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BOARD OF DIRECTORS

Chairman PTCL Board

Shoaib Ahmad Siddiqui

Members PTCL Board

Abdulrahim A. Al Nooryani

Naveed Kamran Baloch

Rizwan Malik

Hatem Dowidar

Syed Shabahat Ali Shah

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

Moqeen ul Haque

Chief Commercial Officer and 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., 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 the financial statements of the Company for the nine months ended 30th September 2019.

PTCL Group's revenue for the nine months has grown year-on-year (YoY) by 4.5% to Rs 98 billion. Ufone revenue has increased 6% YoY, UBank, a microfinance banking subsidiary of PTCL, has shown significant growth of 50% in its revenue over last year. PTCL standalone revenue has also increased by 0.4% YoY. PTCL Group's operating profit and net profit for the nine months have decreased by 15% and 32% respectively as a result of high inflation, significant currency devaluation and higher power tariffs.

During the period under review, Ufone focused on increasing its market share by increasing its BVS retail footprint and increased sales channel efficiency. This has resulted in a 9% increase in its subscriber base which is even higher than the industry average. To cater to its customers' high speed data usage requirements and to improve customer experience, Ufone continued its innovative initiative of dynamic sharing of GSM/LTE in 1800MHz spectrum and has so far rolled out this initiative on around 1,500 sites in 6 major cities.

UBank has considerably expanded its network of touch points from 141 at the end of last year to 211, across 183 cities and rural areas in Pakistan, offering a wide range of microfinance loans, deposit products and branchless banking solutions. In doing so, the bank is playing its due role in fighting poverty in Pakistan. The service is offered at nearly 40,000 agent locations across the country. The bank's deposits and loan portfolios grew by 14% and 37% respectively year on year.

During the period under review, PTCL's revenue was Rs 53.8 billion which is slightly higher than the same period of last year. PTCL's flagship Fixed Broadband services posted revenue growth of 5%. Corporate, Wholesale and International businesses continued their growth momentum from 2018 and have achieved 7% overall 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 voice revenue due to continued conversion of subscribers to OTT, cellular services and illegal/grey traffic termination resulting in declining voice traffic volumes.

PTCL has posted a Net Profit after Tax of Rs 5.5 billion which is 14% 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. However, non-operating income has increased due to higher income on investments as a result of increase in interest rates, translation gain on forex denominated assets and gain on sale of obsolete assets that have become redundant as a result of upgradation of legacy exchanges and fiberization of access network.

During the period, PTCL continued its Network Transformation project to upgrade its top revenue generating exchanges in different parts of Pakistan. For the 95 exchanges fully transformed to date in 12 cities, YoY revenue growth is even higher at 12% and there is a 35% reduction in customer complaints. Fiber-To-The-Home (FTTH), deployed in major cities, has received a positive response from the customers.

PTCL has successfully maintained and expanded its market leadership in the IP bandwidth business. This expansion coupled with growth in VSAT has enabled PTCL to become the sole bandwidth provider for different cellular, LDI and local loop operators. PTCL has enhanced its corporate services portfolio from serving basic connectivity needs to offering a diverse portfolio of various security services, becoming Pakistan's first Managed Security Service Provider (MSSP). PTCL, in collaboration with PTA and the telecom industry, continued its concerted efforts to implement a new grey traffic monitoring and controlling system to improve its international revenue stream.

VIS Credit Rating Company Limited (VIS) has reaffirmed entity rating of PTCL of "AAA" (Triple A) and short-term rating of "A-1+" (A-One Plus). The medium to long-term rating of 'AAA' denotes highest credit quality, with negligible risk factors, being only slightly more than for risk-free

debt of Government of Pakistan. The assigned ratings reflect PTCL's leading market position, extensive network infrastructure, strong financial risk profile and adequate business risk profile. Ratings also incorporate strong sponsor profile with majority shareholding of 62% vested with the Government of Pakistan and 26% stake along with management control being held by Etisalat International Pakistan LLC, a 90% owned subsidiary of Etisalat Group.

This year, on Independence Day, PTCL portrayed its connection with the people of Pakistan through a TVC campaign that became immensely popular on all social media platforms. The main theme of the TVC was along the lines that PTCL is the backbone of connectivity in Pakistan and organizations trusted by their customers for their daily connectivity needs in turn trust PTCL to enable provision of these services.

As part of 'Clean Green Pakistan Movement', PTCL undertook beautification, renovation and re-landscaping of three main places in the capital city. In order to support the startups incubated at National Incubation Center (NIC) Karachi, PTCL participated in a special graduation ceremony for the first batch of startups. This inaugural graduation ceremony was a landmark moment for the Sindh's startup ecosystem. PTCL held a special ceremony to commemorate Defense Day, observe solidarity with the people of Kashmir and pay tribute to the families of martyrs who lost their lives protecting our motherland.

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.

For the financial year 2019, the Directors had 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, Board of Directors PTCL

Islamabad: October 16, 2019



Rashid Naseer Khan
President & Chief Executive Officer

مالیاتی جائزہ برائے نومبر 30 2019

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پٹی سی ایل) کے ڈائریکٹرز 30 ستمبر 2019 کو ختم ہونے والی نو ماہ کی مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

دوران مدت پٹی سی ایل گروپ کی آمدن سال بہ سال 4.5 فیصد اضافے سے 98 ارب روپے رہی۔ یونٹوں کے ریونیو میں سال بہ سال 6 فیصد اضافہ ہوا۔ یونٹوں کے فنانس بینک جو پٹی سی ایل کا ذیلی ادارہ ہے، کی آمدن میں گزشتہ سال کی نسبت 50 فیصد اور پٹی سی ایل کی آمدن میں سال بہ سال 0.4 فیصد اضافہ کیے گئے۔ 9 ماہ کے دوران، افراط زر میں اضافہ، کرنسی کی قدر میں کمی اور بجلی کی قیمتوں میں اضافے کی وجہ سے پٹی سی ایل گروپ کے آپریٹنگ منافع اور نیٹ منافع میں بالترتیب 15 اور 32 فیصد کمی آئی۔

زیر جائزہ دورانیے میں یونٹوں نے اپنے پی وی ایس (BVS) ریشیل فٹ پرنٹ اور سیکر جینل میں بہتری کے ذریعے مارکیٹ شیئر کو بڑھانے پر توجہ مرکوز رکھی۔ جس کے نتیجے میں سہسکرا بھر میں 9 فیصد اضافہ ہوا جو انڈسٹری کے اوسط درجہ اضافہ سے زیادہ ہے۔ اپنے صارفین کی ڈیٹا کی بڑھتی ہوئی ضروریات کو پورا کرنے کیلئے یونٹوں نے 1800MHz سیکٹر میں جی ایس ایم / ایل ٹی ای کی شیئرنگ کے منصفیہ اقدام کو جاری رکھا جسے اب تک 16 ہمشہروں کے تقریباً 1500 مقامات پر نافذ کیا جا چکا ہے۔

یونٹ نے پاکستان کے 183 مختلف شہری اور دیہی علاقوں میں اپنے نیٹ ورکس میں خاطر خواہ اضافہ کیا اور گزشتہ برس کی نسبت اس کی براؤنچر 141 سے بڑھ کر 211 ہو چکی ہیں جہاں مائیکرو فنانس لونز، ڈیپازٹ پراڈکٹس اور براؤنچ لیس بینکنگ کی مختلف خدمات فراہم کی جارہی ہیں۔ اس طرح یونٹ پاکستان میں غربت کے خاتمے میں اپنا کردار ادا کر رہا ہے۔ ملک بھر میں تقریباً 40,000 مقامات پر یہ خدمات فراہم کی جارہی ہیں۔ بینک کے ڈیپازٹ اور لون پورٹ فولیو میں سال بہ سال بالترتیب 14 فیصد اور 37 فیصد اضافہ ہوا۔

زیر جائزہ دورانیے میں پٹی سی ایل کی آمدن 53.8 ارب روپے رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں کچھ زیادہ ہے۔ پٹی سی ایل کی فلیڈ براڈ بینڈ سروسز کی آمدن میں گزشتہ سال کی اسی مدت کے مقابلے میں 5 فیصد اضافہ کیے گئے ہیں۔ کارپوریٹ، ہول سیل اور انٹرنیشنل برنس کی شرح نمو میں 2018 سے مسلسل اضافہ رہا جس کی بدولت اس کی آمدن میں مجموعی طور پر 7 فیصد اضافہ ہوا۔ اسی مدت کے دوران سیلولر سروسز کی جانب سے فراہم کی جانے والی وائرلیس ڈیٹا سروسز میں سخت مقابلے کی وجہ سے پٹی سی ایل کی وائرلیس سروسز سے حاصل ہونے والی آمدن میں کمی آئی۔ وائرس ٹریک میں صارفین کے او ٹی ٹی (اوور دی ٹاپ) اور سیلولر سروسز کی جانب بدلتے رجحان کے باعث دونوں مقامی اور بین الاقوامی آمدن میں کمی آئی ہے۔

پٹی سی ایل کا بعد از ٹیکس خالص منافع 5.5 ارب روپے رہا جو گزشتہ برس کے اسی دورانیے کی نسبت 14 فیصد زیادہ ہے۔ بجلی کے نرخوں میں اضافے کی وجہ سے آپریٹنگ منافع دباؤ کا شکار رہا۔ تاہم شرح سود میں نمایاں اضافہ، غیر ملکی کرنسی کے بڑھے ہوئے ریٹ کی وجہ سے ہوئی اضافی آمدن اور متروکہ اثاثوں جو فائبر انزیشن کی اپگریڈیشن کی وجہ سے بے کار ہو چکے تھے، کی فروخت سے حاصل ہونے والی آمدن کے نتیجے میں نان آپریٹنگ آمدن میں اضافہ ہوا۔

آپ کی توجہ زیر جائزہ دورانیہ کی پٹی سی ایل کی عبوری مالیاتی سیٹمنٹس کی حق 12.1 کی طرف مبذول کرائی جاتی ہے جس میں پٹی سی ایل پینشن سکیم کے تحت کچھ ملازمین کے حقوق جو کہ مختلف عدالتوں کے سامنے زیر التواء ہیں، کو بیان کیا گیا ہے۔

17 اپریل 2019 کو منعقد ہونے والی بورڈ میٹنگ میں، مالی سال 2019 کیلئے ڈائریکٹرز نے عبوری نقد منافع کی مد میں 5 فیصد (0.50 روپے فی شیئر) کی منظوری دی تھی۔

پٹی سی ایل کی انتظامیہ اور ملازمین اپنی ان تھک محنت کی بدولت اپنے صارفین کو بہترین قیمت پر اعلیٰ معیاری سروسز فراہم کرنے اور شیئر ہولڈرز کی ویلیو میں بہتری کیلئے پرعزم ہیں۔

منجانب بورڈ آف ڈائریکٹرز

Rashid Khan

راشد نصیر خان

پریزیڈنٹ اینڈ چیف ایگزیکٹو آفیسر

شعیب احمد صدیقی

چیئرمین، بورڈ آف ڈائریکٹرز، پٹی سی ایل

اسلام آباد: 16 اکتوبر 2019

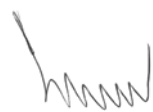
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019 (UN-AUDITED)

	Note	September 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		3,974,854	2,088,583
		34,644,550	32,571,351
		85,644,550	83,571,351
Liabilities			
Non-current liabilities			
Deferred income tax		7,148,943	6,991,303
Employees retirement benefits		28,435,151	28,487,425
Deferred government grants		7,694,331	7,841,637
Advances from customers		1,689,461	1,112,453
Lease liabilities	6	989,039	-
		45,956,925	44,432,818
Current liabilities			
Trade and other payables	7	69,865,265	67,195,789
Security deposits		579,621	579,039
Unpaid / unclaimed dividend		212,594	264,836
Current maturity of lease liabilities	6	179,643	-
		70,837,123	68,039,664
Total equity and liabilities		202,438,598	196,043,833

Contingencies and commitments 12.

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



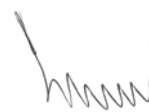
Chief Financial Officer



President & CEO



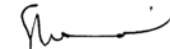
Chairman



Chief Financial Officer



President & CEO



Chairman

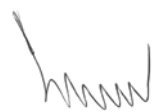
	Note	September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Assets			
Non-current assets			
Property, plant and equipment	8	110,449,728	106,151,422
Right of use assets	6	1,210,363	-
Intangible assets		1,423,880	1,690,725
Long term investments		8,968,757	8,968,757
Long term loans and advances		10,837,143	10,690,139
Contract cost		444,163	364,502
		133,334,034	127,865,545
Current assets			
Stores and spares		6,028,781	6,067,575
Contract cost		1,332,488	1,093,505
Trade debts and contract assets	9	19,937,420	16,178,523
Loans and advances		2,376,735	1,762,470
Income tax recoverable		15,810,397	16,478,323
Receivable from the GoP		2,164,072	2,164,072
Prepayments and other receivables		17,267,324	14,842,839
Short term investments	10	-	4,930,370
Cash and bank balances	11	4,187,347	4,660,611
		69,104,564	68,178,288
Total assets		202,438,598	196,043,833

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2019 Rs '000	September 30, 2018 Rs '000	September 30, 2019 Rs '000	September 30, 2018 Rs '000
Revenue	13	18,001,951	17,505,854	53,774,026	53,550,420
Cost of services		(13,848,538)	(13,621,207)	(40,594,094)	(39,829,377)
Gross profit		4,153,413	3,884,647	13,179,932	13,721,043
Administrative and general expenses	14	(2,358,883)	(2,159,184)	(6,575,327)	(6,297,793)
Selling and marketing expenses		(718,282)	(673,182)	(2,154,072)	(2,180,917)
		(3,077,165)	(2,832,366)	(8,729,399)	(8,478,710)
Operating profit		1,076,248	1,052,281	4,450,533	5,242,333
Other income	15	1,472,904	764,672	3,820,564	2,180,078
Finance costs		(88,409)	(237,365)	(233,709)	(495,250)
Profit before tax		2,460,743	1,579,588	8,037,388	6,927,161
Provision for income tax		(787,437)	(489,673)	(2,571,964)	(2,147,420)
Profit for the period		1,673,306	1,089,915	5,465,424	4,779,741
Earnings per share - basic and diluted (Rupees)		0.33	0.21	1.07	0.94

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



Chief Financial Officer



President & CEO




Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2019 Rs '000	September 30, 2018 Rs '000	September 30, 2019 Rs '000	September 30, 2018 Rs '000
Profit for the period	1,673,306	1,089,915	5,465,424	4,779,741
Items that will not be reclassified to profit or loss:				
Remeasurement loss on employees retirement benefits	-	-	(1,186,233)	-
Tax effect	-	-	344,008	-
Other comprehensive income for the period	-	-	(842,225)	-
Total comprehensive income for the period	1,673,306	1,089,915	4,623,199	4,779,741

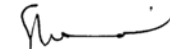
The annexed notes 1 to 22 are an integral part of these condensed interim financial statements.



Chief Financial Officer



President & CEO



Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

Note	Nine months ended	
	September 30, 2019 Rs '000	September 30, 2018 Rs '000 (Restated)
Cash flows from operating activities		
Cash generated from operations	16	16,550,597
Employees retirement benefits paid	(881,674)	(754,697)
Payment to Pakistan Telecommunication Employee Trust (PTET)	(3,500,000)	(2,779,570)
Income tax paid	(1,402,391)	(2,444,688)
Net cash inflow from operating activities	10,766,532	9,351,808
Cash flows from investing activities		
Capital expenditure	(14,890,192)	(10,094,783)
Proceeds from disposal of property, plant and equipment	669,387	11,362
Disposal of short term investments - net	-	3,080,778
Long term loans and advances	(228,566)	(317,395)
Return on long term loan to subsidiaries	513,405	250,907
Return on short term investments	377,619	695,941
Government grants received	164,900	300,000
Long term investment in Ubank	-	(1,000,000)
Subordinated long term loan to PTML	-	(1,000,000)
Net cash outflow from investing activities	(13,393,447)	(8,073,190)
Cash flows from financing activities		
Dividend paid	(2,602,242)	(5,031,424)
Lease liability	(174,475)	-
Net cash outflow from financing activities	(2,776,717)	(5,031,424)
Net decrease in cash and cash equivalents	(5,403,632)	(3,752,806)
Cash and cash equivalents at the beginning of the period	9,590,979	16,770,299
Cash and cash equivalents at the end of the period	17	4,187,347

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	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	85,101,785
Total comprehensive income for the period	-	-	-	4,779,741	-
Profit for the nine months period ended September 30, 2018 -	-	-	-	4,779,741	-
Other comprehensive income for the period	-	-	-	-	4,779,741
Transfer to insurance reserve	-	-	178,703	-	(178,703)
Distribution to owners of the Company	-	-	-	-	-
Interim dividend for the year ended	-	-	-	-	-
December 31, 2018 - Re 1.00 per share	-	-	-	-	(5,100,000)
Balance as at September 30, 2018	37,740,000	13,260,000	2,985,696	27,497,072	84,781,526
Total comprehensive income for the period	-	-	-	-	3,298,758
Profit for the three months period ended	-	-	-	-	3,298,758
December 31, 2018	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	2,642,706
	-	-	-	-	(3,852,881)
	-	-	-	-	(1,210,175)
Balance as at December 31, 2018	37,740,000	13,260,000	2,985,696	27,497,072	83,571,351
Total comprehensive income for the period	-	-	-	-	2,088,583
Profit for the nine months period ended	-	-	-	-	2,088,583
September 30, 2019	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	5,465,424
	-	-	-	-	(842,225)
	-	-	-	-	4,623,199
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)
Balance as at September 30, 2019	37,740,000	13,260,000	3,172,624	27,497,072	85,644,550

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 NINE MONTHS PERIOD ENDED SEPTEMBER 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 NINE MONTHS PERIOD ENDED SEPTEMBER 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 leases 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	September 30, 2019 (Un-Audited) Rs '000
Lease commitments	
- Within one year	286,851
- Between 2 and 5 years	1,056,200
- After 5 years	178,987
Total undiscounted lease commitments	1,522,038
Discounted lease liability using the incremental borrowing rate	1,168,682
Current portion shown under current liabilities	(179,643)
Due after 12 months	989,039
Right of use assets	
Balance as at January 01, 2019	1,416,305
Depreciation for the period	(205,942)
Balance as at September 30, 2019	1,210,363
Amounts recognized in condensed interim statement of profit or loss	
Interest on lease liabilities	91,117
Depreciation of right of use assets	205,942
	297,059

If IFRS 16 were not applicable than rental cost of Rs 250,602 thousand and Rs 4,562 thousand would have been recognized in cost of sales and administration and general expenses respectively. Accordingly, profit before tax decreased by Rs 41,895 thousand for nine months period ended September 30, 2019 as a result of the adoption of IFRS 16.

	Note	September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
7. TRADE AND OTHER PAYABLES			
Trade creditors		10,305,932	12,233,377
Accrued and other liabilities		27,293,779	26,851,061
Technical services assistance fee		20,192,162	16,763,367
Advances from customers / contract liabilities		4,452,482	4,318,188
Retention money / payable to contractors and suppliers		6,206,978	6,000,635
Income tax collected from subscribers / deducted at source / Sales tax		1,413,932	1,003,963
Payable to GPF Trust		-	25,198
		69,865,265	67,195,789
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	95,843,335	91,947,710
Capital work-in-progress		14,606,393	14,203,712
		110,449,728	106,151,422

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Note	September 30, 2019 (Un-Audited) Rs '000	September 30, 2018 (Un-Audited) Rs '000
8.1 Operating fixed assets			
Opening net book value		91,947,710	91,196,004
Additions during nine months period	8.2	14,397,090	6,892,022
		106,344,800	98,088,026
Disposals during the period - at net book value		(15,925)	(2)
Depreciation and impairment charge for the period		(10,485,540)	(10,660,519)
		(10,501,465)	(10,660,521)
Closing net book value		95,843,335	87,427,505
8.2 Detail of additions during the period:			
Leasehold land		10,563	-
Buildings on freehold land		107,865	117,997
Buildings on leasehold land		26,771	53,099
Lines and wires		4,083,627	3,004,249
Apparatus, plant and equipment		9,662,002	3,327,173
Office equipment		61,462	122,709
Computer equipment		87,333	89,111
Furniture and fittings		97,795	35,852
Vehicles		87,760	2,728
Submarine cables		171,912	139,104
		14,397,090	6,892,022

8.3 Additions to CWIP during the nine months period ended September 30, 2019 were Rs 14,731,291 thousand (September 30, 2018: Rs 9,194,373 thousand).

	September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
9. TRADE DEBTS AND CONTRACT ASSETS		
Trade debts	22,221,600	18,245,208
Contract assets	5,061,869	5,208,608
	27,283,469	23,453,816
Allowance for expected credit loss	(7,346,049)	(7,275,293)
	19,937,420	16,178,523
10. SHORT TERM INVESTMENTS		
Market treasury bills - Amortized cost	-	980,221
Investment in mutual funds - FVTPL	-	3,950,149
	-	4,930,370

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Note	September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
11. CASH AND BANK BALANCES			
Cash in hand		121,055	258,774
Balances with banks:	11.1		
Deposit accounts local currency		1,535,848	829,885
Current accounts			
Local currency		1,791,982	1,253,204
Foreign currency		738,462	2,318,748
		2,530,444	4,286,367
		4,187,347	4,660,611

11.1 Bank balance includes Rs 48,969 thousands (December 31, 2018: Rs 15,343 thousand) carrying profit at the rate of 7.06% (December 31, 2018: 2.4% to 4%) per annum from Shariah arrangements.

12. CONTINGENCIES AND COMMITMENTS

12.1 There have 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.

	September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
12.2 Bank guarantee and bid bonds		
Universal Service Fund (USF)	4,065,496	4,530,296
Others	1,783,537	2,649,064
	5,849,033	7,179,360

12.3 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 9,786,717 thousand (December 31, 2018: Rs 5,727,341 thousand).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 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.

	Nine months ended	
	September 30, 2019 (Un-Audited) Rs '000	September 30, 2018 (Un-Audited) Rs '000
Revenue segments		
Broadband and IPTV	21,104,071	20,095,521
Voice services	9,572,211	10,929,013
Wireless data	1,559,733	2,468,976
Revenue from retail customers	32,236,015	33,493,510
Corporate and wholesale	15,917,478	14,037,955
International	5,620,533	6,018,955
Total revenue	53,774,026	53,550,420

13.1 Revenue is stated net of trade discount amounting to Rs 51,150 thousand (September 30, 2018: Rs 79,794 thousand) and Sales and other taxes directly attributable to sales amounting to Rs 7,720,675 thousand (September 30, 2018: Rs 7,018,033 thousand).

14. This includes loss allowance on trade debts and contract assets amounting to Rs 1,536,006 thousand (September 30, 2018: Rs 1,479,457 thousand).

		Nine months ended	
	Note	September 30, 2019 (Un-Audited) Rs '000	September 30, 2018 (Un-Audited) Rs '000
15. OTHER INCOME			
Income from financial assets	15.1	2,013,850	1,189,561
Income from non-financial assets		1,806,714	990,517
		3,820,564	2,180,078

15.1 Income from financial assets include Rs 967 thousand (September 30, 2018: Rs 105 thousand) earned from Shariah arrangements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Nine months ended	
	September 30, 2019 (Un-Audited) Rs '000	September 30, 2018 (Un-Audited) Rs '000 Restated
16. CASH GENERATED FROM OPERATIONS		
Profit before tax	8,037,388	6,927,161
Adjustments for non-cash charges and other items:		
Depreciation and impairment of property, plant and equipment	10,485,540	10,660,519
Amortization and impairment of intangible assets	357,266	313,491
Depreciation of right of use assets	205,942	-
Amortization of contract cost	1,782,427	1,466,274
Provision for obsolete stores and spares	15,563	-
Impairment loss on trade debts and contract assets	1,536,007	1,479,457
Provision for employees retirement benefits	3,143,166	2,668,407
Gain on disposal of property, plant and equipment	(653,462)	(11,360)
Loss on CWIP write off	-	5,078
Return on bank deposits	(276,399)	(580,900)
Imputed interest on long term loans	22,774	47,540
Imputed interest on lease liability	91,117	(4,194)
Return on long term loan to subsidiaries	(936,907)	(270,297)
Gain on investment measured at fair value through Profit or loss	(93,127)	(131,251)
Release of deferred government grants	(312,206)	(378,197)
	23,405,089	22,191,728
Effect on cash flows due to working capital changes:		
Decrease / (increase) in current assets:		
Stores and spares	23,231	(2,505,941)
Contract cost	(2,101,070)	(1,575,099)
Trade debts and contract assets	(5,294,903)	(3,632,969)
Loans and advances	(555,477)	(689,802)
Prepayments and other receivables	(2,198,540)	(1,998,295)
	(10,126,759)	(10,402,106)
Increase in current liabilities:		
Trade and other payables	3,271,685	3,510,718
Security deposits	582	30,423
	16,550,597	15,330,763
17. CASH AND CASH EQUIVALENTS		
Short term investments	-	9,345,274
Cash and bank balances	4,187,347	3,672,219
	4,187,347	13,017,493

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

		Nine months ended	
		September 30, 2019 (Un-Audited) Rs '000	September 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	1,897,505	1,770,067
ii. Subsidiaries	Sale of goods and services Purchase of goods and services Mark up on long term loans Return on bank deposit	4,362,060 2,076,972 936,907 -	3,823,314 2,181,483 270,297 4,531
iii. Associated undertakings	Sale of goods and services Purchase of goods and services	2,237,565 400,478	1,684,944 712,052
iv. Employees contribution plan	PTCL Employees GPF Trust - net	59,664	47,592
v. Employees retirement benefit plan	Contribution to the plan- PTET Contribution to the plan- Gratuity	3,500,000 86,048	2,779,570 62,098
vi. Other related parties	Charge under license obligations	1,214,606	1,178,929
vii. Directors, Chief Executive and Key management personnel	Fee and remuneration including benefits and perquisites	939,594	605,156
		September 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		516,164	331,634
- Associated undertakings		5,232,115	2,830,294
Other receivables			
- Subsidiaries		12,747,176	10,431,903
- Associated undertakings		71,305	71,305
- PTCL Employees GPF Trust		132,747	-
- Pakistan Telecommunication Employees Trust (PTET)		-	2,777
- Long term loans to executives and key management personnel		71,213	156,693
Bank deposit with subsidiary		86	110

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Payables to related parties		
Trade creditors		
- Subsidiaries	919,855	1,024,635
- Associated undertakings	829,029	574,684
- The Government of Pakistan related entities	998,787	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	20,192,162	16,763,367
PTCL Employees GPF Trust	-	25,198
Pakistan Telecommunication Company Limited		
Employees Gratuity Fund	299,870	230,987
Pakistan Telecommunication Employees Trust (PTET)	5,150,212	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 September 30, 2019					
Trade debts and contract assets	11,834,721	(5,382,739)	6,451,981	20,831,488	27,283,469
Trade creditors	(6,100,858)	5,382,739	(718,119)	(9,587,813)	(10,305,932)
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 NINE MONTHS PERIOD ENDED SEPTEMBER 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	52,623,025	927,395	53,550,420
Cost of services	(38,901,982)	(927,395)	(39,829,377)
Cash and bank balances	5,375,026	(714,415)	4,660,611
Prepayments and other receivables	14,128,424	714,415	14,842,839

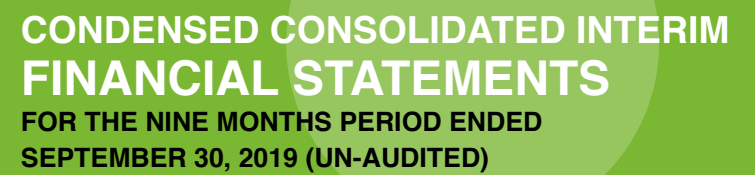
22. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements for the nine months period ended September 30, 2019 were authorized for issue by the Board of Directors of the Company on October 16, 2019.

Chief Financial Officer

President & CEO

Chairman

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019 (UN-AUDITED)

	Note	September 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		633,606	1,535,145
		31,303,302	32,017,913
Statutory and other reserves		221,601	221,601
Unrealized loss on investments measured at fair value through OCI		(210)	(29)
		82,524,693	83,239,485
Liabilities			
Non-current liabilities			
Long term loans from banks		21,524,998	24,408,332
Subordinated debt		599,400	599,640
Deposits from banking customers		3,066,988	3,400,885
Lease liabilities	6	17,556,941	15,558
Deferred income tax		8,354,031	8,975,585
Employees retirement benefits		28,500,670	28,594,794
Deferred government grants		19,295,174	18,720,796
Advances from customers		1,689,461	1,112,453
Long term vendor liability		26,005,547	26,951,860
		126,593,210	112,779,903
Current liabilities			
Trade and other payables	7	83,546,760	81,065,025
Deposits from banking customers		16,136,125	17,133,725
Interest accrued		2,005,422	1,226,312
Short term running finance		5,247,692	1,225,137
Current portion of:			
Long term loans from banks		9,086,332	7,176,667
Subordinated debt		120	-
Lease liabilities	6	1,338,078	3,287
Long term vendor liability		11,394,102	13,532,709
Security deposits		1,351,404	1,471,112
Unpaid / unclaimed dividend		212,594	264,836
		130,318,629	123,098,810
Total equity and liabilities		339,436,532	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	September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Assets			
Non-current assets			
Property, plant and equipment	8	181,152,408	177,479,128
Right of use assets	6	20,357,966	-
Intangible assets		28,800,112	31,177,147
Long term investments		83,900	83,900
Long term loans and advances		843,865	706,390
Long term loan to banking customers		198,849	457,920
Contract costs		538,852	461,145
		231,975,952	210,365,630
Current assets			
Stock in trade, stores and spares		6,344,366	6,281,620
Trade debts and contract assets	9	22,563,597	18,903,883
Loans to banking customers		19,591,600	16,561,918
Loans and advances		2,550,044	1,864,766
Contract costs		2,266,800	1,842,504
Income tax recoverable		24,960,263	23,767,450
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposits, prepayments and other receivables		11,266,499	11,724,764
Short term investments	10	7,479,346	17,198,237
Cash and bank balances	11	8,273,993	8,443,354
		107,460,580	108,752,568
Total assets		339,436,532	319,118,198

Chief Financial Officer

President & CEO

Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2019 Rs '000	September 30, 2018 Rs '000	September 30, 2019 Rs '000	September 30, 2018 Rs '000
Revenue	13	31,660,411	32,683,684	97,968,592	93,768,112
Cost of services		(23,854,307)	(23,746,371)	(71,766,943)	(68,113,873)
Gross profit		7,806,104	8,937,313	26,201,649	25,654,239
Administrative and general expenses	14	(5,394,074)	(4,823,438)	(15,258,151)	(13,793,319)
Selling and marketing expenses		(1,639,157)	(1,402,622)	(4,875,415)	(4,727,329)
		(7,033,231)	(6,226,060)	(20,133,566)	(18,520,648)
Operating profit		772,873	2,711,253	6,068,083	7,133,591
Other income	15	1,864,120	1,043,569	5,122,281	2,960,934
Finance costs		(2,053,776)	(1,561,251)	(7,093,312)	(5,384,385)
Profit before tax		583,217	2,193,571	4,097,052	4,710,140
Provision for income tax		(248,286)	(385,488)	(1,419,438)	(763,967)
Profit for the period		334,931	1,808,083	2,677,614	3,946,173

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2019 Rs '000	September 30, 2018 Rs '000	September 30, 2019 Rs '000	September 30, 2018 Rs '000
Profit for the period	334,931	1,808,083	2,677,614	3,946,173
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)	-
Tax effect of remeasurement loss on employees retirement benefits	-	-	344,008	-
	-	-	(842,225)	-
Items that may be subsequently reclassified to profit or loss:				
(Loss) / gain on investments measured at fair value arising during the period	915	(1,194)	(1,547)	(1,358)
Tax effect of revaluation of investments measured at fair value	(494)	170	85	192
Unrealized (loss) / gain on investments measured at fair value - net of tax	421	(1,024)	(1,462)	(1,166)
(Loss) / gain on disposals transferred to income for the period	790	479	1,281	716
	1,211	(545)	(842,406)	(450)
Total comprehensive income for the period	336,142	1,807,538	1,835,208	3,945,723

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

		Nine months ended	
	Note	September 30, 2019 Rs '000	September 30, 2018 Rs '000
Cash flows from operating activities			
Cash generated from operations	16	31,745,596	24,603,835
Payment to Pakistan Telecommunication Employees Trust (PTET)		(3,500,000)	(2,779,570)
Employees' retirement benefits paid		(1,004,713)	(840,399)
Finance cost paid		(4,875,974)	(4,925,985)
Income tax paid		(2,889,712)	(4,111,952)
Net cash inflow from operating activities		19,475,197	11,945,929
Cash flows from investing activities			
Capital expenditure		(25,500,765)	(21,002,624)
Proceeds from disposal of property, plant and equipment		782,943	152,028
Disposal of short term investments - net		-	3,060,778
Long term loans and advances		(160,249)	(254,624)
Government grants received		1,613,344	2,624,147
Return on short term investments		1,561,690	990,684
Net cash outflow from investing activities		(21,703,037)	(14,429,611)
Cash flows from financing activities			
Loans from banks - net		(973,669)	(66,986)
Subordinated debt		(120)	(240)
Vendor liability		(3,084,920)	(71,675)
Customers deposits		(1,331,497)	5,999,107
Lease liabilities		(3,690,519)	(6,273)
Dividend paid		(2,602,242)	(5,031,424)
Net cash (outflow) / inflow financing activities		(11,682,967)	822,509
Net (decrease) / increase in cash and cash equivalents		(13,910,807)	(1,661,173)
Cash and cash equivalents at beginning of the period		24,416,454	18,536,890
Cash and cash equivalents at end of the period	17	10,505,647	16,875,717

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Issued, subscribed and paid-up capital			Revenue reserves			Unrealized (loss) / gain on investments measured at fair value through OCI		
	Class "A"	Class "B"		Insurance reserve	General reserve	Unappropriated profit	Statutory and other reserves	Total	
(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	86,498,618	
Total comprehensive income for the period	-	-		-	-	3,946,173	-	3,946,173	
Profit for the nine months period ended September 30, 2018	-	-		-	-	-	-	(450)	
Other comprehensive income	-	-		-	-	-	-	(450)	
Transfer to insurance reserve	-	-		-	-	3,946,173	-	3,946,173	
Distribution to owners of the Holding Company	-	-		178,703	-	(178,703)	-	-	
Interim dividend for the year ended December 31, 2018 - Re 1.00 per share	-	-		-	-	-	-	-	
Balance as at September 30, 2018	37,740,000	13,260,000		2,985,696	27,497,072	3,777,214	84,837	86,344,341	
Profit for the three months period ended December 31, 2018	-	-		-	-	1,763,831	-	1,763,831	
Other comprehensive income	-	-		-	-	(3,869,136)	-	(3,868,687)	
Transfer to statutory and other reserves	-	-		-	-	(2,105,305)	-	(2,104,856)	
Balance as at December 31, 2018	37,740,000	13,260,000		2,985,696	27,497,072	1,555,145	221,601	83,239,485	
Total comprehensive income for the period	-	-		-	-	2,677,614	-	2,677,614	
Profit for the nine months period ended September 30, 2019	-	-		-	-	(842,225)	-	(842,406)	
Other comprehensive income	-	-		-	-	1,835,389	-	1,835,208	
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 September 30, 2019	37,740,000	13,260,000		3,172,624	27,497,072	633,606	221,601	82,524,693	

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 NINE MONTHS PERIOD ENDED SEPTEMBER 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. Smart Sky is a wholly owned subsidiary of PTCL. The registered office of the Company is located at PTCL Headquarters, G-8/4, Islamabad.

1.2 Activities of the Group

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

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (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 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 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 consolidated interim financial information are consistent with those followed in the preparation of the audited consolidated annual financial statements for the year ended December 31, 2018, except for the changes given here-under.

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

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 leases under IAS 17 at the present value of the remaining lease payments using the Group's incremental borrowing rate and has recognized 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 have 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 NINE MONTHS PERIOD ENDED SEPTEMBER 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

September 30,
2019
(Un-Audited)
Rs '000

Lease commitments	
- Within one year	3,065,000
- Between 2 and 5 years	16,527,612
- After 5 years	7,428,204
Total undiscounted lease commitments	27,020,816
Discounted lease liability using the incremental borrowing rate	18,895,019
Current portion shown under current liabilities	(1,338,078)
Due after 12 months	17,556,941

Right of use assets

Balance as at January 01, 2019	20,985,134
Additions	1,957,615
Depreciation for the period	(2,584,783)
Balance as at September 30, 2019	20,357,966

Amounts recognized in condensed consolidated interim statement of profit or loss

Interest on lease liabilities	1,415,454
Depreciation of right of use assets	2,584,783
	4,000,237

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

If IFRS 16 were not applicable then rental cost of Rs 2,372,602 thousand and Rs 709,562 thousand would have been recognized in cost of sales and administrative and general expenses respectively. As a result of the adoption of IFRS 16, profit before tax has decreased by Rs 918,073 thousand for nine months period ended September 30, 2019.

Note	September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
7 TRADE AND OTHER PAYABLES		
Trade creditors	14,318,982	15,937,328
Accrued and other liabilities	32,435,161	32,738,230
Technical services assistance fee	20,192,162	16,763,367
Advances from customers / contract liability	8,755,661	8,506,360
Retention money / payable to contractors and suppliers	6,206,978	6,000,635
Income tax collected from subscribers / deducted at source / sales tax	1,613,942	1,081,810
Payable to GPF Trust	23,874	37,295
	83,546,760	81,065,025
8 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets 8.1	156,531,880	156,293,468
Capital work-in-progress	24,620,528	21,185,660
	181,152,408	177,479,128
Note	September 30, 2019 (Un-Audited) Rs '000	September 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	21,763,107	9,749,043
	178,056,575	166,942,285
Disposals during the period - at net book value	(226,645)	(154,425)
Depreciation and impairment for the period	(21,298,050)	(21,916,562)
	(21,524,695)	(22,070,987)
Closing net book value	156,531,880	144,871,298
8.2 Detail of additions during the period:		
Leasehold land	10,563	-
Buildings on freehold land	107,865	117,997
Buildings on leasehold land	100,048	145,853
Lines and wires	4,083,627	3,004,249
Apparatus, plant and equipment	15,979,078	5,420,042
Office equipment	77,548	246,382
Computer and electrical equipment	986,890	590,796
Furniture and fittings	131,190	79,016
Vehicles	114,386	5,604
Submarine cables	171,912	139,104
	21,763,107	9,749,043

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

8.3 Additions to CWIP during the nine months period ended September 30, 2019 were Rs 24,979,937 thousand (September 30, 2018: Rs 17,899,778 thousand).

	September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
9 TRADE DEBTS AND CONTRACT ASSETS		
Trade debts	25,061,196	21,090,737
Contract assets	5,283,942	5,448,677
	30,345,138	26,539,414
Allowance for expected credit losses	(7,781,541)	(7,635,531)
	22,563,597	18,903,883
10 SHORT TERM INVESTMENTS		
Amortized cost		
Market treasury bills	-	980,221
Term deposit receipts	5,000,000	9,900,000
	5,000,000	10,880,221
Fair value through profit or loss (FVTPL)		
Mutual fund	-	3,950,149
Money market funds	-	400,043
Market treasury bills	2,479,346	1,967,824
	2,479,346	6,318,016
Available for sale investments		
	7,479,346	17,198,237
11 CASH AND BANK BALANCES		
Cash in hand	799,498	892,602
Balances with banks:		
Local currency		
Current account maintained with SBP	831,891	904,261
Current accounts	420,550	1,994,624
Saving accounts	4,653,016	1,834,413
	5,905,457	4,733,298
Foreign currency		
Current accounts	738,462	2,318,748
Saving accounts	830,576	498,706
	1,569,038	2,817,454
	8,273,993	8,443,354

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

12 CONTINGENCIES AND COMMITMENTS

12.1 There have 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. The taxation authorities have filed constitutional petition before the Supreme Court against dismissal of their intra-court appeal by the Islamabad High Court. 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.

	September 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	11,046,095	11,510,895
Pakistan Telecommunication Authority against		
3G and 2G Licenses	587,625	537,204
Others	2,223,896	2,740,542
	13,857,616	14,788,641
12.3 Commitments - Group		
Standby Letter of Guarantee	7,425	7,425
Letters of credit for purchase of stock	58,241	60,922
Contracts for capital expenditure	23,905,028	10,129,879
	23,970,694	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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

	Nine months ended	
	September 30, 2019 (Un-Audited) Rs '000	September 30, 2018 (Un-Audited) Rs '000
Broadband and IPTV	21,044,684	20,039,642
Cellular and other wireless	42,129,720	40,671,907
Fixed line voice services	8,599,128	10,015,148
Banking	4,802,473	3,202,209
Revenue from retail customers	76,576,005	73,928,906
Corporate and wholesale	15,403,859	13,208,332
International	5,988,728	6,630,874
Total revenue	97,968,592	93,768,112

13.1 Revenue is stated net of trade discount amounting to Rs 1,563,656 thousand (September 30, 2018: Rs 1,550,787 thousand) and sales and other taxes directly attributable to sales amounting to Rs 11,612,675 thousand (September 30, 2018: Rs 10,654,972 thousand).

14. This includes loss allowance on trade debts and contract assets amounting to Rs 1,571,576 thousand (September 30, 2018: Rs 1,509,756 thousand).

	Nine months ended	
	September 30, 2019 (Un-Audited) Rs '000	September 30, 2018 (Un-Audited) Rs '000
15 OTHER INCOME		
Income from financial assets	2,190,732	1,427,647
Income from non-financial assets	2,931,549	1,533,287
	5,122,281	2,960,934

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

	Nine months ended	
	September 30, 2019 (Un-Audited) Rs '000	September 30, 2018 (Un-Audited) Rs '000
16 CASH GENERATED FROM OPERATIONS		
Profit before tax	4,097,052	4,710,140
Adjustments for non-cash charges and other items:		
Depreciation and impairment of property, plant and equipment	21,298,050	21,916,562
Amortization of intangible assets	2,679,825	2,585,296
Amortization of contract costs	1,237,399	1,945,995
Depreciation of right of use assets	2,584,783	-
Loss allowance on trade and other receivables, including contract assets	1,579,926	1,509,756
Provision for non performing advances	555,045	166,946
Provision for slow moving stock and warranty against mobile phones	(3,910)	(2,359)
Provision for employees retirement benefits	3,224,356	2,733,507
Imputed interest on long term loans	22,774	(170,539)
Imputed interest on lease liability	1,415,454	(4,194)
(Gain) / loss on disposal of property, plant and equipment	(556,298)	7,291
Gain on disposal of investments measured at fair value through profit or loss	(91,846)	(131,967)
Return on bank deposits and government securities	(1,407,902)	(867,083)
Release of deferred government grants	(1,038,966)	(934,097)
Finance costs	5,655,084	5,041,481
	41,266,389	38,506,735
Effect on cash flows due to working capital changes:		
Decrease / (increase) in current assets:		
Stock in trade, stores and spares	(74,399)	(2,526,260)
Trade debts and contract assets	(5,239,640)	(4,784,172)
Loans to banking customers	(3,325,656)	(3,933,760)
Contract costs	(1,739,402)	(2,430,479)
Loans and advances	(685,278)	(687,466)
Prepayments and other receivables	(1,395,453)	(3,520,501)
	(12,459,828)	(17,882,638)
(Decrease) / increase in current liabilities:		
Trade and other payables	3,058,743	3,953,819
Security deposits	(119,708)	25,919
	2,939,035	3,979,738
	31,745,596	24,603,835

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

	Nine months ended	
	September 30, 2019 (Un-Audited) Rs '000	September 30, 2018 (Un-Audited) Rs '000
17 CASH AND CASH EQUIVALENTS		
Short term investments	7,479,346	10,832,701
Cash and bank balances	8,273,993	7,181,289
Short term running finance	(5,247,692)	(1,138,273)
	10,505,647	16,875,717

18 SEGMENT INFORMATION

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

18.1 Segment information for the reportable segments is as follows:

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
Nine months ended September 30, 2019				
Segment revenue	52,214,293	46,292,079	4,802,669	103,309,041
Inter segment revenue	(4,362,059)	(978,194)	(196)	(5,340,449)
Revenue from external customers	47,852,234	45,313,885	4,802,473	97,968,592
Segment results	5,301,461	(2,904,490)	280,643	2,677,614
Nine months ended September 30, 2018				
Segment revenue	51,081,444	44,709,309	3,202,489	98,993,242
Inter segment revenue	(4,190,156)	(1,034,694)	(280)	(5,225,130)
Revenue from external customers	46,891,288	43,674,615	3,202,209	93,768,112
Segment results	4,540,754	(986,271)	391,690	3,946,173

Information on assets and liabilities of the segments is as follows:

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
As at September 30, 2019				
Segment assets	158,848,868	143,611,779	36,975,885	339,436,532
Segment liabilities	114,636,994	112,941,010	29,333,835	256,911,839
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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

		Nine months ended	
		September 30, 2019 (Un-Audited) Rs '000	September 30, 2018 (Un-Audited) Rs '000
19. TRANSACTIONS WITH RELATED PARTIES			
Relationship with the Group	Nature of transaction		
i. Shareholders	Technical services assistance fee	3,428,901	3,212,265
ii. Associated undertakings	Sale of goods and services	2,343,127	1,775,903
	Purchase of goods and services	565,504	857,277
	Prepaid rent	426,274	398,387
	Interest expense on deposits	72,980	31,134
iii. Employees benefits plans	PTCL Pakistan Telecommunication Employees Trust (PTET)	3,500,000	2,779,570
	PTCL Gratuity Fund	86,048	62,098
	PTML Gratuity Fund	67,396	63,436
	Ubank Gratuity Fund	24,672	10,945
iv. Employees contribution plans	PTCL PTCL Employees GPF Trust - net	59,664	47,592
	PTML Provident Fund	81,636	79,573
	Ubank Provident Fund	20,783	12,686
v. Other related parties	PTCL Charges under license obligation	1,214,606	1,178,929
	PTML Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	23,475	18,725
vi. Directors, Chief Executive and Key Management Personnel	Fee and remuneration including benefits and perquisites	1,718,090	1,115,932

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2019 (UN-AUDITED)

		Nine months ended	
		September 30, 2019 (Un-Audited) Rs '000	December 31, 2018 (Audited) Rs '000
Trade debts			
- Associated undertakings		5,462,070	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		132,747	-
- Pakistan Telecommunication Employees Trust (PTET)		-	2,777
- Prepaid rent		240,313	89,836
- Pakistan Telecommunication Company Limited Employees Gratuity Fund		-	93,293
- Pakistan MNP Database (Guarantee) Limited		28,275	15,650
Long term loans to executives and key management personnel	PTCL	71,213	156,693
	PTML	15,183	21,716
	Ubank	12,798	-
Trade and other payables			
Trade creditors			
- Associated Undertakings		1,085,518	950,613
- The Government of Pakistan and its related entities		998,787	1,208,447
Retention money payable to associated undertaking		3,055	2,751
Technical services assistance fee payable to Etisalat		20,192,162	16,763,367
PTCL Employees GPF Trust		-	25,198
Pakistan Telecommunication Company Limited Employees Gratuity Fund		299,870	230,987
Pakistan Telecommunication Employees Trust (PTET)		5,150,212	6,415,222
PTML			
- Gratuity Fund		62,449	98,332
- Provident Fund		18,810	-
- Remuneration payable to chief executive and key management personnel		4,494	-
Ubank			
- Gratuity Fund		5,284	9,037
- Provident Fund		3,070	12,097

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

20. FAIR VALUE ESTIMATION

The financial asset / (liability) of forward exchange contracts at fair value through profit or loss is Rs 89,217 thousand (December 31, 2018: Rs 345,772 thousand).

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

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
Cash and bank balances	Deposits, prepayments and other receivables	714,415
Trade and other payables	Interest accrued	260,151
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	93,207,559	560,553	93,768,112
Cost of services	(67,536,744)	(577,129)	(68,113,873)
Finance cost	(5,041,481)	(342,904)	(5,384,385)
Selling and marketing expenses	(5,086,809)	359,480	(4,727,329)

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

These condensed consolidated interim financial statements for the nine months period ended September 30, 2019 were authorized for issue by the Board of Directors of the Holding Company on October 16, 2019.



Chief Financial Officer



President & CEO



Chairman