

SPREADING TECHNOLOGY



Pak Datacom



Condensed Interim Financial Statements

For the six months ended
December 31, 2023

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

- | | |
|----------------------------|--------------------|
| 1. Ms. Rubina Safir | <i>Chairperson</i> |
| 2. Mr. Muhammad Izqar Khan | <i>Member</i> |
| 3. Engr. Perwaiz Khan | <i>Member</i> |
| 4. Mr. Muhammad Waheed | <i>Member</i> |

HUMAN RESOURCE & REMUNERATION COMMITTEE

- | | |
|-----------------------------|-----------------|
| 1. Mr. Shamim Ahmed Sherazi | <i>Chairman</i> |
| 2. Syed Junaid Imam | <i>Member</i> |
| 3. Mr. Muhammad Waheed | <i>Member</i> |

PROCUREMENT COMMITTEE

- | | |
|-----------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Mr. Shamim Ahmed Sherazi | <i>Member</i> |
| 3. Engr. Perwaiz Khan | <i>Member</i> |

NOMINATION COMMITTEE

- | | |
|----------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Mr. Muhammad Izqar Khan | <i>Member</i> |
| 3. Mr. Muhammad Waheed | <i>Member</i> |

STRATEGY & PROJECT APPRAISAL COMMITTEE

- | | |
|----------------------------|-----------------|
| 1. Syed Zomma Mohiuddin | <i>Chairman</i> |
| 2. Syed Junaid Imam | <i>Member</i> |
| 3. Mr. Muhammad Izqar Khan | <i>Member</i> |
| 4. Ms. Rubina Safir | <i>Member</i> |

CHIEF FINANCIAL OFFICER

Mr. Ahmed Rafiq (A)

COMPANY SECRETARY

Mr. Ali Saleem Rana

REGISTERED OFFICE

1st Floor, Telecom Foundation, TF Complex, TF Headquarters, 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 (CDCSRL), 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

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

DIRECTORS' REPORT

The Directors of Pak Datacom Limited (PDL) are pleased in presenting to the shareholders their report along with un-audited financial statements of the Company for the half year period from July 01, 2023 to December 31, 2023.

Pakistan's economy remained under stress during the first half of the financial year as a result of political and economic instability both domestically and internationally. High inflation coupled with the monetary and fiscal responses, i.e., the increase in policy rate and the imposition of enhanced/ new taxes to raise revenues, have altogether increased costs for businesses whether in relation to their existing business operations or in terms of making new investments. The data communication sector, being heavily subject to import of telecom equipment, was notably affected due to restrictions on issuance of Letter of Credits by commercial banks.

Nevertheless, despite these challenges, revenue of the Company for half year period from July 01, 2023 to December 31, 2023 was Rs. 821.775 million compared to Rs. 861.140 million for the same period the previous year. However, it is heartening to note that the revenue is constantly increasing if compared with the last two quarters' revenue of FY 2022-23. i.e., from Rs. 502 million (from Jan to June 2023) to Rs. 822 million (from July to Dec 2023). This trend clearly indicates that PDL initiated sustainable positive measures. Gross profit for the period increased by 6.69 percent from Rs. 219 million to Rs. 234 million. Earnings per share ('EPS') remained at Rs. 7.37, as compared to EPS of Rs. 10.75 for the same period last year.

Significant expansion of high-speed data services during last few years has played a pivotal role in reshaping the focus of telecom sector thus becoming one of the core factors for shift in the way communication and interaction takes place. New ways of communication and interaction such as work from home, e-learning and digitization are more reliant on and are fueling the demand for data (high speed internet). Companies operating in the ICT sector are currently focused on increasing their offered speed and achieving sustainable growth. PDL is no different and is also focusing on providing high-speed internet, including high-speed internet over satellite to remote and under-served areas of Pakistan.

The Board takes this opportunity to thank the Company's shareholders, valued customers, government agencies, financial institutions, employees and all other stakeholders of the Company for their resolute cooperation and support without which it would have not been possible to achieve such outstanding results.

For and on behalf of the Board

Islamabad
February 26, 2024

Brig Syed Zulfiqar Ali (R)
Chief Executive

Rubina Safir
Director

ڈائریکٹرز رپورٹ

پاک ڈیٹا کام لمیٹڈ (پی ڈی ایل) کے ڈائریکٹرز کی طرف سے کم جولائی 2023 سے 31 دسمبر 2023 تک کی ششماہی مدت کے لئے کمپنی کی کارکردگی پر مبنی رپورٹ اور غیر آڈٹ شدہ مالیاتی گوشوارے پیش خدمت ہیں۔

ملکی اور بین الاقوامی سطح پر سیاسی اور معاشی عدم استحکام کے نتیجے میں مالی سال کی پہلی ششماہی کے دوران پاکستان کی معیشت تناؤ کا شکار رہی۔ بلند شرح افراط زر سے نمٹنے کے لیے اپنائے گئے مالیاتی اور زرعی پالیسی اقدامات، یعنی پالیسی ریٹ میں اضافہ اور محصولات میں اضافے کے لئے ٹیکسز کی شرح بڑھانے اور نئے ٹیکسز کے نفاذ سے کاروباری اداروں کے اخراجات میں اضافہ ہوا، جس سے جاری کاروباری معاملات اور نئی سرمایہ کاری متاثر ہوئی۔ ٹیلی کام آلات کی درآمد کے باعث ڈیٹا کمیونیکیشن کا شعبہ خاص طور پر کمرشل بینکوں کی جانب سے لیٹر آف کریڈٹ کے اجراء پر پابندیوں کی وجہ سے متاثر ہوا۔

تاہم ان چیلنجز کے باوجود یکم جولائی 2023ء سے 31 دسمبر 2023ء تک کی ششماہی کے دوران کمپنی کاروبار میں 821.775 ملین روپے رہا جو گزشتہ سال کے اسی عرصے میں 861.140 ملین روپے تھا۔ تاہم، یہ بات خوش آئند ہے کہ مالی سال 2022-23 کی پچھلی دوسرے ماہوں کی آمدنی کے مقابلے میں آمدنی میں مسلسل اضافہ ہو رہا ہے۔ یعنی جنوری سے جون 2023 تک آمدن 502 ملین روپے جبکہ جولائی تا دسمبر 2023 کے دوران 822 ملین روپے رہی۔ یہ رجحان واضح طور پر اشارہ کرتا ہے کہ PDL نے پائیدار مثبت اقدامات شروع کیے ہیں۔ اس عرصے کے دوران مجموعی منافع 6.69 فیصد اضافے سے 219 ملین روپے سے بڑھ کر 234 ملین روپے ہو گیا۔ فی حصص آمدنی (ای پی ایل) 7.37 روپے رہی، جو پچھلے سال کی اسی مدت کے لئے 10.75 روپے تھی۔

گزشتہ چند سالوں کے دوران تیز رفتار ڈیٹا سروسز کی نمایاں توسیع نے ٹیلی کام سیکٹر کی سمت کو نئی شکل دینے میں اہم کردار ادا کیا ہے اور اس طرح مواصلات اور روابط کے طریقہ کار میں تبدیلی کے بنیادی عوامل میں سے ایک بن گیا ہے۔ مواصلات اور روابط کے نئے طریقے جیسے گھر سے کام، ای لرننگ اور ڈیجیٹلائزیشن پر زیادہ انحصار کرتے ہیں اور ڈیٹا (تیز رفتار انٹرنیٹ) کی طلب کو بڑھا رہے ہیں۔ آئی سی ٹی کے شعبے میں کام کرنے والی کمپنیاں فی الحال اپنی پیش کردہ رفتار بڑھانے اور پائیدار ترقی کے حصول پر توجہ مرکوز کر رہی ہیں۔ PDL بھی اس سے مختلف نہیں ہے اور پاکستان کے دور دراز اور پسماندہ علاقوں میں سہولیات کے ذریعے تیز رفتار انٹرنیٹ سمیت تمام علاقوں میں تیز رفتار انٹرنیٹ کی فراہمی پر توجہ دے رہی ہے۔

بورڈ اس موقع پر کمپنی کے شیئرز، ہولڈرز، قابل قدر صارفین، سرکاری اداروں، مالیاتی اداروں، ملازمین اور کمپنی کے دیگر تمام سٹیک ہولڈرز کی طرف سے تعاون اور حمایت پر شکریہ ادا کرتا ہے جس کے بغیر اس طرح کے شاندار نتائج کا حصول ممکن نہیں تھا۔

منجانب بورڈ

روبینہ سفیر
ڈائریکٹر

بریگیڈیئر سید ذوالفقار علی (ر)
چیف ایگزیکٹو

اسلام آباد
26 فروری 2024

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, 2023 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 interim financial statements for the six months period then ended (herein 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 inquiries, 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 condensed 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.

Other Matter

The figures for the quarter ended December 31, 2023 and December 31, 2022 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 on them.

The engagement partner on the review resulting in this independent auditors review report is Atif Riaz.

Islamabad
Dated: 26 Feb 2024
UDIN: RR202310060rTH1Q4i2s

BDO EBRAHIM & CO.
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2023

		December 31, 2023 Un-audited Rupees	June 30, 2023 Audited Rupees
NON-CURRENT ASSETS			
Property and equipment	4	199,204,664	208,752,215
Intangible assets	5	7,074,660	3,847,269
Deferred taxation		89,254,613	94,211,555
		295,533,937	306,811,039
CURRENT ASSETS			
Stock-in-trade	6	13,045,691	-
Trade debts	7	639,347,549	748,662,850
Contract assets	8	385,103,462	242,502,038
Contract work in progress		88,976,024	142,827,275
Advances		19,639,185	44,295,406
Trade deposits and short term prepayments		93,782,533	57,552,745
Other receivables		9,906,046	9,413,395
Interest accrued		3,889,724	3,827,119
Short term investments	9	117,809,309	144,777,493
Cash and bank balances	10	362,242,146	352,530,697
		1,733,741,669	1,746,389,018
TOTAL ASSETS		2,029,275,606	2,053,200,057
SHARE CAPITAL AND RESERVES			
Authorised share capital		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	11	118,592,100	118,592,100
General reserve		700,000,000	650,500,000
Unappropriated profits		447,753,413	516,535,060
		1,266,345,513	1,285,627,160
NON-CURRENT LIABILITIES			
Deferred employees' benefits		40,953,025	38,741,901
Lease liabilities		67,236,262	75,637,643
		108,189,287	114,379,544
CURRENT LIABILITIES			
Customers' deposits		106,899,862	112,891,873
Contract liability		5,973,250	1,476,093
Trade and other payables	12	489,518,190	487,482,879
Taxation - net		21,641,999	26,138,986
Current portion of lease liabilities		17,009,338	13,304,660
Unclaimed dividend		11,888,089	10,829,488
Unpaid dividend		1,810,078	1,069,374
		654,740,806	653,193,353
TOTAL EQUITY AND LIABILITIES		2,029,275,606	2,053,200,057
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 26 form an integral part of these interim condensed financial statements.

Ahmed Rafiq
Chief Financial Officer (A)

Brig Syed Zulfiqar Ali (R)
Chief Executive

Rubina Safir
Director

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

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Note	Six months period ended		Three months period ended	
		December 31, 2023 Rupees	December 31, 2022 Rupees	December 31, 2023 Rupees	December 31, 2022 Rupees
Revenue - net	14	821,775,563	861,140,045	446,184,122	418,665,930
Cost of revenue	15	(587,735,639)	(641,774,241)	(344,779,920)	(264,691,930)
Gross profit		234,039,924	219,365,804	101,404,202	153,974,000
Administrative expenses	16	(116,801,430)	(88,553,111)	(66,408,053)	(43,281,357)
Marketing expenses	17	(23,292,219)	(19,601,898)	(13,506,129)	(7,845,813)
Impairment reversal / (loss) on financial assets		1,852,257	(11,433,012)	5,393,568	(3,561,653)
Finance (cost) / income	18	(13,469,002)	54,913,892	(23,549,798)	(19,873,355)
		82,329,530	154,691,675	3,333,790	79,411,822
Other income	19	38,495,677	81,763,784	23,822,859	68,398,746
Profit before taxation		120,825,207	236,455,459	27,156,649	147,810,568
Taxation		(33,373,964)	(108,980,194)	(6,221,984)	(85,294,207)
Profit for the period		87,451,243	127,475,265	20,934,665	62,516,361
Earnings per share					
- basic and diluted	20	7.37	10.75	1.77	5.27

The annexed notes 1 to 26 form an integral part of these interim condensed financial statements.

Ahmed Rafiq
Chief Financial Officer (A)

Brig Syed Zulfiqar Ali (R)
Chief Executive

Rubina Safir
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Six months period ended		Three months period ended	
	December 31, 2023 Rupees	December 31, 2022 Rupees	December 31, 2023 Rupees	December 31, 2022 Rupees
Profit for the period	87,451,243	127,475,265	20,934,665	62,516,361
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>87,451,243</u>	<u>127,475,265</u>	<u>20,934,665</u>	<u>62,516,361</u>

The annexed notes 1 to 26 form an integral part of these interim condensed financial statements.

Ahmed Rafiq
 Chief Financial Officer (A)

Brig Syed Zulfiqar Ali (R)
 Chief Executive

Rubina Safir
 Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Issued, subscribed and paid-up	Revenue reserves		Total
		General reserve	Unappropriated profits	
Rupees				
Balance as at July 01, 2022 (audited)	118,592,100	591,500,000	362,781,809	1,072,873,909
Total comprehensive income:				
Profit for the period	-	-	127,475,265	127,475,265
Other comprehensive income	-	-	-	-
Transactions with owners of the Company:				
Final dividend for the year ended June 30, 2022: Rs. 6 per share	-	-	(71,155,260)	(71,155,260)
Transfer to general reserve	-	59,000,000	(59,000,000)	-
Balance as at December 31, 2022	<u>118,592,100</u>	<u>650,500,000</u>	<u>360,101,814</u>	<u>1,129,193,914</u>
Balance as at July 01, 2023 (audited)	118,592,100	650,500,000	516,535,060	1,285,627,160
Total comprehensive income:				
Profit for the period	-	-	87,451,243	87,451,243
Other comprehensive income	-	-	-	-
Transactions with owners of the Company:				
Final dividend for the year ended June 30, 2023: Rs. 9 per share	-	-	(106,732,890)	(106,732,890)
Transfer to general reserve	-	49,500,000	(49,500,000)	-
Balance as at December 31, 2023	<u>118,592,100</u>	<u>700,000,000</u>	<u>447,753,413</u>	<u>1,266,345,513</u>

The annexed notes 1 to 26 form an integral part of these interim condensed financial statements.

Ahmed Rafiq
Chief Financial Officer (A)

Brig Syed Zulfiqar Ali (R)
Chief Executive

Rubina Safir
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Note	Six months period ended	
		December 31, 2023 Rupees	December 31, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		120,825,207	236,455,458
Adjustment of non-cash expense and income	23	25,649,100	(31,666,441)
Operating profit before working capital changes		146,474,307	204,789,018
Changes in working capital:			
(Increase) / decrease in current assets			
Inventories		(13,045,691)	-
Trade debts		101,994,872	349,089,590
Contract assets		(147,508,067)	(340,494,361)
Contract work in progress		53,851,252	(121,527,843)
Advances		24,656,221	295,893
Trade deposits and short term prepayments		(36,374,534)	66,414,498
Other receivables		(492,651)	4,420,654
		(16,918,597)	(41,801,569)
Increase / (decrease) in current liabilities			
Customers' deposits		(4,288,676)	(16,330,204)
Contract liability		4,497,157	(6,038,671)
Trade and other payables		(12,462,076)	84,227,515
		(12,253,595)	61,858,639
Taxes paid		(32,914,009)	(14,629,966)
Gratuity paid		-	(9,672,843)
Provident fund paid		(948,295)	(5,227,453)
Leave encashment paid		(2,498,665)	(14,025,189)
Net cash generated from operating activities		80,941,147	181,290,636
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(4,377,572)	(7,159,740)
Proceeds from sale of property and equipment		33,689	3,269,288
Purchase of intangibles		(4,677,982)	(225,094)
Sale/(Purchase) of short term investments		20,896,231	(14,044,428)
Interest and profit received		29,822,046	10,320,723
Net cash generated from/ (used in) investing activities		41,696,412	(7,839,250)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(104,933,585)	(70,097,163)
Payment of finance lease obligation		(9,008,067)	(8,002,320)
Finance cost paid		(1,449,743)	(1,984,820)
Net cash used in financing activities		(115,391,394)	(80,084,303)
Net increase in cash and cash equivalents		7,246,164	93,367,083
Cash and cash equivalents at the beginning of the year		352,613,157	251,196,514
Effect of movements in exchange rates on cash and cash equivalents		2,462,567	78,287,213
Cash and cash equivalents at the end of the period	21	362,321,888	422,850,810

The annexed notes 1 to 26 form an integral part of these interim condensed financial statements.

Ahmed Rafiq
Chief Financial Officer (A)

Brig Syed Zulfiqar Ali (R)
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, 2023**

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 repealed Companies Ordinance, 1984 (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 01, 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 which holds 55.08% share holding in the Company. The registered office of the Company is situated at 1st Floor, TF Complex, 7 - Mauve Area, G - 9/4, Islamabad.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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 Accounting Standard (IAS) 34: 'Interim Financial Reporting' 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 the 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 are un-audited and are being submitted to the members in accordance with the requirements of Section 237 of the Companies Act 2017 (the Act) and the listing regulations of Pakistan Stock Exchange. These condensed interim financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2023. Comparative condensed interim statement of financial position is extracted from annual financial statements as of June 30, 2023, whereas comparative condensed interim statement of profit or loss, condensed interim comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from un-audited condensed interim financial statements for the half year ended December 31, 2022.

2.3 Functional and presentation currency

These condensed interim unconsolidated financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 SUMMARY OF SIGNIFICANT 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, 2023. Except for new policies mentioned below:

3.1.1 Stock-in-trade

Stock in trade are valued at lower of cost and net realizable value. Cost is determined using the moving average method.

Cost comprises of cost of purchases and other costs incurred in bringing the items to their present location and condition

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to be incurred in order to make the sale.

3.1.2 Revenue recognition

Revenue from solar equipment sales

Revenue comprises of the fair value of the consideration received or receivable from the sale of Solar equipment. Revenue from sale of solar equipment is shown net of sales tax. Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue is recognized at point in time when goods are dispatched to customers.

- 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, 2023.

	Note	December 31, 2023 Un-audited Rupees	June 30, 2023 Audited Rupees
4 PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	129,913,333	133,445,678
Right of use assets	4.2	69,291,331	75,306,537
		<u>199,204,664</u>	<u>208,752,215</u>
4.1 Operating fixed assets			
Opening net book value		133,445,678	129,866,904
Additions		4,377,572	22,341,466
Disposal:			
Cost		(75,000)	(15,395,498)
Accumulated depreciation		41,311	13,512,049
		(33,689)	(1,883,449)
Write off:			
Cost		-	(13,222,692)
Accumulated depreciation		-	12,401,621
		-	(821,071)
Transfer from leased to owned:			
Depreciation charge		(7,876,228)	(16,058,172)
Closing net book value		<u>129,913,333</u>	<u>133,445,678</u>
Rates of depreciation (%)		1.2 - 25	1.2 - 25
4.2 Right of use (ROU) assets			
Opening net book value		75,306,537	87,735,321
Depreciation charge		(6,015,206)	(12,428,784)
Closing net book value		<u>69,291,331</u>	<u>75,306,537</u>

	Note	December 31, 2023 Un-audited Rupees	June 30, 2023 Audited Rupees
5 INTANGIBLE ASSETS			
Opening net book value		3,847,269	4,164,146
Additions		4,677,982	225,094
Amortisation charge		(1,450,591)	(541,971)
Closing net book value		<u>7,074,660</u>	<u>3,847,269</u>
6 Stock-in-trade			
This represent stock of solar panels at period end.			
		December 31, 2023 Un-audited Rupees	June 30, 2023 Audited Rupees
7 TRADE DEBTS			
Un-secured - considered good		639,347,549	748,662,850
Un-secured - considered doubtful		76,455,392	92,582,209
		<u>715,802,941</u>	<u>841,245,059</u>
Less: Impairment loss allowance		(76,455,392)	(92,582,209)
		<u>639,347,549</u>	<u>748,662,850</u>
8 CONTRACT ASSETS			
Unbilled revenue		420,861,365	279,250,971
Less: Impairment loss allowance		(35,757,903)	(36,748,933)
		<u>385,103,462</u>	<u>242,502,038</u>
9 SHORT TERM INVESTMENTS			
Term deposit receipts (TDRs)		108,000,000	129,000,000
Mutual fund		1,229,808	1,126,039
		<u>109,229,808</u>	<u>130,126,039</u>
Interest accrued		8,579,501	14,651,454
		<u>117,809,309</u>	<u>144,777,493</u>
10 CASH AND BANK BALANCES			
Cash in hand		922,788	1,072,157
Cash at bank:			
Current accounts		221,213,314	146,427,137
Deposit accounts	10.1	124,130,135	141,577,391
Deposit accounts with Islamic Banks under Shariah arrangements		1,887,173	49,429,369
Current accounts-dividend		14,168,478	14,107,103
		<u>362,321,888</u>	<u>352,613,157</u>
Less: Impairment loss allowance		(79,742)	(82,459)
		<u>362,242,146</u>	<u>352,530,697</u>

10.1 Saving account carries mark up at the rates ranging from 7.5% to 8.75% (June 30, 2023: 7% to 7.5%) per annum.

	December 31, 2023 Un-audited Rupees	June 30, 2023 Audited Rupees
11 SHARE CAPITAL		
11.1 Authorised share capital		
100,000,000 ordinary shares of Rs 10 each (June 30, 2023: 100,000,000 ordinary shares of Rs 10/- each)	1,000,000,000	1,000,000,000
11.2 Issued, subscribed and paid up capital:		
Shares issued for cash		
5,400,000 ordinary shares of Rs 10 each (June 30, 2023: 5,400,000 ordinary shares of Rs 10/- each)	54,000,000	54,000,000
Shares issued as fully paid bonus shares:		
6,459,210 ordinary shares of Rs 10 each (June 30, 2023: 6,459,210 ordinary shares of Rs 10/- each)	64,592,100	64,592,100
11,859,210 ordinary shares of Rs 10 each (June 30, 2023: 11,859,210 ordinary shares of Rs 10/- each)	118,592,100	118,592,100
12 TRADE AND OTHER PAYABLES		
Trade creditors	356,122,524	386,092,737
Sales tax payable	12,351,562	9,025,817
Accrued liabilities	14,191,325	15,694,452
Withholding tax payable	15,889,348	7,627,862
Payable to employees	21,256,822	17,152,656
License fee payable	2,069,829	2,448,544
Advances from employees for vehicle lease	295,624	242,374
Employees' retirement and other service benefits :		
Provident fund	43,281,905	34,820,159
Gratuity fund	24,059,251	14,378,279
	489,518,190	487,482,879

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 At this reporting date, there are no significant change in the the status of contingencies as disclosed in note 24 to the audited financial statements of the Company for the year ended June 30, 2023 except for the following:

The Company has letter of guarantee facilities aggregating Rs. 250 million (June 30, 2023: Rs. 250 million) available from Soneri Bank. The amount availed on these facilities as at December 31, 2023 is Rs. 220.975 million (June 30, 2023: 174.648 million).

	December 31, 2023 Un-audited Rupees	June 30, 2023 Audited Rupees
13.2 Commitments		
The Company has following commitments in respect of:		
Capital expenditure commitments	45,382,123	48,032,452
Outstanding letter of credits	227,179,786	199,636,995

	Note	Six months period ended		Three months period ended	
		December 31, 2023 Rupees	December 31, 2022 Rupees	December 31, 2023 Rupees	December 31, 2022 Rupees
14 REVENUE					
Class Value Added Services (CVAS) / data communication services		689,491,787	534,163,652	369,025,267	272,571,647
Specialised projects		184,953,793	431,974,272	93,912,827	204,403,010
Telecom infrastructure services		648,869	824,526	261,705	412,263
Solar equipment sales	14.1	79,514,095	-	51,641,995	-
Gross revenue		954,608,544	966,962,450	514,841,794	477,386,920
Less:					
Sales tax / Federal Excise Duty		(100,812,558)	(86,066,411)	(51,120,400)	(46,967,559)
Advance tax		(32,020,423)	(19,755,994)	(17,537,272)	(11,753,431)
Revenue - net		821,775,563	861,140,045	446,184,122	418,665,930

14.1 The company started a new business related to solar equipment which include sale of solar panels.

15 COST OF SERVICES

Other project costs		125,604,307	325,607,924	84,695,468	119,933,529
Salaries and other benefits	15.1	144,159,547	127,856,433	81,669,631	55,685,211
Cost of goods sold		66,932,720	-	46,376,243	-
Channel and local lead rentals		169,954,022	119,449,053	95,735,034	58,048,669
Space segment rentals		44,732,310	34,160,660	17,394,147	13,834,640
Vehicle running expenses		12,016,689	10,803,085	6,165,605	5,002,758
Depreciation - operating fixed assets		7,155,012	6,987,371	3,593,117	3,580,243
Repair and maintenance expenses		3,354,050	6,152,861	1,674,916	3,781,803
Utilities		4,089,048	3,376,879	1,643,375	1,562,148
Rent, rates and taxes		1,595,930	2,043,340	964,370	415,346
License fee		2,080,595	1,594,358	1,155,167	512,944
Travelling and local conveyance		2,392,059	1,311,086	1,775,923	1,121,093
Communication expenses		835,079	899,897	528,676	468,444
Entertainment		834,133	602,686	411,644	306,622
Depreciation - right of use assets		370,538	494,052	185,269	247,026
Amortization		1,450,591	252,228	721,926	135,493
Insurance		179,010	182,328	89,409	55,961
		587,735,639	641,774,241	344,779,920	264,691,930

15.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 76.5 million (December 31, 2022: Rs. 68.4 million).

Note	Six months period ended		Three months period ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
	Rupees	Rupees	Rupees	Rupees	
16 ADMINISTRATIVE EXPENSES					
Salaries and other benefits	16.1	83,222,808	61,166,454	47,204,145	28,446,401
Vehicle running expenses		6,557,509	4,782,895	3,381,301	2,457,248
Donation		3,955,000	4,000,513	2,110,000	2,300,513
Legal and professional charges		4,069,363	3,932,231	2,978,511	1,794,824
Repair and maintenance expenses		1,128,199	1,910,112	581,093	1,098,928
Printing and stationery		2,109,612	1,669,309	1,645,962	1,412,649
Utilities		1,583,407	1,436,546	668,252	628,181
Entertainment		1,777,872	1,233,442	1,050,102	805,198
Communication expenses		1,165,886	864,132	688,194	476,043
Travelling and local conveyance		3,817,641	330,739	2,374,157	207,229
Insurance		386,319	264,268	200,691	122,138
Depreciation - operating fixed assets		650,646	581,998	346,061	261,703
Depreciation - right of use assets		5,644,668	5,720,340	2,822,334	2,860,170
Auditors' remuneration		714,500	500,000	339,250	250,000
Rent, rates and taxes		18,000	160,132	18,000	160,132
		<u>116,801,430</u>	<u>88,553,111</u>	<u>66,408,053</u>	<u>43,281,357</u>

16.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 24.7 million (December 31, 2022: Rs. 23.9 million).

Note	Six months period ended		Three months period ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
	Rupees	Rupees	Rupees	Rupees	
17 MARKETING EXPENSES					
Salaries and other benefits	17.1	16,754,170	16,514,060	11,001,859	6,165,074
Advertisement and marketing		3,523,322	1,361,503	1,032,912	676,732
Vehicle running expenses		1,365,168	1,006,753	719,676	489,085
Travelling and local conveyance		1,480,554	387,717	661,190	371,067
Repair and maintenance expenses		43,006	130,466	15,324	60,026
Communication expenses		46,795	75,925	33,235	41,436
Insurance		6,334	15,498	3,167	312
Entertainment		2,300	-	2,300	-
Depreciation - operating fixed assets		70,570	109,976	36,466	42,081
		<u>23,292,219</u>	<u>19,601,898</u>	<u>13,506,129</u>	<u>7,845,813</u>

17.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 7.5 million (December 31, 2022: Rs. 8.1 million).

Note	Six months period ended		Three months period ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
	Rupees	Rupees	Rupees	Rupees	
18 FINANCE INCOME/ (COST)					
Exchange (loss) / gain - net		(7,472,515)	61,827,526	(20,027,411)	(17,072,761)
Bank charges		(1,449,743)	(1,984,820)	(1,230,644)	(307,733)
Finance lease charges		(4,546,744)	(4,928,814)	(2,291,743)	(2,492,861)
		<u>(13,469,002)</u>	<u>54,913,892</u>	<u>(23,549,798)</u>	<u>(19,873,355)</u>

Note	Six months period ended		Three months period ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees	Rupees	Rupees	Rupees
19 OTHER INCOME				
Income from financial assets				
Return on short term investments	11,523,116	9,624,809	5,838,365	5,187,779
Return on bank deposits	11,503,569	9,560,037	6,397,049	4,410,037
Return on bank deposits with Islamic Banks	786,016	731,102	329,807	431,725
Income from non-financial assets				
Gain on disposal of property & equipment	-	841,742	-	816,564
Others	14,682,976	61,006,094	11,257,638	57,552,641
	<u>38,495,677</u>	<u>81,763,784</u>	<u>23,822,859</u>	<u>68,398,746</u>

Note	Six months period ended	
	December 31, 2023	December 31, 2022
	Rupees	Rupees
20 EARNING PER SHARE (BASIC AND DILUTED)		
Profit for the year (Rupees)	87,451,243	127,475,265
Weighted average number of shares in issue (Number)	11,859,210	11,859,210
Basic and diluted earnings per share (Rupees)	7.37	10.75
There is no dilutive effect on the basic earnings per share of the Company.		

21 CASH AND CASH EQUIVALENTS			
Cash and bank balances	10	362,242,146	422,765,747
Allowance for impairment		79,742	85,063
		<u>362,321,888</u>	<u>422,850,810</u>

22 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related Parties include holding company, associated company, directors, key management personal, employee benefit trust and post employment benefit / contribution plans. The Company in the normal course of business carries out transactions with various related parties. The details of transactions are as follows;

	Aggregate % age of shareholding	Six months period ended		Three months period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		Rupees	Rupees	Rupees	Rupees
Telecom Foundation - Holding Company					
	55.08%				
Dividend paid		58,788,054	39,192,036	58,788,054	39,192,036
Donations expense		3,000,000	3,000,000	1,500,000	1,500,000
Donations payable		3,000,000	3,000,000	1,500,000	1,500,000
Associates					
TF Logistic					
	Nil				
TF Technologies					
Receivable against consultancy charges		118,525	118,525	118,525	118,525

Aggregate % age of shareholding	Six months period ended		Three months period ended	
	December 31, 2023 Rupees	December 31, 2022 Rupees	December 31, 2023 Rupees	December 31, 2022 Rupees
Directors				
Dividend paid	15,345	10,230	15,345	10,230
Directorship fee paid	3,455,000	3,817,500	1,840,000	2,755,000
Others paid	877,570	537,439	715,683	369,197
Remuneration of other key management personnel paid	40,095,039	32,270,220	29,229,522	23,848,476
Other related parties				
Staff retirement benefit plan				
- Gratuity fund:				
Gratuity expense for the year	9,680,972	7,095,923	4,840,486	5,037,642
Payable to Gratuity fund	24,059,251	1,517,332	24,059,251	9,035,886
Staff retirement contribution plan				
- Provident fund:				
Provident fund provision for the year	9,410,041	7,221,058	6,842,157	2,692,976
Payable to Provident fund	43,281,905	27,168,711	43,281,905	26,590,853

Six months period ended	
December 31, 2023 Rupees	December 31, 2022 Rupees

23 ADJUSTMENT OF NON-CASH EXPENSE AND INCOME

Depreciation	13,891,434	13,893,737
Amortisation	1,450,591	252,228
Gain on disposal of property and equipment	-	(1,475,825)
Property and equipment - write off	-	748,577
Impairment (reversal) / loss on financial assets	(1,852,257)	11,433,012
Finance cost	5,996,487	6,913,634
Unrealised exchange loss / (gain)	6,174,744	(61,827,526)
Interest income	(23,812,701)	(19,915,947)
Provision for gratuity	9,680,972	7,095,923
Provision for earned leave encashment	4,709,789	3,994,688
Provision for provident fund	9,410,041	7,221,058
	<u>25,649,100</u>	<u>(31,666,441)</u>

24. 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, 2023. 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, 2023.

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

25. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on February 26, 2024.

24. GENERAL

Figures have been rounded off to the nearest rupee.

Ahmed Rafiq
Chief Financial Officer (A)

Brig Syed Zulfiqar Ali (R)
Chief Executive

Rubina Safir
Director

Complete >
Network >
Solutions >



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