



Pak Datacom



1st Quarter Report
July 2016 to September 2016
(Un-Audited)

Pak Datacom Limited

COMPANY PROFILE

BOARD OF DIRECTORS

- | | | |
|----|---------------------------------|-----------------|
| 1. | Mr. Muhammad Aftab | Chairman |
| 2. | Mr. Muhammad Arshad Khan Kayani | Chief Executive |
| 3. | Mr. Amjad Hussain Qureshi | |
| 4. | Mr. Jamil Anwar | |
| 5. | Mr. Shahzad Sami Qureshi | |
| 6. | Raja Waheed Zaman | |
| 7. | Mr. Taimur Faiz Cheema | |

AUDIT COMMITTEE

- | | | |
|----|---------------------------|----------|
| 1. | Raja Waheed Zaman | Chairman |
| 2. | Mr. Amjad Hussain Qureshi | |
| 3. | Mr. Shahzad Sami Qureshi | |
| 4. | Mr. Jamil Anwar | |

HUMAN RESOURCE & REMUNERATION COMMITTEE

- | | | |
|----|---------------------------------|----------|
| 1. | Mr. Shahzad Sami Qureshi | Chairman |
| 2. | Mr. Muhammad Arshad Khan Kayani | |
| 3. | Mr. Amjad Hussain Qureshi | |

CHIEF FINANCIAL OFFICER

Mr. Zahid Mehmood

COMPANY SECRETARY

Mr. Ali Saleem Rana

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) has the pleasure in presenting to the shareholders financial results of first quarter of the financial year 2016 – 2017 i.e. from July 01, 2016 to September 30, 2016.

PDL earned total revenue of Rs. 166.931 million during first three months of current financial year and has posted pre-tax profit of Rs. 15.348 million and after tax profit of Rs. 10.405 million.

PDL is focused to provide up to date data communication services to its valued customers, which contributed for their retention and to attain more business from them. The Company expects to enhance revenue in near future as orders for supply of telecommunication hardware are under process. PDL is strengthening its business as a satellite based internet service provider by tap-ping new customers. Through strategic laid down plans and policies, the management is striving hard for getting more business from potential clients.

We thank our valued shareholders, regulators, stock exchanges and customers for their trust and consistent support for PDL. We also hope that employees of the Company will work hard to promote business of the Company.

For and on behalf of the Board

**Islamabad
October 27, 2016**

**Muhammad Arshad Khan Kayani
Chief Executive**

ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (پی ڈی ایل) کے بورڈ آف ڈائریکٹرز کو مالی سال 2016-2017ء کی پہلی سہ ماہی یعنی یکم جولائی 2016ء سے 30 ستمبر 2016ء تک کے مالیاتی گوشوارے پیش کرنے پر انتہائی فرحت محسوس ہو رہی ہے۔

رواں مالی سال کے دوران پی ڈی ایل کوکل 166.931 ملین روپے کی آمدن ہوئی جس میں قبل از ٹیکس منافع 15.348 ملین روپے ہے اور بعد از ٹیکس منافع 10.405 ملین روپے رہا ہے۔

پی ڈی ایل نے اپنے قابل قدر صارفین کو تازہ ترین ڈیٹا کیوبنی کیشن سروس فراہم کرنے پر بھرپور توجہ مرکوز رکھی ہے تاکہ ان سے کاروباری روابط برقرار رہیں اور اس کے نتیجے میں مزید کاروباری مواقع بھی حاصل ہو سکیں۔ کمپنی کو یہ توقع ہے کہ مستقبل قریب میں اس کی آمدن میں اضافہ ہوگا کیونکہ کیوبنی کیشن ہارڈ ویئر کی فراہمی کے آڈرز پر کام جاری ہے۔ اسی طرح انٹرنیٹ سروس فراہم کنندہ کی حیثیت سے پی ڈی ایل اپنے نئے صارفین کو سبٹلائٹ انٹرنیٹ سروس فراہم کر کے اپنی کاروباری ساکھ کو مستحکم بنا رہا ہے۔ اپنے اہم ترین اور ترجیحی منصوبوں اور پالیسیوں کے ذریعے پی ڈی ایل کی انتظامیہ اپنے کاروباری حجم کو مزید بڑھانے کے لیے سخت کوششیں کر رہی ہے۔

ہم اپنے قابل قدر حصص مالکان، ریگولیٹرز، سٹاک ایکسچینج اور صارفین کا شکریہ ادا کرتے ہیں جنہوں نے پی ڈی ایل پر اپنے بھرپور اعتماد کا اظہار کیا اور ہماری مسلسل معاونت بھی کی۔ ہم کمپنی کے ملازمین سے یہ اُمید کرتے ہیں کہ وہ کمپنی کے کاروبار میں اضافہ کرنے کے لیے سخت محنت کریں گے۔

محمد ارشد خان کیانی
چیف ایگزیکٹو

اسلام آباد
27 اکتوبر 2016ء

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2016

	September 30, 2016 Un-audited	June 30, 2016 Audited
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	98,010,000	98,010,000
Reserves	722,667,494	712,261,822
	820,677,494	810,271,822
NON-CURRENT LIABILITIES		
Employees' retirement and other service benefits- leave encashment	30,875,339	42,012,251
CURRENT LIABILITIES		
Customers' deposits	121,195,353	121,280,432
Trade and other payables	113,773,481	107,276,716
Provision for taxation	26,384,888	21,061,772
	261,353,722	249,618,920
	1,112,906,555	1,101,902,993
CONTINGENCIES AND COMMITMENTS		
	6	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	234,241,692	234,322,243
Intangible assets	6,191,500	6,298,250
	240,433,192	240,620,493
Deferred taxation	7,889,479	7,508,990
CURRENT ASSETS		
Trade debts	233,352,069	226,505,771
Advances	24,909,590	25,209,304
Trade deposits and short term prepayments	126,019,246	106,439,035
Other receivables	5,981,065	6,657,664
Interest accrued	1,262,806	2,958,456
Advance tax	80,764,520	67,866,119
Short term investments	342,152,000	342,012,000
Cash and bank balances	50,142,588	76,125,161
	864,583,884	853,773,510
	1,112,906,555	1,101,902,993

The annexed notes from 1 to 17 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Muhammad Arshad Khan Kayani
Chief Executive

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016**

		September 30, 2016	September 30, 2015
	Note	Rupees	
Revenue	9	166,931,021	173,419,505
Cost of services	10	(124,396,644)	(116,568,952)
Gross profit		42,534,377	56,850,553
Administrative expenses	11	(23,948,160)	(23,172,527)
Marketing expenses	12	(5,028,036)	(5,024,087)
		(28,976,196)	(28,196,614)
Operating profit		13,558,181	28,653,939
Other income		2,165,699	8,372,853
		15,723,880	37,026,792
Finance cost		(375,581)	(496,807)
Profit before taxation		15,348,299	36,529,985
Provision for taxation		(4,942,627)	(12,054,894)
Profit for the period		10,405,672	24,475,091
Earning per share - basic and diluted	13	1.06	2.50

The annexed notes from 1 to 17 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Muhammad Arshad Khan Kayani
Chief Executive

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016**

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
	<u>Rupees</u>	
Profit for the period	10,405,672	24,475,091
Other comprehensive income/ (loss):		
Items that will not be reclassified to profit or loss:		
Remeasurement loss on defined benefit plan	-	-
Total comprehensive income	<u>10,405,672</u>	<u>24,475,091</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Muhammad Arshad Khan Kayani
Chief Executive

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	September 30, 2016	September 30, 2015
Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	15,348,299	36,529,985
<u>Adjustments for non-cash and other items:</u>		
Depreciation	8,844,632	9,188,421
Amortisation-intangible assets	106,750	106,750
Property, plant and equipment- charged off	84,180	-
(Gain)/ loss on disposal of property, plant and equipment	(13,590)	(1,061)
Finance cost	375,581	496,807
Exchange gain	(49,471)	(5,770,901)
Return on bank deposits/ short term investments	(2,102,638)	(2,600,891)
Provision for gratuity	3,100,000	3,600,000
Provision for earned leave encashment	1,400,000	1,400,000
	11,745,444	6,419,125
Operating profit before working capital changes	27,093,743	42,949,110
Movement in working capital:		
<u>(Increase)/ decrease in current assets:</u>		
Trade debts - unsecured	(6,846,298)	(33,263,966)
Advances	299,714	(14,631,249)
Trade deposits and short term prepayments	(19,580,211)	3,560,627
Other receivables	676,599	2,023,667
<u>Increase/ (decrease) in current liabilities:</u>		
Customers' deposits	(85,079)	2,672,812
Trade and other payables	3,451,783	(1,717,144)
	(22,083,492)	(41,355,253)
Cash generated from operations	5,010,251	1,593,857
Taxes paid	(12,898,401)	(18,289,305)
Earned leave paid/ adjusted	(12,536,912)	(162,503)
Return on bank deposits/ short term investments	3,798,288	5,281,674
Finance cost	(375,581)	(496,807)
	(22,012,606)	(13,666,941)
Net cash flows from operating activities	(17,002,355)	(12,073,084)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(8,850,671)	(1,285,557)
Proceeds on the disposal of property, plant and equipment	16,000	63,000
Net cash flows from investing activities	(8,834,671)	(1,222,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(55,018)	(2,254)
Net (decrease)/ increase in cash and cash equivalents	(25,892,044)	(13,297,895)
Cash and cash equivalents at the beginning of the period	418,137,161	420,304,773
Effect of foreign exchange rate change	49,471	5,770,901
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	392,294,588	412,777,779

The annexed notes from 1 to 17 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Muhammad Arshad Khan Kayani
Chief Executive

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016

	Share Capital	Revenue Reserves		Total
	Issued, subscribed and paid-up	General Reserve Rupees	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	-	-	24,475,091	24,475,091
Balance as at September 30, 2015 (Un-audited)	98,010,000	531,500,000	210,244,289	839,754,289
Total comprehensive income for the period	-	-	12,171,783	12,171,783
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 June 30, 2016 (Audited)	98,010,000	581,500,000	130,761,822	810,271,822
Total comprehensive income for the period	-	-	10,405,672	10,405,672
Balance as at September 30, 2016 (Un-audited)	98,010,000	581,500,000	141,167,494	820,677,494

The annexed notes from 1 to 17 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Muhammad Arshad Khan Kayani
Chief Executive

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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 first quarter ended September 30, 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. In case where the 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 effect 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.

	September 30, 2016	June 30, 2016
	Un-audited	Audited
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. 90.54 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. 66.22 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. 66.22 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. 66.22 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. 132.51 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. 8.6 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) in the appeal has withheld the decision of tax levied by the tax authority and appeal is now pending with the Income Tax Appellate Tribunal, Islamabad.
- The Company filed appeal before Commissioner Inland Revenue (Appeals-1) against the assessment order passed u/s 177 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. 60.62 million (June 2016: Rs. 54.57 million).

		September 30, 2016 Un-audited	June 30, 2016 Audited
	Note	Rupees	
7 PROPERTY, PLANT AND EQUIPMENT			
Net book Value- Pakistan	7.1	233,891,466	233,952,889
Net book Value- UAE	7.2	350,226	369,354
		<u>234,241,692</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		8,850,671	26,691,575
Deletion/disposals during the period		(289,244)	(8,662,539)
Closing balance		885,792,667	877,231,240
Accumulated depreciation			
Opening balance		643,278,351	611,083,514
Additions during the period		8,825,504	38,949,491
Deletion/disposals during the period		(202,654)	(6,754,654)
Closing balance		651,901,201	643,278,351
Net book value		<u>233,891,466</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		19,128	96,738
Deletion/disposals during the period		-	-
Closing balance		419,955	400,827
Net book value		<u>350,226</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\$ 1.50 million; equivalent to Rs. 156.51 million (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. 87.54 million (June 2016: Rs. 252.01 million).

		September 30, 2016 Un-audited	June 30, 2016 Audited
		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		106,750	427,000
Deletion/disposals during the period		-	-
Closing balance		5,552,506	5,445,756
Net book value		<u>6,191,500</u>	<u>6,298,250</u>

	Note	September 30, 2016	September 30, 2015
		Un-audited	Un-audited
9 REVENUE		Rupees	
CVAS data communication services		149,877,429	172,639,505
Telecom infrastructure services		1,050,268	780,000
Other projects revenue		16,003,324	-
	9.1	<u>166,931,021</u>	<u>173,419,505</u>

9.1 Revenue is exclusive of Services Tax of Rs.23.13 million (September 2015: Rs. 23.59 million).

	Note	September 30, 2016	September 30, 2015
		Un-audited	Un-audited
10 COST OF SERVICES		Rupees	
Channel and local lead rentals		31,524,776	30,865,446
Space segment rentals		28,498,528	29,536,342
Salaries and other benefits	10.1	33,289,855	33,281,017
Repair and maintenance expenses		3,291,024	4,873,901
License fee		775,644	882,700
Depreciation		8,844,632	9,188,421
Amortisation		106,750	106,750
Travelling and local conveyance		537,444	553,881
Telephone expenses		220,207	465,276
Vehicle running expenses		2,312,850	3,654,557
Insurance		172,941	188,896
Entertainment		228,100	235,475
Rent, rates and taxes		1,085,551	901,887
Utilities		1,347,704	1,102,319
Operating lease rentals		594,828	732,084
Other projects cost		11,565,810	-
		<u>124,396,644</u>	<u>116,568,952</u>

10.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 2.93 million (September 2015: Rs. 3.07 million).

	Note	September 30, 2016	September 30, 2015
		Un-audited	Un-audited
11 ADMINISTRATIVE EXPENSES		Rupees	
Salaries and other benefits	11.1	18,004,598	17,608,274
Travelling and local conveyance		78,000	148,962
Telephone expenses		359,132	210,886
Vehicle running expenses		1,124,178	922,112
Insurance		60,095	64,531
Entertainment		414,960	330,498
Rent, rates and taxes		1,284,066	820,176
Legal and professional charges		1,019,418	824,148
Printing and stationery		246,358	258,629
Utilities		632,798	1,105,927
Welfare expenses		40,000	-
Auditors' remuneration		200,000	50,000
Operating lease rentals		484,557	828,384
		<u>23,948,160</u>	<u>23,172,527</u>

11.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 1.22 million (September 2015: Rs. 1.53 million) and Directors' remuneration of Rs. 10.84 million (September 2015: Rs. 10.95 million).

	Note	September 30, 2016	September 30, 2015
		Un-audited	Un-audited
		Rupees	
12 MARKETING EXPENSES			
Advertisement and marketing expenses		80,458	200,869
Salaries and other benefits	12.1	3,726,264	4,284,792
Travelling and local conveyance		762,932	83,955
Telephone expenses		53,944	36,893
Vehicle running expenses		215,905	214,799
Insurance		8,941	12,515
Entertainment		-	10,672
Operating lease rentals		179,592	179,592
		<u>5,028,036</u>	<u>5,024,087</u>

12.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 0.36 million (September 2015: Rs. 0.40 million).

	September 30, 2016	September 30, 2015
	Un-audited	Un-audited
		Rupees
13 EARNING PER SHARE (BASIC AND DILUTED)		
Profit after taxation	10,405,672	24,475,091
Basic and diluted earnings per share (Rupees/ share)	<u>1.06</u>	<u>2.50</u>

Weighted average number of ordinary shares as at September 30, 2016 are 9,801,000 (September 30, 2015: 9,801,000) and there are no dilutive ordinary shares till September 30, 2016 (September 30, 2015: Nil).

	September 30, 2016	June 30, 2016
	Un-audited	Audited
		Rupees
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;		
Telecom Foundation		
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. 10.84 million (September 2015: Rs. 10.95 million). Advances include advance against salaries to executives amounting to Rs. 0.88 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 as per their terms of employment.

14.4 Salaries and other benefits under note numbers 10, 11, and 12 include employees retirement benefits of Rs. 4.50 million (September 2015: Rs. 5.00 million)

15 OPERATING SEGMENTS

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

Out of total revenue, 90.00 % (September 2015: 99.55 %) is generated from CVAS data communication services while 10.00 % (September 2015: 0.45 %) is generated from Telecom Infrastructure Provider license and other projects.

Revenue from major customers of the Company amounts to Rs. 85.48 million (September 2015: Rs. 105.15 million) representing 51.00 % (September 2015: 61.00 %) of the total revenue.

Out of total non-current assets of the Company, 99.85 % (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 October 27, 2016.

17 GENERAL

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

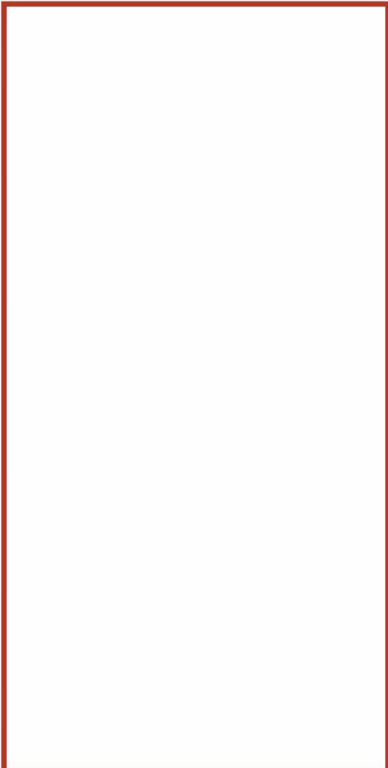
Amjad Hussain Qureshi
Director

Muhammad Arshad Khan Kayani
Chief Executive



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