



Pak Datacom



1st Quarter Report
July 2018 to September 2018
(Un-Audited)

Pak Datacom Limited

COMPANY PROFILE

BOARD OF DIRECTORS

- | | |
|---------------------------------|-----------------|
| 1. Mr. Yasir Qadir | Chairman |
| 2. Syed Jamal Nasir | Chief Executive |
| 3. Mr. Shoaib Mir | |
| 4. Mr. Muhammad Tahir Mushtaq | |
| 5. Ms. Ameena Sohail | |
| 6. Mr. Basit Waheed | |
| 7. Mr. Arshad Rasheed Chaudhary | |

AUDIT COMMITTEE

- | | |
|---------------------------------|----------|
| 1. Mr. Arshad Rasheed Chaudhary | Chairman |
| 2. Mr. Shoaib Mir | |
| 3. Mr. Basit Waheed | |

HUMAN RESOURCES COMMITTEE

- | | |
|---------------------------------|----------|
| 1. Mr. Arshad Rasheed Chaudhary | Chairman |
| 2. Mr. Shoaib Mir | |
| 3. Mr. Muhammad Tahir Mushtaq | |
| 4. Mr. Basit Waheed | |

PROCUREMENT COMMITTEE

- | | |
|---------------------------------|----------|
| 1. Mr. Yasir Qadir | Chairman |
| 2. Mr. Shoaib Mir | |
| 3. Mr. Arshad Rasheed Chaudhary | |

NOMINATION COMMITTEE

- | | |
|---------------------|----------|
| 1. Mr. Yasir Qadir | Chairman |
| 2. Mr. Basit Waheed | |

CHIEF FINANCIAL OFFICER

Ms. Farhat Mansoor

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

CDC House, 99-B, Block B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400. Tel: (92-21) 111-111-500

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) take pleasure in presenting the Company's financial statements for the first quarter of the financial year from 1st July 2018 to 30th September 2018.

In the first three months period your Company earned total revenue of Rs. 218.040 million as compared to Rs. 216.621 million of the corresponding period of last year and posted pre-tax profit of Rs. 33.539 million as compared to Rs. 23.454 million (restated) of the corresponding period of last year. The revenue and profitability remained steady despite tough competition in the existing market scenario.

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.

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
November 26, 2018

Arshad Rasheed Chaudry
Director

Syed Jamal Nasir
CEO/MD

ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (پی ڈی ایل) کے بورڈ آف ڈائریکٹرز کو یکم جولائی 2018ء سے 30 ستمبر 2018ء کو ختم ہونے والی پہلی سہ ماہی کی مدت کے لیے کمپنی کے مالیاتی گوشوارے پیش کرنے پر انتہائی خوشی محسوس ہو رہی ہے۔

پہلے 3 مہینوں کی مدت کے دوران کمپنی کی کل آمدن 218.040 ملین روپے تھی جبکہ گزشتہ سال اسی مدت کے دوران ہونے والی آمدن 216.621 ملین روپے تھی۔ ٹیکس کی ادائیگی سے قبل اس کا منافع 33.539 ملین روپے تھا جبکہ گزشتہ سال اسی مدت کے دوران اس کا منافع 23.454 ملین روپے تھا۔ موجودہ مارکیٹ کے منظر نامہ میں سخت مقابلہ و مسابقت ہونے کے باوجود آمدنی اور منافع میں توازن برقرار رہا ہے۔

انتظامیہ اپنے دستخط شدہ پراجیکٹس کو مکمل کرنے کی ہر ممکن کوشش کر رہی ہے اور اپنے کاروبار کی آمدن کو بڑھانے کے لیے موثر اقدامات بھی اٹھا رہی ہے۔

انتظامیہ کو یقین ہے کہ وہ اپنی ترقی کو برقرار رکھیں گے اور اپنے حصص کنندگان کے لئے مستقبل میں بہتر قدر حاصل کریں گے۔ اور انتظامیہ اس ضمن میں اپنے معزز حصص کنندگان، صارفین، ریگولیٹرز اور اسٹاک ایکسچینج کا خصوصی شکریہ ادا کرتی ہے جنہوں نے اپنے مکمل اعتماد کا اظہار کیا اور ہماری مسلسل معاونت بھی کی۔ ہم امید کرتے ہیں کہ ہمارے ملازمین جو ہمارا قیمتی اثاثہ ہیں، انتظامیہ کے مقرر کردہ اہداف حاصل کرنے کے لیے سخت محنت کریں گے۔

منجانب بورڈ

سید جمال ناصر

چیف ایگزیکٹو / مینجنگ ڈائریکٹر

ارشدر شید چودھری

ڈائریکٹر

اسلام آباد

26 نومبر 2018ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

	September 30, 2018 Un-audited	June 30, 2018 Audited
Note	Rupees	
SHARE CAPITAL AND RESERVES		
Share capital	98,010,000	98,010,000
Revenue reserves	706,104,793	682,639,902
	804,114,793	780,649,902
NON CURRENT LIABILITIES		
Deferred employees' benefits	44,832,106	43,636,433
Liability against asset subject to finance lease	12,378,468	12,378,468
	57,210,574	56,014,901
CURRENT LIABILITIES		
Customers' deposits	143,095,342	140,433,318
Trade and other payables	203,066,902	163,632,587
Current portion of liability against assets subject to finance lease	4,016,683	5,306,597
Unclaimed dividend	9,440,136	10,157,011
	359,619,063	319,529,513
Total equity and liabilities	1,220,944,430	1,156,194,316
CONTINGENCIES AND COMMITMENTS		
NON CURRENT ASSETS		
Property, plant and equipment	218,844,837	226,070,394
Intangible assets	5,337,500	5,444,250
Deferred taxation	17,375,295	17,243,610
	241,557,632	248,758,254
CURRENT ASSETS		
Unbilled revenue	84,107,046	168,907,149
Trade debts	355,386,689	252,192,359
Advances	9,402,422	9,114,973
Deposits and short term prepayments	74,878,233	65,262,199
Other receivables	419,225	419,225
Interest accrued	2,141,206	7,719,683
Advance tax	57,732,448	63,889,454
Short term investments	180,000,000	256,000,000
Cash and bank balances	215,319,529	83,931,020
	979,386,798	907,436,062
Total assets	1,220,944,430	1,156,194,316

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

Farhat Mansoor
Chief Financial Officer

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

**CONDENSED INTERIM STATEMENT OF
PROFIT OR LOSS ACCOUNT**
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Note	Quarter ended 30 September	
		2018 Un-audited	2017 Restated
		Rupees	
Revenue	8	218,040,385	216,620,625
Cost of services	9	(163,390,460)	(169,382,840)
Gross profit		54,649,925	47,237,785
Administrative expenses	10	(21,478,948)	(22,466,587)
Marketing expenses	11	(5,046,638)	(5,987,251)
Finance cost		(432,515)	(382,701)
		27,691,824	18,401,246
Other income		5,846,692	5,052,656
Profit before taxation		33,538,516	23,453,902
Taxation		(10,073,625)	(7,343,395)
Profit for the period		23,464,891	16,110,507
Earning per share - basic and diluted (Rupee)		2.39	1.64

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

Farhat Mansoor
Chief Financial Officer

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended 30 September	
	2018	2017
	Un-audited	Restated
	Rupees	
Profit for the period	23,464,891	16,110,507
Other comprehensive income/ (loss):		
Items that will not be reclassified to profit or loss:		
Remeasurement loss on defined benefit plan	-	-
Total comprehensive income for the period	23,464,891	16,110,507

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

Farhat Mansoor
Chief Financial Officer

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Quarter ended 30 September	
	2018	2017
	Un-audited	Restated
	Rupees	
Cash flows from operating activities		
Profit before taxation	33,538,516	23,453,902
Adjustments for:		
Depreciation	8,587,902	8,312,383
Amortization	106,750	106,750
Property, plant and equipment - charged off	12,188	-
Finance cost	432,515	382,701
Interest income	(3,648,035)	(3,058,073)
Provision for gratuity	3,726,000	3,500,000
Provision for earned leave encashment	1,658,000	1,500,000
	44,413,836	34,197,664
Changes in:		
Trade debts	(103,194,330)	119,231,578
Unbilled revenue	84,800,103	-
Advances	(287,449)	(2,818,814)
Deposits and short term prepayments	(9,616,034)	(500,597)
Customers' deposits	2,662,024	1,372,923
Trade and other payables	37,708,315	38,947,780
Cash generated from/ (used in) operations	56,486,465	190,430,534
Taxes paid	(4,048,304)	(6,420,505)
Gratuity paid	(2,000,000)	(2,129,672)
Leave encashment paid	(462,327)	(606,754)
Interest received	9,226,512	5,384,947
Finance cost paid	(432,515)	(382,701)
	2,283,366	(4,154,685)
Net cash from/ (used in) operating activities	58,769,831	186,275,848
Cash flows from investing activities		
Capital expenditure	(1,374,533)	(4,562,604)
(Purchase)/ encashment of investments	76,000,000	(200,000,000)
Net cash from/ (used in) investing activities	74,625,467	(204,562,604)
Cash flows from financing activities		
Dividend paid	(716,875)	(272,738)
Payment of finance lease obligation	(1,289,914)	-
Net cash used in financing activities	(2,006,789)	(272,738)
Net increase/ (decrease) in cash and cash equivalents	131,388,509	(18,559,494)
Cash and cash equivalents at the beginning of the year	83,931,020	96,221,470
Cash and cash equivalents at end of the period	215,319,529	77,661,976

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

Farhat Mansoor
Chief Financial Officer

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Share Capital Issued, subscribed and paid-up	Revenue Reserves		Total
		General Reserve	Unappropriated profit	

Rupees

Balance as at 1 July 2017—restated 114,718,794
Total comprehensive income for the year 799,228,794

Profit for the first quarter ended September 30, 2017

Profit for the period ended till June 30, 2018

Other comprehensive income/ (loss)

Total comprehensive income for the year

Transfer to general reserve

Transactions with owners of the company

Distributions

Final dividend for the year ended 30 June 2017 (Rs. 2.50 per share)

Interim dividend for the year ended 30 June 2018 (Rs. 1.00 per share)

Balance as at 30 June 2018 (audited)

Balance as at 30 June 2018

Total comprehensive income for the period

Profit for the first quarter ended September 30, 2018

Other comprehensive income/ (loss)

Total comprehensive income for the period

Balance as at 30 September 2018 (un-audited)

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

	98,010,000	586,500,000	114,718,794	799,228,794
	-	-	16,110,507	16,110,507
	-	2,854,568	2,854,568	2,854,568
	-	(3,240,467)	(3,240,467)	(3,240,467)
	-	15,724,608	15,724,608	15,724,608
	-	5,000,000	(5,000,000)	-
	-	-	(24,502,500)	(24,502,500)
	-	-	(9,801,000)	(9,801,000)
	-	-	(34,303,500)	(34,303,500)
	98,010,000	591,500,000	91,139,902	780,649,902
	98,010,000	591,500,000	91,139,902	780,649,902
	-	-	23,464,891	23,464,891
	-	-	-	-
	-	-	23,464,891	23,464,891
	98,010,000	591,500,000	114,604,793	804,114,793

Farhat Mansoor
Chief Financial Officer

Syed Jamal Nasir
Chief Executive

Arshad Rasheed Chaudhary
Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

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 three months period ended 30 September 2018 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 2018. Comparative balance sheet is extracted from the audited annual financial statements as of 30 June 2018, 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 three months period ended 30 September 2017.

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.

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 2018.

	September 30, 2018	June 30, 2018
	Un-audited	Audited
	Rupees	

4 REVENUE RESERVES

General reserve	591,500,000	591,500,000
Unappropriated profit	114,604,793	91,139,902
	706,104,793	682,639,902

5 CONTINGENCIES AND COMMITMENTS

- 5.1 Guarantees issued by the bank on behalf of the Company amounted to Rs. 188.54 million (June 2018: Rs. 194.54 million).
- 5.2 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 referred the matter to the arbitration, which in its award given on 3 May 2012 imposed additional payment of US \$ 0.64 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 during the year ended 30 June 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. 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 30 June 2018, the case has been transferred from the Honorable 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 1 January 2007. The Company satisfactorily provided services up to 31 January 2012. The services were disconnected on 31 January 2012 based on the customer's request. The Company filed a suit in the Honorable Islamabad Civil Court for recovery of trade debts and the Company has made provision against trade debts amounting to Rs. 6.75 million during the year ended 30 June 2012. Consequent upon decree by the Honorable Civil Court, the Company filed an appeal in the Honorable Islamabad High Court on 17 February 2018. 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 withhold tax on dividend amounting to Rs. 0.90 million (June 2018: Rs. 0.90 million) due to exemption available under clause 47B of the second schedule of Income Tax Ordinance 2001. The CIR (Appeals) has upheld the decision of lower authority and appeal for tax year 2012 & 2013 is now pending before the Income Tax Appellate Tribunal (ITAT), Islamabad. The cases are expected to be decided in favour of the Company.
- 5.5 The Company has filed appeal before Appellate Tribunal Inland Revenue on 22 August 2016 against the charges of Officer Inland Revenue upheld by Commissioner Inland Revenue Appeals (CIRA) vide appellate order dated 29 July 2016. The case is expected to be decided in favour of the Company.
- 5.6 The Company has filed appeal before Commissioner Inland Revenue on 13 June 2018 against the order passed under section 161 and 205 of Income Tax Ordinance, 2001 on short deduction of withholding tax for tax year 2016. The case is expected to be decided in favour of the Company.
- 5.7 Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 38.31 million (June 2018: Rs. 36.75 million).
- 5.8 Letters of credit issued by the Bank on behalf of the Company in ordinary course of the business, outstanding at year end amounted to Rs. 88.56 million (June 2018: Rs. 110.23 million).
- 5.9 All operating (Ijarah) lease payments are under cancellable operating lease arrangements under Shariah/ other arrangements and are due as follows:

	September 30, 2018 Un-audited	June 30, 2018 Audited
	Rupees	
Not Later than one year	257,602	398,143
Later than one year but not later than five year	-	-
	398,143	398,143

		September 30, 2018 Un-audited	June 30, 2018 Audited
	Note	Rupees	
6 PROPERTY AND EQUIPMENT			
Property and equipment - Pakistan	6.1	218,656,343	225,838,098
Property and equipment - UAE	6.2	188,494	232,296
		<u>218,844,837</u>	<u>226,070,394</u>
6.1 Property and equipment - Pakistan			
Cost			
Balance at beginning of the period/year		880,953,234	888,953,651
Additions during the period/year		1,374,533	38,991,172
Deletion/disposals during the period/year		(61,182)	(46,991,589)
Balance at end of the period/year		882,266,585	880,953,234
Accumulated depreciation			
Balance at beginning of the period/year		655,115,136	658,648,117
Additions during the period/year		8,544,100	39,637,752
Deletion/disposals during the period/year		(48,994)	(43,170,733)
Balance at end of the period/year		663,610,242	655,115,136
Net book value		<u>218,656,343</u>	<u>225,838,098</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		537,885	477,337
Additions during the period/year		43,802	60,548
Deletion/disposals during the period/year		-	-
Balance at end of the period/year		581,687	537,885
Net book value		<u>188,494</u>	<u>232,296</u>

Ist charge of Rs. 140 million (June 2018: Rs. 140 million) on fixed assets, present and future current assets of the Company of Rs. 400 million (June 2018: Rs. 400 million) for unfunded facility amounting to Rs. 250 million (June 2018: Rs. 250 million) from M/s Soneri Bank Limited, Islamabad.

		September 30, 2018 Un-audited	June 30, 2018 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		6,299,756	5,872,756
Additions during the period/year		106,750	427,000
Deletion/disposals during the period/year		-	-
Balance at end of the period/year		6,406,506	6,299,756
Net book value		<u>5,337,500</u>	<u>5,444,250</u>

	Note	Quarter ended 30 September	
		2018 Un-audited	2017 Restated
Rupees			
8 REVENUE			
CVAS data communication services		140,036,993	143,998,783
Telecom infrastructure services		618,137	998,400
Other projects revenue		77,385,255	71,623,442
	8.1	<u>218,040,385</u>	<u>216,620,625</u>

8.1 Revenue is exclusive of sales tax of Rs. 26.24 million (September 2017: Rs. 27.76 million).

	Note	Quarter ended 30 September	
		2018 Un-audited	2017 Restated
Rupees			
9 COST OF SERVICES			
Channel and local lead rentals		29,473,691.00	34,905,148
Space segment rentals		25,306,108.00	20,736,212
Salaries and other benefits	9.1	32,326,937.00	34,212,615
Repair and maintenance expenses		1,668,379.00	3,377,873
License fee		715,638.00	744,952
Depreciation		7,677,302.00	8,079,636
Amortisation		106,750.00	106,750
Travelling and local conveyance		304,723.00	1,041,130
Telephone expenses		196,604.00	300,629
Vehicle running expenses		4,139,963.00	2,537,244
Insurance		441,515.00	401,569
Entertainment		220,200.00	208,894
Rent, rates and taxes		1,227,791.00	1,207,014
Utilities		1,439,700.00	1,039,772
Operating lease rentals		-	952,036
Other projects cost		58,145,159.00	59,531,366
		<u>163,390,460.00</u>	<u>169,382,840</u>

9.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 3.50 million (September 2017: Rs. 3.25 million).

	Note	Quarter ended 30 September	
		2018 Un-audited	2017 Restated
Rupees			
10 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	10.1	15,574,965	16,819,781
Travelling and local conveyance		92,772	89,938
Telephone expenses		173,098	295,572
Vehicle running expenses		1,464,004	1,027,307
Insurance		71,698	36,693
Depreciation		743,600	152,201
Entertainment		225,724	321,730
Rent, rates and taxes		972,918	884,472
Legal and professional charges		1,202,043	1,042,415
Printing and stationery		159,585	329,417
Utilities		528,440	729,138
Auditors' remuneration		200,000	200,000
Operating lease rentals		70,101	537,923
		<u>21,478,948</u>	<u>22,466,587</u>

10.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 1.45 million (September 2017: Rs. 1.35 million) and Directors' remuneration of Rs. 0.75 million (September 2017: Rs. 1.22 million).

	Note	Quarter ended 30 September	
		2018 Un-audited	2017 Restated
		Rupees	
11 MARKETING EXPENSES			
Advertisement and marketing expenses		84,656	474,127
Salaries and other benefits	11.1	4,195,529	4,905,763
Travelling and local conveyance		41,012	158,029
Telephone expenses		42,244	63,739
Vehicle running expenses		431,704	238,038
Insurance		14,053	1,806
Depreciation		167,000	80,546
Operating lease rentals		70,440	65,203
		<u>5,046,638</u>	<u>5,987,251</u>

11.1 Salaries and other benefits include employees' retirement and other service benefits of Rs.0.43 million (September 2017: Rs. 0.40 million).

	Quarter ended 30 September	
	2018 Un-audited	2017 Un-audited
		Rupees
12 EARNING PER SHARE (BASIC AND DILUTED)		
Profit after taxation	23,464,891	16,110,507
Basic and diluted earnings per share (Rupees/ share)	<u>2.39</u>	<u>1.64</u>

Weighted average number of ordinary shares as at September 30, 2018 are 9,801,000 (September 30, 2017: 9,801,000) and there are no dilutive ordinary shares till June 30, 2018 (September 30, 2017: Nil).

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.

	September 30,	June 30,
	2018 Un-audited	2018 Audited
		Rupees
Telecom Foundation - Holding Company		
Dividend paid during the period/ year	-	18,894,236
Donations paid during the period/ year	-	4,000,000
Payments against joint operations during the period/ year	-	1,714,781
TF Logistics - Subsidiary of Holding Company		
Payments against warehouse rent during the period/ year	30,000	390,000
Payable against warehouse rent at period/year end	-	30,000
TF Technologies (Private) Limited - Subsidiary of Holding Company		
Receivable against consultancy charges at period/ year end	-	114,500
	2,000,000	2,129,672
	5,327,336	6,607,020
Other related parties		
Contribution to gratuity fund	2,000,000	2,129,672
Remuneration of key management personnel	5,327,336	6,607,020

13.1 Salaries and other benefits under note numbers 9, 10, and 11 include remuneration to Directors, Chief Executive and Executives amounting to Rs.2.17 million (September 2017 (restated): Rs. 1.62 million). Advances to employees include an amount of Rs. 2.295 million (2018: Rs. 2.295) paid to Mr. Hussain Raza which will be adjusted against the salary of employee in next year and Rs. 1.409 million (2018: Rs. 1.025 million) to Mr. Muhammad Pervaiz for project expenses which will be adjusted against the expenses incurred on behalf of the Company. Both of the advances are unsecured. The Chief Executive and Executives of the Company are also provided Company maintained vehicles for official purpose only.

13.2 Salary of Chief Executive Officer includes an amount of Rs. 2.201 million (2018: Rs. 2.201 million) paid during the year to ex-Managing Director of the Company on account of managerial remuneration and other allowances. The management, on directions of the Board of Directors is pursuing for recovery of these payments as the appointment was withdrawn ab-initio by the Ministry of Information Technology & Telecommunication.

14 RESTATEMENT OF COMPARATIVE FIGURES

The comparative figures has been reclassified wherever necessary for the purpose of comparison;

- i) Net income from other projects transferred from other income to Revenue as "Other projects revenue".
- ii) Previously, full depreciation was charged to Cost of services now reclassified to administrative and marketing expenses.

Note	30 September	
	Transferred from	Reclassified as
	Rupees	
Other income		
i) Net income from other projects	1,266,863	
Revenue		
Other projects Revenue	8	1,266,863
Cost of services		
ii) Depreciation expenses	9	232,747
Administrative expenses		
Depreciation expenses	10	152,201
Marketing expenses		
Depreciation expenses	11	80,546

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		Fair Value				
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 September 2018 (Un-audited)							
Financial assets not measured at fair value							
Unbilled revenue	84,107,046	-	84,107,046	-	-	-	-
Trade debts	355,386,689	-	355,386,689	-	-	-	-
Advances	3,388,113	-	3,388,113	-	-	-	-
Trade deposits and short term prepayments	37,460,954	-	37,460,954	-	-	-	-
Other receivables	419,225	-	419,225	-	-	-	-
Interest accrued	2,141,206	-	2,141,206	-	-	-	-
Short term investments	180,000,000	-	180,000,000	-	-	-	-
Cash and bank balances	215,319,529	-	215,319,529	-	-	-	-
	<u>878,222,762</u>	<u>-</u>	<u>878,222,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
measured at fair value							
Liability against assets subject to finance lease							
Customers' deposits	-	12,378,468	12,378,468	-	-	-	-
Trade and other payables	-	143,095,342	143,095,342	-	-	-	-
Current portion of liability against assets subject to finance lease	-	159,499,989	159,499,989	-	-	-	-
	-	<u>4,016,683</u>	<u>4,016,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	<u>318,990,482</u>	<u>318,990,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 June 2018 (Audited)							
Financial assets not measured at fair value							
Unbilled revenue	168,907,148	-	168,907,148	-	-	-	-
Trade debts	252,192,359	-	252,192,359	-	-	-	-
Advances	6,314,973	-	6,314,973	-	-	-	-
Trade deposits and short term prepayments	19,826,764	-	19,826,764	-	-	-	-
Other receivables	419,225	-	419,225	-	-	-	-
Interest accrued	7,719,683	-	7,719,683	-	-	-	-
Short term investments	256,000,000	-	256,000,000	-	-	-	-
Cash and bank balances	83,931,020	-	83,931,020	-	-	-	-
	<u>795,311,172</u>	<u>-</u>	<u>795,311,172</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
Financial liabilities not measured at fair value							
Liability against assets subject to finance lease	-	12,378,468	12,378,468	-	-	-	-
Customers' deposits	-	140,433,318	140,433,318	-	-	-	-
Trade and other payables	-	115,101,877	115,101,877	-	-	-	-
Current portion of liability against assets	-	5,306,597	5,306,597	-	-	-	-
subject to finance lease	-	273,220,260	273,220,260	-	-	-	-

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 repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on November 26, 2018.

17 GENERAL

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

Farhat Mansoor
 Chief Financial Officer

Syed Jamal Nasir
 Chief Executive

Arshad Rasheed Chaudhary
 Director



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