



# THIRD QUARTER REPORT 2023



**FORWARD TOGETHER**



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## BOARD OF DIRECTORS

### Chairman PTCL Board

Hassan Nasir Jamy

### 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 &  
Group Company Secretary

**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

### Legal Advisor & Company Secretary

**Zahida Awan**  
Group Chief Legal Officer &  
Group Company Secretary

### 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](mailto:company.secretary@ptclgroup.com)  
Web: [www.ptcl.com.pk](http://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](mailto: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 nine months ended 30th September 2023.

In the first nine months of 2023, PTCL Group has maintained its strong performance, strengthening its status as Pakistan's top integrated telecom service provider. Despite the challenging economic environment, the Group has achieved an impressive 26.3% increase in revenue compared to the same period last year. This substantial growth can be mainly attributed to excellent performance in various sectors, including fixed broadband, mobile data, business solutions, and mobile banking services.

The business environment in 2023 remains affected by the unfavorable macroeconomic challenges that emerged in 2022. Increasing energy and fuel costs persist as hurdles for telecom companies, making it challenging to offer high-quality services to consumers at reasonable rates. Network expansion plans were also affected by the adoption of measures aimed at regulating foreign currency reserves. The substantial devaluation of the Pakistani Rupee during the first quarter, coupled with mounting interest rates and an additional super tax alongside regular corporate tax, has significantly affected profitability. To address the challenges being faced by the telecom sector, it is imperative that the government offers policy intervention to alleviate the impact.

During the period under review, PTCL Group's revenue of Rs 139.6 billion is 26.3% higher than in the same period of last year. The Group's profitability was, among other factors, particularly affected by significant Rupee devaluation during the period as the Group has unhedged FOREX liabilities. The Group has posted a net loss of Rs 9.3 billion for the period. PTCL continued its growth momentum by posting 17.2% YoY revenue growth. PTML's (Ufone) revenue grew notably by 24.3% as compared to the same period of last year. Ubank has achieved a significant 80.3% growth in its revenue over the same period of last year.

PTCL's revenue of Rs 71.6 billion for the period is 17.2% higher than 2022, mainly driven by growth in Carrier & Wholesale, Enterprise and Broadband segments. The company has posted an operating profit of Rs 4.2 billion with an impressive 29.6% growth over last year and a net profit of Rs 7.6 billion.

PTCL Fixed Broadband Business achieved significant revenue growth of 16.7% vs. last year. PTCL Flash Fiber remains the fastest-growing operator through the highest net adds contribution in the industry. This phenomenal growth has been possible through the aggressive expansion of PTCL Flash Fiber and dedicated customer experience. PTCL Flash Fiber reported 104.9% revenue growth YoY. Moreover, IPTV segment has been further equipped with the addition of 50 channels reaching a total of 200 channels to cater growing customer TV viewing needs. Voice and Charji revenue streams continued the declining trajectory impacted by OTT services and competition from 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 31.8% as compared to last year, while carrier and wholesale business continued its growth momentum and achieved 29.2% overall revenue growth. International voice revenue has increased by 17.9% as compared to last year. Despite the current challenging economic environment, overall Business Solutions revenue has shown a remarkable 27% year-on-year growth.

As Pakistan's primary telecom provider and the core of the country's connectivity, PTCL Group is committed to providing creative solutions that propel the advancement of a 'Digital Pakistan'. This is accomplished by building strong telecommunication infrastructure and offering a diverse range of services, all focused on elevating customer satisfaction and hastening progress in the nation. Ufone|PTCL Business Solutions has partnered with DynaSys to support the IoT and Satcom needs of business partners. It will help achieve that objective by providing futuristic, innovative, and cost-effective solutions even in the remotest parts of the country. In addition, the company has joined hands with ChildLife Foundation to provide telecom services for the remote telemedicine facility in more than 200 telemedicine satellite and emergency centers across Pakistan. Moreover, PTCL

and Board of Revenue Baluchistan signed an agreement for provisioning of IaaS Smart Cloud Services at PTCL's Tier-III Data Center for Land Record Management System (LRMS) and Fiber Optic Connectivity at Facilitation Centers in different districts of the province.

Ufone for the first time in history has crossed a milestone mark of 25 million subscribers in Q3'23 and reported a 24.3% YoY revenue increase. Ufone posted the highest net adds in the industry and led the industry in 4G acquisitions during the quarter. Our 4G base crossed the mark of 14 million for the first time in Sep'23. This growth has been possible due to better customer experience and digital engagement through multiple data-centric products and strategic partnerships with leading digital platforms. Ufone continues its network modernization activities to provide unmatched customer experience across Pakistan.

The company has started transforming its flagship joint shops nationwide into Digital Lifestyle Experience Shops, aimed at delivering an end-to-end digital lifestyle experience to its customers. The joint shops are equipped to provide a comprehensive suite of world-class services, including a wide range of handsets, internet devices, repair & maintenance, exclusive discounts & value-added offers. Ufone's Upaisa is now part of e&Money, UAE and MobilyPay, KSA Apps menu facilitating Pakistani diaspora to send money directly into UPaisa wallets by using these apps.

Ubank, microfinance and branchless banking subsidiary of PTCL, continued its growth trajectory and has achieved a remarkable 80.3% growth in revenue 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 a 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.

In the first nine months of 2023, PTCL Group actively engaged in various CSR endeavors to reinforce its role as a national carrier. These initiatives included a collaboration with GSMA, focusing on addressing Digital Gender Disparity through a workshop aimed at bridging the gender gap in mobile usage in Pakistan. Additionally, PTCL and Ufone partnered with the Parks & Horticulture Authority (PHA) in Rawalpindi to carry out a tree planting campaign at Khajut on Murree Expressway. This effort is aimed to promote environmental conservation and bolster the country's resilience against climate change. Furthermore, in response to severe natural disasters in North African countries like Morocco and Libya, the Group spearheaded a significant CSR project. The initiative's goal was to facilitate free calls connecting families in Pakistan with their affected loved ones in those crisis-stricken regions. Lastly, PTCL Group collaborated with ConnectHear, a social enterprise dedicated to empowering individuals with hearing impairments, to organize a sign language training session for its Customer Service Center. Demonstrating its commitment to social responsibility, PTCL Group actively contributes to the well-being of society.

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



**Hassan Nasir Jamy**  
Chairman, Board of Directors PTCL



**Hatem Mohamed Bamatraf**  
President & Group Chief Executive Officer

Dubai: October 17, 2023

پی ٹی سی ایل کے ذیلی ادارے بو بینک، مائیکرو فنانس اور براج لیس بینکنگ نے اپنی ترقی کا سفر جاری رکھا اور بیننس شیٹ کی مضبوط پوزیشن کو برقرار رکھتے ہوئے گزشتہ سال کی اسی مدت کے دوران آمدنی میں 80.3 فیصد کا غیر معمولی اضافہ حاصل کیا ہے۔ بینک اپنی دیہی ریشیل بینکنگ، کارپوریٹ فنانس، انویسٹمنٹ بینکنگ، اسلامک بینکنگ، اربن ریشیل بینکنگ، کارپوریٹ بینکنگ، اور ڈیجیٹل بینکنگ کیوں 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 نو مہینوں کے دوران پی ٹی سی ایل گروپ نے قومی کھیتی ہونے کے ناطے سی ایس آر کے مختلف اقدامات کیے۔ ان اقدامات میں GSMA کے ساتھ تعاون شامل تھا، جس میں ایک ورکشاپ کے ذریعے ڈیجیٹل صفائی تقاضات کو دور کرنے پر توجہ مرکوز کی گئی تھی جس کا مقصد پاکستان میں موبائل کے استعمال میں ضمنی فرق کو ختم کرنا تھا۔ مزید برآں، پی ٹی سی ایل اور یونون 4G نے راولپنڈی میں پارس اینڈ ہارٹنگ پراجیکٹ (PHAR) کے ساتھ مل کر مری ایکسپریس ویسے پراجیکٹ میں درخت لگانے کی مہم شروع کی۔ اس کوشش کا مقصد ماحولیاتی تحفظ کو فروغ دینا اور موسمیاتی تبدیلی کے خلاف ملک کے عزم کو تقویت دینا ہے۔ مزید برآں، مراٹھ اور لیویا جیسے شمالی افریقی ممالک میں شدید قدرتی آفات کے جواب میں، گروپ نے ایک ایچ ایم CSR پراجیکٹ کی سربراہی کی۔ اس اقدام کا مقصد پاکستان میں خاندانوں کو ان بحران زدہ علاقوں میں اپنے متاثرہ عزیزوں سے جوڑنے کے لیے مفت کالوں کی سہولت فراہم کرنا تھا۔ آخر میں، پی ٹی سی ایل گروپ نے ٹیکنیکل ہیئر کے ساتھ تعاون کیا، ایک سماجی ادارہ جو سماج سے محروم افراد کو بااختیار بنانے کے لیے وقف ہے، ہا کلاسپے کسٹمر سروس سینٹر کے لیے اشاروں کی زبان کے ذریعے پیش کش کا اہتمام کیا جاسکے۔ سماجی ذمہ داری کے تئیں اپنے عزم کا مظاہرہ کرتے ہوئے، پی ٹی سی ایل گروپ معاشرے کی فلاح و بہبود کے لیے فعال کردار ادا کرتا ہے۔

پی ٹی سی ایل گروپ کی انتظامیہ اور ملازمین اپنے صارفین کے لیے پسندیدہ پائمنٹس اور ڈیٹا سروسز کی قدر کو بہتر بنانے کے لیے ٹھوس کوششوں کے ذریعے مسابقتی قیمتوں پر معیاری خدمات فراہم کرنے کے لیے عزم میں ہیں۔

بورڈ کی جانب سے



حاتم محمد بامطرف

صدر اور گروپ چیف ایگزیکٹو آفیسر



حسن ناصر جامی

چیئرمین، بورڈ آف ڈائریکٹرز پی ٹی سی ایل

دہلی: 17 اکتوبر، 2023



## ڈائریکٹرز کا جائزہ

پاکستان ٹیلی کمیونیکیشن کمپنی لمیٹڈ (پی ٹی سی ایل) کے ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی نو ماہی مدت کے لیے کمپنی کے مالیاتی گوشواروں کو شیئر ہولڈرز کے سامنے پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

2023 کے پہلی نو ماہی مدت کے دوران، پی ٹی سی ایل گروپ نے اپنی ترقی کی 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 چیلنجز سمیت وائٹ ہاؤس کے حالات کے باوجود گروپ کے ریونیو میں گزشتہ سال کی اسی مدت کے مقابلے میں 26.3 فیصد غیر معمولی اضافہ ہوا۔ آمدنی میں یہ خاطر خواہ اضافہ بنیادی طور پر متعدد شیئروں بشمول گلگت براڈ بینڈ موپائل ڈیٹا، یونٹس سولوشنز اور بینکنگ سروسز کی برداشت ممکن ہوا۔

2023 کے کاروباری مظاہرے پر 2022 میں پیدا ہونے والے سمیٹروا کا مکمل چیلنجز کے منفی اثرات کا حال اٹھا کر ہر ماہ سے ہیں۔ بجلی اور ایندھن کی بڑھتی قیمتیں ٹیلی کام آپ کے بڑے کے لیے ایک بڑی کاوش ہیں جس سے صارفین کو سستے داموں پر اعلیٰ معیار کی سروس فراہم کرنا مشکل ہو گیا ہے۔ سمیٹ ورک کی توسیع کے منصوبے بھی غیر ملکی کرنسی کے ذخائر کو منظم کرنے کے لیے اقدامات کو اپنانے سے متاثر ہوئے۔ پہلی سرمایہ 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۔ ٹیلی کام سیکٹر کو رجسٹریشن چیلنجز سے نمٹنے کے لیے یہ ضروری ہے کہ حکومت اس کے اثرات کو کم کرنے کے لیے پالیسی کے ذریعے بہتری کی پیشکش کرے۔

زیر جائزہ مدت کے دوران پی ٹی سی ایل گروپ کی 139.6 بلین روپے کی آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں 26.3 فیصد زیادہ ہے۔ گروپ کا منافع، دیگر عوامل کے علاوہ، خاص طور پر پہلی ماہی مدت میں روپے کی قدر میں نمایاں کمی سے متاثر ہوا کیونکہ گروپ کی فارکس زمرہ داروں میں پیدا ہونے والے منافعوں کو اس مدت کے لیے 9.3 بلین روپے کا خاص نقصان ہوا ہے۔ پی ٹی سی ایل نے سال بھر سال آمدنی میں 17.2 فیصد اضافہ کر کے اپنی ترقی کی رفتار کو جاری رکھا۔ پی ٹی سی ایل (یونٹ) کی آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 24.3 فیصد اضافہ ہوا۔ یونٹ کے گزشتہ سال کی نسبت اسی مدت میں اپنی آمدنی میں 80.3 فیصد اضافہ حاصل کیا ہے۔

پی ٹی سی ایل کی اس مدت کے لیے 71.6 بلین روپے کی آمدنی 2022 کے مقابلے میں 17.2 فیصد زیادہ ہے، جو بنیادی طور پر کیئر بزنس ہول سیل، انٹرنیٹ اور براڈ بینڈ میں ترقی کی وجہ سے ہے۔ کمپنی نے گزشتہ سال کے مقابلے میں متاثر کن 29.6 فیصد اضافے کے ساتھ 4.2 بلین روپے کا آپریٹنگ منافع اور 7.6 بلین روپے کا خاص منافع حاصل کیا ہے۔

پی ٹی سی ایل نے گلگت براڈ بینڈ کاروبار میں گزشتہ سال کی اسی مدت کے مقابلے میں 16.7 فیصد ریونیو میں اضافہ حاصل کیا۔ پی ٹی سی ایل ایلٹریٹ فائبر آپٹکس میں سب سے زیادہ اضافہ کے ذریعے تیزی سے ترقی کرنے والا آپریٹرز ہے۔ یہ غیر معمولی ترقی پی ٹی سی ایل ایلٹریٹ فائبر کی جارحانہ توسیع اور کسٹمر کے مخصوص تجربے سے ممکن ہوئی ہے۔ پی ٹی سی ایل ایلٹریٹ فائبر کی سروسز میں سال بھر سال 104.9 فیصد اضافہ ہوا۔ یہ کہہ سکتے ہیں کہ پی ٹی سی ایل نے ڈی سی سی کے 50 کسٹمرز کے اضافے سے مزید سروسز حاصل کیا ہے جو کہ صارفین کی بڑھتی ہوئی ڈی ڈی کی ضروریات کو پورا کرنے کے لیے 200 کسٹمرز تک پہنچ گئے ہیں۔ دیگر OTT سروسز اور ویڈیو آر ایچ ڈی کے ساتھ وائس اور پارٹیسیپیشن کے ذریعے ریونیو میں مسلسل اضافہ جاری رہا۔

یونٹ سروسز کے سیکٹور نے IP ٹیکنالوجی، کلاؤڈ، ڈیٹا سٹوریج اور دیگر ICT سروسز میں مارکیٹ کی قیادت کو برقرار رکھتے ہوئے اپنی رفتار کو جاری رکھا۔ پی ٹی سی ایل کے ایلٹریٹ کاروبار میں گزشتہ سال کے مقابلے میں 31.8 فیصد اضافہ ہوا، جبکہ کیئر بزنس اور ہول سیل کاروبار نے اپنی ترقی کی رفتار کو جاری رکھا اور مجموعی طور پر 29.2 فیصد ریونیو میں اضافہ حاصل کیا۔ انٹرنیشنل کال کی آمدنی میں گزشتہ سال کے مقابلے میں 17.9 فیصد اضافہ ہوا ہے۔ موجودہ چیلنجز کے باوجود، مجموعی طور پر یونٹ سروسز کی آمدنی نے سال بھر سال 27 فیصد کی نمایاں بہتری دکھائی ہے۔

پاکستان میں قومی ٹیلی کام کیئر بزنس اور ٹیکنالوجی کی رینڈھ کی بڑی کے طور پر پی ٹی سی ایل گروپ نے عمل فراہم کرنے کے لیے عزم ہے جو ایک 'ڈیجیٹل پاکستان' کی ترقی کو آگے بڑھانے کے لیے 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 اور یونٹ فورسج کے یونٹ سولوشنز نے کاروباری شراکت داروں کی IoT اور Satcom کی ضروریات کو پورا کرنے کے لیے DynaSys کے ساتھ شراکت داری کی ہے۔ اس سے ملک کے دور دراز علاقوں میں آنے والے دور میں جدید اور کم لاگت حل فراہم کر کے اس مقصد کو حاصل کرنے میں مدد ملے گی۔ اس کے علاوہ، کمپنی نے پاکستان بھر میں 200 سے زائد ٹیلی میڈیٹیشن سٹیلائیٹ اور ایئر بیس مراکز میں ریسیٹ ٹیلی میڈیٹیشن سہولت کے لیے ٹیلی کام خدمات فراہم کرنے کے لیے چائلڈ لائف فاؤنڈیشن کے ساتھ شراکت کیا ہے۔ مزید برآں، پی ٹی سی ایل اور بورڈ آف ریونیو بلوچستان نے پی ٹی سی ایل کے نمبر 3 اور III ڈی سی سی فار لینڈ ریڈیو ٹیکنالوجی (LRMS) میں IaaS کا سروسز کی فراہمی اور صوبے کے مختلف اضلاع میں سہولت مراکز پر فائبر آپٹک ٹیکنالوجی کے معاہدے پر دستخط کیے ہیں۔

یونٹ نے تاریخ میں پہلی بار 2023 کے تیسرے کارٹریں 25 ملین سبسکرائبرز تک پہنچا کر ایک نیا سنگ میل عبور کیا ہے اور سال بھر سال آمدنی میں 24.3 فیصد اضافہ پورٹ کیا ہے۔ Ufone، انٹرنیشنل سب سے زیادہ خاص اضافہ دکھایا گیا اور سہ ماہی کے دوران 4G کے حصول میں انٹرنیشنل کی قیادت کی۔ ہمارا 4G میں 23 ستمبر 2023 میں پہلی بار 14 ملین سبسکرائبرز عبور کر گیا۔ یہ ترقی صارفین کے بہتر تجربے اور متعدد ڈیجیٹل سروسز پر وائس اور معروف ڈیجیٹل پلیٹ فارمز کے ساتھ انٹرنیشنل شراکت کے ذریعے ڈیجیٹل انیجمنٹ کے ذریعے ممکن ہوئی ہے۔ یونٹ پاکستان بھر میں صارفین کو بے مثال تجربے فراہم کرنے کے لیے اپنے سمیٹ ورک کو جدید بنانے کی سرگرمیاں جاری رکھے ہوئے ہے۔

کمپنی نے ملک بھر میں اپنی جوائنٹ شاپس کو ڈیجیٹل انٹرفیسز، ایکسپیریئنس شاپس میں تبدیل کرنا شروع کر دیا ہے، جس کا مقصد اپنے صارفین کو ڈیجیٹل طرز زندگی کا بہتر تجربے فراہم کرنا ہے۔ جوائنٹ شاپس عالمی معیار کی خدمات کا ایک کپری سٹورنٹ فراہم کرنے کے لیے ہیں، جس میں اینڈریس، انٹرنیٹ ڈیوائسز، سروسز اور دیگر بحال، خصوصی رعایتیں اور ویڈیو ڈیڈ آفسر شامل ہیں۔ Ufone کا Upaisa اور eMoney، متحدہ امارات اور MobilyPay، سعودی عرب، ایچ بی این کا حصہ ہے جو پاکستانی کارکنین وطن کو ایس کا استعمال کر کے براہ راست UPaisa وائس میں رقم بھیجی کی سہولت فراہم کرتا ہے۔

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (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		37,199,025	29,556,957
		64,696,097	57,054,029
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax		1,749,642	1,898,305
Employees retirement benefits		31,174,611	29,208,130
Deferred government grants		15,019,637	14,205,487
Long term loans from banks	6	43,787,568	22,379,981
Contract liabilities		1,701,347	1,885,020
Lease liabilities		1,101,629	1,271,634
		94,534,434	70,848,557
<b>Current liabilities</b>			
Trade and other payables	7	132,984,660	124,932,591
Short term running finance	8	14,598,357	92,582
Security deposits		613,749	606,424
Unclaimed dividend		209,317	209,814
Current maturity of lease liabilities		386,958	347,459
Current portion of long term loans from banks		90,345	68,386
		148,883,386	126,257,256
<b>Total equity and liabilities</b>		<b>359,113,917</b>	<b>305,159,842</b>

## Contingencies and commitments

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



Chief Financial Officer



President & CEO



Chairman

	Note	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	137,460,409	131,489,641
Right of use assets		1,490,466	1,777,706
Intangible assets		1,843,241	1,445,264
		140,794,116	134,712,611
Long term investments		63,236,284	44,736,284
Long term loans and advances	10	32,579,102	20,181,296
Contract costs		635,843	644,804
		237,245,345	200,274,995
<b>Current assets</b>			
Stores and spares		8,887,108	7,636,587
Contract costs		1,974,155	1,934,409
Trade debts and contract assets	11	51,915,556	39,293,476
Loans and advances		5,675,518	5,343,547
Income tax recoverable		18,291,641	21,138,370
Receivable from Government of Pakistan		2,164,072	2,164,072
Prepayments and other receivables		24,353,325	21,689,431
Cash and bank balances	12	8,607,197	5,684,955
		121,868,572	104,884,847
<b>Total assets</b>		<b>359,113,917</b>	<b>305,159,842</b>

**Chief Financial Officer**
**President & CEO**
**Chairman**

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2023 Rs '000	September 30, 2022 Rs '000	September 30, 2023 Rs '000	September 30, 2022 Rs '000
Revenue	14	24,688,906	21,135,531	71,608,979	61,125,115
Cost of services		(19,729,269)	(16,553,798)	(56,331,734)	(48,079,159)
Gross profit		4,959,637	4,581,733	15,277,245	13,045,956
Administrative and general expenses		(2,207,366)	(1,908,995)	(6,404,419)	(5,807,670)
Selling and marketing expenses		(1,165,127)	(939,408)	(3,409,580)	(2,805,467)
Impairment loss on trade debts and contract assets		(395,000)	(413,532)	(1,301,832)	(1,222,010)
		(3,767,493)	(3,261,935)	(11,115,831)	(9,835,147)
Operating profit		1,192,144	1,319,798	4,161,414	3,210,809
Other income	15	2,976,770	3,802,260	14,584,954	9,834,715
Finance costs		(3,181,175)	(588,455)	(6,593,248)	(766,661)
Profit before tax		987,739	4,533,603	12,153,120	12,278,863
Provision for income tax		(327,721)	(1,496,081)	(4,511,052)	(4,052,016)
Profit for the period		660,018	3,037,522	7,642,068	8,226,847
Earnings per share					
- basic and diluted (Rupees)		0.13	0.60	1.50	1.61

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



Chief Financial Officer



President & CEO



Chairman

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2023 Rs '000	September 30, 2022 Rs '000	September 30, 2023 Rs '000	September 30, 2022 Rs '000
Profit for the period	660,018	3,037,522	7,642,068	8,226,847
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>660,018</b>	<b>3,037,522</b>	<b>7,642,068</b>	<b>8,226,847</b>

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



**Chief Financial Officer**



**President & CEO**



**Chairman**

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	Nine months ended	
		September 30, 2023 Rs '000	September 30, 2022 Rs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	22,043,693	12,012,285
Employees retirement benefits paid		(1,351,329)	(1,683,336)
Advances from customers		100,180	255,736
Income tax paid		(1,812,985)	(1,451,161)
<b>Net cash from operating activities</b>		<b>18,979,559</b>	<b>9,133,524</b>
<b>Cash flows from investing activities</b>			
Capital expenditure		(18,523,290)	(13,246,231)
Acquisition of intangible assets		(1,024,319)	(193,144)
Proceeds from disposal of property, plant and equipment		2,819,801	2,596,768
Addition to contract costs		(3,008,497)	(2,810,680)
Investment in Pak Telecom Mobile Limited		(18,500,000)	(13,000,000)
Investment in U Microfinance Bank Limited		-	(1,000,000)
Long term loans and advances		(6,258,371)	(40,616)
Return on long term loan to subsidiaries		3,053,209	653,099
Long term loan to subsidiary - Pak Telecom Mobile Limited		(8,000,000)	(4,000,000)
Repayment of subsidiary loans - Pak Telecom Mobile Limited		1,500,000	1,250,000
Repayment of subsidiary loans - U Microfinance Bank Limited		-	1,000,000
Dividend income - U Microfinance Bank Limited		443,743	195,286
Return on short term investments and bank deposit		199,255	117,372
Government grants received		1,216,634	6,767,876
<b>Net cash used in investing activities</b>		<b>(46,081,835)</b>	<b>(21,710,270)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(496)	(433)
Long term loan from banks		21,500,000	11,000,000
Finance cost paid		(5,438,147)	(353,595)
Lease liabilities		(542,614)	(307,631)
<b>Net cash from financing activities</b>		<b>15,518,743</b>	<b>10,338,341</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(11,583,533)</b>	<b>(2,238,405)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>5,592,373</b>	<b>2,556,154</b>
<b>Cash and cash equivalents at the end of the period</b>	17	<b>(5,991,160)</b>	<b>317,749</b>

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



Chief Financial Officer



President & CEO



Chairman

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Issued, subscribed and paid-up capital			Revenue reserves		Total
	Class "A"	Class "B"	General reserve	Unappropriated profit		
	(Rupees in '000)					
<b>Balance as at December 31, 2021</b>	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
<b>Total comprehensive income for the nine months period ended</b>						
Profit for the period ended September 30, 2022	-	-	-	8,226,847		8,226,847
Other comprehensive income for the period	-	-	-	-		-
<b>Balance as at September 30, 2022</b>	37,740,000	13,260,000	27,497,072	28,513,718		107,010,790
<b>Total comprehensive income for the three months period ended</b>						
Profit for the period ended December 31, 2022	-	-	-	826,537		826,537
Other comprehensive income for the period	-	-	-	216,702		216,702
<b>Balance as at December 31, 2022</b>	37,740,000	13,260,000	27,497,072	29,556,957		108,054,029
<b>Total comprehensive income for the nine months period ended</b>						
Profit for the period ended September 30, 2023	-	-	-	7,642,068		7,642,068
Other comprehensive income for the period	-	-	-	-		-
<b>Balance as at September 30, 2023</b>	37,740,000	13,260,000	27,497,072	37,199,025		115,696,097

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

Chief Financial Officer

President & CEO

Chairman

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

## FOR THE NINE MONTHS ENDED SEPTEMBER 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 NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
<b>6. LONG TERM LOANS FROM BANKS</b>			
MCB Bank Ltd		11,000,000	11,000,000
Habib Bank Ltd		33,000,000	11,500,000
Less: transaction costs		(212,432)	(120,019)
		43,787,568	22,379,981
Accrued Interest		90,345	68,386
		43,877,913	22,448,367
Current portion of long term loans from banks		(90,345)	(68,386)
		43,787,568	22,379,981
<b>7. TRADE AND OTHER PAYABLES</b>			
Trade creditors		18,274,729	17,961,115
Accrued and other liabilities	7.1	40,645,062	36,715,513
Technical services assistance fee	7.2	39,884,346	35,656,357
Advances from customers / contract liabilities		7,246,863	8,156,078
Retention money / payable to contractors and suppliers		8,568,665	7,666,471
Payable to subsidiaries on account of group taxation		16,032,624	16,032,624
Sales tax payable		1,933,939	2,057,179
Income tax collected / deducted at source		398,432	687,254
		132,984,660	124,932,591
<b>7.1 Accrued and other liabilities</b>			
Accrued liability for operational expenses		11,727,434	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		13,305,164	12,183,134
Accrued wages		2,541,514	2,451,585
Others		960,147	718,456
		40,645,062	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. 15,600,000 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 0.15% to 0.50% (December 31, 2022: 0.2% to 1.5% ) per annum.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	9.1	120,414,355	114,100,867
Capital work-in-progress	9.3	17,046,054	17,388,774
		137,460,409	131,489,641

	Note	September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>9.1 Operating fixed assets</b>			
Opening net book value		114,100,867	107,937,650
Additions during nine months period	9.2	18,866,021	10,160,463
		132,966,888	118,098,113
Disposals during the period - at net book value		(46,494)	(44,531)
Depreciation charge for the period		(12,506,039)	(11,686,549)
		(12,552,533)	(11,731,080)
Closing net book value		120,414,355	106,367,033

### 9.2 Detail of additions during the period:

Buildings on freehold land	234,866	87,473
Buildings on leasehold land	59,689	9,006
Lines and wires	9,241,461	4,161,077
Apparatus, plant and equipment	8,393,088	5,318,935
Office equipment	346,029	253,691
Computer equipment	35,414	142,534
Furniture and fittings	36,910	22,735
Vehicles	159,948	91,373
Passive and allied equipment	7,058	-
Submarine cables	351,558	73,639
	18,866,021	10,160,463

**9.3** Additions to CWIP during the nine months period ended September 30, 2023 were Rs 19,505,510 thousand (September 30, 2022: Rs 13,222,176 thousand).

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
<b>10. LONG TERM LOANS AND ADVANCES</b>			
Loans to PTML - unsecured		21,375,001	15,250,000
Loans to Ubank - unsecured		1,200,000	1,200,000
Loans to employees - secured		740,861	803,813
Advances to vendors		9,060,269	2,748,436
Others		202,971	179,047
		32,579,102	20,181,295
<b>11. TRADE DEBTS AND CONTRACT ASSETS</b>			
Trade debts		54,494,732	42,041,582
Contract assets		5,783,689	5,349,060
		60,278,421	47,390,642
Allowance for expected credit loss		(8,362,865)	(8,097,166)
		51,915,556	39,293,476
<b>12. CASH AND BANK BALANCES</b>			
Cash in hand		297,926	367,188
Balances with banks:	12.1		
Deposit accounts local currency		784,061	877,538
Current accounts			
Local currency		1,331,093	988,975
Foreign currency		6,194,117	3,451,254
		7,525,210	4,440,229
		8,607,197	5,684,955

**12.1** Bank balance includes Rs 1,196 thousand (December 31, 2022: Rs 862 thousand) carrying profit at the rate of 11% (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 44,085,388 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 NINE MONTHS ENDED SEPTEMBER 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.

	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
<b>13.4 Bank guarantee and bid bonds issued in favour of :</b>		
Universal Service Fund (USF) against government grants	8,803,191	9,195,921
Others	2,254,952	2,362,885
	11,058,143	11,558,806
Corporate guarantee in favour of PTML	60,644,208	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 NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
<b>13.5 Commitments</b>		
Contracts for capital expenditure	14,917,138	8,850,046
Letter of comforts in favour of PTML	3,500,000	3,500,000
	18,417,138	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.

	Nine months ended	
	September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>Revenue segments</b>		
Broadband and IPTV	30,262,470	26,036,078
Voice services	6,212,562	6,810,841
Wireless data	1,282,792	1,629,162
<b>Revenue from retail customers</b>	37,757,824	34,476,081
Corporate and wholesale	26,089,102	20,064,068
International	7,762,053	6,584,966
<b>Total revenue</b>	71,608,979	61,125,115

**14.1** Revenue is stated net of trade discount amounting to Rs 28,523 thousand (September 30, 2022: Rs 41,390 thousand) and Federal Excise Duty and sales tax amounting to Rs 10,671,682 thousand (September 30, 2022: Rs 10,057,960 thousand).

		Nine months ended	
		September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>15. OTHER INCOME</b>			
Income from financial assets	15.1	8,815,139	4,698,878
Income from non-financial assets		5,769,815	5,135,837
		14,584,954	9,834,715

**15.1** Income from financial assets include Rs 63 thousand (September 30, 2022: Rs 82 thousand) earned from Shariah arrangements.

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Nine months ended	
	September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>16. CASH GENERATED FROM OPERATIONS</b>		
Profit before tax	12,153,120	12,278,863
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	12,506,039	11,686,549
Amortization of intangible assets	626,344	462,183
Depreciation of right of use assets	583,051	381,551
Amortization of contract costs	2,977,712	2,765,217
Provision for obsolete stores and spares	(9,636)	(9,890)
Impairment loss on trade debts and contract assets	1,301,832	1,222,010
Provision for employees retirement benefits	3,797,261	3,145,012
Gain on disposal of property, plant and equipment	(2,773,307)	(2,552,237)
Return on bank deposits	(164,438)	(108,436)
Imputed interest on long term loans	10,989	(3,763)
Imputed interest on lease liabilities	116,297	125,379
Return on long term loan to subsidiaries	(3,520,672)	(966,074)
Interest on long term loans from banks	5,460,106	402,959
Unearned revenue realised	(126,805)	(105,355)
Dividend Income from subsidiary	(443,743)	(195,286)
Release of deferred government grants	(402,483)	(1,063,578)
Exchange gain	(3,683,513)	(2,786,097)
	28,408,154	24,679,007
Effect on cash flows due to working capital changes:		
Decrease/(Increase) in current assets:		
Stores and spares	(1,240,886)	(3,274,846)
Trade debts and contract assets	(10,240,398)	(9,450,150)
Loans and advances	17,606	(1,366,230)
Prepayments and other receivables	(2,710,699)	(4,067,591)
	(14,174,377)	(18,158,817)
Increase in current liabilities:		
Trade and other payables	7,802,591	5,487,628
Security deposits	7,325	4,467
	22,043,693	12,012,285
<b>17. CASH AND CASH EQUIVALENTS</b>		
Short term running finance	(14,598,357)	(3,427,804)
Cash and bank balances	8,607,197	3,745,553
	(5,991,160)	317,749

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

		Nine months ended	
		September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>			
Relationship with the Company	Nature of transaction		
i. Shareholders	Technical services assistance fee - note 18.1	2,339,551	2,223,728
ii. Subsidiaries	Sale of goods and services	4,705,624	4,103,823
	Purchase of goods and services	1,946,156	1,999,932
	Mark up on loans	3,520,502	977,161
	Dividend income	443,743	195,286
	Long term investment in subsidiary	18,500,000	14,000,000
	Long term loan to subsidiary	8,000,000	4,000,000
	Repayment of long term loans from subsidiary	1,500,000	1,250,000
iii. Associated undertakings	Sale of goods and services	6,646,757	4,570,580
	Purchase of goods and services	735,595	459,948
iv. Employees contribution plan	PTCL Employees GPF Trust - net	2,002	19,006
v. Employees retirement benefit plan	Contribution to the plan- Gratuity	105,339	308,994
vi. Other related parties	Charge under license obligations	1,866,076	1,522,151
vii. Directors, Chief Executive and Key management personnel	Fee and remuneration including benefits and perquisites	814,052	733,960
		September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Audited) Rs '000
<b>Period / year-end balances</b>			
<b>Receivables from related parties</b>			
	Long term loans to subsidiaries	24,950,000	18,450,000
	Trade debts		
	- Subsidiaries	42,482	156,969
	- Associated undertakings	35,384,760	25,806,922
	Other receivables		
	- Subsidiaries	17,265,556	14,346,087
	- Associated undertakings	71,305	71,305
	- Pakistan Telecommunication Employees Trust (PTET)	15,694	15,366
	- Long term loans to executives and key management personnel	15,919	34,174
	Bank deposit with subsidiary	1,260	580,797
	Pakistan Telecommunication Employees Trust (PTET)	2,745,228	3,189,002
	Pakistan Telecommunication Company Limited Employees Gratuity Fund	-	30,260
<b>Payables to related parties</b>			
	Trade creditors		
	- Subsidiaries	1,786,868	1,627,963
	- Associated undertakings	3,405,437	2,327,261
	- The Government of Pakistan related entities	1,564,366	1,732,806
	Payable to subsidiaries on account of group taxation	16,032,624	16,032,624
	PTCL Employee GPF Trust	40,608	38,606
	Security deposits from subsidiary	3,623	3,623
	Retention money payable to associated undertakings	899	2,940
	Technical services assistance fee payable to Etisalat	39,884,346	35,656,357
	Pakistan Telecommunication Company Limited Employees Gratuity Fund	83,950	-

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

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
<b>As at September 30, 2023</b>					
Trade debts and contract assets	37,960,604	(1,066,496)	36,894,108	15,021,448	51,915,556
Trade creditors	(2,112,835)	1,066,496	(1,046,339)	19,321,068	18,274,729
<b>As at December 31, 2022</b>					
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. CORRESPONDING FIGURES

Prior year figure have been re-arranged, wherever necessary, for better presentation and comparison. Reclassification of corresponding figures of the financial statements is given below:

Reclassification from	Reclassification to	Rs '000
Current assets	Non-current assets	
Loans and advances	Long term loans and advances	2,748,436

## 21. 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.

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

22.1 This condensed interim financial statements for the nine months period ended September 30, 2023 were authorized for issue by the Board of Directors of the Company on October 17, 2023.



Chief Financial Officer



President & CEO



Chairman





**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2023 (UN-AUDITED)**

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION


AS AT SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Restated) 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 loss		(14,417,323)	(5,134,142)
		13,079,749	22,362,930
Statutory and other reserves		1,351,802	1,351,802
Unrealized gain / (loss) on investments measured at fair value through OCI		11,380	(2,015)
		65,442,931	74,712,717
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term loans from banks		99,527,816	78,260,607
Subordinated debt		20,899	448,980
Deposits from banking customers		1,318,263	1,273,020
Lease liabilities		10,667,818	13,442,256
Employees retirement benefits		31,423,620	29,360,928
Deferred government grants		32,396,128	29,362,359
Advances from customers		1,715,715	1,899,388
License fee payable		11,687,306	13,604,960
Long term vendor liability		54,427,031	43,919,757
		243,184,596	211,572,255
<b>Current liabilities</b>			
Trade and other payables	6	131,057,194	122,541,819
Deposits from banking customers		102,026,091	90,910,070
Interest accrued		3,794,661	1,916,674
Short term running finance		49,973,616	40,799,207
Current portion of:			
Long term loans from banks		10,293,770	46,637,709
Repo Borrowing		4,462,350	29,537,082
Subordinated debt		278,501	120
Lease liabilities		4,102,717	4,476,012
Long term vendor liability		12,984,407	15,915,561
License fee payable		126,195	164,459
Security deposits		1,445,566	1,531,698
Unpaid / unclaimed dividend		209,317	209,814
		320,754,385	354,640,225
<b>Total equity and liabilities</b>		<b>629,381,912</b>	<b>640,925,197</b>

## Contingencies and commitments

11

The annexed notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.



Chief Financial Officer



President & CEO



Chairman

	Note	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Restated) Rs '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	247,647,842	230,063,134
Right of use assets		13,663,304	16,468,843
Intangible assets		60,091,011	64,167,468
		321,402,157	310,699,445
Long term investments		51,427	51,427
Long term loans and advances		10,782,013	3,731,296
Long term loans to banking customers		12,070,889	11,686,315
Deferred income tax		17,533,803	9,114,125
Contract costs		829,532	762,364
		362,669,821	336,044,972
<b>Current assets</b>			
Stock in trade, stores and spares		9,967,371	8,618,963
Trade debts and contract assets	8	54,992,956	41,375,661
Loans to banking customers		70,041,146	43,922,983
Loans and advances		3,306,070	3,530,222
Contract costs		3,606,755	3,138,112
Income tax recoverable		30,590,905	28,736,568
Receivable from the Government of Pakistan		2,164,072	2,164,072
Deposits, prepayments and other receivables		11,732,540	12,948,042
Short term investments	9	61,433,925	143,912,508
Cash and bank balances	10	18,876,351	16,533,094
		266,712,091	304,880,225
<b>Total assets</b>		<b>629,381,912</b>	<b>640,925,197</b>

**Chief Financial Officer**

**President & CEO**

**Chairman**

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	Three months ended		Nine months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		Rs '000	Rs '000	Rs '000	Rs '000
Revenue	12	48,640,148	38,818,576	139,592,496	110,539,807
Cost of services		(38,802,983)	(31,252,791)	(111,089,680)	(87,425,731)
<b>Gross profit</b>		9,837,165	7,565,785	28,502,816	23,114,076
Administrative and general expenses		(6,626,539)	(5,263,077)	(18,248,936)	(14,746,693)
Selling and marketing expenses		(2,722,442)	(2,073,918)	(7,571,562)	(6,267,646)
Impairment loss on financial assets		3,179,660	22,720	1,095,072	(1,035,637)
		(6,169,321)	(7,314,275)	(24,725,426)	(22,049,976)
Operating profit		3,667,844	251,510	3,777,390	1,064,100
Other income	13	6,393,069	5,023,823	27,074,534	15,010,352
Finance costs		(12,023,674)	(9,340,755)	(43,491,201)	(24,821,009)
Loss before tax		(1,962,761)	(4,065,422)	(12,639,277)	(8,746,557)
Income tax		1,198,706	1,493,285	3,356,095	3,117,601
<b>Loss for the period</b>		(764,055)	(2,572,137)	(9,283,182)	(5,628,956)

The annexed notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.



Chief Financial Officer



President & CEO



Chairman

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Three months ended		Nine months ended	
	September 30, 2023 Rs '000	September 30, 2022 Rs '000	September 30, 2023 Rs '000	September 30, 2022 Rs '000
Loss for the period	(764,055)	(2,572,137)	(9,283,182)	(5,628,956)
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:				
Gain on revaluation of assets	89,566	91,172	89,566	116,657
Gain / (loss) on revaluation of assets transferred to profit or loss	161,533	410,681	(67,607)	276,216
Tax effect	(98,109)	(145,537)	(8,564)	(113,933)
	152,990	356,316	13,395	278,940
Other comprehensive income for the period - net of tax	152,990	359,322	13,395	281,946
<b>Total comprehensive loss for the period</b>	<b>(611,065)</b>	<b>(2,212,815)</b>	<b>(9,269,787)</b>	<b>(5,347,010)</b>

The annexed notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.

**Chief Financial Officer**

**President & CEO**

**Chairman**

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	Nine months ended	
		September 30, 2023 Rs '000	September 30, 2022 Rs '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	20,744,300	20,015,265
Employees retirement benefits paid		(1,395,034)	(1,948,222)
Income tax paid		(6,909,356)	(3,910,678)
<b>Net cash inflow from operating activities</b>		<b>12,439,910</b>	<b>14,156,365</b>
<b>Cash flows from investing activities</b>			
Capital expenditure		(39,948,363)	(28,865,194)
Acquisition of intangible assets		(1,319,787)	(392,034)
Proceeds from disposal of property, plant and equipment		2,947,480	2,734,193
Additions to contract costs		(5,144,342)	(4,223,565)
Short term investments		82,478,583	(5,530,489)
Long term loans and advances		(7,061,706)	(64,976)
Government grants received		4,646,332	9,250,823
Return on long term loans and short term investments		14,314,975	4,872,632
<b>Net cash outflow from investing activities</b>		<b>50,913,172</b>	<b>(22,218,610)</b>
<b>Cash flows from financing activities</b>			
Loan from banks - proceeds		20,000,000	15,000,000
Loan from banks - repayments		(12,371,350)	(6,120,787)
Borrowings - Ubank (net)		(47,780,112)	(1,889,872)
Subordinated debt - proceeds		-	1,000,120
Subordinated debt - repayments		(149,700)	(240)
Vendor liability		7,576,120	6,994,856
License fee payable		(1,955,918)	-
Finance cost paid		(41,291,516)	(29,369,111)
Customers deposits		11,161,264	16,939,696
Lease liabilities		(5,372,525)	(3,191,290)
Dividend paid		(497)	(433)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(70,184,234)</b>	<b>(637,061)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(6,831,152)</b>	<b>(8,699,306)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(24,266,113)</b>	<b>5,992,387</b>
<b>Cash and cash equivalents at the end of the period</b>	15	<b>(31,097,265)</b>	<b>(2,706,919)</b>

The annexed notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.



Chief Financial Officer



President & CEO



Chairman

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 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)						
<b>Balance as at December 31, 2021</b>	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)
<b>Adjusted balance as at January 01, 2022</b>	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							
Loss for the nine months period ended September 30, 2022				(5,628,956)			(5,628,956)
Other comprehensive income				3,006		278,940	281,946
				(5,625,950)		278,940	(5,347,010)
<b>Balance as at September 30, 2022</b>	37,740,000	13,260,000	27,497,072	(130,520)	789,313	(9,690)	79,146,175
Loss for the three months period ended December 31, 2022				(2,159,626)			(2,159,626)
Other comprehensive income				180,540		7,675	188,215
				(1,979,086)		7,675	(1,971,411)
Transfer to statutory and other reserves				(562,489)	562,489		
<b>Balance as at December 31, 2022</b>	37,740,000	13,260,000	27,497,072	(2,672,095)	1,351,802	(2,015)	77,174,764
Impact of changes in IFRS-9 adjustments - Ubank				(2,462,046)			(2,462,046)
<b>Adjusted balance as at January 01, 2023</b>	37,740,000	13,260,000	27,497,072	(5,134,141)	1,351,802	(2,015)	74,712,718
Total comprehensive income for the period							
Loss for the nine months period ended September 30, 2023				(9,283,182)			(9,283,182)
Other comprehensive income				-		13,395	13,395
				(9,283,182)		13,395	(9,269,787)
<b>Balance as at September 30, 2023</b>	37,740,000	13,260,000	27,497,072	(14,417,323)	1,351,802	11,380	65,442,931

The annexed notes 1 to 23 are an integral part of these condensed consolidated interim financial statements.

Chief Financial Officer

President & CEO

Chairman

# NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 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
- 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.



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

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.

As of the date of approval of these condensed consolidated interim financial statements, an exercise to review the computation of allowance for expected credit loss on loans and advances of Ubank is in progress and any adjustments which might be required upon conclusion of that exercise will be incorporated in the financial statements for the period in which such exercise is completed in accordance with requirements of applicable financial reporting framework. The financial impact has not been quantified as yet since the exercise is in progress and may impact the carrying amounts primarily of loans & advances, allowance for expected credit loss, retained earnings and statement of comprehensive income for the current and prior periods.

### 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	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Restated) Rs '000
<b>6. TRADE AND OTHER PAYABLES</b>			
Trade creditors		17,643,891	19,612,606
Accrued and other liabilities	6.1	50,930,984	44,734,225
Technical services assistance fee		39,884,346	35,656,357
Advances from customers / contract liabilities		11,489,892	11,798,257
Retention money / payable to contractors and suppliers		8,568,665	7,666,471
Income tax collected from subscribers / deducted at source		605,476	1,070,965
Sales tax payable		1,933,940	2,002,938
		131,057,194	122,541,819

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

Note	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Restated) Rs '000
<b>6.1 Accrued and other liabilities</b>		
Accrued liability for operational expenses	18,594,471	14,273,957
Amount withheld on account of provincial levies (Sub-judice) for ICH operations	12,110,803	12,110,803
Accrual for Government / regulatory expenses	14,895,992	14,093,258
Accrued wages	3,589,486	2,683,288
Others	1,740,232	1,572,919
	50,930,984	44,734,225

### 7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1	207,629,963	201,507,607
Capital work-in-progress	7.3	40,017,879	28,555,527
		247,647,842	230,063,134

Note	September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>7.1 Operating fixed assets</b>		
Opening net book value	201,507,607	177,451,353
Additions during the period	7.2	28,486,011
		229,993,618
Disposals during the period - at net book value	(146,878)	(139,715)
Depreciation for the period	(22,216,777)	(21,004,221)
	(22,363,655)	(21,143,936)
Closing net book value	207,629,963	185,622,702

### 7.2 Detail of additions during the period:

Buildings on freehold land	234,866	87,473
Buildings on leasehold land	59,689	9,006
Lines and wires	9,241,461	4,161,077
Apparatus, plant and equipment	16,761,386	23,419,766
Office equipment	1,029,610	524,208
Computer equipment	486,762	895,389
Furniture and fittings	147,636	53,354
Vehicles	165,985	91,373
Passive and allied equipment	7,058	-
Submarine cables	351,558	73,639
	28,486,011	29,315,285

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

**7.3** Additions to CWIP during the nine months period ended September 30, 2023 were Rs 40,018,235 thousand (September 30, 2022: Rs 28,745,386 thousand).

	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Restated) Rs '000
<b>8. TRADE DEBTS AND CONTRACT ASSETS</b>		
Trade debts	57,798,970	44,300,050
Contract assets	6,027,009	5,592,380
	63,825,979	49,892,430
Allowance for expected credit loss	(8,833,023)	(8,516,769)
	54,992,956	41,375,661
<b>9. SHORT TERM INVESTMENTS</b>		
Amortized cost		
Lending to Financial Institution	763,902	6,581,567
Pakistan Investment Bonds (PIBs)		
- Maturity upto 6 months	48,532,567	5,690,878
	49,296,469	12,272,445
Fair value through Profit or Loss		
Mutual Funds	6,996,601	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	-	2,268,757
	6,996,601	95,687,296
Fair value through Other Comprehensive Income		
Pakistan Investment Bonds (PIBs)		
- Maturity upto 6 months	-	-
Term Finance Certificates	-	-
Market treasury bills - Maturity upto 6 months	-	34,442,206
Sukus	5,140,855	1,510,561
	5,140,855	35,952,767
	61,433,925	143,912,508

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

	Note	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Restated) Rs '000
<b>10. CASH AND BANK BALANCES</b>			
Cash in hand		2,229,898	2,116,029
Balances with banks:	10.1		
Local currency			
Current account maintained with SBP		4,711,671	5,721,518
Current accounts		3,282,813	1,676,399
Saving accounts		941,987	2,602,716
		8,936,471	10,000,633
Foreign currency			
Current accounts		6,194,117	3,451,254
Saving accounts		1,515,865	965,178
		7,709,982	4,416,432
		18,876,351	16,533,094

**10.1** Bank balance includes Rs 1,196 thousand (December 31, 2022: Rs 862 thousand) carrying profit at the rate of 11% (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 44,085,388 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 NINE MONTHS ENDED SEPTEMBER 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	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Restated) Rs '000
<b>11.4 Bank guarantees and bid bonds of Group issued in favor of:</b>		
Universal Service Fund (USF) against government grants Pakistan Telecommunication Authority against 3G and 2G Licenses	19,554,592	20,160,942
Others	4,603,814	3,622,895
11.4.1	2,287,705	2,404,712
	26,446,111	26,188,549
Corporate guarantee in favour of PTML	60,644,208	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).

	September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Restated) Rs '000
<b>11.5 Commitments - Group</b>		
Standby Letter of Guarantee	18,000	12,800
Letters of credit for purchase of stock	471,086	721,799
Letters of comfort in favour of PTML	3,500,000	3,500,000
Commitments for capital expenditure	49,353,839	21,979,149
	53,342,925	26,213,748

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 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.

	Nine months ended	
	September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>Revenue segments</b>		
Broadband and IPTV	30,262,470	26,036,078
Cellular and other wireless services	46,726,659	39,731,478
Voice services	6,212,562	6,810,841
<b>Revenue from retail customers</b>	83,201,691	72,578,397
Corporate and wholesale	28,308,434	19,855,991
International	9,239,137	7,656,898
Banking	18,843,234	10,448,521
<b>Total revenue</b>	139,592,496	110,539,807

12.1 Revenue is stated net of trade discount amounting to Rs 1,555,523 thousand (September 30, 2022: Rs 1,276,724 thousand) and Federal excise duty and sales tax amounting to Rs 19,714,682 thousand (September 30, 2022: Rs 17,328,425 thousand).

	Note	Nine months ended	
		September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>13. OTHER INCOME</b>			
Income from financial assets	13.1	19,533,261	8,315,086
Income from non-financial assets		7,541,273	6,695,266
		27,074,534	15,010,352

13.1 Income from financial assets include Rs 63 thousand (September 30, 2022: Rs 82 thousand) earned from Shariah arrangements.

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

	Nine months ended	
	September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>14. CASH GENERATED FROM OPERATIONS</b>		
Loss before tax	(12,639,277)	(8,746,557)
Adjustments for non-cash charges and other items:		
Depreciation of property, plant and equipment	22,216,777	21,004,221
Amortization of intangible assets	5,396,244	5,238,989
Amortization of contract costs	4,608,531	4,154,614
Depreciation of right of use assets	4,719,622	3,159,614
Impairment loss on trade debts and contract assets	1,352,389	1,223,964
Impairment loss on non performing loans to banking customers	1,149,548	188,327
Provision for obsolete stores, spares and loose tools	(9,636)	(9,890)
Provision for employees retirement benefits	3,953,909	3,252,196
Imputed interest on long term loans	10,989	(3,763)
Imputed interest on lease liabilities	310,709	131,225
Unearned revenue realized	(126,805)	(105,355)
Gain on disposal of property, plant and equipment	(2,800,602)	(2,594,478)
Gain on disposal of investments measured at fair value	(67,608)	(116,656)
Return on bank deposits and Government securities	(14,275,920)	(4,624,353)
Release of deferred government grants	(1,612,563)	(2,013,415)
Finance costs	43,169,503	24,693,547
	55,355,810	44,832,230
Effect on cash flows due to working capital changes:		
(Increase) / decrease in current assets:		
Stock in trade, stores and spares	(1,338,772)	(3,890,410)
Trade debts and contract assets	(14,969,684)	(10,631,361)
Loans to banking customers	(27,652,285)	(21,861,527)
Loans and advances	224,152	(1,342,773)
Deposits, prepayments and other receivables	752,703	8,964,140
	(42,983,886)	(28,761,931)
Increase / (decrease) in current liabilities:		
Trade and other payables	8,458,508	3,855,827
Security deposits	(86,132)	89,139
	8,372,376	3,944,966
	20,744,300	20,015,265

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

	Nine months ended	
	September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>15. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	18,876,351	13,527,413
Short term running finance	(49,973,616)	(16,234,332)
	(31,097,265)	(2,706,919)

### 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:

	Wireline	Wireless	Banking	Total
	Rs '000	Rs '000	Rs '000	Rs '000
<b>Nine months ended September 30, 2023</b>				
Segment revenue	70,326,187	56,128,818	18,843,567	145,298,572
Inter segment revenue	(4,796,430)	(909,313)	(333)	(5,706,076)
Revenue from external customers	65,529,757	55,219,505	18,843,234	139,592,496
Segment results	7,489,227	(19,594,106)	2,821,697	(9,283,182)
<b>Nine months ended September 30, 2022</b>				
Segment revenue	59,495,953	45,767,891	10,449,155	115,712,999
Inter segment revenue	(4,103,823)	(1,068,735)	(634)	(5,173,192)
Revenue from external customers	55,392,130	44,699,156	10,448,521	110,539,807
Segment results	7,980,042	(14,653,091)	1,044,093	(5,628,956)
	Wireline	Wireless	Banking	Total
	Rs '000	Rs '000	Rs '000	Rs '000
<b>As at September 30, 2023</b>				
Segment assets	246,468,689	216,868,928	166,044,295	629,381,912
Segment liabilities	220,331,852	187,168,149	156,438,980	563,938,981
<b>As at December 31, 2022</b>				
Segment assets	219,832,894	204,880,573	216,211,730	640,925,197
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 NINE MONTHS ENDED SEPTEMBER 30, 2023 (UN-AUDITED)

			Nine months ended	
			September 30, 2023 (Un-Audited) Rs '000	September 30, 2022 (Un-Audited) Rs '000
<b>17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>				
Relationship with the Group	Nature of transaction			
i. Shareholders	Technical services assistance fee		4,227,989	3,731,304
ii. Associated undertakings	Sale of goods and services		5,283,360	4,798,606
	Purchase of goods and services		2,479,811	741,962
	Prepaid rent		620,521	564,110
iii. Employees	PTCL	Gratuity Fund	105,339	308,994
benefits plans	PTML	Gratuity Fund	88,019	61,339
	U Bank	Gratuity Fund	47,131	47,816
iv. Employees	PTCL	PTCL Employees GPF Trust - net	2,002	19,006
contribution plans	PTML	Provident Fund	-	105,605
	U Bank	Provident Fund	59,746	40,999
v. Other related parties	USF grant received		4,646,332	9,248,876
	PTCL	Charges under license obligation	1,866,076	1,522,151
	PTML	Expenses reimbursed to Pakistan MNP Database (Guarantee) Limited	-	18,000
vi. Directors, Chief Executive and Key Management Personnel	Fee and remuneration including benefits and perquisites		1,392,114	1,065,279
			September 30, 2023 (Un-Audited) Rs '000	December 31, 2022 (Restated) Rs '000
<b>Trade debts</b>				
- Associated undertakings			35,490,942	25,921,970
<b>Deposits, prepayments and other receivables</b>				
- Associated undertakings			71,305	71,305
- Pakistan Telecommunication Employees Trust (PTET)			15,694	15,366
Pakistan Telecommunication Employees Trust (PTET)			2,739,812	3,189,002
Pakistan Telecommunication Company Limited Employees gratuity fund			-	30,260
<b>Long term loans to executives and key management personnel</b>				
		PTCL	15,919	34,174
<b>Trade and other payables</b>				
<b>Trade creditors</b>				
- Associated Undertakings			3,717,114	2,527,935
- The Government of Pakistan and its related entities			1,564,366	1,732,806
Retention money payable to associated undertaking			899	2,940
Technical assistance services fee payable to Etisalat			39,884,346	35,656,357
PTCL Employees GPF Trust			40,608	38,606
Pakistan Telecommunication Company Limited Employees gratuity fund			83,950	-
<b>PTML</b>				
- Gratuity Fund			240,818	152,798
<b>U Bank</b>				
- Gratuity Fund			7,948	[2,376]
- Provident Fund			8,191	[16,733]

### 18. FAIR VALUE ESTIMATION

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

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

## 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 September 30, 2023</b>					
Trade debts and contract assets	39,368,538	(2,111,458)	37,257,080	26,568,899	63,825,979
Trade creditors	(3,416,816)	2,111,458	(1,305,358)	(16,338,533)	(17,643,891)
<b>As at December 31, 2022</b>					
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. IMPACT OF CHANGE IN OPENING RESERVES DUE TO IFRS - 9 RELATED ADJUSTMENTS

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.

	As previously reported Rs '000	Adjustments Rs '000	As Restated Rs '000
<b>Assets</b>			
Long term loans to banking customers	12,705,350		11,686,315
Loans to banking customers - Short term	46,578,644		43,922,983
<b>Loans to banking customers</b>	<b>59,283,994</b>	<b>(3,674,696)</b>	<b>55,609,298</b>
Deferred income tax	7,901,476	1,212,649	9,114,125
Net impact - Assets	67,185,470	(2,462,047)	64,723,423
<b>Retained earnings</b>			
Unappropriated loss	(2,672,095)	(2,462,047)	(5,134,142)
Net impact - Retained earnings	(2,672,095)	(2,462,047)	(5,134,142)

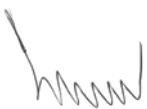
## 22. CORRESPONDING FIGURES

Prior year figure have been re-arranged, wherever necessary, for better presentation and comparison. Reclassification of corresponding figures of the financial statements is given below:

Reclassification from	Reclassification to	Rs '000
Current assets	Non-current assets	
Loans and advances	Long term loans and advances	2,748,436

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

These condensed consolidated interim financial statements for the nine months period ended September 30, 2023 were authorized for issue by the Board of Directors of the Holding Company on October 17, 2023.



Chief Financial Officer



President & CEO



Chairman





Pakistan  
Telecommunication  
Company Limited

PTCL Head Office  
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