



Pak Datacom



**3<sup>rd</sup> Quarter Report**

July 2017 to March 2018

(Un-Audited)

**Pak Datacom Limited**



## COMPANY PROFILE

### BOARD OF DIRECTORS

- |    |                              |                 |
|----|------------------------------|-----------------|
| 1. | Mr. Yasir Qadir              | Chairman        |
| 2. | Syed Jamal Nasir             | Chief Executive |
| 3. | Mr. Shoaib Mir               |                 |
| 4. | Mr. Muhammad Tahir Mushtaq   |                 |
| 5. | Malik Muhammad Nasir Ayyaz   |                 |
| 6. | Mr. Yusuf Hussain            |                 |
| 7. | Mr. Basit Waheed             |                 |
| 8. | Mr. Arshad Rasheed Chaudhary |                 |

### AUDIT COMMITTEE

- |    |                              |          |
|----|------------------------------|----------|
| 1. | Mr. Arshad Rasheed Chaudhary | Chairman |
| 2. | Malik Muhammad Nasir Ayyaz   |          |
| 3. | Mr. Basit Waheed             |          |

### HUMAN RESOURCES COMMITTEE

- |    |                              |          |
|----|------------------------------|----------|
| 1. | Mr. Arshad Rasheed Chaudhary | Chairman |
| 2. | Mr. Shoaib Mir               |          |
| 3. | Mr. Muhammad Tahir Mushtaq   |          |
| 4. | Mr. Basit Waheed             |          |

### PROCUREMENT COMMITTEE

- |    |                              |          |
|----|------------------------------|----------|
| 1. | Mr. Yasir Qadir              | Chairman |
| 2. | Mr. Shoaib Mir               |          |
| 3. | Mr. Arshad Rasheed Chaudhary |          |

### NOMINATION COMMITTEE

- |    |                            |          |
|----|----------------------------|----------|
| 1. | Mr. Yasir Qadir            | Chairman |
| 2. | Malik Muhammad Nasir Ayyaz |          |
| 3. | Mr. Basit Waheed           |          |

### CHIEF FINANCIAL OFFICER

Mr. Zahid Mehmood

### 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

Hassan Farooq Associates (Pvt) Ltd, HF House, 7/3-G Mushtaq Ahmed  
Gormani Road, Gulberg-II, Lahore. Tel: (042) 35761661-2, Fax: (042) 35755215

### 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) presenting the Company's financial statements for the nine month period ended on March 31, 2018.

In the nine month period, PDL earned total revenue of Rs. 546.713 million as compared to Rs. 554.531 million of the corresponding period of last year while it posted pre-tax profit of Rs. 39.073 million as compared with Rs. 32.507 million of the same period last year. Earnings per share remained at Rs. 2.61 in comparison to Rs. 1.66 of the same period last year.

The profitability of the Company enhanced during the nine month ended on March 31, 2018 mainly due to increase in revenue of special projects, significant reduction in space segment rentals and other media charges. Further similar efforts are underway to reduce space segment rentals and other media charges.

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 of its regular business.

The management believes that all these actions along with dedication and hard work of PDL employees will bring positive results during the coming period and 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.

**For and on behalf of the Board**

**Islamabad**  
**April 27, 2018**

**Syed Jamal Nasir**  
**Chief Executive**

## ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (پی ڈی ایل) کے بورڈ آف ڈائریکٹرز 31 مارچ 2018ء کو ختم ہونے والی 9 ماہ کی مدت کے مالیاتی گوشوارے پیش کرتے ہیں۔

ان 9 ماہ کے دوران کمپنی کی کل آمدن 546.713 ملین روپے تھی جبکہ گزشتہ سال اسی مدت کے دوران ہونے والی آمدن 554.531 ملین روپے تھی۔ ٹیکس کی ادائیگی سے قبل اس کا منافع 39.073 ملین روپے تھا جبکہ گزشتہ سال اسی مدت کے دوران اس کا منافع 32.507 ملین روپے تھا۔ اس عرصہ کے دوران اس کی فی شیئر آمدن 2.61 روپے رہی جبکہ گزشتہ سال اس کی فی شیئر آمدن 1.66 روپے رہی تھی۔

31 مارچ 2018ء کو ختم ہونے والی 9 ماہ کی مدت کے دوران کمپنی کے منافع میں اضافہ خصوصی پراجیکٹس کی آمدن میں اضافے، خلائی نظام کے کرایہ جات اور میڈیا کے اخراجات میں ہونے والی کمی کے باعث ہوا ہے۔ خلائی نظام کے کرایہ جات اور میڈیا کے اخراجات کو کم کرنے کے سلسلے میں مزید کوششیں کی جارہی ہیں۔

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

انتظامیہ کو یقین ہے کہ آنے والے دور میں پی ڈی ایل کے ملازمین کی لگن اور محنت کے ساتھ ان تمام اقدامات کے مثبت نتائج برآمد ہوں گے۔ بورڈ اس ضمن میں اپنے معزز ریگولیٹرز، اسٹاک ایکسچینجر اور صارفین کا خصوصی شکریہ ادا کرتا ہے جنہوں نے پی ڈی ایل پر اپنے مکمل اعتماد کا اظہار کیا اور کمپنی کی ترقی و خوشحالی کے لیے ہماری معاونت بھی کی۔

سید جمال ناصر  
چیف ایگزیکٹو

اسلام آباد  
27 اپریل 2018ء

## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT MARCH 31, 2018

	Note	31 March 2018 Un-audited	30 June 2017 Restated	1 July 2016 Restated
Rupees				
<b>SHARE CAPITAL AND RESERVES</b>				
Share capital		98,010,000	98,010,000	98,010,000
Reserves	4	692,450,585	701,218,794	730,241,034
<b>Total share capital and reserves</b>		<u>790,460,585</u>	<u>799,228,794</u>	<u>828,251,034</u>
<b>LIABILITIES</b>				
Deferred employee benefits		38,902,379	41,734,604	42,012,251
Liability against assets subject to finance lease		15,067,304	3,205,959	-
<b>Non-current liabilities</b>		<u>53,969,683</u>	<u>44,940,563</u>	<u>42,012,251</u>
Customers' deposits		134,470,202	124,388,199	121,280,432
Trade and other payables		219,626,286	138,722,016	128,762,146
Current portion of liability against assets subject to finance lease		4,069,307	1,491,755	-
<b>Current liabilities</b>		<u>358,165,795</u>	<u>264,601,970</u>	<u>250,042,578</u>
<b>Total liabilities</b>		<u>412,135,478</u>	<u>309,542,533</u>	<u>292,054,829</u>
<b>Total share capital, reserves and liabilities</b>		<u>1,202,596,063</u>	<u>1,108,771,327</u>	<u>1,120,305,863</u>
Contingencies and commitments	5			
<b>ASSETS</b>				
Property and equipment	6	237,123,152	230,598,378	234,322,243
Intangible assets	7	5,551,000	5,871,250	6,298,250
Deferred taxation		11,432,313	8,669,955	7,039,678
<b>Non-current assets</b>		<u>254,106,465</u>	<u>245,139,583</u>	<u>247,660,171</u>
Unbilled revenue		141,507,623	120,276,407	76,258,897
Trade debts		230,588,769	341,994,464	282,729,494
Advances		5,990,556	5,069,732	25,209,304
Trade deposits and short term prepayments		102,382,751	43,032,746	22,572,027
Other receivables		846,167	5,522,084	6,657,664
Interest accrued		5,164,702	4,511,630	2,958,456
Advance tax		61,679,338	61,003,211	38,122,689
Short term investments		256,000,000	186,000,000	342,012,000
Cash and bank balances		144,329,692	96,221,470	76,125,161
<b>Current assets</b>		<u>948,489,598</u>	<u>863,631,744</u>	<u>872,645,692</u>
<b>Total assets</b>		<u>1,202,596,063</u>	<u>1,108,771,327</u>	<u>1,120,305,863</u>

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

Syed Jamal Nasir  
Chief Executive

Arshad Rasheed Chaudhary  
Director

Zahid Mehmood  
CFO

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Note	Three months ended		Nine months ended	
		31 March		31 March	
		2018	2017	2018	2017
		Un-audited	Un-audited	Un-audited	Restated
		Rupees		Rupees	
Revenue	8	138,044,226	187,043,536	546,712,692	554,530,973
Cost of services	9	(115,637,783)	(146,805,778)	(438,810,876)	(435,296,163)
Gross profit		22,406,443	40,237,758	107,901,816	119,234,810
Administrative expenses	10	(21,264,065)	(27,530,548)	(70,613,353)	(78,770,218)
Marketing expenses	11	(5,225,865)	(5,243,362)	(17,062,633)	(15,294,862)
Finance cost		(596,760)	(96,142)	(1,512,921)	(449,710)
		(4,680,247)	7,367,706	18,712,909	24,720,020
Other income		7,919,872	4,059,579	20,360,537	7,786,753
Profit before taxation		3,239,625	11,427,285	39,073,446	32,506,773
Taxation		(1,357,274)	(3,577,676)	(13,538,155)	(16,184,964)
Profit for the period		<u>1,882,351</u>	<u>7,849,609</u>	<u>25,535,291</u>	<u>16,321,809</u>
Earning per share - basic and diluted	12	<u>0.19</u>	<u>0.80</u>	<u>2.61</u>	<u>1.66</u>

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

Syed Jamal Nasir  
Chief Executive

Arshad Rasheed Chaudhary  
Director

Zahid Mehmood  
CFO

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

	Three months ended		Nine months ended	
	31 March		31 March	
	2018	2017	2018	2017
	Un-audited	Un-audited	Un-audited	Restated
	Rupees		Rupees	
Profit for the period	1,882,351	7,849,609	25,535,291	16,321,809
Other comprehensive income/ (loss):				
Items that will not be reclassified to profit or loss:				
Remeasurement loss on defined benefit plan	-	-	-	-
Total comprehensive income	1,882,351	7,849,609	25,535,291	16,321,809

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

\_\_\_\_\_  
**Syed Jamal Nasir**  
Chief Executive

\_\_\_\_\_  
**Arshad Rasheed Chaudhary**  
Director

\_\_\_\_\_  
**Zahid Mehmood**  
CFO



## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2018

	31 March	
	2018	2017
	Un-audited	Restated
Rupees		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	39,073,446	32,410,631
<u>Adjustments for non-cash and other items:</u>		
Depreciation	29,146,230	27,528,654
Amortisation-intangible assets	320,250	320,250
Property, plant and equipment- charged off	62,828	84,180
Gain on disposal of property, plant and equipment	(2,862,605)	(33,329)
Finance cost	1,512,921	545,852
Interest income on bank deposits and short term investments	(14,912,449)	(6,649,276)
Provision for gratuity	10,500,000	9,200,000
Provision for earned leave encashment	4,500,000	4,300,000
	28,267,175	35,296,331
	67,340,621	67,706,962
<b>Changes in:</b>		
Trade debts - unsecured	111,405,695	(103,680,198)
Unbilled revenue	(21,231,216)	(37,730,974)
Advances	(920,824)	17,346,131
Trade deposits and short term prepayments	(59,350,005)	(51,099,312)
Other receivables	4,675,917	1,135,580
Customers' deposits	10,082,003	-
Trade and other payables	71,256,337	2,103,731
Current portion of liability against assets subject to finance lease	2,577,552	40,078,157
	118,495,459	(131,846,885)
Cash generated from operations	185,836,080	(64,139,923)
Taxes paid	(16,976,640)	(32,692,500)
Gratuity paid/adjusted	(10,750,582)	(10,094,377)
Earned leave paid/ adjusted	(7,332,225)	(13,388,670)
Return on bank deposits/ short term investments	14,259,377	7,627,897
Finance cost	(1,512,921)	(545,852)
	(22,312,991)	(49,093,502)
Net cash flows from operating activities	163,523,089	(113,233,425)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(15,361,540)	(28,226,449)
Proceeds on the disposal of property, plant and equipment	3,160,313	73,915
Net cash flows from investing activities	(12,201,227)	(28,152,534)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(24,404,985)	(29,008,589)
Payment of finance lease obligation	(8,808,655)	-
	(33,213,640)	(29,008,589)
Net increase/ decrease in cash and cash equivalents	118,108,222	(170,394,548)
Cash and cash equivalents at the beginning of the year	282,221,470	418,137,161
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>400,329,692</b>	<b>247,742,613</b>

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

**Syed Jamal Nasir**  
Chief Executive

**Arshad Rasheed Chaudhary**  
Director

**Zahid Mehmood**  
CFO

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

## FOR THE NINE MONTHS ENDED MARCH 31, 2018

	Share Capital	Revenue reserves		Total
	Rupees	General Reserves	Unappropriated profit	Rupees
<b>Balance as at 1 July 2016 - as previously reported</b>	98,010,000	581,500,000	130,761,822	810,271,822
Correction of errors - note 14	-	-	17,979,212	17,979,212
<b>Balance as at 1 July 2016 - restated</b>	98,010,000	581,500,000	148,741,034	828,251,034
<b>Total comprehensive income for the period</b>	-	-	16,225,667	16,225,667
Profit for the period - restated	-	-	16,225,667	16,225,667
Other comprehensive income - restated	-	5,000,000	(5,000,000)	-
<b>Transactions with owners of the company</b>	-	-	-	-
<b>Distributions</b>	-	-	(29,403,000)	(29,403,000)
Final dividend 2016: Rs. 3.00 per share	-	-	(9,801,000)	(9,801,000)
Interim dividend for the year ended June 30, 2017. (Rs. 1.00 per share)	-	-	120,762,701	805,272,701
<b>Balance as at March 31, 2017 (Un-audited)</b>	98,010,000	586,500,000	120,762,701	805,272,701
<b>Balance as at 1 July 2017 - as previously reported</b>	98,010,000	586,500,000	119,679,214	804,189,214
Correction of errors - note 14	-	-	(4,960,420)	(4,960,420)
<b>Balance as at 1 July 2017 - restated</b>	98,010,000	586,500,000	114,718,794	799,228,794
<b>Total comprehensive income for the period</b>	-	-	25,535,291	25,535,291
Profit for the period	-	-	25,535,291	25,535,291
Other comprehensive income	-	5,000,000	(5,000,000)	-
<b>Transactions with owners of the company</b>	-	-	-	-
<b>Distributions</b>	-	-	(24,502,500)	(24,502,500)
Final dividend 2017: Rs. 2.50 per share	-	-	(9,801,000)	(9,801,000)
Interim dividend for the year ending June 30, 2018. (Rs. 1.00 per share)	-	-	100,950,585	790,460,585
<b>Balance as at March 31, 2018 (Un-audited)</b>	98,010,000	591,500,000	100,950,585	790,460,585

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

**Syed Jamal Nasir**  
Chief Executive

**Arshad Rasheed Chaudhary**  
Director

**Zahid Mehmood**  
CFO

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2018**

**1 LEGAL STATUS AND OPERATIONS**

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**

This condensed interim financial information for the nine months period ended 31 March 2018 have been prepared in accordance with IAS 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. The disclosures in this condensed interim financial information do not include those reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2017. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2017, whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from unaudited condensed interim financial information for the nine months period ended 31 March 2017.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of Companies Ordinance, 1984 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 this condensed interim financial information and financial risk management policies are the same as those applied in preparation of annual audited financial statements for the year ended 30 June 2017.

31 March 2018	30 June 2017
Un-audited	Restated
Rupees	

**4 RESERVES**

General reserve	591,500,000	586,500,000
Unappropriated profit	100,950,585	114,718,794
	692,450,585	701,218,794

## 5 CONTINGENCIES AND COMMITMENTS

- 5.1 Guarantees issued by the bank on behalf of the Company amounted to Rs. 189.07 million (June 2017: Rs. 129.91 million).
- 5.2 The Company 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; equivalent to Rs. 72.95 million (June 2017: US\$ 0.64 million; equivalent to Rs. 66.37 million) referred the matter to the arbitration, which in its award given on May 03, 2012 imposed additional payment of US \$ 0.64 million; equivalent to Rs. 72.95 million on the Company. The Company had made provision against the advance payment of US \$ 0.64 million; equivalent to Rs. 72.95 million during the year ended June 30, 2012 as a matter of abandon caution. 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; equivalent to Rs. 145.91 million (June 2017: US\$ 1.27 million; equivalent to Rs. 132.73 million). The Company has filed the case in Islamabad High Court against the award, outcome of which is still pending. 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 Honourable Islamabad High Court. During the year ended June 30, 2017, the case was transferred from the Honourable 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 January 01, 2007. The Company satisfactorily provided services up to January 31, 2012. The services were disconnected on January 31, 2012 based on the customer's request. The Company filed a suit in the Honourable Islamabad Civil Court for recovery of trade debts amounting to Rs. 8.60 million. The Company has made provision against trade debts amounting to Rs.6.75 million during the year ended June 30, 2012. Consequent upon decree by the Honourable Civil Court, the Company filed an appeal in the Honourable Islamabad High Court. 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 2017: Rs. 0.90 million) due to exemption available under clause 47B of the second schedule of Income Tax Ordinance 2001. The CIT (Appeals) has withheld the decision of the tax authority and appeal is now pending before the Income Tax Appellate Tribunal, Islamabad (ITAT). The Company filed Appeal before Appellate Tribunal against the assessment order passed u/s 122(5) of the Income Tax Ordinance 2001, by Inland Revenue Officer, for the tax year 2010 and 2013. The cases are expected to be decided in favour of the Company.
- 5.5 Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 160.95 million (June 2017: Rs. 98.55 million).

## 6 PROPERTY AND EQUIPMENT

		31 March 2018 Un-audited	30 June 2017 Restated
	Note	Rupees	
Net book value - Pakistan	6.1	236,875,720	230,305,534
Net book value - UAE	6.2	247,432	292,844
		<u>237,123,152</u>	<u>230,598,378</u>

	31 March 2018 Un-audited	30 June 2017 Restated
Rupees		
<b>6.1 Property and equipment - Pakistan</b>		
<b>Cost</b>		
Balance at beginning of the period/year	888,953,651	877,231,240
Additions during the period/year	36,031,540	35,993,591
Deletion/disposals during the period/year	(4,115,260)	(24,271,180)
Balance at end of the period/year	920,869,931	888,953,651
<b>Accumulated depreciation</b>		
Balance at beginning of the period/year	658,648,117	643,278,351
Charge for the period/year	29,100,818	38,386,158
Deletion/disposals during the period/year	(3,754,724)	(23,016,392)
Balance at end of the period/year	683,994,211	658,648,117
<b>Net book value</b>	<u>236,875,720</u>	<u>230,305,534</u>
<b>6.2 Property and equipment - UAE</b>		
<b>Cost</b>		
Balance at beginning of the period/year	770,181	770,181
Additions during the period/year	-	-
Deletion/disposals during the period/year	-	-
Balance at end of the period/year	770,181	770,181
<b>Accumulated depreciation</b>		
Balance at beginning of the period/year	477,337	400,827
Charge for the period/year	45,412	76,510
Deletion/disposals during the period/year	-	-
Balance at end of the period/year	522,749	477,337
<b>Net book value</b>	<u>247,432</u>	<u>292,844</u>

First charge of Rs. 140.00 million (June 2017: Rs. 140.00 million) on fixed assets and Rs. 400 million (June 2017: Rs. 400.00 million) on present and future current assets of the Company for unfunded facility amounting to Rs. 250.00 million (June 2017: Rs. 250.00 million) from M/S Soneri Bank Limited, Islamabad.

	31 March 2018 Un-audited	30 June 2017 Restated
Rupees		
<b>7 INTANGIBLE ASSETS</b>		
<b>Cost</b>		
Balance at beginning of the period/year	11,744,006	11,744,006
Additions during the period/year	-	-
Deletion/disposals during the period/year	-	-
Balance at end of the period/year	11,744,006	11,744,006
<b>Accumulated amortisation</b>		
Balance at beginning of the period/year	5,872,756	5,445,756
Charge for the period/year	320,250	427,000
Deletion/disposals during the period/year	-	-
Balance at end of the period/year	6,193,006	5,872,756
<b>Net book value</b>	<u>5,551,000</u>	<u>5,871,250</u>

	Note	Three months ended		Nine months ended	
		31 March		31 March	
		2018 Un-audited	2017 Un-audited	2018 Un-audited	2017 Un-audited
<b>8 REVENUE</b>		Rupees		Rupees	
CVAS data communication services		126,499,469	148,765,507	405,198,556	450,495,972
Telecom infrastructure services		864,300	1,081,800	2,861,100	3,213,868
Other projects revenue		10,680,457	37,196,229	138,653,036	100,821,133
	8.1	<u>138,044,226</u>	<u>187,043,536</u>	<u>546,712,692</u>	<u>554,530,973</u>

8.1 Revenue is exclusive of all taxes of Rs. 79.33 million (March 2017: Rs. 73.24 million).

## 9 COST OF SERVICES

Channel and local lead rentals		27,607,537	31,762,542	94,878,197	102,473,396
Space segment rentals		23,696,621	30,774,403	67,015,435	87,178,254
Salaries and other benefits	9.1	38,797,155	34,889,210	109,287,028	103,847,921
Repair and maintenance expenses		2,803,235	3,567,655	9,885,090	11,008,470
License fee		654,103	770,873	2,097,517	2,424,867
Depreciation		10,401,491	8,386,964	29,146,230	27,528,654
Amortisation		106,750	106,750	320,250	320,250
Travelling and local conveyance		1,750,738	2,122,701	3,234,732	3,239,581
Telephone expenses		186,356	278,658	524,247	604,166
Vehicle running expenses		2,739,369	2,370,876	7,762,743	7,033,825
Insurance		456,330	390,140	1,271,718	920,103
Entertainment		280,643	231,346	763,506	664,659
Rent, rates and taxes		929,866	1,452,777	3,410,119	3,634,397
Utilities		728,296	703,432	2,659,714	2,553,020
Operating lease rentals		-	594,717	840,318	1,784,373
Other projects cost		4,499,293	28,402,734	105,714,032	80,080,227
		<u>115,637,783</u>	<u>146,805,778</u>	<u>438,810,876</u>	<u>435,296,163</u>

9.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 9.75 million (March 2017: Rs. 8.78 million).

	Note	Three months ended		Nine months ended	
		31 March		31 March	
		2018 Un-audited	2017 Un-audited	2018 Un-audited	2017 Un-audited
<b>10 ADMINISTRATIVE EXPENSES</b>		Rupees		Rupees	
Salaries and other benefits	10.1	16,347,315	19,766,354	49,096,750	57,548,098
Travelling and local conveyance		321,035	83,751	793,465	196,271
Telephone expenses		218,221	258,763	827,430	866,467
Vehicle running expenses		1,404,281	972,149	4,041,768	3,028,002
Insurance		73,759	12,631	152,830	132,814
Entertainment		294,719	216,674	979,689	999,962
Rent, rates and taxes		972,918	1,364,472	2,741,862	3,932,604
Legal and professional charges		1,071,136	1,846,962	4,255,771	5,442,046
Printing and stationery		186,447	308,134	1,286,432	1,258,117
Utilities		304,133	368,146	1,352,836	1,419,241
Welfare expenses		-	1,309,664	4,000,000	1,409,664
Auditors' remuneration		-	150,000	531,150	570,000
Operating lease rentals		70,101	872,848	553,370	1,966,932
		<u>21,264,065</u>	<u>27,530,548</u>	<u>70,613,353</u>	<u>78,770,218</u>

10.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 4.05 million (March 2017: Rs. 3.65 million) and Directors' remuneration of Rs. 5.49 million (March 2017: Rs. 9.66 million).

Note	Three months ended		Nine months ended	
	31 March		31 March	
	2018 Un-audited	2017 Un-audited	2018 Un-audited	2017 Un-audited
	Rupees		Rupees	
<b>11 MARKETING EXPENSES</b>				
Advertisement and marketing expenses	69,279	626,179	854,339	1,296,062
Salaries and other benefits 11.1	4,663,854	3,853,261	14,742,349	11,408,277
Travelling and local conveyance	143,106	223,483	526,943	1,107,090
Telephone expenses	28,959	35,230	122,873	109,880
Vehicle running expenses	235,993	257,877	652,018	708,741
Insurance	14,234	2,923	23,231	20,804
Entertainment	-	-	-	18,678
Operating lease rentals	70,440	244,409	140,880	625,330
	<u>5,225,865</u>	<u>5,243,362</u>	<u>17,062,633</u>	<u>15,294,862</u>

11.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 1.20 million (March 2017: Rs. 1.08 million).

	Three months ended		Nine months ended	
	31 March		31 March	
	2018 Un-audited	2017 Un-audited	2018 Un-audited	2017 Un-audited
	Rupees		Rupees	
<b>12 EARNINGS PER SHARE (BASIC AND DILUTED)</b>				
Profit for the period	<u>1,882,351</u>	<u>7,849,609</u>	<u>25,535,291</u>	<u>16,225,667</u>
Average number of shares outstanding during the period	<u>9,801,000</u>	<u>9,801,000</u>	<u>9,801,000</u>	<u>9,801,000</u>
Earnings per share - basic	<u>0.19</u>	<u>0.80</u>	<u>2.61</u>	<u>1.66</u>

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

### 13 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.

#### Telecom Foundation (Holding company) - transactions

	Nine months ended	
	31 March	
	2018	2017
	Rupees	
Dividend paid during the period	13,495,883	16,195,059
Donation paid during the period	4,000,000	1,250,000
<b>Telecom Foundation-balance</b>		
Payable against joint operations	-	1,464,781
Dividend payable	5,398,353	5,398,353

13.1 Salaries and other benefits under note numbers 9, 10, and 11 include remuneration to Directors and Chief Executive amounting to Rs. 5.49 million (March 2017: Rs. 9.66 million). Advances include advance against salaries to executives amounting to Rs. nil (June 2017: Rs. 0.10 million). The Chief Executive and Executives of the Company are also provided Company maintained vehicles for official purpose only.

#### 14 RESTATEMENT OF COMPARATIVE FIGURES

During the period, the Company identified following errors pertaining to prior periods:

- The Company was recognizing revenue from one off its project on milestone payment basis. However, approved accounting standards as applicable in Pakistan requires that revenue recognition on the basis of percentage of completion method, based on cost incurred to date or survey of work performed.
- The Company had obtained certain vehicles on finance lease for employees of the Company as at 30 June 2017 which were not recorded in the financial statements.
- The deferred tax rate used for the recognition of deferred tax asset was the enacted rate of the respective tax year, not the rate which was announced for years in which the temporary difference were to be reversed.
- Provision for taxation was disclosed separately from advance tax paid by the Company, however IAS 12 - Income Taxes requires to offset the current tax assets and liabilities if the entity has a legal enforceable right to set off the recognized amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously, which is normally the case when they relate to income taxes levied by the same taxation authorities and the taxation authorities permit the entity to make or receive a single net payment.
- The costs incurred by the Company on one of its project were not recognized in the financial statements in prior years.
- The above errors have now been rectified by restating the balances in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors as follows:

#### 14.1 EFFECT OF RESTATEMENTS DUE TO CORRECTION OF ERRORS

	Provision for taxation	Advance tax	Deferred tax asset	Advances and short term prepayments	Trade deposits	Trade debts	Unbilled revenue	Property and equipment	Liability against assets subject to finance lease	Current portion of liability against asset subject to finance lease	Trade and other payables	Revenue	Cost of services	Admin expenses	Marketing expenses	Other income	Finance charges	Taxation expense	Unappropriated profit
Balance as at 1 July 2016 - as previously reported	(21,061,772)	67,886,119	7,508,990	25,209,304	106,439,035	226,905,771	-	234,322,243	-	-	(107,276,716)	-	-	-	-	-	-	-	(130,761,822)
Effect of restatement upto 30 June 2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of revenue based on percentage completion method	(15,556,996)	-	-	-	(63,867,008)	56,223,723	76,298,897	-	-	-	-	-	-	-	-	-	-	-	(33,668,616)
Recognition of unrecorded cost	6,875,338	-	-	-	-	-	-	-	-	-	(21,485,430)	-	-	-	-	-	-	-	14,610,092
Correction of deferred tax rate	-	-	(469,312)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	469,312
Offsetting of provision for taxation and advance tax	21,061,772	(21,061,772)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	21,061,772	(23,743,430)	(469,312)	-	(63,867,008)	56,223,723	76,298,897	-	-	-	(21,485,430)	-	-	-	-	-	-	-	(17,979,212)
Balance as at 1 July 2016 - restated	-	38,122,689	7,039,678	25,209,304	22,572,027	282,729,494	76,298,897	234,322,243	-	-	(128,762,146)	-	-	-	-	-	-	-	(148,741,034)
Balance as at 30 June 2017 - as previously reported	(20,537,742)	86,125,694	9,383,169	6,439,332	147,194,182	341,994,464	-	224,825,070	-	-	(117,236,598)	(660,279,069)	522,938,871	108,576,801	23,551,334	(54,933,554)	794,039	24,742,327	(119,679,214)
Effect of restatement for the year ended 30 June 2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of finance lease obligation	(524,030)	524,030	-	-	(83,867,008)	56,223,723	76,298,897	-	(3,205,859)	(1,461,755)	-	-	1,074,692	(872,111)	(151,771)	-	243,196	400,498	694,504
Offsetting of provision for taxation and advance tax	21,061,772	(23,743,430)	(469,312)	-	(20,294,428)	(56,223,723)	44,017,510	-	-	-	(21,485,430)	(44,017,510)	31,250,504	-	-	-	-	(10,075,199)	(17,979,212)
Effect of prior period restatement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of revenue based on percentage completion method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax effect of revenue recognition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance lease recognition	-	-	(288,998)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	288,998
Correction of deferred tax rate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(469,312)
Correction of deferred tax income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	469,312
	20,537,742	(19,120,483)	(773,214)	(1,369,600)	(104,161,436)	-	120,276,407	5,773,308	(3,205,859)	(1,461,755)	(21,485,430)	(44,017,510)	32,325,196	(872,111)	(151,771)	-	243,196	45,267,647	4,960,420
Balance as at 30 June 2017 - restated	-	61,003,211	8,669,955	5,069,732	43,032,746	341,994,464	120,276,407	230,598,378	(3,205,859)	(1,461,755)	(138,722,016)	(704,256,579)	555,264,067	107,704,690	23,379,563	(9,665,907)	1,037,235	15,356,624	(114,718,794)



## 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		Total	Fair Value			Total
	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	
<b>Rupees</b>							
<b>31 March 2018</b>							
<b>Financial assets not measured at fair value</b>							
Unbilled revenue	141,507,623	-	141,507,623	-	-	-	-
Trade debts	230,588,769	-	230,588,769	-	-	-	-
Advances	944,454	-	944,454	-	-	-	-
Trade deposits and short term prepayments	31,911,377	-	31,911,377	-	-	-	-
Other receivables	846,167	-	846,167	-	-	-	-
Interest accrued	5,164,702	-	5,164,702	-	-	-	-
Short term investments	256,000,000	-	256,000,000	-	-	-	-
Cash and bank balances	144,329,692	-	144,329,692	-	-	-	-
	<u>811,292,784</u>	<u>-</u>	<u>811,292,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>							
Liability against assets subject to finance lease	-	15,067,304	15,067,304	-	-	-	-
Customers' deposits	-	134,470,202	134,470,202	-	-	-	-
Trade and other payables	-	170,465,015	170,465,015	-	-	-	-
Current portion of liability against assets subject to finance lease	-	4,069,307	4,069,307	-	-	-	-
	<u>-</u>	<u>324,071,828</u>	<u>324,071,828</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
<b>Rupees</b>							
<b>30 June 2017</b>							
<b>Financial assets not measured at fair value</b>							
Unbilled revenue	120,276,407	-	120,276,407	-	-	-	-
Trade debts	341,994,464	-	341,994,464	-	-	-	-
Advances	2,135,503	-	2,135,503	-	-	-	-
Trade deposits and short term prepayments	40,538,738	-	40,538,738	-	-	-	-
Other receivables	5,522,084	-	5,522,084	-	-	-	-
Interest accrued	4,511,630	-	4,511,630	-	-	-	-
Short term investments	186,000,000	-	186,000,000	-	-	-	-
Cash and bank balances	96,221,470	-	96,221,470	-	-	-	-
	<u>797,200,296</u>	<u>-</u>	<u>797,200,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities not measured at fair value</b>							
Liability against assets subject to finance lease	-	3,205,959	3,205,959	-	-	-	-
Customers' deposits	-	124,388,199	124,388,199	-	-	-	-
Trade and other payables	-	109,867,274	109,867,274	-	-	-	-
Current portion of liability against assets subject to finance lease	-	1,491,755	1,491,755	-	-	-	-
	<u>-</u>	<u>238,953,187</u>	<u>238,953,187</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 AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on 27 April 2018.

## 17 GENERAL

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

Syed Jamal Nasir  
Chief Executive

Arshad Rasheed Chaudhary  
Director

Zahid Mehmood  
CFO



