



Pak Datacom



3rd Quarter Report
July 2018 to March 2019
(Un-Audited)

PAK DATACOM LIMITED

COMPANY PROFILE

BOARD OF DIRECTORS

1. Mr. Yasir Qadir Chairman
2. Syed Jamal Nasir Chief Executive
3. Mr. Farrukh Ahmad Hamidi
4. Mr. Muhammad Tahir Mushtaq
5. Ms. Ameena Sohail
6. Mr. Basit Waheed
7. Mr. Arshad Rasheed Chaudhary
8. Mr. Muhammad Nehmatullah Toor

AUDIT COMMITTEE

1. Mr. Arshad Rasheed Chaudhary Chairman
2. Mr. Muhammad Nehmatullah Toor
3. Mr. Basit Waheed

HUMAN RESOURCES COMMITTEE

1. Mr. Arshad Rasheed Chaudhary Chairman
2. Mr. Farrukh Ahmad Hamidi
3. Mr. Muhammad Tahir Mushtaq
4. Mr. Basit Waheed

PROCUREMENT COMMITTEE

1. Mr. Yasir Qadir Chairman
2. Mr. Arshad Rasheed Chaudhary

NOMINATION COMMITTEE

1. Mr. Yasir Qadir Chairman
2. Mr. Basit Waheed

CHIEF FINANCIAL OFFICER

Mr. Sanaullah

COMPANY SECRETARY

Mr. Waheed Iqbal

REGISTERED OFFICE

1st Floor, TF Complex, 7-Mauve Area, G-9/4, Islamabad.

HEAD OFFICE

3rd Floor, Umar Plaza, Blue Area, Islamabad. Tel: (051) 2344123, 2344125,
Fax: (051) 2344111

SHARES DEPARTMENT

CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi –
74400. Tel: (92-21) 111-111-500

AUDITORS

KPMG Taseer Hadi & Co., Chartered Accountants, 6th Floor, State Life
Building # 5, Jinnah Avenue, Blue Area, Islamabad.

LEGAL ADVISOR

Kundi & Kundi, Advocates & Legal Consultants, 29, Street # 63, Sector
F-10/3, Islamabad.

DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) presents the Company's financial statements for the nine months period ended on March 31, 2019.

In the first nine months period, PDL earned total revenue of Rs. 623.884 million as compared to Rs. 546.713 million of the corresponding period of last year, an increase of 14.12%, while net profit after tax is Rs. (12.443) million translating into loss per share of Rs. (1.27).

The majority of the special projects are in the process of execution. The management is actively putting all its efforts to deliver the signed projects and is also taking effective measures to enhance the revenue from core business.

The management believes that all these actions along with the dedication and hard work of PDL employees will bring positive results during the coming period. The Board extends their sincerest thanks to regulators, stock exchanges and customers for their trust and committed support for the progress and prosperity of the Company.

The details required under Code of Corporate Governance Regulations 2017 are annexed with this report.

For and on behalf of the Board

Islamabad
April 23, 2019

Arshad Rasheed Chaudry
Director

Syed Jamal Nasir
Chief Executive

Annexure of Directors Report (Information Required under Code of Corporate Governance Regulations 2017).

Composition of the Board

Total No of Directors	8
Male	7
Female	1

Composition:

At present the Board includes:

Category	Name
Executive Director/ Chief Executive	Syed Jamal Nasir
Non-Executive Directors	Mr. Yasir Qadir Mr. Tahir Mushtaq Ms. Ameena Sohail Mr. Muhammad Nehmatullah Toor Mr. Farrukh Ahmad Hamidi Mr. Basit Waheed
Independent Directors	Mr. Arshad Rasheed Chaudhry

Committees of the Board

Audit Committee

- i) Mr. Arshad Rasheed Chaudhary (Chairman)
- ii) Mr. Muhammad Nehmatullah Toor (Member)
- iii) Mr. Basit Waheed (Member)

Human Resource & Remuneration Committee

- i) Mr. Arshad Rasheed (Chairman)
- ii) Mr. Farrukh Ahmad Hamidi (Member)
- iii) Mr. Tahir Mushtaq (Member)
- iv) Mr. Basit Waheed (Member)

Nomination Committee

- i) Mr. Yasir Qadir (Chairman)
- ii) Mr. Basit Waheed (Member)

Procurement Committee

- i) Mr. Yasir Qadir (Chairman)
- ii) Mr. Arshad Rasheed Chaudry (Member)

Director's remuneration

The Company is not paying any remuneration to Non-Executive Directors and Independent Directors except meeting fee i-e PKR 30,000 per meeting.

ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (پی ڈی ایل) کے بورڈ آف ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والی 9 ماہ کی مدت کے مالیاتی گوشوارے پیش کرنے پر انتہائی خوشی محسوس ہو رہی ہے۔

ان 9 ماہ کی مدت کے دوران کمپنی کی کل آمدن 623.884 ملین روپے تھی جبکہ گزشتہ سال اسی مدت کے دوران ہونے والی آمدن 546.713 ملین روپے تھی جو کے 14.12% اضافہ ہے۔ جبکہ اس کا خالص منافع ٹیکس کی ادائیگی کے بعد (12.443) ملین روپے تھا۔ اس عرصہ کے دوران اس کی فی شیئر آمدن (1.27) روپے تھی۔

خصوصی منصوبوں کی اکثریت پر کام جاری و ساری ہے۔ انتظامیہ دستخط شدہ منصوبوں کی تکمیل کے لیے اپنی تمام تر کوششیں بروئے کار لارہی ہے اور اپنے روزمرہ کاروبار کی آمدن میں اضافہ کرنے کے لیے خصوصی اقدامات بھی کر رہی ہے۔

انتظامیہ کو یقین ہے کہ ان تمام اقدامات کے ساتھ ساتھ پی ڈی ایل کے ملازمین کی لگن اور محنت کی بدولت اگلے مدت کے دوران مثبت نتائج سامنے آئیں گے۔ بورڈ کمپنی کی ترقی و خوشحالی کے لیے مقصد اپنے حصص داروں، صارفین، ان کے اعتماد اور مسلسل معاونت کا تہہ دل سے شکر گزار ہے۔ ہم یہ بھی اُمید رکھتے ہیں کہ ہمارے ملازمین جو ہمارا قیمتی اثاثے، انتظامیہ کے مقرر کردہ کاروباری اہداف کو حاصل کرنے کے لیے سخت محنت کریں گے۔

تجارتی نظم و نسق کے قواعد 2017 کے ضابطے کے تحت درکار تفصیلات اس رپورٹ کے ساتھ منسلک ہیں۔

منجانب بورڈ

سید جمال ناصر

چیف ایگزیکٹو

ارشد رشید چودھری

ڈائریکٹر

اسلام آباد

23 اپریل 2019ء

ڈائریکٹرز رپورٹ کا سلسلہ (ضابطہ تجارتی نظم و نسق قواعد 2017ء کے تحت مطلوبہ معلومات)۔

بورڈ کی ترتیب کی درج ذیل ہے:-

ڈائریکٹرز کی کل تعداد	8
مرد	7
خواتین	1

ترتیب:

فی الوقت بورڈ درج ذیل پر مشتمل ہے:-

نام	کمپنی
سید جمال ناصر	ایگزیکٹو ڈائریکٹر/ چیف ایگزیکٹو
جناب یاسر قادر جناب طاہر مشتاق محترمہ مدینہ سہیل جناب محمد نعمت اللہ طور جناب فرخ احمد حامدی جناب باسط وحید	نان ایگزیکٹو ڈائریکٹرز
جناب ارشد رشید چوہدری	آزاد ڈائریکٹر

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

- (i) جناب ارشد رشید چوہدری (چیئر مین)
(ii) جناب محمد نعمت اللہ طور (رکن)
(iii) جناب باسط وحید (رکن)

انسانی وسائل و معاوضہ کمیٹی

- (i) جناب ارشد رشید چوہدری (چیئر مین)
(ii) جناب فرخ احمد حامدی (رکن)
(iii) جناب طاہر مشتاق (رکن)
(iv) جناب باسط وحید (رکن)

نامزدگی کمیٹی

- (i) جناب یاسر قادر (چیئر مین)
(ii) جناب باسط وحید (رکن)

پروکیورمنٹ کمیٹی

- (i) جناب یاسر قادر (چیئر مین)
(ii) جناب ارشد رشید چوہدری (رکن)

ڈائریکٹرز کا معاوضہ

کمپنی نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کو ماسوائے اجلاس فیس مبلغ 30,000 روپے فی اجلاس کے دیگر کوئی معاوضہ ادا نہیں کر رہی ہے۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2019

		Un-audited March 31, 2019	Audited June 30, 2018
	Note	Rupees	
SHARE CAPITAL AND RESERVES			
Share capital		98,010,000	98,010,000
Reserves	4	640,794,090	682,639,902
Total share capital and reserves		<u>738,804,090</u>	<u>780,649,902</u>
LIABILITIES			
Deferred employee benefits		48,036,049	43,636,433
Liability against assets subject to finance lease		9,775,867	12,378,468
Non-current liabilities		<u>57,811,916</u>	<u>56,014,901</u>
CURRENT LIABILITIES			
Customers' deposits		170,856,697	140,433,318
Contract liability		7,320,000	-
Trade and other payables		192,514,019	163,632,587
Current portion of liability against assets subject to finance lease		3,995,205	5,306,597
Unclaimed dividend		9,243,516	10,157,011
Current liabilities		<u>383,929,437</u>	<u>319,529,513</u>
Total liabilities		<u>441,741,353</u>	<u>375,544,414</u>
Total share capital, reserves and liabilities		<u>1,180,545,443</u>	<u>1,156,194,316</u>
CONTINGENCIES AND COMMITMENTS			
	5		
ASSETS			
Property and equipment	6	203,577,887	226,070,394
Intangible assets	7	5,124,000	5,444,250
Deferred taxation		38,119,122	17,243,610
Non-current assets		<u>246,821,009</u>	<u>248,758,254</u>
CURRENT ASSETS			
Trade debts		304,089,508	252,192,359
Contract assets	8	234,267,185	168,907,149
Advances		7,823,807	9,114,973
Trade deposits and short term prepayments		42,480,230	65,262,199
Other receivables		886,937	419,225
Interest accrued		3,479,453	7,719,683
Advance tax		58,537,724	63,889,454
Short term investments		80,000,000	256,000,000
Cash and bank balances		202,159,590	83,931,020
Current assets		<u>933,724,434</u>	<u>907,436,062</u>
Total assets		<u>1,180,545,443</u>	<u>1,156,194,316</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

Sanaullah
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF
PROFIT AND LOSS
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

		(Un-audited)			
		Three months ended		Nine months ended	
		31 March		31 March	
		2019	2018	2019	2018
Note		Rupees			
Revenue	9	180,625,096	138,044,226	623,884,191	546,712,692
Cost of services	10	(148,499,220)	(115,637,783)	(526,119,565)	(438,810,876)
Gross profit		32,125,876	22,406,443	97,764,626	107,901,816
Administrative expenses	11	(82,985,358)	(21,264,065)	(127,884,517)	(70,613,353)
Marketing expenses	12	(7,847,211)	(5,225,865)	(19,613,757)	(17,062,633)
Finance cost		(490,557)	(596,760)	(1,313,245)	(1,512,921)
		(59,197,250)	(4,680,247)	(51,046,893)	18,712,909
Other income		6,131,466	7,919,872	39,848,672	20,360,537
(Loss)/ Profit before taxation		(53,065,784)	3,239,625	(11,198,221)	39,073,446
Taxation		12,845,235	(1,357,274)	(1,244,591)	(13,538,155)
(Loss)/ Profit for the period		(40,220,549)	1,882,351	(12,442,812)	25,535,291
Earning per share - basic and diluted (Rupee)		(4.10)	0.19	(1.27)	2.61

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

Sanaulah
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2019**

	(Un-audited)			
	Three months ended		Nine months ended	
	31 March		31 March	
	2019	2018	2019	2018
	Rupees			
Profit for the period	(40,220,549)	1,882,351	(12,442,812)	25,535,291
Other comprehensive income/ (loss):				
Items that will not be reclassified to profit or loss:				
Remeasurement loss on defined benefit plan	-	-	-	-
Total comprehensive income for the period	(40,220,549)	1,882,351	(12,442,812)	25,535,291

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

Sanullah
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	(Un-audited)	
	31 March	
	2019	2018
	Rupees	
Cash flows from operating activities		
(Loss)/ Profit before taxation	(11,198,221)	39,073,446
<u>Adjustments for:</u>		
Depreciation	27,084,169	29,146,230
Amortization	320,250	320,250
Property, plant and equipment - charged off	12,188	62,828
Gain on disposal of property, plant and equipment	-	(2,862,605)
Provision for doubtful debts	66,375,972	-
Finance cost	1,313,245	1,512,921
Interest income	(8,833,259)	(14,912,449)
Provision for gratuity	11,178,000	10,500,000
Provision for earned leave encashment	4,974,000	4,500,000
	91,226,344	67,340,621
Changes in:		
Trade debts	(107,897,149)	111,405,695
Contract assets	(65,360,036)	(21,231,216)
Advances	(1,508,834)	(920,824)
Deposits and short term prepayments	15,205,997	(59,350,005)
Other receivables	(467,712)	4,675,917
Customers' deposits	30,423,379	10,082,003
Contract liability	7,320,000	-
Trade and other payables	26,703,432	71,256,337
Cash generated from/ (used in) operations	(4,354,579)	183,258,528
Taxes paid	(16,768,373)	(16,976,640)
Gratuity paid	(9,000,000)	(10,750,582)
Leave encashment paid	(574,384)	(7,332,225)
Interest received	13,073,489	14,259,377
Finance cost paid	(1,313,245)	(1,512,921)
	(14,582,513)	(22,312,991)
Net cash from/ (used in) operating activities	(18,937,092)	160,945,537
Cash flows from investing activities		
Capital expenditure	(4,603,850)	(36,031,540)
Proceeds on the disposal of property, plant and equipment	-	3,160,313
(Purchase)/ encashment of investments	176,000,000	2,577,552
Net cash from/ (used in) investing activities	171,396,150	(30,293,675)
Cash flows from financing activities		
Dividend paid	(30,316,495)	(24,404,985)
Payment of finance lease obligation	(3,913,993)	11,861,345
Net cash used in financing activities	(34,230,488)	(12,543,640)
Net increase/ (decrease) in cash and cash equivalents	118,228,570	118,108,222
Cash and cash equivalents at the beginning of the year	83,931,020	282,221,470
Cash and cash equivalents at end of the period	202,159,590	400,329,692

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

Sanaullah
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Rupees		Rupees	
	Share capital	Capital reserve		Revenue reserves
	Issued, subscribed and paid-up	Share premium		General reserve
	Rupees		Total	
Total comprehensive income for the year	98,010,000	586,500,000	114,718,794	799,228,794
Profit for the period	-	-	25,535,291	25,535,291
Other comprehensive income/ (loss)	-	-	-	-
Total comprehensive income for the year	-	-	25,535,291	25,535,291
Transfer to general reserve	-	5,000,000	(5,000,000)	-
Transactions with owners of the company				
Distributions				
Final dividend for the year ended 30 June 2017 (Rs. 2.50 per share)	-	-	(24,502,500)	(24,502,500)
Interim dividend for the year ended 30 June 2018 (Rs. 1.00 per share)	-	-	(9,801,000)	(9,801,000)
	-	-	(34,303,500)	(34,303,500)
Balance as at 31 March 2018 (un-audited)	98,010,000	591,500,000	100,950,585	790,460,585
Balance as at 30 June 2018	98,010,000	591,500,000	91,139,902	780,649,902
Total comprehensive income for the period				
Profit for the period	-	-	(12,442,812)	(12,442,812)
Other comprehensive income/ (loss)	-	-	-	-
Total comprehensive income for the period	-	-	(12,442,812)	(12,442,812)
Transfer to general reserve	-	-	-	-
Transactions with owners of the company				
Distributions				
Final dividend for the year ended 30 June 2018 (Rs. 3.00 per share)	-	-	(29,403,000)	(29,403,000)
Balance as at 31 March 2019 (un-audited)	98,010,000	591,500,000	49,294,090	738,804,090

The annexed notes 1 to 17 form an integral part of this condensed interim financial statements.

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

Sanaulah
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019

1 LEGAL STATUS AND OPERATIONS

The Pak Datacom Limited (the Company), a subsidiary of Telecom Foundation, Pakistan (TF), was incorporated in Pakistan on 13 July 1992 as a private limited Company under the Companies Ordinance, 1984 and was converted into a public limited Company on 26 June 1994. The Company started its commercial activities on 1 July 1994. The Company is listed on Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges).

The registered office of the Company is located at 1st Floor, TF Complex, 7 - Mauve Area, G - 9/4, Islamabad. The objective of the Company is to set up, operate and maintain a network of data communication and to serve the needs of the subscribers against approved tariff charges. The Company is also authorised to carry out any business relating to communication and information technology whether manufacturing or otherwise, that may seem to the Company capable of being conveniently carried on to enhance the value of or render profitable any of the Company's property or rights or which it may be advisable to undertake with a view to improve the profitability of the Company subject to applicable licenses from Pakistan Telecommunication Authority.

2 BASIS OF PREPARATION

These condensed interim financial statements of the Company 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 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 disclosures in these condensed interim financial statements do not include those reported for full annual audited financial statements and should therefore be read in conjunction with the annual audited financial statements for the year ended 30 June 2018.

Comparative statement of financial position is extracted from the annual audited financial statements as of 30 June 2018, whereas comparative statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows are stated from unaudited condensed interim financial statements for the nine months period ended 31 March 2018.

These condensed interim financial statements are unaudited and are being submitted to the members as required under Section 237 of Companies Act, 2017 and Rule Book of Pakistan Stock Exchange Limited.

3 ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these interim financial statements and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2018, except for the change mentioned below:

3.1 IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. IFRS 15 became applicable to the Company on 01 July 2018 and the Company used the modified retrospective approach to adopt the standard. Under this transitional provision, the cumulative effect of initially applying IFRS 15 is recognized on the date of initial application as an adjustment to retained earnings.

The Company has reviewed its revenue stream i.e. setting up, operating and maintaining a network of data communication and underlying contracts with customers and, as result of this review, the adoption of IFRS 15 did not have a material impact on the Company's statement of profit or loss, statement of comprehensive income and financial position.

3.2 IFRS 9 Financial Instruments

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation became effective for annual periods beginning on or after 1 July 2018. However, Securities and Exchange Commission of Pakistan vide S.R.O. 229(I)/2019 dated 14 February 2019 has modified the effective date as "Reporting period/ year ending on or after 30 June 2019". IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

	Un-audited 31 March 2019	Audited 30 June 2018
<u>Rupees</u>		
4 RESERVES		
- Revenue reserves		
General reserve	591,500,000	591,500,000
Unappropriated profit	49,294,090	91,139,902
	<u>640,794,090</u>	<u>682,639,902</u>

5 CONTINGENCIES AND COMMITMENTS

- 5.1 Guarantees issued by the bank on behalf of the Company amounted to Rs. 188.28 million (June 2018: Rs. 194.54 million).
- 5.2 The Company had entered into an agreement with a reseller of satellite bandwidth in Pakistan for provisioning of satellite segment. Due to certain technical issues, the bandwidth was never operational or utilised. Management after appropriate measures for the recovery of advance payments of US\$ 0.64 million referred the matter to the arbitration, which in its award given on 3 May 2012 imposed additional payment of US \$ 0.64 million on the Company. The Company has filed the case in Islamabad High Court against the award, outcome of which is still pending. The Company had made provision against the advance payment of US \$ 0.64 million during the year ended 30 June 2012 as a matter of abandon caution. However the Board and the management is of the opinion that the maximum loss even if the case is decided against the Company will not exceed US\$ 1.27 million. The reseller had also filed a counter claim in the Civil Court, Islamabad for recovery of the Arbitration Award, which has been adjourned sine-die since the matter is already in the Honorable Islamabad High Court. During the year ended 30 June 2018, the case has been transferred from the Honorable Islamabad High Court to Civil Court Islamabad due to pecuniary jurisdiction.

- 5.3 The Company entered into an agreement with a customer for up-linking facility in Pakistan on 1 January 2007. The Company satisfactorily provided services up to 31 January 2012. The services were disconnected on 31 January 2012 based on the customer's request. The Company filed a suit in the Honorable Islamabad Civil Court for recovery of trade debts and the Company has made provision against trade debts amounting to Rs. 6.75 million during the year ended 30 June 2012. Consequent upon decree by the Honorable Civil Court, the Company filed an appeal in the Honorable Islamabad High Court on 17 February 2018. The appeal is in the initial stages and hopefully the expected outcome will be in favour of the Company.
- 5.4 The Company did not withhold tax on dividend amounting to Rs. 0.90 million (June 2018: Rs. 0.90 million) due to exemption available under clause 47B of the second schedule of Income Tax Ordinance 2001. The CIT (Appeals) has upheld the decision of lower authority and appeal for tax year 2012 & 2013 is now pending before the Income Tax Appellate Tribunal (ITAT), Islamabad. The cases are expected to be decided in favour of the Company.
- 5.5 Appeal filed before CIT (Appeals) against the order passed by Deputy Commissioner Inland Revenue u/s 122(1)/122(5) of the Income Tax Ordinance 2001 for the tax year 2012. The case is expected to be decided in favour of the Company.
- 5.6 The Deputy Commissioner Inland Revenue passed the order u/s 161/2015 for tax year 2016 which was challenged before CIT (Appeals). The CIT (Appeals) upheld the decision of lower authority and appeal is pending before the Income Tax Appellate Tribunal (ITAT) Islamabad. The case is expected to be decided in favour of the Company.
- 5.7 Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 11.20 million (June 2018: Rs. 36.75 million).
- 5.8 Letters of credit issued by the Bank on behalf of the Company in ordinary course of the business, outstanding at year end amounted to Rs. 5.32 million (June 2018: Rs. 110.23 million).
- 5.9 All operating (Ijarah) lease payments are under cancellable operating lease arrangements under Shariah/ other arrangements and are due as follows:

		Un-audited 31 March 2019	Audited 30 June 2018
	Note	Rupees	
Not Later than one year		-	398,143
Later than one year but not later than five year		-	-
		-	398,143
6 PROPERTY AND EQUIPMENT			
Property and equipment - Pakistan	6.1	203,381,549	225,838,098
Property and equipment - UAE	6.2	196,338	232,296
		<u>203,577,887</u>	<u>226,070,394</u>
6.1 Property and equipment - Pakistan			
Cost			
Balance at beginning of the period/year		880,953,234	888,953,651
Additions during the period/year		4,603,850	38,991,172
Deletion/disposals during the period/year		(61,182)	(46,991,589)
Balance at end of the period/year		885,495,902	880,953,234
Accumulated depreciation			
Balance at beginning of the period/year		655,115,136	658,648,117
Charge for the period/year		27,048,211	39,637,752
Deletion/disposals during the period/year		(48,994)	(43,170,733)
Balance at end of the period/year		682,114,353	655,115,136
Net book value		<u>203,381,549</u>	<u>225,838,098</u>

	Un-audited 31 March 2019	Audited 30 June 2018
Rupees		
6.2 Property and equipment - UAE		
Cost		
Balance at beginning of the period/year	770,181	770,181
Charge for the period/year	-	-
Deletion/disposals during the period/year	-	-
Balance at end of the period/year	770,181	770,181
Accumulated depreciation		
Balance at beginning of the period/year	537,885	477,337
Charge for the period/year	35,958	60,548
Deletion/disposals during the period/year	-	-
Balance at end of the period/year	573,843	537,885
Net book value	196,338	232,296

Ist charge of Rs. 140 million (June 2018: Rs. 140 million) on fixed assets, present and future current assets of the Company of Rs. 400 million (June 2018: Rs. 400 million) for unfunded facility amounting to Rs. 250 million (June 2018: Rs. 250 million) from M/s Soneri Bank Limited, Islamabad.

	Un-audited 31 March 2019	Audited 30 June 2018
Rupees		
7 INTANGIBLE ASSETS		
Cost		
Balance at beginning of the period/year	11,744,006	11,744,006
Balance at end of the period/year	11,744,006	11,744,006
Accumulated amortisation		
Balance at beginning of the period/year	6,299,756	5,872,756
Charge for the period/year	320,250	427,000
Balance at end of the period/year	6,620,006	6,299,756
Net book value	5,124,000	5,444,250
8 CONTRACT ASSETS		
Unbilled revenue	135,295,812	168,907,149
Prepayments	98,971,373	-
	234,267,185	168,907,149

Note	Three months ended			Nine months ended		
	31 March			31 March		
	2019	2018	2018	2019	2018	2018
	Rupees			Rupees		

9 REVENUE				
CVAS data communication services	170,197,357	126,499,469	477,251,764	405,198,556
Telecom infrastructure services	286,500	864,300	1,743,265	2,861,100
Other projects revenue	10,141,239	10,680,457	144,889,162	138,653,036
9.1	180,625,096	138,044,226	623,884,191	546,712,692

9.1 Revenue is exclusive of sales tax of Rs. 82.23 million (March 2018: Rs. 79.33 million).

Note	Three months ended		Nine months ended	
	31 March		31 March	
	2019	2018	2019	2018
	Rupees		Rupees	
10 COST OF SERVICES				
Channel and local lead rentals	58,269,719	27,607,537	124,290,528	94,878,197
Space segment rentals	25,664,300	23,696,621	79,401,074	67,015,435
Salaries and other benefits 10.1	37,471,194	38,797,155	113,049,436	109,287,028
Repair and maintenance expenses	5,825,544	2,803,235	11,481,209	9,885,090
License fee	858,149	654,103	2,485,959	2,097,517
Depreciation	7,836,049	10,401,491	23,171,581	29,146,230
Amortisation	106,750	106,750	320,250	320,250
Travelling and local conveyance	331,084	1,750,738	1,068,811	3,234,732
Telephone expenses	120,330	86,356	376,018	524,247
Vehicle running expenses	2,932,037	2,739,369	9,159,325	7,762,743
Insurance	430,997	456,330	1,387,918	1,271,718
Entertainment	334,710	280,643	875,970	763,506
Rent, rates and taxes	506,204	929,866	2,969,660	3,410,119
Utilities	643,114	728,296	3,163,599	2,659,714
Operating lease rentals	-	-	-	840,318
Other projects cost	7,169,039	4,499,293	145,342,255	105,714,032
Bad debt expenses	-	-	7,575,972	-
	<u>148,499,220</u>	<u>115,637,783</u>	<u>526,119,565</u>	<u>438,810,876</u>

10.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 10.50 million (March 2018: Rs. 9.75 million).

Note	Three months ended		Nine months ended	
	31 March		31 March	
	2019	2018	2019	2018
	Rupees		Rupees	
11 ADMINISTRATIVE EXPENSES				
Salaries and other benefits 11.1	13,123,390	16,347,315	46,165,237	49,096,750
Travelling and local conveyance	1,633,189	321,035	2,373,443	793,465
Telephone expenses	332,885	218,221	671,964	827,430
Vehicle running expenses	772,494	1,404,281	2,837,959	4,041,768
Insurance	65,901	73,759	207,918	152,830
Depreciation	1,867,936	-	3,355,131	-
Entertainment	288,532	294,719	918,613	979,689
Rent, rates and taxes	1,070,214	972,918	3,016,050	2,741,862
Legal and professional charges	3,596,020	71,136	5,790,675	4,255,771
Printing and stationery	327,165	186,447	1,033,810	1,286,432
Utilities	647,531	304,133	1,513,414	1,352,836
Welfare expenses	-	-	-	4,000,000
Auditors' remuneration	390,000	-	990,000	531,150
Operating lease rentals	70,101	70,101	210,303	553,370
Provision for doubtful debts	58,800,000	-	58,800,000	-
	<u>82,985,358</u>	<u>21,264,065</u>	<u>127,884,517</u>	<u>70,613,353</u>

11.1 Salaries and other benefits include employees' retirement and other service benefits of Rs.4.36 million (March 2018: Rs. 4.05 million) and Directors' remuneration of Rs.5.00 million (March 2018: Rs.5.49 million).

Note	Three months ended		Nine months ended	
	31 March		31 March	
	2019	2018	2019	2018
	Rupees		Rupees	

12 MARKETING EXPENSES

Advertisement and marketing expenses	1,883,052	69,279	2,006,008	854,339
Salaries and other benefits 12.1	4,477,958	4,663,854	14,591,958	14,742,349
Travelling and local conveyance	794,029	143,106	1,083,279	526,943
Telephone expenses	39,188	28,959	95,982	122,873
Vehicle running expenses	369,766	235,993	1,051,560	652,018
Insurance	12,810	14,234	39,673	23,231
Depreciation	223,448	-	557,457	-
Operating lease rentals	46,960	70,440	187,840	140,880
	<u>7,847,211</u>	<u>5,225,865</u>	<u>19,613,757</u>	<u>17,062,633</u>

12.1 Salaries and other benefits include employees' retirement and other service benefits of Rs.1.29 million (March 2018: Rs.1.20 million).

	Three months ended		Nine months ended	
	31 March		31 March	
	2019	2018	2019	2018
	Rupees		Rupees	

13 EARNING PER SHARE (BASIC AND DILUTED)

(Loss)/ Profit for the period	(40,220,549)	1,882,351	(12,442,812)	25,535,291
Average number of shares outstanding during the period	9,801,000	9,801,000	9,801,000	9,801,000
Earnings per share - basic	<u>(4.10)</u>	<u>0.19</u>	<u>(1.27)</u>	<u>2.61</u>

There is no dilutive effect on the earnings per share of the Company.

14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of holding and associated companies, companies with common directorship, directors, key management staff and employees' retirement and other service benefits.

	Nine months ended	
	31 March	
	2019	2018
	Rupees	
Telecom Foundation - Holding Company		
Dividend paid during the period/ year	16,195,059	18,894,236
Donations paid during the period/ year	-	4,000,000
Payments against joint operations during the period/ year	-	1,714,781
TF Technologies (Pvt) Ltd - Subsidiary of Holding Company		
Receivable against consultancy charges at period/ year end	114,500	114,500
Other related parties		
Contribution to gratuity fund	9,000,000	10,750,582
Remuneration of key management personnel	18,560,243	21,667,417

14.1 Salaries and other benefits under note numbers 10, 11 and 12 include remuneration to Directors, Chief Executive and Executives amounting to Rs.7.53 million (March 2018: Rs. 5.30 million). Salaries and other benefits under the same note numbers include salaries and other benefits of the key management personnel amounting to Rs. 18.56 million (March 2018: Rs. 21.67 million). Key

management personnel comprises of Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and General Managers of the Company. Advances to employees include an amount of Rs. 2.20 million (June 2018: Rs. 2.295) paid to Mr. Hussain Raza which will be adjusted against the salary of employee in next year and Rs. 1.45 million (June 2018: Rs. 1.025 million) to Mr. Muhammad Pervaiz for project expenses which will be adjusted against the expenses incurred on behalf of the Company. Both of the advances are unsecured. The Chief Executive and Executives of the Company are also provided Company maintained vehicles for official purpose only.

- 14.2 Salary of Chief Executive Officer includes an amount of Rs. 2.201 (June 2018: Rs. 2.201 million) paid during the year to ex-Managing Director of the Company on account of managerial remuneration and other allowances. The management, on directions of the Board of Directors is pursuing for recovery of these payments as the appointment was withdrawn ab-initio by the Ministry of Information Technology & Telecommunication.

15 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

- 15.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Carrying amount		Fair Value				
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees							
31 March 2019							
Financial assets not measured at fair value							
Contract assets	135,295,812	-	135,295,812	-	-	-	-
Trade debts	304,089,508	-	304,089,508	-	-	-	-
Advances	3,962,537	-	3,962,537	-	-	-	-
Trade deposits and short term prepayments	35,898,206	-	35,898,206	-	-	-	-
Other receivables	886,937	-	886,937	-	-	-	-
Interest accrued	3,479,453	-	3,479,453	-	-	-	-
Short term investments	80,000,000	-	80,000,000	-	-	-	-
Cash and bank balances	202,159,590	-	202,159,590	-	-	-	-
	<u>765,772,043</u>	<u>-</u>	<u>765,772,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Carrying amount			Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees							
Financial liabilities not measured at fair value							
Liability against assets subject to finance lease	-	9,775,867	9,775,867	-	-	-	-
Customers' deposits	-	170,856,697	170,856,697	-	-	-	-
Contract liability	-	7,320,000	7,320,000	-	-	-	-
Trade and other payables	-	140,940,510	140,940,510	-	-	-	-
Current portion of liability against assets subject to finance lease	-	3,995,205	3,995,205	-	-	-	-
	<u>-</u>	<u>332,888,279</u>	<u>332,888,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FAIR VALUE OF FINANCIAL INSTRUMENTS							
30 June 2018							
Financial assets not measured at fair value							
Contract assets	168,907,149	-	168,907,149	-	-	-	-
Trade debts	252,192,359	-	252,192,359	-	-	-	-
Advances	6,314,973	-	6,314,973	-	-	-	-
Trade deposits and short term prepayments	19,826,764	-	19,826,764	-	-	-	-
Other receivables	419,225	-	419,225	-	-	-	-
Interest accrued	7,719,683	-	7,719,683	-	-	-	-
Short term investments	256,000,000	-	256,000,000	-	-	-	-
Cash and bank balances	83,931,020	-	83,931,020	-	-	-	-
	<u>795,311,173</u>	<u>-</u>	<u>795,311,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Liability against assets subject to finance lease	-	12,378,468	12,378,468	-	-	-	-
Customers' deposits	-	140,433,318	140,433,318	-	-	-	-
Trade and other payables	-	115,101,878	115,101,878	-	-	-	-
Current portion of liability against assets subject to finance lease	-	5,306,597	5,306,597	-	-	-	-
	<u>-</u>	<u>273,220,261</u>	<u>273,220,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15.2 The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

16 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on 23 April 2019.

17 GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

Sanaulah
Chief Financial Officer

Notes

Notes



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