



Pak Datacom

Pak Datacom Limited

Half Yearly Report
July 2014 to December 2014
(Un-Audited)

COMPANY PROFILE

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

1. Raja Waheed Zaman Chairman
2. Amjad Hussain Qureshi
3. Engr. Shahzad Sami Qureshi

HUMAN RESOURCE & REMUNERATION COMMITTEE

1. Engr. Shahzad Sami Qureshi Chairman
2. Mohammad Arshad Khan Kayani
3. Amjad Hussain Qureshi

CFO/ COMPANY SECRETARY

Syed Sajjad Hasan Jafri

REGISTERED OFFICE

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

HEAD OFFICE

3rd Floor, Umar Plaza, Blue Area, Islamabad. Tel: (051) 2344123, 2344125, Fax: (051) 2344111

SHARES DEPARTMENT

Hassan Farooq Associates (Pvt.) Limited, HF House, 7/3-G Mushtaq Ahmed Gormani Road, Gulberg-II, Lahore.
Tel: (042) 35761661-2, Fax: (042) 35755215

AUDITORS

HLB Ijaz Tabussum & Co., Chartered Accountants, 303, Sawan Road, G-10/1, Islamabad

LEGAL ADVISOR

KAZMIZ Associate & Corporate Consultants, House # 12, Street # 48, F-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 2014 to 31st December 2014.

The profitability of the company remained steady as compared to last year's corresponding period. PDL earned total revenue of Rs. 341.913 million during first six months of current financial year while it has posted pre-tax profit of Rs. 75.174 million.

PDL management is striving hard to achieve business targets through strategic measures to increase the operational performance and exploring new avenues by deploying cost effective, Data Communication gadgets and effective measures to reduce the operational services cost. We are exploring new technology ventures, strengthening and expanding our existing customer base in Pakistan and potential business opportunities in international markets. Further we are also participating in joint ventures for laying optical fiber in major cities of Pakistan in collaboration with public and private sectors. The management expects that this policy will continue in order to seek new revenue streams for enhancing the profitability of the Company. These actions will bring better results during the succeeding period and the financial targets would be achieved with dedication of the management and employees.

The management is committed to attain high value for its shareholders and sincerely thank them, our regulators, stock exchanges and customers for their trust and committed support for the progress and prosperity of the Company.

For and on behalf of the Board

**Islamabad
February 25, 2015**

**Muhammad Arshad Khan Kayani
Chief Executive**

AUDITORS' REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pak Datacom Limited ("the Company") as at December 31, 2104 and the related condensed profit and loss account, Condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (herein-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for 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 Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent 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 of and for the six months period ended December 3, 2014 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Islamabad
February 25, 2015

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

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital-100,000,000 ordinary shares (June 2014: 100,000,000) of rupees 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital Reserves	4	98,010,000 710,521,786 808,531,786	98,010,000 700,276,769 798,286,769
NON-CURRENT LIABILITIES			
Deferred taxation		-	2,291,509
Employees' retirement and other service benefits- leave encashment		34,976,036 34,976,036	32,220,966 34,512,475
CURRENT LIABILITIES			
Customers' deposits		108,181,683	103,622,326
Trade and other payables		77,942,636	125,812,835
Provision for taxation		28,762,695	57,638,970
		214,887,014	287,074,131
		<u>1,058,394,836</u>	<u>1,119,873,375</u>
CONTINGENCIES AND COMMITMENTS	5		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	255,902,234	269,065,862
Intangible assets	7	6,938,750	7,152,250
		262,840,984	276,218,112
Deferred taxation		1,659,498	-
CURRENT ASSETS			
Trade debts		128,284,631	94,165,212
Advances		170,720,017	246,776,927
Trade deposits and short term prepayments		86,846,798	65,586,683
Other receivables		6,437,321	6,491,821
Interest accrued		4,138,319	4,176,985
Advance tax		39,851,449	64,312,048
Short term investments		290,456,000	295,875,000
Cash and bank balances		67,159,819	66,270,587
		793,894,354	843,655,263
		<u>1,058,394,836</u>	<u>1,119,873,375</u>

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

Taimur Faiz Cheema
Director

Muhammad Arshad Khan Kayani
Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	Note	For the Quarter Ended		For the Half Year Ended	
		December, 31 2014	December, 31 2013	December 31, 2014	December 31, 2013
		Rupees	Rupees	Rupees	Rupees
Revenue	8	174,013,728	186,413,871	341,913,157	366,365,990
Cost of services	9	(111,414,274)	(143,130,041)	(223,287,977)	(284,288,656)
Gross profit		62,599,454	43,283,830	118,625,180	82,077,334
Administrative expenses	10	(26,281,223)	(20,590,326)	(49,708,957)	(39,468,548)
Marketing expenses	11	(6,656,464)	(4,072,646)	(11,718,833)	(7,860,402)
		(32,937,687)	(24,662,972)	(61,427,790)	(47,328,950)
Operating profit		29,661,767	18,620,858	57,197,390	34,748,384
Other operating income		8,123,216	17,235,236	18,872,987	44,882,876
		37,784,983	35,856,094	76,070,377	79,631,260
Finance cost		(740,285)	(1,173,245)	(895,926)	(1,353,149)
Profit before taxation		37,044,698	34,682,849	75,174,451	78,278,111
Provision for taxation		(12,761,318)	(11,594,574)	(25,725,434)	(26,158,235)
Profit after taxation		24,283,380	23,088,275	49,449,017	52,119,876
Earning per share	12	2.48	2.36	5.05	5.32

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

Taimur Faiz Cheema
Director

Muhammad Arshad Khan Kayani
Chief Executive

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

	For the Quarter Ended		For the Half Year Ended	
	December, 31 2014 Rupees	December, 31 2013 Rupees	December 31, 2014 Rupees	December 31, 2013 Rupees
Profit after taxation	24,283,380	23,088,275	49,449,017	52,119,876
Other comprehensive income/ (loss)				
Re-measurement of staff gratuity fund	-	-	-	-
Total comprehensive income	24,283,380	23,088,275	49,449,017	52,119,876

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

Taimur Faiz Cheema
Director

Muhammad Arshad Khan Kayani
Chief Executive

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	December 31, 2014 Rupees	December 31, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	75,174,451	78,278,111
Adjustments for non-cash and other items:		
Depreciation	20,668,882	24,736,488
Amortisation-intangible assets	213,500	530,486
(Gain)/ loss on disposal of property, plant and equipment	(212,081)	(3,537,530)
Finance cost	895,926	1,353,149
Exchange gain	(2,088,689)	(23,183,564)
Return on bank deposits/ short term investments	(7,305,076)	(6,582,292)
Provision for gratuity	7,000,000	6,000,000
Provision for earned leave encashment	3,000,000	2,000,000
	22,172,462	1,316,737
Operating profit before working capital changes	97,346,913	79,594,848
Movement in working capital:		
<u>(Increase)/decrease in current assets:</u>		
Trade debts - unsecured	(34,119,419)	(30,744,763)
Advances	76,056,910	(149,940,787)
Trade deposits and short term prepayments	(21,260,115)	(4,315,317)
Other receivables	54,500	(8,485,239)
<u>Increase/(decrease) in current liabilities:</u>		
Customers deposits	4,559,357	3,406,682
Trade and other payables	(33,555,235)	77,587,147
	(8,264,002)	(112,492,277)
Cash generated from operations	89,082,911	(32,897,429)
Taxes paid	(34,092,117)	(54,862,858)
Gratuity paid/adjusted	(22,000,000)	(8,329,657)
Earned leave paid/ adjusted	(244,930)	-
Return on bank deposits/ short term investments	7,343,742	6,847,900
Finance cost	(895,926)	(1,353,149)
	(49,889,231)	(57,697,764)
Net cash flows from operating activities	39,193,680	(90,595,193)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,768,173)	(9,222,900)
Proceeds on the disposal of property, plant and equipment	475,000	6,186,190
Net cash flows from investing activities	(7,293,173)	(3,036,710)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(38,518,964)	(28,676,757)
Net increase/ (decrease) in cash and cash equivalents	(6,618,457)	(122,308,660)
Cash and cash equivalents at the beginning of the year	362,145,587	495,163,665
Effect of foreign exchange rate change	2,088,689	23,183,564
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	357,615,819	396,038,569

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

Taimur Faiz Cheema
Director

Muhammad Arshad Khan Kayani
Chief Executive

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Revenue reserves			
	Share Capital Issued, subscribed and paid-up Rupees	General Reserves Rupees	Unappropriated profit Rupees	Total Rupees
Balance as at June 30, 2013				
Total comprehensive income for the period	98,010,000	431,500,000	221,534,484	751,044,484
Transfer to general reserve	-	-	52,119,876	52,119,876
<u>Transactions with owners</u>	-	50,000,000	(50,000,000)	-
Final dividend for the year ended June 30, 2013 (Rs. 3.00 per share)	-	-	(29,403,000)	(29,403,000)
Balance as at December 31, 2013	98,010,000	481,500,000	194,251,360	773,761,360
Total comprehensive income for the period	-	-	44,127,409	44,127,409
<u>Transactions with owners</u>	-	-	(19,602,000)	(19,602,000)
Interim dividend for the year ended June 30, 2014 (Rs. 2.00 per share)	-	-	218,776,769	798,286,769
Balance as at June 30, 2014	98,010,000	481,500,000	49,449,017	49,449,017
Total comprehensive income for the period	-	50,000,000	(50,000,000)	-
Transfer to general reserve	-	-	-	-
<u>Transactions with owners</u>	-	-	(39,204,000)	(39,204,000)
Final dividend for the year ended June 30, 2014 (Rs. 4.00 per share)	-	-	179,021,786	808,531,786
Balance as at December 31, 2014	98,010,000	531,500,000	179,021,786	808,531,786

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

Taimur Faiz Cheema
Director

Muhammad Arshad Khan Kayani
Chief Executive

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1 LEGAL STATUS AND OPERATIONS

Pak Datacom Limited (the Company), a subsidiary of Telecom Foundation, was incorporated in Pakistan on July 13, 1992 as a private limited company under the Companies Ordinance, 1984 and was converted into a public limited company on June 26, 1994. The Company started its commercial activities on July 1, 1994. The Company is listed on all stock exchanges of Pakistan. The registered office of the Company is located at 1st Floor, TF Complex, 7 - Mauve Area, G - 9/4, Islamabad. The objective of the Company is to set up, operate and maintain a network of data communication and to serve the needs of the subscribers against approved tariff charges. The Company is also authorised to carry out any business relating to communication and information technology whether manufacturing or otherwise, that may seem to the Company capable of being conveniently carried on to enhance the value of or render profitable any of the Company's property or rights or which it may be advisable to undertake with a view to improve the profitability of the Company subject to applicable licenses from Pakistan Telecommunication Authority.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim financial statements (unaudited) for the half year ended December 31, 2014 have been prepared in accordance with International Accounting Standard (IAS) -34, 'Interim financial reporting', directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the requirements of Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Adoption of new and revised standards, interpretations and amendments

"The new standards and amendments to the approved accounting standards and interpretations that are mandatory for the accounting periods beginning on or after July 01, 2014 are either considered not to be relevant or to have any insignificant impact on the company's operations and therefore, are not detailed in these condensed interim financial statements."

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention except for recognition of certain employees retirement and other service benefits which are measured at present value.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of measurements

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements for the year ended June 30, 2014.

3.2 Functional and presentation currency

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

3.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments estimates and assumptions that effect the

application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to useful life of depreciable assets, provisions for doubtful debts and provision for income tax and deferred tax. The determination of provision for employee retirement benefits that are defined benefit plans require actuarial valuation. The Company employs the services of professional actuaries to make such estimates and assumptions using actuarial techniques.

	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
5,400,000 (June 2014: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash	54,000,000	54,000,000
4,401,000 (June 2014: 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, 5,398,353 (June 2014: 5,398,353) ordinary shares are held by Telecom Foundation, Pakistan.

5 CONTINGENCIES AND COMMITMENTS

- 5.1 Guarantees and letter of credits issued by the bank on behalf of the Company amounted to Rs. 249.80 million (June 2014: Rs. 274.33 million).
- 5.2 The Company had entered into an agreement with a reseller of satellite bandwidth in Pakistan for provisioning of satellite segment. Due to certain technical issues, the bandwidth was never operational or utilised. Management after appropriate measures for the recovery of advance payments of US\$ 0.64 million; equivalent to Rs. 63.53 million (June 2014: US\$ 0.64 million; equivalent to Rs. 62.41 million) referred the matter to the arbitration, which in its award given on May 03, 2012 imposed additional payment of US \$ 0.64 million; equivalent to Rs. 63.53 million on the Company. The Company has filed the case in Islamabad High Court against the award, outcome of which is still pending. The Company had made provision against the advance payment of US \$ 0.64 million; equivalent to Rs. 63.53 million during the year ended June 30, 2012 as a matter of abandon caution. However the Board and the management is of the opinion that the maximum loss even if the case is decided against the Company will not exceed US\$ 1.27million; equivalent to Rs. 127.24 million (June 2014 : US\$ 1.27 million; equivalent to Rs. 124.83 million). The reseller had also filed a counter claim in the Civil Court, Islamabad for recovery of the Arbitration Award, which has been adjourned sine-die since the matter is already in the Honorable Islamabad High Court.
- 5.3 Tax appeal for the recovery of Rs. 0.28 million (June 2014: 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 Customs at the time of import. In another case, the company has not withheld tax on dividend amounting to Rs. 0.90 million (June 2014: Rs. 0.90 million) due to exemption available under clause 47B of the second schedule of Income Tax Ordinance 2001. The CIT (Appeals) in the appeal has withheld the decision of tax levied by the tax authority and appeal is now pending with the Income Tax Appellate Tribunal, Islamabad. The cases are expected to be decided in favour of the Company.
- 5.4 Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 65.00 million (June 2014: Rs. 48.28 million).

	Note	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Net book Value - Pakistan	6.1	255,374,948	268,477,382
Net book Value - UAE	6.2	527,286	588,480
		<u>255,902,234</u>	<u>269,065,862</u>
6.1 Property, plant and equipment - Pakistan			
Cost			
Opening balance		850,969,693	850,110,130
Additions during the period		7,768,173	11,008,960
Deletion/disposals during the period		(642,139)	(10,149,397)
Closing balance		858,095,727	850,969,693
Accumulated depreciation			
Opening balance		582,492,311	540,297,401
Additions during the period		20,607,688	49,652,830
Deletion/disposals during the period		(379,220)	(7,457,920)
Closing balance		602,720,779	582,492,311
Net book value		<u>255,374,948</u>	<u>268,477,382</u>
6.2 Property, plant and equipment - UAE			
Cost			
Opening balance		770,181	770,181
Additions during the period		-	-
Deletion/disposals during the period		-	-
Closing balance		770,181	770,181
Accumulated depreciation			
Opening balance		181,701	26,761
Additions during the period		61,194	154,940
Deletion/disposals during the period		-	-
Closing balance		242,895	181,701
Net book value		<u>527,286</u>	<u>588,480</u>
		<u>255,902,234</u>	<u>269,065,862</u>

Ist charge of Rs. 140.00 million (June 2014: Rs. 140.00 million) on fixed assets, present and future current assets of the Company of Rs. 400.00 million (June 2014: Rs. 400.00 million) with lien on import documents and US\$ 1.50 million; equivalent to Rs. 150.29 million (June 2014: US\$ 1.50 million; equivalent to Rs. 247.00 million) in shape of F.C-FDR (proportionately adjustable on receipt of shipping documents under letter of credit) has been created in favour of Soneri Bank Limited for an unfunded facility of Rs. 249.80 million (June 2014: Rs. 281.05 million).

		Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
7 INTANGIBLE ASSETS			
Cost			
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
Accumulated amortisation			
Opening balance		4,591,756	3,831,107
Additions during the period		213,500	760,649
Deletion/disposals during the period		-	-
Closing balance		4,805,256	4,591,756
Net book value		<u>6,938,750</u>	<u>7,152,250</u>

	Un-audited		Un-audited	
	For the Quarter ended		For the Half Year ended	
	December 31, 2014 Rupees	December 31, 2013 Rupees	December 31, 2014 Rupees	December 31, 2013 Rupees
8 REVENUE				
CVAS Data License	173,773,728	185,693,871	340,953,157	363,813,590
Telecom Infrastructure Provider License	240,000	720,000	960,000	2,552,400
	<u>174,013,728</u>	<u>186,413,871</u>	<u>341,913,157</u>	<u>366,365,990</u>
9 COST OF SERVICES				
Channel and local lead rentals	22,358,211	47,507,035	51,583,152	99,330,354
Space segment rentals	29,228,914	39,180,845	58,160,035	76,373,471
Salaries and other benefits	36,890,340	31,780,445	67,869,894	60,414,402
Repair and maintenance expenses	3,733,748	3,406,002	7,870,550	6,329,608
License fee	874,870	946,469	1,928,768	1,882,878
Depreciation	10,455,499	12,455,135	20,668,882	24,736,488
Amortisation	106,750	156,733	213,500	530,486
Travelling and local conveyance	1,415,917	812,414	1,812,352	1,580,668
Telephone expenses	231,533	235,009	587,087	511,581
Vehicle running expenses	3,249,135	3,594,537	6,943,572	7,413,979
Insurance	507,478	544,089	634,176	696,121
Entertainment	245,979	373,914	430,435	565,278
Rent, rates and taxes	793,001	673,505	1,549,492	1,371,269
Utilities	795,516	1,009,115	1,985,916	1,688,135
Operating lease rentals	527,383	454,794	1,050,166	863,938
	<u>111,414,274</u>	<u>143,130,041</u>	<u>223,287,977</u>	<u>284,288,656</u>
10 ADMINISTRATIVE EXPENSES				
Salaries and other benefits	16,827,109	11,014,776	33,121,769	23,709,756
Travelling and local conveyance	347,218	284,760	423,190	418,741
Telephone expenses	425,997	404,201	778,770	678,610
Vehicle running expenses	1,578,788	1,744,045	3,297,941	3,521,367
Insurance	60,154	59,882	120,258	132,004
Entertainment	342,072	554,982	725,610	952,881
Rent, rates and taxes	1,390,936	1,182,011	2,699,837	2,389,300
Legal and professional charges	1,488,738	1,871,765	2,920,539	2,735,741
Printing and stationery	612,759	379,194	837,724	661,634
Utilities	308,748	478,717	1,082,111	919,853
Welfare expenses	2,000,000	1,500,000	2,000,000	1,500,000
Auditors' remuneration	210,000	360,500	325,000	360,500
Operating lease rentals	688,704	755,493	1,376,208	1,488,161
	<u>26,281,223</u>	<u>20,590,326</u>	<u>49,708,957</u>	<u>39,468,548</u>
11 MARKETING EXPENSES				
Advertisement and marketing expenses	2,155,799	397,868	2,309,274	536,088
Salaries and other benefits	3,941,486	3,004,107	8,124,163	5,990,753
Travelling and local conveyance	40,790	118,941	139,642	160,134
Telephone expenses	53,281	54,661	141,303	123,130
Vehicle running expenses	270,672	300,813	618,750	660,669
Insurance	10,253	10,206	20,506	22,509
Entertainment	4,591	6,458	6,011	7,935
Operating lease rentals	179,592	179,592	359,184	359,184
	<u>6,656,464</u>	<u>4,072,646</u>	<u>11,718,833</u>	<u>7,860,402</u>
12 EARNING PER SHARE (BASIC AND DILUTED)				
Profit after taxation	24,283,380	23,088,275	49,449,017	52,119,876
Basic and diluted earnings per share (Pak Rs./share)	<u>2.48</u>	<u>2.36</u>	<u>5.05</u>	<u>5.32</u>

Weighted average number of ordinary shares as at December 31, 2014 are 9,801,000 (December 2013: 9,801,000) and there are no dilutive ordinary shares till December 31, 2014 (December 2013: Nil).

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of holding and associated companies, companies with common directorship, directors, key management staff and employees retirement and other service benefits;

- 13.1 There were no transaction with the holding company (Telecom Foundation) during the period other than those disclosed in these financial statements.
- 13.2 The Company has no subsidiary company and there are no transactions with companies with common directorship other than those disclosed in these financial statements.
- 13.3 Salaries and other benefits under note numbers 9, 10, and 11 include remuneration to Directors, Chief Executive and Executives amounting to Rs. 30.15 million (December 2013: Rs. 22.06 million). Advances include advance against salaries to executives amounting to Rs. 0.27 million (June 2014: Rs. 0.39 million). The Chief Executive and Executives of the Company are also provided Company maintained vehicles for official purpose only. There are no transactions with the key management personnel other than those disclosed in these financial statements as per their terms of employment.
- 13.4 Salaries and other benefits under note numbers 9, 10, and 11 include employees retirement benefits of Rs. 10.00 million (December 2013: Rs. 8.00 million)

14 OPERATING SEGMENTS

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

Out of total revenue, 99.72 % (December 2013: 99.00 %) is generated from CVAS Data License and 0.28 % (December 2013: Rs. 1.00 %) from Telecom Infrastructure Provider license.

Revenue from major customers of the Company amounts to Rs.203.00 million (December 2013: Rs. 300.57 million) representing 59.37% (December 2013: 82.79 %) of the total revenue.

Out of total non-current assets of the company, 99.79 % (June 2014: 99.78 %) assets are located in Pakistan.

15 MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

The Board of Directors in its meeting held on February 25, 2015 approved interim cash dividend of Rs. 2.00 per share (December 2013: Rs. 2.00 per share) amounting to Rs. 19.602 million (December 2013: Rs.19.602 million). The financial statements for the half year ended December 31, 2014 do not include the effect of aforementioned movement between reserves and proposed dividend.

16 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary, for better presentation and disclosure as detailed below;

Reclassification From	Reclassification To	December 31, 2013 Rupees
Cost of services-Equipment maintenance cost	Cost of services-Repair and maintenance expenses	2,604,976
Administrative expenses- Telephone expenses	Cost of services- Telephone expenses	511,581
Administrative expenses- Telephone expenses	Marketing expenses- Telephone expenses	123,130
Administrative expenses- Vehicle running expense	Cost of services- Vehicle running expenses	7,413,979
Administrative expenses- Insurance	Cost of services- Insurance	696,121
Administrative expenses- Insurance	Marketing expenses- Insurance	22,509
Administrative expenses- Entertainment	Cost of services- Entertainment	565,278
Administrative expenses- Entertainment	Marketing expenses- Entertainment	7,935
Administrative expenses- Rent, rates and taxes	Cost of services- Rent, rates and taxes	1,371,269
Administrative expenses- Utilities	Cost of services- Utilities	1,688,135

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on February 25, 2015.

18 GENERAL

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

Taimur Faiz Cheema
Director

Muhammad Arshad Khan Kayani
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, direct 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 that 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.

**ITIMATION FOR THE COPY OF COMPUTERISED 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.

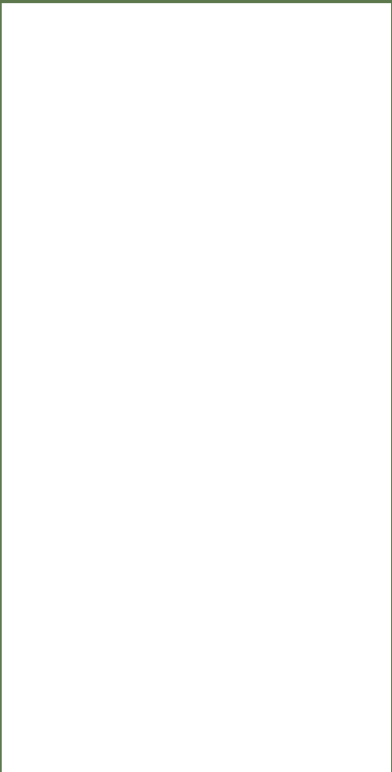
Ph: 042-35761661-62

Kindly mention your folio number along with name of company, on the copy of CNIC for identification purposes and also mention your contact number.



Pak Datacom

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