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BOARD OF DIRECTORS

Chairman PTCL Board

Dr. Muhammad Sohail Rajput

Members PTCL Board

Abdulrahim A. Al Nooryani

Yusuf Khan

Hatem Dowidar

Hassan Nasir Jamy

Khalifa Al Shamsi

Syed Shabahat Ali Shah

Hesham Al Qassim

Dr. Mohamed Karim Bennis

CORPORATE INFORMATION

Management

Hatem Mohamed Bamatraf
President & Group Chief Executive Officer

Mohammad Nadeem Khan
Group Chief Financial Officer

Syed Mazhar Hussain
Group Chief Human Resources Officer

Zahida Awan
Group Chief Legal Officer

Moqem UI Haque
Chief Commercial and
Group Corporate Strategy Officer

Saad Muzaffar Waraich
Group Chief Technology &
Information Officer (Operations)

Adnan Anjum
Group Chief Marketing Officer

Zarrar Hasham Khan
Chief Business Services Officer

Muhammad Shehzad Yousuf
Chief Business Operations Officer

Naveed Khalid Butt
Group Chief Regulatory Officer

Jafar Khalid
Group Chief Technology &
Information Officer (Development)

Shahid Abbas
Group Chief Internal Audit

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 Taraqati 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@ptcl.net.pk
Web: www.ptcl.com.pk

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Share Registrar

FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.
Tel: +92-21-34380101-2
Fax: +92-21-34380106
E-mail: info.shares@famco.com.pk

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 2021. The financial statements have been reviewed by the statutory auditors.

PTCL successfully sustained the momentum of growth from its last quarter's turnaround that had cemented its market standing as the largest fixed line telecom player in the country. The Company posted a significant eight percent growth in its revenues, the highest since 2014, owing to its robust performance. The significant growth in revenues is mainly driven by strong performance in consumer segment led by Fixed Broadband services. During the past quarter, PTCL strongly focused on enhancing customer experience through provision of high quality and fast internet under its flagship 'Flash Fiber' Fiber-To-The-Home (FTTH) project.

The Company is upgrading its existing infrastructure, besides expanding FTTH to newer markets to usher in seamless connectivity for greater customer enablement and experience. FTTH's speedy deployment and strong performance in Corporate and Wholesale segments are the cornerstone in PTCL's enhanced topline growth, which along with focus on cost control program, has significantly increased the company's profitability.

During the period under review, PTCL's revenue of Rs 38 Billion for the half year is 8% higher than same period last year, mainly driven by Broadband and Corporate & Wholesale business segments. The Company has posted operating profit of Rs 2.8 Billion, which is higher by 96% compared to the same period of last year. Company's Net Profit of Rs 3.7 Billion has significantly increased by 38% from last year. PTCL Group posted revenue of Rs 68 Billion in first half of 2021 that is 8% higher as compared to the same period of last year. U Bank continued its growth momentum and has achieved 17% growth in revenue while PTML (Ufone) posted a revenue growth of 5%. PTCL Group delivered strong financial and operational performance and posted a net profit of Rs 2.9 Billion as compared to Rs 33 Million for the same period of last year.

Your attention is drawn to note 11.3 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.

PTCL Consumer Business showed consistent performance as it reported 4th straight quarter of growth. The company's Fixed Broadband customers crossed 1.5 Million mark, with 44,486 net additions recorded during the period. Due to COVID-19, Voice business was impacted, however, all remaining business segments reported double-digit growth in revenue.

During the first half of 2021, PTCL Fixed Broadband business grew by 13.5% YoY, whereas PTCL IPTV Segment also grew by 14.1%. The groundbreaking PTCL Flash Fiber FTTH service showed a tremendous growth of 52.5%, while PTCL Charji /Wireless Broadband Segment grew by 18.4%. Corporate and Wholesale businesses continued its growth momentum sustaining market leadership in IP Bandwidth, Cloud, Data Center and other ICT services segments. The overall YoY growth in Business Services has been recorded at 8%.

PTCL's Corporate business grew by 14% as compared to the same period last year, while Carrier and Wholesale business continued its growth momentum and achieved 12% overall revenue growth. International voice revenue has declined by 5% due to lower voice traffic and appreciation of PKR against USD.

PTCL continues to develop strategic partnerships with leading corporate entities to offer Software-as-a-Service (SaaS) in the banking, education, Cloud and cyber-security verticals. Furthermore, PTCL, in line with its vision to revolutionize widespread availability of IP connectivity in Pakistan, has signed contract for deployment of Unified IP Edge network for providing next generation IP services.

Additionally, 5G technology was successfully tested in a limited environment in Khyber Pakhtunkhwa by PTCL Group in collaboration with Khyber Pakhtunkhwa Information Technology Board (KPITB), under the umbrella of Department of Science and Information Technology, Khyber Pakhtunkhwa. Ufone's license for providing services in Azad Jammu & Kashmir and Gilgit Baltistan was also renewed for the next 15 years by Pakistan Telecommunication Authority in June 2021.

Being the backbone of Pakistan's connectivity, PTCL Group remains at the center stage to accelerate and support the 'Digital Pakistan' vision through robust telecommunication infrastructure and enhanced customer experience.

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



Dr. Muhammad Sohail Rajput
Chairman, Board of Directors PTCL



Hatem Mohamed Bamatraf
President & Group Chief Executive Officer

Islamabad: July 14, 2021

ڈائریکٹرز کا جائزہ

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے ڈائریکٹرز 30 جون 2021 کو ختم ہونے والی ششماہی کے لئے کمپنی کے مالی حسابات اپنے شیئر ہولڈرز کو پیش کرتے ہوئے خوشی محسوس کر رہے ہیں، جن کا قانونی آڈیٹرز نے جائزہ بھی لے لیا ہے۔

پی ٹی سی ایل نے اپنی کامیابی کے تسلسل کو آخری سہ ماہی میں بھی برقرار رکھا، یہی وجہ ہے کہ وہ مارکیٹ میں ملک کے سب سے بڑے فکسلڈ لائن ٹیلی کام پلینر کے طور پر موجود ہے۔ مضبوط کارکردگی کے باعث کمپنی کی آمدن میں 8 فیصد تک نمایاں اضافہ ہوا، جو 2014 کے بعد ہونے والا سب سے بڑا اضافہ ہے۔ آمدن میں ہونے والے اضافے کی بنیادی وجہ صارفین کو فراہم کی جانے والی فکسلڈ براڈ بینڈ کی بہترین سروسز تھیں۔ گزشتہ سہ ماہی کے دوران پی ٹی سی ایل نے اپنے فلیگ شپ "فلیش فائبر" فائبر ٹو دی ہوم (ایف ٹی ٹی ایچ) پروجیکٹ کے تحت اعلیٰ معیار اور تیز رفتار انٹرنیٹ کی فراہمی کے ذریعے صارفین کے تجربے کو بڑھانے پر زور دیا۔

کمپنی اپنے موجودہ انفراسٹرکچر کو اپ گریڈ کر رہی ہے، اس کے ساتھ ساتھ فائبر ٹو دی ہوم پروجیکٹ کو بھی نئی مارکیٹوں تک وسعت دی جا رہی ہے، تاکہ زیادہ سے زیادہ صارفین کو Seamless Connectivity کی سہولیات اور اس کے تجربات سے متعارف کرایا جاسکے۔ فائبر ٹو دی ہوم کی تیزی سے بڑھتی مقبولیت اور کارپوریٹ و ہوم سیل مارکیٹ میں اس کی مضبوط کارکردگی پی ٹی سی ایل کو ٹاپ برانڈ بنانے کا بنیادی سبب ہے۔ کم لاگت پر وگام ہونے کے باعث کمپنی کے منافع میں زبردست اضافے کا بھی ذریعہ ثابت ہو رہا ہے۔

بنیادی طور پر براڈ بینڈ، کارپوریٹ سیکٹر اور ہوم سیل مارکیٹ کی کامیابیوں کے باعث زیر جائزہ مدت کے دوران پی ٹی سی ایل کی 38 ارب روپے کی ششماہی آمدنی گزشتہ برس کی اسی مدت کے دوران ہونے والی آمدنی کے مقابلے میں 8 فیصد زیادہ رہی۔ آپریٹنگ منافع کی مد میں اس بار کمپنی کو 2.8 بلین روپے کا فائدہ ہوا جو گزشتہ سال کی اسی مدت کے دوران حاصل ہونے والے منافع کے مقابلے میں 96 فیصد زیادہ ہے۔ اس بار کمپنی کو ہونے والا مجموعی منافع 3.7 بلین روپے رہا، جو گزشتہ سال کے مقابلے میں 38 فیصد زیادہ ہے۔ پی ٹی سی ایل گروپ کو 2021 کی پہلی ششماہی کے دوران 68 بلین روپے آمدن ہوئی، جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 8 فیصد زیادہ ہے۔ یونیک نے اپنی ترقی کی رفتار جاری رکھی اور آمدنی میں 17 فیصد اضافہ حاصل کیا جبکہ پی ٹی ایم ایل (یونون) نے 5 فیصد آمدنی میں اضافہ کیا۔ پی ٹی سی ایل گروپ نے اس سال بہترین فنانشل اور آپریٹنگ کارکردگی کا مظاہرہ کیا اور 2.9 بلین روپے کا خالص منافع حاصل کیا جو گزشتہ سال کی اسی مدت کے دوران 33 بلین روپے تھا۔

آپ کی توجہ پی ٹی سی ایل کے زیر جائزہ عبوری مالیاتی حسابات کے نوٹ 11.3 کی جانب دلائی جاتی ہے جس میں بتایا گیا ہے کہ پی ٹی سی ایل پنشن اسکیم کے تحت بعض ملازمین کے حقوق سے متعلق معاملات مختلف عدالتوں میں زیر التوا ہیں۔ جیسا کہ بیرونی آڈیٹرز نے اپنی جائزہ رپورٹ میں نشاندہی کی ہے۔

پی ٹی سی ایل کفزی بومر بنس نے حسب روایت اس بار بھی عمدہ کارکردگی کا مظاہرہ کیا اور مسلسل چوتھی سہ ماہی میں بھی بہترین منافع سمیٹا۔ کمپنی کے فکسلڈ براڈ بینڈ صارفین کی تعداد نے 1.5 بلین کے سنگ میل کو عبور کیا اور اس مدت کے دوران 44,486 صارفین کا مجموعی اضافہ ریکارڈ کیا گیا۔ اس بار Covid-19 کی مہلک وبا نے وائس بزنس کو کافی متاثر کیا تاہم باقی تمام شعبوں نے اچھا بزنس کیا اور ان کی آمدن کی شرح ڈبل ڈیجیٹل میں رہی۔

2021 کی پہلی ششماہی کے دوران، پی ٹی سی ایل فکسلڈ براڈ بینڈ کے بزنس میں 13.5 فیصد اضافہ ہوا، جبکہ پی ٹی سی ایل آئی پی ٹی وی سٹیٹسٹ میں بھی 14.1 فیصد اضافہ ریکارڈ کیا گیا۔ سب سے زیادہ کامیابی پی ٹی سی ایل فلیش فائبر ایف ٹی ٹی ایچ سروس کو ملی جس نے اس مدت کے دوران 52.5 فیصد کا زبردست بزنس کیا جبکہ پی ٹی سی ایل چارجی/وائریس براڈ بینڈ سٹیٹسٹ میں 18.4 فیصد اضافہ ہوا۔

اس مدت کے دوران کارپوریٹ سیکٹر اور ہوم سیل بزنس نے کامیابی کی شرح کو حسب روایت برقرار رکھا اور آئی پی ٹی وی سٹیٹسٹ اور دیگر آئی سی ٹی سروسز کے ساتھ اس بار بھی مارکیٹ لیڈر کے طور پر اپنی شناخت قائم رکھی۔ مجموعی طور پر سالانہ ترقی کی شرح 8 فیصد ریکارڈ کی گئی۔

پی ٹی سی ایل کے کارپوریٹ بزنس نے اس سال بھی نمایاں کارکردگی کا مظاہرہ کیا اور گزشتہ سال کی اسی مدت کے مقابلے میں 14 فیصد زیادہ بزنس کیا، جبکہ کیریئر اور ہوم سیل سیکٹر نے حسب روایت اپنی ترقی کی رفتار کو برقرار رکھا اور مجموعی طور پر 12 فیصد زیادہ بزنس کیا۔ اس سال وائس کالنگ کی شرح کافی کم رہی اور امریکن ڈالر کے مقابلے میں پاکستانی روپے کی قیمت میں بھی عدم استحکام دیکھا گیا یہی وجہ ہے کہ انٹرنیشنل کالنگ کے بزنس میں کمی واقع ہوئی اور مجموعی طور پر گزشتہ سال کے مقابلے میں اس سال 5 فیصد کمی ریکارڈ کی گئی۔

پی ٹی سی ایل معروف کارپوریٹ اداروں کے ساتھ اسٹریٹجک پارٹنرشپس جاری رکھے ہوئے ہے، تاکہ بینکنگ، ایجوکیشن، کلاؤڈ اور سائبر سیکیورٹی ورٹیکلز کے لئے سافٹ ویئر ایز اے سروس (ساز) کی سہولت فراہم کی جائے۔ اس کے علاوہ پی ٹی سی ایل اگلی جزیبشز کی آئی پی سروسز کی فراہمی ممکن بنانے کیلئے یونیٹائیڈ آئی پی ایچ نیٹ ورک کی تنصیب کے معاہدے پر بھی دستخط کر چکا ہے جو پاکستان میں آئی پی کنیکٹیوٹی کی وسیع پیمانے پر فراہمی کے پی ٹی سی ایل کے انقلابی وژن کا ایک حصہ ہے۔

پاکستان میں تیز ترین انٹرنیٹ سروسز کی فراہمی ممکن بنانے کیلئے حال ہی میں پی ٹی سی ایل گروپ نے خیبر پختونخواہ میں محکمہ سائٹس اینڈ انفارمیشن ٹیکنالوجی خیبر پختونخواہ کے تحت خیبر پختونخواہ انفارمیشن ٹیکنالوجی بورڈ کے تعاون سے 5G ٹیکنالوجی کی محدود پیمانے پر کامیاب ٹیسٹنگ کی۔ پاکستان ٹیلی کمیونیکیشن اتھارٹی نے اگلے 15 سالوں تک گلگت بلتستان اور آزاد جموں و کشمیر میں یونون کی سروسز جاری رکھنے کیلئے جون 2021 میں یونون کے لائسنس کی تجدید کی۔

پی ٹی سی ایل گروپ پاکستان میں کمیونیکیشن سروسز کی فراہمی میں ریڈ ہکی بڈی کی حیثیت رکھتا ہے، جو بہترین ٹیلی کمیونیکیشن انفراسٹرکچر اور صارفین کے بھرپور اعتماد کے ساتھ ڈیجیٹل پاکستان کے وژن کو مکمل کرنے کیلئے ہمہ وقت مصروف عمل ہے۔

پی ٹی سی ایل کی سٹیٹسٹ اور اسٹاف صارفین کو بہترین سروسز کی فراہمی کے لئے ہر لمحہ پرعزم ہیں۔ تاکہ صارفین کو مناسب قیمتوں میں زبردست سروسز حاصل ہو سکیں، اور شیئر ہولڈرز کے منافع میں بہترین اضافے کا ذریعہ بن سکیں۔

مخانب بورڈ آف ڈائریکٹرز

ڈاکٹر محمد سہیل راجپوت

چیرمین، بورڈ آف ڈائریکٹرز پی ٹی سی ایل

اسلام آباد: 14 جولائی 2021

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 2021 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 11.3 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 can not 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 2021 and 30 June 2020 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 27, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021 (UN-AUDITED)

Note	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
Equity and liabilities		
Equity		
Share capital and reserves		
Share capital	51,000,000	51,000,000
Revenue reserves		
General reserve	27,497,072	27,497,072
Unappropriated profit	18,139,286	15,512,733
	45,636,358	43,009,805
	96,636,358	94,009,805
Liabilities		
Non-current liabilities		
Deferred income tax	5,133,814	5,609,546
Employees retirement benefits	26,070,103	24,541,399
Deferred government grants	8,212,972	7,279,353
Advances from customers	1,421,482	1,497,759
Lease liabilities	1,109,452	1,106,447
	41,947,823	40,034,504
Current liabilities		
Trade and other payables	92,245,799	88,457,418
Security deposits	587,723	584,598
Unpaid / unclaimed dividend	210,870	211,511
Current maturity of lease liabilities	187,254	302,466
	93,231,646	89,555,993
Total equity and liabilities	231,815,827	223,600,302

Contingencies and commitments

11

The annexed notes 1 to 19 are an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chairman



Chief Financial Officer



Director



Chairman

Note	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000	
Assets			
Non-current assets			
Property, plant and equipment	7	116,332,093	114,665,696
Right of use assets		1,531,651	1,672,711
Intangible assets		1,744,350	1,458,067
		119,608,094	117,796,474
Long term investments		17,736,284	17,736,284
Long term loans and advances	8	9,991,888	10,748,127
Contract costs		573,127	575,190
		147,909,393	146,856,075
Current assets			
Stores and spares		4,091,327	3,600,982
Contract costs		1,719,381	1,725,568
Trade debts and contract assets	9	25,009,157	23,150,485
Loans and advances		2,718,895	1,430,671
Income tax recoverable		17,655,368	18,373,462
Receivable from GoP		2,164,072	2,164,072
Prepayments and other receivables		14,041,313	14,322,386
Short term investments		11,072,022	6,212,234
Cash and bank balances	10	5,434,899	5,764,367
		83,906,434	76,744,227
Total assets		231,815,827	223,600,302

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Revenue	12	19,255,448	17,641,660	38,187,210	35,333,352
Cost of services		(15,028,504)	(13,746,355)	(29,494,504)	(28,013,952)
Gross profit		4,226,944	3,895,305	8,692,706	7,319,400
Administrative and general expenses		(1,786,350)	(1,502,577)	(3,527,886)	(3,159,097)
Selling and marketing expenses		(826,238)	(768,084)	(1,607,665)	(1,577,438)
Impairment loss on trade debts and contract assets		(363,112)	(484,400)	(752,681)	(1,151,259)
		(2,975,700)	(2,755,061)	(5,888,232)	(5,887,794)
Operating profit		1,251,244	1,140,244	2,804,474	1,431,606
Other income	13	1,695,452	1,072,642	2,626,601	2,621,019
Finance costs		(112,020)	(51,095)	(163,544)	(135,486)
Profit before tax		2,834,676	2,161,791	5,267,531	3,917,139
Provision for income tax		(822,056)	(670,160)	(1,527,584)	(1,214,318)
Profit for the period		2,012,620	1,491,631	3,739,947	2,702,821
Earnings per share - basic and diluted (Rupees)		0.39	0.29	0.73	0.53

The annexed notes 1 to 19 are an integral part of these condensed interim financial statements.

Chief Financial Officer

Director

Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Profit for the period	2,012,620	1,491,631	3,739,947	2,702,821
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	2,012,620	1,491,631	2,626,553	2,702,821

The annexed notes 1 to 19 are an integral part of these condensed interim financial statements.

Chief Financial Officer

Director

Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2021 Rs '000	June 30, 2020 Rs '000
Cash flows from operating activities			
Cash generated from operations	14	15,093,566	15,191,886
Employees retirement benefits paid		(739,931)	(535,109)
Advances from customers		-	43,537
Income tax paid		(830,456)	(842,982)
Net cash inflow from operating activities		13,523,179	13,857,332
Cash flows from investing activities			
Capital expenditure		(9,261,710)	(4,764,512)
Acquisition of intangible assets		(531,424)	-
Proceeds from disposal of property, plant and equipment		536,947	812,237
Addition to contract costs		(1,794,248)	(1,484,333)
Short term investment		(500,000)	-
Long term loans and advances		(80,349)	(30,074)
Long term investment in PTML		-	(4,500,000)
Return on long term loan to subsidiaries		286,561	551,397
Return on short term investments		405,217	166,438
Government grants received		1,685,266	598,671
Net cash outflow from investing activities		(9,253,740)	(8,650,176)
Cash flows from financing activities			
Dividend paid		(641)	(1,950,916)
Lease liabilities paid		(238,478)	(377,445)
Net cash outflow from financing activities		(239,119)	(2,328,361)
Net increase in cash and cash equivalents		4,030,320	2,878,795
Cash and cash equivalents at the beginning of the period		11,976,601	4,174,430
Cash and cash equivalents at the end of the period	15	16,006,921	7,053,225

The annexed notes 1 to 19 are an integral part of these condensed interim financial statements.

Chief Financial Officer

Director

Chairman

Chief Financial Officer

Director

Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (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, 2019	37,740,000	13,260,000	3,172,624	27,497,072	6,081,683		87,751,379
Total comprehensive income for the period							
Profit for the six months period ended June 30, 2020					2,702,821		2,702,821
Other comprehensive income for the period							
Distribution to owners of the Company					2,702,821		2,702,821
Final dividend for the year ended December 31, 2019 - Rs 0.50 per share					(2,550,000)		(2,550,000)
Balance as at June 30, 2020	37,740,000	13,260,000	3,172,624	27,497,072	6,234,504		87,904,200
Total comprehensive income for the period							
Profit for the six months period ended December 31, 2020					3,327,544		3,327,544
Other comprehensive income for the period					2,778,061		2,778,061
Transfer of insurance reserve			(3,172,624)		6,105,605		6,105,605
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 loss for the period					(1,113,394)		(1,113,394)
Balance as at June 30, 2021	37,740,000	13,260,000	-	27,497,072	18,139,286		96,636,358

The annexed notes 1 to 19 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, 2021 (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.

1.1 Impact of COVID-19 on the financial statements

During the last year, the COVID-19 pandemic emerged which impacted the economy in general. Due to COVID-19 outbreak, there is a negative impact of approximately Rs. 56,135 thousand on the revenues of the Company during six months period ended June 30, 2021. Further there has been no material impact on the carrying amount of assets and liabilities of the Company.

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, 2020.

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, 2020.

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, 2020.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Note	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
6. TRADE AND OTHER PAYABLES			
Trade creditors		11,943,813	10,958,150
Accrued and other liabilities	6.1	30,275,922	30,211,340
Technical services assistance fee	6.2	28,202,130	25,827,068
Advances from customers / contract liabilities		6,682,681	6,453,465
Retention money / payable to contractors and suppliers		6,392,724	6,116,052
Payable to subsidiaries on account of group taxation		6,381,621	6,381,621
Sales tax payable		1,743,960	1,844,379
Income tax collected / deducted at source		622,948	665,343
		92,245,799	88,457,418
6.1 Accrued and other liabilities			
Accrued liability for operational expenses		7,276,920	6,453,427
Amount withheld on account of provincial levies (Sub-judice) for ICH operations		12,110,803	12,110,803
Accrual for Government / regulatory expenses		9,398,427	9,579,972
Accrued wages		945,017	1,455,891
Others		544,755	611,247
		30,275,922	30,211,340
6.2 Liability has not been settled since State Bank of Pakistan has not yet acknowledged the extension of Technical Service Assistance (TSA) Agreement.			
	Note	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	106,319,415	103,724,068
Capital work-in-progress	7.3	10,012,678	10,941,628
		116,332,093	114,665,696
	Note	June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
7.1 Operating fixed assets			
Opening net book value		103,724,068	103,626,162
Additions during six months period	7.2	10,190,659	7,611,758
		113,914,727	111,237,920
Disposals during the period - at net book value		(14,931)	(2,171)
Depreciation charge for the period		(7,580,381)	(7,674,295)
		(7,595,312)	(7,676,466)
Closing net book value		106,319,415	103,561,454

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
7.2 Detail of additions during the period:		
Buildings on freehold land	411,101	86,682
Buildings on leasehold land	128,919	27,876
Lines and wires	3,456,810	3,672,557
Apparatus, plant and equipment	5,270,954	3,455,115
Office equipment	431,681	124,132
Computer equipment	17,276	13,724
Furniture and fittings	7,072	2,525
Vehicles	434,972	21,350
Submarine cables	31,874	207,797
	10,190,659	7,611,758

7.3 Additions to CWIP during the six months period ended June 30, 2021 were Rs 9,777,545 thousand (June 30, 2020: Rs 4,731,254 thousand).

	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
8. LONG TERM LOANS AND ADVANCES		
Loans to PTML - unsecured	6,666,666	7,500,000
Loans to UBank - unsecured	2,200,000	2,200,000
Loans to employees - secured	1,005,556	953,463
Others	119,666	94,664
	9,991,888	10,748,127
9. TRADE DEBTS AND CONTRACT ASSETS		
Trade debts	25,869,201	23,747,027
Contract assets	7,524,501	7,034,639
	33,393,702	30,781,666
Accumulated impairment loss on trade debts and contract assets	(8,384,545)	(7,631,181)
	25,009,157	23,150,485

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Note	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
10. CASH AND BANK BALANCES			
Cash in hand		362,904	228,687
Balances with banks:	10.1		
Deposit accounts local currency		1,041,082	1,420,984
Current accounts			
Local currency		358,486	1,544,867
Foreign currency		3,672,427	2,569,829
		4,030,913	4,114,696
		5,434,899	5,764,367

10.1 Bank balance includes Rs 6,009 thousands (December 31, 2020: Rs 2,026 thousand) carrying profit at the rate of 2.90% (December 31, 2020: 2.84%) per annum from Shariah arrangements.

11. 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, 2020, except in notes 11.1 and 11.2 in the following:

11.1 For the tax years 2007, 2009, 2010, 2011 to 2018 and 2019, 2020, Taxation Officer disallowed certain expenses and tax credits. The impugned orders were challenged at the relevant appellate forums which allowed partial relief thereof. After taking into account the orders of CIR (Appeals), ATIR as well as rectification orders tax impact of the disallowances is Rs 49,108,187 thousand. Appeals on the remaining outstanding items are pending adjudication before ATIR. Reference in respect of 2007 is subjudice before the Honorable Islamabad High Court. Stay has been obtained in all cases from different fora.

11.2 Against the decision of Sindh Revenue Board (SRB) imposing sales tax on services of Rs 4,417,000 thousand and Khyber Pakhtunkhwa Revenue Authority (KPRA) Rs. 2,374,000 thousands on revenues from international incoming calls from Nov, 2012 to Dec, 2013 & July, 2013 to Dec, 2019 respectively, the appeals are pending adjudication before the Commissioner Appeals. A stay order has been obtained from Honorable Sindh High Court & Honorable Peshawar High Court against any coercive action by SRB and KPRA.

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 Honourable Supreme Court of Pakistan against the Judgment of June 12, 2015.

The Honourable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the 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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated June 12, 2015 have been directed by the Apex Court to approach the appropriate forum on May 10, 2018. Under the circumstances, management of the 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.

	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
11.4 Bank guarantee and bid bonds issued in favour of :		
Universal Service Fund (USF) against government grants	7,065,239	5,292,082
Others	2,682,679	2,301,612
	9,747,918	7,593,694

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

	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
11.5 Commitments		
Contracts for capital expenditure	5,633,456	3,056,938
Letters of comfort in favour of PTML	7,500,000	3,500,000
	13,133,456	6,556,938

12. REVENUE

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

For bundled packages, the Company accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their stand alone selling prices.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Six months ended	
	June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
Revenue segments		
Broadband and IPTV	15,375,817	13,549,171
Voice services	5,080,896	5,420,949
Wireless data	1,264,414	1,126,699
Revenue from retail customers	21,721,127	20,096,819
Corporate	4,524,762	3,969,073
Carrier and wholesale	8,208,337	7,327,621
International	3,732,983	3,939,839
Total revenue	38,187,210	35,333,352

12.1 Revenue is stated net of trade discount amounting to Rs 36,060 thousand (June 30, 2020 Rs 35,414 thousand) and Sales and other taxes directly attributable to sales amounting to Rs 5,757,914 thousand (June 30, 2020: Rs 5,341,226 thousand).

	Note	Six months ended	
		June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
13. OTHER INCOME			
Income from financial assets	13.1	911,069	1,286,952
Income from non-financial assets		1,715,532	1,334,067
		2,626,601	2,621,019

13.1 Income from financial assets include Rs 147 thousand (June 30, 2020: Rs 190 thousand) earned from Shariah arrangements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Six months ended	
	June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
14. CASH GENERATED FROM OPERATIONS		
Profit before tax	5,267,531	3,917,139
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	7,580,381	7,674,295
Amortization of intangible assets	245,142	191,857
Depreciation of right of use assets	198,145	160,395
Amortization of contract costs	1,802,498	1,475,628
Provision for obsolete stores and spares	(24,965)	(836)
Impairment loss on trade debts and contract assets	752,681	1,151,259
Provision for employees retirement benefits	2,042,317	2,029,661
Gain on disposal of property, plant and equipment	(522,016)	(810,066)
Return on bank deposits	(413,579)	(185,979)
Imputed interest on long term loans	15,706	(6,934)
Imputed interest on lease liabilities	69,187	65,739
Return on long term loan to subsidiaries	(388,926)	(758,294)
Unearned revenue realised	(76,277)	(67,673)
Gain on investment measured at fair value through profit or loss	-	(1,027)
Release of deferred government grants	(751,647)	(220,062)
	15,796,178	14,615,102
Effect on cash flows due to working capital changes:		
Decrease / (increase) in current assets:		
Stores and spares	(465,379)	(15,082)
Trade debts and contract assets	(2,611,351)	(3,176,136)
Loans and advances	(467,343)	(1,189,011)
Prepayments and other receivables	(950,042)	2,974,121
	(4,494,115)	(1,406,108)
Increase in current liabilities:		
Trade and other payables	3,788,378	1,979,187
Security deposits	3,125	3,705
	15,093,566	15,191,886
15. CASH AND CASH EQUIVALENTS		
Short term investments	10,572,022	-
Cash and bank balances	5,434,899	7,053,225
	16,006,921	7,053,225

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Six months ended		
	June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000	
16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services assistance fee - note 17.1	1,431,865	1,289,478
ii. Subsidiaries	Sale of goods and services	2,497,999	2,550,055
	Purchase of goods and services	1,413,217	1,439,207
	Mark up on long term loans	389,678	758,294
	Long term investment in subsidiaries	-	5,300,000
iii. Associated undertakings	Sale of goods and services	1,678,623	2,034,109
	Purchase of goods and services	140,302	289,116
iv. Employees contribution plan	PTCL Employees GPF Trust - net	27,331	55,577
v. Employees retirement benefit plan	Contribution to the plan - Gratuity	36,202	30,015
vi. Other related parties	Charge under license obligations	839,568	804,539
vii. Directors, Chief Executive and key management personnel	Fee and remuneration including benefits and perquisites	340,477	410,229
		June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
Period / year-end balances			
Receivables from related parties			
Long term loans to subsidiaries		9,700,000	9,700,000
Trade debts			
- Subsidiaries		769,977	367,118
- Associated undertakings		11,549,127	10,203,966
Other receivables			
- Subsidiaries		8,503,934	7,671,724
- Associated undertakings		71,305	71,305
- PTCL Employees GPF Trust		-	12,208
- Pakistan Telecommunication Employees Trust (PTET)		-	1,262
- Long term loans to executives and key management personnel		78,621	80,543
Bank deposit with subsidiary		287	287
Pakistan Telecommunication Employees Trust (PTET)		915,709	2,257,551
Payables to related parties			
Trade creditors			
- Subsidiaries		2,497,999	1,174,793
- Associated undertakings		1,204,287	1,260,568
- The Government of Pakistan related entities		739,312	1,282,461
Payable to subsidiaries on account of group taxation		6,381,621	6,381,621
PTCL Employees GPF Trust		15,045	-
Security deposits from subsidiary		3,623	3,623
Retention money payable to associated undertakings		3,055	3,055
Technical services assistance fee payable to Etisalat Pakistan Telecommunication Company Limited		28,202,130	25,827,068
Employees Gratuity Fund		550,090	240,788

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

16.1 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.

17. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to offsetting Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at June 30, 2021					
Trade debts and contract assets	14,635,787	(2,793,559)	11,842,228	13,166,929	25,009,157
Trade creditors	(3,016,468)	2,793,559	(222,909)	(11,720,904)	(11,943,813)
As at December 31, 2020					
Trade debts and contract assets	16,888,561	(5,963,436)	10,925,125	12,225,360	23,150,485
Trade creditors	(6,521,472)	5,963,436	(558,036)	(10,400,114)	(10,958,150)

18. 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, 2020. 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, 2020.

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

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

19.1 At the time of the meeting of the Board of Directors, the Chief Executive Officer appointed by the Board of Directors is not present in Pakistan hence the financial statements have been signed by two directors of the Company.

19.2 This condensed interim financial statements for the six months period ended June 30, 2021 were authorized for issue by the Board of Directors of the Company on July 14, 2021.



Chief Financial Officer



Director



Chairman



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**
FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2021 (UN-AUDITED)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021 (UN-AUDITED)

Note	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
Equity and liabilities		
Equity		
Share capital and reserves		
Share capital	51,000,000	51,000,000
Revenue reserves		
General reserve	27,497,072	27,497,072
Unappropriated profit	9,805,669	7,984,136
	37,302,741	35,481,208
Statutory and other reserves	511,553	511,553
Unrealized (loss) / gain on investments measured at fair value through OCI	(14,578)	629
	88,799,716	86,993,390
Liabilities		
Non-current liabilities		
Long term loans from banks	31,392,665	28,774,903
Subordinated debt	599,040	599,160
Deposits from banking customers	2,052,406	3,347,788
Lease liabilities	15,773,112	16,974,431
Deferred income tax	4,871,033	6,093,589
Employees retirement benefits	26,118,226	24,581,798
Deferred government grants	19,358,053	18,216,421
Advances from customers	1,422,548	1,499,169
License fee payable	718,411	-
Long term vendor liability	29,196,097	31,069,424
	131,501,591	131,156,683
Current liabilities		
Trade and other payables	6 98,964,461	94,177,147
Deposits from banking customers	44,742,725	42,285,528
Interest accrued	2,130,270	1,371,131
Short term running finance	5,412,732	6,680,285
Current portion of:		
Long term loans from banks	18,739,952	14,990,172
Lease liabilities	2,958,553	3,041,986
Long term vendor liability	5,550,539	9,157,498
License fee payable	57,901	-
Security deposits	1,275,851	1,302,184
Unpaid / unclaimed dividend	210,870	211,511
	180,043,854	173,217,442
Total equity and liabilities	400,345,161	391,367,515
Contingencies and commitments	11	

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

Chief Financial Officer
28

Director

Chairman

Note	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
Assets		
Non-current assets		
Property, plant and equipment	7 190,963,657	193,715,646
Right of use assets	17,530,147	19,419,596
Intangible assets	26,302,866	25,582,008
Long term investments	51,427	51,427
Long term loans and advances	1,125,221	1,048,127
Long term loans to banking customers	7,471,154	1,433,652
Contract costs	713,950	703,496
	244,158,422	241,953,952
Current assets		
Stock in trade, stores and spares	4,387,509	3,832,884
Trade debts and contract assets	8 26,841,887	25,436,953
Loans to banking customers	25,549,019	28,572,647
Loans and advances	2,039,542	1,553,937
Contract costs	2,832,308	2,626,170
Income tax recoverable	24,751,023	24,837,418
Receivable from the Government of Pakistan	2,164,072	2,164,072
Deposits, prepayments and other receivables	16,576,947	17,160,181
Short term investments	9 39,079,402	30,736,733
Cash and bank balances	10 11,965,030	12,492,568
	156,186,739	149,413,563
Total assets	400,345,161	391,367,515

Chief Financial Officer

Director

Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Revenue	12	33,886,130	31,049,524	67,846,127	62,904,468
Cost of services		(25,252,739)	(23,592,525)	(49,886,214)	(47,419,111)
Gross profit		8,633,391	7,456,999	17,959,913	15,485,357
Administrative and general expenses		(4,483,389)	(3,853,099)	(8,880,527)	(8,213,563)
Selling and marketing expenses		(1,956,781)	(1,708,218)	(3,881,790)	(3,507,717)
Impairment loss on trade debts and contract assets		(578,599)	(856,826)	(1,209,556)	(1,995,059)
		(7,018,769)	(6,418,143)	(13,971,873)	(13,716,339)
Operating profit		1,614,622	1,038,856	3,988,040	1,769,018
Other income	13	1,859,997	1,385,070	4,555,999	3,671,082
Finance costs		(1,716,707)	(1,774,196)	(4,522,761)	(5,311,856)
Profit before tax		1,757,912	649,730	4,021,278	128,244
Provision for income tax		(429,791)	(209,681)	(1,086,351)	(94,919)
Profit for the period		1,328,121	440,049	2,934,927	33,325

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



Chief Financial Officer



Director



Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2021 Rs '000	June 30, 2020 Rs '000	June 30, 2021 Rs '000	June 30, 2020 Rs '000
Profit for the period	1,328,121	440,049	2,934,927	33,325
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss:				
Remeasurement loss on employees retirement benefits	-	-	(1,568,160)	-
Tax effect	-	-	454,766	-
	-	-	(1,113,394)	-
Items that may be subsequently reclassified to profit or loss:				
Gain on revaluation of assets	69,957	69,957	58,072	110,640
Gain on revaluation of assets transferred to profit or loss	(23,810)	(45,699)	(79,490)	(65,813)
Tax effect	(3,341)	(21,145)	6,211	(32,086)
	42,806	3,113	(15,207)	12,741
Other comprehensive income / (loss) for the period - net of tax	42,806	3,113	(1,128,601)	12,741
Total comprehensive income for the period	1,370,927	443,162	1,806,326	46,066

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



Chief Financial Officer



Director



Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2021 Rs '000	June 30, 2020 Rs '000
Cash flows from operating activities			
Cash generated from operations	14	25,357,412	14,089,185
Employees retirement benefits paid		(800,598)	(633,518)
Income tax paid		(1,761,535)	(2,063,847)
Net cash inflow from operating activities		22,795,279	11,391,820
Cash flows from investing activities			
Capital expenditure		(13,347,003)	(13,540,859)
Proceeds from disposal of property, plant and equipment		597,554	863,701
Additions to contract costs		(2,790,991)	(2,080,061)
Short term investments		(3,982,881)	-
Long term loans and advances		(92,800)	48,800
Government grants received		2,668,622	757,885
Return on long term loans and short term investments		1,522,255	567,016
Net cash outflow from investing activities		(15,425,244)	(13,383,518)
Cash flows from financing activities			
Loan from banks		6,367,542	6,892,918
Subordinated debt		(120)	(120)
Vendor liability		(5,480,286)	2,305,718
License fee payable - additions		776,312	-
Finance cost paid		(3,600,809)	(4,008,001)
Customers deposits		1,161,815	5,080,961
Lease liabilities		(1,494,045)	(1,360,338)
Dividend paid		(641)	(1,950,916)
Net cash (outflow) / inflow from financing activities		(2,270,232)	6,960,222
Net increase in cash and cash equivalents		5,099,803	4,968,524
Cash and cash equivalents at the beginning of the period		12,024,517	12,188,911
Cash and cash equivalents at the end of the period	15	17,124,320	17,157,435

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

Chief Financial Officer

Director

Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Issued, subscribed and paid-up capital			Revenue reserves		Unappropriated profit / (loss)	Statutory and other reserves	Unrealized (loss) / gain on investments measured at fair value through OCI	Total
	Class "A"	Class "B"	Insurance reserve	General reserve					
Balance as at December 31, 2019	37,740,000	13,260,000	3,172,624	27,497,072	1,492,423	285,013	(8,779)	83,438,353	
Total comprehensive income for the period									
Profit for the six months period ended June 30, 2020					33,325			33,325	
Other comprehensive income							12,741	12,741	
Transfer to insurance reserve					33,325			46,066	
Distribution to owners of the Holding Company Interim dividend for the year ended December 31, 2019 - Re 0.50 per share									
Balance as at June 30, 2020	37,740,000	13,260,000	3,172,624	27,497,072	(1,024,252)	285,013	3,962	80,934,419	
Profit for the six months period ended December 31, 2020					3,239,341			3,239,341	
Other comprehensive income					2,822,963		(3,333)	2,819,630	
Transfer of insurance reserve					6,062,304			6,068,971	
Transfer to statutory and other reserves					3,172,624				
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)	
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	

Chief Financial Officer

Director

Chairman

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

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (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, broadband internet services and microfinance banking services in Pakistan. PTCL owns and operates telecommunication facilities and provides domestic and international telephone services throughout Pakistan. PTCL has also been licensed to provide such services to territories in Azad Jammu and Kashmir and Gilgit-Baltistan. PTML provides cellular mobile telephony services throughout Pakistan and Azad Jammu and Kashmir. Principal business of U Bank, incorporated under Microfinance Institutions Ordinance, 2001, is to provide nationwide microfinance and branchless banking services.

During the last year, the COVID-19 pandemic emerged which impacted the economy in general. Due to COVID-19 outbreak, there is a negative impact of approximately Rs 302,135 thousand on the revenues of the Group during Q2 2021. Further there has been no material impact on the carrying amount of assets and liabilities of the Group.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

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); 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, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and judgements made by the management in the preparation of this condensed consolidated interim financial information are the same as those used in the preparation of annual audited consolidated financial statements of the Group for the year ended December 31, 2020.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the consolidated annual audited financial statements for the year ended December 31, 2020.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Note	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
6. TRADE AND OTHER PAYABLES			
Trade creditors		13,767,364	12,988,191
Accrued and other liabilities	6.1	37,793,201	36,341,187
Technical services assistance fee		28,202,130	25,827,068
Advances from customers / contract liability		10,247,289	10,127,857
Retention money / payable to contractors and suppliers		6,392,724	6,116,052
Income tax collected from subscribers / deducted at source		764,685	983,567
Sales tax payable		1,770,938	1,793,225
Payable to provident fund		26,130	-
		98,964,461	94,177,147
6.1 Accrued and other liabilities			
Accrued liability for operational expenses		12,408,098	9,967,829
Amount withheld on account of provincial levies (Sub-judice) for ICH operations		12,110,803	12,110,803
Accrual for Government / regulatory expenses		10,601,992	11,321,524
Accrued wages		1,313,660	1,818,469
Others		1,358,648	1,122,562
		37,793,201	36,341,187
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	175,657,291	173,398,683
Capital work-in-progress	7.3	15,306,366	20,316,963
		190,963,657	193,715,646

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Note	June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
7.1 Operating fixed assets			
Opening net book value		173,398,683	168,066,793
Additions during the period	7.2	15,807,296	16,138,034
		189,205,979	184,204,827
Disposals during the period - at net book value		(37,180)	(53,247)
Depreciation for the period		(13,511,508)	(13,617,757)
		(13,548,688)	(13,671,004)
Closing net book value		175,657,291	170,533,823
7.2 Detail of additions during the period:			
Buildings on freehold land		411,101	86,682
Buildings on leasehold land		128,919	27,876
Lines and wires		3,456,810	3,672,557
Apparatus, plant and equipment		10,537,983	11,811,505
Office equipment		471,485	143,173
Computer equipment		323,000	88,249
Furniture and fittings		11,152	11,314
Vehicles		434,972	88,881
Submarine cables		31,874	207,797
		15,807,296	16,138,034
7.3 Additions to CWIP during the six months period ended June 30, 2021 were Rs 13,248,732 thousand (June 30, 2020: Rs 13,564,437 thousand).			
		June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
8. TRADE DEBTS AND CONTRACT ASSETS			
Trade debts		28,037,349	26,365,889
Contract assets		7,775,446	7,261,072
		35,812,795	33,626,961
Accumulated impairment loss on trade debts and contract assets		(8,970,908)	(8,190,008)
		26,841,887	25,436,953

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

Note	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
9. SHORT TERM INVESTMENTS		
Amortized cost		
Market treasury bills and others	10,572,022	6,212,234
Term deposit receipts - Maturity up to 6 months	9,800,000	6,120,000
Repurchase agreement Lending (Reverse Repo)		
Maturity up to 6 months	-	450,000
Fair value through profit or loss		
Units of mutual fund	500,000	-
Fair value through other comprehensive income		
Units of mutual fund	3,885,165	-
Market treasury bills - Maturity up to 6 months	2,985,549	10,353,348
Pakistan Investment Bonds (PIBs) - Maturity up to 6 months	11,336,666	7,601,151
	39,079,402	30,736,733
10. CASH AND BANK BALANCES		
Cash in hand	1,393,267	1,234,771
Balances with banks:	10.1	
Local currency		
Current account maintained with SBP	2,624,782	2,238,550
Current accounts	372,469	1,557,346
Saving accounts	3,436,693	4,136,574
	6,433,944	7,932,470
Foreign currency		
Current accounts	3,672,427	2,569,829
Saving accounts	465,392	755,498
	4,137,819	3,325,327
	11,965,030	12,492,568

10.1 Bank balance includes Rs 6,009 thousands (December 31, 2020: Rs 2,026 thousand) carrying profit at the rate of 2.90% (December 31, 2020: 2.84%) per annum from Shariah arrangements.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

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, 2020 except as disclosed in note 11.1 and 11.2

- 11.1** For the tax years 2007, 2009, 2010 and 2011 to 2018 and 2019, 2020, 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 49,108,187 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.
- 11.2** Against the decision of Sindh Revenue Board (SRB) imposing sales tax on services of Rs 4,417,000 thousand and Khyber Pakhtunkhwa Revenue Authority (KPRA) Rs 2,374,000 thousands on revenues from international incoming calls from Nov, 2012 to Dec, 2013 & July, 2013 to Dec, 2019 respectively, the appeals are pending adjudication before the Commissioner Appeals. A stay order has been obtained from Honorable Sindh High Court & Honorable Peshawar High Court against any coercive action by SRB and KPRA.
- 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. Under the circumstances, management of the Holding Company, on the basis of legal advice, believes that the Holding Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in these Consolidated financial statements.

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
11.4 Bank guarantees and bid bonds of Group issued in favor of:		
Universal Service Fund (USF) against government grants Pakistan Telecommunication Authority against 3G and 2G Licenses	15,868,543	12,848,281
Others	157,544	599,363
	3,272,511	2,616,704
	19,298,598	16,064,348
11.5 Commitments - Group		
Standby Letter of Guarantee	10,600	10,200
Letters of credit for purchase of stock	16,936	171,782
Letters of comfort in favour of PTML	7,500,000	3,500,000
Contracts for capital expenditure	8,705,873	10,838,181
	16,233,409	14,520,163

12. 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, U Bank provides banking and microfinance services.

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.

	Six months ended	
	June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
12 REVENUE		
Broadband and IPTV	15,320,795	13,505,480
Cellular and other wireless services	25,551,256	24,383,966
Voice services	4,593,249	4,934,603
Revenue from retail customers	45,465,300	42,824,049
Corporate	3,812,523	3,093,422
Carrier and wholesale	8,953,484	7,946,446
International	4,402,761	4,590,250
Banking	5,212,059	4,450,301
Total revenue	67,846,127	62,904,468

12.1 Revenue is stated net of trade discount amounting to Rs 911,060 thousand (June 30, 2020: Rs 952,414 thousand) and sales and other taxes directly attributable to sales amounting to Rs 10,393,914 thousand (June 30, 2020: Rs 9,777,226 thousand).

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
13. OTHER INCOME			
Income from financial assets	13.1	1,714,080	1,317,348
Income from non-financial assets		2,841,919	2,353,734
		4,555,999	3,671,082
13.1 Income from financial assets include Rs 147 thousand (June 30, 2020: Rs 190 thousand) earned from Shariah arrangements.			
		June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
14 CASH GENERATED FROM OPERATIONS			
Profit before tax		4,021,278	128,244
Adjustments for non-cash charges and other items:			
Depreciation of property, plant and equipment		13,511,508	13,617,757
Amortization of intangible assets		1,829,444	1,752,509
Amortization of contract costs		2,574,399	2,229,986
Depreciation of right of use assets		1,951,637	1,890,601
Impairment loss on trade debts and contract assets		783,005	1,192,611
Impairment loss on non performing loans to banking customers		426,550	802,448
Provision for obsolete stores, spares and loose tools		(24,965)	(836)
Provision for employees retirement benefits		2,110,708	2,093,351
Imputed interest on long term loans		15,706	(6,934)
Imputed interest on lease liabilities		147,107	68,803
Unearned revenue realized		(59,217)	(67,673)
Gain on disposal of property, plant and equipment		(560,374)	(845,105)
Gain on disposal of investments measured at fair value		(58,072)	(64,787)
Return on bank deposits and Government securities		(1,518,985)	(857,780)
Release of deferred government grants		(1,526,990)	(860,062)
Finance costs		4,359,948	5,249,986
		27,982,687	26,323,119
Effect on cash flows due to working capital changes:			
(Increase) / decrease in current assets:			
Stock in trade, stores and spares		(529,660)	(32,325)
Trade debts and contract assets		(2,187,939)	(3,814,171)
Loans to banking customers		(3,440,424)	(3,964,913)
Loans and advances		(485,605)	(1,199,277)
Deposits, prepayments and other receivables		(725,224)	(3,349,884)
		(7,368,852)	(12,360,570)
Increase / (decrease) in current liabilities:			
Trade and other payables		4,769,910	147,510
Security deposits		(26,333)	(20,874)
		4,743,577	126,636
		25,357,412	14,089,185

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

	Six months ended	
	June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
15. CASH AND CASH EQUIVALENTS		
Short term investments	10,572,022	8,898,839
Cash and bank balances	11,965,030	12,297,417
Short term running finance	(5,412,732)	(4,038,821)
	17,124,320	17,157,435

16. SEGMENT INFORMATION

For management purposes, the Group is organised into three operating segments i.e. fixed line communications (Wireline), 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:

	Wireline	Wireless	Banking	Total
	Rs '000	Rs '000	Rs '000	Rs '000
Six months ended June 30, 2021				
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
Six months ended June 30, 2020				
Segment revenue	34,206,653	27,491,773	4,450,836	66,149,262
Inter segment revenue	(2,537,992)	(706,267)	(535)	(3,244,794)
Revenue from external customers	31,668,661	26,785,506	4,450,301	62,904,468
Segment results	2,621,736	(2,701,255)	112,844	33,325
	Wireline	Wireless	Banking	Total
	Rs '000	Rs '000	Rs '000	Rs '000
As at June 30, 2021				
Segment assets	185,040,953	138,512,498	76,791,710	400,345,161
Segment liabilities	125,697,839	117,830,100	68,017,506	311,545,445
As at December 31, 2020				
Segment assets	177,718,707	144,112,373	69,536,435	391,367,515
Segment liabilities	119,691,288	123,288,202	61,394,635	304,374,125

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

		Six months ended	
		June 30, 2021 (Un-Audited) Rs '000	June 30, 2020 (Un-Audited) Rs '000
17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Relationship with the Group	Nature of transaction		
i. Shareholders	Technical services assistance fee	2,374,614	2,201,656
ii. Associated undertakings	Sale of goods and services	1,765,323	2,121,236
	Purchase of goods and services	257,130	411,246
	Prepaid rent	338,360	307,600
iii. Employees	PTCL Gratuity Fund	36,202	30,015
	benefits plans PTML Gratuity Fund	44,670	46,090
	U Bank Gratuity Fund	23,897	19,388
iv. Employees	PTCL PTCL Employees GPF		
	contribution plans Trust - net	27,331	55,577
	PTML Provident Fund	78,106	73,830
	U Bank Provident Fund	20,109	17,843
v. Other related parties	PTCL Charges under license obligation	839,568	804,539
	PTML Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	10,750	18,050
vi. Directors, Chief Executive and key Management Personnel	Fee and remuneration including benefits and perquisites	930,959	1,021,001
		June 30, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
Trade debts			
	- Associated undertakings	12,071,613	10,637,624
Deposits, prepayments and other receivables			
	- Associated undertakings	71,305	71,305
	- PTCL Employees GPF Trust	-	12,208
	- Pakistan Telecommunication Employees Trust (PTET)	-	1,262
	- Rent prepaid to PTET	-	96,125
	- Pakistan Telecommunication Employees Trust (PTET)	915,709	2,257,551
Long term loans to executives and key management personnel			
	PTCL	78,621	80,543
	PTML	-	3,728
	U Bank	19,640	-
Trade and other payables			
Trade creditors			
	- Associated Undertakings	1,580,139	1,469,091
	- The Government of Pakistan and its related entities	739,312	1,282,461
	Retention money payable to associated undertaking	3,055	3,055
	Technical assistance services fee payable to Etisalat	28,202,130	25,827,068
	PTCL Employees GPF Trust	15,045	-
	Pakistan Telecommunication Company Limited Employees Gratuity Fund	550,090	240,788
PTML			
	- Gratuity Fund	44,524	40,399
	- Provident Fund	25,278	-
U Bank			
	- Gratuity Fund	3,599	3,518
	- Provident Fund	852	1,236

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

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021 (UN-AUDITED)

18. FAIR VALUE ESTIMATION

The financial liability of forward exchange contracts at fair value through profit or loss is Rs 185,652 thousand (December 31, 2020: Nil).

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

19. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to offsetting Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at June 30, 2021					
Trade debts and contract assets	15,614,398	(3,379,994)	12,234,404	23,578,391	35,812,795
Trade creditors	(3,746,638)	3,379,994	(366,644)	(13,400,720)	(13,767,364)
As at December 31, 2020					
Trade debts and contract assets	17,847,596	(6,767,755)	11,079,841	22,547,120	33,626,961
Trade creditors	(7,620,907)	6,767,755	(853,152)	(12,135,039)	(12,988,191)

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, 2020. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments form those as disclosed in the audited consolidated financial statements of the Group for the year ended December 31, 2020.

21. CORRESPONDING FIGURES

Following corresponding figures have been reclassified for appropriate presentation:

Condensed consolidated interim statement of profit or loss

	As previously reported Rs '000	Reclassification Rs '000	As reclassified Rs '000
Cost of services	47,294,543	124,568	47,419,111
Administrative and general expenses	8,446,694	(233,131)	8,213,563
Selling and marketing expenses	3,399,154	108,563	3,507,717

Condensed consolidated interim statement of cash flows

Reclassification from	Reclassification to	Rs '000
Cash generated from operations	Cash flows from financing activities	4,008,001

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

22.1 At the time of the meeting of the Board of Directors, the Chief Executive Officer appointed by the Board of Directors is not present in Pakistan hence the financial statements have been signed by two directors of the Holding Company.

22.2 These condensed consolidated interim financial statements for the six months period ended June 30, 2021 were authorised for issue by the Board of Directors of the Holding Company on July 14, 2021.



Chief Financial Officer



Director



Chairman