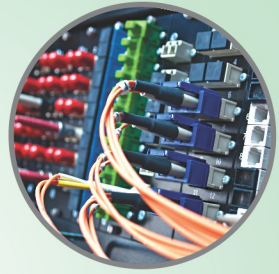




**Pak Datacom**



**PAK DATACOM LIMITED**

## **Condensed Interim Financial Statements**

For the Six Months Period Ended  
December 31, 2019



## COMPANY PROFILE

### BOARD OF DIRECTORS

1. Mr. Zomma Mohiuddin Chairman
2. Syed Jamal Nasir Chief Executive
3. Mr. Farrukh Ahmad Hamidi
4. Engr. Perwaiz Khan
5. Ms. Rubina Safir
6. Syed Junaid Imam
7. Mr. Muhammad Waheed
8. Mr. Arshad Rasheed Chaudhary

### AUDIT COMMITTEE

1. Ms. Rubina Safir Chairperson
2. Mr. Farrukh Ahmad Hamidi
3. Mr. Muhammad Waheed
4. Mr. Arshad Rasheed Chaudhary

### HUMAN RESOURCE & REMUNERATION COMMITTEE

1. Mr. Arshad Rasheed Chaudhary Chairman
2. Mr. Farrukh Ahmad Hamidi
3. Syed Junaid Imam
4. Mr. Muhammad Waheed

### PROCUREMENT COMMITTEE

1. Mr. Zomma Mohaiuddin Chairman
2. Syed Junaid Imam
3. Mr. Muhammad Waheed
4. Mr. Arshad Rasheed Chaudhary

### NOMINATION COMMITTEE

1. Mr. Zomma Mohaiuddin Chairman
2. Syed Junaid Imam
3. Mr. Muhammad Waheed

### CHIEF FINANCIAL OFFICER

Syed Muhammad Asif Makhdoomi

### COMPANY SECRETARY

Mr. Muhammad Naeem Rao

### 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 Shares Registrar Services Limited (CDCSRSL), CDC House, 99-B, Block B,  
S.M.C.H.S., Main Shakra-e-Faisal, Karachi - 74400. Tel: (92-21) 111-111-500

### AUDITORS

A.F. Ferguson & Co. (PwC) Chartered Accountants, 3rd Floor, PIA Building, Fazl-e-Haq  
Road, Block E, G-6/2, Blue Area, Islamabad - 44000.

### 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) is pleased to present to the shareholders, the un-audited condensed interim financial information for the half year ended December 31, 2019.

During the period under review, PDL's revenue was Rs. 388.48 million as compared to Rs. 443.26 million, cost of service was Rs. 309.61 million as compared to Rs. 369.45 million and gross profit of Rs. 78.87 million as compared to Rs. 73.80 million of the corresponding period of last year.

In order to meet current marketing challenges in IT & Telecom business, the Company is always striving hard to enhance its capacity and introduce latest technologies which are not only price competitive but that also meet the existing marketing requirement. Without increasing the product verticals, it is very difficult to generate significant revenue from the existing saturated market segment.

In this way PDL will not only position its resources for different projects but will also open doors for new revenue streams. The most important task for the Company is to further increase the customers satisfaction through its excellent support structure coupled with state of the art technologies and competitive tariffs.

PDL has always taken pride in providing great customer care and state of the art technologies to its clients. Following this policy, the Company will continue to strive to explore new revenue streams.

The Directors of your Company would like to show their appreciation to the shareholders, customers, regulators, and Pakistan Stock Exchange for their continued confidence, trust, and committed support for the progress and prosperity of the Company. The Directors of your Company would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the Company.

**For and on behalf of the Board**

**Islamabad**  
February 25, 2020

**Rubina Safir**  
Director

**Syed Jamal Nasir**  
Chief Executive

## ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (PDL) کے بورڈ آف ڈائریکٹرز کو 31 دسمبر 2019ء کو ختم ہونے والے نصف سال کے لیے غیر آڈٹ شدہ عبوری مالیاتی معلومات اپنے حصص داران کو پیش کرنے پر انتہائی خوشی محسوس کر رہی ہے۔

زیر جائزہ مدت کے دوران PDL کی گزشتہ سال کی آمدنی 443.26 ملین روپے کے مقابلے میں 388.48 ملین روپے تھی، لاگت کے اخراجات 369.45 ملین روپے کے مقابلے میں 309.61 ملین روپے تھے جبکہ گزشتہ سال اسی مدت کے دوران ہونے والے مجموعی منافع 73.80 ملین روپے کے مقابلے میں 78.87 ملین روپے رہا ہے۔

کمپنی انفارمیشن ٹیکنالوجی اور ٹیلی کام کے کاروبار کے موجودہ مارکیٹنگ چیلنجوں سے نمٹنے کے لیے اپنی استعداد کار کو بڑھانے اور جدید ترین ٹیکنالوجیز کو متعارف کرانے کے لیے ہمیشہ کوشاں رہتی ہے۔ یہ ٹیکنالوجیز نہ صرف مسابقتی قیمت کی حامل ہیں بلکہ یہ موجودہ مارکیٹنگ کے تقاضوں کو بھی پورا کرتی ہیں۔ مصنوعات کی عمودی سطح میں اضافہ کیے بغیر موجودہ مارکیٹ سے کوئی اہم آمدن حاصل کرنا بہت مشکل ہے۔

اس طرح PDL نہ صرف اپنے وسائل کو مختلف منصوبوں کے لیے بروئے کار لائی گی بلکہ آمدن کے نئے ذرائع کے لیے بھی دروازے کھولے گی۔ کمپنی کا سب سے اہم کام یہ ہے کہ وہ اپنے بہترین معاون ڈھانچے کے ذریعے صارفین کی اطمینان میں اضافہ کرنے کے ساتھ ساتھ جدید ترین ٹیکنالوجیز اور مسابقتی محصولات کو بھی مد نظر رکھے۔

PDL کو اپنے معزز صارفین کو بہتر نگہداشت اور اپنے کلائنٹس کو جدید ٹیکنالوجیز فراہم کرنے میں ہمیشہ فخر رہا ہے۔ اس پالیسی پر گامزن رہتے ہوئے کمپنی آمدن کے نئے راستے تلاش کرنا، جاری رکھے گی۔

آپ کی کمپنی کے ڈائریکٹرز اپنے حصص داران، صارفین، ریگولیٹرز اور پاکستان اسٹاک ایکسچینج کے شکرگزار ہیں جنہوں نے کمپنی کی ترقی اور خوشحالی کے لیے اپنے بھرپور اعتماد اور معاونت سے ہمیں نوازا۔ آپ کی کمپنی کے ڈائریکٹرز کمپنی کے ملازمین کی طرف سے فراہم کی جانے والی خدمات، کمپنی سے وفاداری اور کوششوں کا بھی اعتراف کرتے ہیں اور امید کرتے ہیں کہ وہ مستقبل میں بھی اسی لگن کے ساتھ کام کرنا جاری رکھیں گے۔

منجانب بورڈ

روبینہ سفیر

ڈائریکٹر

سید جمال ناصر

چیف ایگزیکٹو

اسلام آباد

25 فروری، 2020ء

**INDEPENDENT AUDITORS' REVIEW REPORT  
To the Members of Pak Datacom Limited  
Report on Review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Pak Datacom Limited (the Company) as at December 31, 2019 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for three month period ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2019.

**Scope of Review**

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

**Conclusion**

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

**Emphasis of Matter**

We draw attention to note 11.1.3 to the financial statements which describes the uncertainty relating to outcome of the contingency. Our opinion is not modified in this respect.

**Other Matters**

The financial statements of the Company for the year ended June 30, 2019 were audited by another auditor, KPMG Taseer Hadi & Co Chartered Accountants, whose report dated November 4, 2019 expressed an unmodified opinion thereon. Further, the condensed interim financial statements of the Company for the six month period ended December 31, 2018 were reviewed by the same auditor whose report dated February 27, 2019 expressed an unmodified conclusion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Jehan Zeb Amin.

**A.F. FERGUSON & CO.**  
**Chartered Accountants**  
**Islamabad**  
**Date: February 27, 2020**

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT DECEMBER 31, 2019

	Note	December 31, 2019 Rupees	June 30, 2019 Rupees (Restated)	July 01, 2018 Rupees
<b>NON - CURRENT ASSETS</b>				
Property and equipment	4	186,068,768	197,975,402	226,070,394
Intangible assets	5	4,803,750	5,017,250	5,444,250
Deferred taxation		66,554,870	63,698,700	17,243,610
		257,427,388	266,691,352	248,758,254
<b>CURRENT ASSETS</b>				
Trade debts	6	497,389,241	343,316,340	252,192,359
Contract assets	7	81,319,868	266,371,068	168,907,149
Contract work in progress		38,514,767	30,709,796	-
Advances		14,149,921	17,247,010	9,114,973
Trade deposits and short term prepayments		12,388,451	24,200,280	65,262,199
Other receivables		2,117,325	1,308,939	419,225
Interest accrued		7,054,090	5,060,357	7,719,683
Advance tax		48,437,547	39,073,179	63,889,454
Short term investments		102,000,000	112,000,000	256,000,000
Cash and bank balances	8	231,560,481	205,936,957	83,931,020
		1,034,931,691	1,045,223,926	907,436,062
		1,292,359,079	1,311,915,278	1,156,194,316
<b>SHARE CAPITAL AND RESERVES</b>				
Authorised capital		1,000,000,000	1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	9	98,010,000	98,010,000	98,010,000
Reserves				
General reserve		591,500,000	591,500,000	591,500,000
Unappropriated profits		108,503,388	155,079,498	91,139,902
		798,013,388	844,589,498	780,649,902
<b>NON-CURRENT LIABILITIES</b>				
Deferred employees' benefits		40,665,839	46,051,088	43,636,433
Lease liabilities		4,530,018	6,977,448	12,378,468
		45,195,857	53,028,536	56,014,901
<b>CURRENT LIABILITIES</b>				
Customers' deposits		190,110,819	197,668,959	140,433,318
Contract liability		22,585,863	20,745,841	-
Trade and other payables	10	218,019,584	181,835,414	163,632,587
Provision for taxation		-	-	-
Current portion of lease liabilities		4,765,055	4,819,063	5,306,597
Unclaimed dividend		9,223,272	9,157,842	9,546,448
Unpaid dividend		4,445,241	70,125	610,563
		449,149,834	414,297,244	319,529,513
<b>CONTINGENCIES AND COMMITMENTS</b>				
	11	1,292,359,079	1,311,915,278	1,156,194,316

The annexed notes 1 - 22 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Rubina Safir**  
Director



## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Note	Three months period ended		Six months period ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Rupees	Rupees	Rupees	Rupees
Revenue	12	180,825,731	225,218,710	388,477,105	443,259,095
Cost of services	13	(155,637,048)	(206,653,913)	(309,609,423)	(369,454,811)
<b>Gross profit</b>		<b>25,188,683</b>	<b>18,564,797</b>	<b>78,867,682</b>	<b>73,804,284</b>
Administrative expenses	14	(39,787,843)	(23,420,211)	(64,068,732)	(45,488,721)
Marketing expenses	15	(7,142,937)	(6,719,908)	(12,310,315)	(11,766,546)
Impairment reversal / (loss) on financial assets		376,064	(7,575,972)	261,220	(7,575,972)
Finance cost		(16,313,778)	(390,173)	(16,909,400)	27,273,887
		(37,679,811)	(19,541,467)	(14,159,545)	36,246,932
Other income / (expenses)	16	20,858,250	27,870,514	14,107,624	5,620,631
<b>(Loss) / profit before taxation</b>		<b>(16,821,561)</b>	<b>8,329,047</b>	<b>(51,921)</b>	<b>41,867,563</b>
Taxation		(219,640)	(4,016,201)	(7,320,189)	(14,089,826)
<b>(Loss) / profit for the period</b>		<b>(17,041,201)</b>	<b>4,312,846</b>	<b>(7,372,110)</b>	<b>27,777,737</b>
Earnings per share - basic and diluted		(1.74)	0.44	(0.75)	2.83

The annexed notes 1 - 22 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Rubina Safir**  
Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Three months period ended		Six months period ended	
	December 31, 2019 Rupees	December 31, 2018 Rupees	December 31, 2019 Rupees	December 31, 2018 Rupees
<b>(Loss) / profit for the period</b>	(17,041,201)	4,312,846	(7,372,110)	27,777,737
Other comprehensive (loss) / income	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<u>(17,041,201)</u>	<u>4,312,846</u>	<u>(7,372,110)</u>	<u>27,777,737</u>

The annexed notes 1 - 22 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Rubina Safir**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Share Capital Issued, subscribed and paid-up	Revenue Reserves		Total
		General Reserve	Unappropriated profits	
Rupees				
<b>Balance as at July 1, 2018</b>	98,010,000	591,500,000	91,139,902	780,649,902
Adjustment on initial application of IFRS 9	-	-	(43,542,179)	(43,542,179)
Adjusted balance as at July 1, 2018	98,010,000	591,500,000	47,597,723	737,107,723
<b>Total comprehensive income for the period</b>				
Profit / (loss) for the period	-	-	27,777,737	27,777,737
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income for the period	98,010,000	591,500,000	75,375,460	764,885,460
<b>Transaction with owners of the Company</b>				
Final dividend for the year ended June 30, 2018: Rs. 3.00 per share	-	-	(29,403,000)	(29,403,000)
<b>Balance as at December 31, 2018</b>	98,010,000	591,500,000	45,972,460	735,482,460
Balance as at January 1, 2019	98,010,000	591,500,000	45,972,460	735,482,460
<b>Total comprehensive income for the period</b>				
Profit / (loss) for the period	-	-	60,684,544	60,684,544
Other comprehensive income / (loss)	-	-	8,920,729	8,920,729
Total comprehensive income or (loss) for the period	-	-	69,605,273	69,605,273
<b>Balance as at June 30, 2019</b>	98,010,000	591,500,000	115,577,733	805,087,733
Balance as at July 1, 2019 - as previously reported	98,010,000	591,500,000	115,577,733	805,087,733
Effect of change due to prior year adjustments - note 19			39,501,765	39,501,765
Balance at July 1, 2019 - restated	98,010,000	591,500,000	155,079,498	844,589,498
<b>Total comprehensive income for the period</b>				
Profit / (loss) for the period	-	-	(7,372,110)	(7,372,110)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income or (loss) for the period	-	-	(7,372,110)	(7,372,110)
<b>Transaction with owners of the Company</b>				
Final dividend for the year ended June 30, 2019: Rs. 4.00 per share	-	-	(39,204,000)	(39,204,000)
<b>Balance as at December 31, 2019</b>	98,010,000	591,500,000	108,503,388	798,013,388

The annexed notes 1 - 22 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Rubina Safir**  
Director

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

	Note	Six months period ended	
		December 31, 2019 Rupees	December 31, 2018 Rupees (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (loss) for the period - before taxation		(51,921)	41,867,563
Adjustments for non-cash items:			
Depreciation		14,296,550	17,156,736
Amortization		213,500	213,500
Property and equipment - write off		-	12,188
Impairment loss		(261,220)	-
Finance cost		16,909,400	822,688
Interest income		(10,971,932)	(5,620,631)
Provision for gratuity		6,456,000	7,452,000
Provision for earned leave encashment		1,758,000	3,316,000
		28,348,377	65,220,044
<b>Changes in working capital</b>			
Decrease / (increase) in trade debts		(166,713,685)	(120,464,560)
Decrease / (increase) in contract assets		196,866,822	(48,050,578)
Decrease / (increase) in contract work in progress		(7,804,971)	45,135,703
Decrease / (increase) in advances		(3,330,666)	(3,292,039)
Decrease / (increase) in trade deposits and short term prepayments		12,859,568	33,307,643
Decrease / (increase) in other receivables		(808,386)	(382,407)
Increase / (decrease) in customers' deposits		(7,558,140)	20,620,581
Increase / (decrease) in contract liability		1,840,022	7,320,000
Increase / (decrease) in trade and other payables		20,565,367	25,827,470
		45,915,931	(39,978,187)
		74,264,308	25,241,857
Taxes paid		(19,540,727)	(10,946,691)
Gratuity paid		(28,245)	(9,000,000)
Leave encashment paid		(7,143,249)	(462,327)
Net cash generated from operating activities		47,552,087	4,832,839
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(2,389,916)	(2,667,343)
(Purchase) / sale of short term investments		10,000,000	176,000,000
Interest and profit received		8,978,199	11,113,464
Net cash generated from investing activities		16,588,283	184,446,121
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(34,763,454)	(29,501,283)
Payment of finance lease obligation		(3,266,740)	(2,596,748)
Finance cost paid		(525,295)	(822,688)
Net cash used in financing activities		(38,555,489)	(32,920,719)
<b>Net increase / (decrease) in cash and cash equivalents</b>		25,584,881	156,358,241
Cash and cash equivalents at the beginning of the period		206,579,390	83,931,020
<b>Cash and cash equivalents at end of the period</b>	8	232,164,271	240,289,261

The annexed notes 1 - 22 form an integral part of these financial statements.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Rubina Safir**  
Director

**SELECTED NOTES TO AND FORMING PART OF THE CONDENSED  
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019**

**1 LEGAL STATUS AND OPERATIONS**

Pak Datacom Limited (the Company) was incorporated in Pakistan on July 13, 1992 as a private limited company under the Companies Ordinance, 1984 (which is repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and was converted into a public limited company on June 26, 1994. The Company has its shares quoted on the Pakistan Stock Exchange Limited. The Company commenced its commercial activities from July 1, 1994 and is principally engaged in setting up, operating and maintaining a network of data communication and serving the needs of the customers. The Company is a subsidiary of Telecom Foundation, Pakistan. The registered office of the Company is situated at 1st Floor, TF Complex, 7 - Mauve Area, G - 9/4, Islamabad.

**2 STATEMENT OF COMPLIANCE**

2.1 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
- 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.

2.2 These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual audited financial statements for the year ended June 30, 2019. Comparative condensed interim statement of financial position is extracted from annual financial statements as at June 30, 2019 whereas comparative condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from un-audited condensed interim financial information of the Company for the period ended December 31, 2018 except for changes in policies as described in note 3.

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

**3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS**

a) **Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

**Adoption of IFRS 16 "Leases"**

IFRS 16 'Leases' replaced IAS 17 'Leases', the former lease accounting standard and became effective on January 1, 2019. Under the new lease standard, assets leased by the Company are being recognized on the statement of financial position of the Company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from January 1, 2019. Instead, new depreciation and interest expenses are recorded stemming from the newly recognized lease assets and liabilities. In addition,

leasing expenses are no longer presented as operating cash outflows in the statements of cash flows, but instead are included as part of the financing cash outflows. Interest expenses from the newly recognized lease liability are presented in the cash flow from operating activities. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is to be recognised in the net assets as of July 1, 2019 and comparatives are not restated. The Company has performed an assessment of IFRS 16 and the impact on its adoption is as follows:

The change in accounting policy affected the classification of following items in the statement of financial position on July 1, 2019:

	As at June 30, 2019 Rupees	IFRS 16 adjustment Rupees	As at July 1, 2019 Rupees
<b>NON - CURRENT ASSETS</b>			
Property and equipment			
Leasehold land	2,537,920	(2,537,920)	-
Leasehold office building	4,408,195	(4,408,195)	-
Right of use assets	-	6,946,115	6,946,115
	<u>6,946,115</u>	<u>-</u>	<u>6,946,115</u>

**b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

	Note	December 31, 2019 Rupees	June 30, 2019 Rupees
<b>4 PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	4.1	179,250,163	197,975,402
Right of use assets	4.2	6,818,605	-
		<u>186,068,768</u>	<u>197,975,402</u>
<b>4.1 Operating fixed assets</b>			
Opening net book value		197,975,402	225,838,098
Impact of adoption of IFRS -16	4.2	(6,946,115)	-
Additions		2,389,916	8,171,058
Write offs			
Cost		-	(1,510,457)
Accumulated depreciation		-	1,122,366
		-	(388,091)
Disposals			
Cost		-	(2,005,000)
Accumulated depreciation		-	1,007,028
		-	(997,972)
Depreciation charge		(14,169,040)	(34,647,691)
Closing net book value		<u>179,250,163</u>	<u>197,975,402</u>

	Note	December 31, 2019 Rupees	June 30, 2019 Rupees
<b>4.2</b>			
Right of use assets			
Opening net book value		-	-
Impact of adoption of IFRS -16	4.1	6,946,115	-
Depreciation charge		(127,510)	-
Closing net book value		<u>6,818,605</u>	<u>-</u>
<b>5 INTANGIBLE ASSETS</b>			
Software and infrastructure license			
Opening net book value		5,017,250	5,444,250
Amortization charge		(213,500)	(427,000)
Closing net book value		<u>4,803,750</u>	<u>5,017,250</u>
<b>6 TRADE DEBTS</b>			
Trade debts		606,365,663	439,651,978
Less: Loss allowance		(108,976,422)	(96,335,638)
		<u>497,389,241</u>	<u>343,316,340</u>
<b>7 CONTRACT ASSETS</b>			
Unbilled revenue		100,097,132	297,813,487
Less: Loss allowance		(18,777,264)	(31,442,419)
		<u>81,319,868</u>	<u>266,371,068</u>
<b>8 CASH AND BANK BALANCES</b>			
Cash at bank:			
Current accounts		163,540,440	174,058,265
Deposit accounts		43,320,734	15,585,053
Deposit accounts with Islamic Banks under Shariah arrangements		10,492,308	6,669,031
Current accounts-dividend		14,810,789	10,267,041
		<u>232,164,271</u>	<u>206,579,390</u>
Less: Loss allowance		(603,790)	(642,433)
		<u>231,560,481</u>	<u>205,936,957</u>
<b>9 SHARE CAPITAL</b>			
<b>AUTHORISED SHARE CAPITAL</b>			
100,000,000 ordinary shares of Rs 10 each (June 30, 2019: 100,000,000 ordinary shares of Rs 10 each)		<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
Shares issued for cash			
5,400,000 ordinary shares of Rs 10 each (June 30, 2019: 5,400,000 ordinary shares of Rs 10 each)		54,000,000	54,000,000
Shares issued as fully paid bonus shares			
4,401,000 ordinary shares of Rs 10 each (June 30, 2019: 4,401,000 ordinary shares of Rs 10 each)		44,010,000	44,010,000
9,801,000 ordinary shares of Rs 10 each (June 30, 2019: 9,801,000 ordinary shares of Rs 10 each)		<u>98,010,000</u>	<u>98,010,000</u>

- 9.1 Telecom Foundation held 55.08% (June 2019: 55.08%) ordinary shares of the Company at the period end.

December 31, 2019 Rupees	June 30, 2019 Rupees
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## 10 TRADE AND OTHER PAYABLES

Trade creditors	168,794,009	157,510,084
Advances from employees	3,189,930	2,672,708
License fee payable	1,764,152	3,379,178
Accrued liabilities	44,271,493	16,513,589
Taxes payable	-	1,759,855
	<u>218,019,584</u>	<u>181,835,414</u>

## 11 CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

- 11.1.1 There has been no significant change in the status of contingencies as disclosed in note 11 to the audited financial statements of the Company for the year ended June 30, 2019 except for the following:
- 11.1.2 Guarantees issued by the bank on behalf of the Company amounted to Rs. 168.21 million (June 2019: Rs. 186.82 million).
- 11.1.3 The Company had entered into an agreement with a reseller of satellite bandwidth in Pakistan for provisioning of satellite segment. Management made advance payments of US\$ 0.64 million for operationalisation of satellite segment, however, management is of the view that it was not operational or utilised due to technical issues. For recovery of advance, the matter was referred to the arbitration, which in its award given on May 3, 2012 imposed additional payment of US\$ 0.64 million on the Company. The Company had filed the case in Islamabad High Court against the award. During the year ended June 30, 2017, the case was transferred from the Honorable Islamabad High Court to Civil Court Islamabad due to pecuniary jurisdiction. The reseller had also filed a counter claim in the Civil Court, Islamabad for recovery of the Arbitration Award, which was adjourned sine-die since the matter was already subjudiced. The Civil Court in its order dated December 12, 2019 asked the parties to define the terms of reference of arbitration and to decide whether the award shall be remitted to the same arbitrator or to any other arbitrator. The Company had made provision against the advance payment of US \$ 0.64 million during the year ended June 30, 2012. 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 management and its advisors believe that the case is likely to be decided in the favour of the Company.

December 31, 2019 Rupees	June 30, 2019 Rupees
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### 11.2 Commitments

The Company has following commitments in respect of:

Capital expenditure commitments	7,460,000	7,152,000
Outstanding letter of credits	5,892,253	39,622,809
Rentals under lease agreements for premises	2,452,582	2,345,561



	Note	Three months period ended		Six months period ended	
		December 31, 2019 Rupees	December 31, 2018 Rupees	December 31, 2019 Rupees	December 31, 2018 Rupees
<b>12 REVENUE</b>					
CVAS data communication services		213,236,872	194,956,154	412,957,982	359,969,326
Telecom infrastructure services		416,957	894,496	838,771	1,533,169
Other projects		431,497	58,918,197	38,556,151	137,551,730
Gross revenue		214,085,326	254,768,847	452,352,904	499,054,225
Less: Sales tax / Federal Excise Duty		(33,259,595)	(29,550,137)	(63,875,799)	(55,795,130)
		<u>180,825,731</u>	<u>225,218,710</u>	<u>388,477,105</u>	<u>443,259,095</u>
<b>13 COST OF SERVICES</b>					
Channel and local lead rentals		49,431,025	36,547,118	90,940,442	66,020,809
Space segment rentals		28,370,758	28,430,666	56,463,650	53,736,774
Salaries and other benefits	13.1	57,881,979	43,251,305	94,881,241	75,578,242
Repair and maintenance expenses		4,238,446	3,987,286	5,043,854	5,066,103
License fee		909,462	912,172	1,764,381	1,627,810
Depreciation		6,591,022	7,658,230	13,088,487	15,335,532
Amortization		106,750	106,750	213,500	213,500
Travelling and local conveyance		916,477	433,004	1,564,464	737,727
Communication expenses		121,487	59,084	300,186	255,688
Vehicle running expenses		3,904,987	2,087,325	7,846,584	6,227,288
Insurance		194,945	515,406	625,987	956,921
Entertainment		248,788	321,060	536,895	541,260
Rent, rates and taxes		1,949,934	1,235,665	3,423,213	2,463,456
Utilities		1,066,683	1,080,785	2,772,109	2,520,485
Other projects costs / (reversals)		(295,695)	80,028,057	30,144,430	138,173,216
		<u>155,637,048</u>	<u>206,653,913</u>	<u>309,609,423</u>	<u>369,454,811</u>

13.1 Salaries and other benefits include employees' retirement and other service benefits of Rs.5.34 million (December 2018: Rs. 7.0 million).

	Note	Three months period ended		Six months period ended	
		December 31, 2019 Rupees	December 31, 2018 Rupees	December 31, 2019 Rupees	December 31, 2018 Rupees
<b>14 ADMINISTRATIVE EXPENSES</b>					
Salaries and other benefits	14.1	23,728,337	17,466,882	38,708,683	33,041,847
Travelling and local conveyance		1,271,637	647,482	1,993,125	740,254
Communication expenses		566,762	165,981	938,944	339,079
Vehicle running expenses		1,245,188	601,461	2,741,527	2,065,465
Repair and maintenance expenses		661,720	-	661,720	589,562
Insurance		160,109	70,319	225,863	142,017
Depreciation		377,574	743,595	883,621	1,487,195
Entertainment		376,700	404,357	768,976	630,081
Rent, rates and taxes		1,070,214	972,918	2,537,938	1,945,836
Legal and professional charges		904,284	992,612	3,883,582	2,194,655
Printing and stationery		705,751	547,060	985,853	706,645
Utilities		519,567	337,443	1,238,900	865,883
Donation	14.2	8,000,000	-	8,000,000	-
Auditors' remuneration		200,000	400,000	500,000	600,000
Operating lease rentals		-	70,101	-	140,202
		<u>39,787,843</u>	<u>23,420,211</u>	<u>64,068,732</u>	<u>45,488,721</u>

14.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 2.22 million (December 2018: Rs. 2.91 million) and Director's remuneration of Rs. 5.26 million (December 2018: Rs. 5.00 million).

Note	Three months period ended		Six months period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
<b>15 MARKETING EXPENSES</b>				
Advertisement and marketing	296,410	38,300	324,726	122,956
Salaries and other benefits	15.1 6,234,814	5,918,471	10,188,684	10,114,000
Travelling and local conveyance	(80,631)	248,238	526,232	289,250
Communication expenses	41,558	14,550	67,634	56,794
Vehicle running expenses	448,683	250,090	822,157	681,794
Insurance	1,181	12,810	13,829	26,863
Depreciation	196,242	167,009	324,442	334,009
Entertainment	4,680	-	42,611	-
Operating lease rentals	-	70,440	-	140,880
	<u>7,142,937</u>	<u>6,719,908</u>	<u>12,310,315</u>	<u>11,766,546</u>

15.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 0.66 million (December 2018: Rs. 0.86 million).

	Three months period ended		Six months period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
<b>16 OTHER INCOME / (EXPENSES)</b>				
Income from financial assets				
Return on short term investments	3,013,671	1,716,768	5,646,875	4,847,325
Return on bank deposits	2,449,252	165,005	4,979,724	614,458
Return on bank deposits with Islamic Banks	207,240	90,823	345,333	158,848
Others	-	-	3,135,692	-
	<u>5,670,163</u>	<u>1,972,596</u>	<u>14,107,624</u>	<u>5,620,631</u>

## 17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Company has related party relationship, with its holding Company and associated companies, its directors, key management personnel and employee benefit plan. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with the related parties during the period were as follows:

	Three months period ended		Six months period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
<b>Telecom Foundation - Holding Company</b>				
Dividend paid during the period	21,593,563	16,195,059	21,593,563	16,195,059
Donations paid during the period	8,000,000	-	8,000,000	-
<b>TF Technologies - Associated Company</b>				
Receivable against consultancy charges	114,500	114,500	114,500	114,500
<b>Other related parties</b>				
Gratuity expense - charge for the period	190,845	3,583,851	6,456,000	7,167,702
Contribution to gratuity fund	28,245	7,000,000	28,245	9,000,000
Balance receivable / (payable) from gratuity fund	3,065,400	(4,488,795)	3,065,400	(4,488,795)
Remuneration of key management personnel	6,194,398	6,363,562	11,525,007	11,690,898

## 18 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2019. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended June 30, 2019.

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

## 19 RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

Provision for taxation was erroneously recorded in excess by Rs 39,501,765 in the financial statements for the year ended June 30, 2019. Further, prepayments related to contract with customers for an amount of Rs 30,709,796 were wrongly classified as contract assets, which has been corrected and the prior year financial statements have been restated. The effect of restatement is summarised below:

	<b>June 30, 2019 Rupees</b>
<b><u>Condensed interim statement of financial position</u></b>	
Assets and liabilities	
Increase / (decrease) in:	
Advance tax	39,073,179
Contract assets	(30,709,796)
Contract work in progress	30,709,796
Decrease / (increase) in:	
Provision for taxation	428,586
Increase in net assets	<u>39,501,765</u>
Equity	
(Increase) in unappropriated profits	<u>(39,501,765)</u>
<b><u>Condensed interim statement of cash flows</u></b>	
Cash flows from operating activities	
Decrease / (increase) in contract assets	(45,135,703)
Decrease / (increase) in contract work in progress	45,135,703
	<b>December 31, 2018 Rupees</b>

## 20 CORRESPONDING FIGURES

The corresponding figures reclassified as per the details given below to reflect more appropriate presentation in financial statements, have no impact on the previously reported financial position and performance of the Company.

<u>From</u>	<u>To</u>	<b>June 30, 2019 Rupees</b>	<b>June 30, 2018 Rupees</b>
<b><u>Condensed interim statement of financial position</u></b>			
a) Trade and other payables	Contract liability	13,425,841	-
b) Unclaimed dividend	Unpaid dividend	70,125	610,563

June 30,  
2019  
Rupees

<u>From</u>	<u>To</u>	
<b><u>Condensed interim statement of profit or loss account</u></b>		
c) Repair and maintenance expenses - cost of services	Repair and maintenance expenses - administrative expenses	589,562
d) Exchange (loss) / gain - other income / (expenses)	Exchange (loss) / gain - finance cost	28,096,575
e) Bad debt expenses - cost of services	Impairment reversal / (loss) on financial assets	7,575,972
<b><u>Condensed interim statement of cash flows</u></b>		
f) Interest and profit received - cash flows from operating activities	Interest and profit received - cash flows from investing activities	11,113,464
g) Finance cost paid - cash flows from operating activities	Finance cost paid - cash flows from financing activities	822,688
<b><u>Condensed interim statement of changes in equity</u></b>		<b>Rupees</b>
h) Balance as at December 31, 2018 - unappropriated profits (as previously reported)		91,139,902
Adjustment on initial application of IFRS 9		(43,542,179)
Adjusted balance as at December 31, 2018 - unappropriated profits		<u>47,597,723</u>

## 21 GENERAL

Figures have been rounded off to the nearest rupee.

## 22 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on February 25, 2020.

**Asif Makhdoomi**  
Chief Financial Officer

**Syed Jamal Nasir**  
Chief Executive

**Rubina Safir**  
Director

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Notes

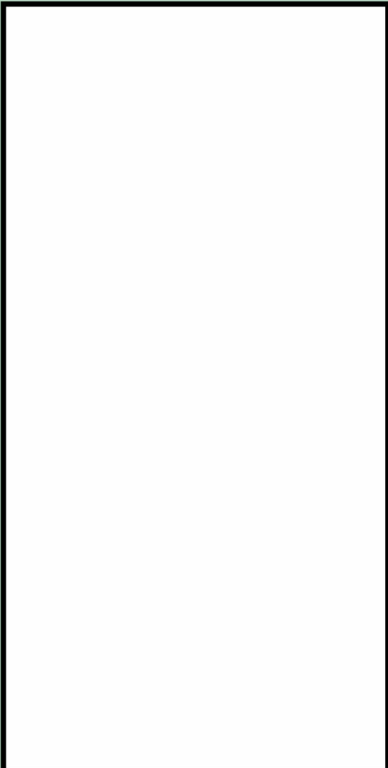
Notes





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