

Pak Datacom Limited



Pak Datacom

COMPANY PROFILE

BOARD OF DIRECTORS

- | | | |
|----|---------------------|-----------------|
| 1. | Farooq Ahmed Awan | Chairman |
| 2. | Salman Elahi Malik | Chief Executive |
| 3. | Iftikhar Ahmed Raja | |
| 4. | Muhammad Arif | |
| 5. | Syed Gauhar Ali | |
| 6. | Qaiser Sohail | |
| 7. | Nessar Ahmed | |
| 8. | Muhammad Yaqoob | |

CFO / COMPANY SECRETARY

Syed Sajjad Hasan Jafri

AUDIT COMMITTEE

1. Iftikhar Ahmed Raja
2. Muhammad Arif
3. Nessar Ahmed

REGISTERED OFFICE

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

HEAD OFFICE

3rd Floor, Umar Plaza, Blue Area, Islamabad
Tel # (051) 2872691, 2823677, 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,
Ground Floor, State Life Building No. 7,
Jinnah Avenue, Blue Area, Islamabad

DIRECTORS' REPORT

The Board of Directors' of Pak Datacom Limited (PDL) is pleased to present the 3rd. quarter report along with nine months financials ended March 31, 2012.

In the first nine months of the year, despite the market challenges, PDL net pretax profit increased to PKR 107.080 million, while total revenue was PKR 574.124 million.

PDL management is striving to achieve the performance targets. Strategic measures to rationalize terrestrial & satellite bandwidth cost and reduction in operational expense have resulted in increased revenue and profit for the third quarter as compared to corresponding quarter last year.

The management also takes pride in winning the prestigious Management Association of Pakistan (MAP) 28th Corporate Excellence Award for demonstrating progressive and enlightened management practices. PDL was the only company in the ICT sector to win this award. We have also been honored with the Brands of the Year Award for the second consecutive year.

The management aims to maintain the growth and remains passionate to achieve high value for its share holders in future.

For and on behalf of the Board

**Islamabad
April 26, 2012**

**Salman Elahi Malik
Chief Executive**

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2012

	Note	Un-audited March 31, 2012 Rupees	Audited June 30, 2011 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital - 10,000,000 ordinary shares (June 2011: 10,000,000) of Rupees 10 each		100,000,000	100,000,000
Issued, subscribed and paid up capital	4	78,408,000	78,408,000
Reserves		629,275,386	575,776,089
		707,683,386	654,184,089
NON-CURRENT LIABILITIES			
Deferred liabilities		74,281,713	69,801,463
CURRENT LIABILITIES			
Customers' deposits		99,889,894	91,292,964
Due to associated companies		649,620	650,820
Trade and other payables		153,855,945	138,905,289
Provision for taxation		39,565,256	15,711,414
		293,960,715	246,560,487
		1,075,925,814	970,546,039
CONTINGENCIES AND COMMITMENTS			
	5		
ASSETS			
NON-CURRENT ASSETS			
Property plant and equipment	6	369,047,815	370,157,970
Intangible assets	7	1,668,649	2,469,649
		370,716,464	372,627,619
CURRENT ASSETS			
Trade debts - unsecured		104,952,828	98,287,860
Advances		40,217,082	12,798,778
Trade deposits and short term prepayments		117,787,224	127,198,200
Other receivables		702,101	20,678,361
Interest accrued		557,944	1,696,623
Advance tax		73,429,893	59,311,541
Short term investments		149,678,000	203,680,000
Cash and bank balances		217,884,278	74,267,057
		705,209,350	597,918,420
		1,075,925,814	970,546,039

The annexed notes 1 to 16 form an integral part of these financial statements.

IFTIKHAR AHMED RAJA
DIRECTOR

SALMAN ELAHI MALIK
CHIEF EXECUTIVE

**CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR NINE MONTHS ENDED MARCH 31, 2012**

	Note	For the quarter ended		For nine months ended	
		March 31, 2012 Rupees	March 31, 2011 Rupees	March 31, 2012 Rupees	March 31, 2011 Rupees
Revenue	8	194,234,920	101,933,863	574,123,988	491,591,621
Cost of services	9	(138,094,449)	(133,398,965)	(425,593,679)	(436,243,329)
Gross profit		56,140,471	(31,465,102)	148,530,309	55,348,292
Administrative expenses	10	(18,094,342)	(17,182,601)	(59,617,328)	(56,802,167)
Marketing expenses	11	(1,133,467)	(488,560)	(2,944,593)	(812,634)
		(19,227,809)	(17,671,161)	(62,561,921)	(57,614,801)
Operating profit		36,912,662	(49,136,263)	85,968,388	(2,266,509)
Other operating income		4,601,838	3,085,440	21,699,180	14,801,405
		41,514,500	(46,050,823)	107,667,568	12,534,896
Finance cost		(221,821)	(71,409)	(587,277)	(1,099,666)
Profit before taxation		41,292,679	(46,122,232)	107,080,291	11,435,230
Provision for taxation		(14,451,242)	16,142,781	(37,899,394)	(5,308,908)
Profit after taxation		26,841,437	(29,979,451)	69,180,897	6,126,322
Other comprehensive income		-	-	-	-
Net profit for the period		26,841,437	(29,979,451)	69,180,897	6,126,322
Earning per share	12	3.42	(3.82)	8.82	0.78

The annexed notes 1 to 16 form an integral part of these financial statements.

IFTIKHAR AHMED RAJA
DIRECTOR

SALMAN ELAHI MALIK
CHIEF EXECUTIVE

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR NINE MONTHS ENDED MARCH 31, 2012**

	March 31, 2012 Rupees	March 31, 2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	107,080,291	11,435,230
Adjustment for non-cash and other items:		
Depreciation	46,673,190	51,716,636
Amortisation	801,000	449,687
Amortisation of joint venture assets	828,337	-
(Gain)/ loss on disposal of property, plant and equipment	(277,724)	(1,093,905)
Net book value of assets charged to consumption	-	650,286
Finance cost	587,277	1,099,666
Exchange gain	(12,110,110)	1,473,038
Return/ Interest on bank deposits	(8,755,032)	(10,273,865)
Provision for gratuity	9,000,000	7,000,000
Provision for earned leave encashment	7,500,000	4,500,000
	<u>44,246,938</u>	<u>55,521,543</u>
Operating profit before working capital changes	151,327,229	66,956,773
(Increase)/decrease in current assets		
Trade debts - unsecured	(6,664,968)	(18,602,972)
Advances	(27,418,304)	(5,065,119)
Trade deposits and short term prepayments	2,115,004	38,514,889
Other receivables	19,976,260	(16,954,460)
	<u>(11,992,008)</u>	<u>(2,107,662)</u>
Increase/(decrease) in current liabilities		
Customers' deposits	8,596,931	2,942,454
Due to associated companies	(1,200)	(475,842)
Trade and other payables	14,866,024	3,740,909
	<u>23,461,755</u>	<u>6,207,521</u>
Cash generated from operations	162,796,976	71,056,632
Taxes paid	(30,252,255)	(47,491,357)
Gratuity paid/adjusted	(1,704,028)	-
Earned leave paid/ adjusted	(931,400)	(335,696)
Return / Interest on bank deposits	9,893,710	6,560,248
Finance cost	(587,277)	(1,099,666)
	<u>(23,581,250)</u>	<u>(42,366,471)</u>
Net cash flows from operating activities	139,215,726	28,690,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(46,709,785)	(36,120,212)
Intangible assets	-	(3,204,006)
Proceeds on the disposal of property, plant and equipment	596,137	1,973,026
Net cash flows in investing activities	(46,113,648)	(37,351,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(15,596,967)	(38,718,419)
Net (decrease)/increase in cash and cash equivalents	77,505,111	(47,379,450)
Cash and cash equivalents at the beginning of the period	277,947,057	359,136,023
Effect of foreign exchange rate change	12,110,110	(1,473,038)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>367,562,278</u>	<u>310,283,535</u>

The annexed notes 1 to 16 form an integral part of these financial statements.

IFTIKHAR AHMED RAJA
DIRECTOR

SALMAN ELAHI MALIK
CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR NINE MONTHS ENDED MARCH 31, 2012

	Share Capital Issued, subscribed and paid-up Rupees	Capital Reserves Share premium Rupees	Revenue Reserves		Total Rupees
			General reserves Rupees	Unappropriated profit Rupees	
Balance as at March 31, 2010	78,408,000	12,042,000	331,500,000	230,922,483	652,872,483
Transfer to General reserves	-	-	-	-	-
Transactions with owners					
Net profit for the period	-	-	-	34,768,460	34,768,460
Balance as at June 30, 2010	78,408,000	12,042,000	331,500,000	265,690,943	687,640,943
Transfer to General reserves	-	-	50,000,000	(50,000,000)	-
Transactions with owners					
Final dividend for the year ended June 30, 2010	-	-	-	(39,204,000)	(39,204,000)
Interim dividend for the year ended June 30, 2011	-	-	-	(11,761,200)	(11,761,200)
Net profit for the period	-	-	-	6,126,322	6,126,322
Balance as at March 31, 2011	78,408,000	12,042,000	381,500,000	170,852,065	642,802,065
Transfer to General reserves	-	-	-	-	-
Transactions with owners	-	-	-	-	-
Net profit for the period	-	-	-	11,382,024	11,382,024
Balance as at June 30, 2011	78,408,000	12,042,000	381,500,000	182,234,089	654,184,089
Transfer to General reserves	-	-	-	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2011	-	-	-	(7,840,800)	(7,840,800)
Interim dividend for the period June 30, 2012	-	-	-	(7,840,800)	(7,840,800)
Net profit for the period	-	-	-	69,180,897	69,180,897
Balance as at March 31, 2012	78,408,000	12,042,000	381,500,000	235,733,386	707,683,386

The annexed notes 1 to 16 form an integral part of these financial statements.

IFTIKHAR AHMED RAJA
DIRECTOR

SALMAN ELAHI MALIK
CHIEF EXECUTIVE

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR NINE MONTHS ENDED MARCH 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 a license from Pakistan Telecommunication Authority.

2 STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements of the Company for the nine months ended March 31, 2012 have been prepared in accordance with International Accounting Standard (IAS-34) Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2** These interim financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. These interim financial statements are presented in accordance with the requirement of International Accounting Standard 34 "Interim Financial Reporting".

3 ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements for the year June 30, 2011. These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with annual financial statements for the year ended June 30, 2011.
- 3.2** The Company has contractual arrangement with an overseas venturer to engage in joint venture activities in UAE. The financial statements of the Company include its share of assets, liabilities, income and expenses in joint venture to the extent of Company's interest in joint venture operations. The Company's share of assets, liabilities, income and expenses in joint venture operation is recognised on the basis of cost statements received from the joint venture for the related period up to the balance sheet date.
- 3.3** There are certain new standards, amendments and interpretations of approved accounting standards that became effective during the period. However these do not have any significant impact on these financial statements.

	March 31, 2012 Rupees	June 30, 2011 Rupees
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
5,400,000 (June 2011: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash	54,000,000	54,000,000
2,440,800 (June 2011: 2,440,800) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	24,408,000	24,408,000
	<u>78,408,000</u>	<u>78,408,000</u>

Out of total issued share capital, 4,318,683 (June 2011: 4,318,683) 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.94.397 million (June 2011: Rs. 98.309 million) including SBLC of US \$ 0.917 million (June 2011: 1.000 million) issued in favour of a satellite operator against a future prospective business.
- 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 has commenced appropriate measures for the recovery of security deposit and advance rent of US\$ 0.635 million; equivalent to Rs. 57.558 million (June 2011: US\$ 0.635 million; equivalent to Rs. 54.642 million).
- 5.3 Capital commitments in respect of purchase of equipment outstanding amounted to Rs. 1.126 million (June 2011: Rs 0.497 million).

	Note	March 31, 2012 Rupees	June 30, 2011 Rupees
6 PROPERTY, PLANT AND EQUIPMENT			
Net book value - Pakistan	6.1	367,312,179	370,157,970
Net book value - Joint venture	6.2	1,735,636	-
		<u>369,047,815</u>	<u>370,157,970</u>

6.1 PROPERTY, PLANT AND EQUIPMENT - PAKISTAN

Cost

Opening balance	794,302,450	753,864,750
Additions/ acquisitions during the period	44,145,812	44,736,401
Deletions/disposals during the period	(1,093,500)	(4,298,701)
Closing balance	<u>837,354,762</u>	<u>794,302,450</u>

	March 31, 2012 Rupees	June 30, 2011 Rupees
<u>Accumulated depreciation</u>		
Opening balance	424,144,480	356,668,399
Additions/ acquisitions during the period	46,673,190	70,000,617
Deletions/disposals during the period	(775,087)	(2,524,536)
Closing balance	470,042,583	424,144,480
Net book value	<u>367,312,179</u>	<u>370,157,970</u>
6.2 PROPERTY, PLANT AND EQUIPMENT - JOINT VENTURE		
<u>Cost</u>		
Opening balance	-	-
Additions during the period	2,563,973	-
Deletions/disposals during the period	-	-
Closing balance	2,563,973	-
<u>Accumulated amortisation</u>		
Opening balance	-	-
Additions during the period	828,337	-
Deletions/disposals during the period	-	-
Closing balance	828,337	-
Net book value	<u>1,735,636</u>	<u>-</u>
7 INTANGIBLE ASSETS		
Computer softwares		
<u>Cost</u>		
Opening balance	3,204,006	-
Additions during the period	-	3,204,006
Deletions/disposals during the period	-	-
Closing balance	3,204,006	3,204,006
<u>Accumulated amortisation</u>		
Opening balance	734,357	-
Additions during the period	801,000	734,357
Deletions/disposals during the period	-	-
Closing balance	1,535,357	734,357
Net book value	<u>1,668,649</u>	<u>2,469,649</u>

	For the quarter ended		For nine months ended	
	March 31, 2012 Rupees	March 31, 2011 Rupees	March 31, 2012 Rupees	March 31, 2011 Rupees
8 REVENUE				
Revenue from operations	184,121,724	101,933,863	543,882,798	491,591,621
Revenue - Joint venture - PDL share	10,113,196	-	30,241,190	-
	<u>194,234,920</u>	<u>101,933,863</u>	<u>574,123,988</u>	<u>491,591,621</u>

	For the quarter ended		For nine months ended	
	March 31,	March 31,	March 31,	March 31,
	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees
9 COST OF SERVICES				
Channel and local lead rentals	44,507,524	41,843,097	163,817,713	142,362,256
Space segment rentals	36,694,367	32,614,844	79,926,644	130,351,616
Equipment maintenance cost	3,448,529	2,271,550	8,144,085	7,640,644
Repair and maintenance expenses	1,431,251	1,775,769	4,536,300	5,992,201
License fee	920,608	9,049,669	2,719,414	9,547,022
Salaries and other benefits	27,493,076	27,852,640	98,776,878	88,183,267
Depreciation	16,082,735	17,758,726	46,673,190	51,716,636
Amortisation	266,998	232,670	801,000	449,687
Expenses - Joint venture - PDL share	7,249,361	-	20,198,455	-
	<u>138,094,449</u>	<u>133,398,965</u>	<u>425,593,679</u>	<u>436,243,329</u>
10 ADMINISTRATIVE EXPENSES				
Salaries and other benefits	6,873,269	6,963,160	24,694,219	22,045,817
Traveling and local conveyance	1,937,540	840,551	3,803,622	2,531,308
Telephone expenses	907,509	837,713	2,456,874	2,918,458
Vehicle running expenses	4,106,397	3,583,587	11,948,497	12,023,641
Insurance	175,230	256,261	889,053	1,189,055
Entertainment	617,595	341,498	1,336,290	998,948
Rent, rates and taxes	1,609,943	1,693,481	4,792,214	5,241,531
Legal and professional charges	727,731	289,931	1,700,269	2,162,436
Printing and stationery	405,552	536,905	1,580,682	1,453,300
Utilities	733,576	714,514	3,310,608	2,757,673
Welfare expenses	-	1,125,000	3,000,000	3,375,000
Auditors remuneration	-	-	105,000	105,000
	<u>18,094,342</u>	<u>17,182,601</u>	<u>59,617,328</u>	<u>56,802,167</u>
11 MARKETING EXPENSES				
Advertisement & marketing expenses	1,133,467	488,560	2,944,593	812,634
	<u>1,133,467</u>	<u>488,560</u>	<u>2,944,593</u>	<u>812,634</u>
12 EARNINGS PER SHARE (BASIC AND DILUTED)				
	For the quarter ended		For nine months ended	
	March 31,	March 31,	March 31,	March 31,
	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	<u>26,841,437</u>	<u>(29,979,451)</u>	<u>69,180,897</u>	<u>6,126,322</u>
	(Number of shares)			
Weighted average number of ordinary shares	<u>7,840,800</u>	<u>7,840,800</u>	<u>7,840,800</u>	<u>7,840,800</u>
	(Rupees)			
Basic and diluted earnings per share	<u>3.42</u>	<u>(3.82)</u>	<u>8.82</u>	<u>0.78</u>

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

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on April 26, 2012.

14 MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

The Board of Directors in its meeting held on April 26, 2012 approved bonus shares @ 25% i.e. 25 shares for every 100 shares held. The financial statements for nine months ended March 31, 2012 do not include the effect of aforementioned movement.

15 CORRESPONDING FIGURES

Figures have been re-classified and re-arranged in respect of previous period from "Trade deposits and prepayments" to "Advances" of Rs. 11.995 million for the purpose of better presentation and disclosure.

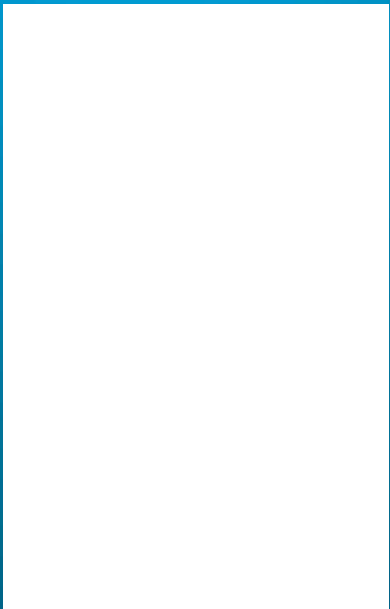
16 GENERAL

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

IFTIKHAR AHMED RAJA
DIRECTOR

SALMAN ELAHI MALIK
CHIEF EXECUTIVE

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