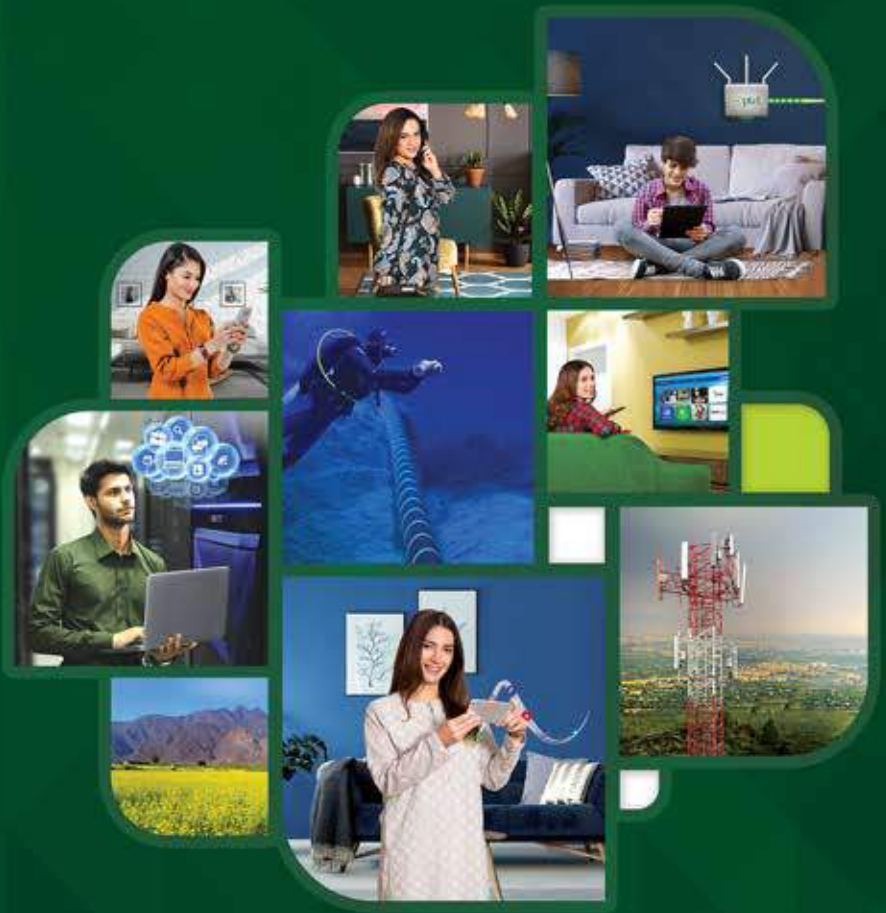




CONNECTING PAKISTAN



3rd Quarter
Report 2020

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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

Dr. M. Karim Bennis

Hesham Al Qassim

Khalifa Al Shamsi

Corporate Information

Management

Rashid Naseer Khan
President & Chief Executive Officer

Mohammad Nadeem Khan
Group Chief Financial Officer

Syed Mazhar Hussain
Group Chief Human Resources Officer

Zahida Awan
Group Chief Legal Officer

Naveed Khalid Butt
Group Chief Regulatory Officer

Moqeen Ul Haque
Chief Commercial Officer and
Group Chief Corporate Strategy Officer

Saad Muzaffar Waraich
Group Chief Technology and
Information Officer, Operations

Jafar Khalid
Group Chief Technology and
Information Officer, Development

Adnan Anjum
Group Chief Marketing Officer

Zarrar Hasham Khan
Chief Business Services Officer

Muhammad Shehzad Yousuf
Chief Business Operations Officer

Shahid Abbas
Group Chief Internal Auditor

Company Secretary

Saima Akbar Khattak

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.
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
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 Bank of Tokyo-Mitsubishi Limited
The Punjab Provincial Cooperative Bank Limited
United Bank Limited
Zarai Taraqiyati Bank Limited
Mobilink 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,
Block-E, Sector G-8/4,
Islamabad-44000, Pakistan.
Fax: +92-51-2263733
e-mail: company.secretary@ptcl.net.pk
Web: www.ptcl.com.pk

Auditors

KMPG 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., Shahr-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 2020.

As the post-Covid situation got better and the markets opened up after the lockdown, PTCL Group performance has shown improvement. Group's Q3, 2020 revenue is higher by 3.4% over the same quarter of last year. The topline growth coupled with cost optimization initiatives translated into 167% and 356% improvement in Group's operating profit and net profit for the quarter respectively.

During the 3rd Quarter, PTCL wireline segment showed positive trends. PTCL has recorded the highest ever sale in Broadband for any Quarter since Q4 2014. Fiber-to-the-Home (FTTH) continues to grow consistently by achieving 10% increase in revenue and subscriber base during the quarter. The positive momentum in wireless (Charji) segment continued with subscriber base increasing by 21% on YoY basis. Retail business recorded 6% growth in revenue between Q3 2020 vs Q2 2020.

PTCL Customer Care continued its efforts to enhance customer experience through various initiatives taken during this period resultant churn rate and bad debts have been reduced by 29% and 42% respectively compared to Q3 2019. Furthermore, collection has increased by 7% by converting more customers to digital payments. Through different customer-oriented initiatives including rehabilitation of 552 distribution cabinets, mean time to resolve complaints has been reduced by more than 100%.

PTCL Group's revenue for the nine months period ended September 2020 is Rs 95.6 billion. When normalized for the impact of Covid-19 and certain regulatory changes affecting Ufone, Group revenue is 4.2% higher than 2019 on a like-for-like basis. U Bank continued its growth momentum and has achieved a double-digit growth in its revenue over last year. PTCL standalone revenue for the nine months period is 0.7% lower than last year, however, when normalized for the impact of Covid-19, the like-for-like revenue is 1.2% higher than the same period of last year.

Corporate and Wholesale businesses continued their growth momentum and have achieved a 6% overall revenue growth YoY. Similarly, international revenue has also shown 6% growth as compared to the same period last year. PTCL, in collaboration with SCO has successfully established strategic partnership to monetize CPEC cross border connectivity.

Being the national carrier, PTCL has positioned itself to be the engine behind Digital Pakistan Initiative and has been successful in maintaining its leadership position in the market with reference to IP bandwidth, managed capacity and cloud services. During the period under review, PTCL achieved a milestone of 1Tbps active IP bandwidth capacity. PTCL also deployed additional 146 KMs of fiber for cellular mobile operators and USF to expand their footprint for the provision of next generation mobile services.

Continuing the pace of Network Rollout, Ufone has enabled 4G on 3800 Sites using dynamic spectrum sharing (co-spectrum) of GSM/LTE in 1800MHz. Backed by network deployments, a substantial increase was observed in active 4G data users and a sizeable growth was seen in data traffic compared to the last quarter.

Keeping in view the future needs of customers, U Bank is swiftly moving to digital platforms and expanding its own ATM network to take the banking beyond banking hours. U Bank's loan portfolio grew by 40% while deposit portfolio grew by 58% on YoY basis.

Based on the financial strength and improved performance, VIS Credit Rating Company Limited (VIS) has reaffirmed entity ratings of PTCL at 'AAA/A-1+' (Triple A/A-One Plus). The medium to long term rating of 'AAA' denotes highest credit quality with negligible risk factors.

PTCL undertook a comprehensive Coronavirus relief and support effort, through its various CSR initiatives, standing with the nation in these tough times. Also, PTCL is geared up to increase high-speed internet penetration in the country to support Prime Minister's vision for Digital Pakistan.

PTCL continued to evolve into a hybrid model of working by empowering employees across the board and introducing latest technology for digitizing everyday operations. Keeping with its tradition to give back to the society, the company executed a nationwide internship program for Persons with Disabilities (PWDs) - Justuju.

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



Rashid Naseer Khan
President & Chief Executive Officer



Shoaib Ahmad Siddiqui
Chairman, Board of Directors PTCL

Islamabad: October 14, 2020

قومی مواصلاتی کمپنی ہونے کی حیثیت سے پی ٹی سی ایل، ڈیجیٹل پاکستان اقدام کو کامیاب بنانے کیلئے پرعزم ہے اور آئی پی بینڈ وڈتھ، مینیجڈ کپیسٹی اور کلاؤڈ سروسز کے حوالے سے مارکیٹ میں اپنی قائدانہ حیثیت کو برقرار رکھے ہوئے ہے۔ زیر جائزہ مدت کے دوران پی ٹی سی ایل نے 1 Tbps کیٹیو آئی پی بینڈ وڈتھ کپیسٹی کا سنگ میل بھی حاصل کیا ہے۔ پی ٹی سی ایل نے سیلولر موبائل آپریٹرز اور یو ایس ایف کے لئے اضافی 146 کلومیٹر فائبر بھی بچھائی ہے تاکہ وہ جدید ترین موبائل سروسز کی فراہمی کے لئے اپنی خدمات کو توسیع دے سکیں۔

نیٹ ورک رول آؤٹ کی رفتار کو جاری رکھتے ہوئے یوفون نے LTE/ GSM کی 180 MHz میں اسپیکٹرم شیئرنگ (کو اسپیکٹرم) کا استعمال کرتے ہوئے 3800 مقامات پر 4G سروس کو فعال کیا ہے۔ نیٹ ورک ڈیپلائمنٹ کی مدد سے 4G ڈیٹا استعمال کرنے والوں کی تعداد کے ساتھ ساتھ کچھیلی سہ ماہی کے مقابلے میں ڈیٹا ٹریفک میں ایک نمایاں اضافہ دیکھا گیا۔

صارفین کی مستقبل کی ضروریات کو مد نظر رکھتے ہوئے یو بیکنگ تیزی سے ڈیجیٹل پلیٹ فارمز کی جانب بڑھ رہا ہے اور اپنی بیکننگ کو بیکننگ کے مقررہ اوقات کی حد سے بڑھانے کیلئے اپنے اے ٹی ایم نیٹ ورک کو توسیع دے رہا ہے۔ یو بیکنگ کے سالانہ بنیاد پر لوں پورٹ فوئیو میں 40 فیصد جبکہ ڈیپازٹ پورٹ فوئیو میں 58 فیصد اضافہ ہوا ہے۔

مالی استحکام اور بہتر کارکردگی کی بنیاد پر وی آئی اے کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) کی جانب سے پی ٹی سی ایل کو ایک مرتبہ پھر سے ٹریل اے/اے-ون پلس (One Plus A/ Triple A) ریٹنگ دی گئی ہے۔ درمیانی سے طویل مدتی AAA درجہ بندی اعلیٰ ترین کریڈٹ کوالٹی کی نشاندہی کرتی ہے۔

پی ٹی سی ایل نے کورونا وائرس کی وباء کی اس مشکل گھڑی میں اپنے مختلف سی ایس آر اقدامات کے ذریعے قوم کے شانہ بشانہ اپنی امدادی کوششیں جاری رکھی ہیں۔ اس کے علاوہ وزیراعظم کے ڈیجیٹل پاکستان کے عزم کی تائید کے لئے پی ٹی سی ایل ملک میں تیز رفتار انٹرنیٹ کی رسائی بڑھانے کے لئے بھی مکمل طور پر تیار ہے۔

روزمرہ کے آپریشنز کو ڈیجیٹائز کرنے کے لئے پی ٹی سی ایل اپنے ملازمین کو بااختیار بناتے ہوئے کام کے باہر ڈاؤن کو جدت سے ہمکنار کرنے اور جدید ترین ٹیکنالوجی متعارف کروانے میں مسلسل مصروف عمل ہے۔ اپنی معاشرتی ذمہ داریوں کا ادراک اور اپنی روایت کو برقرار رکھتے ہوئے کمپنی نے خصوصی افراد کے لئے انٹرنیٹ پر وگرام 'جستجو' کا آغاز کیا۔

پی ٹی سی ایل کی مینیجمنٹ اور ملازمین مناسب قیمت پر معیاری سروسز کی فراہمی کے ذریعے صارفین کا اولین انتخاب بننے اور اپنے شیئر ہولڈرز کیلئے ویلیو میں اضافے کیلئے پرعزم ہیں۔

منشیہ
شعیب احمد صدیقی

چیئرمین، بورڈ آف ڈائریکٹرز پی ٹی سی ایل

Rashid Khan
راشد نصیر خان

پریزیڈنٹ اینڈ چیف ایگزیکٹو آفیسر

ڈائریکٹرز کا جائزہ

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی نو ماہی کی مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کورونا وائرس کی عالمی وباء کی صورتحال میں بہتری اور لاک ڈاؤن کے باعث بند پڑی مارکیٹس کھلنے کے بعد پی ٹی سی ایل گروپ کی کارکردگی میں بھی بہتری دیکھنے میں آئی۔ گروپ کی مالی سال 2020 کی تیسری سہ ماہی کی آمدن میں گزشتہ برس کے اسی عرصے کی نسبت 3.4 فیصد اضافہ ہوا۔ ریونیو میں اضافے اور لاگت میں کمی کے لئے اٹھائے گئے اقدامات کے نتیجے میں سہ ماہی کیلئے گروپ کا آپریٹنگ منافع اور مجموعی منافع میں بالترتیب 167 فیصد اور 356 فیصد بہتری آئی۔

تیسری سہ ماہی کے دوران پی ٹی سی ایل وائرلائن کے شعبہ میں مثبت رجحانات دیکھے گئے۔ پی ٹی سی ایل براڈ بینڈ میں مالی سال 2014 کی چوتھی سہ ماہی کے بعد کسی بھی سہ ماہی کے لئے سب سے زیادہ سیل ریکارڈ کی گئی۔ اس سہ ماہی میں فائبر ٹودی ہوم (ایف ٹی ٹی ایچ) میں دس فیصد ریونیو اور صارفین کی تعداد میں اضافے کے ساتھ مسلسل بہتری دیکھنے میں آئی۔ وائرلیس چارجی کے شعبے میں سالانہ بنیاد پر صارفین کی تعداد میں 21 فیصد اضافے کے ساتھ مثبت رجحان جاری رہا۔ مالی سال 2020 کی تیسری سہ ماہی میں اسی برس کی دوسری سہ ماہی کے مقابلے میں ریٹیل کی سطح پر آمدن میں 6 فیصد اضافہ ریکارڈ کیا گیا۔

پی ٹی سی ایل کسٹمر کیئر کے مختلف اقدامات کے ذریعے کسٹمر ایکسپیرینس کو بہتر بنانے کے لئے کوشاں رہا جس کے نتیجے میں سروسز منقطع کرنے والے صارفین اور ناہندگان کی شرح میں سال 2019 کی تیسری سہ ماہی کے مقابلے میں بالترتیب 29 فیصد اور 42 فیصد کمی واقع ہوئی۔ اس کے علاوہ صارفین کو ڈیجیٹل پے منٹس پر منتقل کرنے سے وصولیوں کی شرح میں 7 فیصد اضافہ ہوا جبکہ 552 سٹری بیوشن کمپنیز کی بحالی سمیت صارفین کی سہولت کے مختلف اقدامات کے ذریعے شکایات کے ازالے کے مطلوبہ وقت میں 100 فیصد کمی واقع ہوئی۔

ستمبر 2020 کو ختم ہونے والی نو ماہ کی مدت میں پی ٹی سی ایل گروپ کی آمدنی 95.6 ارب روپے رہی۔ کورونا وائرس کی وجہ سے ہونے والے اثرات اور یوفون کی چند ریگولیٹری تبدیلیوں سے ہٹ کر دیکھا جائے تو گروپ کی آمدن 2019 کے اسی دورانیے کی نسبت 4.2 فیصد زیادہ ہے۔ یونیک نے اپنی ترقی کے سفر کو جاری رکھا اور گزشتہ سال کی نسبت اپنی آمدن میں دوہرے ہندسوں کی شرح سے اضافہ حاصل کیا۔ پی ٹی سی ایل کی نو ماہ کے عرصے کی آمدن گزشتہ برس کی نسبت 0.7 فیصد کم ہے تاہم کورونا وائرس کی وجہ سے ہونے والے اثرات سے ہٹ کر دیکھا جائے تو گزشتہ برس کی اسی مدت کے مقابلے میں آمدن 1.2 فیصد زیادہ رہی۔

کارپوریٹ اور ہول سیل برنس میں بہتری کا رجحان جاری رہا اور سال بہ سال مجموعی طور پر آمدن میں 6 فیصد اضافہ حاصل کیا۔ اسی طرح گزشتہ سال کے اسی عرصے کے مقابلے میں انٹرنیشنل برنس میں بھی 6 فیصد اضافہ دیکھنے میں آیا۔

پی ٹی سی ایل نے ایس سی او کے اشتراک سے سی پیک کراس بارڈر کنکٹیوٹی سے مفید شمرات کے حصول کیلئے کامیابی کے ساتھ اسٹریٹجک شراکت قائم کی ہے۔

NOTES

[illegible]



**CONDENSED INTERIM
FINANCIAL STATEMENTS**

FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2020 (UN-AUDITED)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020 (UN-AUDITED)

	Note	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (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
General reserve		27,497,072	27,497,072
Unappropriated profit		10,772,960	6,081,683
		38,270,032	36,751,379
		89,270,032	87,751,379
Liabilities			
Non-current liabilities			
Deferred income tax		4,918,117	5,932,356
Employees retirement benefits		27,225,147	27,042,310
Deferred government grants		7,544,395	7,578,974
Advances from customers		1,574,259	1,526,911
Lease liabilities		1,392,900	927,185
		42,654,818	43,007,736
Current liabilities			
Trade and other payables	6	82,567,655	78,261,680
Security deposits		593,246	583,739
Unpaid / unclaimed dividend		212,645	211,589
Current maturity of lease liabilities		193,506	177,955
		83,567,052	79,234,963
Total equity and liabilities		215,491,902	209,994,078

Contingencies and commitments

13

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 FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020 (UN-AUDITED)

	Note	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
Assets			
Non-current assets			
Property, plant and equipment	7	112,308,336	116,719,808
Right of use assets		1,723,007	1,144,505
Intangible assets		1,175,484	1,463,269
		115,206,827	119,327,582
Current assets			
Long term investments	8	14,236,284	8,936,284
Long term loans and advances	9	11,609,734	12,387,056
Contract costs		543,673	508,615
		141,596,518	141,159,537
Stores and spares		5,001,029	5,335,121
Contract costs		1,631,018	1,525,845
Trade debts and contract assets	10	24,210,694	20,258,574
Loans and advances		1,910,401	922,344
Income tax recoverable		16,065,898	17,756,175
Receivable from GoP		2,164,072	2,164,072
Prepayments and other receivables		14,423,461	16,697,980
Short term investments	11	3,452,416	6,906
Cash and bank balances	12	5,036,395	4,167,524
		73,895,384	68,834,541
Total assets		215,491,902	209,994,078



Chief Financial Officer



President & CEO




Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		Rs '000	Rs '000	Rs '000	Rs '000
Revenue	14	18,041,626	18,001,951	53,374,978	53,774,026
Cost of services		(14,135,387)	(13,840,833)	(42,149,339)	(40,593,609)
Gross profit		3,906,239	4,161,118	11,225,639	13,180,417
Administrative and general expenses		(1,680,675)	(1,712,613)	(4,839,772)	(4,919,540)
Selling and marketing expenses		(742,994)	(758,250)	(2,320,432)	(2,274,337)
Impairment loss on trade debts and contract assets		(375,361)	(614,007)	(1,526,620)	(1,536,007)
		(2,799,030)	(3,084,870)	(8,686,824)	(8,729,884)
Operating profit		1,107,209	1,076,248	2,538,815	4,450,533
Other income	15	974,983	1,472,904	3,596,002	3,820,564
Finance costs		(102,732)	(88,409)	(238,218)	(233,709)
Profit before tax		1,979,460	2,460,743	5,896,599	8,037,388
Provision for income tax		(613,628)	(787,437)	(1,827,946)	(2,571,964)
Profit for the period		1,365,832	1,673,306	4,068,653	5,465,424
Earnings per share - basic and diluted (Rupee)		0.27	0.33	0.80	1.07

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, 2020 (UN-AUDITED)

Note	Three months ended		Nine months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	Rs '000	Rs '000	Rs '000	Rs '000
Profit for the period	1,365,832	1,673,306	4,068,653	5,465,424
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	1,365,832	1,673,306	4,068,653	4,623,199

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, 2020 (UN-AUDITED)

		Nine months ended	
		September 30, 2020 Rs '000	September 30, 2019 Rs '000
	Note		
Cash flows from operating activities			
Cash generated from operations	16	22,545,186	18,052,821
Employees retirement benefits paid		(834,025)	(881,674)
Payment to Pakistan Telecommunication Employee Trust (PTET)		(2,000,000)	(3,500,000)
Advances from customers		126,273	598,846
Income tax withheld		(1,151,907)	(1,402,391)
Net cash inflow from operating activities		18,685,527	12,867,602
Cash flows from investing activities			
Capital expenditure		(6,899,830)	(14,890,192)
Proceeds from disposal of property, plant and equipment		1,044,960	669,387
Long term loans and advances		(111,123)	(228,566)
Addition to contract costs		(2,436,069)	(2,101,070)
Long term investment in PTML		(4,500,000)	-
Return on long term loan to subsidiaries		710,607	513,405
Return on short term investments		237,478	377,619
Government grants received		596,284	164,900
Net cash outflow from investing activities		(11,357,693)	(15,494,517)
Cash flows from financing activities			
Dividend paid		(2,548,944)	(2,602,242)
Lease liabilities		(464,509)	(174,475)
Net cash outflow from financing activities		(3,013,453)	(2,776,717)
Net increase / (decrease) in cash and cash equivalents		4,314,381	(5,403,632)
Cash and cash equivalents at the beginning of the period		4,174,430	9,590,979
Cash and cash equivalents at the end of the period	17	8,488,811	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, 2020 (UN-AUDITED)

	Issued, subscribed and paid-up capital			Revenue reserves		
	Class "A"	Class "B"	Insurance reserve	General reserve	Unappropriated profit	Total
	-----Rs '000-----					
Balance as at December 31, 2018	37,740,000	13,260,000	2,985,696	27,497,072	2,088,583	83,571,351
Total comprehensive income for the period						
Profit for the nine months period ended September 30, 2019	-	-	-	-	5,465,424	5,465,424
Other comprehensive income for the period	-	-	-	-	(842,225)	(842,225)
	-	-	-	-	4,623,199	4,623,199
Transfer to insurance reserve			186,928	-	(186,928)	-
	37,740,000	13,260,000	3,172,624	27,497,072	6,524,854	88,194,550
Distribution to owners of the Company						
Interim dividend for the year ended						
December 31, 2019 - Rs 0.50 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	3,974,854	85,644,550
Total comprehensive income for the period						
Profit for the three months period ended December 31, 2019	-	-	-	-	881,811	881,811
Other comprehensive income for the period	-	-	-	-	1,225,018	1,225,018
	-	-	-	-	2,106,829	2,106,829
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 nine months period ended September 30, 2020	-	-	-	-	4,068,653	4,068,653
Other comprehensive income for the period	-	-	-	-	-	-
Transfer of insurance reserve	-	-	(3,172,624)	-	4,068,653	4,068,653
	37,740,000	13,260,000	-	27,497,072	13,322,960	91,820,032
Distribution to owners of the Company						
Final dividend for the year ended						
December 31, 2019 - Rs 0.50 per share	-	-	-	-	(2,550,000)	(2,550,000)
Balance as at September 30, 2020	37,740,000	13,260,000	-	27,497,072	10,772,960	89,270,032

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, 2020 (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 condensed interim financial statements

During the period ended 30 September 2020, the COVID-19 pandemic emerged which impacted the economy in general. Due to temporary lockdown imposed to counter COVID-19 outbreak, there is a negative impact of approximately Rs 687,481 thousand on the revenues 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, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these 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 these 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, 2019 except of the following:

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

Useful life of certain items of property plant and equipment has been revised during the period, consequent to the capacity enhancement. This change has resulted in reduction in depreciation charge for the period by Rs 151 million.

Estimate for average life of wireless customer has been revised in accordance with customer retention pattern. This change has resulted in reduction of revenue and cost of sales by Rs 99 million and Rs 229 million respectively.

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, 2019.

	Note	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
6. TRADE AND OTHER PAYABLES			
Trade creditors		9,581,771	11,289,895
Accrued and other liabilities	6.1	29,966,961	27,657,593
Technical services assistance fee		24,636,596	21,297,281
Advances from customers / contract liabilities		6,055,632	5,932,578
Retention money / payable to contractors and suppliers		6,447,859	6,761,684
Income tax collected / deducted at source		656,426	718,313
Payable to subsidiaries on account of group taxation		3,401,122	3,401,122
Sales tax payable		1,821,288	1,203,214
		82,567,655	78,261,680
6.1 Accrued and other liabilities			
Accrued liability for operational expenses		7,675,541	5,484,769
Amount withheld on account of provincial levies (Sub judge) for ICH operations		12,110,803	12,110,803
Accrual for Government / regulatory expenses		8,888,465	8,305,315
Accrued wages		677,472	1,160,504
Others		614,680	596,202
		29,966,961	27,657,593
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	103,299,031	103,626,162
Capital work-in-progress	7.3	9,009,305	13,093,646
		112,308,336	116,719,808
		September 30, 2020 (Un-Audited) Rs '000	September 30, 2019 (Un-Audited) Rs '000
7.1 Operating fixed assets			
Opening net book value		103,626,162	91,947,710
Additions during nine months period	7.2	10,984,171	7,528,823
		114,610,333	99,476,533
Disposals during the period - at net book value		(3,492)	(15,969)
Depreciation charge for the period		(11,307,810)	(6,920,897)
		(11,311,302)	(6,936,866)
Closing net book value		103,299,031	92,539,667

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

		September 30, 2020 (Un-Audited) Rs '000	September 30, 2019 (Un-Audited) Rs '000
7.2	Detail of additions during the period:		
	Leasehold land	193	10,563
	Buildings on freehold land	95,047	36,797
	Buildings on leasehold land	28,348	20,057
	Lines and wires	5,782,712	1,939,954
	Apparatus, plant and equipment	4,647,913	5,384,812
	Office equipment	133,351	16,196
	Computer equipment	26,575	40,474
	Furniture and fittings	2,873	2,582
	Vehicles	59,362	77,388
	Submarine cables	207,797	-
		10,984,171	7,528,823
7.3	Additions to CWIP during the nine months period ended September 30, 2020 were Rs 6,814,511 thousand (September 30, 2019: Rs 14,731,291 thousand).		
8	During the period investment of Rs 4,500,000 thousand was made in PTML against issuance of 450,000,000 ordinary shares of Rs 10 each for consideration received in cash and Rs 800,000 thousand investment made in U Bank against issuance of 80,000,000 ordinary shares of Rs 10 each by conversion of subordinated loan into share capital.		
	Note	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
9	LONG TERM LOANS AND ADVANCES		
	Loans to PTML - unsecured	7,500,000	7,500,000
	Loans to U Bank - unsecured	3,200,000	4,000,000
	Loans to employees - secured	849,316	828,438
	Others	60,418	58,618
		11,609,734	12,387,056
10	TRADE DEBTS AND CONTRACT ASSETS		
	Trade debts	28,136,027	22,734,097
	Contract assets	5,257,649	5,177,698
		33,393,676	27,911,795
	Allowance for expected credit loss	(9,182,982)	(7,653,221)
		24,210,694	20,258,574
11	SHORT TERM INVESTMENTS		
	Market treasury bills - Amortized cost	3,452,416	-
	Investment in mutual funds - FVTPL	-	6,906
		3,452,416	6,906
12	CASH AND BANK BALANCES		
	Cash in hand	184,273	51,335
	Balances with banks:		
	Local currency accounts	2,788,548	3,407,373
	Foreign currency accounts	2,063,574	708,816
		4,852,122	4,116,189
		5,036,395	4,167,524

12.1 Bank balance includes Rs 21,228 thousands (December 31, 2019: Rs 147,092 thousand) carrying profit at the rate of 2.83 % (December 31, 2019: 7%) per annum from Shariah compliant arrangements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

13. 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, 2019, except as disclosed in note 13.1.

13.1 For the tax years 2007, 2009, 2010 and 2011 to 2018, 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 21,487,780 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.

13.2 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, 2019. As also disclosed in the annual financial statements, under the circumstances, management of the Company, on the basis of legal advice, believes that the 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, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
13.3 Bank guarantee and bid bonds issued in favour of :		
Universal Service Fund (USF) against government grants	4,065,496	4,065,496
Others	2,313,825	2,539,018
	6,379,321	6,604,514

13.4 Commitments

Commitments, in respect of contracts for capital expenditure amount to Rs 3,907,455 thousand (December 31, 2019: Rs 4,065,672 thousand).

14 REVENUE

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

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

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

	Nine months ended	
	September 30, 2020 (Un-Audited) Rs '000	September 30, 2019 (Un-Audited) Rs '000
Revenue segments		
Broadband and IPTV	20,699,885	21,104,071
Voice services	8,196,394	9,572,211
Wireless data	1,707,562	1,559,733
Revenue from retail customers	30,603,841	32,236,015
Corporate and wholesale	16,832,215	15,917,478
International	5,938,922	5,620,533
Total revenue	53,374,978	53,774,026

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

14.1 Revenue is stated net of trade discount amounting to Rs 52,988 thousand (September 30, 2019: Rs 51,150 thousand) and sales and other taxes directly attributable to sales amounting to Rs 7,914,659 thousand (September 30, 2019: Rs 7,720,675 thousand)

	Note	Nine months ended	
		September 30 2020 (Un-Audited) Rs '000	September 30 2019 (Un-Audited) Rs '000
15 OTHER INCOME			
Income from financial assets	15.1	1,506,155	2,013,850
Income from non-financial assets		2,089,847	1,806,714
		3,596,002	3,820,564

15.1 Income from financial assets include Rs 246 thousand (September 30, 2019: Rs 967 thousand) earned from Shariah compliant arrangements.

	Nine months ended	
	September 30 2020 (Un-Audited) Rs '000	September 30 2019 (Un-Audited) Rs '000
16 CASH GENERATED FROM OPERATIONS		
Profit before tax	5,896,599	8,037,388
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	11,307,810	10,485,540
Amortization of intangible assets	287,786	357,266
Depreciation of right of use assets	259,947	205,942
Amortization of contract costs	2,295,838	1,782,427
Provision for obsolete stores and spares	(2,573)	15,563
Impairment loss on trade debts and contract assets	1,526,620	1,536,007
Provision for employees retirement benefits	3,016,861	3,143,166
Gain on disposal of property, plant and equipment	(1,041,468)	(653,462)
Return on bank deposits	(254,927)	(276,399)
Imputed interest on long term loans	15,056	22,774
Imputed interest on lease liabilities	107,326	91,117
Return on long term loan to subsidiaries	(986,687)	(936,907)
Unearned revenue realised	(78,925)	(10,918)
Gain on investment measured at fair value through profit or loss	(1,026)	(93,127)
Release of deferred government grants	(630,863)	(312,206)
	21,717,374	23,394,171
Effect on cash flows due to working capital changes:		
Decrease / (increase) in current assets:		
Stores and spares	336,664	23,231
Trade debts and contract assets	(5,478,740)	(5,294,903)
Loans and advances	(914,669)	(555,477)
Prepayments and other receivables	2,569,073	(2,198,540)
	(3,487,672)	(8,025,689)
Increase in current liabilities:		
Trade and other payables	4,305,977	2,683,757
Security deposits	9,507	582
	22,545,186	18,052,821
17 CASH AND CASH EQUIVALENTS		
Short term investments	3,452,416	-
Cash and bank balances	5,036,395	4,187,347
	8,488,811	4,187,347

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

Nine months ended	
September 30, 2020	September 30, 2019
(Un-Audited)	(Un-Audited)
Rs '000	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	1,975,241	1,897,505
ii. Subsidiaries	Sale of goods and services	3,771,042	4,362,060
	Purchase of goods and services	2,187,789	2,076,972
	Mark up on long term loans	986,687	936,907
	Long term investments in subsidiaries	5,300,000	-
iii. Associated undertakings	Sale of goods and services	3,056,171	2,237,565
	Purchase of goods and services	438,052	400,478
iv. Employees contribution plan	PTCL Employees GPF Trust - net	86,384	59,664
v. Employees retirement benefit plan	Contribution to the plan- PTET	2,000,000	3,500,000
	Contribution to the plan- Gratuity	49,454	86,048
vi. Other related parties	Charge under license obligations	1,215,190	1,214,606
vii. Directors, Chief Executive and Key management personnel	Fee and remuneration including benefits and perquisites	568,993	939,594

September 30, 2020	December 31, 2019
(Un-Audited)	(Audited)
Rs '000	Rs '000

Period / year-end balances		
Receivables from related parties		
Long term loans to subsidiaries	10,700,000	11,500,000
Trade debts		
- Subsidiaries	312,766	431,164
- Associated undertakings	9,684,933	6,267,566
Other receivables		
- Subsidiaries	9,696,653	12,634,977
- Associated undertakings	71,305	71,305
- PTCL Employees GPF Trust	21,071	107,454
-Pakistan Telecommunication Employees Trust (PTET)	3,556	94
- Long term loans to executives and key management personnel	79,993	68,135
Bank deposit with subsidiary	348	565,434

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
Payables to related parties		
Trade creditors		
- Subsidiaries	1,126,306	969,409
- Associated undertakings	1,254,537	887,697
- The Government of Pakistan related entities	966,291	1,301,247
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	24,636,596	21,297,281
Employees Gratuity Fund	232,136	137,974
Pakistan Telecommunication Employees Trust (PTET)	2,974,612	4,135,611

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 offsetting Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at September 30, 2020					
Trade debts and contract assets	14,827,319	(4,186,032)	10,641,287	22,752,389	33,393,676
Trade creditors	(4,495,060)	4,186,032	(309,028)	(9,272,743)	(9,581,771)
As at December 31, 2019					
Trade debts and contract assets	14,335,367	(6,709,298)	7,626,068	20,285,727	27,911,795
Trade creditors	(7,252,473)	6,709,298	(543,174)	(10,746,721)	(11,289,895)

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, 2019. 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, 2019.

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

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
Cost of services	(40,594,094)	485	(40,593,609)
Administrative and general expenses	(6,575,327)	119,780	(4,919,540)
Impairment loss on trade debts		(1,536,007)	(1,536,007)
Selling and marketing expenses	(2,154,072)	(120,265)	(2,274,337)

Condensed Interim Statement of Cash Flows

Reclassification from	Reclassification to	Rs '000
Cash generated from operations	Cash flows from investing activities	2,101,070

22 DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL STATEMENTS

This condensed interim financial statements for the nine months period ended September 30, 2020 were authorized for issue by the Board of Directors of the Company on October 14, 2020.



Chief Financial Officer



President & CEO



Chairman

NOTES



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2020 (UN-AUDITED)**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020 (UN-AUDITED)

	Note	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (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
General reserve		27,497,072	27,497,072
Unappropriated profit		3,677,030	1,492,423
		31,174,102	32,162,119
Statutory and other reserves		285,013	285,013
Unrealized gain / (loss) on investments measured at fair value through OCI		278	(8,779)
		82,459,393	83,438,353
Liabilities			
Non-current liabilities			
Long term loans from banks		27,282,040	19,716,427
Subordinated debt		599,280	599,400
Deposits from banking customers		3,807,544	3,766,456
Lease liabilities		16,432,516	17,312,174
Deferred income tax		4,864,578	7,102,905
Employees retirement benefits		27,296,809	27,123,119
Deferred Government grants		18,600,455	19,182,858
Advances from customers		1,574,259	1,526,911
Long term vendor liability		25,591,318	25,709,208
		126,048,799	122,039,458
Current liabilities			
Trade and other payables	6	92,524,146	87,830,054
Deposits from banking customers		26,559,889	18,958,369
Interest accrued		2,570,351	1,658,615
Short term running finance		3,804,760	4,058,444
Current portion of:			
Long term loans from banks		8,736,620	11,300,239
Lease liabilities		2,706,082	2,440,869
Long term vendor liability		12,865,934	12,522,539
Security deposits		1,376,141	1,359,489
Unpaid / unclaimed dividend		212,645	211,589
		151,356,568	140,340,207
Total equity and liabilities		359,864,760	345,818,018

Contingencies and commitments

11

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



Chief Financial Officer



President & CEO



Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020 (UN-AUDITED)

	Note	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
Assets			
Non-Current assets			
Property, plant and equipment	7	187,317,172	190,009,353
Right of use assets		18,706,416	20,176,320
Intangible assets		26,002,033	28,099,965
Long term investments		51,427	51,427
Long term loans and advances		909,734	890,600
Long term loan to banking customers		1,352,070	474,351
Contract costs		631,017	637,743
		234,969,869	240,339,759
Current assets			
Stock in trade, stores and spares		5,395,055	5,642,513
Trade debts and contract assets	8	26,851,892	21,701,204
Loans to banking customers		26,543,788	20,899,728
Loans and advances		2,026,037	1,063,243
Contract costs		2,456,934	2,511,646
Income tax recoverable		24,427,133	24,577,280
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposits, prepayments and other receivables		13,820,369	10,671,218
Short term investments	9	11,432,075	9,076,445
Cash and bank balances	10	9,777,536	7,170,910
		124,894,891	105,478,259
Total assets		359,864,760	345,818,018



Chief Financial Officer



President & CEO



Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		Rs '000	Rs '000	Rs '000	Rs '000
Revenue	12	32,743,822	31,660,411	95,648,290	97,968,592
Cost of services		(24,021,634)	(24,469,589)	(71,316,177)	(72,557,878)
Gross profit		8,722,188	7,190,822	24,332,113	25,410,714
Administrative and general expenses		(4,408,154)	(3,813,551)	(12,854,848)	(12,064,919)
Selling and marketing expenses		(1,635,795)	(1,692,618)	(5,034,949)	(5,115,687)
Impairment loss on trade debts and contract assets		(548,049)	(885,903)	(2,543,108)	(2,134,971)
		(6,591,998)	(6,392,072)	(20,432,905)	(19,315,577)
Operating profit		2,130,190	798,750	3,899,208	6,095,137
Other income	13	1,991,673	1,864,119	5,662,755	5,122,280
Finance costs		(1,947,847)	(2,079,652)	(7,259,703)	(7,120,365)
Profit before tax		2,174,016	583,217	2,302,260	4,097,052
Provision for income tax		(645,358)	(248,286)	(740,277)	(1,419,438)
Profit for the period		1,528,658	334,931	1,561,983	2,677,614

The annexed notes 1 to 22 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, 2020 (UN-AUDITED)

Note	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2020	2019	2020	2019
	Rs '000	Rs '000	Rs '000	Rs '000
Profit for the period	1,528,658	334,931	1,561,983	2,677,614
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 revaluation of assets	(4,621)	915	106,019	(1,546)
(Gain) / loss on revaluation of assets transferred to profit or loss	(404)	790	(66,217)	1,281
Tax effect of revaluation of assets	1,341	(494)	(30,745)	84
	(3,684)	1,211	9,057	(181)
	(3,684)	1,211	9,057	(842,406)
Total comprehensive income for the period	1,524,974	336,142	1,571,040	1,835,208

The annexed notes 1 to 22 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, 2020 (UN-AUDITED)

		Nine months ended	
		September 30, 2020 Rs '000	September 30, 2019 Rs '000
	Note		
Cash flows from operating activities			
Cash generated from operations	14	34,118,456	31,554,655
Employees retirement benefits paid		(938,558)	(1,004,713)
Payment made to Pakistan Telecommunication Employees Trust (PTET)		(2,000,000)	(3,500,000)
Advances from customers		126,273	598,846
Income tax withheld		(2,859,202)	(2,889,712)
Net cash inflow from operating activities		28,446,969	24,759,076
Cash flows from investing activities			
Capital expenditure		(18,022,507)	(25,500,765)
Proceeds from disposal of property, plant and equipment		1,104,097	782,943
Addition to contract costs		(3,337,085)	(1,739,402)
Long term loans and advances		(34,190)	(160,249)
Government grants received		1,079,631	1,613,344
Return on long term loans and short term investments		1,738,107	1,561,690
Net cash outflow from investing activities		(17,471,947)	(23,442,439)
Cash flows from financing activities			
Loan from banks		5,001,994	(973,669)
Subordinated debt		(120)	(120)
Vendor liability		225,505	(3,084,920)
Lease liabilities		(3,488,200)	(3,690,519)
Dividend paid		(2,548,944)	(2,602,242)
Finance cost paid		(4,949,317)	(4,875,974)
Net cash outflow from financing activities		(5,759,082)	(15,227,444)
Net increase / (decrease) in cash and cash equivalents		5,215,940	(13,910,807)
Cash and cash equivalents at the beginning of the period		12,188,911	23,916,454
Cash and cash equivalents at the end of the period	15	17,404,851	10,005,647

The annexed notes 1 to 22 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, 2020 (UN-AUDITED)

	Issued, subscribed and paid-up capital			Revenue reserves			Statutory and other reserves	Unrealized (loss)/gain on investments measured at fair value through OCI	Total
	Class "A"	Class "B"		Insurance reserve	General reserve	Unappropriated profit / (loss)			
-----Rs '000-----									
Balance as at December 31, 2018	37,740,000	13,260,000	2,985,696		27,497,072	1,535,145	221,601	(29)	83,239,485
Total comprehensive income for the period									
Profit for the nine months period ended September 30, 2019						2,677,614	-	-	2,677,614
Other comprehensive income						(842,225)	-	(181)	(842,406)
						1,835,389	-	(181)	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 - Rs 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	(210)	82,524,693
Profit for the three months period ended December 31, 2019						(300,514)	-	-	(300,514)
Other comprehensive income						1,222,743	-	(8,569)	1,214,174
						922,229	-	(8,569)	913,660
Transfer to statutory and other reserves						(63,412)	63,412	-	-
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 nine months period ended September 30, 2020						1,561,983	-	-	1,561,983
Other comprehensive income						-	-	9,057	9,057
						1,561,983	-	9,057	1,571,040
Distribution to owners of the Holding Company									
Final dividend for the year ended									
December 31, 2019 - Rs 0.5 per share						(2,550,000)	-	-	(2,550,000)
Other appropriation									
Transfer of insurance reserve			(3,172,624)			3,172,624	-	-	-
Balance as at September 30, 2020	37,740,000	13,260,000	-		27,497,072	3,677,030	285,013	278	82,459,393

The annexed notes 1 to 22 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, 2020 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Constitution and ownership

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

Pakistan Telecommunication Company Limited (PTCL)

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

Pak Telecom Mobile Limited (PTML)

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

U Microfinance Bank Limited (U Bank)

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

DVCOM Data (Private) Limited (DVCOM Data)

The Holding Company acquired 100% ownership of DVCOM Data effective from April 01, 2015. The company has a Wireless Local Loop (WLL) License of 1900 MHz spectrum in nine telecom regions of Pakistan. The registered office of the company is located at PTCL Head Quarters South, Hatim Alvi Road, Clifton Karachi.

Smart Sky (Private) Limited (Smart Sky)

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

1.2 Activities of the Group

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

1.3 Impact of COVID-19 on the condensed consolidated interim financial statements

During the period ended 30 September 2020, the COVID-19 pandemic emerged which impacted the economy in general. Due to temporary lockdown imposed to counter COVID-19 outbreak, there is a negative impact of approximately Rs 2,772,481 thousand on the revenues of the Group.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (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 consolidated annual 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, 2019.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these 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 these 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, 2019, except of the following:

- Useful life of certain items of property, plant and equipment has been revised during the period, consequent to the capacity enhancement. This change has resulted in reduction in depreciation charge for the period by Rs 151 million.
- Estimate for average life of wireless customer and breakage estimate for the unused resources has been revised in accordance with customer retention pattern and probability approach and customer usage trends respectively. The change has resulted increase of revenue by Rs 243 million, reduction in cost of sales by Rs 229 million and reduction in contract liability by Rs 342 million.

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the consolidated annual audited financial statements for the year ended December 31, 2019.

	Note	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
6. TRADE AND OTHER PAYABLES			
Trade creditors		11,147,267	12,670,240
Accrued and other liabilities	6.1	37,952,798	35,022,799
Technical services assistance fee		24,636,596	21,297,281
Advances from customers / contract liabilities		9,570,723	9,834,302
Retention money / payable to contractors and suppliers		6,447,859	6,761,684
Income tax collected from subscribers / deducted at source		923,394	1,012,664
Sales tax payable		1,821,288	1,203,214
Payable to provident fund		24,221	27,870
		92,524,146	87,830,054
6.1 Accrued and other liabilities			
Accrued liability for operational expenses		13,243,798	9,529,099
Amount withheld on account of provincial levies(Sub judice) for ICH operations		12,110,803	12,110,803
Accrual for Government / regulatory expenses		10,536,814	10,312,860
Accrued wages		1,009,872	1,537,485
Others		1,051,511	1,532,552
		37,952,798	35,022,799
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	169,506,351	168,066,793
Capital work-in-progress	7.3	17,810,821	21,942,560
		187,317,172	190,009,353

	Note	September 30, 2020 (Un-Audited) Rs '000	September 30, 2019 (Un-Audited) Rs '000
7.1 Operating fixed assets			
Opening net book value		168,066,793	156,293,468
Additions during the period	7.2	21,638,357	21,763,107
		189,705,150	178,056,575
Disposals / transfers during the period - at net book value		(58,196)	(226,645)
Depreciation and impairment for the period		(20,140,603)	(21,298,050)
		(20,198,799)	(21,524,695)
Closing net book value		169,506,351	156,531,880

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	September 30, 2020 (Un-Audited) Rs '000	September 30, 2019 (Un-Audited) Rs '000
7.2 Detail of additions during the period:		
Leasehold land	193	10,563
Buildings on freehold land	95,047	107,865
Buildings on leasehold land	28,348	100,048
Lines and wires	5,782,712	4,083,627
Apparatus, plant and equipment	14,968,809	15,979,078
Office equipment	324,702	77,548
Computer equipment	157,470	986,890
Furniture and fittings	13,917	131,190
Vehicles	59,362	114,386
Submarine cables	207,797	171,912
	21,638,357	21,763,107

7.3 Additions to CWIP during the nine months period ended September 30, 2020 were Rs 17,830,742 thousand (September 30, 2019: Rs 24,979,937 thousand).

	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
8 TRADE DEBTS AND CONTRACT ASSETS		
Trade debts	31,089,848	24,442,641
Contract assets	5,486,100	5,401,830
	36,575,948	29,844,471
Accumulated impairment loss on trade debts and contract assets	(9,724,056)	(8,143,267)
	26,851,892	21,701,204

9 SHORT TERM INVESTMENTS

Amortized cost		
Market treasury bills	3,452,416	-
Term deposit receipts	4,000,000	2,100,000
Fair value through profit or loss		
Units of mutual fund	-	6,906
Fair value through other comprehensive income		
Market treasury bills	3,979,659	6,969,539
	11,432,075	9,076,445

10 CASH AND BANK BALANCES

Cash in hand	1,241,614	745,393
Balances with banks:		
Local currency		
Current account maintained with SBP	1,442,517	1,097,602
Other bank accounts	4,494,904	4,253,430
	5,937,421	5,351,032
Foreign currency accounts	2,598,501	1,074,485
	9,777,536	7,170,910

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (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, 2019 except as disclosed in note 11.1.

11.1 For the tax years 2007, 2009, 2010 and 2011 to 2018, 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 21,487,780 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 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, 2019. 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 interim consolidated financial statements.

	September 30 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
11.3 Bank guarantees and bid bonds of Group issued in favor of:		
Universal Service Fund (USF) against government grants	11,360,895	11,046,095
Pakistan Telecommunication Authority against 3G and 2G Licenses	621,375	582,563
Others	2,764,803	2,957,130
	14,747,073	14,585,788
11.4 Commitments - Group		
Standby Letter of Guarantee	9,600	9,600
Letters of credit for purchase of stock	52,957	78,531
Contracts for capital expenditure	11,447,971	15,052,277
	11,510,528	15,140,408

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.

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, 2020 (UN-AUDITED)

	Nine months ended	
	September 30, 2020	September 30, 2019
	(Un-Audited) Rs '000	(Un-Audited) Rs '000
Broadband and IPTV	20,632,528	21,044,684
Cellular and other wireless services	36,975,362	42,112,059
Fixed line voice services	7,465,595	8,599,128
Revenue from retail customers	65,073,485	71,755,871
Corporate and wholesale	16,549,464	15,421,520
International	6,950,958	5,988,728
Banking	7,074,383	4,802,473
Total revenue	95,648,290	97,968,592

12.1 Revenue is stated net of trade discount amounting to Rs 1,428,414 thousand (September 30, 2019: Rs 1,563,656 thousand) and sales and other taxes directly attributable to sales amounting to Rs 14,633,734 thousand (September 30, 2019: Rs 11,612,675 thousand).

	Nine months ended	
	September 30, 2020	September 30, 2019
	(Un-Audited) Rs '000	(Un-Audited) Rs '000
13 OTHER INCOME		
Income from financial assets	2,005,524	2,190,731
Income from non-financial assets	3,657,231	2,931,549
	5,662,755	5,122,280

14 CASH GENERATED FROM OPERATIONS

Profit before tax	2,302,260	4,097,052
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	20,140,603	21,298,050
Amortization of intangible assets	2,648,472	2,679,825
Amortization of contract costs	3,398,523	1,237,399
Depreciation of right of use assets	2,960,066	2,584,783
Loss allowance on trade and other receivables, including contract assets	1,577,649	1,579,926
Impairment loss on non performing loans to banking customers	965,459	555,045
Provision for obsolete stores and spares	13,427	11,653
Provision for employees retirement benefits	3,112,248	3,224,356
Imputed interest on long term loans	15,056	22,774
Imputed interest on lease liabilities	1,383,593	1,415,454
Unearned revenue realised	(78,925)	(10,918)
Gain on disposal of property, plant and equipment	(1,080,552)	(556,298)
Gain on disposal of investments measured at fair value	(65,190)	(91,846)
Return on bank deposits and Government securities	(1,633,115)	(1,407,902)
Release of deferred government grants	(1,662,034)	(1,038,966)
Finance costs	5,861,053	5,655,084
	39,858,593	41,255,471
Effect on cash flows due to working capital changes (Increase) / decrease in current assets:		
Stock in trade, stores and spares	234,031	(74,399)
Trade debts and contact assets	(6,728,337)	(5,239,640)
Loans to banking customers	(7,487,238)	(3,325,656)
Loans and advances	(962,794)	(685,278)
Deposits, prepayments and other receivables	(3,149,151)	(1,395,453)
	(18,093,489)	(10,720,426)

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	Nine months ended	
	September 30, 2020 (Un-Audited) Rs '000	September 30, 2019 (Un-Audited) Rs '000
Increase / (decrease) in current liabilities:		
Trade and other payables	4,694,092	2,470,815
Customers deposits	7,642,608	(1,331,497)
Security deposit	16,652	(119,708)
	12,353,352	1,019,610
	34,118,456	31,554,655
15 CASH AND CASH EQUIVALENTS		
Short term investments	11,432,075	7,479,346
Cash and bank balances	9,777,536	8,273,993
Short term running finance	(3,804,760)	(5,747,692)
	17,404,851	10,005,647

16 SEGMENT INFORMATION

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

16.1 Segment information for the reportable segments is as follows:

Nine months ended September 30, 2020	Note	Wireline Rs '000	Wireline Rs '000	Banking Rs '000	Total Rs '000
Segment revenue		51,666,976	41,757,793	7,075,002	100,499,771
Inter segment revenue	16.2	(3,767,393)	(1,083,469)	(619)	(4,851,481)
Revenue from external customers		47,899,583	40,674,324	7,074,383	95,648,290
Segment results		3,946,593	(2,950,952)	566,342	1,561,983
Nine months ended September 30, 2019					
Segment revenue		52,214,293	46,292,079	4,802,669	103,309,041
Inter segment revenue	16.2	(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

16.2 Inter segment revenues are eliminated on consolidation.

As at September 30, 2020	Wireline Rs '000	Wireline Rs '000	Banking Rs '000	Total Rs '000
Segment assets	169,392,566	141,663,605	48,808,589	359,864,760
Segment liabilities	120,112,967	116,681,481	40,610,919	277,405,367

As at December 31, 2019

Segment assets	163,930,675	141,970,492	39,916,851	345,818,018
Segment liabilities	115,589,748	114,456,180	32,333,737	262,379,665

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

			Nine months ended	
			September 30, 2020 (Un-Audited) Rs '000	September 30, 2019 (Un-Audited) Rs '000
17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES				
Relationship with the Group		Nature of transaction		
i. Shareholders		Technical services assistance fee	3,347,690	3,428,901
ii. Associated undertakings		Sale of goods and services	3,189,255	2,343,127
		Purchase of goods and services	618,860	565,504
		Prepaid rent	466,206	426,274
iii. Employees	PTCL	Gratuity Fund	49,454	86,048
benefits plans	PTML	Gratuity Fund	69,240	67,396
	U Bank	Gratuity Fund	28,935	24,672
iv. Employees	PTCL	PTCL Employees GPF		
contribution plans		Trust - net	86,384	59,664
	PTML	Provident Fund	112,825	81,636
	U Bank	Provident Fund	26,573	20,783
v. Other related parties	PTCL	Charges under license obligation	1,215,190	1,214,606
	PTML	Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	24,175	23,475
vi. Directors, Chief Executive and Key Management Personnel		Fee and remuneration including benefits and perquisites	1,405,529	1,718,090
			September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
Trade debts				
- Associated undertakings			10,169,704	6,676,552
Deposits, prepayments and other receivables				
- Associated undertakings			71,305	71,305
- PTCL Employees GPF Trust			21,071	107,454
- Pakistan Telecommunication Employees Trust (PTET)			3,556	94
- Prepaid rent			264,344	96,125
Long term loans to executives and key management personnel				
	PTCL		79,993	68,135
	PTML		6,554	12,852
	U Bank		28,005	-
Trade and other payables				
Trade creditors				
- Associated Undertakings			1,430,025	1,092,863
- The Government of Pakistan and its related entities			966,291	1,301,247
Retention money payable to associated undertaking			3,055	3,055
Technical services assistance fee payable to Etisalat Pakistan Telecommunication Company Limited			24,636,596	21,297,281
Employees Gratuity Fund			232,135	137,974
Pakistan Telecommunication Employees Trust (PTET)			2,974,612	4,135,611

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

	September 30, 2020 (Un-Audited) Rs '000	December 31, 2019 (Audited) Rs '000
PTML		
- Gratuity Fund	69,134	79,573
- Provident Fund	21,707	24,352
U Bank		
- Gratuity Fund	2,514	3,518
- Provident Fund	2,528	1,236

18 FAIR VALUE ESTIMATION

The financial liability of forward exchange contracts at fair value through profit or loss is Rs 221,825 thousand (December 31, 2019: Rs. 344,909 thousand).

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

19 OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to offsetting Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at September 30, 2020					
Trade debts and contract assets	15,672,572	(4,821,153)	10,851,419	25,724,529	36,575,948
Trade creditors	(5,370,606)	4,821,153	(549,453)	(10,597,814)	(11,147,267)
As at December 31, 2019					
Trade debts and contract assets	13,084,598	(5,287,007)	7,797,591	22,046,880	29,844,471
Trade creditors	(6,482,518)	5,287,007	(1,195,511)	(11,474,729)	(12,670,240)

20 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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, 2019. 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, 2019.

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

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 (UN-AUDITED)

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	Reclassified Rs '000	As reclassified Rs '000
Cost of services	71,766,943	790,935	72,557,878
Administrative and general expenses	15,258,151	(3,193,232)	12,064,919
Impairment loss on trade debts and contract assets		2,134,971	2,134,971
Selling and marketing expenses	4,875,415	240,272	5,115,687
Finance costs	7,093,311	27,054	7,120,365

Condensed consolidated interim statement of cash flows

	Previously reported in	Reclassified to	Rs '000
Addition to contract costs	Operating activities	Investing activities	1,739,402
Finance cost paid	Operating activities	Financing activities	4,875,974
Customers deposits	Financing activities	Operating activities	1,331,497

22 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, 2020 were authorized for issue by the Board of Directors of the Holding Company on October 14, 2020.



Chief Financial Officer



President & CEO



Chairman

[illegible]

Pakistan Telecommunication Company Limited
PTCL Headquarters, Sector G-8/4, Islamabad, Pakistan



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