



Pak Datacom



Half Yearly Report
July 2016 to December 2016
(Un-Audited)

Pak Datacom Limited

COMPANY PROFILE

BOARD OF DIRECTORS

1. Mr. Muhammad Aftab Chairman
2. Syed Abrar Hussain Chief Executive
3. Mr. Amjad Hussain Qureshi
4. Mr. Jamil Anwar
5. Ms. Ameena Sohail
6. Mr. Basit Waheed
7. Mr. Haaris Mahmood Chaudhary

AUDIT COMMITTEE

1. Mr. Haaris Mahmood Chaudhary Chairman
2. Mr. Amjad Hussain Qureshi
3. Mr. Jamil Anwar

HUMAN RESOURCE & REMUNERATION COMMITTEE

1. Ms. Ameena Sohail Chairman
2. Syed Abrar Hussain
3. Mr. Amjad Hussain Qureshi

CHIEF FINANCIAL OFFICER

Mr. Zahid Mehmood

COMPANY SECRETARY

Ms. Farhat Mansoor

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.) Limited, HF House, 7/3-G Mushtaq
Ahmed Gormani Road, Gulberg-II, Lahore.

Tel: (042) 35761661-2, Fax: (042) 35755215

AUDITORS

HLB Ijaz Tabussum & Co., Chartered Accountants, 303, Sawan Road,
G-10/1, Islamabad

LEGAL ADVISOR

Abbasi Law Chambers, H # 271, Street # 69, G-10/3, Islamabad
Ahmed Bashir & Associates, H # 9-B, Street # 61, F-11/4, Islamabad

DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) is pleased to present the financial statements for the half year from 1st July 2016 to 31st December 2016.

PDL earned total revenue of Rs. 329.756 million during first six months of current financial year while it has posted pre-tax profit of Rs. 29.308 million.

The decline in revenue during the half year ended December 2016 as compared to corresponding period is mainly due to discount provided to our international customer and closure of links. This decline is expected to be neutralized in the succeeding period.

Your company is striving hard to increase profitability by diversifying businesses, venturing into new avenues, and cost cutting through negotiating new agreements with its vendors. PDL has signed a framework agreement with a local operator for laying of optical fiber in major cities of Pakistan. The work on the optic fiber laying project in Peshawar is in the final stage of completion. The Company is also enhancing its market share in the satellite based internet services. The Company has successfully completed supply of telecom equipment to a major telecommunication company, the revenue and cost of which is expected to be recognized in the third quarter of 2016-2017 accordingly after receipt of customer's acceptance. Other orders for the supply of telecom equipment are in final stage of negotiation.

The Company is in the process of increasing its share in the core optical fibre business. Agreements to add links with the current international vendor are in final stages while agreements with new international players are being signed. This will contribute substantially towards future profitability.

Your Company is actively pursuing new projects with the defence establishment to meet their specific telecommunication needs. Some of the agreements in this regard will be signed in the third quarter and are expected to be completed in the coming quarters. These special projects will contribute significantly towards revenue and profitability.

The management is also taking specific measures to bring the costs down. A major contributor of the costs of service of the Company is the space segment. The Company is

in advance stage of negotiations with the supplier to rationalize this cost as per market trends. We are also actively pursuing other suppliers to further reduce this cost head. The management believes that all these actions along with dedication and hard work of PDL employees will bring positive results during the coming period.

The Board sincerely thanks 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
February 27, 2017**

**Syed Abrar Hussain
Chief Executive**

آپ کی کمپنی دفاعی ادارے کے ساتھ نئے منصوبوں پر عمل پیرا ہے تاکہ ان کی مخصوص ٹیلی کمیونی کیشن کی ضروریات کو پورا کیا جاسکے۔ اس سلسلے میں بعض معاہدوں پر تیسری سہ ماہی میں دستخط کیے جائیں گے اور توقع ہے کہ آنے والے عرصے میں مکمل ہو جائیں گے۔ ان خصوصی منصوبوں سے کمپنی کی آمدن اور منافع میں اضافہ ہوگا۔

انتظامیہ لاگتوں کو کم کرنے کے لیے خصوصی اقدامات اٹھا رہی ہے۔ کمپنی سروس لاگتوں کا ایک بڑا حصہ سٹیلائٹ کے نظام پر اٹھ جاتا ہے۔ کمپنی اس کی لاگت مارکیٹ کے رجحانات کے مطابق معقول سطح پر لانے کے لیے سپلائر کے ساتھ مذاکرات کر رہی ہے۔ ہم اس لاگت کو مزید کم کرنے کے لیے دیگر سپلائرز سے بھی بات چیت کر رہے ہیں۔ انتظامیہ کو امید ہے کہ پی ڈی ایل کے ملازمین کی محنت اور لگن کے ساتھ ان تمام اقدامات کے آنے والے دنوں میں مثبت نتائج برآمد ہوں گے۔

بورڈ اپنے ان تمام معزز ریگولیٹرز، سٹاک ایکسچینج اور صارفین کا خصوصی شکریہ ادا کرتی ہے جنہوں نے کمپنی پر اپنے بھرپور اعتماد کا اظہار کیا اور اس کی ترقی و خوشحالی کے لیے ہماری معاونت کی۔

سید ابرار حسین

چیف ایگزیکٹو

اسلام آباد

27 فروری 2017ء

ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (پی ڈی ایل) کے بورڈ آف ڈائریکٹرز کو یکم جولائی 2016ء سے 31 دسمبر 2016ء تک کے ششماہی مالیاتی گوشوارے پیش کرنے پر انتہائی خوشی محسوس ہو رہی ہے۔

پی ڈی ایل کو موجودہ سال کے پہلے چھ ماہ کے دوران کل 329.756 ملین روپے کی آمدن ہوئی جبکہ ٹیکس کی ادائیگی سے قبل اس کا منافع 29.308 ملین روپے تھا۔

دسمبر 2016 کو ختم ہونے والے پہلے چھ ماہ کے دوران پچھلے سال کے اسی عرصے کے مقابلے میں ہونے والی آمدن میں کمی کی سب سے بڑی وجہ اپنے بین الاقوامی صارف کو فراہم کردہ رعایت اور سروسز کے بند ہونے کی وجہ سے ہے۔ توقع یہ ہے کہ آنے والے عرصہ میں اس کمی پر قابو پایا جائے گا۔

آپ کی کمپنی اپنے کاروبار کو وسعت دینے، نئے کاروباری مواقع تلاش کرنے اور اپنے فروشنندگان کے ساتھ نئے معاہدوں پر بات چیت کرنے کے ذریعے لاگت میں کمی کر کے اپنے کاروباری منافع میں اضافہ کرنے کے لیے سخت جدوجہد کر رہی ہے۔ پی ڈی ایل نے پاکستان کے بڑے شہروں میں آپٹیکل فائبر لائن بچھانے کے لیے ایک مقامی آپریٹر کے ساتھ ایک معاہدے پر دستخط کیے ہیں۔ پشاور میں آپٹیک فائبر لائن بچھانے کے منصوبے پر کام تکمیل کے آخری مرحلے میں ہے۔ کمپنی سنٹیلٹ پر مبنی انٹرنیٹ سروسز فراہم کر کے اپنے مارکیٹ حجم میں اضافہ بھی کر رہی ہے۔ کمپنی نے ایک اہم ٹیلی کمیونی کیشن کمپنی کو ٹیلی کام آلات فراہم کر کے اس عمل کو نہایت کامیابی کے ساتھ مکمل کیا ہے جس کی آمدن اور لاگت متعلقہ صارف کی قبولیت کے بعد 2016-2017 کی تیسری سہ ماہی میں آنے کی توقع ہے۔ ٹیلی کام آلات کی فراہمی کے دیگر آڈرز بھی مذاکرات کے آخری مرحلے میں ہیں۔

کمپنی آپٹیکل فائبر کے کاروبار میں اپنا حصہ بڑھانے کے لیے کوشاں ہے۔ موجودہ بین الاقوامی تائین کنندہ کے ساتھ روابط قائم کرنے کے معاہدے حتیٰ مراحل میں ہیں جبکہ نئے بین الاقوامی اداروں کے ساتھ کیے جانے والے معاہدوں پر دستخط ہو رہے ہیں۔ اس اقدام سے بلاخر مستقبل میں منافع کمانے کی جانب کافی پیش رفت ہوگی۔

AUDITORS' REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pak Datacom Limited** ("the Company") as at December 31, 2016 and the related condensed profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim financial information 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 information as of and for the six months period ended December 31, 2016 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Gujranwala
February 27, 2017

HLB IJAZ TABUSSUM & CO.
Chartered Accountants
Engagement Partner:
Waqas Firdous - FCA

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

		Un-audited December 31, 2016	Audited June 30, 2016
	Note	Rupees	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital-100,000,000 ordinary shares (June 2016: 100,000,000) of rupees 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	5	98,010,000	98,010,000
Reserves		696,785,617	712,261,822
		794,795,617	810,271,822
NON-CURRENT LIABILITIES			
Employees' retirement and other service benefits- leave encashment		31,878,386	42,012,251
CURRENT LIABILITIES			
Customers' deposits		121,728,028	121,280,432
Trade and other payables		139,118,016	107,276,716
Provision for taxation		10,222,359	21,061,772
		271,068,403	249,618,920
		1,097,742,406	1,101,902,993
CONTINGENCIES AND COMMITMENTS			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	233,600,574	234,322,243
Intangible assets	8	6,084,750	6,298,250
		239,685,324	240,620,493
Deferred taxation		8,428,522	7,508,990
CURRENT ASSETS			
Trade debts		297,847,309	226,505,771
Advances		14,310,558	25,209,304
Trade deposits and short term prepayments		157,651,903	106,439,035
Other receivables		5,698,069	6,657,664
Interest accrued		2,545,221	2,958,456
Advance tax		66,364,920	67,866,119
Short term investments		278,580,000	342,012,000
Cash and bank balances		26,630,580	76,125,161
		849,628,560	853,773,510
		1,097,742,406	1,101,902,993

The annexed notes from 1 to 18 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Syed Abrar Hussain
Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	For the Quarter Ended		For the Half Year Ended	
		December, 31 2016	December, 31 2015	December 31, 2016	December 31, 2015
		Rupees		Rupees	
Revenue	9	162,825,442	169,744,327	329,756,463	343,163,832
Cost of services	10	(132,843,237)	(123,981,093)	(257,239,881)	(240,550,045)
Gross profit		29,982,205	45,763,234	72,516,582	102,613,787
Administrative expenses	11	(27,291,510)	(27,448,567)	(51,239,670)	(50,621,094)
Marketing expenses	12	(5,023,464)	(7,079,250)	(10,051,500)	(12,103,337)
		(32,314,974)	(34,527,817)	(61,291,170)	(62,724,431)
Operating (loss)/ profit		(2,332,769)	11,235,417	11,225,412	39,889,356
Other income		16,366,985	10,658,939	18,532,684	19,031,792
		14,034,216	21,894,356	29,758,096	58,921,148
Finance cost		(74,129)	(191,487)	(449,710)	(688,294)
Profit before taxation		13,960,087	21,702,869	29,308,386	58,232,854
Provision for taxation		(10,438,964)	(7,025,217)	(15,381,591)	(19,080,111)
Profit for the period		3,521,123	14,677,652	13,926,795	39,152,743
Earning per share - basic and diluted	13	0.36	1.50	1.42	3.99

The annexed notes from 1 to 18 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Syed Abrar Hussain
Chief Executive

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	For the Quarter Ended		For the Half Year Ended	
	December, 31 2016	December, 31 2015	December 31, 2016	December 31, 2015
	Rupees		Rupees	
Profit for the period	3,521,123	14,677,652	13,926,795	39,152,743
Other comprehensive income/ (loss):				
Items that will not be reclassified to profit or loss:				
Actuarial gains / (losses) recognised in OCI	-	-	-	-
Total comprehensive income	3,521,123	14,677,652	13,926,795	39,152,743

The annexed notes from 1 to 18 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Syed Abrar Hussain
Chief Executive

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	December 31, 2016	December 31, 2015
Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	29,308,386	58,232,854
Adjustments for non-cash and other items:		
Depreciation	19,141,690	18,704,922
Amortisation-intangible assets	213,500	213,500
Property, plant and equipment- charged off	84,180	200,370
Gain on disposal of property, plant and equipment	(33,329)	(1,061)
Finance cost	449,710	688,294
Exchange gain/ (loss)	286,642	(7,457,013)
Return on bank deposits/ short term investments	(3,980,487)	(5,330,886)
Provision for gratuity	6,200,000	6,500,000
Provision for earned leave encashment	2,800,000	2,500,000
	25,161,906	16,018,126
Operating profit before working capital changes	54,470,292	74,250,980
Movement in working capital:		
<u>(Increase)/ decrease in current assets:</u>		
Trade debts - unsecured	(71,341,538)	(29,704,098)
Advances	10,898,746	2,150,386
Trade deposits and short term prepayments	(51,212,868)	(30,804,895)
Other receivables	959,595	6,098,846
<u>Increase/ (decrease) in current liabilities:</u>		
Customers' deposits	447,596	4,547,545
Trade and other payables	27,261,016	13,615,060
	(82,987,453)	(34,097,156)
Cash flow from operations	(28,517,161)	40,153,824
Taxes paid	(25,639,337)	(32,698,587)
Gratuity paid/adjusted	(2,094,377)	(16,198,112)
Earned leave paid/ adjusted	(12,933,865)	(1,021,031)
Return on bank deposits/ short term investments	4,393,722	6,821,728
Finance cost	(449,710)	(688,294)
	(36,723,567)	(43,784,296)
Net cash flows from operating activities	(65,240,728)	(3,630,472)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(18,544,787)	(9,585,036)
Proceeds on the disposal of property, plant and equipment	73,915	63,000
Net cash flows from investing activities	(18,470,872)	(9,522,036)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(28,928,339)	(28,927,407)
Net decrease in cash and cash equivalents	(112,639,939)	(42,079,915)
Cash and cash equivalents at the beginning of the period	418,137,161	420,304,773
Effect of foreign exchange rate change	(286,642)	7,457,013
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	305,210,580	385,681,871

The annexed notes from 1 to 18 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Syed Abrar Hussain
Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Share Capital	Revenue reserves		Total
	Issued, subscribed and paid-up	General Reserves	Unappropriated profit	
Balance as at July 01, 2015 (Audited)	98,010,000	531,500,000	185,769,198	815,279,198
Total comprehensive income for the period	-	-	39,152,743	39,152,743
Transfer to general reserve	-	50,000,000	(50,000,000)	-
<u>Transactions with owners:</u>				
Final dividend for the year ended June 30, 2015 (Rs. 3.00 per share)	-	-	(29,403,000)	(29,403,000)
Balance as at December 31, 2015 (Un-audited)	98,010,000	581,500,000	145,518,941	825,028,941
Total comprehensive income for the period	-	-	(2,505,869)	(2,505,869)
Interim dividend for the year ended June 30, 2016 (Rs. 1.25 per share)	-	-	(12,251,250)	(12,251,250)
Balance as at June 30, 2016 (Audited)	98,010,000	581,500,000	130,761,822	810,271,822
Total comprehensive income for the period	-	-	13,926,795	13,926,795
Transfer to general reserve	-	5,000,000	(5,000,000)	-
<u>Transactions with owners:</u>				
Final dividend for the year ended June 30, 2016 (Rs. 3.00 per share)	-	-	(29,403,000)	(29,403,000)
Balance as at December 31, 2016 (Un-audited)	98,010,000	586,500,000	110,285,617	794,795,617

The annexed notes from 1 to 18 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Syed Abrar Hussain
Chief Executive

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2016

1 LEGAL STATUS AND OPERATIONS

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

2.1 Statement of Compliance

These condensed interim financial statements (un-audited) for the half year ended December 31, 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting', directive issued by the Securities and Exchange Commission of Pakistan (SECP) and the requirements of Companies Ordinance, 1984. Wherever requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the said directives take precedence.

2.2 Adoption of new and revised standards, interpretations and amendments

The new standards and amendments to the approved accounting standards and interpretations that are mandatory for the accounting periods beginning on or after July 01, 2016 are either considered not to be relevant or to have any significant impact on the Company's operations and therefore, are not detailed in these financial statements.

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention, except for recognition of certain employees retirement and other service benefits which are carried at present value of defined benefits obligation net of fair value of plan assets.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to useful life of depreciable assets, provisions for doubtful debts and provision for income tax and deferred tax. The determination of provision for employee retirement benefits that are defined benefit plans require actuarial valuation. The Company employs the services of professional actuaries to make such estimates and assumptions using actuarial techniques.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of audited annual financial statements for the year ended June 30, 2016.

Un-audited December 31, 2016	Audited June 30, 2016
Rupees	

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

5,400,000 (June 2016: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash	54,000,000	54,000,000
4,401,000 (June 2016: 4,401,000) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	44,010,000	44,010,000
	<u>98,010,000</u>	<u>98,010,000</u>

Out of total issued share capital, 5,398,353 (June 2016: 5,398,353) ordinary shares are held by Telecom Foundation, Pakistan.

6 CONTINGENCIES AND COMMITMENTS

- 6.1 Guarantees and letters of credit issued by the bank on behalf of the Company amounted to Rs. 93.30 million (June 2016: Rs. 252.10 million).
- 6.2 The Company had entered into an agreement with a reseller of satellite bandwidth in Pakistan for provisioning of satellite segment. Due to certain technical issues, the bandwidth was never operational or utilised. Management after appropriate measures for the recovery of advance payments of US\$ 0.64 million; equivalent to Rs. 65.94 million (June 2016: US\$ 0.64 million; equivalent to Rs. 66.18 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. 65.94 million on the Company. The Company has filed the case in Islamabad High Court against the award, outcome of which is still pending. The Company had made provision against the advance payment of US \$ 0.64 million; equivalent to Rs. 65.94 million during the year ended June 30, 2012 as a matter of abandon caution. However the Board and the management is of the opinion that the maximum loss even if the case is decided against the Company will not exceed US\$ 1.27 million; equivalent to Rs. 131.88 million (June 2016: US\$ 1.27 million; equivalent to Rs. 132.36 million). The reseller had also filed a counter claim in the Civil Court, Islamabad for recovery of the Arbitration Award, which has been adjourned sine-die since the matter is already in the Honourable Islamabad High Court.
- 6.3 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 Honorable 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 Honorable Civil Court, the Company filed an appeal in the Honorable Islamabad High Court. The appeal is in the initial stages and hopefully the expected outcome will be in favour of the Company.
- 6.4 The Company did not withheld tax on dividend amounting to Rs. 0.90 million (June 2016: 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 lower 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.

- 6.5 Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 18.83 million (June 2016: Rs. 54.57 million).

	Note	Un-audited December 31, 2016	Audited June 30, 2016
Rupees			
7 PROPERTY, PLANT AND EQUIPMENT			
Property, Plant and Equipment (Net book Value)			
- Pakistan	7.1	233,269,475	233,952,889
Property, Plant and Equipment (Net book Value)			
- UAE	7.2	331,099	369,354
		<u>233,600,574</u>	<u>234,322,243</u>
7.1 Property, plant and equipment- Pakistan Cost			
Opening balance		877,231,240	859,202,204
Additions during the period		18,544,787	26,691,575
Deletion/disposals during the period		(347,159)	(8,662,539)
Closing balance		895,428,868	877,231,240
Accumulated depreciation			
Opening balance		643,278,351	611,083,514
Additions during the period		19,103,435	38,949,491
Deletion/disposals during the period		(222,393)	(6,754,654)
Closing balance		662,159,393	643,278,351
Net book value		<u>233,269,475</u>	<u>233,952,889</u>
7.2 Property, plant and equipment- UAE Cost			
Opening balance		770,181	770,181
Additions during the period		-	-
Deletion/disposals during the period		-	-
Closing balance		770,181	770,181
Accumulated depreciation			
Opening balance		400,827	304,089
Additions during the period		38,255	96,738
Deletion/disposals during the period		-	-
Closing balance		439,082	400,827
Net book value		<u>331,099</u>	<u>369,354</u>

1st charge of Rs. 140.00 million (June 2016: Rs. 140.00 million) on fixed assets, present and future current assets of the Company of Rs. 400.00 million (June 2016: Rs. 400.00 million) and US\$ nil; equivalent to Rs. nil (June 2016: US\$ 1.50 million; equivalent to Rs. 156.44 million) in shape of FC-FDR has been created in favour of Soneri Bank Limited for an unfunded facility of Rs. 93.30 million (June 2016: Rs. 252.01 million).

8 INTANGIBLE ASSETS	Un-audited	Audited
	December 31, 2016	June 30, 2016
	Rupees	
Cost		
Opening balance	11,744,006	11,744,006
Additions during the period	-	-
Deletion/disposals during the period	-	-
Closing balance	11,744,006	11,744,006
Accumulated amortisation		
Opening balance	5,445,756	5,018,756
Additions during the period	213,500	427,000
Deletion/disposals during the period	-	-
Closing balance	5,659,256	5,445,756
Net book value	<u>6,084,750</u>	<u>6,298,250</u>

Note	Un-audited		Un-audited	
	For the Quarter ended		For the Half Year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees		Rupees	

9 REVENUE

CVAS data communication services	151,853,036	168,745,914	301,730,465	341,385,419
Telecom infrastructure services	1,081,800	998,413	2,132,068	1,778,413
Other projects revenue	9,890,606	-	25,893,930	-
9.1	<u>162,825,442</u>	<u>169,744,327</u>	<u>329,756,463</u>	<u>343,163,832</u>

9.1 Revenue is exclusive of Services Tax of Rs.44.95 million (December 2015: Rs. 48.07 million).

Note	Un-audited		Un-audited	
	For the Quarter ended		For the Half Year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees		Rupees	

10 COST OF SERVICES

Channel and local lead rentals	39,186,078	32,802,477	70,710,854	63,667,923
Space segment rentals	27,905,323	29,279,556	56,403,851	58,815,898
Salaries and other benefits	35,668,856	39,206,761	68,958,711	72,487,778
Repair and maintenance expenses	4,149,791	4,971,873	7,440,815	9,845,774
License fee	878,350	868,690	1,653,994	1,751,390
Depreciation	10,297,058	9,516,501	19,141,690	18,704,922
Amortisation	106,750	106,750	213,500	213,500
Travelling and local conveyance	579,436	1,102,930	1,116,880	1,656,811
Telephone expenses	105,301	269,137	325,508	734,413
Vehicle running expenses	2,350,099	2,281,871	4,662,949	5,936,428
Insurance	357,022	1,136,995	529,963	1,325,891
Entertainment	205,213	399,783	433,313	635,258
Rent, rates and taxes	1,096,069	866,815	2,181,620	1,768,702
Utilities	501,884	461,422	1,849,588	1,563,741
Operating lease rentals	594,828	709,532	1,189,656	1,441,616
Other projects cost	8,861,179	-	20,426,989	-
	<u>132,843,237</u>	<u>123,981,093</u>	<u>257,239,881</u>	<u>240,550,045</u>

	Un-audited		Un-audited	
	For the Quarter ended		For the Half Year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees		Rupees	
11 ADMINISTRATIVE EXPENSES				
Salaries and other benefits	19,777,146	20,181,666	37,781,744	37,789,940
Travelling and local conveyance	34,520	185,258	112,520	334,220
Telephone expenses	248,572	253,238	607,704	464,124
Vehicle running expenses	931,675	1,686,429	2,055,853	2,608,541
Insurance	60,088	64,453	120,183	128,984
Entertainment	368,328	272,953	783,288	603,451
Rent, rates and taxes	1,284,066	1,156,285	2,568,132	1,976,461
Legal and professional charges	2,575,666	1,226,376	3,595,084	2,050,524
Printing and stationery	703,625	642,581	949,983	901,210
Utilities	418,297	630,944	1,051,095	1,736,871
Welfare expenses	60,000	15,000	100,000	15,000
Auditors' remuneration	220,000	305,000	420,000	355,000
Operating lease rentals	609,527	828,384	1,094,084	1,656,768
	<u>27,291,510</u>	<u>27,448,567</u>	<u>51,239,670</u>	<u>50,621,094</u>
12 MARKETING EXPENSES				
Advertisement and marketing expenses	589,425	992,697	669,883	1,193,566
Salaries and other benefits	3,828,752	5,411,670	7,555,016	9,696,462
Travelling and local conveyance	120,675	93,510	883,607	177,465
Telephone expenses	20,706	36,621	74,650	73,514
Vehicle running expenses	234,959	346,975	450,864	561,774
Insurance	8,940	18,185	17,881	30,700
Entertainment	18,678	-	18,678	10,672
Operating lease rentals	201,329	179,592	380,921	359,184
	<u>5,023,464</u>	<u>7,079,250</u>	<u>10,051,500</u>	<u>12,103,337</u>
13 EARNING PER SHARE (BASIC AND DILUTED)				
Profit after taxation	3,521,123	14,677,652	13,926,795	39,152,743
Basic and diluted earnings per share (Rupees/ share)	<u>0.36</u>	<u>1.50</u>	<u>1.42</u>	<u>3.99</u>

Weighted average number of ordinary shares as at December 31, 2016 are 9,801,000 (December 31, 2015: 9,801,000) and there are no dilutive ordinary shares till December 31, 2016 (December 31, 2015: Nil).

14 TRANSACTIONS WITH RELATED PARTIES

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

	Un-audited	Un-audited
	December 31, 2016	December 31, 2015
	Rupees	
Telecom Foundation-transactions		
Dividend	16,195,059	16,195,059
	<u>Un-audited</u>	<u>Audited</u>
	<u>December 31,</u>	<u>June 30,</u>
	<u>2016</u>	<u>2016</u>
	Rupees	
Telecom Foundation-balance		
Payable against joint operations	1,464,781	3,039,154

- 14.1 There were no transaction with the holding company (Telecom Foundation) during the period other than those disclosed in these financial statements.
- 14.2 The Company has no subsidiary company and there are no transactions with companies with common directorship other than those disclosed in these financial statements.
- 14.3 Salaries and other benefits under note numbers 10, 11, and 12 include remuneration to Directors, Chief Executive and Executives amounting to Rs. 23.07 million (December 2015: Rs. 23.79 million). Advances include advance against salaries to executives amounting to Rs. 0.79 million (June 2016: Rs. 0.76 million). The Chief Executive and Executives of the Company are also provided Company maintained vehicles for official purpose only. There are no transactions with the key management personnel other than those disclosed in these financial statements other than their terms of employment.
- 14.4 Salaries and other benefits under note numbers 10, 11, and 12 include employees retirement benefits of Rs. 9.00 million (December 2015: Rs. 9.00 million)

15 OPERATING SEGMENTS

These financial statement have been prepared on the basis of a single reportable segment.

Out of total revenue, 91.50 % (December 2015: 99.48 %) is generated from CVAS data communication services while 8.50 % (December 2015: 0.52 %) is generated from Telecom Infrastructure Provider license and other projects.

Revenue from major customers of the Company amounts to Rs. 168.30 million (December 2015: Rs. 203.24 million) representing 51.00 % (December 2015: 59.23 %) of the total revenue.

Out of total non-current assets of the Company, 99.86 % (June 2016: 99.84 %) assets are located in Pakistan.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on February 27, 2017.

17 MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

The Board of Directors in its meeting held on February 27, 2017 approved interim cash dividend of Rs. 1.00 per share (December 2015: Rs. 1.25 per share) amounting to Rs. 9.80 million (December 2015: Rs. 12.25 million). The financial statements for the half year ended December 31, 2016 do not include the effect of aforementioned proposed dividend. There are no other subsequent events necessary to be disclosed.

18 GENERAL

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

Amjad Hussain Qureshi
Director

Syed Abrar Hussain
Chief Executive

DIVIDEND MANDATE FORM

Dear Shareholder,

Re: Dividend Mandate Form

With reference to the captioned subject, it is to inform you that under Section 250 of the Companies Ordinance 1984 a shareholder may, if so desire, directs the Company to pay dividend through his/her/its Bank Account.

In pursuance of the directions given by the Securities & Exchange Commission of Pakistan vide Circular Number 19 of 2012 & Reference No. SMD/CJW/Misc/19/2009 date June 05, 2012, I/we _____ request being the registered shareholder of _____ having Folio No. _____ hereby gives the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

[PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS].

Do you wish that the cash dividend declared by the Company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick "✓" any of the following boxes:

YES

NO

If yes then please provide the following information:

Transferee Detail	
Title of Bank Account	
Bank Account Number	
Bank Name	
Branch Name And Address	
Computerized National Identity Card [CNIC]	
Cell Number of Transferee	
Landline Number of Transferee, if any	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Signature of the Member/Shareholder

Note: Physical certificate holders are requested to please submit the Dividend Mandate Form duly completed to the Share Registrar. In case of CDC account holder, please submit this Mandate Form to the concerned Participant / Broker.

**NOTIFICATION FOR THE COPY OF COMPUTERISED NATIONAL
IDENTITY CARD (CNIC)**

Dear Shareholder (s)

Re: Copy of Computerized National Identity Card [CNIC]

Dear Shareholder(s),

As per direction of the Securities & Exchange Commission of Pakistan vide SRO 779(1)/2011 dated August 18, 2011, the dividend warrants to be issued by the companies should bear the CNIC number of the registered member(s) or their authorized representative(s) and dividend warrants cannot be issued without inserting the CNIC number of the member(s) or its authorized representative(s).

You are, therefore, requested to please provide us a copy of your CNIC without any further delay failing which your future dividend warrant(s) will be withheld in compliance of the aforesaid direction of the SECP at our following address:

Head of Shares Department

Hassan Farooq Associates (Private) Limited

Share Registrar: Pak Datacom Limited

7/3 - G, Mushtaq Ahmed Gurmani Road, Gulberg - II

Lahore, Pakistan.

Ph: 042-35761661-62

Kindly mention your folio number along with name of company, on the copy of CNIC for identification purposes and also mention your contact number.

INVESTORS' EDUCATION

In pursuance of SRO 924 (I)/ 2015 dated September 09, 2015 issued by Securities and Exchange Commission of Pakistan, the following informational message has been reproduced to educate investors:

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