



Pak Datacom



Half Yearly Report
July 2017 to December 2017
(Un-Audited)

Pak Datacom Limited

COMPANY PROFILE

BOARD OF DIRECTORS

- | | | |
|----|------------------------------|-----------------|
| 1. | Mr. Yasir Qadir | Chairman |
| 2. | Syed Jamal Nasir | Chief Executive |
| 3. | Ms. Aameena Sohail | |
| 4. | Syed Abrar Hussain | |
| 5. | Mr. Haaris Mahmood Chaudhary | |
| 6. | Mr. Jamil Anwar | |
| 7. | Mr. Basit Waheed | |
| 8. | Mr. Arshad Rasheed Chaudhary | |

AUDIT COMMITTEE

- | | | |
|----|------------------------------|----------|
| 1. | Mr. Arshad Rasheed Chaudhary | Chairman |
| 2. | Mr. Basit Waheed | |
| 3. | Mr. Haaris Mahmood Chaudhary | |

HUMAN RESOURCES COMMITTEE

- | | | |
|----|--------------------|-------------|
| 1. | Ms. Aameena Sohail | Chairperson |
| 2. | Syed Jamal Nasir | |
| 3. | Mr. Basit Waheed | |
| 4. | Mr. Jamil Anwar | |

PROCUREMENT COMMITTEE

- | | | |
|----|------------------------------|----------|
| 1. | Mr. Yasir Qadir | Chairman |
| 2. | Mr. Haaris Mahmood Chaudhary | |
| 3. | Mr. Jamil Anwar | |

NOMINATION COMMITTEE

- | | | |
|----|------------------------------|----------|
| 1. | Mr. Yasir Qadir | Chairman |
| 2. | Ms. Aameena Sohail | |
| 3. | Mr. Arshad Rasheed Chaudhary | |

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) takes pleasure in presenting the Company's financial statements for the half year 1st July 2017 to 31st December 2017.

In the first six months period, PDL earned total revenue of Rs. 408.7 million as compared to Rs. 367.5 million of the corresponding period of last year while it posted pre-tax profit of Rs. 35.8 million translating into an earnings per share of Rs. 2.41.

The revenue and profitability of the Company enhanced during the first six months ended on 31 December 2017 mainly due to increase in revenue of special projects and reduction in 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.

The management has already reduced the media cost through successful negotiations and further efforts for the same are in process.

The management aims to maintain the growth and remains committed to attain high value for its shareholders in future and sincerely thank our shareholders, customers, regulators and stock exchanges for their trust and consistent support. We also hope that employees, our valuable asset, will work hard to achieve business targets set by the management.

For and on behalf of the Board

**Islamabad
February 28, 2018**

**Syed Jamal Nasir
Chief Executive**

ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (پی ڈی ایل) کے بورڈ آف ڈائریکٹرز کو یکم جولائی 2017ء سے 31 دسمبر 2017ء تک کے پہلی ششماہی کے مالیاتی گوشوارے پیش کرنے پر انتہائی خوشی محسوس ہو رہی ہے۔

پہلے تین ماہ کے دوران کمپنی کی کل آمدن 408.7 ملین روپے تھی جبکہ گزشتہ سال اسی مدت کے دوران ہونے والی آمدن 367.5 ملین روپے تھی۔ ٹیکس کی ادائیگی سے قبل اس کا منافع 35.8 ملین روپے تھا اور اس کی فی شیئر آمدن 2.41 روپے تھی۔

31 دسمبر 2017 کو ختم ہونے والی پہلی چھ مہینوں میں کمپنی کی آمدنی اور منافع میں اضافہ بنیادی طور پر خصوصی منصوبوں کے آمدنی میں اضافے اور ذرائع ترسیلات کے اخراجات میں کمی کی وجہ سے ہوا ہے۔

خصوصی پراجیکٹس کے اکثر معاہدوں پر کام جاری و ساری ہے۔ انتظامیہ ان دستخط شدہ پراجیکٹس پر کام کرنے کے لیے اپنی تمام تر کوششیں کر رہی ہے۔

انتظامیہ نے اپنے کامیاب مذاکرات کے ذریعے پہلے ہی میڈیا اخراجات میں کمی کرنے کا ہدف حاصل کر لیا ہے اور اس مقصد کے لیے مزید کوششیں کی جا رہی ہیں۔

انتظامیہ کا بنیادی مقصد اس شرح نمو کو برقرار رکھنا اور اپنے معزز حصص مالکان کا اعتماد حاصل کرنا ہے۔ ہم اپنے معزز حصص مالکان، ریگولیٹرز، اسٹاک ایکسچینج اور صارفین کا خصوصی شکریہ ادا کرتے ہیں جنہوں نے پی ڈی ایل پر اپنے مکمل اعتماد کا اظہار کیا اور کمپنی کی ترقی و خوشحالی کے لیے ہماری معاونت بھی کی۔ ہم امید کرتے ہیں کہ ملازمین جو ہمارا قیمتی اثاثہ ہیں، انتظامیہ کے مقرر کردہ اہداف کو حاصل کرنے کے لیے سخت محنت کریں گے۔

سید جمال ناصر

چیف ایگزیکٹو

اسلام آباد

28 فروری 2018ء

Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pak Datacom Limited ("the Company") as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and selected notes to the condensed interim financial information 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 approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter - comparative information

We draw attention to:

- a) Note 5.2 to the condensed interim financial information which describes the uncertainty relating to outcome of the contingency; and
- b) Note 14 to the condensed interim financial information which indicates that the comparative information presented as at 30 June 2017 and for the six months period ended 31 December 2016 has been restated.

Our conclusion is not modified in respect of the above matters.

Other matter relating to comparative information

The financial statements of the Company for the year ended 30 June 2016 from which the balance sheet as at 1 July 2016 has been derived, excluding the adjustments described in note 14 to the condensed financial information and financial statements for the year ended 30 June 2017 were audited by another auditor who expressed an unmodified opinion on the financial statements on 30 September 2016 and 27 September 2017 respectively.

As part of our review of the condensed interim financial information for the six months period ended 31 December 2017, we reviewed the adjustments described in note 14 that were applied to restate the comparative information presented as at 30 June 2017 and for the six months period ended 31 December 2016 and the balance sheet as at 1 July 2016. We were not engaged to review, or apply any procedures to the financial statements for the years ended 30 June 2017 or 30 June 2016, not presented herein or to the balance sheet as at 1 July 2016, other than with respect to the adjustments described in note 14 to the condensed financial information. Accordingly, we do not express a conclusion or any other form of assurance on those respective financial statements taken as a whole. However, nothing has come to our attention that causes us to believe that the adjustments described in note 14 are not appropriate.

The figures for the three months period ended 31 December 2017 and 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Islamabad
February 28, 2018

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner:
Inam-Ullah Kakra

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT 31 DECEMBER 2017

		31 December 2017	30 June 2017	1 July 2016
	Note	Un-audited	Restated	Restated
Rupees				
SHARE CAPITAL AND RESERVES				
Share capital		98,010,000	98,010,000	98,010,000
Reserves	4	700,369,234	701,218,794	730,241,034
Total share capital and reserves		798,379,234	799,228,794	828,251,034
LIABILITIES				
Deferred employee benefits		43,664,835	41,734,604	42,012,251
Liability against assets subject to finance lease		15,067,304	3,205,959	-
Non-current liabilities		58,732,139	44,940,563	42,012,251
Customers' deposits		130,098,268	124,388,199	121,280,432
Trade and other payables		205,869,244	138,722,016	128,762,146
Current portion of liability against assets subject to finance lease		5,244,817	1,491,755	-
Current liabilities		341,212,329	264,601,970	250,042,578
Total liabilities		399,944,468	309,542,533	292,054,829
Total share capital, reserves and liabilities		1,198,323,702	1,108,771,327	1,120,305,863
Contingencies and commitments	5			
ASSETS				
Property and equipment	6	242,573,279	230,598,378	234,322,243
Intangible assets	7	5,657,750	5,871,250	6,298,250
Deferred taxation		9,734,835	8,669,955	7,039,678
Non-current assets		257,965,864	245,139,583	247,660,171
Unbilled revenue		136,170,483	120,276,407	76,258,897
Trade debts		241,769,302	341,994,464	282,729,494
Advances		6,799,627	5,069,732	25,209,304
Trade deposits and short term prepayments		76,668,969	43,032,746	22,572,027
Other receivables		815,634	5,522,084	6,657,664
Interest accrued		6,822,641	4,511,630	2,958,456
Advance tax		59,136,824	61,003,211	38,122,689
Short term investments		336,000,000	186,000,000	342,012,000
Cash and bank balances		76,174,358	96,221,470	76,125,161
Current assets		940,357,838	863,631,744	872,645,692
Total assets		1,198,323,702	1,108,771,327	1,120,305,863

The annexed notes 1 to 18 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 SIX MONTHS ENDED 31 DECEMBER 2017**

	Note	Three months ended		Six months ended	
		31 December		31 December	
		2017	2016	2017	2016
		Un-audited	Restated	Un-audited	Restated
		Rupees		Rupees	
Revenue	8	193,314,704	200,556,416	408,668,466	367,487,437
Cost of services	9	(153,557,506)	(164,093,741)	(323,173,093)	(288,490,385)
Gross profit		39,757,198	36,462,675	85,495,373	78,997,052
Administrative expenses	10	(27,034,902)	(27,291,510)	(49,349,288)	(51,239,670)
Marketing expenses	11	(5,930,063)	(5,023,464)	(11,836,768)	(10,051,500)
Finance cost		(533,460)	(74,129)	(916,161)	(449,710)
		6,258,773	4,073,572	23,393,156	17,256,172
Other income		7,388,009	1,561,475	12,440,665	3,727,174
Profit before taxation		13,646,782	5,635,047	35,833,821	20,983,346
Taxation		(4,837,486)	(7,660,778)	(12,180,881)	(12,603,405)
Profit for the period		8,809,296	(2,025,731)	23,652,940	8,379,941
Earning per share - basic and diluted	12	0.90	(0.21)	2.41	0.86

The annexed notes 1 to 18 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 SIX MONTHS ENDED 31 DECEMBER 2017**

	Three months ended		Six months ended	
	31 December		31 December	
	2017	2016	2017	2016
	Un-audited	Restated	Un-audited	Restated
	Rupees		Rupees	
Profit for the period	8,809,296	(2,025,731)	23,652,940	8,379,941
Other comprehensive income/ (loss):				
Items that will not be reclassified to profit or loss:				
Remeasurement loss on defined benefit plan	-	-	-	-
Total comprehensive income	8,809,296	(2,025,731)	23,652,940	8,379,941

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

Zahid Mehmood
CFO

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR SIX MONTHS ENDED 31 DECEMBER 2017

	31 December	
	2017	2016
	Un-audited	Restated
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	35,833,821	20,983,346
Adjustments for:		
Depreciation	18,744,739	19,141,690
Amortisation-intangible assets	213,500	213,500
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	916,161	449,710
Interest income on bank deposits and short term investments	(8,844,937)	(3,980,487)
Provision for gratuity	7,000,000	6,200,000
Provision for earned leave encashment	3,000,000	2,800,000
	18,229,686	24,875,264
	54,063,507	45,858,610
Changes in:		
Trade debts - unsecured	100,225,162	(24,539,650)
Unbilled revenue	(15,894,076)	(37,730,974)
Advances	(1,729,895)	10,898,746
Trade deposits and short term prepayments	(33,636,223)	(51,212,868)
Other receivables	4,706,450	959,595
Customers' deposits	5,710,069	447,596
Trade and other payables	66,974,257	27,261,016
	126,355,744	(74,662,413)
Cash generated from operations	180,419,251	(28,803,803)
Taxes paid	(11,379,374)	(25,639,337)
Gratuity paid	(7,016,115)	(2,094,377)
Earned leave paid	(1,069,769)	(12,933,865)
Interest received on bank deposits and short term investments	6,533,926	4,393,722
Finance cost	(916,161)	(449,710)
	(13,847,493)	(36,723,567)
Net cash flows from operating activities	166,571,758	(65,527,370)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(10,410,176)	(18,544,787)
Proceeds on the disposal of property, plant and equipment	3,160,313	73,915
Net cash flows from investing activities	(7,249,863)	(18,470,872)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(24,313,414)	(28,928,339)
Payment of finance lease obligation	(5,055,593)	-
	(29,369,007)	(28,928,339)
Net increase/ (decrease) in cash and cash equivalents	129,952,888	(112,926,581)
Cash and cash equivalents at beginning of the period/ year	282,221,470	418,137,161
Cash and cash equivalents at end of the period/ year	412,174,358	305,210,580

The annexed notes 1 to 18 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 SIX MONTHS ENDED 31 DECEMBER 2017

	Revenue reserves		Total Rupees
	Share Capital	General Reserves	
Balance as at 1 July 2016 - as previously reported	98,010,000	581,500,000	810,271,822
Correction of errors - note 14	-	-	17,979,212
Balance as at 1 July 2016 - restated	<u>98,010,000</u>	<u>581,500,000</u>	<u>828,251,034</u>
Total comprehensive income for the period	-	-	8,379,941
Profit for the period - restated	-	-	-
Other comprehensive income for the period - restated	-	-	-
Balance as at 31 December 2016 - restated	<u>98,010,000</u>	<u>586,500,000</u>	<u>8,379,941</u>
Transfer to general reserve	-	5,000,000	8,379,941
Transactions with owners of the company	-	-	-
Distributions	-	-	-
Final dividend 2016: Rs. 3.00 per share	-	-	(29,403,000)
Balance as at 31 December 2016 - restated	<u>98,010,000</u>	<u>586,500,000</u>	<u>807,227,975</u>
Balance as at 1 July 2017 - as previously reported	<u>98,010,000</u>	<u>586,500,000</u>	<u>804,189,214</u>
Correction of errors - note 14	-	-	(4,960,420)
Balance as at 1 July 2017 - restated	<u>98,010,000</u>	<u>586,500,000</u>	<u>799,228,794</u>
Total comprehensive income for the period	-	-	23,652,940
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Balance as at 31 December 2017 (Un-audited)	<u>98,010,000</u>	<u>591,500,000</u>	<u>798,379,234</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

Zahid Mehmood
CFO

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR SIX MONTHS ENDED 31 DECEMBER 2017**

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 six months period ended 31 December 2017 have been prepared in accordance with IAS 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 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 six months period ended 31 December 2016.

The Companies Act, 2017 was enacted on 30 May 2017 and the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. CLD/CCD/PR(11)/2017 dated 04 October 2017 required that the companies whose financial year, including interim periods, closes on or before 31 December 2017 shall prepare their financial statements, including interim financial information, in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial years closing after 31 December 2017 requires certain additional disclosures. 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 December 2017 Un-audited	30 June 2017 Audited
Rupees	

4 RESERVES

General reserve	591,500,000	586,500,000
Unappropriated profit	108,869,234	114,718,794
	<u>700,369,234</u>	<u>701,218,794</u>

5 CONTINGENCIES AND COMMITMENTS

- 5.1** Guarantees issued by the bank on behalf of the Company amounted to Rs. 181.25 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. 69.79 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. 69.79 million on the Company. The Company had made provision against the advance payment of US \$ 0.64 million; equivalent to Rs. 69.79 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. 139.58 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 has been 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 withheld 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. 210.13 million (June 2017: Rs. 98.55 million).

		31 December 2017	30 June 2017
	Note	Un-audited	Audited
Rupees			
6 PROPERTY AND EQUIPMENT			
Net book value - Pakistan	6.1	242,310,709	230,305,534
Net book value - UAE	6.2	262,570	292,844
		<u>242,573,279</u>	<u>230,598,378</u>
6.1 Property equipment- Pakistan			
Cost			
Balance at beginning of the period/year		888,953,651	877,231,240
Additions during the period/year		31,080,176	35,993,591
Deletion/disposals during the period/year		(4,115,260)	(24,271,180)
Balance at end of the period/year		915,918,567	888,953,651
Accumulated depreciation			
Balance at beginning of the period/year		658,648,117	643,278,351
Charge for the period/year		18,714,465	38,386,158
Deletion/disposals during the period/year		(3,754,724)	(23,016,392)
Balance at end of the period/year		673,607,858	658,648,117
Net book value		<u>242,310,709</u>	<u>230,305,534</u>
6.2 Property and equipment- UAE			
Cost			
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
Accumulated depreciation			
Balance at beginning of the period/year		477,337	400,827
Charge for the period/year		30,274	76,510
Deletion/disposals during the period/year		-	-
Balance at end of the period/year		507,611	477,337
Net book value		<u>262,570</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 December 2017	30 June 2017
		Un-audited	Audited
Rupees			
7 INTANGIBLE ASSETS			
Cost			
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
Accumulated amortisation			
Balance at beginning of the period/year		5,872,756	5,445,756
Charge for the period/year		213,500	427,000
Deletion/disposals during the period/year		-	-
Balance at end of the period/year		6,086,256	5,872,756
Net book value		<u>5,657,750</u>	<u>5,871,250</u>

Note	Three months ended		Six months ended	
	31 December		31 December	
	2017 Un-audited	2016 Restated	2017 Un-audited	2016 Restated
	Rupees		Rupees	
8 REVENUE				
CVAS data communication services	134,700,304	151,853,036	278,699,087	301,730,465
Telecom infrastructure services	998,400	1,081,800	1,996,800	2,132,068
Other projects revenue	57,616,000	47,621,580	127,972,579	63,624,904
8.1	<u>193,314,704</u>	<u>200,556,416</u>	<u>408,668,466</u>	<u>367,487,437</u>

8.1 Revenue is exclusive of sales tax of Rs.53.98 million (December 2016: Rs. 44.95 million).

Note	Three months ended		Six months ended	
	31 December		31 December	
	2017 Un-audited	2016 Restated	2017 Un-audited	2016 Restated
	Rupees		Rupees	
9 COST OF SERVICES				
Channel and local lead rentals	32,365,512	39,186,078	67,270,660	70,710,854
Space segment rentals	22,582,602	27,905,323	43,318,814	56,403,851
Salaries and other benefits	36,277,258	35,668,856	70,489,873	68,958,711
Repair and maintenance expenses	3,703,982	4,149,791	7,081,855	7,440,815
License fee	698,462	878,350	1,443,414	1,653,994
Depreciation	10,432,356	10,297,058	18,744,739	19,141,690
Amortisation	106,750	106,750	213,500	213,500
Travelling and local conveyance	442,864	579,436	1,483,994	1,116,880
Telephone expenses	37,262	105,301	337,891	325,508
Vehicle running expenses	2,486,130	2,350,099	5,023,374	4,662,949
Insurance	413,819	357,022	815,388	529,963
Entertainment	273,969	205,213	482,863	433,313
Rent, rates and taxes	1,273,239	1,096,069	2,480,253	2,181,620
Utilities	891,646	501,884	1,931,418	1,849,588
Operating lease rentals	(111,718)	594,828	840,318	1,189,656
Other projects cost	41,683,373	40,111,683	101,214,739	51,677,493
	<u>153,557,506</u>	<u>164,093,741</u>	<u>323,173,093</u>	<u>288,490,385</u>

9.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 6.50 million (December 2016: Rs. 5.85 million).

Note	Three months ended		Six months ended	
	31 December		31 December	
	2017 Un-audited	2016 Restated	2017 Un-audited	2016 Restated
	Rupees		Rupees	
10 ADMINISTRATIVE EXPENSES				
Salaries and other benefits	15,929,654	19,777,146	32,749,435	37,781,744
Travelling and local conveyance	382,492	34,520	472,430	112,520
Telephone expenses	313,637	248,572	609,209	607,704
Vehicle running expenses	1,610,180	931,675	2,637,487	2,055,853
Insurance	42,378	60,088	79,071	120,183
Entertainment	363,240	368,328	684,970	783,288
Rent, rates and taxes	884,472	1,284,066	1,768,944	2,568,132
Legal and professional charges	2,142,220	2,575,666	3,184,635	3,595,084
Printing and stationery	770,568	703,625	1,099,985	949,983
Utilities	319,565	418,297	1,048,703	1,051,095
Welfare expenses	4,000,000	60,000	4,000,000	100,000
Auditors' remuneration	331,150	220,000	531,150	420,000
Operating lease rentals	(54,654)	609,527	483,269	1,094,084
	<u>27,034,902</u>	<u>27,291,510</u>	<u>49,349,288</u>	<u>51,239,670</u>

- 10.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 2.70 million (December 2016: Rs. 2.43 million) and Directors' remuneration of Rs. 3.55 million (December 2016: Rs. 6.14 million).

Note	Three months ended		Six months ended	
	31 December		31 December	
	2017	2016	2017	2016
	Un-audited	Restated	Un-audited	Restated
	Rupees		Rupees	

11 MARKETING EXPENSES

Advertisement and marketing expenses	310,933	589,425	785,060	669,883
Salaries and other benefits	11.1 5,172,732	3,828,752	10,078,495	7,555,016
Travelling and local conveyance	225,808	120,675	383,837	883,607
Telephone expenses	30,175	20,706	93,914	74,650
Vehicle running expenses	177,987	234,959	416,025	450,864
Insurance	7,191	8,940	8,997	17,881
Operating lease rentals	5,237	201,329	70,440	380,921
	<u>5,930,063</u>	<u>5,023,464</u>	<u>11,836,768</u>	<u>10,051,500</u>

- 11.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 0.80 million (December 2016: Rs. 0.72 million).

	Three months ended		Six months ended	
	31 December		31 December	
	2017	2016	2017	2016
	Un-audited	Restated	Un-audited	Restated
	Rupees		Rupees	

12 EARNINGS PER SHARE (BASIC AND DILUTED)

Profit for the period	8,809,296	(2,025,731)	23,652,940	8,379,941
Average number of shares outstanding during the period	9,801,000	9,801,000	9,801,000	9,801,000
Earnings per share - basic (Rupees)	0.90	(0.21)	2.41	0.86

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.

	31 December	
	2017	2016
	Un-audited	Un-audited
	Rupees	
Telecom Foundation (Holding company)-transactions		
Dividend paid during the period	13,495,883	16,195,059
Donation paid during the period	4,000,000	-
Telecom Foundation-balance		
Payable against joint operations	-	1,464,781

- 13.1 Salaries and other benefits under note numbers 9, 10 and 11 include remuneration to Directors, Chief Executive and Executives amounting to Rs. 18.859 million (December 2016: Rs. 23.07 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 of 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. Further, the amount of revenue recognized till 30 June 2016 but not billed was erroneously classified as trade debt.
 - 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 permits 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	Trade deposits and short term prepayments	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	Unappropriated profit
Balance as at 1 July 2016 - as previously reported	(21,061,772)	67,966,119	7,508,990	25,209,304	106,439,035	228,505,771	-	234,322,243	-	-	(107,276,716)	(130,761,822)
Effect of restatement upto 30 June 2016												
Recognition of revenue based on percentage completion method	-	(15,556,966)	-	-	(83,867,008)	-	132,482,620	-	-	-	(21,485,430)	(33,058,616)
Recognition of unrecorded cost	-	6,875,338	-	-	-	(130,628,272)	130,628,272	-	-	-	-	14,610,092
Reclassification of trade debts to unbilled revenue	-	-	(469,312)	-	-	-	-	-	-	-	-	469,312
Correction of deferred tax rate	21,061,772	(21,061,772)	(469,312)	25,209,304	(83,867,008)	-	-	-	-	-	-	-
Offsetting of provision for taxation and advance tax	21,061,772	(29,743,430)	(469,312)	25,209,304	(83,867,008)	(130,628,272)	263,110,892	234,322,243	-	-	(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	95,877,499	263,110,892	234,322,243	-	-	(128,762,146)	(148,741,034)
Balance as at 30 June 2017 - as previously reported	(20,537,742)	80,123,694	9,383,169	6,439,332	147,194,192	341,994,464	-	224,825,070	-	-	(117,236,586)	(119,679,214)
Effect of restatement for the year ended 30 June 2017												
Recognition of finance lease obligation	-	23,718	(424,216)	(1,369,600)	-	-	-	5,773,308	(3,205,959)	(1,491,755)	-	694,504
Offsetting of provision for taxation and advance tax	(624,030)	524,030	-	-	(83,867,008)	(130,628,272)	263,110,892	-	-	-	(21,485,430)	(17,979,212)
Effect of prior period restatement	21,061,772	(29,743,430)	(469,312)	-	-	-	-	-	-	-	-	-
Recognition of revenue based on percentage completion method	-	10,075,199	-	-	(20,294,428)	130,628,272	(142,834,485)	-	-	-	-	22,425,442
Tax effect of revenue recognition and finance lease recognition	-	-	(288,998)	-	-	-	-	-	-	-	-	288,998
Correction of deferred tax rate	20,537,742	(19,120,483)	(713,214)	(1,369,600)	(104,161,436)	-	120,276,407	5,773,308	(3,205,959)	(1,491,755)	(21,485,430)	4,960,420
Correction of deferred tax income	-	61,003,211	8,669,955	5,069,732	43,032,746	341,994,464	120,276,407	230,598,378	(3,205,959)	(1,491,755)	(138,722,016)	(114,718,794)
Balance as at 30 June 2017 - restated	-	42,585,517	8,669,955	5,069,732	43,032,746	341,994,464	120,276,407	230,598,378	(3,205,959)	(1,491,755)	(138,722,016)	(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			
	Loans and receivables	Other financial liabilities		Level 1	Level 2	Level 3	Total
Rupees							
31 December 2017							
Financial assets not measured at fair value							
Unbilled revenue	136,170,483	-	136,170,483	-	-	-	-
Trade debts	241,769,302	-	241,769,302	-	-	-	-
Advances	1,189,889	-	1,189,889	-	-	-	-
Trade deposits and short term prepayments	31,233,534	-	31,233,534	-	-	-	-
Other receivables	815,634	-	815,634	-	-	-	-
Interest accrued	6,822,641	-	6,822,641	-	-	-	-
Short term investments	336,000,000	-	336,000,000	-	-	-	-
Cash and bank balances	76,174,358	-	76,174,358	-	-	-	-
	<u>830,175,841</u>	<u>-</u>	<u>830,175,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value							
Liability against assets subject to finance lease	-	15,067,304	15,067,304	-	-	-	-
Customers' deposits	-	130,098,268	130,098,268	-	-	-	-
Trade and other payables	-	157,338,535	157,338,535	-	-	-	-
Current portion of liability against assets subject to finance lease	-	5,244,817	5,244,817	-	-	-	-
	<u>-</u>	<u>307,748,924</u>	<u>307,748,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Carrying amount			Fair Value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees							
30 June 2017							
Financial assets not measured at fair value							
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>
Financial liabilities not measured at fair value							
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 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors approved interim cash dividend at the rate of Rs. 1.00 per share amounting to Rs. 9.80 million in its meeting held on 28 February 2018.

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on 28 February 2018.

18 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

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, direct 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.

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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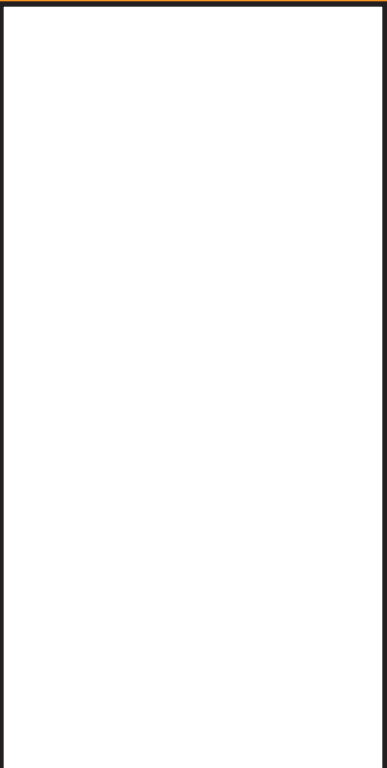
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