



Pak Datacom

Pak Datacom Limited



3rd Quarter Report
July 2016 to March 2017
(Un-Audited)

COMPANY PROFILE

BOARD OF DIRECTORS

- | | | |
|----|------------------------------|-----------------|
| 1. | Mr. Yasir Qadir | Chairman |
| 2. | Syed Abrar Hussain | Chief Executive |
| 3. | Mr. Amjad Hussain Qureshi | |
| 4. | Mr. Jamil Anwar | |
| 5. | Ms. Aameena 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. Aameena 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

Kundi & Kundi, Advocates & Legal Consultants, 29, Street # 63, Sector
F-10/3, Islamabad.

DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) is pleased in presenting the financial statements for the nine months period from 1st July 2016 to 31st March 2017.

In the first nine months, PDL earned total revenue of Rs. 516.800 million as compared to Rs. 507.765 million of the corresponding period of last year while it posted pre-tax profit of Rs. 40.736 million translating into earnings per share of Rs. 2.22.

The increase in revenue of the Company during the first nine months ended on March 31, 2017 reflects the materialized telecom projects during the period.

PDL is taking concrete steps to enhance revenue of its regular business. In this regard, a framework agreement was signed with an international player, which will contribute towards the revenue and profitability of your Company in the future. Your Company is also in the process of increasing its share in the optical fibre cable laying business and supply of telecom equipment. In this regard, the Company has successfully completed supply of telecom equipment to a major telecommunication company, revenue and cost of the specific project has been recognized during the quarter under review. During third quarter, the Company has signed an agreement with a defense sector organization to meet their specific telecom equipment needs. This special project will contribute towards enhancing profitability in the future.

As a Data Communication organization, major factor contributing towards cost of the Company is the hired media. PDL has managed to receive revised rates on hired services in Space segment w.e.f April 2017. This reduction will bring positive impact on the earnings of the Company during the last quarter of FY 2016-17 and following periods to come.

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 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 26, 2017**

**Syed Abrar Hussain
Chief Executive**

انتظامیہ کو توقع ہے کہ پی ڈی ایل کے ملازمین کی لگن اور محنت سے ان تمام اقدامات کے مثبت نتائج نکلیں گے۔ بورڈ اپنے معزز ریگولیٹرز، حصص مالکان، اسٹاک ایکسچینج اور صارفین کا خصوصی شکریہ ادا کرتا ہے جنہوں نے پی ڈی ایل پر اپنے اعتماد اور مکمل تعاون کا اظہار کیا اور کمپنی کی ترقی و خوشحالی کے لیے ہماری معاونت بھی کی۔

منجانب بورڈ

سید ابرار حسین
چیف ایگزیکٹو

اسلام آباد
26 اپریل 2017ء

ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (پی ڈی ایل) کے بورڈ آف ڈائریکٹرز کو یکم جولائی 2016ء سے 31 مارچ 2017ء تک کے نو ماہی مالیاتی گوشوارے پیش کرنے پر انتہائی خوشی محسوس ہو رہی ہے۔

پی ڈی ایل کو مذکورہ نو ماہ کے دوران کل آمدن 516.800 ملین روپے ہوئی جبکہ گزشتہ سال اسی مدت کے دوران ہونے والی آمدن 507.765 ملین روپے تھی۔ ٹیکس کی ادائیگی سے قبل اس کا منافع 40.736 ملین روپے تھا اور کمپنی کی فی حصص آمدن 2.22 روپے رہی۔

31 مارچ 2017ء کو ختم ہونے والے مالی سال کے پہلے نو ماہ کے دوران کمپنی کی آمدن میں اضافہ مذکورہ عرصے کے دوران ٹیلی کام منصوبوں میں اعلیٰ کارکردگی کا عکاس ہے۔

پی ڈی ایل اپنے اولین کاروبار سے آمدنی بڑھانے کے لیے ٹھوس اقدامات کر رہی ہے۔ اس سلسلے میں ایک فریم ورک معاہدے پر ایک بین الاقوامی کمپنی کے ساتھ دستخط کئے ہیں جو کے مستقبل میں آپ کی کمپنی کی آمدن اور منافع میں گراں قدر اضافے کرے گا۔ آپ کی کمپنی آپٹیکل فائبر کیبل بچھانے کے کاروبار اور ٹیلی کام آلات کی فراہمی میں اپنا کاروباری حجم بڑھانے پر عمل پیرا ہے۔ اس سلسلے میں آپ کی کمپنی نے ایک اہم ٹیلی کمیونی کیشن کمپنی کو ٹیلی کام آلات فراہم کرنے کا منصوبہ کامیابی کے ساتھ مکمل کر لیا ہے جس کی آمدن اور لاگت زیر جائزہ سہ ماہی کے دوران شامل ہوگئی ہے۔ تیسری سہ ماہی کے دوران کمپنی نے ایک دفاعی شعبے کے ادارے کی مخصوص ٹیلی کام آلات کی ضروریات کو پورا کرنے کے لیے ایک معاہدے پر دستخط کیے ہیں۔ یہ خصوصی منصوبہ آنے والے وقت میں کمپنی کی آمدن اور منافع کو بڑھانے میں ایک اہم کردار ادا کرے گا۔

ایک ڈیٹا کمیونی کیشن ادارے کی حیثیت سے کمپنی کی لاگت میں اضافہ کرنے والا ایک اہم عنصر صارفین کے لیے حاصل کردہ میڈیا ہے۔ پی ڈی ایل نے اپریل 2017ء سے سپیس سیگمنٹ میں حاصل کردہ خدمات کی لاگت میں کمی کا بندوبست بھی کر لیا ہے۔ سپیس میڈیا کی لاگت میں کمی سے مالی سال 2016-17 کے آخری سہ ماہی اور آنے والے دور میں کمپنی کی آمدن پر مثبت اثرات مرتب ہوں گے۔

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

	Note	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 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	6	694,834,226	712,261,822
		792,844,226	810,271,822
NON-CURRENT LIABILITIES			
Employees' retirement and other service benefits- leave encashment		32,923,581	42,012,251
CURRENT LIABILITIES			
Customers' deposits		123,384,163	121,280,432
Trade and other payables		156,655,907	107,276,716
Provision for taxation		13,920,392	21,061,772
		293,960,462	249,618,920
		1,119,728,269	1,101,902,993
CONTINGENCIES AND COMMITMENTS	6		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	234,895,272	234,322,243
Intangible assets	8	5,978,000	6,298,250
		240,873,272	240,620,493
Deferred taxation		8,548,879	7,508,990
CURRENT ASSETS			
Trade debts		376,987,857	226,505,771
Advances		7,863,173	25,209,304
Trade deposits and short term prepayments		156,792,473	106,439,035
Other receivables		5,522,084	6,657,664
Interest accrued		1,979,835	2,958,456
Advance tax		73,418,083	67,866,119
Short term investments		186,000,000	342,012,000
Cash and bank balances		61,742,613	76,125,161
		870,306,118	853,773,510
		1,119,728,269	1,101,902,993

The annexed notes from 1 to 17 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 NINE MONTHS ENDED MARCH 31, 2017

	Note	For the quarter ended		For the nine months ended	
		March, 31 2017 Rupees	March, 31 2016 Rupees	March 31, 2017 Rupees	March 31, 2016 Rupees
Revenue	9	187,043,536	164,601,126	516,799,999	507,764,958
Cost of services	10	(146,805,778)	(121,115,145)	(404,045,659)	(361,665,190)
Gross profit		40,237,758	43,485,981	112,754,340	146,099,768
Administrative expenses	11	(27,530,548)	(29,994,097)	(78,770,218)	(80,615,191)
Marketing expenses	12	(5,243,362)	(5,946,707)	(15,294,862)	(18,050,044)
		(32,773,910)	(35,940,804)	(94,065,080)	(98,665,235)
Operating profit		7,463,848	7,545,177	18,689,260	47,434,533
Other income		4,059,579	7,419,917	22,592,263	26,451,709
		11,523,427	14,965,094	41,281,523	73,886,242
Finance cost		(96,142)	(145,399)	(545,852)	(833,693)
Profit before taxation		11,427,285	14,819,695	40,735,671	73,052,549
Provision for taxation		(3,577,676)	(4,283,208)	(18,959,267)	(23,363,319)
Profit for the period		7,849,609	10,536,487	21,776,404	49,689,230
Earning per share - basic and diluted	13	0.80	1.08	2.22	5.07

The annexed notes from 1 to 17 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 NINE MONTHS ENDED MARCH 31, 2017**

	For the quarter ended		For the nine months ended	
	March, 31 2017 Rupees	March, 31 2016 Rupees	March 31, 2017 Rupees	March 31, 2016 Rupees
Profit for the period	7,849,609	10,536,487	21,776,404	49,689,230
Other comprehensive income/ (loss):				
Items that will not be reclassified to profit or loss:				
Actuarial gains/ (losses) recognised in OCI	-	-	-	-
Total comprehensive income	7,849,609	10,536,487	21,776,404	49,689,230

The annexed notes from 1 to 17 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 NINE MONTHS ENDED MARCH 31, 2017

	March 31, 2017 Rupees	March 31, 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Profit for the period before taxation</u>	40,735,671	73,052,549
Adjustments for non-cash and other items:		
Depreciation	27,528,654	28,796,410
Amortisation-intangible assets	320,250	320,250
Property, plant and equipment- charged off	84,180	200,370
Gain on disposal of property, plant and equipment	(33,329)	(1,061)
Finance cost	545,852	833,693
Exchange gain	(1,104,148)	(7,359,346)
Return on bank deposits/ short term investments	(6,649,276)	(7,729,965)
Provision for gratuity	9,200,000	9,400,000
Provision for earned leave encashment	4,300,000	3,600,000
	34,192,183	28,060,351
Operating profit before working capital changes	74,927,854	101,112,900
Movement in working capital:		
<u>(Increase)/ decrease in current assets:</u>		
Trade debts - unsecured	(150,482,086)	(20,932,580)
Advances	17,346,131	141,595,446
Trade deposits and short term prepayments	(50,353,438)	(182,297,932)
Other receivables	1,135,580	6,298,846
<u>Increase/ (decrease) in current liabilities:</u>		
Customers' deposits	2,103,731	5,417,053
Trade and other payables	40,078,157	29,246,424
	(140,171,925)	(20,672,743)
Cash generated from operations	(65,244,071)	80,440,157
Taxes paid	(32,692,500)	(41,705,611)
Gratuity paid/adjusted	(10,094,377)	(16,198,112)
Earned leave paid/ adjusted	(13,388,670)	(1,021,031)
Return on bank deposits/ short term investments	7,627,897	10,417,759
Finance cost	(545,852)	(833,693)
	(49,093,502)	(49,340,688)
Net cash flows from operating activities	(114,337,573)	31,099,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(28,226,449)	(19,601,856)
Proceeds on the disposal of property, plant and equipment	73,915	63,000
Net cash flows from investing activities	(28,152,534)	(19,538,856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(29,008,589)	(28,963,402)
Net decrease in cash and cash equivalents	(171,498,696)	(17,402,789)
Cash and cash equivalents at the beginning of the period	418,137,161	420,304,773
Effect of foreign exchange rate change	1,104,148	7,359,346
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>247,742,613</u>	<u>410,261,330</u>

The annexed notes from 1 to 17 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 NINE MONTHS ENDED MARCH 31, 2017

	Share Capital	Revenue reserves			Total Rupees
	Issued, subscribed and paid-up Rupees	General Reserves Rupees	Unappropriated profit Rupees	Total Rupees	
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	-	-	49,689,230	49,689,230	
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)	
Interim dividend for the year ended June 30, 2016. (Rs. 1.25 per share)	-	-	(12,251,250)	(12,251,250)	
Balance as at March 31, 2016 (Un-audited)	98,010,000	581,500,000	143,804,178	823,314,178	
Total comprehensive loss for the period	-	-	(13,042,356)	(13,042,356)	
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	-	-	21,776,404	21,776,404	
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)	
Interim dividend for the year ended June 30, 2017. (Rs. 1.00 per share)	-	-	(9,801,000)	(9,801,000)	
Balance as at March 31, 2017 (Un-audited)	98,010,000	586,500,000	108,334,226	792,844,226	

The annexed notes from 1 to 17 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 NINE MONTHS ENDED MARCH 31, 2017

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 nine months ended March 31, 2017 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 condensed interim 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 March 31, 2017 Rupees	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. 121.51 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. 66.27 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. 66.27 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. 66.27 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. 132.54 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. 12.59 million (June 2016: Rs. 54.57 million).

	Note	Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
7 PROPERTY, PLANT AND EQUIPMENT			
Net book value)- Pakistan	7.1	234,583,301	233,952,889
Net Book Value) - UAE	7.2	311,971	369,354
		<u>234,895,272</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		28,226,449	26,691,575
Deletion/disposals during the period		(347,159)	(8,662,539)
Closing balance		905,110,530	877,231,240
Accumulated depreciation			
Opening balance		643,278,351	611,083,514
Additions during the period		27,471,271	38,949,491
Deletion/disposals during the period		(222,393)	(6,754,654)
Closing balance		670,527,229	643,278,351
Net book value		<u>234,583,301</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		57,383	96,738
Deletion/disposals during the period		-	-
Closing balance		458,210	400,827
Net book value		<u>311,971</u>	<u>369,354</u>

Ist 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. 121.51 million (June 2016: Rs. 252.01 million).

		Un-audited March 31, 2017 Rupees	Audited June 30, 2016 Rupees
8 INTANGIBLE ASSETS			
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		320,250	427,000
Deletion/disposals during the period		-	-
Closing balance		5,766,006	5,445,756
Net book value		<u>5,978,000</u>	<u>6,298,250</u>

	Note	Un-audited		Un-audited	
		For the quarter ended		For the nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		Rupees	Rupees	Rupees	Rupees
9 REVENUE					
CVAS data communication services		148,765,507	161,244,671	450,495,972	502,630,090
Telecom infrastructure services		1,081,800	1,810,242	3,213,868	3,588,655
Other projects revenue		37,196,229	1,546,213	63,090,159	1,546,213
	9.1	<u>187,043,536</u>	<u>164,601,126</u>	<u>516,799,999</u>	<u>507,764,958</u>

9.1 Revenue is exclusive of Services Tax of Rs.73.24 million (March 2016: Rs. 71.59 million).

10 COST OF SERVICES

Channel and local lead rentals	31,762,542	29,659,342	102,473,396	93,327,265
Space segment rentals	30,774,403	28,818,118	87,178,254	87,634,016
Salaries and other benefits	34,889,210	37,049,286	103,847,921	109,537,064
Repair and maintenance expenses	3,567,655	6,654,698	11,008,470	16,500,472
License fee	770,873	895,940	2,424,867	2,647,330
Depreciation	8,386,964	10,091,488	27,528,654	28,796,410
Amortisation	106,750	106,750	320,250	320,250
Travelling and local conveyance	2,122,701	758,169	3,239,581	2,414,980
Telephone expenses	278,658	76,635	604,166	811,048
Vehicle running expenses	2,370,876	2,605,018	7,033,825	8,541,446
Insurance	390,140	187,970	920,103	1,513,861
Entertainment	231,346	281,761	664,659	917,019
Rent, rates and taxes	1,452,777	807,432	3,634,397	2,576,134
Utilities	703,432	908,709	2,553,020	2,472,450
Operating lease rentals	594,717	1,058,829	1,784,373	2,500,445
Other projects cost	28,402,734	1,155,000	48,829,723	1,155,000
	<u>146,805,778</u>	<u>121,115,145</u>	<u>404,045,659</u>	<u>361,665,190</u>

11 ADMINISTRATIVE EXPENSES

Salaries and other benefits	19,766,354	22,457,896	57,548,098	60,247,836
Travelling and local conveyance	83,751	149,571	196,271	483,791
Telephone expenses	258,763	179,758	866,467	643,882
Vehicle running expenses	972,149	1,166,862	3,028,002	3,775,403
Insurance	12,631	64,097	132,814	193,081
Entertainment	216,674	293,273	999,962	896,724
Rent, rates and taxes	1,364,472	1,390,979	3,932,604	3,367,440
Legal and professional charges	1,846,962	1,167,792	5,442,046	3,218,316
Printing and stationery	308,134	464,330	1,258,117	1,365,540
Utilities	368,146	310,933	1,419,241	2,047,804
Welfare expenses	1,309,664	1,515,000	1,409,664	1,530,000
Auditors' remuneration	150,000	5,000	570,000	360,000
Operating lease rentals	872,848	828,606	1,966,932	2,485,374
	<u>27,530,548</u>	<u>29,994,097</u>	<u>78,770,218</u>	<u>80,615,191</u>

12 MARKETING EXPENSES

Advertisement and marketing expenses	626,179	314,864	1,296,062	1,508,430
Salaries and other benefits	3,853,261	5,159,536	11,408,277	14,855,998
Travelling and local conveyance	223,483	2,440	1,107,090	179,905
Telephone expenses	35,230	35,638	109,880	109,152
Vehicle running expenses	257,877	244,875	708,741	806,649
Insurance	2,923	9,994	20,804	40,694
Entertainment	-	-	18,678	10,672
Operating lease rentals	244,409	179,360	625,330	538,544
	<u>5,243,362</u>	<u>5,946,707</u>	<u>15,294,862</u>	<u>18,050,044</u>

	Un-audited		Un-audited	
	For the quarter ended		For the nine months ended	
	March 31, 2017 Rupees	March 31, 2016 Rupees	March 31, 2017 Rupees	March 31, 2016 Rupees
13 EARNING PER SHARE (BASIC AND DILUTED)				
Profit after taxation	7,849,609	10,536,487	21,776,404	49,689,230
Basic and diluted earnings per share (Rupees/ share)	0.80	1.08	2.22	5.07

Weighted average number of ordinary shares as at March 31, 2017 are 9,801,000 (March 31, 2016: 9,801,000) and there are no dilutive ordinary shares till March 31, 2017 (March 31, 2016: 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
	March 31, 2017	March 31, 2016
	Rupees	
Telecom Foundation-transactions		
Dividend	21,593,412	22,943,000
Welfare expenses	1,250,000	1,500,000
	Un-audited	Audited
	March 31, 2017	June 30, 2016
	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. 35.39 million (March 2016: Rs. 37.84 million). Advances include advance against salaries to executives amounting to Rs. 0.25 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. 13.50 million (March 2016: Rs. 13.00 million)

15 OPERATING SEGMENTS

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

Out of total revenue, 87.17 % (March 2016: 99.00 %) is generated from CVAS data communication services while 12.83 % (March 2016: 1.00 %) is generated from Telecom Infrastructure Provider license and other projects.

Revenue from major customers of the Company amounts to Rs. 250.00 million (March 2016: Rs. 296.82 million) representing 48.37 % (March 2016: 58.59 %) of the total revenue.

Out of total non-current assets of the Company, 99.87 % (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 April 26, 2017.

17 GENERAL

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

Amjad Hussain Qureshi
Director

Syed Abrar Hussain
Chief Executive



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