



Pak Datacom

Half Yearly Report

July 2012 to December 2012  
(Un-audited)

PAK DATACOM LIMITED

## **COMPANY PROFILE**

### **BOARD OF DIRECTORS**

- |                          |                 |
|--------------------------|-----------------|
| 1. Raashid Bashir Mazari | Chairman        |
| 2. Muhammad Amir Malik   | Chief Executive |
| 3. Iftikhar Ahmed Raja   |                 |
| 4. Muhammad Arif         |                 |
| 5. Amjad Hussain Qureshi |                 |
| 6. Nessar Ahmed          |                 |
| 7. Muhammad Yaqoob       |                 |

### **CFO / COMPANY SECRETARY**

Syed Sajjad Hasan Jafri

### **AUDIT COMMITTEE**

- |                        |          |
|------------------------|----------|
| 1. Nessar Ahmed        | Chairman |
| 2. Muhammad Arif       |          |
| 3. Iftikhar Ahmed Raja |          |

### **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

- |                          |          |
|--------------------------|----------|
| 1. Raashid Bashir Mazari | Chairman |
| 2. Muhammad Amir Malik   |          |
| 3. Iftikhar Ahmed Raja   |          |
| 4. Muhammad Yaqoob       |          |

### **REGISTERED OFFICE**

1st Floor, TF Complex, 7-Mauve Area, G-9/4, Islamabad

### **HEAD OFFICE**

3rd Floor, Umar Plaza, Blue Area, Islamabad  
Tel # (051) 2823677, 2872691, Fax # (051) 2823270

### **SHARES DEPARTMENT**

Hassan Farooq Associates (Private) Limited, HF House, 7-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**

Ahmed Bashir, House # 348, Street # 16, G-8/4, Islamabad

## DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) is pleased to present the financial statements for the half year from 1st July, 2012 to 31st December, 2012.

In the first half of the current financial year, PDL earned total revenue of Rs. 406.221 million as compared to Rs. 379.889 million of the corresponding period of last year while it posted pre-tax profit of Rs. 86.079 million as compared to Rs. 65.788 million of the corresponding period.

PDL management is putting its all efforts to achieve business targets by strategic measures for increasing the operational performance and exploring new ventures. The Company operations were also expanded in the overseas market in addition to the remote areas of the country where usually other service providers don't like to work while networks cost was rationalised by prudent management efforts.

PDL is focused to provide efficient, reliable and up to date services to its valued customer, which not only contribute towards their retention but also resulted in getting more business from them. Through strategic laid down plans and policies, the management is striving hard for getting more business from different focused areas, resulting in achieving business targets and revenue growth.

The management aims to maintain the growth and remains committed to attain high value for its shareholders in future. We thank our valued shareholders, regulators, stock exchanges and customers for their trust and consistent support for PDL. We also express our thanks to the employees for their commitment to promote the business of the Company.

**For and on behalf of the Board**

**Islamabad  
February 27, 2013**

**Muhammad Amir Malik  
Chief Executive**

# REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

## Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pak Datacom Limited** ("the Company") as at December 31, 2012 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Auditors of the Entity". A review of interim financial information 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 interim financial information as at and for the half year ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to the interim financial reporting.

The figures for the quarter ended December 31, 2012 in the interim financial information have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2012.

**Islamabad**  
**February 27, 2013**

**HLB IJAZ TABUSSUM & CO.**  
Chartered Accountants  
Engagement Partner:  
**IJAZ AKBER-FCA**

## CONDENSED INTERIM BALANCE SHEET

### AS AT DECEMBER 31, 2012

	Note	Un-audited December 31, 2012 Rupees	Audited June 30, 2012 Rupees
<b>EQUITY AND LIABILITIES</b>			
SHARE CAPITAL AND RESERVES			
Authorised share capital - 100,000,000 ordinary shares (June 2012: 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		640,794,532	624,346,143
		738,804,532	722,356,143
NON-CURRENT LIABILITIES			
Deferred taxation		19,260,082	24,520,359
Leave encashment		25,586,750	24,075,486
		44,846,832	48,595,845
CURRENT LIABILITIES			
Customers' deposits		99,271,563	94,560,782
Due to associated companies		649,620	649,620
Trade and other payables		240,432,425	123,693,798
Provision for taxation		38,339,532	69,199,942
		378,693,140	288,104,142
		1,162,344,504	1,059,056,130
CONTINGENCIES AND COMMITMENTS	5		
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant and equipment	6	332,517,214	351,912,386
Intangible assets	7	8,660,400	9,407,899
		341,177,614	361,320,285
CURRENT ASSETS			
Trade debts		147,681,859	94,440,454
Advances		8,908,350	1,671,324
Trade deposits and short term prepayments		41,418,179	37,144,490
Due from associated companies		38,000	31,800
Other receivables		667,301	1,280,701
Interest accrued		3,655,649	512,485
Advance tax		26,099,636	79,631,854
Short term investments	8	559,094,000	296,368,000
Cash and bank balances		33,603,916	186,654,737
		821,166,890	697,735,845
		1,162,344,504	1,059,056,130

The annexed notes 1 to 18 form an integral part of these financial statements.

**IFTIKHAR AHMED RAJA**  
DIRECTOR

**MUHAMMAD AMIR MALIK**  
CHIEF EXECUTIVE

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Note	For the Quarter Ended		For the Half Year Ended	
		December, 31 2012 Rupees	December, 31 2011 Rupees	December 31, 2012 Rupees	December 31, 2011 Rupees
Revenue	9	213,303,303	203,874,959	406,220,543	379,889,068
Cost of services	10	(146,377,240)	(145,309,941)	(277,737,665)	(274,274,550)
Gross profit		66,926,063	58,565,018	128,482,878	105,614,518
Administrative expenses	11	(32,836,200)	(23,925,592)	(55,647,845)	(48,280,878)
Marketing expenses	12	(5,242,804)	(3,826,586)	(8,035,980)	(8,277,915)
		(38,079,004)	(27,752,178)	(63,683,825)	(56,558,793)
Operating profit		28,847,059	30,812,840	64,799,053	49,055,725
Other operating income		17,416,905	9,761,026	22,376,397	17,097,342
		46,263,964	40,573,866	87,175,450	66,153,067
Finance cost		(1,357,937)	(272,807)	(1,096,544)	(365,456)
Profit before taxation		44,906,027	40,301,059	86,078,906	65,787,611
Provision for taxation		(14,701,134)	(14,527,860)	(30,426,517)	(23,448,152)
Profit after taxation		30,204,893	25,773,199	55,652,389	42,339,459
Other comprehensive income		-	-	-	-
Net profit for the period		30,204,893	25,773,199	55,652,389	42,339,459
Earning per share	13	3.08	2.63	5.68	4.32

The annexed notes 1 to 18 form an integral part of these financial statements.

**IFTIKHAR AHMED RAJA**  
DIRECTOR

**MUHAMMAD AMIR MALIK**  
CHIEF EXECUTIVE

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	December 31, 2012 Rupees	December 31, 2011 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	86,078,906	65,787,611
Adjustments for non-cash and other items:		
Depreciation	28,647,187	30,590,455
Depreciation - joint venture assets	427,322	614,674
(Gain)/ loss on disposal of property, plant and equipment	(40,595)	(264,210)
Amortisation-intangible assets	747,499	534,002
Finance cost	1,096,544	365,456
Exchange gain	(11,781,702)	(9,488,058)
Return on bank deposits/ short term investments	(7,035,290)	(6,738,760)
Provision for gratuity	5,000,000	6,000,000
Provision for earned leave encashment	3,000,000	5,000,000
	20,060,965	26,613,559
Operating profit before working capital changes	106,139,871	92,401,170
<b>Movement in working capital</b>		
<u>(Increase)/decrease in current assets</u>		
Trade debts	(53,241,405)	(22,923,899)
Advances	(7,237,026)	(25,579,726)
Trade deposits and short term prepayments	(4,273,689)	5,126,380
Due from associated companies	(6,200)	-
Other receivables	4,132,210	19,926,260
<u>Increase/(decrease) in current liabilities</u>		
Customers' deposits	4,710,781	6,460,451
Due to associated companies	-	(1,200)
Trade and other payables	115,186,686	25,741,272
	59,271,357	8,749,538
Cash generated from operations	165,411,228	101,150,708
Taxes paid	(13,014,986)	(23,531,334)
Gratuity paid/adjusted	(4,118,257)	(1,704,028)
Earned leave paid/ adjusted	(1,488,736)	(877,686)
Return on bank deposits/ short term investments	373,316	6,353,519
Finance cost	(1,096,544)	(365,456)
	(19,345,207)	(20,124,985)
<b>Net cash flow from operating activities</b>	146,066,021	81,025,723
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(9,756,742)	(13,377,086)
Capital work in progress	-	(10,305,115)
Proceeds on the disposal of property, plant and equipment	118,000	435,000
<b>Net cash flows from investing activities</b>	(9,638,742)	(23,247,201)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(38,533,802)	(7,728,673)
Net increase in cash and cash equivalents	97,893,477	50,049,849
Cash and cash equivalents at the beginning of the period	483,022,737	277,947,057
Effect of foreign exchange rate change	11,781,702	9,488,058
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	592,697,916	337,484,964

The annexed notes 1 to 18 form an integral part of these financial statements.

**IFTIKHAR AHMED RAJA**  
DIRECTOR

**MUHAMMAD AMIR MALIK**  
CHIEF EXECUTIVE

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

## FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Share Capital		Capital Reserves		Revenue Reserves		Total Rupees
	Issued, subscribed and paid-up Rupees	Share premium Rupees	General Reserves Rupees	Unappropriated profit Rupees			
<b>Balance as at June 30, 2011</b>	78,408,000	12,042,000	381,500,000	187,678,338	659,628,338		
Final dividend for the year ended June 30, 2011 (Rs. 1.00 per share)	-	-	-	(7,840,800)	(7,840,800)		
Net profit for the period				42,339,459	42,339,459		
<b>Balance as at December 31, 2011</b>	<b>78,408,000</b>	<b>12,042,000</b>	<b>381,500,000</b>	<b>222,176,997</b>	<b>694,126,997</b>		
<u>Transactions with owners</u>							
Interim dividend for the year ended June 30, 2012 (Rs. 1.00 per share)	-	-	-	(7,840,800)	(7,840,800)		
Issuance of 25% bonus shares	19,602,000	(12,042,000)	-	(7,560,000)	-		
Net profit for the period	-	-	-	36,069,946	36,069,946		
<b>Balance as at June 30, 2012</b>	<b>98,010,000</b>	-	<b>381,500,000</b>	<b>242,846,143</b>	<b>722,356,143</b>		
Transfer to General Reserve	-	-	50,000,000	(50,000,000)	-		
<u>Transactions with owners</u>							
Final dividend for the year ended June 30, 2012 (Rs. 4.00 per share)	-	-	-	(39,204,000)	(39,204,000)		
Net profit for the period	-	-	-	55,652,389	55,652,389		
<b>Balance as at December 31, 2012</b>	<b>98,010,000</b>	-	<b>431,500,000</b>	<b>209,294,532</b>	<b>738,804,532</b>		

The annexed notes 1 to 18 form an integral part of these financial statements.

**IFTIKHAR AHMED RAJA**  
DIRECTOR

**MUHAMMAD AMIR MALIK**  
CHIEF EXECUTIVE



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2012

### 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 for the six months period ended December 31, 2012 have been prepared in accordance with requirements of the IAS 34 -Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

#### 2.2 Adoption of new and revised standards, interpretations and amendments

The Standards, interpretations and amendments to them effective for the accounting period beginning on or after January 01, 2012 are either not relevant to the company's operations or are not expected to have any significant impact on the Company's financial statements, (if any).

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of measurement

These condensed interim 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.

#### 3.2 Functional and presentation currency

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

#### 3.3 Changes in Accounting Policies

The accounting policies and estimates adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of financial statements for the year ended June 30, 2012 except those specifically otherwise disclosed in these financial statements.

Un-audited December 31, 2012 Rupees	Audited June 30, 2012 Rupees
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#### 4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

5,400,000 (June 2012: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash	54,000,000	54,000,000
4,401,000 (June 2012: 4,401,000) ordinary shares of Rs.10/- each issued as fully paid bonus shares	<u>44,010,000</u>	<u>44,010,000</u>
	<u>98,010,000</u>	<u>98,010,000</u>

Out of total issued share capital, 5,398,354 (June 2012: 5,398,354) ordinary shares are held by Telecom Foundation, Pakistan.

#### 5 CONTINGENCIES AND COMMITMENTS

- 5.1 Guarantees, letter of credit and stand by letter of credit (SBLC) issued by the bank on behalf of the Company amounted to Rs. 272.78 million (June 2012: Rs. 73.89 million) including SBLC of US \$ 0.17 million; equivalent Rs. 16.51 million (June 2012: US \$ 0.67 million; equivalent to Rs. 63.10 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 Rs. 61.62 million (June 2012: US\$ 0.64 million; equivalent Rs. 59.78 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 Rs. 59.78 million on the Company. The Company has filed the case in 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 Rs. 59.78 million during the year ended June 30, 2012. The management is of the opinion that the maximum loss even if the case is decided against the Company will not exceed US\$ 1.28 million; equivalent Rs. 124.29 million (June 2012 : US\$ 1.28 million; equivalent Rs. 119.56 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 Tax appeal for the recovery of Rs. 0.28 million (June 2012: Rs. 0.28 million) is pending with the Income Tax Appellate Tribunal, Islamabad against the imposition of penalty on short advance tax charged by the Collector of Income Tax at the time of import. 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. 377.18 million (June 2012: Rs 7.32 million).

		Un-audited December 31, 2012 Rupees	Audited June 30, 2012 Rupees
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>			
Net book Value-Pakistan	6.1	331,422,567	350,390,417
Net book Value-Joint Venture	6.2	1,094,647	1,521,969
		<u>332,517,214</u>	<u>351,912,386</u>
<b>6.1 Property, Plant and equipment- Pakistan Cost</b>			
Opening balance		835,831,945	794,302,450
Additions during the period		9,756,742	45,187,352
Deletion/disposals during the period		(111,259)	(3,657,857)
Closing balance		845,477,428	835,831,945
<b>Accumulated depreciation</b>			
Opening balance		485,441,528	424,144,480
Additions during the period		28,647,187	63,818,484
Deletion/disposals during the period		(33,854)	(2,521,436)
Closing balance		514,054,861	485,441,528
Net book value		<u>331,422,567</u>	<u>350,390,417</u>

**6.1.1** 1st hypothecation /mortgage charge has been created on all present and future fixed assets of the Company for Rs. 200.00 million against unfunded credit facility of Rs. 120.00 million (June 2012: Rs. 120.00 million) from Habib Bank Limited.

**6.1.2** 2nd charge of Rs. 140.00 million on fixed assets and 1st charge on present and future current assets of the Company of Rs. 400.00 million with lien on import documents of Rs. 185.48 million and US\$ 2.50 million; equivalent Rs. 242.75 million in shape of FC-FDR (proportionately adjustable on receipt of shipping documents under letter of credit) has been created in favor of Soneri Bank Limited for an unfunded facility of Rs. 846.92 million (June 2012: Rs. Nil).

		Un-audited December 31, 2012 Rupees	Audited June 30, 2012 Rupees
<b>6.2 Property, Plant and equipment- Joint Venture Cost</b>			
Opening balance		2,563,972	-
Additions during the period		-	2,563,972
Deletion/disposals during the period		-	-
Closing balance		2,563,972	2,563,972
<b>Accumulated depreciation</b>			
Opening balance		1,042,003	-
Additions during the period		427,322	1,042,003
Deletion/disposals during the period		-	-
Closing balance		1,469,325	1,042,003
Net book value		<u>1,094,647</u>	<u>1,521,969</u>

	Un-audited December 31, 2012 Rupees	Audited June 30, 2012 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	2,336,107	841,107
Additions during the period	747,499	1,495,000
Deletion/disposals during the period	-	-
Closing balance	3,083,606	2,336,107
Net book value	<u>8,660,400</u>	<u>9,407,899</u>

## 8 SHORT TERM INVESTMENTS

These represent investments in term deposit receipts maturing in the short term and carry interest rate ranging from 0.80% to 11.00% (June 2012: 0.80% to 11.25%) per annum. Included in these investments are foreign currency term deposit receipts amounting to US\$ 5.14 million; equivalent Rs. 499.10 million (June 2012: US\$ 3.04 million; equivalent Rs. 286.37 million). Out of total investments, US\$ 4.14 million; equivalent Rs. 401.99 million (June 2012: US\$ 0.10 million; equivalent Rs. 9.42 million) and Rs. 60.00 million (June 2012: Rs. 10.00 million) are pledged against bank guarantee/SBLC issued by bank.

Note	For the Quarter ended		For the Half Year ended	
	December 31, 2012 Rupees	December 31, 2011 Rupees	December 31, 2012 Rupees	December 31, 2011 Rupees
	<b>9 REVENUE</b>			
-from CVAS Data License	200,483,166	183,746,965	382,576,522	359,761,074
-from Telecom Infrastructure Provider License	3,732,812	-	7,042,812	-
-from Joint venture - PDL share	9,087,325	20,127,994	16,601,209	20,127,994
	<u>213,303,303</u>	<u>203,874,959</u>	<u>406,220,543</u>	<u>379,889,068</u>

## 10 COST OF SERVICES

Channel and local lead rentals	48,967,452	63,652,134	96,056,025	119,310,189
Space segment rentals	33,902,974	16,987,919	65,846,172	43,232,277
Equipment maintenance cost	3,025,920	3,387,769	5,468,514	4,695,557
Repair and maintenance expenses	1,933,274	410,820	3,481,808	3,105,049
License fee	1,095,736	918,734	2,288,953	1,798,806
Salaries and other benefits	10.1 34,049,961	31,238,593	60,161,160	58,059,121
Depreciation	14,452,619	15,453,144	28,647,187	30,590,455
Amortisation	373,749	311,734	747,499	534,002
Expenses - joint venture - PDL share	8,575,555	12,949,094	15,040,347	12,949,094
	<u>146,377,240</u>	<u>145,309,941</u>	<u>277,737,665</u>	<u>274,274,550</u>

**10.1** Salaries and other benefits include amount of Rs. 5.21 million (December 2011: Rs. 6.52 million) in respect of employees' retirement and other service benefits.

Note	For the Quarter ended		For the Half Year ended		
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	
	Rupees	Rupees	Rupees	Rupees	
<b>11 ADMINISTRATIVE EXPENSES</b>					
Salaries and other benefits	11.1	15,458,908	13,224,596	25,468,722	24,578,842
Travelling and local conveyance		1,451,692	1,220,725	2,466,108	1,866,082
Telephone expenses		918,073	812,864	1,391,842	1,549,365
Vehicle running expenses		4,899,035	3,712,878	9,222,533	7,842,100
Insurance		153,341	539,048	676,295	713,823
Entertainment		709,803	383,857	973,046	718,695
Rent, rates and taxes		1,017,343	1,520,859	3,440,829	3,182,271
Legal and professional charges		1,030,229	650,168	2,993,345	972,538
Printing and stationery		655,682	514,873	1,066,340	1,175,130
Utilities		1,277,408	1,240,724	2,684,099	2,577,032
Welfare expenses		-	-	-	3,000,000
Auditors remuneration		255,000	105,000	255,000	105,000
Provision for trade and other payables		5,009,686	-	5,009,686	-
		<u>32,836,200</u>	<u>23,925,592</u>	<u>55,647,845</u>	<u>48,280,878</u>

11.1 Salaries and other benefits include amount of Rs. 2.21 million (December 2011: Rs. 2.76 million) in respect of employees' retirement and other service benefits.

## 12 MARKETING EXPENSES

Salaries and other benefits	12.1	4,146,602	3,479,443	6,700,920	6,466,789
Advertisement & marketing expenses		1,096,202	347,143	1,335,060	1,811,126
		<u>5,242,804</u>	<u>3,826,586</u>	<u>8,035,980</u>	<u>8,277,915</u>

12.1 Salaries and other benefits include amount of Rs. 0.58 million (December 2011: Rs. 0.73 million) in respect of employees' retirement and other service benefits.

## 13 EARNINGS PER SHARE (BASIC AND DILUTED)

Profit after taxation	30,204,893	25,773,199	55,652,389	42,339,459
Weighted average number of ordinary shares	9,801,000	9,801,000	9,801,000	9,801,000
Basic and diluted earnings per share	<u>3.08</u>	<u>2.63</u>	<u>5.68</u>	<u>4.32</u>

The Company had issued bonus shares during the previous financial year and its impact is also taken in the previous period which resulted in restatement of earning per share of the previous period as per requirement of IAS 33, in order to reflect the consistency of earning per share.

There are no dilutive ordinary shares as at December 31, 2012 (December 2011: Nil).

## 14 OPERATING SEGMENTS

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

Out of total revenue, 94.18% (December 2011: 100%) is generated from CVAS Data License, 1.73% (December 2011: Nil) from Telecom Infrastructure Provider license and 4.09% (December 2011: Nil) from cable laying and allied services.

Revenue from major customer of the Company amounts to Rs. 246.27 million (December 2011: Rs. 284.15 million) representing 62.62 % (December 2011: 54.11 %) of the total revenue.

Out of total revenue of Rs. 406.22 million (December 2011: Rs. 379.90 million), revenue of Rs. 389.62 million (December 2011: Rs. 359.76 million) is generated from Pakistan and Rs. 16.60 million (December 2011: Rs. 20.13 million) is generated from UAE.

Out of total non-current assets of the company 99.67 % (December 2011: 99.60 %) 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 February 27, 2013.

#### **16 MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND**

The Board of Directors in its meeting held on February 27, 2013 approved interim cash dividend of Rs. 2.00 per share (December 31, 2011: Rs. 1.00 per share) amounting to Rs.19.602 million (December 31, 2011: Rs. 7.841 million). The financial statements for the period ended December 31, 2012 do not include the effect of aforementioned movement between reserves and proposed dividend.

#### **17 CORRESPONDING FIGURES**

Figures have been re-classified and re-arranged for better presentation, where necessary.

#### **18 GENERAL**

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

**IFTIKHAR AHMED RAJA**  
DIRECTOR

**MUHAMMAD AMIR MALIK**  
CHIEF EXECUTIVE

## DIVIDEND MANDATE FORM

Dear Shareholder,

**Re: Dividend Mandate Form**

With reference to the captioned subject, it is to inform you that under Section 250 of the Companies Ordinance 1984 a shareholder may, if so desire, directs the Company to pay dividend through his/her/its Bank Account.

In pursuance of the directions given by the Securities & Exchange Commission of Pakistan vide Circular Number 19 of 2012 & Reference No. SMD/CJW/Misc/19/2009 date June 05, 2012, I/we \_\_\_\_\_ request being the registered shareholder of \_\_\_\_\_ having Folio No. \_\_\_\_\_ hereby gives the opportunity to authorize the Company to directly credit in your bank account cash dividend, if any, declared by the Company in future.

[PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS].

Do you wish the cash dividend declared by the Company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick " ✓ " any of the following boxes:

YES

NO

If yes then please provide the following information:

Transferee Detail	
Title of Bank Account	
Bank Account Number	
Bank Name	
Branch Name And Address	
Computerized National Identity Card [CNIC]	
Cell Number of Transferee	
Landline Number of Transferee, if any	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

\_\_\_\_\_  
**Signature of the Member/Shareholder**

**Note:** Physical certificate holders are requested to please submit the Dividend Mandate Form duly completed to the Share Registrar. In case of CDC account holder, please submit this Mandate Form to the concerned Participant/Broker.

## INTIMATION FOR THE COPY OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC)

Dear Shareholder (s)

**Re: Copy of Computerized National Identity Card [CNIC]**

Dear Shareholder(s),

As per direction of the Securities & Exchange Commission of Pakistan vide SRO 779(1)/2011 dated August 18, 2011, the dividend warrants to be issued by the companies should bear the CNIC number of the registered member(s) or their authorized representative(s) and dividend warrants cannot be issued without inserting the CNIC number of the member(s) or its authorized representative(s).

You are, therefore, requested to please provide us a copy of your CNIC without any further delay failing which your future dividend warrant(s) will be withheld in compliance of the aforesaid direction of the SECP at our following address:

**Head of Shares Department**

Hassan Farooq Associates (Private) Limited

Share Registrar: Pak Datacom Limited

7/3 - G, Mushtaq Ahmed Gurmani Road, Gulberg - II

Lahore. Pakistan.

Ph: 042-35761661-62

Kindly mention your folio number alongwith name of Company, on the copy of CNIC for identification purposes and also mention your contact number.



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

Tel: (051) 2872691 - 2823677, Fax: (051) 2823270