



Pak Datacom



1st Quarter Report

July 2013 to September 2013
(Un-audited)

PAK DATACOM LIMITED

COMPANY PROFILE

BOARD OF DIRECTORS

- | | | |
|----|-----------------------------|-----------------|
| 1. | Azmat Ali Ranjha | Chairman |
| 2. | Mohammad Arshad Khan Kayani | Chief Executive |
| 3. | Mohammad Arif | |
| 4. | Iftikhar Ahmed Raja | |
| 5. | Nessar Ahmed | |
| 6. | Amjad Hussain Qureshi | |
| 7. | Mohammad Amir Malik | |
| 8. | Mohammad Yaqoob | |

CFO/ COMPANY SECRETARY

Syed Sajjad Hasan Jafri

AUDIT COMMITTEE

- | | | |
|----|-----------------------|----------|
| 1. | Nessar Ahmed | Chairman |
| 2. | Mohammad Arif | |
| 3. | Iftikhar Ahmed Raja | |
| 4. | Amjad Hussain Qureshi | |

HUMAN RESOURCE & REMUNERATION COMMITTEE

- | | | |
|----|-----------------------------|----------|
| 1. | Iftikhar Ahmed Raja | Chairman |
| 2. | Mohammad Arshad Khan Kayani | |
| 3. | Mohammad 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) 2872691, 2823677, Fax: (051) 2823270

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 # 14, Street # 48, F-8/4, Islamabad

DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) feels pleasure to present the operational results of first quarter of the financial year 2013 – 2014 i.e. from July 01, 2013 to September 30, 2013.

The profitability of the company remained steady as compared to last year's corresponding quarter. PDL earned total revenue of Rs. 179.952 million during first three months of current financial year while it has posted pre-tax profit of Rs. 43.581 million as compared to Rs. 40.650 million of the same period of last year.

PDL management is working to explore the opportunity in international market/telecom sector in order to bring growth in its revenue streams besides expansion in its network by improving the operational performance. PDL has always taken initiative in introducing latest and state of the art technologies for providing the most efficient and cost effective solutions. This policy will continue in order to seek new revenue streams and explore feasible ventures, for enhancing the profitability of the Company.

We thank our valued customers for their continued confidence in PDL to operate and maintain their data networks. We also express our thanks to shareholders for their confidence and support and the employees of the Company for their commitment to promote the business of the Company.

For and on behalf of the Board

**Islamabad
October 30, 2013**

**Mohammad Arshad Khan Kayani
Chief Executive**

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2013

	Note	Un-audited September 30, 2013 Rupees	Audited June 30, 2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital - 100,000,000 ordinary share (June 2013: 100,000,000) of Rupees 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid up capital	4	98,010,000	98,010,000
Reserves		690,618,566	661,586,965
		<u>788,628,566</u>	<u>759,596,965</u>
NON-CURRENT LIABILITIES			
Deferred taxation		6,336,308	9,055,466
Employees' retirement and other service benefits - leave encashment		30,094,995	28,594,995
		<u>36,431,303</u>	<u>37,650,461</u>
CURRENT LIABILITIES			
Customers' deposits		104,419,577	100,676,410
Trade and other payables		311,251,915	258,229,790
Provision for taxation		83,036,836	65,754,017
		<u>498,708,328</u>	<u>424,660,217</u>
		<u>1,323,768,197</u>	<u>1,221,907,643</u>
CONTINGENCIES AND COMMITMENTS	5		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	304,542,968	310,556,149
Intangible assets	7	7,539,146	7,912,899
		<u>312,082,114</u>	<u>318,469,048</u>
CURRENT ASSETS			
Trade debts		215,811,411	137,419,216
Advances		269,399,549	145,205,758
Trade deposits and short term prepayments		80,269,233	77,248,415
Other receivables		1,607,978	668,525
Interest accrued		2,656,818	3,665,589
Advance tax		57,615,781	44,067,427
Short term investments		334,300,000	435,440,000
Cash and bank balances		50,025,313	59,723,665
		<u>1,011,686,083</u>	<u>903,438,595</u>
		<u>1,323,768,197</u>	<u>1,221,907,643</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Mohammad Arshad Khan Kayani
Chief Executive

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Note	September 30, 2013 Rupees	September 30, 2012 Rupees
Revenue	8	179,952,119	192,917,240
Cost of services	9	<u>(135,342,421)</u>	<u>(132,934,491)</u>
Gross profit		44,609,698	59,982,749
Administrative expenses	10	<u>(25,136,521)</u>	<u>(21,280,264)</u>
Marketing expenses	11	<u>(3,345,651)</u>	<u>(2,750,490)</u>
		<u>(28,482,172)</u>	<u>(24,030,754)</u>
Operating profit		16,127,526	35,951,995
Other operating income		27,647,640	4,959,492
		43,775,166	40,911,487
Finance cost		<u>(179,904)</u>	<u>(261,393)</u>
Profit before taxation		43,595,262	40,650,094
Provision for taxation		<u>(14,563,661)</u>	<u>(15,725,383)</u>
Profit after taxation		29,031,601	24,924,711
Other comprehensive income		-	-
Net profit for the year		<u>29,031,601</u>	<u>24,924,711</u>
Earning per share		<u>2.96</u>	<u>2.54</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Mohammad Arshad Khan Kayani
Chief Executive

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	September 30, 2013 Rupees	September 30, 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before taxation	43,595,262	40,650,094
<u>Adjustments for non-cash and other items:</u>		
Depreciation	12,281,353	14,194,568
Depreciation - joint venture	-	213,664
Amortisation-intangible assets	373,753	373,750
(Gain)/ loss on disposal of property, plant and equipment	-	(25,360)
Provision for doubtful deposits/ prepayments	4,251,874	-
Finance cost	179,904	261,393
Exchange gain	(24,727,672)	(1,513,922)
Return on bank deposits/ short term investments	(2,784,968)	(3,420,210)
Provision for gratuity	3,000,000	2,000,000
Provision for earned leave encashment	1,500,000	2,000,000
	(5,925,756)	14,083,883
Operating profit before working capital changes	37,669,506	54,733,977
Movement in working capital		
<u>(Increase)/decrease in current assets</u>		
Trade debts - unsecured	(78,392,195)	(34,291,493)
Advances	(124,193,791)	(2,347,470)
Trade deposits and short term prepayments	(7,272,692)	(7,225,505)
Other receivables	(939,453)	610,400
<u>Increase/(decrease) in current liabilities</u>		
Customers' deposits	3,743,167	670,083
Trade and other payables	50,056,915	17,464,076
	(156,998,049)	(25,119,909)
Cash generated from operations	(119,328,543)	29,614,068
Taxes paid	(13,548,354)	(5,903,036)
Earned leave paid/ adjusted	-	(169,604)
Return on bank deposits/ short term investments	3,793,739	1,241,450
Finance cost	(179,904)	(261,393)
	(9,934,519)	(5,092,583)
	(129,263,062)	24,521,485
Net cash flows from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(6,268,172)	(4,119,604)
Proceeds on the disposal of property, plant and equipment	-	34,000
Net cash flows from investing activities	(6,268,172)	(4,085,604)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(34,790)	(38,133)
Net increase/ (decrease) in cash and cash equivalents	(135,566,024)	20,397,748
Cash and cash equivalents at the beginning of the period	495,163,665	483,022,737
Effect of foreign exchange rate change	24,727,672	1,513,922
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	384,325,313	504,934,407

The annexed notes from 1 to 15 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Mohammad Arshad Khan Kayani
Chief Executive

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

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

	Share Capital		Revenue Reserves		Total
	Issued, subscribed and paid-up Rupees	General Reserve Rupees	Unappropriated profit Rupees	Rupees	
Balance as at June 30, 2012	98,010,000	381,500,000	242,846,143	722,356,143	
Net profit for the year		24,924,711	24,924,711		
Transfer to General reserve		381,500,000	267,770,854	747,280,854	
Balance as at September 30, 2012	98,010,000	-	71,122,111	-	
Net profit for the year		-	(50,000,000)	71,122,111	
Transfer to General reserve		50,000,000		-	
Transactions with owners				-	
Final dividend for the year ended June 30, 2012 (Rs. 4.00 per share)		-	(39,204,000)	(39,204,000)	
Interim dividend for the year ended June 30, 2013 (Rs. 2.00 per share)		-	(19,602,000)	(19,602,000)	
Balance as at June 30, 2013	98,010,000	431,500,000	230,086,965	759,596,965	
Net profit for the year		-	29,031,601	29,031,601	
Balance as at September 30, 2013	98,010,000	431,500,000	259,118,566	788,628,566	

The annexed notes from 1 to 15 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Mohammad Arshad Khan Kayani
Chief Executive

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

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 first quarter ended September 30, 2013 have been prepared in accordance with IAS 34 - Interim Financial Reporting and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the requirements of Companies Ordinance, 1984. In case where the 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, 2013 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 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 the 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 financial statements are the same as those applied in the preparation of financial statements for the year ended June 30, 2013 except those specifically otherwise disclosed in these financial statements.

	Un-audited September 30, 2013 Rupees	Audited June 30, 2013 Rupees
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
5,400,000 (June 2013: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash	54,000,000	54,000,000
4,401,000 (June 2013: 4,401,000) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	44,010,000	44,010,000
	<u>98,010,000</u>	<u>98,010,000</u>

Out of total issued share capital, 5,398,354 (June 2013: 5,398,354) 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. 495.55 million (June 2013: Rs. 580.42 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. 66.91 million (June 2013: US\$ 0.64 million; equivalent Rs. 62.64 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. 66.91 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 Rs. 66.91 million during the year ended June 30, 2013 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\$ 1.28 million; equivalent Rs. 135.04 million (June 2013 : US\$ 1.28 million; equivalent Rs. 126.46 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 2013: 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. 95.46 million (June 2013: Rs 106.48 million).

	Note	Un-audited September 30, 2013 Rupees	Audited June 30, 2013 Rupees
6. PROPERTY, PLANT AND EQUIPMENT			
Net book Value- Pakistan	6.1	303,838,283	309,812,729
Net book Value- UAE	6.2	704,685	743,420
		<u>304,542,968</u>	<u>310,556,149</u>
6.1 Property, plant and equipment- Pakistan			
Cost			
Opening balance		850,110,130	835,831,945
Additions during the period		6,268,172	18,513,046
Deletion/disposals during the period		-	(4,234,861)
Closing balance		<u>856,378,302</u>	<u>850,110,130</u>

	Un-audited September 30, 2013 Rupees	Audited June 30, 2013 Rupees
Accumulated depreciation		
Opening balance	540,297,401	485,441,528
Additions during the period	12,242,618	58,364,093
Deletion/disposals during the period	-	(3,508,220)
Closing balance	552,540,019	540,297,401
Net book value	303,838,283	309,812,729

6.2 Property, plant and equipment- UAE Cost

Opening balance	770,181	-
Additions during the period	-	770,181
Deletion/disposals during the period	-	-
Closing balance	770,181	770,181
Accumulated depreciation		
Opening balance	26,761	-
Additions during the period	38,735	26,761
Deletion/disposals during the period	-	-
Closing balance	65,496	26,761
Net book value	704,685	743,420

1st charge of Rs. 140.00 million (June 2013: Rs. 140.00 million) on fixed assets, on present and future current assets of the Company of Rs. 400.00 million (June 2013: Rs. 400.00 million) with lien on import documents of Rs. 86.17 million (June 2013: Rs. 185.48 million) and US\$ 2.50 million; equivalent Rs. 263.75 million (June 2013: US\$ 2.50 million; equivalent 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 favor of Soneri Bank Limited for an unfunded facility of Rs. 959.76 million (June 2013: Rs. 846.92 million).

	Un-audited September 30, 2013 Rupees	Audited June 30, 2013 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 depreciation		
Opening balance	3,831,107	2,336,107
Additions during the period	373,753	1,495,000
Deletion/disposals during the period	-	-
Closing balance	4,204,860	3,831,107
Net book value	7,539,146	7,912,899

	September 30, 2013 Rupees	September 30, 2012 Rupees
8 REVENUE		
Revenue		
-from CVAS Data License	178,119,719	182,093,356
-from Telecom Infrastructure Provider License	1,832,400	3,310,000
-from Joint Venture - PDL Share	-	7,513,884
	179,952,119	192,917,240

	September 30, 2013 Rupees	September 30, 2012 Rupees
9 COST OF SERVICES		
Channel and local lead rentals	51,823,319	47,088,573
Space segment rentals	37,192,626	31,943,198
Equipment maintenance cost	1,215,733	2,442,594
Repair and maintenance expenses	1,707,873	1,548,534
License fee	936,409	1,193,217
Depreciation	12,281,353	14,194,568
Amortisation	373,753	373,750
Expenses - joint venture - PDL share	-	6,464,792
Salaries and other benefits	28,633,957	26,815,680
Travelling and local conveyance	768,254	869,585
Operating lease rentals	409,144	-
	<u>135,342,421</u>	<u>132,934,491</u>
10 ADMINISTRATIVE EXPENSES		
Salaries and other benefits	12,694,980	9,379,441
Travelling and local conveyance	133,981	113,408
Telephone expenses	619,450	473,769
Vehicle running expenses	5,956,620	4,323,498
Insurance	236,457	522,954
Entertainment	590,740	263,243
Rent, rates and taxes	1,905,053	2,423,486
Legal and professional charges	863,976	1,963,116
Printing and stationery	282,440	410,658
Utilities	1,120,156	1,406,691
Operating lease rentals	732,668	-
	<u>25,136,521</u>	<u>21,280,264</u>
11 MARKETING EXPENSES		
Advertisement and marketing expenses	138,220	238,858
Salaries and other benefits	2,986,646	2,480,209
Travelling and local conveyance	41,193	31,423
Operating lease rentals	179,592	-
	<u>3,345,651</u>	<u>2,750,490</u>
12 EARNINGS PER SHARE (BASIC AND DILUTED)		
Profit after taxation	<u>29,031,601</u>	<u>24,924,711</u>
	Number of Shares	
Weighted average number of ordinary shares	<u>9,801,000</u>	<u>9,801,000</u>
Basic and diluted earnings per share (Rupees/ share)	<u>2.96</u>	<u>2.54</u>

There are no dilutive ordinary shares as at September 30, 2013 (September 30, 2012: Nil).

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on October 30, 2013.

14 CORRESPONDING FIGURES

Corresponding figures have been re-arranged wherever necessary for better presentation and disclosure:

15 GENERAL

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

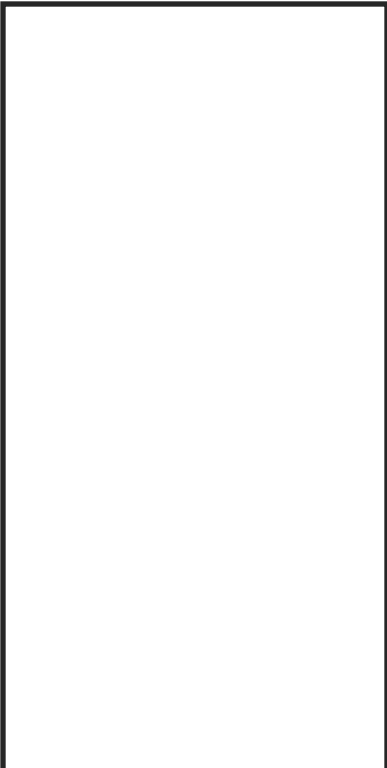
Iftikhar Ahmed Raja
Director

Mohammad Arshad Khan Kayani
Chief Executive



Pak Datacom

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