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 product and services (i.e. distinct performance obligations, "POs") in a bundle based on their stand-alone selling prices.

**NOTES TO AND FORMING PART OF THE
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Six months ended	
	June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
Broadband and IPTV	14,006,340	13,338,088
Cellular and other wireless	29,285,611	25,553,424
Fixed line voice services	5,809,990	6,883,109
Banking	3,079,967	2,049,957
Revenue from retail customers	52,181,908	47,824,578
Corporate and wholesale	10,153,525	8,494,461
International	3,972,748	4,765,389
Total revenue	66,308,181	61,084,428

13.1 Revenue is stated net of trade discount amounting to Rs 1,017,092 thousand (June 30, 2018: Rs 1,022,495 thousand) and sales and other taxes directly attributable to sales amounting to Rs 6,432,409 thousand (June 30, 2018: Rs 8,226,823 thousand).

14. This includes loss allowance on trade debts and contract assets amounting to Rs 957,569 thousand (June 30, 2018: Rs 974,953 thousand).

	Six months ended	
	June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
15. OTHER INCOME		
Income from financial assets	1,838,997	485,077
Income from non-financial assets	1,419,164	416,414
	3,258,161	901,491

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Six months ended	
	June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
16. CASH GENERATED FROM OPERATIONS		
Profit before tax	3,513,835	2,516,569
Adjustments for non-cash charges and other items:		
Depreciation and impairment of property, plant and equipment	14,371,366	14,418,466
Amortization of intangible assets	1,803,838	1,730,321
Amortization of contract costs	1,044,545	1,245,828
Depreciation of right of use assets	1,697,049	-
Loss allowance on trade and other receivables, including contract assets	957,569	974,953
Provision for non performing advances	291,499	86,637
Provision for slow moving stock and warranty against mobile phones	(3,910)	-
Provision for employees retirement benefits	2,147,725	1,826,444
Imputed interest on long term loans	2,958	(69,552)
Imputed interest on lease liability	926,723	(4,194)
(Gain)/loss on disposal of property, plant and equipment	(231,517)	798
Loss on write-off of property, plant and equipment	13,066	-
Gain on disposal of investments measured at fair value through P&L	(92,434)	(111,194)
Return on bank deposits and Government Securities	(977,313)	(524,924)
Release of deferred government grants	(232,472)	(612,206)
Finance costs	4,109,855	3,600,129
	29,342,382	25,078,075
Effect on cash flows due to working capital changes:		
Decrease / (increase) in current assets:		
Stock in trade, stores and spares	1,196,328	(1,381,716)
Trade debts and contact assets	(3,859,836)	(1,409,366)
Loans to banking customers	(2,191,168)	(2,564,241)
Contract costs	(1,400,423)	(1,632,255)
Loans and advances	(753,706)	(1,006,870)
Prepayments and other receivables	(2,606,121)	(2,774,606)
	(9,614,926)	(10,769,054)
(Decrease) / increase in current liabilities:		
Trade and other payables	(1,984,248)	(360,119)
Security deposit	42,173	13,976
	(1,942,075)	(346,143)
	17,785,381	13,962,878

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

	Six months ended	
	June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
17. CASH AND CASH EQUIVALENTS		
Short term investments	7,832,877	16,985,865
Cash and bank balances	12,175,354	7,097,465
Short term running finance	(3,642,805)	(3,152,478)
	16,365,426	20,930,852

18. SEGMENT INFORMATION

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

18.1 Segment information for the reportable segments is as follows:

	Note	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
Six months ended June 30, 2019					
Segment revenue		34,725,865	32,036,671	3,080,091	69,842,627
Inter segment revenue	18.1.1	(2,893,585)	(640,737)	(124)	(3,534,446)
Revenue from external customers		31,832,280	31,395,934	3,079,967	66,308,181
Segment results		3,678,354	(1,599,022)	263,351	2,342,683
Six months ended June 30, 2018					
Segment revenue		34,310,566	28,243,806	2,050,157	64,604,529
Inter segment revenue	18.1.1	(2,803,712)	(716,189)	(200)	(3,520,101)
Revenue from external customers		31,506,854	27,527,617	2,049,957	61,084,428
Segment results		3,505,336	(1,649,669)	282,423	2,138,090

18.1.1 Inter segment revenues are eliminated on consolidation.

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
As at June 30, 2019				
Segment assets	155,546,552	142,306,791	38,092,687	335,946,030
Segment liabilities	113,134,307	110,114,038	30,509,134	253,757,479
As at December 31, 2018				
Segment assets	153,781,516	130,528,440	34,808,242	319,118,198
Segment liabilities	107,867,014	100,141,609	27,870,090	235,878,713

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

			Six months ended	
			June 30, 2019 (Un-Audited) Rs '000	June 30, 2018 (Un-Audited) Rs '000
19. TRANSACTIONS WITH RELATED PARTIES				
Relationship with the Group	Nature of transaction			
i. Shareholders		Technical services assistance fee	2,320,786	2,073,174
ii. Associated undertakings		Sale of goods and services	1,602,286	1,144,383
		Purchase of goods and services	398,610	682,811
		Prepaid rent	282,086	263,632
iii. Employees benefits plans	PTCL	Gratuity Fund	58,301	42,720
	PTML	Gratuity Fund	45,154	43,228
	Ubank	Gratuity Fund	15,598	6,431
iv. Employees contribution plans	PTCL	PTCL Employees GPF Trust - net	37,136	31,180
	PTML	Provident Fund	54,772	52,661
	Ubank	Provident Fund	13,416	2,517
v. Other related parties	PTCL	Sale of goods and services	-	886,625
	PTCL	Charges under license obligation	804,346	803,823
	PTML	Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	15,650	10,900
vi. Directors, Chief Executive and Key Management Personnel		Fee and remuneration including benefits and perquisites	1,326,365	794,025

**NOTES TO AND FORMING PART OF THE
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)**

	Six months ended	
	June 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Trade debts		
- Associated undertakings	4,827,895	3,083,344
- The Government of Pakistan and its related entities	-	81,974
Deposits, prepayments and other receivables		
- Associated undertakings	71,305	71,305
- PTCL Employees GPF Trust	-	-
- Pakistan Telecommunication Employees Trust (PTET)	5,876	2,777
- Prepaid rent	96,125	89,836
- Pakistan Telecommunication Company Limited Employees Gratuity Fund	-	93,293
Long term loans to executives and key management personnel		
PTCL	58,457	156,693
PTML	73,253	84,624
Ubank	8,908	-
Trade and other payables		
Trade creditors		
- Associated Undertakings	944,461	950,613
- The Government of Pakistan and its related entities	686,087	1,208,447
Retention money payable to associated undertaking	3,055	2,751
Technical services fee payable to Etisalat	19,084,048	16,763,367
PTCL Employees GPF Trust	62,334	25,198
Pakistan Telecommunication Company Limited Employees Gratuity Fund	275,925	230,987
Pakistan Telecommunication Employees Trust (PTET)	8,299,385	6,415,222
PTML		
- Gratuity Fund	45,154	98,332
- Provident Fund	20,821	-
- Remuneration payable to chief executive and key management personnels	4,494	-
Ubank		
- Gratuity Fund	6,150	12,097
- Provident Fund	2,513	9,037

20. FAIR VALUE ESTIMATION

The financial asset of forward exchange contracts at fair value through profit or loss is Rs. 337,885 thousand (December 31, 2018: Rs. 345,772 thousand).

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

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2019 (UN-AUDITED)

21. 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, 2018. 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, 2018.

22. CORRESPONDING FIGURES

Following corresponding figures have been reclassified for appropriate presentation:

Condensed consolidated interim statement of financial position

From	To	Rs '000
Income tax recoverable	Deposits, prepayments and other receivables	23,898
Current assets:	Non-current assets	
Loans to banking customers	Loans to banking customers	457,920

Condensed consolidated interim statement of profit or loss

	As previously reported Rs '000	Reclassification Rs '000	As reclassified Rs '000
Revenue	60,662,125	422,303	61,084,428
Cost of services:			
Revenue		(422,303)	
Finance cost		223,005	
	(44,168,204)	(199,298)	(44,367,502)

23. DATE OF AUTHORISATION FOR ISSUE OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

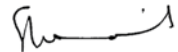
These condensed consolidated interim financial statements for the six months period ended June 30, 2019 was authorised for issue by the Board of Directors of the Holding Company on July 17, 2019.



Chief Financial Officer



President & CEO



Chairman

