



Pak Datacom



PAK DATACOM LIMITED

Condensed Interim Financial Statements

For the Nine Months Period Ended
March 31, 2020

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 Shahra-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 nine months ended March 31, 2020.

During the period under review, PDL's revenue was Rs. 567 million as compared to Rs. 624 million, cost of service was Rs. 468 million as compared to Rs. 517 million and gross profit of Rs. 99 million as compared to Rs. 106 million, Earning per share is Rs. (0.20) as compare to Rs. (1.27) 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 customer 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 employees of the Company.

For and on behalf of the Board

Islamabad
April 27, 2020

Rubina Safir
Director

Syed Jamal Nasir
Chief Executive

ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (PDL) کے بورڈ آف ڈائریکٹرز کو 31 مارچ 2020 کو ختم ہونے والے نو ماہ کے لیے غیر آڈٹ شدہ مربوط عبوری مالی معلومات اپنے حصص داران کو پیش کرنے پر خوشی محسوس کر رہے ہیں۔

زیر جائزہ مدت کے دوران PDL کی آمدنی گزشتہ سال اسی عرصے میں 624 ملین روپے کے مقابلے میں 567 ملین روپے، سروس کی لاگت 517 ملین روپے کے مقابلے میں 468 ملین روپے اور مجموعی منافع 106 ملین روپے کے مقابلے میں 517 ملین روپے تھا جبکہ فی حصص آمدنی (1.27) روپے کے مقابلے میں (0.20) تھی۔

ہماری کمپنی انفارمیشن ٹیکنالوجی اور ٹیلی کام کے کاروبار کے موجودہ مارکیٹنگ چیلنجوں کا مقابلہ کرنے کے لیے اپنی استعداد کار میں اضافہ کرنے اور جدید ترین ٹیکنالوجیز کو متعارف کرانے کے لیے ہمیشہ کوشش کرتی رہی ہے جو نہ صرف مسابقتی قیمت پر مبنی ہوتی ہیں بلکہ یہ موجودہ مارکیٹنگ کے تقاضوں کو بھی پورا کرتی ہیں۔ مصنوعات کی عمودی سطح میں اضافہ کیے بغیر موجودہ مارکیٹ سے خاطر خواہ آمدنی حاصل کرنا بہت مشکل کام ہے۔

اس طرح PDL نہ صرف مختلف پراجیکٹس کے لیے اپنے وسائل کو برقرار رکھے گی بلکہ آمدنی کے نئے ذرائع کے لیے بھی دروازے کھولے گی۔ کمپنی کے لیے سب سے اہم کام یہ ہے کہ وہ اپنے بہترین معاون ڈھانچے کے ذریعے صارفین کے اطمینان میں اضافہ کرے اور اس کے ساتھ ساتھ جدید ترین ٹیکنالوجیز اور مسابقتی محصولات کو بھی مد نظر رکھے۔

PDL کو ہمیشہ اپنے صارفین کا حد درجہ خیال رکھنے اور اپنے کلائنٹس کو منفرد ٹیکنالوجیز فراہم کرنے پر فخر رہا ہے۔ اس پالیسی پر گامزن رہتے ہوئے کمپنی آمدن کے نئے ذرائع تلاش کرنے کی کوشش کرتی رہے گی۔

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

مخائب بورڈ

اسلام آباد
27 اپریل، 2020ء

سید جمال ناصر
چیف ایگزیکٹو

روبینہ سفیر
ڈائریکٹر

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2020

| | Note | March 31, 2020 Rupees | June 30, 2019 Rupees (Restated) | July 01, 2018 Rupees |
|---|------|-----------------------------|--|----------------------------|
| NON - CURRENT ASSETS | | | | |
| Property and equipment | 4 | 180,758,387 | 197,975,402 | 226,070,394 |
| Intangible assets | 5 | 4,697,000 | 5,017,250 | 5,444,250 |
| Deferred taxation | | 76,149,524 | 63,698,700 | 17,243,610 |
| | | <u>261,604,911</u> | <u>266,691,352</u> | <u>248,758,254</u> |
| CURRENT ASSETS | | | | |
| Trade debts | 6 | 570,842,722 | 357,973,245 | 252,192,359 |
| Contract assets | 7 | 60,508,823 | 266,371,068 | 168,907,149 |
| Contract work in progress | | 41,085,664 | 30,709,796 | - |
| Advances | | 14,623,547 | 17,247,010 | 9,114,973 |
| Trade deposits and short term prepayments | | 12,192,608 | 24,200,280 | 65,262,199 |
| Other receivables | | 1,971,063 | 1,308,939 | 419,225 |
| Interest accrued | | 10,496,037 | 5,060,357 | 7,719,683 |
| Advance tax | | 43,984,302 | 39,073,179 | 63,889,454 |
| Short term investments | | 108,000,000 | 112,000,000 | 256,000,000 |
| Cash and bank balances | 8 | 209,860,886 | 205,936,957 | 83,931,020 |
| | | <u>1,073,565,652</u> | <u>1,059,880,831</u> | <u>907,436,062</u> |
| | | <u>1,335,170,563</u> | <u>1,326,572,183</u> | <u>1,156,194,316</u> |
| SHARE CAPITAL AND RESERVES | | | | |
| Authorised capital | | <u>1,000,000,000</u> | <u>1,000,000,000</u> | <u>1,000,000,000</u> |
| 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 | | 128,535,521 | 169,736,403 | 91,139,902 |
| | | <u>818,045,521</u> | <u>859,246,403</u> | <u>780,649,902</u> |
| NON-CURRENT LIABILITIES | | | | |
| Deferred employees' benefits | | 34,610,917 | 46,051,088 | 43,636,433 |
| Lease liabilities | | 3,418,776 | 6,977,448 | 12,378,468 |
| | | <u>38,029,693</u> | <u>53,028,536</u> | <u>56,014,901</u> |
| CURRENT LIABILITIES | | | | |
| Customers' deposits | | 202,458,635 | 197,668,959 | 140,433,318 |
| Contract liability | | 15,227,104 | 20,745,841 | - |
| Trade and other payables | 10 | 246,811,106 | 181,835,414 | 163,632,587 |
| Provision for taxation | | - | - | - |
| Current portion of lease liabilities | | 4,738,629 | 4,819,063 | 5,306,597 |
| Unclaimed dividend | | 6,051,237 | 9,157,842 | 9,546,448 |
| Unpaid dividend | | 3,808,638 | 70,125 | 610,563 |
| | | <u>479,095,349</u> | <u>414,297,244</u> | <u>319,529,513</u> |
| CONTINGENCIES AND COMMITMENTS 11 | | | | |
| | | <u>1,335,170,563</u> | <u>1,326,572,183</u> | <u>1,156,194,316</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 PROFIT OR LOSS
ACCOUNT (UN-AUDITED)**

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

| | Note | Three months period ended | | Nine months period ended | |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | | March 31, 2020 Rupees | March 31, 2019 Rupees | March 31, 2020 Rupees | March 31, 2019 Rupees |
| Revenue | 12 | 178,528,731 | 180,625,096 | 567,005,836 | 623,884,191 |
| Cost of services | 13 | (158,871,132) | (147,945,940) | (468,480,555) | (517,400,751) |
| Gross profit | | 19,657,599 | 32,679,156 | 98,525,281 | 106,483,440 |
| Administrative expenses | 14 | (30,277,447) | (24,738,638) | (94,346,179) | (70,184,748) |
| Marketing expenses | 15 | (6,630,878) | (7,847,211) | (18,941,193) | (19,656,368) |
| Impairment (loss) on financial assets | | (18,267,122) | (58,800,000) | (18,005,902) | (66,375,972) |
| Finance (cost)/ Income | | 15,145,921 | (490,557) | (1,763,479) | (1,313,245) |
| | | (20,371,927) | (59,197,250) | (34,531,472) | (51,046,893) |
| Other income / (expenses) | 16 | 27,640,649 | 6,131,466 | 41,748,273 | 39,848,672 |
| Profit /(loss) before taxation | | 7,268,722 | (53,065,784) | 7,216,801 | (11,198,221) |
| Taxation | | (1,893,494) | 12,845,235 | (9,213,683) | (1,244,591) |
| (Loss) / profit for the period | | 5,375,228 | (40,220,549) | (1,996,882) | (12,442,812) |
| Earnings per share - basic and diluted | | 0.55 | (4.10) | (0.20) | (1.27) |

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 NINE MONTHS PERIOD ENDED MARCH 31, 2020

| | Three months period ended | | Nine months period ended | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | March 31, 2020 Rupees | March 31, 2019 Rupees | March 31, 2020 Rupees | March 31, 2019 Rupees |
| (Loss) / profit for the period | 5,375,228 | (40,220,549) | (1,996,882) | (12,442,812) |
| Other comprehensive (loss) / income | - | - | - | - |
| Total comprehensive (loss) / income for the period | <u>5,375,228</u> | <u>(40,220,549)</u> | <u>(1,996,882)</u> | <u>(12,442,812)</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 NINE MONTHS PERIOD ENDED MARCH 31, 2020

| | Share Capital Issued, subscribed and paid-up | Revenue Reserves | | Total |
|---|---|--------------------|---------------------------|--------------------|
| | | General Reserve | Unappropriated profits | |
| Rupees | | | | |
| Balance as at July 1, 2018 | 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 |
| Total comprehensive income for the period | | | | |
| Profit / (loss) for the period | - | - | (12,442,812) | (12,442,812) |
| Other comprehensive income / (loss) | - | - | - | - |
| Total comprehensive income for the period | 98,010,000 | 591,500,000 | 35,154,911 | 724,664,911 |
| Transaction with owners of the Company | | | | |
| Final dividend for the year ended June 30, 2018: Rs. 3.00 per share | - | - | (29,403,000) | (29,403,000) |
| Balance as at March 31, 2019 | <u>98,010,000</u> | <u>591,500,000</u> | <u>5,751,911</u> | <u>695,261,911</u> |
| 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 - 19 | | | 39,501,765 | 39,501,765 |
| | | | 14,656,905 | 14,656,905 |
| Balance at July 1, 2019 - restated | 98,010,000 | 591,500,000 | 169,736,403 | 859,246,403 |
| Total comprehensive income for the period | | | | |
| Profit / (loss) for the period | - | - | (1,996,882) | (1,996,882) |
| Other comprehensive income / (loss) | - | - | - | - |
| Total comprehensive income or (loss) for the period | - | - | (1,996,882) | (1,996,882) |
| Transaction with owners of the Company | | | | |
| Final dividend for the year ended June 30, 2019: Rs. 4.00 per share | - | - | (39,204,000) | (39,204,000) |
| Balance as at March 31, 2020 | <u>98,010,000</u> | <u>591,500,000</u> | <u>128,535,521</u> | <u>818,045,521</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 CASH FLOWS (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

| | Note | Nine months period ended | |
|--|------|-----------------------------|---|
| | | March 31, 2020 Rupees | March 31, 2019 Rupees (Restated) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit / (loss) for the period - before taxation | | 7,216,801 | (11,198,221) |
| Adjustments for non-cash items: | | | |
| Depreciation | | 21,502,423 | 27,084,169 |
| Amortization | | 320,250 | 320,250 |
| Property and equipment - write off | | - | 12,188 |
| Impairment loss | | 18,005,902 | 66,375,972 |
| Finance cost | | 1,763,479 | 1,313,245 |
| Interest income | | (17,510,813) | (8,833,259) |
| Provision for gratuity | | 9,684,000 | 11,178,000 |
| Provision for earned leave encashment | | 2,637,000 | 4,974,000 |
| | | 43,619,042 | 91,226,344 |
| Changes in working capital | | | |
| Decrease / (increase) in trade debts | | (243,690,361) | (107,897,149) |
| Decrease / (increase) in contract assets | | 217,953,692 | (164,331,409) |
| Decrease / (increase) in contract work in progress | | (10,375,868) | 98,971,373 |
| Decrease / (increase) in advances | | (6,232,292) | (1,508,834) |
| Decrease / (increase) in trade deposits and short term prepayments | | 12,734,475 | 15,205,997 |
| Decrease / (increase) in other receivables | | (662,124) | (467,712) |
| Increase / (decrease) in customers' deposits | | 4,789,676 | 30,423,379 |
| Increase / (decrease) in contract liability | | (5,518,737) | 7,320,000 |
| Increase / (decrease) in trade and other payables | | 64,975,692 | 26,703,432 |
| | | 33,974,153 | (95,580,923) |
| | | 77,593,195 | (4,354,579) |
| Taxes paid | | (26,575,630) | (16,768,373) |
| Gratuity paid | | (828,245) | (9,000,000) |
| Leave encashment paid | | (14,077,171) | (574,384) |
| Net cash generated from operating activities | | 36,112,149 | (30,697,336) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | | (4,285,408) | (4,603,850) |
| (Purchase) / sale of short term investments | | 4,000,000 | 176,000,000 |
| Interest and profit received | | 12,075,133 | 13,073,489 |
| Net cash generated from investing activities | | 11,789,725 | 184,469,639 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | | (38,572,092) | (30,316,495) |
| Payment of finance lease obligation | | (3,639,106) | (3,913,993) |
| Finance cost paid | | (1,763,479) | (1,313,245) |
| Net cash used in financing activities | | (43,974,677) | (35,543,733) |
| Net increase / (decrease) in cash and cash equivalents | | 3,927,197 | 118,228,570 |
| Cash and cash equivalents at the beginning of the period | | 206,579,390 | 83,931,020 |
| Cash and cash equivalents at end of the period | 8 | 210,506,587 | 202,159,590 |

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 NINE MONTH PERIOD ENDED MARCH 31, 2020**

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, 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 March 31, 2019 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 |
|-----------------------------|----------------------------------|---------------------------------|---------------------------------|
| NON - CURRENT ASSETS | | | |
| 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 | March 31, 2020 Rupees | June 30, 2019 Rupees |
|-----------------------------------|------|-----------------------------|----------------------------|
| 4 PROPERTY AND EQUIPMENT | | | |
| Operating fixed assets | 4.1 | 174,003,537 | 197,975,402 |
| Right of use assets | 4.2 | 6,754,850 | - |
| | | <u>180,758,387</u> | <u>197,975,402</u> |
| 4.1 Operating fixed assets | | | |
| Opening net book value | | 197,975,402 | 225,838,098 |
| Impact of adoption of IFRS -16 | 4.2 | (6,946,115) | - |
| Additions | | 4,285,408 | 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 | | (21,311,158) | (34,647,691) |
| Closing net book value | | <u>174,003,537</u> | <u>197,975,402</u> |

| | Note | March 31, 2020 Rupees | June 30, 2019 Rupees |
|---|------|-----------------------------|----------------------------|
| 4.2 | | | |
| Right of use assets | | | |
| Opening net book value | | - | - |
| Impact of adoption of IFRS -16 | 4.1 | 6,946,115 | - |
| Depreciation charge | | (191,265) | - |
| Closing net book value | | <u>6,754,850</u> | <u>-</u> |
| 5 INTANGIBLE ASSETS | | | |
| Software and infrastructure license | | | |
| Opening net book value | | 5,017,250 | 5,444,250 |
| Amortization charge | | (320,250) | (427,000) |
| Closing net book value | | <u>4,697,000</u> | <u>5,017,250</u> |
| 6 TRADE DEBTS | | | |
| Trade debts | | 697,999,244 | 454,308,883 |
| Less: Loss allowance | | (127,156,522) | (96,335,638) |
| | | <u>570,842,722</u> | <u>357,973,245</u> |
| 7 CONTRACT ASSETS | | | |
| Unbilled revenue | | 79,010,262 | 297,813,487 |
| Less: Loss allowance | | (18,501,439) | (31,442,419) |
| | | <u>60,508,823</u> | <u>266,371,068</u> |
| 8 CASH AND BANK BALANCES | | | |
| Cash at bank: | | | |
| Current accounts | | 175,370,069 | 174,058,265 |
| Deposit accounts | | 22,297,908 | 15,585,053 |
| Deposit accounts with Islamic Banks- under Shariah arrangements | | 1,697,748 | 6,669,031 |
| Current accounts-dividend | | 11,140,862 | 10,267,041 |
| | | <u>210,506,587</u> | <u>206,579,390</u> |
| Less: Loss allowance | | (645,701) | (642,433) |
| | | <u>209,860,886</u> | <u>205,936,957</u> |
| 9 SHARE CAPITAL | | | |
| <u>AUTHORISED SHARE CAPITAL</u> | | | |
| 100,000,000 ordinary shares of Rs 10 each (June 30, 2019: 100,000,000 ordinary shares of Rs 10 each) | | 1,000,000,000 | 1,000,000,000 |
| <u>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</u> | | | |
| 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.

| March 31, 2020 Rupees | June 30, 2019 Rupees |
|-----------------------------|----------------------------|
|-----------------------------|----------------------------|

10 TRADE AND OTHER PAYABLES

| | | |
|-------------------------|--------------------|--------------------|
| Trade creditors | 198,958,226 | 157,510,084 |
| Advances from employees | 3,460,251 | 2,672,708 |
| License fee payable | 2,645,274 | 3,379,178 |
| Accrued liabilities | 41,747,355 | 16,513,589 |
| Taxes payable | - | 1,759,855 |
| | <u>246,811,106</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. 101.08 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.

| March 31, 2020 Rupees | June 30, 2019 Rupees |
|-----------------------------|----------------------------|
|-----------------------------|----------------------------|

11.2 Commitments

The Company has following commitments in respect of:

| | | |
|---|------------|------------|
| Capital expenditure commitments | 99,745,353 | 7,152,000 |
| Outstanding letter of credits | 6,345,023 | 39,622,809 |
| Rentals under lease agreements for premises | 1,318,188 | 2,345,561 |

| | Note | Three months period ended | | Nine months period ended | |
|---------------------------------------|------|---------------------------|--------------------------|--------------------------|--------------------------|
| | | March 31, 2020 Rupees | March 31, 2019 Rupees | March 31, 2020 Rupees | March 31, 2019 Rupees |
| 12 REVENUE | | | | | |
| CVAS data communication services | | 206,268,767 | 196,575,857 | 619,226,749 | 556,545,183 |
| Telecom infrastructure services | | 457,657 | 442,368 | 1,296,428 | 1,975,537 |
| Other projects | | 4,369,318 | 10,041,239 | 42,925,469 | 147,592,969 |
| Gross revenue | | 211,095,742 | 207,059,464 | 663,448,646 | 706,113,689 |
| Less: Sales tax / Federal Excise Duty | | (32,567,011) | (26,434,369) | (96,442,810) | (82,229,498) |
| | | <u>178,528,731</u> | <u>180,625,095</u> | <u>567,005,836</u> | <u>623,884,191</u> |
| 13 COST OF SERVICES | | | | | |
| Channel and local lead rentals | | 58,145,435 | 58,269,719 | 149,085,877 | 124,290,528 |
| Space segment rentals | | 34,071,295 | 25,664,300 | 90,534,945 | 79,401,074 |
| Salaries and other benefits | 13.1 | 49,163,791 | 37,471,194 | 144,045,032 | 113,049,436 |
| Repair and maintenance expenses | | 2,156,233 | 5,272,264 | 7,200,087 | 10,338,367 |
| License fee | | 881,122 | 858,149 | 2,645,503 | 2,485,959 |
| Depreciation | | 6,588,076 | 7,836,049 | 19,676,563 | 23,171,581 |
| Amortization | | 106,750 | 106,750 | 320,250 | 320,250 |
| Travelling and local conveyance | | 772,394 | 331,084 | 2,336,858 | 1,068,811 |
| Communication expenses | | 318,073 | 120,330 | 618,259 | 376,018 |
| Vehicle running expenses | | 3,770,372 | 2,932,037 | 11,616,956 | 9,159,325 |
| Insurance | | 375,142 | 430,997 | 1,001,129 | 1,387,918 |
| Entertainment | | 327,262 | 334,710 | 864,157 | 875,970 |
| Rent, rates and taxes | | 1,203,134 | 506,204 | 4,626,347 | 2,969,660 |
| Utilities | | 968,671 | 643,114 | 3,740,780 | 3,163,599 |
| Other projects costs | | 23,383 | 7,169,039 | 30,167,813 | 145,342,255 |
| | | <u>158,871,132</u> | <u>147,945,940</u> | <u>468,480,555</u> | <u>517,400,751</u> |

13.1 Salaries and other benefits include employees' retirement and other service benefits of Rs.8.01 million (March 2019: Rs. 10.50 million).

| | Note | Three months period ended | | Nine months period ended | |
|-----------------------------------|------|---------------------------|--------------------------|--------------------------|--------------------------|
| | | March 31, 2020 Rupees | March 31, 2019 Rupees | March 31, 2020 Rupees | March 31, 2019 Rupees |
| 14 ADMINISTRATIVE EXPENSES | | | | | |
| Salaries and other benefits | 14.1 | 19,561,188 | 13,123,390 | 58,269,871 | 46,165,237 |
| Travelling and local conveyance | | 1,228,230 | 1,633,189 | 3,221,355 | 2,373,443 |
| Communication expenses | | 1,719,535 | 332,885 | 2,658,479 | 671,964 |
| Vehicle running expenses | | 1,384,314 | 772,494 | 4,125,841 | 2,837,959 |
| Repair and maintenance expenses | | 515,062 | 553,280 | 1,176,782 | 1,142,842 |
| Insurance | | 36,718 | 65,901 | 262,581 | 207,918 |
| Depreciation | | 455,579 | 1,867,936 | 1,339,200 | 3,355,131 |
| Entertainment | | 318,659 | 288,532 | 1,087,635 | 876,002 |
| Rent, rates and taxes | | 1,177,236 | 1,070,214 | 3,715,174 | 3,016,050 |
| Legal and professional charges | | 2,363,375 | 3,596,020 | 6,246,957 | 5,790,675 |
| Printing and stationery | | 298,380 | 327,165 | 1,284,233 | 1,033,810 |
| Utilities | | 675,171 | 647,531 | 1,914,071 | 1,513,414 |
| Donation | 14.2 | - | - | 8,000,000 | - |
| Auditors' remuneration | | 544,000 | 390,000 | 1,044,000 | 990,000 |
| Operating lease rentals | | - | 70,101 | - | 210,303 |
| | | <u>30,277,447</u> | <u>24,738,638</u> | <u>94,346,179</u> | <u>70,184,748</u> |

14.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 3.33 million (March 2019: Rs.4.36 million) and Director's remuneration of Rs. 3.52 million (March 2019: Rs. 5.00 million).

14.2 Donation represents amount paid to Telecom Foundation for welfare activities.

| 15 MARKETING EXPENSES | Note | Three months period ended | | Nine months period ended | |
|---------------------------------|------|---------------------------|-------------------|--------------------------|-------------------|
| | | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | | Rupees | Rupees | Rupees | Rupees |
| Advertisement and marketing | | 279,511 | 1,883,052 | 604,237 | 2,006,008 |
| Salaries and other benefits | 15.1 | 5,452,221 | 4,477,958 | 15,640,905 | 14,591,958 |
| Travelling and local conveyance | | 217,255 | 794,029 | 743,487 | 1,083,279 |
| Communication expenses | | 31,560 | 39,188 | 99,194 | 95,982 |
| Vehicle running expenses | | 479,608 | 369,766 | 1,301,765 | 1,051,560 |
| Insurance | | 8,505 | 12,810 | 22,334 | 39,673 |
| Depreciation | | 162,218 | 223,448 | 486,660 | 557,457 |
| Entertainment | | - | - | 42,611 | 42,611 |
| Operating lease rentals | | - | 46,960 | - | 187,840 |
| | | <u>6,630,878</u> | <u>7,847,211</u> | <u>18,941,193</u> | <u>19,656,368</u> |

15.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 0.98 million (March 2019: Rs. 1.29 million).

| 16 OTHER INCOME / (EXPENSES) | Three months period ended | | Nine months period ended | |
|--|---------------------------|-------------------|--------------------------|-------------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | Rupees | Rupees | Rupees | Rupees |
| Income from financial assets | | | | |
| Return on short term investments | 3,560,622 | 1,252,603 | 9,207,497 | 6,099,928 |
| Return on bank deposits | 2,804,245 | 1,665,784 | 7,783,969 | 2,280,242 |
| Return on bank deposits with Islamic Banks | 174,014 | 294,241 | 519,347 | 453,089 |
| Exchange gain | 20,951,768 | 2,918,838 | 20,951,768 | 31,015,413 |
| Others | 150,000 | - | 3,285,692 | - |
| | <u>27,640,649</u> | <u>6,131,466</u> | <u>41,748,273</u> | <u>39,848,672</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 | | Nine months period ended | |
|---|---------------------------|-------------------|--------------------------|-------------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| | Rupees | Rupees | Rupees | Rupees |
| Telecom Foundation - Holding Company | | | | |
| Dividend paid during the period | - | 16,195,059 | 21,593,563 | 16,195,059 |
| Donations paid during the period | - | - | 8,000,000 | - |
| TF Technologies - Associated Company | | | | |
| Receivable against consultancy charges | - | 114,500 | 114,500 | 114,500 |
| Other related parties | | | | |
| Gratuity expense-charge for the period | 3,228,000 | 4,010,298 | 9,684,000 | 11,178,000 |
| Contribution to gratuity fund | 800,000 | - | 828,245 | 9,000,000 |
| Balance receivable / (payable) from gratuity fund | 637,400 | (3,726,000) | 637,400 | (8,214,795) |
| Remuneration of key management personnel | 6,934,620 | 6,869,345 | 18,459,627 | 18,560,243 |

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 and prepayments related to contract with customers for an amount of Rs 30,709,796 were wrongly classified as contract assets,

Further, an agreement was made with NLC Communication Project, Rawalpindi dated 27th April 2012. As per agreement the warranty shall remain valid for 36th months after 30 days from the issuance of PAC (PAC Issuance date was 23 August 2016). The unbooked portion of warrantee and contingency which has been recorded / corrected and the prior year financial statements have been restated. The effect of restatement is summarised below:

| | June 30, 2019 Rupees |
|---|--------------------------------------|
| <u>Condensed interim statement of financial position</u> | |
| Assets and liabilities | |
| Increase / (decrease) in: | |
| Advance tax | 39,073,179 |
| Contract assets | (30,709,796) |
| Contract work in progress | 30,709,796 |
| Trade debts | 14,656,905 |
| Decrease / (increase) in: | |
| Provision for taxation | 428,586 |
| Increase in net assets | 54,158,670 |
| Equity | |
| Decrease / (increase) in unappropriated profits | (39,501,765) |
| Decrease / (increase) in unappropriated profits | (14,656,905) |
| | (54,158,670) |
| | March 31, 2019 Rupees |

Condensed interim statement of cash flows

| | |
|--|--------------|
| Cash flows from operating activities | |
| Decrease / (increase) in contract assets | (98,971,373) |
| Decrease / (increase) in contract work in progress | 98,971,373 |

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> | <u>June 30, 2019 Rupees</u> | <u>June 30, 2018 Rupees</u> |
|---|--------------------|-------------------------------------|---|
| <u>Condensed interim statement of financial position</u> | | | |
| a) Trade and other payables | Contract liability | 13,425,841 | - |
| b) Unclaimed dividend | Unpaid dividend | 70,125 | 610,563 |
| | | | <u>March 31, 2019 Rupees</u> |
| <u>From</u> | <u>To</u> | | |

Condensed interim statement of profit or loss account

| | | |
|---|--|-------------------------|
| c) Repair and maintenance expenses - cost of services | Repair and maintenance expenses - administrative expenses | 1,142,842 |
| d) Bad debt expenses - cost of services Bad debt expenses - cost of Admn | Impairment loss on financial assets Impairment loss on financial assets | 7,575,972 58,800,000 |

Condensed interim statement of cash flows

| | | |
|--|---|------------|
| e) interest and profit received - cash flows from operating activities | interest and profit received - cash flows from investing activities | 13,073,489 |
| f) Finance cost paid - cash flows from operating activities | Finance cost paid - cash flows from financing activities | 1,313,245 |

Condensed interim statement of changes in equity

| | |
|--|-------------------|
| g) Balance as at July 1, 2018 - unappropriated profits | 91,139,902 |
| Adjustment on initial application of IFRS 9 | (43,542,179) |
| Adjusted balance as at July 1, 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 April 27, 2020.

Asif Makhdoomi
Chief Financial Officer

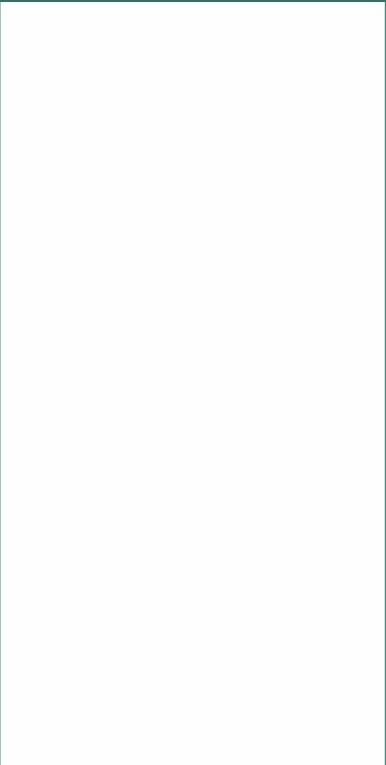
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Director



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