



# Nation

Ka Connection

## PTCL 1<sup>st</sup> Quarter Report 2021



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## BOARD OF DIRECTORS

### Chairman PTCL Board

Shoaib Ahmad Siddiqui

### Members PTCL Board

Abdulrahim A. Al Nooryani

Kamran Ali Afzal

Hatem Dowidar

Hassan Nasir Jamy

Hesham Al Qassim

Syed Shabahat Ali Shah

Khalifa Al Shamsi

Dr. Mohamed Karim Bennis

## CORPORATE INFORMATION

### Management

**Mohammad Nadeem Khan**  
Group Chief Financial Officer

**Adnan Anjum**  
Group Chief Marketing Officer

**Jafar Khalid**  
Group Chief Technology and  
Information Officer (Development)

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

**M. Shehzad Yousuf**  
Chief Business Operations Officer

**Naveed Khalid Butt**  
Group Chief Regulatory Officer

**Saad Muzaffar Waraich**  
Group Chief Technology and  
Information Officer (Operations)

**Shahid Abbas**  
Group Chief Internal Audit

**Syed Mazhar Hussain**  
Group Chief Human Resources Officer

**Zahida Awan**  
Group Chief Legal Officer

**Zarrar Hasham Khan**  
Chief Business Services Officer

### 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.  
Deutsche Bank A.G.  
Faysal Bank Limited  
First Women Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
S.M.E. Bank Limited  
Samba Bank Limited  
Silk Bank Limited  
Sindh Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
The Bank of Khyber  
The Bank of Punjab  
The Punjab Provincial Cooperative Bank Limited  
United Bank Limited  
Zarai Taraqiati Bank Limited  
Mobilink Microfinance Bank Limited  
Telenor Microfinance Bank Limited  
U Microfinance Bank Limited

#### Islamic

Al Baraka Bank (Pakistan) Limited  
Bank Islami Pakistan Limited  
Burj Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Meezan Bank Limited  
MCB Islamic Bank Limited

### Registered Office

**PTCL Headquarters,**  
Sector G-8/4,  
Islamabad-44000, Pakistan.  
Fax: +92-51-2263733  
E-mail: company.secretary@ptcl.net.pk  
Web: www.ptcl.com.pk

### Auditors

**KPMG Taseer Hadi & Co.,**  
Chartered Accountants

### Share Registrar

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

## DIRECTORS' REVIEW

The Directors of Pakistan Telecommunication Company Limited (PTCL) are pleased to present to the shareholders, the un-audited financial statements of the Company for the three months period ended 31st March 2021.

Despite the 3rd wave of Covid-19, PTCL ended Q1 2021 with strong financial performance, leading to an optimistic start for 2021. PTCL posted 7% growth in revenues which is the highest since Q1 of 2014.

PTCL's revenue of Rs 18.9 Billion for the quarter is 7% higher than Q1 2020, mainly driven by Broadband and Corporate & Wholesale business segments. Speedy deployment of Fiber-To-The-Home (FTTH) network under project 'Sunrise Pakistan', aggressive commercial strategy that aimed at improving customer experience and expansion of digital portfolio successfully helped the company get topline growth back on track. This topline growth and efficient cost control program improved bottom line significantly.

The operating profit of the company has increased by Rs 1.3 Billion compared to the same period of last year as a result of growth in the topline, coupled with varied management initiatives for cost optimization. Net Profit of Rs 1.7 Billion has significantly increased by 42.6% from last year.

During the period under review, PTCL Group posted revenue of Rs 33.9 Billion in Q1, 2021 that is 6.7% higher as compared to the same period of last year, which was mainly contributed by PTCL and UBank. UBank continued its growth momentum and has achieved a 26.5% growth in its quarterly revenue over same period of last year. Whereas PTCL's (Ufone) revenue remained stable despite stiff competition in the cellular market. PTCL Group posted a net profit of Rs 1.6 Billion as compared to a loss of Rs 0.4 Billion for the same period of last year.

During this quarter, PTCL remained engaged to improve overall customer experience by improving network stability, reducing complaints resolution times, and introducing various customer care processes to proactively manage customer services. PTCL also started offering flash fiber services to their existing customers to ensure a continuous improvement in overall service standards. A separate PTCL Flash Fiber website was also launched that is customer friendly, easy to navigate and has received positive feedback from customers. Through this website, a comprehensive, highly targeted and geo-fenced customer acquisition campaign on digital mediums has been successfully carried out. Multiple campaigns and lucrative offers for the customers such as '50% off on device', 'CharJi Unlimited Cash-on-Delivery' and 'upgrade with absolutely free device' helped in uplifting brand and expanding PTCL CharJi footprint across Pakistan. With these initiatives PTCL managed to improve overall customer happiness index by 10% as compared to Q1 2020.

PTCL Consumer Business reported 4th straight quarter of growth. Fixed Broadband customers crossed 1.48 Million mark, with 30,000 net additions recorded for the quarter. Apart from Voice Business, which is severely impacted by COVID-19, all other business segments reported revenue growth in double-digits. PTCL Fixed Broadband business grew by 12.3% YoY whereas PTCL IPTV Segment also grew by 11.1% YoY. PTCL Flash Fiber (FTTH) service providing customers with fastest, stable and best internet in town, showed a significant growth of 47.1% YoY. PTCL CharJi / Wireless Broadband Segment grew by 11.1% YoY.

Corporate and Wholesale businesses continued their growth trajectory proving its market leadership in IP Bandwidth, Cloud, Data Center and other ICT services segments. Corporate business grew by 11.9% as compared to the same period last year. Carrier business continued its growth momentum and achieved 13.5% overall revenue growth YoY. International voice revenue has declined due to lower voice traffic and appreciation of PKR against USD.

PTCL embarked on a journey in developing partnerships to offer software as a service (SaaS) in the banking, education, Cloud and cyber-security verticals. Additionally, PTCL was awarded major digital enablement projects that among others included Utility stores - for the digital

transformation of 4,000+ branches, UBL - for hosting of the primary infrastructure in a purpose-built Tier-3 site and Bata Pakistan - for Data Center & connectivity of its 450 outlets.

The Group also successfully conducted 5G trial in a limited environment showcasing a remote surgery test case for the first time in Pakistan. With the renewal of its integrated services license for the next 25 years, the company has accelerated investments in developing state-of-the-art telecommunication infrastructure in Pakistan, which further strengthened its position as the backbone of connectivity in the country. During Q1, Universal Service Fund (USF) also awarded two contracts to PTCL worth Rs 3 Billion for provision of Optic Fiber Cable in interior Sindh to connect the underserved areas. PTCL embarked on a milestone achievement by introducing Balochi Language for its customers of Baluchistan and became the first telecom operator in Pakistan who is serving customers in 5 different languages.

As a national company, PTCL continues its contribution towards Corporate Social Responsibility and started a nationwide Clothing Drive for the employees of both PTCL and Ufone. More than 10,000 clothing articles were collected and distributed to the most deserving families across Pakistan. Furthermore, the Rashid Khan Trust - previously known as the PTCL Razakaar Trust continued to cater for the deserving PTCL employees through cash donations and in-kind felicitations.

PTCL has started to move towards contemporary performance management to effectively gauge and reward employee performance during the hybrid working model. High potential talent was recognized at PTCL's most prestigious event; the Annual Presidential Business Excellence Awards in February this year. More than 100 talented employees were awarded for their outstanding business contributions. Your company was also able to sign an MoU with the CBA after successful negotiations.

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, PTCL Board



**Mohammad Nadeem Khan**  
For and on behalf of President & Chief Executive Officer

Islamabad: April 11, 2021

## ڈائریکٹرز کا جائزہ

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پٹی سی ایل) کے بورڈ آف ڈائریکٹرز 13 مارچ 2021 کو ختم ہونے والی سہ ماہی کیلئے کمپنی کے غیر آڈٹ شدہ مالی حسابات شیئر ہولڈرز کو پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

گورننگ بڈ کے اہم ترین اہلکار کے پاس ہر سال کے پھیلاؤ کے باوجود پٹی سی ایل نے 2021 کی پہلی سہ ماہی کا اختتام بہترین مالی کارکردگی کے ساتھ کیا جس سے سال 2021 کا آغاز مثبت انداز میں ہوا۔ پٹی سی ایل نے اپنی آمدن میں 7 فیصد اضافہ ظاہر کیا جو 2014 کی پہلی سہ ماہی کے بعد اب تک سب سے زیادہ ہے۔

زیر جائزہ سہ ماہی کے دوران پٹی سی ایل کی 18.9 ارب روپے آمدن 2020 کی پہلی سہ ماہی کی نسبت 7 فیصد زیادہ ہے جو خاص طور پر براڈ بینڈ اور کارپوریٹ ہول سیل بزنس سیکٹرز سے حاصل ہوئی۔ ”سن رائز پاکستان“ پراجیکٹ کے تحت فائبر نوڈی ہوم نیٹ ورک کی تنصیب، جارحانہ کمرشل حکمت عملی، جس کا مقصد صارفین کے تجربے کو بہتر بنانا تھا، اور ڈیجیٹل پورٹ فولیو کی توسیع سے کمپنی نے کامیابی کے ساتھ ٹاپ لائن گروتھ کو بہتری کی جانب گامزن کیا۔ اس ٹاپ لائن گروتھ اور اگست میں کمی کے موثر پروگرام سے آمدن میں بہتری آئی۔

مئنجمنٹ کی جانب سے اخراجات میں کمی کے مختلف اقدامات کے ساتھ، ٹاپ لائن میں اضافے کے نتیجے میں گزشتہ سال کے اسی دورانیے کی نسبت کمپنی کے آپریٹنگ منافع میں اس سال 3.1 ارب روپے اضافہ ہوا۔ 1.7 ارب روپے کا مجموعی منافع گزشتہ سال سے 42.6 فیصد زیادہ ہے۔

زیر جائزہ مدت میں پٹی سی ایل کی گروپ آمدن 33.9 ارب روپے رہی جو گزشتہ سال کے اسی دورانیے کی نسبت 6.7 فیصد زیادہ ہے۔ جس میں اہم کردار پٹی سی ایل اور یو بی سی اے ادا کیا۔ یو بی سی اے نے اپنی ترقی کا سفر جاری رکھا اور گزشتہ سال کے اسی دورانیے کی نسبت اپنی سہ ماہی میں 26.5 اضافہ حاصل کیا۔ جبکہ سیلر مارکیٹ میں سخت مقابلے کے باوجود پٹی سی ایل (یوفون) کی آمدن میں استحکام رہا۔ پٹی سی ایل گروپ نے گزشتہ سال کے اسی دورانیے میں 10.4 ارب روپے نقصان کے مقابلے میں 1.6 ارب روپے مجموعی منافع ظاہر کیا۔

رواں سال پٹی سی ایل نے کسٹمر سروسز کو بہتر سے بہترین بنانے کے لئے مختلف اقدامات اٹھائے جس میں نیٹ ورک استحکام میں بہتری، شکایات کے ازالے کے وقت میں کمی جیسے اقدامات شامل ہیں۔ پٹی سی ایل نے موجودہ صارفین کو فلیش فائبر کی خدمات کی فراہمی کا بھی آغاز کیا تاکہ سروسز کے معیار میں مجموعی طور پر بہتری لائی جاسکے۔ پٹی سی ایل فلیش فائبر کو سائنٹ کا بھی آغاز کیا گیا جس کو صارفین کی جانب سے بہت سراہا گیا۔ اس ویب سائٹ کے ذریعے جامع مخصوص، ڈیجیٹل سروسز، ڈیجیٹل میڈیاز پر کامیابی کے ساتھ کچھ نئے چلائی گئی مختلف کمپنیاں کے ذریعے صارفین کو شاندار آفرز دی گئیں جس میں ڈیوائس 50 فیصد ڈسکونٹ، Charji آن لائن فلیش آن ڈیلیوری اور مفت ڈیوائس کے ساتھ اپ گریڈ ہینڈس فریڈ شامل ہیں۔ ان آفرز کی مدد سے پاکستان بھر میں پٹی سی ایل Charji کے پھیلاؤ میں مدد ملی۔ ان اقدامات کے ساتھ پٹی سی ایل کے سال 2020 کی پہلی سہ ماہی کے مقابلے میں کسٹمر کے مطمئنان کو چاہئے والے انڈیکس میں 10 فیصد اضافہ ہوا۔

پٹی سی ایل کنزیومر بزنس نے مسلسل چار سہ ماہیوں میں اضافہ رپورٹ کیا۔ فیکسڈ براڈ بینڈ کے صارفین کی تعداد 1.48 ملین سے تباہ کر گئی۔ رواں سہ ماہی کے لئے مجموعی طور پر 30,000 اضافہ ہوا۔ وائس بزنس کے علاوہ، جو گورننگ بڈ سے بری طرح متاثر ہوا ہے، دیگر تمام بزنس سیکٹرز کی آمدن میں دوہرے ہندسوں میں اضافہ ہوا۔ پٹی سی ایل فیکسڈ براڈ بینڈ بزنس میں سال بہ سال 12.3 فیصد جبکہ پٹی سی ایل آئی ٹی وی سیکٹ میں سال بہ سال 11.1 فیصد اضافہ ہوا۔ پٹی سی ایل فلیش فائبر (ایف ٹی ایچ) سروسز جس سے صارفین کو تیز ترین اور بہترین انٹرنیٹ دستیاب ہوتا ہے، اس میں بھی سال بہ سال 47.1 فیصد کا شاندار اضافہ ہوا۔ پٹی سی ایل Charji/وائٹریس براڈ بینڈ سیکٹ میں 11.1 فیصد اضافہ ہوا۔

کارپوریٹ اور ہول سیل بزنس نے ترقی کا سفر جاری رکھا اور پٹی سی ایل نے بینڈ ویڈتھ کاؤڈ، ڈیٹا سینٹر اور دیگر آئی ٹی سروسز سیکٹرز کی بدولت ممکن ہوا۔ کارپوریٹ بزنس میں گزشتہ سال کی اسی مدت کے مقابلے میں 11.9 فیصد اضافہ ہوا۔ کیئر بزنس کی ترقی کا سفر جاری رہا اور سال بہ سال مجموعی آمدن میں 13.5 فیصد اضافہ حاصل کیا۔ وائس کالز میں کیئر اور ڈار کے مقابلے میں دوہرے کی قدر میں اضافے کے باعث بین الاقوامی وائس کی آمدن میں کمی ہوئی۔

پٹی سی ایل نے شراکت داری کے قیام کے سفر کا آغاز کیا تاکہ ڈیجیٹل، تعلیم، کلاؤڈ اور سائبر سیکیورٹی میں سافٹ ویئر بطور سروس (SaaS) آفر کیا جاسکے۔ مزید برآں پٹی سی ایل کو دیگر اہم پراجیکٹس ایوارڈ کئے گئے جس میں یوٹیوٹی اسٹورز کی 4000 سے زائد برانچز کی ڈیجیٹل ٹرانس فارمیشن، یوٹیوٹی 3-Tier پر پرنٹ میں بنیادی انفراسٹرکچر کی ہوسٹنگ اور پاکستان کی 450 آڈٹ لیس کے ڈیٹا سٹراور کیکلے پٹی شامل ہیں۔

پاکستان میں پہلی بار گروپ نے کامیابی کے ساتھ حدود ماحول میں 5G ٹرائل کا انعقاد کیا۔ آئندہ 25 سالوں کے لئے انٹیکریٹڈ سروسز کے لائسنس کی تجدید کے ساتھ کمپنی نے پاکستان میں جدید ترین ٹیلی کمیونیکیشن انفراسٹرکچر کی تیار کیلئے سرمایہ کاری میں اضافہ کیا ہے جس سے ملک بھر میں رابٹوں کی روانی کے لئے اہم ترین کمپنی کی حیثیت مزید مستحکم ہوئی۔ پہلی سہ ماہی کے دوران یونیورسل سروسز فٹ (یو ایس ایف) نے اندرون سندھ میں آپٹک فائبر کی فراہمی کے لئے پٹی سی ایل کو ڈو کونٹریکٹس دیئے جن کی مالیت 3 ارب روپے تھی تاکہ ان علاقوں میں رابٹوں کی سہولت فراہم کی جاسکے۔ پٹی سی ایل نے بلوچستان کے صارفین کے لئے بلوچی زبان متعارف کروائی اور اس طرح پٹی سی ایل دوہا واحد کمپنی بن گئی جو اپنے صارفین کو 5 مختلف زبانوں میں خدمات فراہم کر رہی ہے۔

قومی ادارہ ہونے کے ناطے پٹی سی ایل نے کارپوریٹ سوشل ریسپانسیبلیٹی میں اپنا کردار جاری رکھا اور پٹی سی ایل اور یوفون دونوں کے ملازمین کے لئے ملک بھر میں ”کھوگ ڈرائیو“ کا آغاز کیا۔ پاکستان بھر میں مستحق خاندانوں کو 10,000 سے زائد جوڑے تقسیم کئے گئے۔ مزید برآں راشد خان ٹرسٹ، جسے پہلے پٹی سی ایل رضا کار ٹرسٹ کہا جاتا تھا، نے پٹی سی ایل کے مستحق ملازمین کی نقد عطیات اور اشیا ضروریات کے ذریعے خدمات کے مکمل کو جاری رکھا۔

پٹی سی ایل نے اپنے ملازمین کی کارکردگی کے معیار کو جانچنے کے لئے جدید ترین طریقہ کار کو اپنایا اور بہترین کارکردگی کا مظاہرہ کرنے والے ملازمین کو رواں سال فروری میں پٹی سی ایل کی سمیٹرز میں تقریب، سالانہ بزنس ایکسیلیٹس ایوارڈز میں انعامات سے نوازا گیا۔ 100 سے زائد قابل ملازمین کو ان کی شاندار کارکردگی پر سراہا گیا۔ آپ کی کمپنی پی ای اے کے ساتھ کامیاب گفت و شنید کے بعد مفاہمت کی یادداشت پر دستخط کرنے میں کامیاب ہوئی۔

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

### منجانب بورڈ آف ڈائریکٹرز

تعیب احمد صدیقی

چیئر مین، پٹی سی ایل بورڈ

برائے اور منجانب

پریذیڈنٹ اینڈ چیف ایگزیکٹو آفیسر

اسلام آباد: 11 اپریل 2021

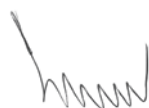
## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021 (UN-AUDITED)

Note	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital and reserves		
Share capital	51,000,000	51,000,000
Revenue reserves		
General reserve	27,497,072	27,497,072
Unappropriated profit	16,126,666	15,512,733
	43,623,738	43,009,805
	94,623,738	94,009,805
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred income tax	5,024,573	5,609,546
Employees retirement benefits	25,594,967	24,541,399
Deferred government grants	7,657,650	7,279,353
Advances from customers	1,479,606	1,497,759
Lease liabilities	1,116,710	1,106,447
	40,873,506	40,034,504
<b>Current liabilities</b>		
Trade and other payables	6 90,862,895	88,457,418
Security deposits	587,678	584,598
Unpaid / unclaimed dividend	211,177	211,511
Current maturity of lease liabilities	293,851	302,466
	91,955,601	89,555,993
<b>Total equity and liabilities</b>	227,452,845	223,600,302

Contingencies and commitments 12

The annexed notes 1 to 20 are an integral part of these condensed interim financial statements.



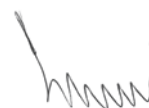
Chief Financial Officer



Director



Chairman



Chief Financial Officer



Director



Chairman

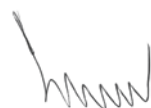
Note	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7 113,858,724	114,665,696
Right of use assets	1,628,893	1,672,711
Intangible assets	1,828,007	1,458,067
	117,315,624	117,796,474
Long term investments	17,736,284	17,736,284
Long term loans and advances	8 10,272,296	10,748,127
Contract costs	588,763	575,190
	145,912,967	146,856,075
<b>Current assets</b>		
Stores and spares	3,830,362	3,600,982
Contract costs	1,766,288	1,725,568
Trade debts and contract assets	9 25,341,072	23,150,485
Loans and advances	1,772,101	1,430,671
Income tax recoverable	17,851,156	18,373,462
Receivable from GoP	2,164,072	2,164,072
Prepayments and other receivables	13,573,105	14,322,386
Short term investments	10 9,070,564	6,212,234
Cash and bank balances	11 6,171,158	5,764,367
	81,539,878	76,744,227
<b>Total assets</b>	227,452,845	223,600,302

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Note	Three months ended	
		March 31, 2021 Rs '000	March 31, 2020 Rs '000
Revenue	13	18,931,762	17,691,692
Cost of services		(14,466,000)	(14,267,597)
Gross profit		4,465,762	3,424,095
Administrative and general expenses		(1,741,536)	(1,656,520)
Selling and marketing expenses		(781,427)	(809,354)
Impairment loss on trade debts and contract assets		(389,569)	(666,859)
		(2,912,532)	(3,132,733)
Operating profit		1,553,230	291,362
Other income	14	1,245,717	1,548,377
Finance costs		(366,092)	(84,391)
Profit before tax		2,432,855	1,755,348
Provision for income tax		(705,528)	(544,158)
Profit for the period		1,727,327	1,211,190
Earnings per share - basic and diluted (Rupees)		0.34	0.24

The annexed notes 1 to 20 are an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



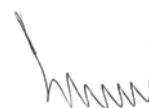
Chairman

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Three months ended	
	March 31, 2021 Rs '000	March 31, 2020 Rs '000
Profit for the period	1,727,327	1,211,190
Other comprehensive income for the period	-	-
Remeasurement loss on employees retirement benefits	(1,568,160)	-
Tax effect	454,766	-
	(1,113,394)	-
Total comprehensive income for the period	613,933	1,211,190

The annexed notes 1 to 20 are an integral part of these condensed interim financial statements.



Chief Financial Officer



Director



Chairman



## CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

		Three months ended	
		March 31, 2021 Rs '000	March 31, 2020 Rs '000
	Note		
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	6,982,198	3,439,519
Employees retirement benefits paid		(346,107)	(298,370)
Advances from customers		5,284	(1,196)
Income tax paid		(313,428)	(277,155)
Net cash inflow from operating activities		6,327,947	2,862,798
<b>Cash flows from investing activities</b>			
Capital expenditure		(2,972,076)	(2,243,079)
Acquisition of intangible assets		(495,077)	-
Proceeds from disposal of property, plant and equipment		325,994	444,775
Addition to contract costs		(947,247)	(590,973)
Long term loans and advances		81,382	(83,989)
Advance against purchase of shares		-	(1,000,000)
Return on long term loan to subsidiaries		141,208	263,624
Return on short term investments		138,866	112,618
Government grants received		753,293	459,895
Net cash outflow from investing activities		(2,973,657)	(2,637,129)
<b>Cash flows from financing activities</b>			
Dividend paid		(335)	(564)
Lease liabilities		(88,834)	(77,353)
Net cash outflow from financing activities		(89,169)	(77,917)
Net increase in cash and cash equivalents		3,265,121	147,752
Cash and cash equivalents at the beginning of the period		11,976,601	4,174,430
Cash and cash equivalents at the end of the period	16	15,241,722	4,322,182

The annexed notes 1 to 20 are an integral part of these condensed interim financial statements.

Chief Financial Officer

Director

Chairman

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Revenue reserves				Total
	Class "A"	Class "B"	Insurance reserve	General reserve	
	(Rupees in '000)				
<b>Balance as at December 31, 2019</b>	37,740,000	13,260,000	3,172,624	27,497,072	87,751,379
Total comprehensive income for the period					
Profit for the three months period ended March 31, 2020	-	-	-	1,211,190	1,211,190
Other comprehensive income for the period	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	37,740,000	13,260,000	3,172,624	27,497,072	88,962,569
Total comprehensive income for the period					
Profit for the nine months period ended December 31, 2020	-	-	-	4,819,175	4,819,175
Other comprehensive income for the period	-	-	-	2,778,061	2,778,061
Transfer of insurance reserve	-	-	(3,172,624)	7,597,236	7,597,236
<b>Distribution to owners of the Company</b>					
Final dividend for the year ended December 31, 2019 - Rs 0.50 per share	-	-	-	3,172,624	-
<b>Balance as at December 31, 2020</b>	37,740,000	13,260,000	-	15,512,733	94,009,805
Total comprehensive income for the period					
Profit for the three months period ended March 31, 2021	-	-	-	1,727,327	1,727,327
Other comprehensive loss for the period	-	-	-	(1,113,394)	(1,113,394)
<b>Balance as at March 31, 2021</b>	37,740,000	13,260,000	-	16,126,666	94,623,738

The annexed notes 1 to 20 are an integral part of these condensed interim financial statements.

Chief Financial Officer

Director

Chairman



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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

### 1. THE COMPANY AND ITS OPERATIONS

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

The Company provides telecommunication services in Pakistan. It owns and operates telecommunication facilities and provides domestic and international telephone services and other communication facilities throughout Pakistan. The Company has also been licensed to provide such services in territories of Azad Jammu and Kashmir and Gilgit-Baltistan.

#### 1.1 Impact of COVID-19 on the financial statements

During the last year, the COVID-19 pandemic emerged which impacted the economy in general. Due to COVID-19 outbreak, there is a negative impact of approximately Rs. 29,164 thousand on the revenues of the Company during Q1 2021. Further there has been no material impact on the carrying amount of assets and liabilities of the Company.

### 2. STATEMENT OF COMPLIANCE

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

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

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

### 3. BASIS OF PREPARATION

These condensed interim financial statements do not include all of the information required in the annual financial statements prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. These condensed interim financial statements should be read in conjunction with the Company's latest annual financial statements as at and for the year ended December 31, 2020.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

### 5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's audited financial statements for the year ended December 31, 2020.

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Note	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>6. TRADE AND OTHER PAYABLES</b>			
Trade creditors		10,866,070	10,958,150
Accrued and other liabilities	6.1	30,292,547	30,211,340
Technical services assistance fee	6.2	27,015,538	25,827,068
Advances from customers / contract liabilities		6,796,173	6,453,465
Retention money / payable to contractors and suppliers		6,765,404	6,116,052
Payable to subsidiaries on account of group taxation		6,381,621	6,381,621
Sales tax payable		2,111,770	1,844,379
Income tax collected / deducted at source		633,772	665,343
		90,862,895	88,457,418

#### 6.1 Accrued and other liabilities

Accrued liability for operational expenses		6,787,121	6,453,427
Amount withheld on account of provincial levies(Sub-judice) for ICH operations		12,110,803	12,110,803
Accrual for Government / regulatory expenses		10,148,618	9,579,972
Accrued wages		686,603	1,455,891
Others		559,402	611,247
		30,292,547	30,211,340

- 6.2 Liability has not been settled since State Bank of Pakistan has not yet acknowledged the extension of Technical Service Assistance (TSA) Agreement.

	Note	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	103,796,765	103,724,068
Capital work-in-progress	7.3	10,061,959	10,941,628
		113,858,724	114,665,696

	Note	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>7.1 Operating fixed assets</b>			
Opening net book value		103,724,068	103,626,162
Additions during three months period	7.2	3,851,742	3,572,450
		107,575,810	107,198,612
Disposals during the period - at net book value		(2,970)	(2,171)
Depreciation charge for the period		(3,776,075)	(3,820,409)
		(3,779,045)	(3,822,580)
Closing net book value		103,796,765	103,376,032

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>7.2 Detail of additions during the period:</b>		
Buildings on freehold land	1,999	70,950
Buildings on leasehold land	893	21,325
Lines and wires	1,488,575	1,615,881
Apparatus, plant and equipment	2,230,441	1,802,456
Office equipment	81,035	49,259
Computer equipment	4,496	6,326
Furniture and fittings	86	1,533
Vehicles	44,217	4,720
	3,851,742	3,572,450

**7.3** Additions to CWIP during the three months period ended March 31, 2021 were Rs 3,462,317 thousand (March 31, 2020: Rs 2,243,196 thousand).

	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>8 LONG TERM LOANS AND ADVANCES</b>		
Loans to PTML - unsecured	7,083,333	7,500,000
Loans to Ubank - unsecured	2,200,000	2,200,000
Loans to employees - secured	882,565	953,463
Others	106,398	94,664
	10,272,296	10,748,127

<b>9. TRADE DEBTS AND CONTRACT ASSETS</b>		
Trade debts	26,099,971	23,747,027
Contract assets	7,262,242	7,034,639
	33,362,213	30,781,666
Allowance for expected credit loss	(8,021,141)	(7,631,181)
	25,341,072	23,150,485

<b>10. SHORT TERM INVESTMENTS</b>		
Market treasury bills - Amortized cost	9,070,564	6,212,234
	9,070,564	6,212,234

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Note	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		53,301	228,687
Balances with banks:	11.1		
Deposit accounts local currency		1,807,489	1,420,984
Current accounts:			
Local currency		1,383,572	1,544,867
Foreign currency		2,926,796	2,569,829
		4,310,368	4,114,696
		6,171,158	5,764,367

**11.1** Bank balance includes Rs 28,883 thousands (December 31, 2020: Rs 2,026 thousand) carrying profit at the rate of 2.85% (December 31, 2020: 2.84%) per annum from Shariah arrangements.

## 12. CONTINGENCIES AND COMMITMENTS

There has been no material change in contingencies as disclosed in the last audited financial statements of the Company for the year ended December 31, 2020, except in note 12.1 in the following:

**12.1** For the tax years 2007, 2009, 2010, 2011 to 2018 and 2020, Taxation Officer disallowed certain expenses and tax credits. The impugned orders were challenged at the relevant appellate forums which allowed partial relief thereof. After taking into account the orders of CIR (Appeals), ATIR as well as rectification orders tax impact of the disallowances is Rs 43,160,720 thousand. Appeals on the remaining outstanding items are pending adjudication before ATIR. Reference in respect of 2007 is subjudice before the Honorable Islamabad High Court. Stay has been obtained in all cases from different fora.

**12.2** In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on June 12, 2015 the Apex Court decided the case in the interest of pensioners. On July 13, 2015, Review Petition was filed in the Honourable Supreme Court of Pakistan against the Judgment of June 12, 2015.

The Honourable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the Company, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated May 17, 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2) CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated June 12, 2015 have been directed by the Apex Court to approach the appropriate forum on May 10, 2018. Under the circumstances, management of the Company, on the basis of legal advice, believes that the Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in the Company's financial statements.

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>12.3 Bank guarantee and bid bonds issued in favour of :</b>		
Universal Service Fund (USF) against government grants	6,599,239	5,292,082
Others	1,854,621	2,301,612
	8,453,860	7,593,694

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

	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>12.4 Commitments</b>		
Contracts for capital expenditure	3,444,512	3,056,938
Letter of comforts in favour of PTML	7,500,000	3,500,000
	10,944,512	6,556,938

### 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 stand alone selling prices.

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

	Three months ended	
	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>Revenue segments</b>		
Broadband and IPTV	7,613,404	6,784,481
Voice services	2,583,801	2,833,522
Wireless data	620,759	558,682
<b>Revenue from retail customers</b>	10,817,964	10,176,685
Corporate and wholesale	6,346,767	5,621,890
International	1,767,031	1,893,117
<b>Total revenue</b>	18,931,762	17,691,692

**13.1** Revenue is stated net of trade discount amounting to Rs 17,914 thousand (March 31, 2020 Rs 17,510 thousand) and Sales and other taxes directly attributable to sales amounting to Rs 2,910,082 thousand (March 31, 2020: Rs 2,782,839 thousand).

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

		Three months ended	
	Note	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>14. OTHER INCOME</b>			
Income from financial assets	14.1	435,234	865,399
Income from non-financial assets		810,483	682,978
		1,245,717	1,548,377

**14.1** Income from financial assets include Rs 111 thousand (March 31, 2020: Rs 161 thousand) earned from Shariah arrangements.

		Three months ended	
		March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>15. CASH GENERATED FROM OPERATIONS</b>			
Profit before tax		2,432,855	1,755,348
Adjustments for non-cash charges and other items:			
Depreciation of property, plant and equipment		3,776,075	3,820,409
Amortization of intangible assets		125,138	95,929
Depreciation of right of use assets		100,220	64,417
Amortization of contract costs		892,954	722,522
Provision for obsolete stores and spares		(17,529)	(509)
Impairment loss on trade debts and contract assets		389,569	666,859
Provision for employees retirement benefits		1,021,168	1,100,445
Gain on disposal of property, plant and equipment		(323,024)	(442,604)
Return on bank deposits		(199,921)	(131,792)
Imputed interest on long term loans		(21,119)	18,287
Imputed interest on lease liabilities		34,080	26,455
Return on long term loan to subsidiaries		(191,489)	(416,257)
Unearned revenue realised		(23,437)	(33,918)
Gain on investment measured at fair value through profit or loss		-	(538)
Release of deferred government grants		(374,997)	(111,431)
		7,620,543	7,133,622
Effect on cash flows due to working capital changes:			
Decrease / (increase) in current assets:			
Stores and spares		(211,849)	151,998
Trade debts and contract assets		(2,580,155)	(3,088,536)
Loans and advances		74,138	(306,895)
Prepayments and other receivables		(329,036)	(753,497)
		(3,046,902)	(3,996,930)
Increase in current liabilities:			
Trade and other payables		2,405,477	299,211
Security deposits		3,080	3,616
		6,982,198	3,439,519

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Three months ended	
	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>16. CASH AND CASH EQUIVALENTS</b>		
Short term investments	9,070,564	1,494,744
Cash and bank balances	6,171,158	2,827,438
	15,241,722	4,322,182

	Three months ended	
	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>		
Relationship with the Company	Nature of transaction	
i. Shareholders	Technical services assistance fee - note 17.1	
	714,363	642,025
ii. Subsidiaries	Sale of goods and services	
	1,226,162	1,489,564
	Purchase of goods and services	
	701,020	723,082
	Mark up on long term loans	
	192,242	416,257
	Advance against purchase of share	
	-	1,000,000
iii. Associated undertakings	Sale of goods and services	
	868,308	1,006,575
	Purchase of goods and services	
	80,004	157,909
iv. Employees contribution plan	PTCL Employees GPF Trust - net	
	18,097	15,805
v. Employees retirement benefit plan	Contribution to the plan- Gratuity	
	18,957	21,753
vi. Other related parties	Charge under license obligations	
	415,625	404,662
vii. Directors, Chief Executive and Key management personnel	Fee and remuneration including benefits and perquisites	
	212,840	215,755

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>Period / year-end balances</b>		
<b>Receivables from related parties</b>		
Long term loans to subsidiaries	9,700,000	9,700,000
Advance against purchase of shares	-	3,500,000
Trade debts		
- Subsidiaries	843,236	367,118
- Associated undertakings	10,311,792	10,203,966
Other receivables		
- Subsidiaries	7,933,723	7,671,724
- Associated undertakings	71,305	71,305
- PTCL Employees GPF Trust	6,646	12,208
- Pakistan Telecommunication Employees Trust (PTET)	2,326	1,262
- Long term loans to executives and key management personnel	70,326	80,543
Bank deposit with subsidiary	287	287
Pakistan Telecommunication Employees Trust (PTET)	1,067,898	2,257,551
	<b>March 31, 2021 (Un-Audited) Rs '000</b>	<b>December 31, 2020 (Audited) Rs '000</b>
<b>Payables to related parties</b>		
Trade creditors		
- Subsidiaries	1,224,902	1,174,793
- Associated undertakings	1,259,358	1,260,568
- The Government of Pakistan related entities	1,607,182	1,282,461
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	27,015,538	25,827,068
Pakistan Telecommunication Company Limited		
Employees Gratuity Fund	275,657	240,788

**17.1** 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.

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

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

### 18. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to setoff Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
<b>As at March 31, 2021</b>					
Trade debts and contract assets	12,133,880	(1,048,196)	11,085,684	14,255,388	25,341,072
Trade creditors	(1,266,415)	1,048,196	(218,219)	(10,647,851)	(10,866,070)
<b>As at December 31, 2020</b>					
Trade debts and contract assets	16,888,561	(5,963,436)	10,925,125	12,225,360	23,150,485
Trade creditors	(6,521,472)	5,963,436	(558,036)	(10,400,114)	(10,958,150)

### 19. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended December 31, 2020. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended December 31, 2020.

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

### 20. DATE OF AUTHORIZATION FOR ISSUE OF CONDENSED INTERIM FINANCIAL STATEMENTS

**20.1** At the time of the meeting of the Board of Directors, the Chief Executive Officer appointed by the Board of Directors had not assumed charge hence the financial statements have been signed by two directors of the Company.

**20.2** This condensed interim financial statements for the three months period ended March 31, 2021 were authorized for issue by the Board of Directors of the Company on April 11, 2021.



**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**  
FOR THE THREE MONTHS PERIOD ENDED  
MARCH 31, 2021 (UN-AUDITED)



Chief Financial Officer



Director



Chairman

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021 (UN-AUDITED)

Note	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>Equity and liabilities</b>		
<b>Equity</b>		
<b>Share capital and reserves</b>		
Share capital	51,000,000	51,000,000
Revenue reserves		
General reserve	27,497,072	27,497,072
Unappropriated profit	8,477,548	7,984,136
	35,974,620	35,481,208
Statutory and other reserves	511,553	511,553
Unrealized (loss) / gain on investments measured at fair value through OCI	(45,557)	629
	87,440,616	86,993,390
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Long term loans from banks	26,532,631	28,774,903
Subordinated debt	599,160	599,160
Deposits from banking customers	1,900,604	3,347,788
Lease liabilities	16,185,463	16,974,431
Deferred income tax	5,239,648	6,093,589
Employees retirement benefits	25,619,832	24,581,798
Deferred government grants	18,744,876	18,216,421
Advances from customers	1,481,000	1,499,169
Long term vendor liability	30,595,831	31,069,424
	126,899,045	131,156,683
<b>Current liabilities</b>		
Trade and other payables	6 96,736,769	94,177,147
Deposits from banking customers	43,496,132	42,285,528
Interest accrued	1,856,553	1,371,131
Short term running finance	5,974,047	6,680,285
Current portion of:		
Long term loans from banks	13,051,796	14,990,172
Lease liabilities	3,116,344	3,041,986
Long term vendor liability	5,328,530	9,157,498
Security deposits	1,330,237	1,302,184
Unpaid / unclaimed dividend	211,177	211,511
	171,101,585	173,217,442
<b>Total equity and liabilities</b>	<b>385,441,246</b>	<b>391,367,515</b>

### Contingencies and commitments 11

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

Chief Financial Officer

Director

Chairman

Note	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	7 190,987,253	193,715,646
Right of use assets	18,490,329	19,419,596
Intangible assets	25,267,487	25,582,008
	234,745,069	238,717,250
Long term investments	51,427	51,427
Long term loan to banking customers	2,815,704	1,433,652
Contract costs	736,985	703,496
	239,338,148	241,953,952
<b>Current assets</b>		
Stock in trade, stores and spares	4,115,993	3,832,884
Trade debts and contract assets	8 25,685,798	25,436,953
Loans to banking customers	28,852,129	28,572,647
Loans and advances	1,494,685	1,553,937
Contract costs	2,785,743	2,626,170
Income tax recoverable	24,582,888	24,837,418
Receivable from the Government of Pakistan	2,164,072	2,164,072
Deposits, prepayments and other receivables	16,201,235	17,160,181
Short term investments	9 28,298,970	30,736,733
Cash and bank balances	10 11,921,585	12,492,568
	146,103,098	149,413,563
<b>Total assets</b>	<b>385,441,246</b>	<b>391,367,515</b>

Chief Financial Officer

Director

Chairman

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Note	Three months ended	
		March 31, 2021 Rs '000	March 31, 2020 Rs '000
Revenue	12	33,959,997	31,825,093
Cost of services		(24,633,475)	(23,965,061)
<b>Gross profit</b>		<b>9,326,522</b>	<b>7,860,032</b>
Administrative and general expenses		(4,397,138)	(4,255,705)
Selling and marketing expenses		(1,925,009)	(1,860,094)
Impairment loss on trade debts and contract assets		(630,957)	(1,138,233)
		(6,953,104)	(7,254,032)
<b>Operating profit</b>		<b>2,373,418</b>	<b>606,000</b>
Other income	13	3,010,570	2,151,342
Finance costs		(3,120,622)	(3,278,828)
<b>Profit / (loss) before tax</b>		<b>2,263,366</b>	<b>(521,486)</b>
Provision for income tax		(656,560)	114,762
<b>Profit / (loss) for the period</b>		<b>1,606,806</b>	<b>(406,724)</b>

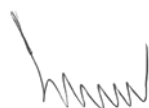
The annexed notes 1 to 22 are an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Three months ended	
	March 31, 2021 Rs '000	March 31, 2020 Rs '000
<b>Profit / (loss) for the period</b>	<b>1,606,806</b>	<b>(406,724)</b>
<b>Other comprehensive income for the period</b>		
Items that will not be reclassified to consolidated statement of profit or loss:		
Remeasurement loss on employees retirement benefits	(1,568,160)	-
Tax effect	454,766	-
	(1,113,394)	-
Items that may be subsequently reclassified to profit or loss:		
Loss on revaluation of assets transferred to profit or loss	(58)	(20,114)
(Loss) / Gain on revaluation of assets	(55,680)	37,728
Tax effect	9,552	(10,941)
	(46,186)	6,673
<b>Other comprehensive (loss) / income for the period - net of tax</b>	<b>(1,159,580)</b>	<b>6,673</b>
<b>Total comprehensive income / (loss) for the period</b>	<b>447,226</b>	<b>(400,051)</b>

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



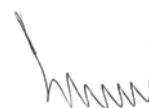
Chief Financial Officer



Director



Chairman



Chief Financial Officer



Director



Chairman



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

		Three months ended	
	Note	March 31, 2021 Rs '000	March 31, 2020 Rs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	14,409,953	7,142,470
Employees retirement benefits paid		(394,946)	(381,387)
Income tax paid		(801,205)	(941,034)
<b>Net cash inflow from operating activities</b>		13,213,802	5,820,049
<b>Cash flows from investing activities</b>			
Capital expenditure		(4,021,407)	(5,322,707)
Acquisition of intangible assets		(600,208)	(112,555)
Proceeds from disposal of property, plant and equipment		337,632	470,538
Additions to contract costs		(1,462,264)	(985,979)
Long term loans and advances		80,283	(39,831)
Short term investments		5,296,093	-
Government grants received		1,292,623	459,895
Return on long term loans and short term investments		646,148	610,664
<b>Net cash inflow / (outflow) from investing activities</b>		1,568,900	(4,919,975)
<b>Cash flows from financing activities</b>			
Loan from banks - net		(4,180,648)	(717,584)
Vendor liability		(4,302,561)	1,919,914
Finance cost paid		(1,787,080)	(2,277,174)
Customers deposits		(236,580)	6,590
Lease liabilities		(1,281,913)	(1,062,923)
Dividend paid		(335)	(564)
<b>Net cash outflow from financing activities</b>		(11,789,117)	(2,131,741)
<b>Net increase / (decrease) in cash and cash equivalents</b>		2,993,585	(1,231,667)
<b>Cash and cash equivalents at the beginning of the period</b>		12,024,517	12,188,911
<b>Cash and cash equivalents at the end of the period</b>	15	15,018,102	10,957,244

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

Chief Financial Officer

Director

Chairman

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Revenue reserves			Unrealized (loss) / gain on investments measured at fair value through OCI	Total
	Class "A"	Class "B"	Unappropriated profit		
	(Rupees in '000)				
<b>Balance as at January 01, 2020</b>	37,740,000	13,260,000	1,492,423	(8,779)	83,438,353
<b>Total comprehensive income for the period</b>					
Loss for the three months period ended March 31, 2020	-	-	(406,724)	-	(406,724)
Other comprehensive income	-	-	-	6,673	6,673
<b>Balance as at March 31, 2020</b>	37,740,000	13,260,000	1,085,699	(2,106)	83,038,302
<b>Profit for the nine months period ended December 31, 2020</b>					
Other comprehensive income	-	-	3,679,390	-	3,679,390
Others	-	-	2,822,963	2,735	2,825,698
Transfer of insurance reserve	-	-	6,502,353	-	6,505,088
Transfer to statutory and other reserves	-	-	3,172,624	-	-
Distribution to owners of the Holding Company	-	-	(226,540)	-	-
Final dividend for the year ended December 31, 2019 - Re 0.5 per share	-	-	(2,550,000)	-	(2,550,000)
<b>Balance as at December 31, 2020</b>	37,740,000	13,260,000	7,984,136	629	86,993,390
<b>Total comprehensive income / (loss) for the period</b>					
Profit for the three months period ended March 31, 2021	-	-	1,606,806	-	1,606,806
Other comprehensive income	-	-	(1,113,394)	(46,186)	(1,159,580)
<b>Balance as at March 31, 2021</b>	37,740,000	13,260,000	8,477,548	(46,186)	87,440,616

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

Chief Financial Officer

Director

Chairman

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (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, 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.

During the last year, the COVID-19 pandemic emerged which impacted the economy in general. Due to COVID-19 outbreak, there is a negative impact of approximately Rs 64,164 thousand on the revenues of the Group during Q1 2021. Further there has been no material impact on the carrying amount of assets and liabilities of the Group.

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

### 2. STATEMENT OF COMPLIANCE

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

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

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

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

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

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

### 3. BASIS OF PREPARATION

These condensed consolidated interim financial statements do not include all of the information required in the annual financial statements prepared in accordance with the accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the year ended December 31, 2020.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and judgements made by the management in the preparation of this condensed consolidated interim financial information are the same as those used in the preparation of annual audited consolidated financial statements of the Group for the year ended December 31, 2020, other than those related to adoption of IFRS 9 "Financial Instrument" by U Bank. However it has no significant impact on the Group's condensed consolidated interim financial statements.

### 5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computations adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the consolidated annual audited financial statements for the year ended December 31, 2020 except for implementation of IFRS 9 "Financial Instrument" by U Bank from 01 January 2021 as per the State Bank of Pakistan BPRD Circular No. 04 of 2019 dated 23 October 2019. However its adoption has no significant impact on the Group's condensed consolidated interim financial statements.

**NOTES TO AND FORMING PART OF THE  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)**

	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>7.2 Detail of additions during the period:</b>		
Buildings on freehold land	1,999	70,950
Buildings on leasehold land	893	21,325
Lines and wires	1,488,575	1,615,88
Apparatus, plant and equipment	3,549,511	5,783,708
Office equipment	100,394	61,623
Computer equipment	271,555	20,918
Furniture and fittings	559	8,489
Vehicles	44,217	4,720
	5,457,703	7,587,614
<b>7.3 Additions to CWIP during the three months period ended March 31, 2021 were Rs 4,799,65 thousand (March 31, 2020: Rs 5,485,622 thousand).</b>		
	March 31, 2021 (Un-Audited) Rs '000	December 31 2020 (Audited) Rs '000
<b>8. TRADE DEBTS AND CONTRACT ASSETS</b>		
Trade debts	26,796,928	26,365,889
Contract assets	7,486,265	7,261,072
	34,283,193	33,626,961
Accumulated impairment loss on trade debts and contract assets	(8,597,395)	(8,190,008)
	25,685,798	25,436,953
<b>9. SHORT TERM INVESTMENTS</b>		
Amortized cost		
Market treasury bills	9,070,564	6,212,234
Term deposit receipts - Maturity up to 6 months	7,800,000	6,120,000
Repurchase agreement Lending (Reverse Repo) Maturity up to 6 months	-	450,000
	16,870,564	12,782,234
Fair value through Other Comprehensive Income		
Market treasury bills - Maturity up to 6 months	1,017,703	10,353,348
Pakistan Investment Bonds (PIBs) - Maturity up to 6 months	8,388,863	7,601,151
Mutual funds	2,021,840	-
	28,298,970	30,736,733

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

Note	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>10. CASH AND BANK BALANCES</b>		
Cash in hand	1,185,312	1,234,771
Balances with banks:		
Local currency		
Current account maintained with SBP	2,296,398	2,238,550
Current accounts	1,397,988	1,557,346
Saving accounts	3,717,541	4,136,574
	7,411,927	7,932,470
Foreign currency		
Current accounts	2,926,796	2,569,829
Saving accounts	397,550	755,498
	3,324,346	3,325,327
	11,921,585	12,492,568

**10.1** Bank balance includes Rs 28,883 thousands (December 31, 2020: Rs 2,026 thousand) carrying profit at the rate of 2.85% (December 31, 2020: 2.84%) per annum from Shariah arrangements.

## 11 CONTINGENCIES AND COMMITMENTS

There has been no material changes in contingencies as disclosed in the annual consolidated financial statements for the year ended December 31, 2020 except as disclosed below.

**11.1** For the tax years 2007, 2009, 2010, 2011 to 2018 and 2020, Taxation Officer disallowed certain expenses and tax credits. The impugned orders were challenged at the relevant appellate forums which allowed partial relief thereof. After taking into account the orders of CIR (Appeals), ATIR as well as rectification orders tax impact of the disallowances is Rs 43,160,720 thousand. Appeals on the remaining outstanding items are pending adjudication before ATIR. Reference in respect of 2007 is subjudice before the Honorable Islamabad High Court. Stay has been obtained in all cases from different fora.

**11.2** In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on June 12, 2015 the Apex Court decided the case in the interest of pensioners. On July 13, 2015, Review Petition was filed in the Honourable Supreme Court of Pakistan against the Judgment of June 12, 2015.

The Honourable Supreme Court of Pakistan (Apex Court) disposed the Review Petitions filed by the Holding Company, the Pakistan Telecommunication Employees Trust (PTET) and the Federal Government (collectively, the Review Petitioners) vide the order dated May 17, 2017. Through the said order, the Apex Court directed the Review Petitioners to seek remedy under section 12(2) CPC (Civil Procedure Code) which shall be decided by the concerned Court in accordance with the law, and to pursue all grounds of law and fact in other cases pending before High Courts. The Review Petitioners have filed the applications under section 12(2) CPC before respective High Courts. However, PTET has implemented the Apex court decision dated 12 June 2015 to the extent of 343 pensioners who were the petitioners in the main case. Some of the interveners (pensioners) seeking the same relief as allowed vide order dated June 12, 2015 have been directed by the Apex Court to approach the appropriate forum on May 10, 2018. Under the circumstances, management of the Holding Company, on the basis of legal advice, believes that the Holding Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in these consolidated financial statements.

Note	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>11.3 Bank guarantees and bid bonds of Group issued in favor of:</b>		
Universal Service Fund (USF) against government grants	15,166,543	12,848,281
Pakistan Telecommunication Authority against		
3G and 2G Licenses	572,850	599,363
Others	2,304,739	2,616,704
	18,044,132	16,064,348

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

	March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>11.4 Commitments</b>		
Standby Letter of Guarantee	10,200	10,200
Letters of credit for purchase of stock	117,624	171,782
Letters of comfort in favour of PTML	3,500,000	3,500,000
Commitments for capital expenditure	10,235,357	10,838,181
	13,863,181	14,520,163

	Three months ended	
	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>12. REVENUE</b>		
Broadband and IPTV	7,589,117	6,761,424
Cellular and other wireless services	12,830,365	12,720,868
Fixed line voice services	2,341,865	2,572,891
<b>Revenue from retail customers</b>	22,761,347	22,055,183
Corporate and wholesale	6,399,375	5,587,077
International	2,101,669	2,041,563
Banking	2,708,486	2,141,270
<b>Total revenue</b>	33,959,997	31,825,093

**12.1** Revenue is stated net of trade discount amounting to Rs 466,914 thousand (March 31, 2020: Rs 503,510 thousand) and sales and other taxes directly attributable to sales amounting to Rs 5,246,082 thousand (March 31, 2020: Rs 5,102,839 thousand).

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

		Three months ended	
	Note	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>13. OTHER INCOME</b>			
Income from financial assets	13.1	1,646,453	978,212
Income from non-financial assets		1,364,117	1,173,130
		3,010,570	2,151,342
<b>13.1</b> Income from financial assets include Rs 111 thousand (March 31, 2020: Rs 161 thousand) earned from Shariah arrangements.			
		Three months ended	
		March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>14. CASH GENERATED FROM OPERATIONS</b>			
Profit / (Loss) before tax		2,263,366	(521,486)
Adjustments for non-cash charges and other items:			
Depreciation of property, plant and equipment		6,741,406	6,782,663
Amortization of intangible assets		914,729	870,021
Amortization of contract costs		1,269,202	1,097,724
Depreciation of right of use assets		985,669	871,407
Impairment loss on trade debts and contract assets		406,996	698,112
Provision for non performing advances		223,961	440,121
Provision for obsolete stores and spares		(17,529)	(509)
Provision for employees retirement benefits		1,054,473	1,131,603
Imputed interest on long term loans		(21,119)	18,287
Imputed interest on lease liabilities		510,901	451,664
Gain on disposal of property, plant and equipment		(329,238)	(456,862)
Gain on disposal of investments measured at fair value		58	(20,652)
Return on bank deposits and Government Securities		(692,391)	(583,339)
Government grants recognized as income		(764,168)	(431,818)
Finance costs		2,272,502	3,051,934
		14,818,818	13,398,870
Effect on cash flows due to working capital changes:			
Decrease / (increase) in current assets:			
Stock in trade, stores and spares		(265,580)	224,331
Trade debts and contract assets		(655,841)	(2,736,783)
Loans to banking customers		(1,885,495)	(1,698,835)
Loans and advances		59,252	(289,497)
Deposits, prepayments and other receivables		(230,707)	(661,180)
		(2,978,371)	(5,161,964)
(Decrease) / increase in current liabilities:			
Trade and other payables		2,541,453	(1,079,756)
Security deposit		28,053	(14,680)
		2,569,506	(1,094,436)
		14,409,953	7,142,470

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Three months ended	
	March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>15. CASH AND CASH EQUIVALENTS</b>		
Short term investments	9,070,564	6,169,068
Cash and bank balances	11,921,585	10,192,331
Short term running finance	(5,974,047)	(5,404,155)
	15,018,102	10,957,244

### 16. SEGMENT INFORMATION

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

16.1 Segment information for the reportable segments is as follows:

	Note	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
Three months ended March 31, 2021					
Segment revenue		18,311,003	14,522,969	2,708,584	35,542,556
Inter segment revenue	16.1.1	(1,235,306)	(347,155)	(98)	(1,582,559)
Revenue from external customers		17,075,697	14,175,814	2,708,486	33,959,997
Segment results		1,675,507	(410,448)	341,747	1,606,806
Three months ended March 31, 2020					
Segment revenue		17,133,011	14,344,313	2,141,717	33,619,041
Inter segment revenue	16.1.1	(1,444,401)	(349,100)	(447)	(1,793,948)
Revenue from external customers		15,688,610	13,995,213	2,141,270	31,825,093
Segment results		1,174,854	(1,586,108)	4,530	(406,724)

16.1.1 Inter segment revenues are eliminated on consolidation.

	Wireline Rs '000	Wireless Rs '000	Banking Rs '000	Total Rs '000
<b>As at March 31, 2021</b>				
Segment assets	179,472,988	140,226,898	65,741,360	385,441,246
Segment liabilities	122,591,979	118,029,789	57,378,862	298,000,630
<b>As at December 31, 2020</b>				
Segment assets	177,718,707	144,112,373	69,536,435	391,367,515
Segment liabilities	119,691,288	123,288,202	61,394,635	304,374,125

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

			Three months ended	
			March 31, 2021 (Un-Audited) Rs '000	March 31, 2020 (Un-Audited) Rs '000
<b>17. TRANSACTIONS WITH RELATED PARTIES</b>				
Relationship with the Group	Nature of transaction			
i. Shareholders	Technical services assistance fee		1,188,600	1,113,878
ii. Associated undertakings	Sale of goods and services		911,608	1,050,298
	Purchase of goods and services		134,264	217,118
	Prepaid rent		466,206	148,994
iii. Employees benefits plans	PTCL	Gratuity Fund	-	21,753
	PTML	Gratuity Fund	22,323	23,045
	U Bank	Gratuity Fund	11,058	9,007
iv. Employees contribution plans	PTCL	PTCL Employees GPF Trust - net	18,097	15,805
	PTML	Provident Fund	39,428	37,228
	U Bank	Provident Fund	9,673	8,287
v. Other related parties	PTCL	Charges under license obligation	415,625	404,662
	PTML	Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	5,625	9,025
vi. Directors, Chief Executive and Key Management Personnel	Fee and remuneration including benefits and perquisites		401,422	481,617

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

		March 31, 2021 (Un-Audited) Rs '000	December 31, 2020 (Audited) Rs '000
<b>Trade debts</b>			
- Associated undertakings		10,732,359	10,637,624
<b>Deposits, prepayments and other receivables</b>			
- Associated undertakings		71,305	71,305
- PTCL Employees GPF Trust		6,646	12,208
- Pakistan Telecommunication Employees Trust (PTET)		2,326	1,262
- Rent prepaid to PTET		264,344	96,125
- Pakistan Telecommunication Employees Trust (PTET)		2,106,077	2,257,551
<b>Long term loans to executives and key management personnel</b>	PTCL PTML	70,326 1,325	80,543 3,728
<b>Trade and other payables</b>			
<b>Trade creditors</b>			
- Associated Undertakings		1,522,140	1,469,091
- The Government of Pakistan and its related entities		1,607,182	1,282,461
Retention money payable to associated undertaking		3,055	3,055
Technical services fee payable to Etisalat Pakistan Telecommunication Company Limited		27,015,538	25,827,068
Employees Gratuity Fund		275,657	240,788
<b>PTML</b>			
- Gratuity Fund		22,247	40,399
- Provident Fund		32,353	-
<b>U Bank</b>			
- Gratuity Fund		11,449	3,518
- Provident Fund		2,618	1,236

### 18. FAIR VALUE ESTIMATION

The financial liability of forward exchange contracts at fair value through profit or loss is Rs 555,563 thousand (December 31, 2020: Nil)

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

### 19. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to offsetting Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
<b>As at March 31, 2021</b>					
Trade debts	13,099,484	(1,749,122)	11,350,362	22,932,831	34,283,193
Trade creditors	(2,101,561)	1,749,122	(352,439)	(10,663,861)	(11,016,300)
<b>As at December 31, 2020</b>					
Trade debts	17,847,596	(6,767,755)	11,079,841	22,547,120	33,626,961
Trade creditors	(7,620,907)	6,767,755	(853,152)	(12,135,039)	(12,988,191)



# NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

## 20. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the annual consolidated financial statements for the year ended 31 December 2020. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments form those as disclosed in the audited consolidated financial statements of the Group for the year ended 31 December 2020.

## 21. CORRESPONDING FIGURES

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

### Condensed consolidated interim statement of profit or loss

	As previously reported Rs '000	Reclassification Rs '000	As reclassified Rs '000
Cost of services	23,901,901	(63,160)	23,965,061
Administrative and general expenses	4,373,912	118,207	4,255,705
Selling and marketing expenses	1,805,047	(55,047)	1,860,094

### Statement of cash flows

Reclassification from	Reclassification to	Rs '000
Cash generated from operating activities	Cash flows from financing activities	2,277,174

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

**22.1** At the time of the meeting of the Board of Directors, the Chief Executive Officer appointed by the Board of Directors had not assumed charge hence these consolidated financial statements have been signed by two directors of the Holding Company.

**22.2** These condensed consolidated interim financial statements for the three months period ended March 31, 2021 were authorised for issue by the Board of Directors of the Holding Company on April 11, 2021.



Chief Financial Officer



Director



Chairman



**Pakistan Telecommunication Company Limited**

PTCL Headquarters, G-8/4, Islamabad, Pakistan.



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