



SECOND QUARTER REPORT 2023

FORWARD TOGETHER

CONTENTS

- 02 Board of Directors
- 03 Corporate Information
- 04-05 Directors' Review
- 06-07 ڈائریکٹرز کا جائزہ

Condensed Interim Financial Statements

- 10-11 Independent Auditors' Review Report
- 12-13 Condensed Interim Statement of Financial Position
- 14 Condensed Interim Statement of Profit or Loss
- 15 Condensed Interim Statement of Comprehensive Income
- 16 Condensed Interim Statement of Cash Flows
- 17 Condensed Interim Statement of Changes in Equity
- 18-26 Notes to and Forming Part of the Condensed Interim Financial Statements

Condensed Consolidated Interim Financial Statements

- 28-29 Condensed Consolidated Interim Statement of Financial Position
- 30 Condensed Consolidated Interim Statement of Profit or Loss
- 31 Condensed Consolidated Interim Statement of Comprehensive Income
- 32 Condensed Consolidated Interim Statement of Cash Flows
- 33 Condensed Consolidated Interim Statement of Changes in Equity
- 34-44 Notes to and Forming Part of the Condensed Consolidated Interim Financial Statements

BOARD OF DIRECTORS

Chairman PTCL Board

Navid Ahmed Shaikh

Members PTCL Board

Abdulrahim A. Al Nooryani

Ahad Khan Cheema

Mikhail Gerchuk

Imdad Ullah Bosal

Dr. Mohamed Karim Bennis

Dr. Ahmed Mujtaba Memon

Brooke Marie Lindsay

Khalid Murshed

CORPORATE INFORMATION

Management

Hatem Mohamed Bamatraf
President & Group Chief Executive Officer

Muhammad Shoaib Baig
Group Chief People Officer

Mohammad Nadeem Khan
Group Chief Financial Officer

Zahida Awan
Group Chief Legal Officer

Naveed Khalid Butt
Group Chief Regulatory Officer

Jafar Khalid
Group Chief Technology Officer

Ahmad Kamal
Group Chief Customer Care Officer

Zarrar Hasham Khan
Group Chief Business Solutions Officer

Muhammad Shehzad Yousuf
Chief Business Operations Officer

Shahid Abbas
Group Chief Internal Audit

Syed Atif Raza
Group Chief Marketing Officer

Company Secretary

Saima Akbar Khattak
Group Company Secretary

Legal Advisor

Zahida Awan
Group Chief Legal Officer

Registered Office

PTCL Head Office,
Room #17, Ground Floor (Margalla Side),
Ufone Tower, Plot #55-C,
Main Jinnah Avenue, Sector F-7/1,
Blue Area, Islamabad
Fax: +92-51-2310477
e-mail: company.secretary@ptclgroup.com
Web: www.ptcl.com.pk

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

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
HBL Microfinance Bank
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
S.M.E. Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
The Punjab Provincial Cooperative Bank Limited
United Bank Limited
Zarai Taraqati Bank Limited
Mobilink Microfinance Bank Limited
Telenor Microfinance Bank Limited
U Microfinance Bank Limited

Islamic

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

Share Registrar

FAMCO Associates (Pvt.) Limited
8-F, Near 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 financial statements of the Company for the half year ended 30th June 2023. The financial statements of the Company have been reviewed by the statutory auditors.

Throughout the first half of 2023, PTCL Group has sustained its momentum, further solidifying its position as the leading integrated telecom service provider in Pakistan. Despite the prevailing challenging macroeconomic conditions, the Group has achieved a remarkable 26.8% revenue growth compared to the same period of last year. This substantial increase in revenue is primarily attributed to the exceptional performance across multiple segments, including fixed broadband, mobile data, business solutions and banking services.

The business landscape in 2023 continues to be influenced by the adverse impact of macroeconomic challenges that arose in 2022. The escalating energy and fuel tariffs present ongoing obstacles for telecom operators, making it difficult to deliver high-quality services to consumers at affordable prices. Delays in LC opening have affected the operators' network expansion plans. Significant devaluation of the Pakistani Rupee in the first quarter, coupled with rising interest rates and additional super tax over and above regular corporate tax, has greatly impacted the profitability. To mitigate the effects of these challenging issues, policy intervention by the Government is required to provide much needed relief to the sector.

During the period under review, PTCL Group's revenue of Rs 90.9 billion is 26.8% higher as compared to the same period of last year. The Group's profitability was, among other factors, particularly affected by significant Rupee devaluation in the first quarter as the Group has unhedged FOREX liabilities. The Group has posted a net loss of Rs 8.5 billion for the period. PTCL continued its growth momentum by posting 17.3% YoY revenue growth. PTML's (Ufone) revenue grew by 22.4% as compared to the same period of last year. U Bank has achieved 96.5% growth in its revenue over the same period of last year.

PTCL's revenue of Rs 46.9 billion for the period is 17.3% higher than 2022, mainly driven by growth in Carrier & Wholesale and Broadband segments. The company has posted an operating profit of Rs 2.9 billion with an impressive 57% growth over last year and a net profit of Rs 6.9 billion. Increase in non-operating income due to translation gain on the Company's forex denominated receivables and gain on disposal of obsolete assets due to upgrade and fiberization of the network, played a significant role in achieving 34.5% increase in the net profit as compared to same period of last year.

PTCL achieved 17.2% revenue growth over the same period last year in the fixed broadband business. The Company further strengthened its flag ship FTTH brand, 'Flash Fiber' by achieving significant net subscriber additions through exceptional customer experiences and aggressive expansion of fiber network across the country which played a vital role in achieving significant increase in FTTH revenue by 106.5%. IPTV segment also showed a 5.8% revenue growth YoY. Voice and wireless revenue streams continue the declining trajectory as they are impacted by OTT services and tough competition from other cellular operators.

The business services segment continued its momentum sustaining market leadership in IP bandwidth, cloud, data center, and other ICT services segments. PTCL's enterprise business grew by 21.1% as compared to last year, while carrier and wholesale business continued its growth momentum and achieved 34.9% overall revenue growth. International voice revenue has increased by 18.6% as compared to last year. Despite the current challenging economic environment, overall Business Solutions revenue has shown a remarkable 27.4% year-on-year growth.

As the national telecom carrier and connectivity backbone in Pakistan, PTCL Group is committed to deliver innovative solutions that drive the growth of a 'Digital Pakistan'. This is achieved through the establishment of robust telecommunication infrastructure and a wide range of services, all aimed at enhancing the customer experience and accelerating progress in the country. PTCL collaborated with Vodafone to bring industry leading IoT products, services and solutions to the Pakistani market. The partnership will allow to develop and deliver a full suite of end-to-end

IoT services aimed towards accelerating enterprise digital enablement and improving adoption of connected services in the Pakistani society.

Continuing its growth trajectory, Ufone recorded an impressive 22.4% YoY increase in its revenue and has achieved 24.5 million subscribers base. Network modernization activities, carried out in the first six months of 2023, resulted in better customer experience for Ufone subscribers. Ufone introduced best value Data Roaming Offer for its prepaid customers, who embarked on the holy pilgrimage to Saudi Arabia. Ufone is upgrading its International Roaming services by launching various LTE products with our roaming partners in all major destinations. The company also upgraded its digital wallet 'UPaisa' to provide a high-quality user journey by introducing a QR Code Scan feature on its digital app to bring unprecedented convenience to its users and simplify financial transactions.

Despite an extremely tough macroeconomic environment, U Bank, the microfinance and branchless banking subsidiary of PTCL, continued its growth trajectory and has achieved a remarkable 96.5% growth in revenue and an impressive 27.9% growth in net profit over the corresponding period of last year, while maintaining a strong balance sheet position. The bank stands resolute in its commitment towards financial and social inclusion, utilizing its extensive outreach to provide exceptional services to diverse clientele across the length and breadth of the country through its rural retail banking, corporate finance & investment banking, Islamic banking, urban retail banking, corporate banking, and digital banking canvases.

During the first six months of 2023, PTCL Group undertook various CSR initiatives including a massive blood donation campaign was held in Islamabad in connection with 'World Blood Donor Day'. The initiative stems from PTCL Group's continuous commitment to create shared value and giving back to society. In addition, Ufone embarked on a shared initiative with the Polio Eradication Initiative (PEI) in Pakistan to raise awareness amongst the citizens regarding the importance of polio eradication through vaccination. PTCL Group endeavors to be a shining example of unwavering determination and bring a positive change in the lives of the people of Pakistan.

Your attention is drawn to note 13.3 of PTCL's interim financial statements for the period, which describes that matters relating to certain employees' rights under the PTCL pension scheme are pending with various courts, as highlighted by external auditors in their review report.

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

On behalf of the Board



Navid Ahmed Shaikh
Chairman, Board of Directors PTCL



Hatem Mohamed Bamatraf
President & Group Chief Executive Officer

Islamabad: July 19, 2023

پاکستان میں قومی ٹیلی کام کیریئر اور کمیونٹی کی بڑھتی ہوئی ڈی مینڈ کے طور پر پی ٹی سی ایل گروپ جدید حل فراہم کرنے کے لیے پرعزم ہے جو ایک 'ڈیجیٹل پاکستان' کی ترقی کو آگے بڑھائے ہوئے ہے۔ یہ مضبوط ٹیلی کمیونیکیشن انفراسٹرکچر اور سروسز کی ایک وسیع رینج کے قیام کے ذریعے حاصل کیا گیا ہے، جس کا مقصد صارفین کے تجربے کو بہتر اور ملک میں ترقی کے عمل کو تیز کرنا ہے۔ پی ٹی سی ایل نے ووڈافون کے ساتھ اشتراک کیا تاکہ صنعت کی معروف IoT مصنوعات، سروسز اور سولوشن پاکستانی مارکیٹ میں لے آئیں۔ یہ اشتراک داری انٹرا براڈ ڈیجیٹل قابلیت کو تیز کرنے اور پاکستانی معاشرے میں لیکیکڈ سروسز کے اپنانے کو بہتر بنانے کے مقصد سے اینڈ ٹو اینڈ IoT سروسز کے فُل Suite کو تیار کرنے اور فراہم کرنے میں مدد دے گی۔

اپنی ترقی کی رفتار کو جاری رکھتے ہوئے یونون نے اپنی آمدنی میں 22.4 فیصد سالانہ اضافہ ریکارڈ کیا اور صارفین کی تعداد کو 24.5 ملین تک بڑھایا۔ نیٹ ورک کو جدت سے روشناس کرنے کی جو کوششیں 2023 کے پہلے چھ مہینوں میں کی گئیں اس کے نتیجے میں یونون صارفین کے کسٹمر ایکسپیرینس میں بہتری آئی۔ یونون نے اپنے پری پیڈ صارفین جنہوں نے سعودی عرب میں حج کا مبارک سفر کیا ان کے لیے بہترین ویلیو ڈیٹا رومنگ آفر متعارف کروائیں۔ یونون تمام اہم مقامات پر اپنے رومنگ پارٹنرز کے ساتھ مختلف LTE پراڈکٹس لانچ کر کے اپنی بین الاقوامی رومنگ سروسز کو اپ گریڈ کر رہا ہے۔ کمپنی نے اپنے ڈیجیٹل والٹ 'UPaisa' کو بھی اپ گریڈ کیا اور اپنے صارفین کو بے مثال سہولت فراہم کرنے اور مالی لین دین کو آسان بنانے کے لیے اپنی ڈیجیٹل ایپ پر QR کوڈ اسکین کی خصوصیت متعارف کروا کر اعلیٰ معیار کی کسٹمر سروس مہیا کی۔

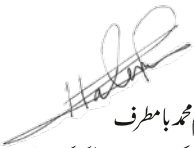
انہجائی سخت معاشی ماحول کے باوجود، پی ٹی سی ایل کے مائیکرو فنانس اور برانچ لیس بینکنگ کے ذیلی ادارے یونیک نے اپنی ترقی کی رفتار کو جاری رکھا اور ایک مضبوط بیلنس شیٹ کی پوزیشن کو برقرار رکھتے ہوئے گزشتہ سال کی اسی مدت کے مقابلے میں آمدنی میں 96.5 فیصد کا غیر معمولی اضافہ اور خالص منافع میں 27.9 فیصد کا شاندار اضافہ حاصل کیا۔ بینک اپنی دیہی ریشیل بینکنگ، کارپوریٹ فنانس، انویسٹمنٹ بینکنگ، اسلامک بینکنگ، اربن ریشیل بینکنگ کارپوریٹ بینکنگ، اور ڈیجیٹل بینکنگ کیوس کے ذریعے ملک کے طول و عرض میں ہر طرح کے صارفین کو غیر معمولی خدمات فراہم کرنے کے لیے اپنی وسیع رسائی کو بروئے کار لاتے ہوئے مالیاتی اور سماجی عمل میں شمولیت کے لیے اپنے عزم میں پختہ ہے۔

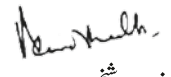
2023 کے پہلے چھ مہینوں کے دوران پی ٹی سی ایل گروپ نے سی ایس آ آر کے مختلف اقدامات کیے جن میں ورلڈ بلڈ ڈونر ڈے کے سلسلے میں اسلام آباد میں ایک بڑے پیمانے پر خون عطیہ کرنے کی مہم کا انعقاد کیا گیا۔ یہ اقدام پی ٹی سی ایل گروپ کی جانب سے مشترکہ اقدام کے فروغ اور معاشرتی خدمات کے مسلسل عزم کا عکاس ہے۔ اس کے علاوہ، Ufone نے پاکستان میں پولیو کے خاتمے کی مہم (Polio Eradication Initiative) کے ساتھ ایک مشترکہ کوشش شروع کی تاکہ شہریوں میں ویکسینیشن کے ذریعے پولیو کے خاتمے کی اہمیت کے بارے میں شعور اجاگر کیا جاسکے۔ پی ٹی سی ایل گروپ کی جانب سے کی گئی کوششیں، غیر متنزل عزم اور پاکستان کی عوام کی زندگیوں میں مثبت تبدیلی لانے کی روشن مثال ہیں۔

آپ کی توجہ اس مدت کے لیے پی ٹی سی ایل کے عبوری مالیاتی گوشواروں کے نوٹ 13.3 کی طرف مبذول کروائی گئی ہے، جو یہ بتاتے ہیں کہ پی ٹی سی ایل پنشن اسکیم کے تحت بعض ملازمین کے حقوق سے متعلق معاملات مختلف عدالتوں میں زیر التوا ہیں، جیسا کہ بیرونی آڈیٹرز نے اپنی جائزہ رپورٹ میں روشنی ڈالی ہے۔

پی ٹی سی ایل گروپ کی انتظامیہ اور ملازمین اپنے صارفین کے لیے پسندیدہ پارٹنر بننے اور شیئر ہولڈرز کی قدر کو بہتر بنانے کے لیے ٹھوس کوششوں کے ذریعے معاشرتی قیوتوں پر معیاری خدمات فراہم کرنے کے لیے پرعزم ہیں۔

بورڈ کی جانب سے


 حاتم محمد باطرف
 صدر، گروپ چیف ایگزیکٹو آفیسر


 نوید احمد شیح
 چیئر مین، بورڈ آف ڈائریکٹرز پی ٹی سی ایل
 اسلام آباد، جولائی 19، 2023

ڈائریکٹرز کا جائزہ

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (PTCL) کے ڈائریکٹرز 30 جون 2023 کو ختم ہونے والی ششماہی کے لیے کمپنی کے مالیاتی گوشواروں کو شیئر ہولڈرز کے سامنے پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔ کمپنی کے مالیاتی گوشواروں کا قانونی آڈیٹرز نے جائزہ لیا ہے۔

2023 کی پہلی ششماہی کے دوران، پی ٹی سی ایل گروپ نے اپنی رفتار کو برقرار رکھا ہے اور پاکستان میں مربوط ٹیلی کام سروس فراہم کرنے کے طور پر اپنی پوزیشن کو مزید مستحکم کیا ہے۔ موجودہ چیلنجنگ میکرو اکنامک حالات کے باوجود گروپ کے ریونیو میں گزشتہ سال کی اسی مدت کے مقابلے میں 26.8 فیصد غیر معمولی اضافہ ہوا۔ آمدنی میں یہ خاطر خواہ اضافہ بنیادی طور پر متعدد شعبوں بشمول فکسڈ براڈ بینڈ، موبائل ڈیٹا، بزنس سولوشنز اور بینکنگ سروسز کی بدولت ممکن ہوا۔

2023 کے کاروباری منظر نامے پر 2022 میں پیدا ہونے والے میکرو اکنامک چیلنجز کے منفی اثرات تا حال اثر انداز ہو رہے ہیں۔ بجلی اور ایندھن کی بڑھتی قیمتیں ٹیلی کام آپریٹرز کے لیے ایک بڑی رکاوٹ ہیں جس سے صارفین کو سستے داموں پر اعلیٰ معیار کی سروسز فراہم کرنا مشکل ہو گیا ہے۔ ایل سی کھولنے میں تاخیر نے آپریٹرز کے نیٹ ورک کی توسیع کے منصوبے کو متاثر کیا ہے۔ پہلی سہ ماہی میں پاکستانی روپے کی قدر میں نمایاں کمی، سود کی بڑھتی ہوئی شرح اور ریگولر کارپوریٹ ٹیکس سے زائد اضافی سپر ٹیکس نے منافع کو بہت متاثر کیا ہے۔ ان چیلنجنگ مسائل کے اثرات کو کم کرنے کے لیے حکومت کی طرف سے پالیسی بنانے کی اشد ضرورت ہے تاکہ اس شعبے کو نہایت ضروری ریلیف فراہم کیا جاسکے۔

زیر جائزہ مدت کے دوران پی ٹی سی ایل گروپ کی 90.9 بلین روپے کی آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 26.8 فیصد زیادہ ہے۔ گروپ کا منافع، دیگر عوامل کے علاوہ، خاص طور پر پہلی سہ ماہی میں روپے کی قدر میں نمایاں کمی سے متاثر ہوا کیونکہ گروپ کی فاریکس کی ذمہ داریاں انجیوٹھیں گروپ کو اس مدت کے لیے 8.5 بلین روپے کا خالص نقصان ہوا ہے۔ پی ٹی سی ایل نے سال بہ سال آمدنی میں 17.3 فیصد اضافہ کر کے اپنی ترقی کی رفتار کو جاری رکھا۔ پی ٹی سی ایل (یو فون) کی آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 22.4 فیصد اضافہ ہوا۔ یونٹ نے گزشتہ سال کی نسبت اسی مدت میں اپنی آمدنی میں 96.5 فیصد اضافہ حاصل کیا ہے۔

پی ٹی سی ایل کی اس مدت کے لیے 46.9 بلین روپے کی آمدنی 2022 کے مقابلے میں 17.3 فیصد زیادہ ہے، جو بنیادی طور پر کیریئر، ہول سیل اور براڈ بینڈ سیکٹرز میں ترقی کی وجہ سے ہے۔ کمپنی نے گزشتہ سال کے مقابلے میں متاثر کن 57 فیصد اضافے کے ساتھ 2.9 بلین روپے کا آپریٹنگ منافع اور 6.9 بلین روپے کا خالص منافع حاصل کیا ہے۔ کمپنی کے فاریکس ڈیونمیٹیو ریسیوو پرائز اسلیوشن گین کی وجہ سے نان آپریٹنگ انکم میں اضافہ اور نیٹ ورک کی اپ گریڈیشن اور فائبرائزیشن کی وجہ سے متروک اثاثوں کو فروخت کرنے پر حاصل ہونے والے منافع نے گزشتہ سال کی اسی مدت کے مقابلے میں خالص منافع میں 34.5 فیصد اضافہ حاصل کرنے میں اہم کردار ادا کیا۔

پی ٹی سی ایل نے فکسڈ براڈ بینڈ کاروبار میں گزشتہ سال کی اسی مدت کے مقابلے میں 17.2 فیصد ریونیو میں اضافہ حاصل کیا۔ کمپنی نے اپنے فلگ شپ FTTH برانڈ، 'Flash Fiber' کے بہترین کسٹمر ایکسپیرینس اور ملک بھر میں فائبر نیٹ ورک کا وسیع جال پھیلا کر صارفین کی تعداد میں نمایاں اضافہ کیا جس نے FTTH ریونیو میں 106.5 فیصد نمایاں اضافہ حاصل کرنے میں اہم کردار ادا کیا۔ آئی ٹی پی ٹی وی سیکٹ نے بھی سالانہ 5.8 فیصد آمدنی میں اضافہ دکھایا۔ وائس اور وائرلیس ریونیو اسٹریٹجی مسلسل زوال پذیر ہیں کیونکہ وہ OTT سروسز اور دوسرے سیلولر آپریٹرز سے سخت مقابلے کے باعث متاثر ہیں۔

بزنس سروسز کے سیکٹ نے IP بینڈ وڈھ، کلاؤڈ، ڈیٹا سینٹر اور دیگر ICT سروسز میں مارکیٹ کی قیادت کو برقرار رکھتے ہوئے اپنی رفتار کو جاری رکھا۔ پی ٹی سی ایل کے انٹرنیٹ کاروبار میں گزشتہ سال کے مقابلے میں 21.1 فیصد اضافہ ہوا، جبکہ کیریئر اور ہول سیل کاروبار نے اپنی ترقی کی رفتار کو جاری رکھا اور مجموعی طور پر 34.9 فیصد ریونیو میں اضافہ حاصل کیا۔ انٹرنیشنل کال کی آمدنی میں گزشتہ سال کے مقابلے میں 18.6 فیصد اضافہ ہوا ہے۔ موجودہ چیلنجنگ معاشی ماحول کے باوجود، مجموعی طور پر بزنس سولوشنز کی آمدنی نے سال بہ سال 27.4 فیصد کی نمایاں بہتری دکھائی ہے۔



**CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2023 (UN-AUDITED)**

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF PAKISTAN TELECOMMUNICATION COMPANY LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

INTRODUCTION

We have reviewed the accompanying condensed interim statement of financial position of Pakistan Telecommunication Company Limited ("the Company") as at 30 June 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

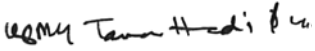
EMPHASIS OF MATTER

We draw attention to Note 13.3 to the interim financial statements, which describes that matters relating to certain employees' rights under the PTCL pension scheme are pending with various courts. The ultimate outcome of these matters cannot presently be determined and, accordingly, no provision for any effects on the Company that may result has been made in the interim financial statements. Our conclusion is not modified in respect of this matter.

OTHER MATTERS

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 30 June 2023 and 30 June 2022 have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Danish.



KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad:

August 25, 2023

UDIN Number: RR202310245VrGhRUOS5

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION


AS AT JUNE 30, 2023 (UN-AUDITED)

	Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital		51,000,000	51,000,000
Revenue reserves			
General reserve		27,497,072	27,497,072
Unappropriated profit		36,539,007	29,556,957
		64,036,079	57,054,029
		115,036,079	108,054,029
Liabilities			
Non-current liabilities			
Deferred income tax		1,333,269	1,898,305
Employees retirement benefits		30,549,457	29,208,130
Deferred government grants		15,166,757	14,205,487
Long term loans from banks	6	40,297,946	22,379,981
Contract liabilities		1,747,225	1,885,020
Lease liabilities		1,114,011	1,271,634
		90,208,665	70,848,557
Current liabilities			
Trade and other payables	7	124,923,962	124,932,591
Short term running finance	8	8,926,155	92,582
Security deposits		610,437	606,424
Unclaimed dividend		209,372	209,814
Current maturity of lease liabilities		377,888	347,459
Current portion of long term loans from banks		86,437	68,386
		135,134,251	126,257,256
Total equity and liabilities		340,378,995	305,159,842

Contingencies and commitments

13

The annexed notes 1 to 21 are an integral part of these condensed interim financial statements.



Chief Financial Officer



President & CEO



Chairman

	Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
Assets			
Non-current assets			
Property, plant and equipment	9	133,508,959	131,489,641
Right of use assets		1,614,572	1,777,706
Intangible assets		2,034,992	1,445,264
		137,158,523	134,712,611
Long term investments		60,236,284	44,736,284
Long term loans and advances	10	20,657,710	17,432,860
Contract costs		627,757	644,804
		218,680,274	197,526,559
Current assets			
Stores and spares		7,359,877	7,636,587
Contract costs		1,858,392	1,934,409
Trade debts and contract assets	11	48,611,181	39,293,476
Loans and advances		9,990,022	8,091,983
Income tax recoverable		17,475,364	21,138,370
Receivable from Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		26,650,637	21,689,431
Cash and bank balances	12	7,589,176	5,684,955
		121,698,721	107,633,283
Total assets		340,378,995	305,159,842

Chief Financial Officer

President & CEO

Chairman

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2023 Rs '000	June 30, 2022 Rs '000	June 30, 2023 Rs '000	June 30, 2022 Rs '000
Revenue	14	23,973,121	20,387,850	46,920,073	39,989,584
Cost of services		(18,761,854)	(16,126,885)	(36,602,465)	(31,525,361)
Gross profit		5,211,267	4,260,965	10,317,608	8,464,223
Administrative and general expenses		(2,112,571)	(1,991,079)	(4,197,053)	(3,898,675)
Selling and marketing expenses		(1,151,852)	(907,213)	(2,244,453)	(1,866,059)
Impairment loss on trade debts and contract assets		(442,000)	(418,184)	(906,832)	(808,478)
		(3,706,422)	(3,316,476)	(7,348,338)	(6,573,212)
Operating profit		1,504,845	944,489	2,969,270	1,891,011
Other income	15	3,190,485	4,228,455	11,608,184	6,032,455
Finance costs		(2,209,239)	(111,742)	(3,412,073)	(178,206)
Profit before tax		2,486,090	5,061,202	11,165,381	7,745,260
Provision for income tax		(976,428)	(1,777,558)	(4,183,331)	(2,555,935)
Profit for the period		1,509,662	3,283,644	6,982,050	5,189,325
Earnings per share - basic and diluted (Rupees)		0.30	0.64	1.37	1.02

The annexed notes 1 to 21 are an integral part of these condensed interim financial statements.



Chief Financial Officer



President & CEO



Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2023 Rs '000	June 30, 2022 Rs '000	June 30, 2023 Rs '000	June 30, 2022 Rs '000
Profit for the period	1,509,662	3,283,644	6,982,050	5,189,325
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,509,662	3,283,644	6,982,050	5,189,325


The annexed notes 1 to 21 are an integral part of these condensed interim financial statements.



Chief Financial Officer



President & CEO



Chairman

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2023 Rs '000	June 30, 2022 Rs '000
Cash flows from operating activities			
Cash generated from operations	16	3,475,531	7,855,598
Employees retirement benefits paid		(860,156)	(1,239,637)
Advances from customers		100,180	242,611
Income tax paid		(1,085,360)	(886,177)
Net cash inflow from operating activities		1,630,195	5,972,395
Cash flows from investing activities			
Capital expenditure		(10,300,590)	(8,996,395)
Acquisition of intangible assets		(1,024,319)	(174,569)
Proceeds from disposal of property, plant and equipment		2,115,632	1,342,125
Addition to contract costs		(1,876,933)	(1,830,598)
Long term loans and advances		175,942	66,493
Return on long term loan to subsidiaries		1,884,474	396,222
Investment in Pak Telecom Mobile Limited		(15,500,000)	(8,000,000)
Long term loan to subsidiary - Pak Telecom Mobile Limited		(4,500,000)	-
Repayment of subsidiary loans - Pak Telecom Mobile Limited		1,000,000	833,333
Dividend income - U Microfinance Bank Limited		443,743	195,286
Return on short term investments and bank deposit		130,577	79,216
Government grants received		1,216,634	5,538,387
Net cash outflow from investing activities		(26,234,840)	(10,550,500)
Cash flows from financing activities			
Dividend paid		(442)	(364)
Long term loan from banks		18,000,000	5,000,000
Lease liabilities		(324,265)	(184,944)
Net cash inflow from financing activities		17,675,293	4,814,692
Net (decrease) / increase in cash and cash equivalents		(6,929,352)	236,587
Cash and cash equivalents at the beginning of the period		5,592,373	2,556,154
Cash and cash equivalents at the end of the period	17	(1,336,979)	2,792,741

The annexed notes 1 to 21 are an integral part of these condensed interim financial statements.



Chief Financial Officer



President & CEO



Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Issued, subscribed and paid-up capital			Revenue reserves		Total
	Class "A"	Class "B"	General reserve	Unappropriated profit	Total	
	(Rupees in '000)					
Balance as at December 31, 2021	37,740,000	13,260,000	27,497,072	21,156,077		99,653,149
Impact of change in accounting policy – net of tax				(869,206)		(869,206)
Adjusted balance as at 01 January 2022	37,740,000	13,260,000	27,497,072	20,286,871		98,783,943
Total comprehensive income for the six months period ended						
Profit for the period ended June 30, 2022	-	-	-	5,189,325		5,189,325
Other comprehensive income for the period	-	-	-	-		-
Balance as at June 30, 2022	37,740,000	13,260,000	27,497,072	25,476,196		103,973,268
Total comprehensive income for the six months period ended						
Profit for the period ended December 31, 2022	-	-	-	3,864,059		3,864,059
Other comprehensive income for the period	-	-	-	216,702		216,702
Balance as at December 31, 2022	37,740,000	13,260,000	27,497,072	29,556,957		108,054,029
Total comprehensive income for the six months period ended						
Profit for the period ended June 30, 2023	-	-	-	6,982,050		6,982,050
Other comprehensive income for the period	-	-	-	-		-
Balance as at June 30, 2023	37,740,000	13,260,000	27,497,072	36,539,007		115,036,079

The annexed notes 1 to 21 are an integral part of these condensed interim financial statements.

Chief Financial Officer

President & CEO

Chairman

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (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, Room No. 17, Ground Floor (Margalla side), Ufone Tower Plot No. 55-C, Main Jinnah Avenue, Blue Area, Sector F-7/1 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.

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, 2022.

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, 2022.

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, 2022.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
6. LONG TERM LOANS FROM BANKS			
MCB Bank Ltd		11,000,000	11,000,000
Habib Bank Ltd		29,500,000	11,500,000
Less: transaction costs		(202,054)	(120,019)
		40,297,946	22,379,981
Accrued Interest		86,437	68,386
		40,384,383	22,448,367
Current portion of long term loans from banks		(86,437)	(68,386)
		40,297,946	22,379,981
7. TRADE AND OTHER PAYABLES			
Trade creditors		15,252,867	17,961,115
Accrued and other liabilities	7.1	38,210,376	36,715,513
Technical services assistance fee	7.2	38,394,221	35,656,357
Advances from customers / contract liabilities		7,403,423	8,156,078
Retention money / payable to contractors and suppliers		7,904,511	7,666,471
Payable to subsidiaries on account of group taxation		16,032,624	16,032,624
Sales tax payable		1,659,589	2,057,179
Income tax collected / deducted at source		66,351	687,254
		124,923,962	124,932,591
7.1 Accrued and other liabilities			
Accrued liability for operational expenses		11,111,410	9,251,535
Amount withheld on account of provincial levies (Sub-judice) for ICH operations		12,110,803	12,110,803
Accrual for Government / regulatory expenses		12,386,552	12,183,134
Accrued wages		1,731,822	2,451,585
Others		869,789	718,456
		38,210,376	36,715,513

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

8. SHORT TERM RUNNING FINANCE

These facilities are obtained from various commercial banks with an aggregate limit of Rs. 9,100,000 thousand (December 31, 2022: 9,100,000 thousand) and are secured against 1st pari passu charge on present and future current assets and all other movable assets of the Company. These facilities carry markup rates ranging from 1-month KIBOR to 3-month KIBOR plus 0.2% to 1.5% (December 31, 2022: 0.2% to 1.5%) per annum.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	115,749,049	114,100,867
Capital work-in-progress	9.3	17,759,910	17,388,774
		133,508,959	131,489,641

	Note	June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
9.1 Operating fixed assets			
Opening net book value		114,100,867	107,937,650
Additions during six months period	9.2	9,929,451	5,865,748
		124,030,318	113,803,398
Disposals during the period - at net book value		(20,208)	(22,844)
Depreciation charge for the period		(8,261,061)	(7,810,519)
		(8,281,269)	(7,833,363)
Closing net book value		115,749,049	105,970,035

9.2 Detail of additions during the period:			
Buildings on freehold land		151,518	70,144
Buildings on leasehold land		57,238	8,707
Lines and wires		4,755,786	2,244,863
Apparatus, plant and equipment		4,223,184	3,252,377
Office equipment		314,975	98,045
Computer equipment		20,072	49,733
Furniture and fittings		36,881	12,847
Vehicles		11,181	55,393
Passive and allied equipment		7,058	-
Submarine cables		351,558	73,639
		9,929,451	5,865,748

9.3 Additions to CWIP during the six months period ended June 30, 2023 were Rs 11,300,202 thousand (June 30, 2022: Rs 9,083,041 thousand).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
10. LONG TERM LOANS AND ADVANCES		
Loans to PTML - unsecured	18,500,001	15,250,000
Loans to Ubank - unsecured	1,200,000	1,200,000
Loans to employees - secured	767,869	803,813
Others	189,840	179,047
	20,657,710	17,432,860
11. TRADE DEBTS AND CONTRACT ASSETS		
Trade debts	50,732,813	42,041,582
Contract assets	5,846,233	5,349,060
	56,579,046	47,390,642
Allowance for expected credit loss	(7,967,865)	(8,097,166)
	48,611,181	39,293,476
12. CASH AND BANK BALANCES		
Cash in hand	659,764	367,188
Balances with banks:	12.1	
Deposit accounts local currency	725,765	877,538
Current accounts		
Local currency	1,006,034	988,975
Foreign currency	5,197,613	3,451,254
	6,203,647	4,440,229
	7,589,176	5,684,955

12.1 Bank balance includes Rs 83,893 thousand (December 31, 2022: Rs 862 thousand) carrying profit at the rate of 10% (December 31, 2022: 7.00%) per annum from Shariah arrangements.

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, 2022, except in note 13.1 and 13.2 in the following:

13.1 For the tax years 2007, 2009, 2010, 2011 to 2021, Taxation Officer disallowed certain expenses, tax credits and levied short deduction of WHT. 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 45,167,849 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.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

13.2 For the Tax Year 2020, Taxation officer objected to the quarterly advance tax calculation submitted by the Company based on group taxation and raised demand amounting to Rs. 2,855,907 thousand despite that PTCL had filed option for group taxation within prescribed time. The Islamabad High Court has decided the case in favor of PTCL.

13.3 In 2010, Pakistan Telecommunication Employees Trust ("PTET") board approved the pension increase which was less than the increase notified by the Government of Pakistan ("GoP"). Thereafter, pensioners filed several Writ Petitions. After a series of hearings, on June 12, 2015 the Apex Court decided the case in the interest of pensioners. On July 13, 2015, Review Petition was filed in 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. Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Apex court within the limitation. Under the circumstances, management of the Company, on the basis of legal advice, believes that the Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in the Company's financial statements.

	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
13.4 Bank guarantee and bid bonds issued in favour of :		
Universal Service Fund (USF) against government grants	8,786,350	9,195,921
Others	2,101,004	2,362,885
	10,887,354	11,558,806
Corporate guarantee in favour of PTML	50,800,000	43,800,000

Others includes bank guarantee given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2022: Rs. 675,000 thousand).

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
13.5 Commitments		
Contracts for capital expenditure	13,149,619	8,850,046
Letter of comforts in favour of PTML	3,500,000	3,500,000
	16,649,619	12,350,046

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.

	Six months ended	
	June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
Revenue segments		
Broadband and IPTV	19,866,570	17,014,962
Voice services	4,146,709	4,557,271
Wireless data	861,863	1,111,569
Revenue from retail customers	24,875,142	22,683,802
Corporate and wholesale	17,000,436	13,051,559
International	5,044,495	4,254,223
Total revenue	46,920,073	39,989,584

14.1 Revenue is stated net of trade discount amounting to Rs 20,517 thousand (June 30, 2022 Rs 28,480 thousand) and Federal Excise Duty and sales tax amounting to Rs 6,865,933 thousand (June 30, 2022: Rs 6,379,489 thousand).

	Note	Six months ended	
		June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
15. OTHER INCOME			
Income from financial assets	15.1	7,431,323	2,926,964
Income from non-financial assets		4,176,861	3,105,491
		11,608,184	6,032,455

15.1 Income from financial assets include Rs 63 thousand (June 30, 2022: Rs 24 thousand) earned from Shariah arrangements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Six months ended	
	June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
16. CASH GENERATED FROM OPERATIONS		
Profit before tax	11,165,381	7,745,260
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	8,261,061	7,810,519
Amortization of intangible assets	434,592	306,946
Depreciation of right of use assets	374,106	252,396
Amortization of contract costs	1,969,997	1,842,269
Provision for obsolete stores and spares	(8,898)	(8,635)
Impairment loss on trade debts and contract assets	906,832	808,478
Provision for employees retirement benefits	2,531,465	2,096,674
Gain on disposal of property, plant and equipment	(2,095,424)	(1,319,281)
Return on bank deposits	(109,093)	(77,934)
Imputed interest on long term loans	(32,747)	(36,429)
Imputed interest on lease liabilities	74,599	83,865
Return on long term loan to subsidiaries	(2,162,511)	(546,036)
Interest on long term loans from banks	3,007,987	-
Unearned revenue realised	(83,944)	(70,894)
Dividend Income from subsidiary	(443,743)	(195,286)
Release of deferred government grants	(255,363)	(711,281)
Exchange gain	(3,765,284)	(1,760,950)
	19,769,013	16,219,681
Effect on cash flows due to working capital changes:		
Decrease / (increase) in current assets:		
Stores and spares	285,609	(2,864,137)
Trade debts and contract assets	(6,459,253)	(4,478,399)
Loans and advances	(1,766,082)	(1,810,854)
Prepayments and other receivables	(5,187,119)	(1,422,317)
	(13,126,845)	(10,575,707)
Increase / (decrease) in current liabilities:		
Trade and other payables	(3,170,650)	2,206,314
Security deposits	4,013	5,310
	3,475,531	7,855,598
17. CASH AND CASH EQUIVALENTS		
Short term running finance	(8,926,155)	(1,091,686)
Cash and bank balances	7,589,176	3,884,427
	(1,336,979)	2,792,741

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

		Six months ended	
		June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services assistance fee - note 18.1	1,533,445	1,535,507
ii. Subsidiaries	Sale of goods and services	3,101,639	2,648,813
	Purchase of goods and services	2,944,487	1,348,688
	Mark up on loans	2,162,341	557,123
	Dividend income	443,743	195,286
	Long term investment in subsidiary	15,500,000	8,000,000
	Short term loan to subsidiary	4,500,000	-
	Repayment of long term loans from subsidiary	1,000,000	833,333
iii. Associated undertakings	Sale of goods and services	4,183,602	1,790,732
	Purchase of goods and services	475,691	344,209
iv. Employees contribution plan	PTCL Employees GPF Trust - net	20,767	2,522
v. Employees retirement benefit plan	Contribution to the plan- Gratuity	65,330	391,716
vi. Other related parties	Charge under license obligations	1,220,314	849,123
vii. Directors, Chief Executive and Key management personnel	Fee and remuneration including benefits and perquisites	607,941	557,683
		June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
Period / year-end balances			
Receivables from related parties			
	Long term loans to subsidiaries	21,950,000	18,450,000
	Trade debts		
	- Subsidiaries	517,215	156,969
	- Associated undertakings	33,356,339	25,806,922
	Other receivables		
	- Subsidiaries	16,752,641	14,346,087
	- Associated undertakings	71,305	71,305
	- Pakistan Telecommunication Employees Trust (PTET)	15,366	15,366
	- Long term loans to executives and key management personnel	24,222	34,174
	Bank deposit with subsidiary	1,240	580,797
	Pakistan Telecommunication Employees Trust (PTET)	2,889,280	3,189,002
	Pakistan Telecommunication Company Limited		
	Employees Gratuity Fund	-	30,260

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
Payables to related parties		
Trade creditors		
- Subsidiaries	1,703,651	1,627,963
- Associated undertakings	3,191,549	2,327,261
- The Government of Pakistan related entities	1,041,835	1,732,806
Payable to subsidiaries on account of group taxation	16,032,624	16,032,624
PTCL Employee GPF Trust	17,839	38,606
Security deposits from subsidiary	3,623	3,623
Retention money payable to associated undertakings	2,940	2,940
Technical services assistance fee payable to Etisalat Pakistan Telecommunication Company Limited	38,394,221	35,656,357
Employees Gratuity Fund	50,267	-

18.1 This represents the Company's share of the amount payable to Etisalat - UAE, a related party, under an agreement for technical services, at the rate of 3.5%, of the PTCL Group's consolidated revenue.

19. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to setoff Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at June 30, 2023					
Trade debts and contract assets	35,793,410	(2,942,433)	32,850,977	15,760,204	48,611,181
Trade creditors	(3,640,421)	2,942,433	(697,988)	15,950,855	15,252,867
As at December 31, 2022					
Trade debts and contract assets	31,324,154	(6,079,952)	25,244,202	14,049,274	39,293,476
Trade creditors	(7,011,267)	6,079,952	(931,315)	17,029,800	17,961,115

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, 2022. 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, 2022.

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

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

21.1 This condensed interim financial statements for the six months period ended June 30, 2023 were authorized for issue by the Board of Directors of the Company on July 19, 2023.



Chief Financial Officer



President & CEO



Chairman



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS PERIOD ENDED
JUNE 30, 2023 (UN-AUDITED)**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023 (UN-AUDITED)

	Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
Equity and liabilities			
Equity			
Share capital and reserves			
Share capital		51,000,000	51,000,000
Revenue reserves			
General reserve		27,497,072	27,497,072
Unappropriated loss		(11,411,302)	(2,672,095)
		16,085,770	24,824,977
Statutory and other reserves		1,571,882	1,351,802
Unrealized loss on investments measured at fair value through OCI		(141,610)	(2,015)
		68,516,042	77,174,764
Liabilities			
Non-current liabilities			
Long term loans from banks		97,254,440	78,260,607
Subordinated debt		149,700	448,980
Deposits from banking customers		1,318,264	1,273,020
Lease liabilities		12,189,309	13,442,256
Employees retirement benefits		30,775,938	29,360,928
Deferred government grants		32,457,557	29,362,359
Advances from customers		1,761,593	1,899,388
License fee payable		11,599,683	13,604,960
Long term vendor liability		53,543,309	43,919,757
		241,049,793	211,572,255
Current liabilities			
Trade and other payables	6	122,051,937	122,541,819
Deposits from banking customers		98,141,911	90,910,070
Interest accrued		3,084,228	1,916,674
Short term running finance		53,008,962	40,799,207
Current portion of:			
Long term loans from banks		8,605,308	46,637,709
Repo Borrowing		14,387,270	29,537,082
Subordinated debt		150,540	120
Lease liabilities		4,339,742	4,476,012
Long term vendor liability		9,005,047	15,915,561
License fee payable		123,368	164,459
Security deposits		1,403,413	1,531,698
Unpaid / unclaimed dividend		209,372	209,814
		314,511,098	354,640,225
Total equity and liabilities		624,076,933	643,387,244

Contingencies and commitments

11

The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.



Chief Financial Officer



President & CEO



Chairman

	Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
Assets			
Non-current assets			
Property, plant and equipment	7	233,875,923	230,063,134
Right of use assets		15,190,510	16,468,843
Intangible assets		61,841,593	64,167,468
		310,908,026	310,699,445
Long term investments		51,427	51,427
Long term loans and advances		957,710	982,860
Long term loans to banking customers		12,593,495	12,705,350
Deferred income tax		15,615,945	7,901,476
Contract costs		786,934	762,364
		340,913,537	333,102,922
Current assets			
Stock in trade, stores and spares		8,829,300	8,618,963
Trade debts and contract assets	8	51,063,538	41,375,661
Loans to banking customers		62,540,001	46,578,644
Loans and advances		8,155,714	6,278,658
Contract costs		3,341,810	3,138,112
Income tax recoverable		26,970,970	28,736,568
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposits, prepayments and other receivables		16,794,690	12,948,042
Short term investments	9	84,484,477	143,912,508
Cash and bank balances	10	18,818,824	16,533,094
		283,163,396	310,284,322
Total assets		624,076,933	643,387,244

Chief Financial Officer

President & CEO

Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Note	Three months ended		Six months ended	
		June 30, 2023 Rs '000	June 30, 2022 Rs '000	June 30, 2023 Rs '000	June 30, 2022 Rs '000
Revenue	12	47,765,620	36,670,180	90,952,348	71,721,231
Cost of services		(37,625,545)	(28,873,726)	(72,256,643)	(56,172,940)
Gross profit		10,140,075	7,796,454	18,695,705	15,548,291
Administrative and general expenses		(5,976,802)	(4,873,675)	(11,652,451)	(9,483,616)
Selling and marketing expenses		(2,343,551)	(2,033,210)	(4,849,120)	(4,193,728)
Impairment loss on financial assets		(1,388,751)	(390,251)	(2,084,588)	(1,058,357)
		(9,709,104)	(7,297,136)	(18,586,159)	(14,735,701)
Operating profit		430,971	499,318	109,546	812,590
Other income	13	6,012,646	6,421,214	20,681,465	9,986,529
Finance costs		(9,232,224)	(9,441,599)	(31,467,527)	(15,480,254)
Loss before tax		(2,788,607)	(2,521,067)	(10,676,516)	(4,681,135)
Income tax		(15,387)	1,022,715	2,157,389	1,624,316
Loss for the period		(2,803,994)	(1,498,352)	(8,519,127)	(3,056,819)

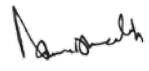
The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.



Chief Financial Officer



President & CEO



Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Three months ended		Six months ended	
	June 30, 2023 Rs '000	June 30, 2022 Rs '000	June 30, 2023 Rs '000	June 30, 2022 Rs '000
Loss for the period	(2,803,994)	(1,498,352)	(8,519,127)	(3,056,819)
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss:				
Remeasurement loss on employees retirement benefits	-	3,006	-	3,006
Tax effect	-	-	-	-
	-	3,006	-	3,006
Items that may be subsequently reclassified to profit or loss:				
(Loss) / gain on revaluation of assets	(23,554)	39,999	-	65,484
Gain / (loss) on revaluation of assets transferred to profit or loss	344,052	434,955	(229,140)	300,490
Tax effect	(291,707)	(137,736)	89,545	(106,132)
	28,791	337,218	(139,595)	259,842
Other comprehensive income - loss for the period - net of tax	28,791	340,224	(139,595)	262,848
Total comprehensive loss for the period	(2,775,203)	(1,158,128)	(8,658,722)	(2,793,971)


The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.



Chief Financial Officer



President & CEO




Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Note	Six months ended	
		June 30, 2023 Rs '000	June 30, 2022 Rs '000
Cash flows from operating activities			
Cash generated from operations	14	3,278,755	10,643,250
Employees retirement benefits paid		(931,999)	(1,322,983)
Income tax paid		(3,881,027)	(2,625,757)
Net cash inflow from operating activities		(1,534,271)	6,694,510
Cash flows from investing activities			
Capital expenditure		(19,417,220)	(18,251,976)
Acquisition of intangible assets		(1,320,902)	(351,307)
Proceeds from disposal of property, plant and equipment		2,219,943	1,469,736
Additions to contract costs		(3,249,780)	(2,788,925)
Short term investments		59,428,031	(4,394,449)
Long term loans and advances		57,897	33,697
Government grants received		4,137,979	8,021,333
Return on long term loans and short term investments		9,823,011	2,849,993
Net cash inflow / (outflow) from investing activities		51,678,959	(13,411,898)
Cash flows from financing activities			
Loan from banks - proceeds		20,000,000	5,000,000
Loan from banks - repayments		(6,408,268)	(4,616,043)
Borrowings - Ubank (net)		(47,780,112)	(1,815,632)
Subordinated debt - proceeds		840	1,000,000
Subordinated debt - repayments		(149,700)	(120)
Vendor liability		2,713,038	6,413,611
License fee payable		(2,046,368)	4,482,708
Finance cost paid		(30,127,053)	(15,043,282)
Customers deposits		7,277,085	11,160,861
Lease liabilities		(3,547,733)	(2,121,587)
Dividend paid		(442)	(364)
Net cash inflow / (outflow) from financing activities		(60,068,713)	4,460,152
Net decrease in cash and cash equivalents		(9,924,025)	(2,257,236)
Cash and cash equivalents at the beginning of the period		(24,266,113)	5,992,387
Cash and cash equivalents at the end of the period	15	(34,190,138)	3,735,151

The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.



Chief Financial Officer



President & CEO



Chairman

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Issued, subscribed and paid-up capital		Revenue reserves		Statutory and other reserves	Unrealized gain / (loss) on investments measured at fair value through OCI	Total
	Class "A"	Class "B"	General reserve	Unappropriated profit / (loss)			
	(Rupees in '000)						
Balance as at December 31, 2021	37,740,000	13,260,000	27,497,072	9,107,014	789,313	(288,630)	88,104,769
Adjustment on initial application of IFRS 9 - PTCL	-	-	-	(869,206)	-	-	(869,206)
Adjustment on initial application of IFRS 9 - Ubank	-	-	-	(2,742,378)	-	-	(2,742,378)
Adjusted balance as at January 01, 2022	37,740,000	13,260,000	27,497,072	5,495,430	789,313	(288,630)	84,493,185
Total comprehensive income for the period	-	-	-	(3,056,819)	-	-	(3,056,819)
Loss for the six months period ended June 30, 2022	-	-	-	3,006	-	259,842	262,848
Other comprehensive income	-	-	-	(3,053,813)	-	259,842	(2,793,971)
Balance as at June 30, 2022	37,740,000	13,260,000	27,497,072	2,441,617	789,313	(28,788)	81,699,214
Loss for the six months period ended December 31, 2022	-	-	-	(4,731,763)	-	-	(4,731,763)
Other comprehensive income	-	-	-	180,540	-	26,773	207,313
Transfer to statutory and other reserves	-	-	-	(4,551,223)	-	26,773	(4,524,450)
	-	-	-	(562,489)	562,489	-	-
Balance as at December 31, 2022	37,740,000	13,260,000	27,497,072	(2,672,095)	1,351,802	(2,015)	77,174,764
Total comprehensive income for the period	-	-	-	(8,519,127)	-	-	(8,519,127)
Loss for the six months period ended June 30, 2023	-	-	-	-	-	(139,595)	(139,595)
Other comprehensive income / (loss)	-	-	-	(8,519,127)	-	(139,595)	(8,658,722)
Transfer to statutory and other reserves	-	-	-	(220,080)	220,080	-	-
Balance as at June 30, 2023	37,740,000	13,260,000	27,497,072	(11,411,302)	1,571,882	(141,610)	68,516,042

The annexed notes 1 to 21 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

President & CEO

Chairman

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (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 Head office, Room No. 17, Ground Floor (Margalla side), Ufone Tower Plot No. 55-C, Main Jinnah Avenue, Blue Area, Sector F-7/1 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 Office, 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.

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

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

- Provisions of and directives issued under the Companies Act, 2017.

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

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

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

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

3. BASIS OF PREPARATION

These condensed consolidated interim financial statements do not include all of the information required in the annual financial statements prepared in accordance with the accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Group's latest annual consolidated financial statements as at and for the year ended December 31, 2022.

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 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 Group for the year ended December 31, 2022.

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 Group's audited financial statements for the year ended December 31, 2022.

Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
6. TRADE AND OTHER PAYABLES		
Trade creditors	17,273,763	19,612,606
Accrued and other liabilities	45,147,711	44,734,225
Technical services assistance fee	38,394,221	35,656,357
Advances from customers / contract liabilities	11,467,567	11,798,257
Retention money / payable to contractors and suppliers	7,904,511	7,666,471
Income tax collected from subscribers / deducted at source	204,575	1,070,965
Sales tax payable	1,659,589	2,002,938
	122,051,937	122,541,819

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
6.1 Accrued and other liabilities		
	18,780,098	14,273,957
Accrued liability for operational expenses		
Amount withheld on account of provincial levies (Sub-judice) for ICH operations	12,110,803	12,110,803
Accrual for Government / regulatory expenses	13,740,379	14,093,258
Accrued wages	2,012,737	2,683,288
Others	(1,496,306)	1,572,919
	45,147,711	44,734,225

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1	200,249,276	201,507,607
Capital work-in-progress	7.3	33,626,647	28,555,527
		233,875,923	230,063,134

Note	June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000	
7.1 Operating fixed assets			
Opening net book value	201,507,607	177,451,353	
Additions during the period	7.2	14,346,100	16,803,394
	215,853,707	194,254,747	
Disposals during the period - at net book value	(127,067)	(111,028)	
Depreciation for the period	(15,477,364)	(13,884,395)	
	(15,604,431)	(13,995,423)	
Closing net book value	200,249,276	180,259,324	

7.2 Detail of additions during the period:

Buildings on freehold land	151,518	70,144
Buildings on leasehold land	57,238	8,707
Lines and wires	4,755,786	2,244,863
Apparatus, plant and equipment	7,838,899	13,485,840
Office equipment	676,757	176,691
Computer equipment	405,717	663,359
Furniture and fittings	90,388	24,758
Vehicles	11,181	55,393
Passive and allied equipment	7,058	-
Submarine cables	351,558	73,639
	14,346,100	16,803,394

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

7.3 Additions to CWIP during the six months period ended June 30, 2023 were Rs 20,389,133 thousand (June 30, 2022: Rs 18,399,545 thousand).

	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
8. TRADE DEBTS AND CONTRACT ASSETS		
Trade debts	53,379,866	44,300,050
Contract assets	6,100,347	5,592,380
	59,480,213	49,892,430
Allowance for expected credit loss	(8,416,675)	(8,516,769)
	51,063,538	41,375,661
9. SHORT TERM INVESTMENTS		
Amortized cost		
Lending to Financial Institution	958,752	6,581,567
Pakistan Investment Bonds (PIBs)		
- Maturity upto 6 months	5,677,567	5,690,878
	6,636,319	12,272,445
Fair value through Profit or Loss		
Mutual Funds	17,832,589	21,971,007
Market treasury bills - Maturity upto 6 months	-	20,326,564
Pakistan Investment Bonds (PIBs)		
- Maturity upto 6 months	-	51,120,968
Term Finance Certificates	2,695,246	2,268,757
	20,527,835	95,687,296
Fair value through Other Comprehensive Income		
Pakistan Investment Bonds (PIBs)		
- Maturity upto 6 months	55,117,192	-
Term Finance Certificates	251,708	-
Market treasury bills - Maturity upto 6 months	-	34,442,206
Sukuks	1,951,423	1,510,561
	57,320,323	35,952,767
	84,484,477	143,912,508

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
10. CASH AND BANK BALANCES			
Cash in hand		2,405,112	2,116,029
Balances with banks:	10.1		
Local currency			
Current account maintained with SBP		6,326,326	5,721,518
Current accounts		1,192,090	1,676,399
Saving accounts		2,332,450	2,602,716
		9,850,866	10,000,633
Foreign currency			
Current accounts		5,197,613	3,451,254
Saving accounts		1,365,233	965,178
		6,562,846	4,416,432
		18,818,824	16,533,094

10.1 Bank balance includes Rs 83,893 thousand (December 31, 2022: Rs 862 thousand) carrying profit at the rate of 10% (December 31, 2022: 7.00%) per annum from Shariah arrangements.

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, 2022 except as disclosed in note 11.1 and 11.2.

11.1 For the tax years 2007, 2009, 2010, 2011 to 2021, Taxation Officer disallowed certain expenses, tax credits and levied short deduction of WHT. 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 45,167,849 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 For the Tax Year 2020, Taxation officer objected to the quarterly advance tax calculation submitted by the Holding Company based on group taxation and raised demand amounting to Rs. 2,855,907 thousand despite that the Holding Company had filed option for group taxation within prescribed time. The Islamabad High Court has decided the case in favor of the Holding Company.

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

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

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. Islamabad High Court on 2nd November, 2021, has decided that the GOP increases are not allowed to VSS optees, PTC pensioners and to the workmen. To the extent of Civil Servants the Islamabad High Court allowed the GOP increase. However, to the same extent appeal has been filed before Apex court within the limitation. Under the circumstances, management of the Holding Company, on the basis of legal advice, believes that the Holding Company's obligations against benefits is restricted to the extent of pension increases as determined solely by the Board of Trustees of the PTET in accordance with the Pakistan Telecommunication (Re-Organization) Act, 1996 and the Pension Trust Rules of 2012 and accordingly, no provision has been recognized in the Condensed Consolidated financial statements.

Note	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
11.4 Bank guarantees and bid bonds of Group issued in favor of:		
Universal Service Fund (USF) against government grants Pakistan Telecommunication Authority against 3G and 2G Licenses	19,751,371	20,160,942
Others	4,575,848	3,622,895
11.4.1	2,113,186	2,404,712
	26,440,405	26,188,549
Corporate guarantee in favour of PTML	50,800,000	43,800,000

11.4.1 Others includes bank guarantees given on behalf of DVCOM Data (Private) Limited to PTA amounting to Rs 675,000 thousand (December 31, 2022: Rs. 675,000 thousand).

	June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
11.5 Commitments - Group		
Standby Letter of Guarantee	18,000	12,800
Letters of credit for purchase of stock	595,140	721,799
Letters of comfort in favour of PTML	3,500,000	3,500,000
Commitments for capital expenditure	54,178,465	21,979,149
	58,291,605	26,213,748

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

12. REVENUE

The Group mainly earns 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.

	Six months ended	
	June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
Revenue segments		
Broadband and IPTV	19,866,570	17,014,962
Cellular and other wireless services	30,193,363	25,855,983
Voice services	4,146,709	4,557,271
Revenue from retail customers	54,206,642	47,428,216
Corporate and wholesale	17,894,682	12,830,856
International	6,040,383	4,944,767
Banking	12,810,641	6,517,392
Total revenue	90,952,348	71,721,231

12.1 Revenue is stated net of trade discount amounting to Rs 1,068,078 thousand (June 30, 2022: Rs 831,848 thousand) and Federal excise duty and sales tax amounting to Rs 12,744,613 thousand (June 30, 2022: Rs 11,049,793 thousand).

	Note	Six months ended	
		June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
13. OTHER INCOME			
Income from financial assets	13.1	15,372,023	5,784,796
Income from non-financial assets		5,309,442	4,201,733
		20,681,465	9,986,529

13.1 Income from financial assets include Rs 63 thousand (June 30, 2022: Rs 24 thousand) earned from Shariah arrangements.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Six months ended	
	June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
14. CASH GENERATED FROM OPERATIONS		
Loss before tax	(10,676,516)	(4,681,135)
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	15,477,364	13,884,395
Amortization of intangible assets	3,646,777	3,490,367
Amortization of contract costs	3,021,512	2,767,384
Depreciation of right of use assets	3,231,182	2,101,153
Impairment loss on trade debts and contract assets	935,040	810,529
Impairment loss on non performing loans to banking customers	1,149,548	247,828
Provision for obsolete stores, spares and loose tools	(8,898)	(8,635)
Provision for employees retirement benefits	2,663,464	2,194,130
Imputed interest on long term loans	(32,747)	(36,429)
Imputed interest on lease liabilities	205,667	88,024
Unearned revenue realized	(84)	(70,894)
Gain on disposal of property, plant and equipment	(2,092,876)	(1,358,708)
Gain on disposal of investments measured at fair value	-	(65,484)
Return on bank deposits and Government securities	(9,906,445)	(2,664,183)
Release of deferred government grants	(1,042,781)	(1,390,419)
Finance costs	31,294,607	15,428,659
	37,864,814	30,736,582
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade, stores and spares	(201,439)	(3,324,398)
Trade debts and contract assets	(10,622,917)	(6,279,328)
Loans to banking customers	(16,999,050)	(16,440,697)
Loans and advances	(1,877,056)	(1,777,255)
Deposits, prepayments and other receivables	(4,129,719)	5,619,194
	(33,830,181)	(22,202,484)
Increase / (decrease) in current liabilities:		
Trade and other payables	(627,593)	2,013,915
Security deposits	(128,285)	95,237
	(755,878)	2,109,152
	3,278,755	10,643,250

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

	Six months ended	
	June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	18,818,824	13,245,617
Short term running finance	(53,008,962)	(9,510,466)
	(34,190,138)	3,735,151

16. SEGMENT INFORMATION

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

16.1 Segment information for the reportable segments is as follows:

Note	Wireline	Wireless	Banking	Total
	Rs '000	Rs '000	Rs '000	Rs '000
Six months ended June 30, 2023				
Segment revenue	46,058,210	35,882,178	12,810,835	94,751,223
Inter segment revenue	(3,176,630)	(622,051)	(194)	(3,798,875)
Revenue from external customers	42,881,580	35,260,127	12,810,641	90,952,348
Segment results	6,842,409	(15,798,115)	436,579	(8,519,127)
Six months ended June 30, 2022				
Segment revenue	38,878,015	29,732,550	6,517,901	75,128,466
Inter segment revenue	(2,641,349)	(765,377)	(509)	(3,407,235)
Revenue from external customers	36,236,666	28,967,173	6,517,392	71,721,231
Segment results	5,033,645	(8,583,453)	492,989	(3,056,819)
	Wireline	Wireless	Banking	Total
	Rs '000	Rs '000	Rs '000	Rs '000
As at June 30, 2023				
Segment assets	233,380,279	209,968,163	180,728,491	624,076,933
Segment liabilities	203,557,388	180,640,511	171,362,992	555,560,891
As at December 31, 2022				
Segment assets	219,832,894	204,880,573	218,673,777	643,387,244
Segment liabilities	173,303,293	180,804,295	212,104,892	566,212,480

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

			Six months ended	
			June 30, 2023 (Un-Audited) Rs '000	June 30, 2022 (Un-Audited) Rs '000
17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES				
Relationship with the Group	Nature of transaction			
i.	Shareholders	Technical services assistance fee	2,734,960	2,510,243
ii.	Associated undertakings	Sale of goods and services	4,611,125	1,917,934
		Purchase of goods and services	853,027	478,959
		Prepaid rent	409,416	372,196
iii.	Employees	PTCL Gratuity Fund	65,330	391,716
	benefits plans	PTML Gratuity Fund	58,691	41,276
		U Bank Gratuity Fund	44,637	30,609
iv.	Employees	PTCL PTCL Employees GPF Trust - net	20,767	2,522
	contribution plans	PTML Provident Fund	-	71,045
		U Bank Provident Fund	38,031	27,269
v.	Other related parties	USF grant received	4,137,980	8,019,387
		PTCL Charges under license obligation	1,220,314	849,123
		PTML Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	-	12,000
vi.	Directors, Chief Executive and Key Management Personnel	Fee and remuneration including benefits and perquisites	1,040,523	942,855
			June 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
Trade debts				
- Associated undertakings			33,488,215	25,921,970
Deposits, prepayments and other receivables				
- Associated undertakings			71,305	71,305
- Pakistan Telecommunication Employees Trust (PTET)			15,366	15,366
Pakistan Telecommunication Employees Trust (PTET)			2,889,280	3,189,002
Pakistan Telecommunication Company Limited Employees Gratuity Fund			-	30,260
Long term loans to executives and key management personnel - PTCL			24,222	34,174
Trade and other payables				
Trade creditors				
- Associated Undertakings			3,409,481	2,527,935
- The Government of Pakistan and its related entities			1,041,835	1,732,806
Retention money payable to associated undertaking			2,940	2,940
Technical assistance services fee payable to Etisalat			38,394,221	35,656,357
PTCL Employees GPF Trust			17,839	38,606
Pakistan Telecommunication Company Limited Employees Gratuity Fund			50,267	-
PTML				
- Gratuity Fund			211,489	152,798
U Bank				
- Gratuity Fund			12,564	(2,376)
- Provident Fund			14,992	(16,733)

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 (UN-AUDITED)

18. FAIR VALUE ESTIMATION

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

19. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

	Gross amounts subject to offsetting Rs '000	Offset Rs '000	Net amount Rs '000	Amount not in scope of offsetting Rs '000	Net as per statement of financial position Rs '000
As at June 30, 2023					
Trade debts and contract assets	37,064,463	(3,728,377)	33,336,086	26,144,127	59,480,213
Trade creditors	(4,722,095)	3,728,377	(993,718)	(16,280,045)	(17,273,763)
As at December 31, 2022					
Trade debts and contract assets	32,104,693	(4,068,147)	28,036,546	21,855,884	49,892,430
Trade creditors	(4,572,933)	4,068,147	(504,786)	(19,107,820)	(19,612,606)

20. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with that disclosed in the annual consolidated financial statements for the year ended December 31, 2022. 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, 2022.

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

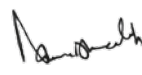
These condensed consolidated interim financial statements for the six months period ended June 30, 2023 were authorized for issue by the Board of Directors of the Holding Company on July 19, 2023.



Chief Financial Officer



President & CEO



Chairman



Pakistan
Telecommunication
Company Limited

PTCL Head Office
Room #17, Ufone Tower, Plot #55-C,
Main Jinnah Avenue, Sector F-7/1,
Blue Area, Islamabad