



Pak Datacom

# Pak Datacom Limited

**3<sup>rd</sup> Quarter Report**

July 2015 to March 2016

(Un-Audited)



## **COMPANY PROFILE**

### **BOARD OF DIRECTORS**

- |    |                                   |                 |
|----|-----------------------------------|-----------------|
| 1. | Maj. Gen. (R) Muhammad Khalid Rao | Chairman        |
| 2. | Muhammad Arshad Khan Kayani       | Chief Executive |
| 3. | Amjad Hussain Qureshi             |                 |
| 4. | Jamil Anwar                       |                 |
| 5. | Engr. Shahzad Sami Qureshi        |                 |
| 6. | Raja Waheed Zaman                 |                 |
| 7. | Taimur Faiz Cheema                |                 |

### **AUDIT COMMITTEE**

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

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

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

### **CHIEF FINANCIAL OFFICER**

Zahid Mehmood

### **COMPANY SECRETARY**

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 operational results of nine months for the financial year 2015-2016 i.e., from 1<sup>st</sup> July 2015 to 31<sup>st</sup> March 2016.

Despite ongoing recessionary trend and saturation in the telecom sector, PDL earned revenue of Rs. 507.765 million during first nine months of current financial year while it has posted pre-tax profit of Rs. 73.053 million.

Concerted marketing efforts are being made to make up short fall in revenue due to discounts offered to some major clients. PDL has already initiated necessary steps to generate more revenue streams by exploring aggressively new business avenues with foreign and local business partners. We are also participating in ventures for laying optical fiber in major cities of Pakistan in collaboration with public and private sectors, some of them have already been completed.

The management has a strong conviction that all these actions along with dedication and hard work of PDL employees, our most valuable asset, will bring positive results during the succeeding period.

We thank our valued shareholders, 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 20, 2016**

**Muhammad Arshad Khan Kayani  
Chief Executive**

## ڈائریکٹرز کی جائزہ رپورٹ

پاک ڈیٹا کام لمیٹیڈ (پی ڈی ایل) کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ مالی سال ۲۰۱۵-۱۶ کی نو ماہی (یعنی کہ یکم جولائی ۲۰۱۵ تا ۳۱ مارچ ۲۰۱۶) عملی کارکردگی کی رپورٹ اپنے حصص کنندگان کو پیش کرتے ہیں۔

ٹیلی کام سیکٹر کے نامساعد حالات اور مقابلہ کی فضا کے باوجود پی ڈی ایل نے مالی سال کے پہلے نو ماہ میں ۷۶۵.۷۰ ملین روپے کی آمدنی حاصل کی جبکہ قبل از ٹیکس ۳۰۵۳.۰۵ ملین روپے منافع کمایا ہے۔

مربوط و منفقہ مارکیٹنگ کاوش کی جارہی ہے تاکہ آمدنی میں کمی کو پورا کیا جاسکے جو کچھ بڑے کلائنٹس کو رعایت دینے کی وجہ سے ہے۔ پی ڈی ایل نے پہلے ہی ضروری اقدامات اٹھانے شروع کر رکھے ہیں جس میں مقامی و غیر ملکی بزنس شراکت داروں کے ساتھ کام کرنے کے مواقع شامل ہیں۔ کمپنی ملک کے بڑے شہروں میں سرکاری و نجی اداروں کی شراکت کے ساتھ آپٹیکل فائبر بچھانے کے منصوبوں پر کام کر رہی ہے جس میں سے کچھ منصوبے پائے تکمیل کو پہنچ چکے ہیں۔

مینیجمنٹ کا پختہ یقین ہے کہ یہ تمام کاوشیں اور ملازمین، جو کہ کمپنی کا قابل قدر اثاثہ ہیں، کی محنت سے آنے والے وقت میں مثبت نتائج حاصل کر لیے جائیں گے۔

ہم اپنے حصص کنندگان، حکومتی اداروں، سٹاک ایکسچینج اور صارفین کے اعتماد و بھرپور تعاون کے مشکور ہیں جو کہ انہوں نے کمپنی کی ترقی اور خوشحالی کے لیے انجام دیئے ہیں۔

بورڈ کی جانب سے

اسلام آباد

۲۰ اپریل ۲۰۱۶

محمد ارشد خان کیانی

چیف ایگزیکٹو

# CONDENSED INTERIM BALANCE SHEET

## AS AT MARCH 31, 2016

|  | Note | Un-audited<br>March 31,<br>2016<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|--|------|---|---------------------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |   |                                       |
| <b>SHARE CAPITAL AND RESERVES</b>  |      |   |                                       |
| Authorised share capital-100,000,000 ordinary shares<br>(June 2015: 100,000,000) of rupees 10 each |      | 1,000,000,000                             | 1,000,000,000                         |
| Issued, subscribed and paid up capital   | 4    | 98,010,000                                | 98,010,000                            |
| Reserves   |      | 725,304,178                               | 717,269,198                           |
|  |      | 823,314,178                               | 815,279,198                           |
| <b>NON-CURRENT LIABILITIES</b>   |      |   |                                       |
| Employees' retirement and other service<br>benefits- leave encashment                              |      | 41,909,154                                | 39,330,185                            |
| <b>CURRENT LIABILITIES</b>   |      |   |                                       |
| Customers' deposits  |      | 119,898,985                               | 114,481,932                           |
| Trade and other payables   |      | 122,358,368                               | 87,219,208                            |
| Provision for taxation   |      | 26,268,825                                | 49,039,681                            |
|  |      | 268,526,178                               | 250,740,821                           |
|  |      | 1,133,749,510                             | 1,105,350,204                         |
| <b>CONTINGENCIES AND COMMITMENTS</b>   | 5    |   |                                       |
| <b>ASSETS</b>  |      |   |                                       |
| <b>NON-CURRENT ASSETS</b>  |      |   |                                       |
| Property, plant and equipment  | 6    | 239,127,919                               | 248,584,782                           |
| Intangible assets  | 7    | 6,405,000                                 | 6,725,250                             |
|  |      | 245,532,919                               | 255,310,032                           |
| Deferred taxation  |      | 6,835,509                                 | 4,066,734                             |
| <b>CURRENT ASSETS</b>  |      |   |                                       |
| Trade debts  |      | 120,885,636                               | 99,953,056                            |
| Advances   |      | 25,099,666                                | 166,695,112                           |
| Trade deposits and short term prepayments  |      | 263,011,495                               | 80,713,563                            |
| Other receivables  |      | 5,676,821                                 | 11,975,667                            |
| Interest accrued   |      | 1,474,030                                 | 4,161,824                             |
| Advance tax  |      | 54,972,104                                | 62,169,443                            |
| Short term investments   |      | 342,292,000                               | 334,844,000                           |
| Cash and bank balances   |      | 67,969,330                                | 85,460,773                            |
|  |      | 881,381,082                               | 845,973,438                           |
|  |      | 1,133,749,510                             | 1,105,350,204                         |

The annexed notes from 1 to 16 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 NINE MONTHS ENDED MARCH 31, 2016

|  | Note | For the quarter ended       |                             | For the nine months ended   |                             |
|--|------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  |      | March, 31<br>2016<br>Rupees | March, 31<br>2015<br>Rupees | March 31,<br>2016<br>Rupees | March 31,<br>2015<br>Rupees |
| Revenue                                  | 8    | 164,601,126                 | 174,699,561                 | 507,764,958                 | 516,612,718                 |
| Cost of services                         | 9    | (121,115,145)               | (120,873,958)               | (361,665,190)               | (344,161,935)               |
| Gross profit                             |      | 43,485,981                  | 53,825,603                  | 146,099,768                 | 172,450,783                 |
| Administrative expenses                  | 10   | (29,994,097)                | (26,906,216)                | (80,615,191)                | (76,615,173)                |
| Marketing expenses                       | 11   | (5,946,707)                 | (4,942,451)                 | (18,050,044)                | (16,661,284)                |
|  |      | (35,940,804)                | (31,848,667)                | (98,665,235)                | (93,276,457)                |
| Operating profit                         |      | 7,545,177                   | 21,976,936                  | 47,434,533                  | 79,174,326                  |
| Other income                             |      | 7,419,917                   | 8,101,717                   | 26,451,709                  | 26,974,704                  |
|  |      | 14,965,094                  | 30,078,653                  | 73,886,242                  | 106,149,030                 |
| Finance cost                             |      | (145,399)                   | (301,009)                   | (833,693)                   | (1,041,294)                 |
| Profit before taxation                   |      | 14,819,695                  | 29,777,644                  | 73,052,549                  | 105,107,736                 |
| Provision for taxation                   |      | (4,283,208)                 | (10,121,015)                | (23,363,319)                | (35,846,449)                |
| Profit after taxation                    |      | 10,536,487                  | 19,656,629                  | 49,689,230                  | 69,261,287                  |
| Earning per share - basic<br>and diluted | 12   | 1.08                        | 2.02                        | 5.07                        | 7.07                        |

The annexed notes from 1 to 16 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 NINE MONTHS ENDED MARCH 31, 2016

|                                    | For the quarter ended       |                             | For the nine months ended   |                             |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                    | March, 31<br>2016<br>Rupees | March, 31<br>2015<br>Rupees | March 31,<br>2016<br>Rupees | March 31,<br>2015<br>Rupees |
| Profit after taxation              | 10,536,487                  | 19,656,629                  | 49,689,230                  | 69,261,287                  |
| Other comprehensive income/ (loss) | -                           | -                           | -                           | -                           |
| Total comprehensive income         | <u>10,536,487</u>           | <u>19,656,629</u>           | <u>49,689,230</u>           | <u>69,261,287</u>           |

The annexed notes from 1 to 16 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 NINE MONTHS ENDED MARCH 31, 2016

|   | March 31,<br>2016<br>Rupees | March 31,<br>2015<br>Rupees |
|---|-----------------------------|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |                             |                             |
| Profit for the period before taxation                     | 73,052,549                  | 105,107,736                 |
| Adjustments for non-cash and other items:                 |                             |                             |
| Depreciation  | 28,796,410                  | 32,419,059                  |
| Amortisation-intangible assets                            | 320,250                     | 320,250                     |
| Property, plant and equipment- charged off                | 200,370                     | 165,596                     |
| (Gain) on disposal of property, plant and equipment       | (1,061)                     | (1,981,184)                 |
| Finance cost  | 833,693                     | 1,041,294                   |
| Exchange gain   | (7,359,346)                 | (4,688,346)                 |
| Return on bank deposits/ short term investments           | (7,729,965)                 | (10,911,854)                |
| Provision for gratuity                                    | 9,400,000                   | 10,520,000                  |
| Provision for earned leave encashment                     | 3,600,000                   | 4,500,000                   |
|   | 28,060,351                  | 31,384,815                  |
| Operating profit before working capital changes           | 101,112,900                 | 136,492,551                 |
| <b>Movement in working capital:</b>                       |                             |                             |
| <u>(Increase)/ decrease in current assets:</u>            |                             |                             |
| Trade debts - unsecured                                   | (20,932,580)                | (18,226,779)                |
| Advances  | 141,595,446                 | 72,815,663                  |
| Trade deposits and short term prepayments                 | (182,297,932)               | (25,030,039)                |
| Other receivables   | 6,298,846                   | 254,500                     |
| <u>Increase/ (decrease) in current liabilities:</u>       |                             |                             |
| Customers' deposits                                       | 5,417,053                   | 10,304,912                  |
| Trade and other payables                                  | 29,246,424                  | (16,031,832)                |
|   | (20,672,743)                | 24,086,425                  |
| Cash generated from operations                            | 80,440,157                  | 160,578,976                 |
| Taxes paid  | (41,705,611)                | (42,327,263)                |
| Gratuity paid/adjusted                                    | (16,198,112)                | (25,879,122)                |
| Earned leave paid/ adjusted                               | (1,021,031)                 | (553,231)                   |
| Return on bank deposits/ short term investments           | 10,417,759                  | 12,310,460                  |
| Finance cost  | (833,693)                   | (1,041,294)                 |
|   | (49,340,688)                | (57,490,450)                |
| Net cash flows from operating activities                  | 31,099,469                  | 103,088,526                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |                             |                             |
| Fixed capital expenditure                                 | (19,601,856)                | (22,912,684)                |
| Proceeds on the disposal of property, plant and equipment | 63,000                      | 4,856,550                   |
| Net cash flows from investing activities                  | (19,538,856)                | (18,056,134)                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>               |                             |                             |
| Dividend paid   | (28,963,402)                | (58,277,660)                |
| Net (decrease) in cash and cash equivalents               | (17,402,789)                | 26,754,732                  |
| Cash and cash equivalents at the beginning of the period  | 420,304,773                 | 362,145,587                 |
| Effect of foreign exchange rate change                    | 7,359,346                   | 4,688,346                   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b> | <u>410,261,330</u>          | <u>393,588,665</u>          |

The annexed notes from 1 to 16 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 NINE MONTHS ENDED MARCH 31, 2016

|   | Share Capital<br>Issued,<br>paid-up<br>Rupees | General<br>Reserves<br>Rupees | Unappropriated<br>profit<br>Rupees | Total<br>Rupees |
|---|---|-------------------------------|------------------------------------|-----------------|
| <b>Balance as at June 30, 2014</b>                                      | 98,010,000                                    | 481,500,000                   | 218,776,769                        | 798,286,769     |
| Total comprehensive income for the period                               | -   | -                             | 69,261,287                         | 69,261,287      |
| Transfer to general reserve   | -   | 50,000,000                    | (50,000,000)                       | -               |
| <u>Transactions with owners</u>   |   |                               |                                    |                 |
| Final dividend for the year ended June 30, 2014 (Rs. 4.00 per share)    | -   | -                             | (39,204,000)                       | (39,204,000)    |
| Interim dividend for the year ended June 30, 2015 (Rs. 2.00 per share)  | -   | -                             | (19,602,000)                       | (19,602,000)    |
| <b>Balance as at March 31, 2015</b>                                     | 98,010,000                                    | 531,500,000                   | 179,232,056                        | 808,742,056     |
| Total comprehensive income for the period                               | -   | -                             | 6,537,142                          | 6,537,142       |
| <b>Balance as at June 30, 2015</b>                                      | 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)    |
| <b>Balance as at March 31, 2016</b>                                     | 98,010,000                                    | 581,500,000                   | 143,804,178                        | 823,314,178     |

The annexed notes from 1 to 16 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 NINE MONTHS ENDED MARCH 31, 2016

## 1 LEGAL STATUS AND OPERATIONS

Pak Datacom Limited (the Company), a subsidiary of Telecom Foundation, 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 all stock exchanges of Pakistan. 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 (unaudited) for the nine months ended March 31, 2016 have been prepared in accordance with International Accounting Standard (IAS) - 34, 'Interim financial reporting', directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the requirements of Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

### 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, 2015 are either considered not to be relevant or to have any insignificant 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 measured at present value.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of measurements

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, 2015.

### 3.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

### 3.3 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, industry trends, legal and technical pronouncements 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.

|   | Un-audited<br>March 31,<br>2016<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|---|---|---------------------------------------|
| <b>4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>   |   |                                       |
| 5,400,000 (June 2015: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash                | 54,000,000                                | 54,000,000                            |
| 4,401,000 (June 2015: 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 2015: 5,398,353) ordinary shares are held by Telecom Foundation, Pakistan.

#### 5 CONTINGENCIES AND COMMITMENTS

- 5.1 Guarantees and letter of credits issued by the bank on behalf of the Company amounted to Rs. 274.30 million (June 2015: Rs. 273.92 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; equivalent to Rs. 66.24 million (June 2015: US\$ 0.64 million; equivalent to Rs. 64.56 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. 66.24 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. 66.24 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. 132.49 million (June 2015 : US\$ 1.27 million; equivalent to Rs. 129.12 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.
- 5.3 The Company did not withheld tax on dividend amounting to Rs. 0.90 million (June 2015: 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 case is expected to be decided in favour of the Company.
- 5.4 Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 59.94 million (June 2015: Rs. 58.72 million).

|  | Note | Un-audited<br>March 31,<br>2016<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|--|------|---|---------------------------------------|
| <b>6 PROPERTY, PLANT AND EQUIPMENT</b>             |      |   |                                       |
| Net book Value- Pakistan                           | 6.1  | 238,734,380                               | 248,118,690                           |
| Net book Value- UAE                                | 6.2  | 393,539                                   | 466,092                               |
|  |      | <u>239,127,919</u>                        | <u>248,584,782</u>                    |
| <b>6.1 Property, plant and equipment- Pakistan</b> |      |   |                                       |
| <b>Cost</b>  |      |   |                                       |
| Opening balance                                    |      | 859,202,204                               | 850,969,693                           |
| Additions during the period                        |      | 19,601,856                                | 26,320,117                            |
| Deletion/disposals during the period               |      | (477,583)                                 | (18,087,606)                          |
| Closing balance                                    |      | 878,326,477                               | 859,202,204                           |
| <b>Accumulated depreciation</b>                    |      |   |                                       |
| Opening balance                                    |      | 611,083,514                               | 582,492,311                           |
| Additions during the period                        |      | 28,723,857                                | 42,578,203                            |
| Deletion/disposals during the period               |      | (215,274)                                 | (13,987,000)                          |
| Closing balance                                    |      | 639,592,097                               | 611,083,514                           |
| <b>Net book value</b>                              |      | <u>238,734,380</u>                        | <u>248,118,690</u>                    |
| <b>6.2 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                                    |      | 304,089                                   | 181,701                               |
| Additions during the period                        |      | 72,553                                    | 122,388                               |
| Deletion/disposals during the period               |      | -   | -                                     |
| Closing balance                                    |      | 376,642                                   | 304,089                               |
| <b>Net book value</b>                              |      | <u>393,539</u>                            | <u>466,092</u>                        |
|  |      | <u>239,127,919</u>                        | <u>248,584,782</u>                    |

1st charge of Rs. 140.00 million (June 2015: Rs. 140.00 million) on fixed assets, present and future current assets of the Company of Rs. 400.00 million (June 2015: Rs. 400.00 million) and US\$ 1.50 million; equivalent to Rs. 156.59 million (June 2015: US\$ 1.50 million; equivalent to Rs. 150.29 million) in shape of F.C-FDR has been created in favour of Soneri Bank Limited for an unfunded facility of Rs. 274.30 million (June 2015: Rs. 273.53 million).

|                                      | Un-audited<br>March 31,<br>2016<br>Rupees | Audited<br>June 30,<br>2015<br>Rupees |
|--------------------------------------|---|---------------------------------------|
| <b>7 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                      | 5,018,756                                 | 4,591,756                             |
| Additions during the period          | 320,250                                   | 427,000                               |
| Deletion/disposals during the period | -   | -                                     |
| Closing balance                      | 5,339,006                                 | 5,018,756                             |
| <b>Net book value</b>                | <u>6,405,000</u>                          | <u>6,725,250</u>                      |

|   | Un-audited<br>For the quarter ended |                             | Un-audited<br>For the nine months ended |                             |
|---|-------------------------------------|-----------------------------|---|-----------------------------|
|   | March 31,<br>2016<br>Rupees         | March 31,<br>2015<br>Rupees | March 31,<br>2016<br>Rupees             | March 31,<br>2015<br>Rupees |
| <b>8 REVENUE</b>  |                                     |                             |   |                             |
| CVAS Data License                                       | 161,244,671                         | 174,699,561                 | 502,630,090                             | 515,652,718                 |
| Telecom Infrastructure Provider License                 | 1,810,242                           | -                           | 3,588,655                               | 960,000                     |
| Other projects revenue                                  | 1,546,213                           | -                           | 1,546,213                               | -                           |
|   | <u>164,601,126</u>                  | <u>174,699,561</u>          | <u>507,764,958</u>                      | <u>516,612,718</u>          |
| <b>9 COST OF SERVICES</b>                               |                                     |                             |   |                             |
| Channel and local lead rentals                          | 29,659,342                          | 32,516,856                  | 93,327,265                              | 84,100,008                  |
| Space segment rentals                                   | 28,818,118                          | 29,083,391                  | 87,634,016                              | 87,243,426                  |
| Salaries and other benefits                             | 37,049,286                          | 36,132,314                  | 109,537,064                             | 104,002,208                 |
| Repair and maintenance expenses                         | 6,654,698                           | 4,484,772                   | 16,500,472                              | 12,355,322                  |
| License fee   | 895,940                             | 873,498                     | 2,647,330                               | 2,802,266                   |
| Depreciation  | 10,091,488                          | 11,750,177                  | 28,796,410                              | 32,419,059                  |
| Amortisation  | 106,750                             | 106,750                     | 320,250                                 | 320,250                     |
| Travelling and local conveyance                         | 758,169                             | 515,483                     | 2,414,980                               | 2,327,835                   |
| Telephone expenses                                      | 76,635                              | 342,448                     | 811,048                                 | 929,535                     |
| Vehicle running expenses                                | 2,605,018                           | 2,889,226                   | 8,541,446                               | 9,832,798                   |
| Insurance   | 187,970                             | 160,925                     | 1,513,861                               | 795,101                     |
| Entertainment   | 281,761                             | 243,744                     | 917,019                                 | 674,179                     |
| Rent, rates and taxes                                   | 807,432                             | 869,233                     | 2,576,134                               | 2,418,725                   |
| Utilities   | 908,709                             | 510,219                     | 2,472,450                               | 2,496,135                   |
| Operating lease rentals                                 | 1,058,829                           | 394,922                     | 2,500,445                               | 1,445,088                   |
| Other projects cost                                     | 1,155,000                           | -                           | 1,155,000                               | -                           |
|   | <u>121,115,145</u>                  | <u>120,873,958</u>          | <u>361,665,190</u>                      | <u>344,161,935</u>          |
| <b>10 ADMINISTRATIVE EXPENSES</b>                       |                                     |                             |   |                             |
| Salaries and other benefits                             | 22,457,896                          | 20,048,804                  | 60,247,836                              | 53,170,573                  |
| Travelling and local conveyance                         | 149,571                             | 286,716                     | 483,791                                 | 709,906                     |
| Telephone expenses                                      | 179,758                             | 199,772                     | 643,882                                 | 978,542                     |
| Vehicle running expenses                                | 1,166,862                           | 1,650,338                   | 3,775,403                               | 4,948,279                   |
| Insurance   | 64,097                              | 62,103                      | 193,081                                 | 182,361                     |
| Entertainment   | 293,273                             | 349,989                     | 896,724                                 | 1,075,599                   |
| Rent, rates and taxes                                   | 1,390,979                           | 1,400,921                   | 3,367,440                               | 4,100,758                   |
| Legal and professional charges                          | 1,167,792                           | 776,435                     | 3,218,316                               | 3,696,974                   |
| Printing and stationery                                 | 464,330                             | 309,698                     | 1,365,540                               | 1,147,422                   |
| Utilities   | 310,933                             | 376,331                     | 2,047,804                               | 1,458,442                   |
| Welfare expenses  | 1,515,000                           | 500,000                     | 1,530,000                               | 2,500,000                   |
| Auditors' remuneration                                  | 5,000                               | -                           | 360,000                                 | 325,000                     |
| Operating lease rentals                                 | 828,606                             | 945,109                     | 2,485,374                               | 2,321,317                   |
|   | <u>29,994,097</u>                   | <u>26,906,216</u>           | <u>80,615,191</u>                       | <u>76,615,173</u>           |
| <b>11 MARKETING EXPENSES</b>                            |                                     |                             |   |                             |
| Advertisement and marketing expenses                    | 314,864                             | 123,306                     | 1,508,430                               | 2,432,580                   |
| Salaries and other benefits                             | 5,159,536                           | 4,271,202                   | 14,855,998                              | 12,395,365                  |
| Travelling and local conveyance                         | 2,440                               | 83,940                      | 179,905                                 | 223,582                     |
| Telephone expenses                                      | 35,638                              | 40,093                      | 109,152                                 | 181,396                     |
| Vehicle running expenses                                | 244,875                             | 265,807                     | 806,649                                 | 884,557                     |
| Insurance   | 9,994                               | 15,361                      | 40,694                                  | 35,867                      |
| Entertainment   | -                                   | 23,014                      | 10,672                                  | 29,025                      |
| Operating lease rentals                                 | 179,360                             | 119,728                     | 538,544                                 | 478,912                     |
|   | <u>5,946,707</u>                    | <u>4,942,451</u>            | <u>18,050,044</u>                       | <u>16,661,284</u>           |
| <b>12 EARNING PER SHARE<br/>(BASIC AND DILUTED)</b>     |                                     |                             |   |                             |
| Profit after taxation                                   | <u>10,536,487</u>                   | <u>19,656,629</u>           | <u>49,689,230</u>                       | <u>69,261,287</u>           |
| Basic and diluted earnings per share<br>(Pak Rs./share) | <u>1.08</u>                         | <u>2.02</u>                 | <u>5.07</u>                             | <u>7.07</u>                 |

Weighted average number of ordinary shares as at March 31, 2016 are 9,801,000 (March 31, 2015: 9,801,000) and there are no dilutive ordinary shares till March 31, 2016 (March 31, 2015: 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;

- 13.1** There were no transaction with the holding company (Telecom Foundation) during the period other than those disclosed in these financial statements.
- 13.2** The Company has no subsidiary company and there are no transactions with companies with common directorship other than those disclosed in these financial statements.
- 13.3** Salaries and other benefits under note numbers 9, 10, and 11 include remuneration to Directors, Chief Executive and Executives amounting to Rs. 40.67 million (March 2015: Rs. 37.84 million). Advances include advance against salaries to executives amounting to Rs. 1.08 million (June 2015: Rs. 0.30 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.
- 13.4** Salaries and other benefits under note numbers 9, 10, and 11 include employees retirement benefits of Rs. 13.00 million (March 2015: Rs. 15.02 million)

**14 OPERATING SEGMENTS**

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

Out of total revenue, 99.00 % (March 2015: 99.81 %) is generated from CVAS Data License while 1.00 % (March 2015: Rs. 0.19 %) is generated from Telecom Infrastructure Provider license and other projects.

Revenue from major customers of the Company amounts to Rs. 296.82 million (March 2015: Rs. 310.24 million) representing 58.59 % (March 2015: 60.05 %) of the total revenue.

Out of total non-current assets of the Company, 99.84 % (June 2015: 99.84 %) assets are located in Pakistan.

**15 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Company on April 20, 2016.

**16 GENERAL**

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

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**Amjad Hussain Qureshi**  
Director

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**Muhammad Arshad Khan Kayani**  
Chief Executive





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