



Pak Datacom



PAK DATACOM LIMITED

Condensed Interim Financial Statements

Six Months Period Ended
December 31, 2020

COMPANY INFORMATION**BOARD OF DIRECTORS**

- | | |
|-------------------------------|---|
| 1. Syed Zomma Mohiuddin | <i>Chairman / Non-Executive Director</i> |
| 2. Brig (R) Syed Zulfiqar Ali | <i>Chief Executive / Executive Director</i> |
| 3. Ms. Rubina Safir | <i>Independent Director / Female Director</i> |
| 4. Engr. Perwaiz Khan | <i>Non-Executive Director</i> |
| 5. Syed Junaid Imam | <i>Non-Executive Director</i> |
| 6. Mr. Abdul Khaliq Shaikh | <i>Non-Executive Director</i> |
| 7. Mr. Shahmim Sherazi | <i>Independent Director</i> |
| 8. Mr. Muhammad Waheed | <i>Non-Executive Director</i> |

AUDIT COMMITTEE

- | | |
|------------------------|--------------------|
| 1. Ms. Rubina Safir | <i>Chairperson</i> |
| 2. Mr. Shahmim Sherazi | <i>Member</i> |
| 3. Mr. Muhammad Waheed | <i>Member</i> |

HUMAN RESOURCE & REMUNERATION COMMITTEE

- | | |
|----------------------------|-----------------|
| 1. Mr. Shahmim Sherazi | <i>Chairman</i> |
| 2. Mr. Abdul Khaliq Shaikh | <i>Member</i> |
| 3. Ms. Rubina Safir | <i>Member</i> |
| 4. Syed Junaid Imam | <i>Member</i> |

PROCUREMENT COMMITTEE

- | | |
|----------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Mr. Abdul Khaliq Shaikh | <i>Member</i> |
| 3. Engr. Perwaiz Khan | <i>Member</i> |
| 4. Mr. Muhammad Waheed | <i>Member</i> |

NOMINATION COMMITTEE

- | | |
|-------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Syed Junaid Imam | <i>Member</i> |
| 3. Engr. Perwaiz Khan | <i>Member</i> |

STRATEGY & PROJECT APPRAISAL COMMITTEE

- | | |
|-------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Syed Junaid Imam | <i>Member</i> |
| 3. Engr. Perwaiz Khan | <i>Member</i> |

CHIEF FINANCIAL OFFICER

Syed Muhammad Asif Makhdooni *FCMA, FPFA & ACIS*

COMPANY SECRETARY

Mr. Jibran Shazib Abbas

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

AUDITORS

BDO Ebrahim & Co. Chartered Accountants, 3rd Floor, Saeed Plaza, 22-East Blue Area, Jinnah Avenue, Islamabad. Tel: (92-51) 2604461-4.

LEGAL ADVISOR (w.e.f January 01, 2021)

Ahmed Bashir & Associates, Advocates and Solicitors, 210-A, Sughra Tower, Street # 73, Sector F11/1, Islamabad.

DIRECTORS' REPORT

On behalf of the Board of Directors of Pak Datacom Limited (PDL), we are pleased to present to the shareholders, un-audited condensed interim financial results and operations of the Company for the half year ended December 31, 2020.

During the period under review, PDL's revenue was Rs. 384 million as compared to Rs. 388 million, cost of service was Rs. 321 million as compared to Rs. 310 million and gross profit was Rs. 63 million as compared to Rs. 79 million for corresponding period of last year. In addition, other income was Rs. 27 million as compared to Rs. 14 million and net loss was Rs. 2 million as compared to Rs. 7 million of the corresponding period of last year. However, we anticipate accrual of the receivables from special projects in the third and fourth quarter making the financial health better by the close of financial year 2020-21.

The COVID-19 pandemic badly affected the entire corporate sector. During these challenging times, PDL however managed to maintain business continuity successfully and prepared plans to cope with and mitigate the adverse effects of this crisis. The Company, in line with its mission, did not retrench any of its employee nor it reduced the perks and benefits during the pandemic and also ensured that Environment, Health and Safety standards are maintained at best.

Pak Datacom Limited has always strived to perform par excellence in the field of Satellite Communication and Digital Connectivity. Selection of Pak Datacom Limited as its main and trusted supplier by Pak Defence Services is testimony of this fact. However, we are constantly evaluating new avenues in our business area. In this regard we are focusing on the need of digital connectivity nationwide and are therefore poised to reach remote areas of Pakistan, encompassing our strength in VSAT Network and Terrestrial Digital Connectivity.

The Board takes this opportunity to thank the Company's valued customers, bankers and other stakeholders for their continuous support. The Board also recognizes the contribution made by a very dedicated team who served the Company with enthusiasm, and hopes that the same zeal and spirit of devotion shall remain intact in the future as well.

For and on behalf of the Board

Islamabad
February 25, 2021

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

ڈائریکٹرز رپورٹ

31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لیے پاک ڈیٹاکام لمیٹڈ (PDL) کے بورڈ آف ڈائریکٹرز کی طرف سے شیئر ہولڈرز کے لیے غیر آڈٹ شدہ عبوری مالیاتی نتائج اور آپریشنز کی رپورٹ پیش خدمت ہے۔

زیر جائزہ مدت کے دوران پی ڈی ایل کارپوریٹو پچھلے سال کی مماثل مدت کے 388 ملین روپے کے مقابلے میں 384 ملین روپے رہا، خدمات کی فراہمی پر آنے والی لاگت مماثل مدت کے 310 ملین کے مقابلے میں 321 ملین روپے، مجموعی منافع مماثل مدت کے 79 ملین روپے کے مقابلے میں 63 ملین روپے ہے۔ اس کے علاوہ دیگر آمدن مماثل مدت کے 14 ملین روپے کے مقابلے میں 27 ملین روپے جبکہ خالص نقصان مماثل مدت کے 7 ملین روپے کے مقابلے میں 2 ملین روپے رہا۔ تاہم تیسری اور چوتھی سہ ماہی کے دوران خصوصی پراجیکٹس سے آنے والی متوقع آمدن کی بدولت مالیاتی سال 2020-21ء کے اختتام تک مالیاتی صورتحال بہتر ہو جائے گی۔

کووڈ-19 کی صورتحال نے پورے کاروباری شعبے کو بری طرح متاثر کیا ہے۔ تاہم پی ڈی ایل نے ان مشکل حالات کے دوران کاروبار کو کامیابی سے جاری رکھنے کے انتظامات کیے اور اس بحران کے منفی اثرات سے نمٹنے کے لیے منصوبہ بندی کی۔ کمپنی نے اپنے مشن کے مطابق اس وباء کے دوران نہ تو کسی ملازم کو نوکری سے برخاست کیا اور نہ ہی تنخواہوں یا مراعات میں کٹوتی کی اور اس کے ساتھ ساتھ ماحولیات، صحت اور تحفظ کے اعلیٰ معیار کو بھی یقینی بنایا۔ پاک ڈیٹاکام لمیٹڈ کی ہمیشہ کوشش رہی ہے کہ سیٹلائٹ کمیونی کیشن اور ڈیجیٹل رابطے کے شعبے میں بہترین کارکردگی کا مظاہرہ کیا جائے۔ پاک ڈیفنس سروسز کی طرف سے پاک ڈیٹاکام لمیٹڈ کا بطور مرکزی سپلائر انتخاب اسی بات کی عکاسی کرتا ہے۔ تاہم ہم اپنے شعبے میں نئے راستوں کی تلاش و جانچ کے لیے ہمیشہ سرگرم رہتے ہیں۔ اس سلسلے میں ہمارا فوکس ملک بھر میں ڈیجیٹل رابطے کی ضرورت پر ہے اور ہم پاکستان کے دور دراز علاقوں تک پہنچنا چاہتے ہیں۔

بورڈ اس موقع کو مناسب سمجھتے ہوئے کمپنی کے قیمتی کسٹمرز، مینکڑز اور دیگر سٹیک ہولڈرز کی طرف سے مسلسل تعاون پر ان کا شکریہ ادا کرتا ہے۔ بورڈ کمپنی میں کام کرنے والی ٹیم کی کاوشوں کا بھی معترف ہے جنہوں نے بلند جذبے کے ساتھ کمپنی کے لیے خدمات سرانجام دیں اور ہمیں امید ہے کہ وہ مستقبل میں بھی اسی لگن اور جذبے کو برقرار رکھیں گے۔

منجانب بورڈ

روبینہ سفیر
ڈائریکٹر

بریگیڈیئر (ر) سید ذوالفقار علی
چیف ایگزیکٹو

اسلام آباد
25 دسمبر، 2021ء

INDEPENDENT AUDITORS' REVIEW REPORT
To the Members of Pak Datacom Limited
Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pak Datacom Limited ("the Company") as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six month period then ended (here in after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, *"Review of Interim Financial Information performed by the Independent Auditor of the Entity"*. A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2020 and December 31, 2019 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion, as we are required to review only the cumulative figures for the six month period December 31, 2020.

Other Matter

The financial statements of Pak Datacom Limited for the year ended June 30, 2020 were audited by another firm of Chartered Accountants, who had expressed an unqualified opinion vide their report dated December 09, 2020. Further, the condensed interim financial statements of the company for the six months period ended December 31, 2019 were reviewed by the same auditor whose report dated February 27, 2020 expressed an unmodified conclusion thereon.

The engagement partner on the audit resulting in this independent auditors report is Abdul Qadeer.

BDO EBRAHIM & CO.
Chartered Accountants
Islamabad
Date: February 25, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT DECEMBER 31, 2020

		December 31, 2020 Un-audited	June 30, 2020 Audited
Note		Rupees	
NON-CURRENT ASSETS			
Property and equipment	4	192,905,940	201,773,690
Intangible assets	5	4,376,750	4,590,250
Deferred taxation		61,900,859	63,306,328
		259,183,549	269,670,268
CURRENT ASSETS			
Trade debts	6	579,688,645	566,728,551
Contract assets	7	54,235,693	59,379,710
Contract work in progress		21,056,627	24,160,152
Advances		13,410,891	20,630,251
Trade deposits and short term prepayments		24,457,936	27,717,822
Other receivables		9,722,540	6,673,652
Interest accrued		8,246,939	11,357,226
Tax refunds due from the Government		40,381,250	32,273,378
Short term investments		208,000,000	108,000,000
Cash and bank balances	8	103,660,919	268,684,342
		1,062,861,440	1,125,605,084
		1,322,044,989	1,395,275,352
SHARE CAPITAL AND RESERVES			
Authorised share capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	9	107,811,000	98,010,000
General reserve		591,500,000	591,500,000
Unappropriated profit		131,666,870	153,359,597
		830,977,870	842,869,597
NON-CURRENT LIABILITIES			
Deferred employees' benefits		45,225,988	45,657,011
Lease liabilities		24,124,731	29,445,075
		69,350,719	75,102,086
CURRENT LIABILITIES			
Customers' deposits		200,520,806	206,495,867
Contract liability		7,431,190	5,346,287
Trade and other payables	10	182,549,446	245,118,741
Current portion of lease liabilities		11,554,083	10,482,899
Unclaimed dividend		19,660,875	9,859,875
		421,716,400	477,303,669
CONTINGENCIES AND COMMITMENTS			
	11	1,322,044,989	1,395,275,352

The annexed notes from 1 to 23 form an integral part of these interim financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Note	Six months period ended		Three months period ended	
		December 31, 2020 Rupees	December 31, 2019 Rupees	December 31, 2020 Rupees	December 31, 2019 Rupees
Revenue - net	12	384,078,840	388,477,105	223,034,848	180,825,731
Cost of services	13	(320,688,624)	(309,609,423)	(190,671,180)	(155,637,048)
Gross profit		63,390,216	78,867,682	32,363,668	25,188,683
Administrative expenses	14	(60,912,086)	(64,068,732)	(31,879,249)	(39,787,843)
Marketing expenses	15	(14,141,534)	(12,310,315)	(7,660,535)	(7,142,937)
Impairment reversal / (loss) on financial assets		(1,519,803)	261,220	(2,495,724)	376,064
Finance cost	16	(9,193,311)	(16,909,400)	(5,629,799)	(16,313,778)
		(22,376,518)	(14,159,545)	(15,301,639)	(37,679,811)
Other income	17	27,075,001	14,107,624	20,981,908	20,858,250
Profit / (Loss) before taxation		4,698,483	(51,921)	5,680,269	(16,821,561)
Taxation		(6,789,210)	(7,320,189)	(2,826,282)	(219,640)
(Loss) / Profit for the period		(2,090,727)	(7,372,110)	2,853,987	(17,041,201)
Earnings per share - basic and diluted		(0.19)	(0.75)	0.26	(1.74)

The annexed notes from 1 to 23 form an integral part of these interim financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six months period ended		Three months period ended	
	December 31, 2020 Rupees	December 31, 2019 Rupees	December 31, 2020 Rupees	December 31, 2019 Rupees
(Loss) / Profit for the period	(2,090,727)	(7,372,110)	2,853,987	(17,041,201)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) income for the period	(2,090,727)	(7,372,110)	2,853,987	(17,041,201)

The annexed notes from 1 to 23 form an integral part of these interim financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Issued, subscribed and paid-up	Revenue Reserves		Total
		General Reserve	Unappropriated profits	
Rupees				
Balance as at July 01, 2019	98,010,000	591,500,000	170,133,191	859,643,191
Total comprehensive loss for the period				
Loss for the period	-	-	(7,372,110)	(7,372,110)
Other comprehensive income or loss for the period	-	-	-	-
Balance as at December 31, 2019	98,010,000	591,500,000	162,761,081	852,271,081
Balance as at June 30, 2020	<u>98,010,000</u>	<u>591,500,000</u>	<u>153,359,597</u>	<u>842,869,597</u>
Total comprehensive income or (loss)				
Loss for the period	-	-	(2,090,727)	(2,090,727)
Other comprehensive income	-	-	-	-
Total comprehensive income or (loss) for the period	-	-	151,268,870	840,778,870
Transanction with owners				
Final dividend for the year ended June 30, 2020 at Rs. 1.00 per share	-	-	(9,801,000)	(9,801,000)
Bonus Shares for the year ended June 30, 2020 at Rs. 1.00 per share	9,801,000	-	(9,801,000)	-
Balance as at December 31, 2020	<u>107,811,000</u>	<u>591,500,000</u>	<u>131,666,870</u>	<u>830,977,870</u>

The annexed notes from 1 to 23 form an integral part of these interim financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

		Six months period ended	
		December 31, 2020 Rupees	December 31, 2019 Rupees
Note			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Profit / (Loss) for the period - before taxation	4,698,483	(51,921)
18	Adjustments for non-cash items:	13,327,954	28,400,298
		18,026,438	28,348,377
Changes in working capital			
	Decrease / (increase) in trade debts	(17,705,676)	(166,713,685)
	Decrease / (increase) in contract assets	7,255,008	196,866,822
	Decrease / (increase) in contract work in progress	3,103,525	(7,804,971)
	Decrease / (increase) in advances	(356,640)	(3,330,666)
	Decrease / (increase) in trade deposits and short term prepayments	4,311,638	12,859,568
	Decrease / (increase) in other receivables	(3,048,888)	(808,386)
	Increase / (decrease) in customers' deposits	(5,975,061)	(7,558,140)
	Increase / (decrease) in contract liability	2,084,903	1,840,022
	Increase / (decrease) in trade and other payables	(62,569,295)	20,565,367
		(72,900,486)	45,915,931
		(54,874,048)	74,264,308
	Taxes paid	(13,491,613)	(19,540,727)
	Gratuity paid	-	(28,245)
	Leave encashment paid	(431,023)	(7,143,249)
	Net cash (used) in / generated from operating activities	(68,796,684)	47,552,087
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of property and equipment	(5,031,097)	(2,389,916)
	(Purchase) / sale of short term investments	(100,000,000)	10,000,000
	Interest and profit received	14,078,435	8,978,199
	Net cash (used) in / generated from investing activities	(90,952,662)	16,588,283
CASH FLOWS FROM FINANCING ACTIVITIES			
	Dividend paid	-	(34,763,454)
	Payment of finance lease obligation	(4,964,350)	(3,266,740)
	Finance cost paid	(365,265)	(525,295)
	Net cash used in financing activities	(5,329,615)	(38,555,489)
	Net increase / (decrease) in cash and cash equivalents	(165,078,961)	25,584,881
	Cash and cash equivalents at the beginning of the year	268,800,641	206,579,390
	Cash and cash equivalents at end of the period	103,721,680	232,164,271

The annexed notes from 1 to 23 form an integral part of these interim financial statements.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfikar Ali
Chief Executive

Rubina Safir
Director

**NOTES TO AND FORMING PART OF THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

1 LEGAL STATUS AND ITS OPERATIONS

Pak Datacom Limited (the Company) was incorporated in Pakistan on July 13, 1992 as a private limited company under the Companies Ordinance, 1984 (which is repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and was converted into a public limited company on June 26, 1994. The Company has its shares quoted on the Pakistan Stock Exchange Limited.

The Company commenced its commercial activities from July 1, 1994 and is principally engaged in setting up, operating and maintaining a network of data communication and serving the needs of the customers.

The Company is a subsidiary of Telecom Foundation, Pakistan. The registered office of the Company is situated at 1st Floor, TF Complex, 7 - Mauve Area, G - 9/4, Islamabad.

2 STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual audited financial statements for the year ended June 30, 2020.
- 2.3** These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

3 ACCOUNTING POLICIES

- 3.1** The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2020.
- 3.2** The preparation of these interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3** The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.

- 3.4** The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2020.

		December 31, 2020 Un-audited Rupees	June 30, 2020 Audited Rupees
4 PROPERTY AND EQUIPMENT	Note		
Operating fixed assets	4.1	156,235,417	162,415,626
Right of use assets	4.2	36,670,523	39,358,064
		<u>192,905,940</u>	<u>201,773,690</u>
4.1 Operating fixed assets			
Opening net book value		162,415,626	197,975,402
Impact of adoption of IFRS -16			
Cost		-	(25,513,000)
Accumulated depreciation		-	10,494,175
		-	(15,018,825)
Additions		5,031,097	4,285,408
Write-off			
Cost		(158,393)	(1,094,000)
Accumulated depreciation		111,724	543,207
		(46,669)	(550,793)
Transfer from leased to owned:			
Cost		2,198,000	2,645,000
Accumulated depreciation		(1,482,810)	(1,846,869)
		715,190	798,131
Depreciation charge		(11,879,827)	(25,073,697)
Closing net book value		<u>156,235,417</u>	<u>162,415,626</u>
4.2 Right of use (ROU) assets			
Opening net book value		39,358,064	-
Impact of adoption of IFRS -16 as at July 1, 2019			
- Cost		-	59,899,120
- Accumulated depreciation		-	(10,494,175)
- Net book value		-	49,404,945
Transfer from leased to owned			
- Cost		(2,198,000)	(2,645,000)
- Accumulated depreciation		1,482,810	1,846,869
- Net book value		(715,190)	(798,131)
Write off			
- Cost		-	(2,149,000)
- Accumulated depreciation		-	1,022,982
- Net book value		-	(1,126,018)
Depreciation charge		(1,972,351)	(8,122,732)
Closing net book value		<u>36,670,523</u>	<u>39,358,064</u>

	December 31, 2020 Un-audited Rupees	June 30, 2020 Audited Rupees
5 INTANGIBLE ASSETS		
Software and infrastructure license		
Opening net book value	4,590,250	5,017,250
Amortization charge	(213,500)	(427,000)
Closing net book value	<u>4,376,750</u>	<u>4,590,250</u>
6 TRADE DEBTS		
Trade debts	680,171,520	662,473,342
Less: Impairment loss allowance	(100,482,875)	(95,744,791)
	<u>579,688,645</u>	<u>566,728,551</u>
7 CONTRACT ASSETS		
Unbilled revenue	71,571,476	79,607,269
Less: Impairment loss allowance	(17,335,783)	(20,227,559)
	<u>54,235,693</u>	<u>59,379,710</u>
8 CASH AND BANK BALANCES		
Cash at bank:		
Current accounts	4,350,276	15,636,215
Deposit accounts	86,493,484	235,247,324
Deposit accounts with Islamic Banks under Shariah arrangements	1,542,332	6,652,525
Current accounts-dividend	11,335,588	11,264,577
	<u>103,721,680</u>	<u>268,800,641</u>
Less: Impairment loss allowance	(60,761)	(116,299)
	<u>103,660,919</u>	<u>268,684,342</u>
9 SHARE CAPITAL		
9.1 Authorised Share Capital		
100,000,000 ordinary shares of Rs 10 each (June 30, 2019: 100,000,000 ordinary shares of Rs. 10/- each)	<u>1,000,000,000</u>	<u>1,000,000,000</u>
9.2 Issued, Subscribed And Paid Up Capital		
Shares issued for cash		
5,400,000 ordinary shares of Rs. 10/- each (June 30, 2019: 5,400,000 ordinary shares of Rs. 10/- each)	54,000,000	54,000,000
Shares issued as fully paid bonus shares		
5,381,100 ordinary shares of Rs. 10/- each (June 30, 2019: 4,401,000 ordinary shares of Rs. 10/- each)	53,811,000	44,010,000
10,781,100 ordinary shares of Rs. 10/- each (June 30, 2019: 9,801,000 ordinary shares of Rs. 10/- each)	<u>107,811,000</u>	<u>98,010,000</u>

10 TRADE AND OTHER PAYABLES

	December 31, 2020 Un-audited Rupees	June 30, 2020 Audited Rupees
Trade creditors	137,283,342	213,515,437
Advances from employees for vehicle lease	3,647,398	3,106,756
License fee payable	1,607,729	3,538,589
Accrued liabilities	25,980,225	12,761,230
Sales tax payable	-	1,548,624
Withholding tax payable	4,358,014	7,459,903
Provident fund payable	2,899,833	-
Payable to employees	6,772,905	3,188,202
	<u>182,549,446</u>	<u>245,118,741</u>

11 CONTINGENCIES AND COMMITMENTS**11.1 Contingencies**

11.1.1 There has been no significant change in the the status of contingencies as disclosed on Note 24 to the audited financial statements of the Company for the year ended June 30, 2020 except the following:

11.1.2 The income tax return filed by the Company for the tax year 2016 was selected for audit under section 214C of the Income Tax Ordinance, 2001. After having examined the relevant record, the assessing officer found discrepancies and raised a tax demand of Rs 31.56 million. The taxpayer filed appeal before Commissioner Inland Revenue Appeals against the order. The case has been decided by the learned CIR-Appeals vide order dated February 2, 2019 whereby remanding it back to the assessing officer. A decision was received in December 2020 from the Deputy Commissioner Inland Revenue, in which tax demand of Rs. 31.56 has been abolished, whereas refund was reduced by 18 million. An appeal is being filed before the Commissioner Inland Revenue Appeals (CIR-Appeals).

11.1.3 The Deputy Commissioner Inland Revenue vide order dated June 27, 2018 raised a demand of Rs 38.96 million for short assessment of taxable income under section 122(1) of the Income Tax Ordinance (ITO), 2001 for tax year 2012. The Company filed an appeal to the Commissioner Inland Revenue Appeals (CIR-Appeals). The Company has also obtained stay order from honorable Islamabad High Court dated November 15, 2018 restraining Inland Revenue Department from adopting coercive measures for recovery of disputed tax liability. A hearing was made with Deputy Commissioner Inland Revenue in December 2020, against the order of the Commissioner Inland Revenue Appeals (CIR-Appeals). the Deputy Commissioner again issued an order dated December 30, 2020 without any change in previous order. An appeal is being filed before the Commissioner Inland Revenue Appeals (CIR-Appeals).

	December 31, 2020 Un-audited Rupees	June 30, 2020 Audited Rupees
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11.2 Commitments

The Company has following commitments in respect of:

Capital expenditure commitments	12,277,822	19,418,620
Outstanding letter of credits	64,891,154	27,135,329

	Note	Six months period ended		Three months period ended	
		December 31, 2020 Rupees	December 31, 2019 Rupees	December 31, 2020 Rupees	December 31, 2019 Rupees
12 REVENUE					
Communication Value Added Services (CVAS)		379,071,895	412,957,982	187,587,929	213,236,872
Telecom infrastructure services		824,531	838,771	412,267	416,957
Specialised projects		65,910,262	38,556,151	65,910,262	431,497
Gross revenue		445,806,688	452,352,904	253,910,458	214,085,326
Less:					
Sales tax / Federal Excise Duty		(58,224,325)	(61,828,486)	(29,158,259)	(31,808,354)
Advance tax		(3,503,523)	(2,047,313)	(1,717,351)	(1,451,241)
		<u>384,078,840</u>	<u>388,477,105</u>	<u>223,034,848</u>	<u>180,825,731</u>
13 COST OF SERVICES					
Channel and local lead rentals		97,608,843	90,940,442	47,984,648	49,431,025
Space segment rentals		41,643,646	56,463,650	20,193,264	28,370,758
Salaries and other benefits	13.1	89,553,165	94,881,241	47,973,424	57,881,979
Repair and maintenance expenses		4,023,322	5,043,854	1,260,250	4,238,446
License fee		1,631,179	1,764,381	818,838	909,462
Depreciation - operating fixed assets		10,780,150	13,088,487	5,622,716	6,591,022
Depreciation - right of use assets		453,641	-	191,414	-
Amortization		213,500	213,500	106,750	106,750
Travelling and local conveyance		434,196	1,564,464	104,001	916,477
Communication expenses		708,135	300,186	436,304	121,487
Vehicle running expenses		6,934,512	7,846,584	3,446,812	3,904,987
Insurance		598,489	625,987	189,637	194,945
Entertainment		551,573	536,895	282,965	248,788
Rent, rates and taxes		3,971,231	3,423,213	1,903,647	1,949,934
Utilities		2,696,075	2,772,109	1,272,043	1,066,683
Other projects costs		58,886,967	30,144,430	58,886,967	(295,695)
		<u>320,688,624</u>	<u>309,609,423</u>	<u>190,673,680</u>	<u>155,637,048</u>

13.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 6.81 million (December 2019: Rs. 5.34 million).

	Note	Six months period ended		Three months period ended	
		December 31, 2020 Rupees	December 31, 2019 Rupees	December 31, 2020 Rupees	December 31, 2019 Rupees
14 ADMINISTRATIVE EXPENSES					
Salaries and other benefits	14.1	45,975,278	38,708,683	24,321,827	23,728,337
Travelling and local conveyance		140,675	1,993,125	75,168	1,271,637
Communication expenses		729,762	938,944	463,243	566,762
Vehicle running expenses		2,529,749	2,741,527	1,306,382	1,245,188
Repair and maintenance expenses		1,078,910	661,720	428,897	661,720
Insurance		196,214	225,863	150,802	160,109
Depreciation - operating fixed assets		840,410	883,621	441,235	377,574
Depreciation - right of use assets		1,420,093	-	599,209	-
Entertainment		596,403	768,976	249,931	376,700
Rent, rates and taxes		36,843	2,537,938	-	1,070,214
Legal and professional charges		3,263,635	3,883,582	1,991,466	904,284
Printing and stationery		504,744	985,853	235,663	705,751
Utilities		1,285,245	1,238,900	451,301	519,567
Donation		2,000,000	8,000,000	1,000,000	8,000,000
Auditors' remuneration		314,125	500,000	164,125	200,000
		<u>60,912,086</u>	<u>64,068,732</u>	<u>31,879,249</u>	<u>39,787,843</u>

14.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 2.84 million (December 2019: Rs. 2.22 million).

Note	Six months period ended		Three months period ended	
	December 31, 2020 Rupees	December 31, 2019 Rupees	December 31, 2020 Rupees	December 31, 2019 Rupees
15 MARKETING EXPENSES				
Advertisement and marketing	1,725,478	324,726	1,528,798	296,410
Salaries and other benefits 15.1	11,076,294	10,188,684	5,480,794	6,234,814
Travelling and local conveyance	7,000	526,232	-	(80,631)
Communication expenses	89,478	67,634	41,936	41,558
Vehicle running expenses	874,499	822,157	428,393	448,683
Insurance	25,030	13,829	12,515	1,181
Depreciation - operating fixed assets	219,011	324,442	114,863	196,242
Depreciation - right of use assets	98,618	-	41,612	-
Repair and maintenance expenses	26,126	-	9,126	-
Entertainment	-	42,611	-	4,680
	<u>14,141,534</u>	<u>12,310,315</u>	<u>7,658,037</u>	<u>7,142,937</u>

15.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 0.82 million (December 2019: Rs.0.66 million).

	Six months period ended		Three months period ended	
	December 31, 2020 Rupees	December 31, 2019 Rupees	December 31, 2020 Rupees	December 31, 2019 Rupees
16 FINANCE COST				
Exchange loss - net	7,101,212	15,618,803	5,405,384	430,716
Finance lease charges	1,726,834	765,302	108,183	365,262
Bank charges	365,265	525,295	116,233	329,714
	<u>9,193,311</u>	<u>16,909,400</u>	<u>5,629,800</u>	<u>1,125,692</u>
17 OTHER INCOME				
Income from financial assets				
Return on short term investments	6,326,235	5,646,875	3,796,097	3,013,671
Return on bank deposits	4,436,692	4,979,724	4,427,574	2,449,252
Return on bank deposits with Islamic Banks	205,221	345,333	107,272	207,240
Income from non- financial assets				
Gratuity fund payable written back	10,964,936	-	10,964,936	-
Loss on disposal of property and equipment	(23,114)	-	(23,114)	-
Others	5,165,031	3,135,692	1,709,143	-
	<u>27,075,001</u>	<u>14,107,624</u>	<u>20,981,909</u>	<u>5,670,163</u>

	December 31, 2020 Un-audited Rupees	December 31, 2019 Un-audited Rupees
18 ADJUSTMENT FOR NON-CASH ITEMS		
Depreciation	13,811,922	14,296,550
Amortization	213,500	213,500
Loss on disposal of property and equipment	23,114	-
Property and equipment - charge off	23,555	-
Impairment loss / (reversal) on financial assets	1,519,803	(261,220)
Finance cost	2,092,099	16,909,400
Unrealized exchange loss	7,101,212	-
Interest income	(10,968,148)	(10,971,932)
Provision for gratuity	7,576,000	6,456,000
Provision for provident fund	2,899,833	1,758,000
Gratuity fund payable written back	(10,964,936)	-
	<u>13,327,954</u>	<u>28,400,298</u>

19 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its holding Company and associated companies, its directors, key management personnel and employee benefit plan. The Company in the normal course of business carries out transactions with various related parties. There were no transactions with key management personnel other than under the terms of employment. Aggregate transactions with the related parties during the year were as follows:

	Aggregate % age of shareholding	Six months period ended December 31,		Three months period ended December 31,	
		2020	2019	2020	2019
		Rupees		Rupees	
Transactions with holding company					
Telecom Foundation	55.08%				
Dividend payable/paid		5,398,353	21,593,563	5,398,353	21,593,563
Bonus Shares		5,398,353	-	-	-
Donations payable		2,000,000	8,000,000	1,000,000	8,000,000
Associates					
TF Logistics	Nil	-	-	-	-
TF Technologies					
Receivable against consultancy charges	Nil	217,689	114,500	217,689	114,500
Directors					
Dividend payable/paid		1,000	4,000	1,000	4,000
Bonus Shares		1,000	-	1,000	-
Transactions with other related parties					
Advance/Receivable from					
Gratuity Funds		3,388,936	3,065,400	6,348,691	3,065,400
Payable to Gratuity Fund		7,576,000	6,456,000	3,788,000	190,845
Contribution to Gratuity fund		-	28,245	-	28,245
Payable to Provident Fund		2,899,833	-	2,899,833	-
Remuneration of key management personnel		16,157,784	11,525,007	8,930,056	6,194,398

20 IMPACT OF COVID - 19

The spread of COVID - 19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) caused an overall economic slow down and disruption to various businesses. It resulted in decrease of other projects revenue due to delayed implementation. However, the businesses are now resuming as per relaxation given by the Authorities. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

21 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended June 30, 2020. there is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the company for the year ended June 30, 2020.

The carrying amount of all financial assets and liabilities are estimated to approximate their fair values.

22 GENERAL

Figures have been rounded off to the nearest rupee.

23 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on February 25, 2021.

Asif Makhdoomi
Chief Financial Officer

Brig (R) Syed Zulfiqar Ali
Chief Executive

Rubina Safir
Director

Complete > Network > Solutions >



Pak Datacom

PAK DATACOM LIMITED

3rd Floor, Umar Plaza, Blue Area, Islamabad, Pakistan

Tel: (051) 2344117 - 2344125, Fax: (051) 2344111

www.pakdatacom.com.pk