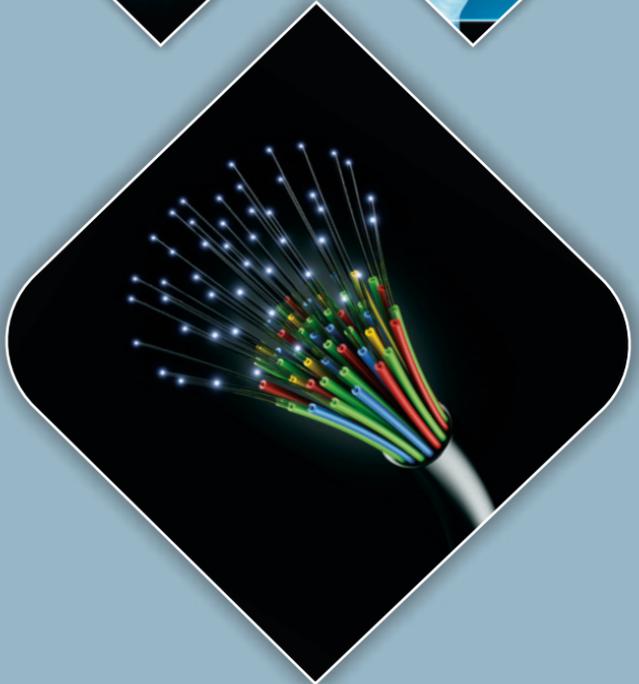




**Pak Datacom**



**1st Quarter Report**  
**July 2017 to September 2017**  
**(Un-Audited)**

**Pak Datacom Limited**



## COMPANY PROFILE

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

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

### HUMAN RESOURCES COMMITTEE

- |    |                    |             |
|----|--------------------|-------------|
| 1. | Ms. Ameena Sohail  | Chairperson |
| 2. | Syed Abrar Hussain |             |
| 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. Ameena Sohail            |          |
| 3. | Mr. Arshad Rasheed Chaudhary |          |

### 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) 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 first quarter of the financial year from 1st July 2017 to 30th September 2017.

In the first three months period your Company earned total revenue of Rs. 215.354 million as compared to Rs. 166.931 million of the corresponding period of last year and posted pre-tax profit of Rs. 23.454 million as compared to Rs. 15.348 million of the corresponding period of last year. The revenue and profitability increased mainly due to increase in revenue of special projects and reduction in media charges.

The majority of the special projects agreements are already signed and some of the agreements are under the process of being signed. The management is actively putting all its efforts to deliver the signed projects and is also taking effective measures to enhance the revenue of its regular business which is reflected by increase in revenue as compared to quarter 4 of last financial year.

The management has already reduced the media cost through successful negotiations and further efforts for the same are underway. This reduction will also contribute to bottom line of the Company for the financial year 2017-18 and for years to come.

The management aims to maintain the growth in revenue and profitability 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 harder to achieve business targets set by the management.

For and on Behalf of the Board

**Islamabad**  
**October 30, 2017**

**Syed Abrar Hussain**  
Chief Executive

## ڈائریکٹرز رپورٹ

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

آپ کی کمپنی کو پہلے تین ماہ کے دوران کل آمدن 215.354 ملین روپے ہوئی جبکہ گزشتہ سال اسی مدت کے دوران ہونے والی آمدن 166.931 ملین روپے تھی۔ ٹیکس کی ادائیگی سے قبل اس کا منافع 23.454 ملین روپے رہا ہے جبکہ گزشتہ سال اسی مدت کے دوران اس کا منافع 15.348 ملین روپے تھا۔ پرائیکٹس کی آمدن میں اضافہ اور میڈیا اخراجات میں کمی نے آمدن اور منافع میں اضافہ کرنے میں اہم کردار ادا کیا ہے۔

خصوصی پرائیکٹس کے اکثر معاہدوں پر پہلے ہی دستخط ہو چکے ہیں اور بعض پرائیکٹس پر دستخط ہونے کی کارروائی جاری ہے۔ انتظامیہ ان دستخط شدہ پرائیکٹس پر کام کرنے کے لیے اپنی تمام تر کوششیں کر رہی ہے اور اپنے باقاعدہ کاروبار کی آمدن میں اضافہ کرنے کے لیے موثر اقدامات بھی اٹھا رہی ہے جس سے گزشتہ مالی سال کے چوتھی سہ ماہی کے مقابلے میں اس کی آمدن میں زیادہ اضافہ ہوا ہے۔

انتظامیہ اپنے کامیاب مذاکرات کے ذریعے پہلے ہی میڈیا اخراجات میں کمی کرنے کا بندوبست کر چکی ہے اور اس مقصد کے لیے مزید کوششیں کی جا رہی ہیں۔ اس کمی سے مالی سال 2017-18 اور آنے والے دور میں کمپنی کی آمدن پر مثبت اثرات مرتب ہوں گے۔

انتظامیہ کا بنیادی مقصد اس نمو کو برقرار رکھنا اور اپنے معزز رخص مالکان کے اعتماد کو حاصل کرنا ہے۔ ہم اپنے معزز رخص مالکان، ریگولٹرز، 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 ہماری قیمتی اثاثہ ہیں، انتظامیہ کے مقرر کردہ اہداف کو حاصل کرنے کے لیے سخت محنت کریں گے۔

منجانب بورڈ

سید ابرار حسین  
چیف ایگزیکٹو

اسلام آباد

130 اکتوبر 2017ء

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

### AS AT SEPTEMBER 30, 2017

	September 30, 2017 Un-audited	June 30, 2017 Audited
Note	Rupees	
<b>EQUITY AND LIABILITIES</b>		
SHARE CAPITAL AND RESERVES		
Authorised share capital-100,000,000 ordinary shares (June 2017: 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	722,289,721	706,179,214
	820,299,721	804,189,214
NON-CURRENT LIABILITIES		
Employees' retirement and other service benefits- leave encashment	42,627,850	41,734,604
CURRENT LIABILITIES		
Customers' deposits	125,761,122	124,388,199
Trade and other payables	157,281,956	117,236,586
Provision for taxation	28,114,816	20,537,742
	311,157,894	262,162,527
	1,174,085,465	1,108,086,345
CONTINGENCIES AND COMMITMENTS		
	6	
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	221,075,291	224,825,070
Intangible assets	5,764,500	5,871,250
	226,839,791	230,696,320
Deferred taxation	9,616,848	9,383,169
CURRENT ASSETS		
Trade debts	222,762,886	341,994,464
Advances	9,258,146	6,439,332
Trade deposits and short term prepayments	147,694,779	147,194,182
Other receivables	5,522,084	5,522,084
Interest accrued	2,184,756	4,511,630
Advance tax	86,544,199	80,123,694
Short term investments	386,000,000	186,000,000
Cash and bank balances	77,661,976	96,221,470
	937,628,826	868,006,856
	1,174,085,465	1,108,086,345

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

**Haaris Mahmood Chaudhary**  
Director

**Syed Abrar Hussain**  
Chief Executive

**CONDENSED INTERIM STATEMENT OF  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

		September 30, 2017	September 30, 2016
	Note	Rupees	
Revenue	9	215,353,762	166,931,021
Cost of services	10	(169,615,587)	(124,396,644)
Gross profit		45,738,175	42,534,377
Administrative expenses	11	(22,314,386)	(23,948,160)
Marketing expenses	12	(5,906,705)	(5,028,036)
		(28,221,091)	(28,976,196)
Operating profit		17,517,084	13,558,181
Other income		6,319,519	2,165,699
		23,836,603	15,723,880
Finance cost		(382,701)	(375,581)
Profit before taxation		23,453,902	15,348,299
Provision for taxation		(7,343,395)	(4,942,627)
Profit for the period		16,110,507	10,405,672
Earning per share - basic and diluted	13	1.64	1.06

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

Haaris Mahmood Chaudhary  
Director

Syed Abrar Hussain  
Chief Executive

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
	<u>Rupees</u>	
Profit for the period	16,110,507	10,405,672
Other comprehensive income/ (loss):		
Items that will not be reclassified to profit or loss:		
Remeasurement loss on defined benefit plan	-	-
Total comprehensive income	<u>16,110,507</u>	<u>10,405,672</u>

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

\_\_\_\_\_  
**Haaris Mahmood Chaudhary**  
Director

\_\_\_\_\_  
**Syed Abrar Hussain**  
Chief Executive

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	September 30, 2016
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	23,453,902	15,348,299
<u>Adjustments for non-cash and other items:</u>		
Depreciation	8,312,383	8,844,632
Amortisation-intangible assets	106,750	106,750
Property, plant and equipment- charged off	-	84,180
Loss on disposal of property, plant and equipment	-	(13,590)
Finance cost	382,701	375,581
Exchange gain	(1,994,583)	(49,471)
Return on bank deposits/ short term investments	(3,058,073)	(2,102,638)
Provision for gratuity	3,500,000	3,100,000
Provision for earned leave encashment	1,500,000	1,400,000
	8,749,178	11,745,444
Operating profit before working capital changes	32,203,080	27,093,743
<b>Movement in working capital:</b>		
<u>(Increase)/ decrease in current assets:</u>		
Trade debts - unsecured	119,231,578	(6,846,298)
Advances	(2,818,814)	299,714
Trade deposits and short term prepayments	(500,597)	(19,580,211)
Other receivables	-	676,599
<u>Increase/ (decrease) in current liabilities:</u>		
Customers' deposits	1,372,923	(85,079)
Trade and other payables	38,947,780	3,451,783
	156,232,870	(22,083,492)
<b>Cash generated from operations</b>	188,435,950	5,010,251
Taxes paid	(6,420,505)	(12,898,401)
Gratuity paid/adjusted	(2,129,672)	-
Earned leave paid/ adjusted	(606,754)	(12,536,912)
Return on bank deposits/ short term investments	5,384,947	3,798,288
Finance cost	(382,701)	(375,581)
	(4,154,685)	(22,012,606)
Net cash flows from operating activities	184,281,265	(17,002,355)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(4,562,604)	(8,850,671)
Proceeds on the disposal of property, plant and equipment	-	16,000
Net cash flows from investing activities	(4,562,604)	(8,834,671)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(272,738)	(55,018)
Net decrease in cash and cash equivalents	179,445,923	(25,892,044)
Cash and cash equivalents at the beginning of the period	282,221,470	418,137,161
Effect of foreign exchange rate change	1,994,583	49,471
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	463,661,976	392,294,588

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

**Haaris Mahmood Chaudhary**  
Director

**Syed Abrar Hussain**  
Chief Executive

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

## FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2017

	Share Capital	Revenue Reserves		Total
	Issued, subscribed and paid-up	General Reserve	Unappropriated profit	
<b>Balance as at July 01, 2016 (Audited)</b>	98,010,000	581,500,000	130,761,822	810,271,822
Total comprehensive income for the period	-	-	10,405,672	10,405,672
<b>Balance as at September 30, 2016 (Un-audited)</b>	98,010,000	581,500,000	141,167,494	820,677,494
Total comprehensive income for the period	-	-	22,715,720	22,715,720
Transfer to general reserve	-	5,000,000	(5,000,000)	-
Transactions with owners:				
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)
<b>Balance as at June 30, 2017 (Audited)</b>	98,010,000	586,500,000	119,679,214	804,189,214
Total comprehensive income for the period	-	-	16,110,507	16,110,507
<b>Balance as at September 30, 2017 (Un-audited)</b>	98,010,000	586,500,000	135,789,721	820,299,721

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

**Haaris Mahmood Chaudhary**  
Director

**Syed Abrar Hussain**  
Chief Executive

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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 first quarter ended September 30, 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, 2017 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, 2017.

	September 30, 2017 Un-audited	June 30, 2017 Audited
	Rupees	
<b>5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
5,400,000 (June 2017: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash	54,000,000	54,000,000
4,401,000 (June 2017: 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 2017: 5,398,353) ordinary shares are held by Telecom Foundation, Pakistan.

#### 6 CONTINGENCIES AND COMMITMENTS

- 6.1** Guarantees issued by the bank on behalf of the Company amounted to Rs. 136.69 million (June 2017: Rs. 129.91 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. 66.08 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. 66.08 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. 66.08 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. 132.16 million (June 2017: US\$ 1.27 million; equivalent to Rs. 132.73 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 Honorable Islamabad High Court. During the year ended June 30, 2017, the case has been transferred from the Honorable Islamabad High Court to Civil Court Islamabad due to pecuniary jurisdiction.
- 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 withhold tax on dividend amounting to Rs. 0.90 million (June 2017: Rs. 0.90 million) due to exemption available under clause 47B of the second schedule of Income Tax Ordinance 2001. The CIT (Appeals) has withheld the decision of the tax authority and appeal is now pending before the Income Tax Appellate Tribunal, Islamabad (ITAT). The Company filed Appeal before Appellate Tribunal against the assessment order passed u/s 122(5) of the Income Tax Ordinance 2001, by Inland Revenue Officer, for the tax year 2010 and 2013. The cases are expected to be decided in favour of the company.
- 6.5** Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 62.73 million (June 2017: Rs. 98.55 million).

		September 30, 2017 Un-audited	June 30, 2017 Audited
	Note	Rupees	
<b>7 PROPERTY, PLANT AND EQUIPMENT</b>			
Net book value - Pakistan	7.1	220,797,584	224,532,226
Net book value - UAE	7.2	277,707	292,844
		221,075,291	224,825,070
<b>7.1 Property, plant and equipment- Pakistan</b>			
<b>Cost</b>			
Opening balance		882,105,651	877,231,240
Additions during the period		4,562,604	29,145,591
Deletion/disposals during the period		-	(24,271,180)
Closing balance		886,668,255	882,105,651
Accumulated depreciation			
Opening balance		657,573,425	643,278,351
Additions during the period		8,297,246	37,311,466
Deletion/disposals during the period		-	(23,016,392)
Closing balance		665,870,671	657,573,425
<b>Net book value</b>		220,797,584	224,532,226
<b>7.2 Property, plant and equipment- UAE</b>			
<b>Cost</b>			
Opening balance		770,181	770,181
Additions during the period		-	-
Deletion/disposals during the period		-	-
Closing balance		770,181	770,181
<b>Accumulated depreciation</b>			
Opening balance		477,337	400,827
Additions during the period		15,137	76,510
Deletion/disposals during the period		-	-
Closing balance		492,474	477,337
<b>Net book value</b>		277,707	292,844

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

		September 30, 2017 Un-audited	June 30, 2017 Audited
		Rupees	
<b>8 INTANGIBLE ASSETS</b>			
<b>Cost</b>			
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
<b>Accumulated amortisation</b>			
Opening balance		5,872,756	5,445,756
Additions during the period		106,750	427,000
Deletion/disposals during the period		-	-
Closing balance		5,979,506	5,872,756
<b>Net book value</b>		5,764,500	5,871,250

	Note	September 30, 2017	September 30, 2016
		Un-audited	Un-audited
<b>9 REVENUE</b>		<b>Rupees</b>	
CVAS data communication services		143,998,783	149,877,429
Telecom infrastructure services		998,400	1,050,268
Other projects revenue		70,356,579	16,003,324
	9.1	<u>215,353,762</u>	<u>166,931,021</u>

9.1 Revenue is exclusive of Services Tax of Rs.27.16 million (September 2016: Rs. 23.13 million).

	Note	September 30, 2017	September 30, 2016
		Un-audited	Un-audited
<b>10 COST OF SERVICES</b>		<b>Rupees</b>	
Channel and local lead rentals		34,905,148	31,524,776
Space segment rentals		20,736,212	28,498,528
Salaries and other benefits	10.1	34,212,615	33,289,855
Repair and maintenance expenses		3,377,873	3,291,024
License fee		744,952	775,644
Depreciation		8,312,383	8,844,632
Amortisation		106,750	106,750
Travelling and local conveyance		1,041,130	537,444
Telephone expenses		300,629	220,207
Vehicle running expenses		2,537,244	2,312,850
Insurance		401,569	172,941
Entertainment		208,894	228,100
Rent, rates and taxes		1,207,014	1,085,551
Utilities		1,039,772	1,347,704
Operating lease rentals		952,036	594,828
Other projects cost		59,531,366	11,565,810
		<u>169,615,587</u>	<u>124,396,644</u>

10.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 3.25 million (September 2016: Rs. 2.93 million).

	Note	September 30, 2017	September 30, 2016
		Un-audited	Un-audited
<b>11 ADMINISTRATIVE EXPENSES</b>		<b>Rupees</b>	
Salaries and other benefits	11.1	16,819,781	18,004,598
Travelling and local conveyance		89,938	78,000
Telephone expenses		295,572	359,132
Vehicle running expenses		1,027,307	1,124,178
Insurance		36,693	60,095
Entertainment		321,730	414,960
Rent, rates and taxes		884,472	1,284,066
Legal and professional charges		1,042,415	1,019,418
Printing and stationery		329,417	246,358
Utilities		729,138	632,798
Welfare expenses		-	40,000
Auditors' remuneration		200,000	200,000
Operating lease rentals		537,923	484,557
		<u>22,314,386</u>	<u>23,948,160</u>

11.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 1.35 million (September 2016: Rs. 1.22 million) and Directors' remuneration of Rs. 8.66 million (September 2016: Rs. 10.84 million).

	Note	September 30, 2017	September 30, 2016
		Un-audited	Un-audited
		Rupees	
<b>12 MARKETING EXPENSES</b>			
Advertisement and marketing expenses		474,127	80,458
Salaries and other benefits	12.1	4,905,763	3,726,264
Travelling and local conveyance		158,029	762,932
Telephone expenses		63,739	53,944
Vehicle running expenses		238,038	215,905
Insurance		1,806	8,941
Operating lease rentals		65,203	179,592
		<u>5,906,705</u>	<u>5,028,036</u>

12.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 0.40 million (September 2016: Rs. 0.36 million).

	September 30, 2017	September 30, 2016
	Un-audited	Un-audited
		Rupees
<b>13 EARNING PER SHARE (BASIC AND DILUTED)</b>		
Profit after taxation	16,110,507	10,405,672
Basic and diluted earnings per share (Rupees/ share)	<u>1.64</u>	<u>1.06</u>

Weighted average number of ordinary shares as at September 30, 2017 are 9,801,000 (September 30, 2016: 9,801,000) and there are no dilutive ordinary shares till September 30, 2017 (September 30, 2016: Nil).

	September 30, 2017	September 30, 2016
	Un-audited	Audited
		Rupees
<b>14 TRANSACTIONS WITH RELATED PARTIES</b>		

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-balance**

Payable against joint operations	-	1,464,781
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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. 8.66 million (September 2016: Rs.10.84 million). Advances include advance against salaries to executives amounting to Rs. 0.85 million (June 2017: Rs. 0.10 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. 5.00 million (September 2016: Rs. 4.50 million)

#### 15 OPERATING SEGMENTS

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

Out of total revenue, 67 % (September 2016: 90 %) is generated from CVAS data communication services while 33 % (September 2016: 10 %) is generated from Telecom Infrastructure Provider license and other projects.

Revenue from major customers of the Company amounts to Rs. 79.30 million (September 2016: Rs. 85.48 million) representing 37 % (September 2016: 51 %) of the total revenue.

Out of total non-current assets of the Company, 99.87 % (June 2017: 99.87 %) 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 30, 2017.

#### 17 GENERAL

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

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**Haaris Mahmood Chaudhary**  
Director

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**Syed Abrar Hussain**  
Chief Executive

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