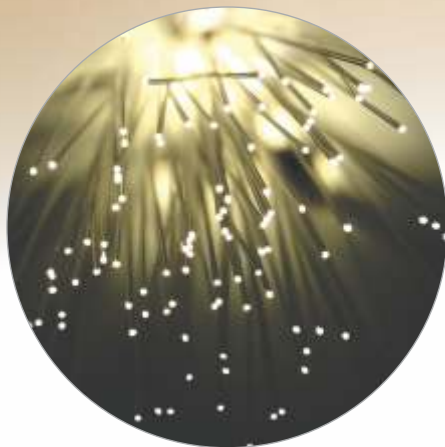
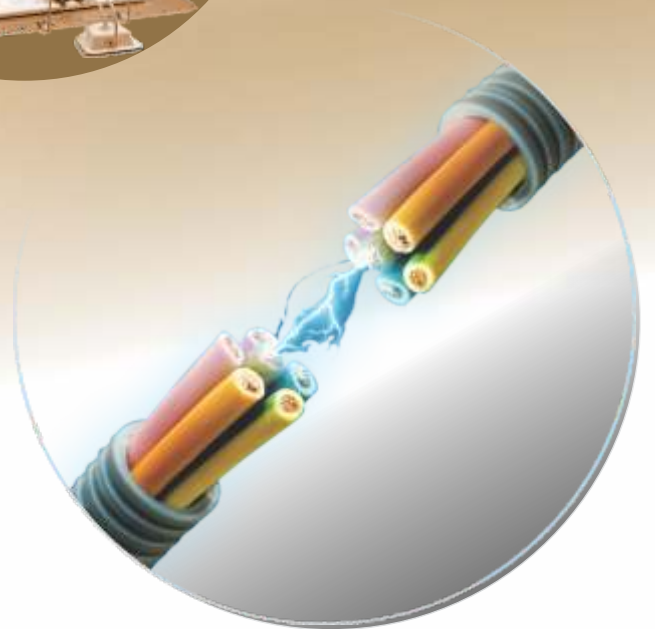
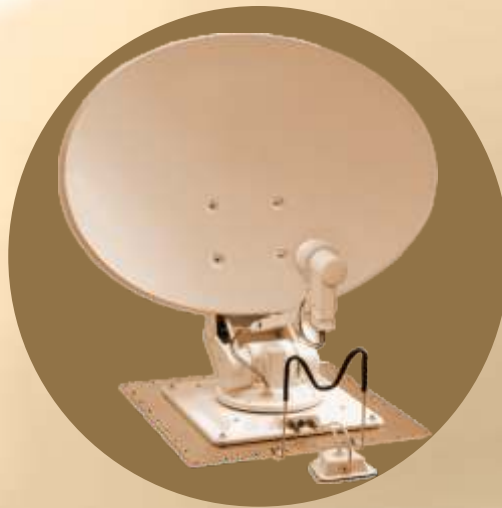




Pak Datacom

Pak Datacom Limited



Annual Report
2014

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COMPANY PROFILE

BOARD OF DIRECTORS

1. Maj. Gen. (R) Muhammad Khalid Rao Chairman
2. Muhammad Arshad Khan Kayani Chief Executive
3. Iftikhar Ahmed Raja
4. Muhammad Arif
5. Muhammad Amir Malik
6. Amjad Hussain Qureshi
7. Nessar Ahmed
8. Muhammad Yaqoob

AUDIT COMMITTEE

1. Nessar Ahmed Chairman
2. Muhammad Arif
3. Iftikhar Ahmed Raja
4. Amjad Hussain Qureshi

HUMAN RESOURCE & REMUNERATION COMMITTEE

1. Iftikhar Ahmed Raja Chairman
2. Muhammad Arshad Khan Kayani
3. Muhammad Yaqoob

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

VISION STATEMENT

Progressive and reliable member of the Economic Global Village

MISSION STATEMENT

To provide enhanced, fast, cost effective and dependable worldwide communication services with optimised return to shareholders of the Company

CORPORATE STRATEGY

To provide reliable high speed data transmission and other communication facilities at competitive rates with constant up-gradation in the service range incorporating the penetrative marketing strategy to broaden the clientele base with optimum of satisfaction, safeguarding the interest of shareholders and utilize Company resources ensuring maximum return

NOTICE OF MEETING

Notice is hereby given that the 22nd Annual General Meeting of Pak Datacom Limited will be held on Wednesday, October 22, 2014 at 11:00 a.m. at the Registered Office, Telecom Foundation Headquarters, TF Complex, 7 – Mauve Area, G-9/4, Islamabad to transact the following business;

ORDINARY BUSINESS

1. To confirm the minutes of the 21st Annual General Meeting held on October 31, 2013.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.
3. To approve the payment of final cash dividend to the shareholders @ 40 % i.e. Rs.4.00 per share for the year ended June 30, 2014. This final cash dividend is in addition to 20% i.e. Rs. 2.00 per share interim cash dividend already paid.
4. To appoint auditors for the year ending June 30, 2015 and fix their remuneration. Retiring auditors M/S HLB Ijaz Tabussum & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
5. To elect seven Directors in accordance with the provisions of section 178 of the Companies Ordinance, 1984 for a period of three years commencing on October 23, 2014. The present Directors, namely Muhammad Khalid Rao, Iftikhar Ahmed Raja, Muhammad Arif, Muhammad Amir Malik, Amjad Hussain Qureshi, Muhammad Yaqoob, Nessar Ahmed will retire on October 22, 2014.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification, the following resolution as special resolution.

“Resolved that;

- a) The approval of the members of Pak Datacom Limited (the Company) be and is hereby accorded for entering into joint venture(s) with its associated companies for an amount not exceeding Rs.500-Million as maximum financial exposure at a time, on the basis of profit & loss sharing of the said venture(s) in the proportion not less than the amount of total investment by the Company as its share percentage of the

total venture cost and will be executed through a written signed agreement for each venture giving detailed terms & conditions of the venture, financial exposure of each party participating in the venture as partner with their individual share of profit & loss (which will not be more than the amount of their total financial exposure for the said venture) with the period for completion of each venture(s).

- b) Further resolved that the Chief Executive and the Chief Financial Officer be and are hereby jointly authorized to do all acts and actions necessary to complete the legal requirements and formalities for the said venture(s) including but not limited to filing/ signing of necessary documents, arrangement of necessary funds including bank borrowings, if required. They will be jointly Company's true and lawful attorney for the said venture(s) with the powers to do and undertake all acts on behalf of the Company including but not limited to the right to sell, buy, lease, mortgage, assign, rent or dispose of any real property; the right to execute, accept, undertake and perform all contracts in the name of the Company; the right to open and close bank accounts in the name of the Company; the right to deposit, borrow, endorse or withdraw funds to or from any of the Company's bank accounts; the right to initiate, defend commence or settle legal actions on behalf of the Company; and the right to retain any accountant, attorney or other advisor deemed necessary to protect the Company's interests in the above matter."
- c) That the Chief Executive Officer and/or Company Secretary be and is/are hereby authorised to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary or required in connection with the above resolution."
7. To transact such other business as may be placed before the meeting with the permission of the Chair.

On behalf of the Board

**Islamabad
September 30, 2014**

**Syed Sajjad Hasan
Company Secretary**

Notes:**1. STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984**

As recommended by the Board of Directors, the Company will enter in new venture(s) with associated companies/undertakings in order to open doors for new revenue streams. Telecom Foundation group has vast experience in the field of information technology and telecommunication sector. The decision of the shareholders will increase the opportunities for exploring new market revenue streams with a broader spectrum expertise and vision of the venture partners enjoying larger financial and technical exposure for entering into new ventures with handsome return for their equity holders.

i) Purpose & benefits:

The Joint Venture(s) with the associated companies/undertakings will be executed in order to increase the earning of the shareholders of the Company.

ii) Period and maximum amount of the Joint Ventures:

Accumulative financial exposure of the joint venture(s) undertaken with associated companies/undertakings will not exceed Rs.500-Million at any time during the currency of the venture(s). Period of each venture will be decided mutually in writing through a written agreement between all the participants of the venture along with other detailed terms and conditions depending on the nature and realization of the proceeds of the said venture as an ongoing practice.

iii) Percentage of sharing of profit and loss of venture(s):

The sharing ratio of profit and loss of the company will be proportionate to the amount put in by the company in the required capital for the said venture(s).

iv) Sources of funds from which Joint Ventures will be carried out:

Internally generated funds.

v) Salient features of the agreement(s), if any entered into with associated companies/undertakings with regards to the proposed venture(s):

For each explored opportunity, a detailed agreement will be signed with associated companies/undertakings before execution of such Joint Venture(s).

vi) Direct or indirect interest of Directors, sponsors, majority shareholders and their relatives, if any, in the associated companies or associated undertaking or the transaction under consideration:

There is no interest of any director or shareholders other than that stated above in such joint venture(s).

2. Share Transfer Books of the Company will remain closed from October 15, 2014 to October 22, 2014 (both days inclusive).

3. A member entitled to attend and vote at the meeting is entitled to appoint another member as proxy.
4. Proxies in order to be effective must be received at the Head Office of the Company not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
5. Shareholders are requested to promptly notify in writing to the Company of any change in their address.
6. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 779 (I) 2011 dated 18 August, 2011 dividend warrants should bear CNIC number of the registered member or the authorized person except in case of minors(s) and corporate members. Accordingly, the members who have not yet submitted a copy of their valid CNIC/ NTN (in case of corporate entities) are requested to submit the same to the Company with the member's folio number mentioned thereon for updating record.

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:

Hassan Farooq Associates (Private) Limited,
Share Registrar: Pak Datacom Limited, 7/3 - G, Mushtaq Ahmed Gormani
Road, Gulberg – II, Lahore. Pakistan. Ph: 042-35761661-62

7. The dividend mandate form is attached with the annual report to facilitate shareholders to opt the mandate option and provide required information to make payment of cash dividend through direct credit to shareholder's bank account, declared by the Company.
8. CDC account holders further have to follow the under mentioned guidelines as laid down in circular No. 1 dated 26th January, 2000 of Securities & Exchange Commission of Pakistan for attending the meeting;
 - a) In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting. The shareholders registered on CDC are also required to bring their participant's I.D. Number and account numbers in CDS.
 - b) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
9. Audited accounts of the Company for the year ended June 30, 2014 have been placed on the Company's website www.pakdatacom.com.pk

DIRECTORS' REPORT



Dear Shareholders,

The Board of Directors feels pleasure to present Annual Report together with the audited accounts of Pak Datacom Limited (PDL) for the financial year ended June 30, 2014. Salient features of the Company operations are highlighted below.

PDL Operations

During the financial year 2013-14, despite internal and external challenges PDL's business activities remained steady. To overcome these challenges, PDL management has taken concrete steps like defining timelines for each incoming business and to close it as early as possible, so that its revenue could be included in the main revenue stream, followed by rationalizing satellite/ media cost. Moreover, PDL is also exploring new avenues to broader its operations.

The remarkable performance and technical skills demonstrated by the PDL team in an ongoing satellite project is worth mentioning. Despite all the odds, PDL management through its dedication and leading from the front has not only delivered 98% of the equipment but also installed it in a very professional way and now entered in the commissioning phase, which is expected to be completed soon.

Future Plans

Diversification is a key to success, without increasing the product verticals, it is very difficult to generate significant revenue from the existing matured market segment. Following this concept, PDL has participated in various projects like optical fiber laying, automised collection of toll and its surveillance (project of Motorway), USF projects etc. PDL team through its hard work and dedication has already won some of the projects related to Optical Fiber laying and some of them are in the pipeline. In this way PDL has not only positioned its resource for different projects but also opened doors for new revenue streams.

PDL has always taken pride in customer care, service providing, prompt response and leading latest and state of the art technologies. This policy will continue to strive to explore new revenue streams.

Social Welfare

We take pleasure to report that apart from our business strategy and being socially responsible, the Company is contributing to the society through community welfare programs focusing on education for children.

Realizing the social responsibility, PDL has contributed Rs. 3.00 million towards social welfare in the financial year 2013-14 in the field of education.

Changes in Board of Directors

Mr. Azmat Ali Ranjha resigned from the Board while Mr. Muhammad Khalid Rao was appointed as the new Director/ Chairman of the Company. The Board extends its warm welcome to the newly appointed Chairman and expresses appreciation for the services rendered by the outgoing Director Mr. Azmat Ali Ranjha during his association with the Company.

Financials

The Company has posted pre-tax profit of Rs. 150.393 million against Rs. 143.683 million of previous year, whereas earning per share has also improved from Rs. 9.80 (2013) to Rs. 10.17 during the year 2014.

Profit before tax is proposed for appropriation as follows;

	Pak Rupees
Profit for the year before taxation	150,393,353
Provision for taxation	(50,677,418)
Profit after taxation	99,715,935
Basic earning per share (EPS)	<u>10.17</u>
 <u>Interim Dividend (already paid)</u>	
Interim cash dividend @ 20% i.e. Rs. 2.00 per share	<u>19,602,000</u>
 <u>Subsequent Effects</u>	
Transfer to General Reserves	50,000,000
Proposed final cash dividend @ 40% i.e. Rs. 4.00 per share	<u>39,204,000</u>

Value of Investments of Gratuity Fund

The value of investments of gratuity fund based on its un-audited accounts of June 30, 2014 was Rs. 93 million. The fund is being managed by an independent Board of Trustees comprising of management and employees.

Auditors

The retiring auditors, M/S HLB Ijaz Tabussum & Co., Chartered Accountants, being eligible, offer themselves for re-appointment for the year ending June 30, 2015. The Audit Committee and the Board of Directors have endorsed their re-appointment for shareholders consideration in the forthcoming AGM.

Compliance of Code of Corporate Governance

Compliance statement of Code of Corporate Governance formulated by Securities and Exchange Commission of Pakistan is annexed with this report.

Shareholding Pattern

Statement showing the pattern of shareholding as at June 30, 2014 is annexed with this report.

Acknowledgement

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.

For and on Behalf of the Board

**Islamabad
September 26, 2014**

**Muhammad Arshad Khan Kayani
Chief Executive**

CORPORATE GOVERNANCE

Statement of Directors Responsibilities

The Board is committed to follow the Code of Corporate Governance (CCG) to maintain high quality standard of good corporate governance. The Company is complying with the provisions of the codes as set out by the Securities and Exchange Commission of Pakistan. There has been no material departure from the practices of Code of Corporate Governance as detailed in listing regulations.

Presentation of Financial Statements

The financial statements, prepared by the management of the Company, fairly present Company's state of affairs, the results of its operations, cash flows and changes in equity.

Books of Accounts

The Company has maintained proper books of accounts.

Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of financial statements except those disclosed in the financial statements of the Company.

Application of International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control Systems

The system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

There is no doubt about the Company's ability to operate in foreseeable future.

Board Meetings

During the financial year, seven meetings of the Board of Directors were held while attendance by each Director is given below;

<u>Name of Directors</u>	<u>Number of meetings attended</u>
Mr. Muhammad Ijaz	1/1
Mr. Azmat Ali Ranjha	5/6
Mr. Muhammad Arshad Khan Kayani	7/7
Mr. Muhammad Amir Malik	5/7
Mr. Amjad Hussain Qureshi	7/7
Mr. Iftikhar Ahmed Raja	7/7
Mr. Muhammad Arif	6/7
Mr. Nessar Ahmed	6/7
Mr. Muhammad Yaqoob	7/7

The Board granted leave of absence to the members who could not attend the meeting(s).

Audit Committee Meetings

During the financial year, five meetings of the Audit Committee were held while attendance by each Director is given below;

<u>Name of Directors</u>	<u>Number of meetings attended</u>
Mr. Nessar Ahmed	5/5
Mr. Iftikhar Ahmed Raja	5/5
Mr. Muhammad Arif	4/5
Mr. Amjad Hussain Qureshi	5/5
Mr. Muhammad Arshad Khan Kayani	5/5

HR & Remuneration Committee Meetings

During the financial year, six meetings of the HR & Remuneration Committee were held while attendance by each Director is given below;

<u>Name of Directors</u>	<u>Number of meetings attended</u>
Mr. Iftikhar Ahmed Raja	6/6
Mr. Muhammad Arshad Khan Kayani	6/6
Mr. Muhammad Yaqoob	6/6

Transfer Pricing Policy Compliance

Transactions involving related parties arising in normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation mode as admissible. The Company has fully complied with best practice on transfer pricing as contained in listing regulation of stock exchanges in Pakistan.

COMPARISON OF KEY FINANCIAL DATA OF THE LAST SIX FINANCIAL YEARS

	Year Ended June 30			(Rs. in million)		
	2013	2012	2011	2010	2009	2008
Non Current Assets	318.469	361.320	381.061	397.196	405.265	357.716
Share Capital and Reserves	751.044	713.323	659.628	687.641	591.274	476.503
Revenue	771.645	775.691	675.119	1,058.616	1,042.099	690.469
Operating Profit	129.214	56.946	16.501	227.093	227.643	143.243
Profit before taxation	143.683	121.280	37.379	249.541	248.947	175.279
Profit after taxation	96.046	78.409	22.953	159.093	161.816	113.931
Earning per Share - Rupees	9.80	8.00	2.34	20.29	20.64	14.53
Dividend (%) - Cash	50	50	25	80	70	60
- Bonus Shares	-	25	-	-	-	-

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of all the three Stock Exchanges of the Country for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority on its Board of Directors. At present, the Board includes;

Name	Category
Mr. Muhammad Khalid Rao	Non-Executive Director
Mr. Nessar Ahmed	Non-Executive/ Independent Director
Mr. Muhammad Yaqoob	Non-Executive/ Independent Director
Mr. Muhammad Arshad Khan Kayani	Executive Director
Mr. Muhammad Amir Malik	Non-Executive Director
Mr. Iftikhar Ahmed Raja	Non-Executive Director
Mr. Muhammad Arif	Non-Executive Director
Mr. Amjad Hussain Qureshi	Non-Executive Director

2. The Directors of the Company have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.
3. All the resident Directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI, an NBFIs or being a member of a Stock Exchange has been declared as a defaulter by that Stock Exchange.
4. All casual vacancies in the Board were filled in within 90 days thereof.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed vision/mission statement, overall corporate strategy and significant policies of the Company.

7. A complete record of particulars of significant policies and Board decisions along with the dates on which they were approved or amended has been maintained.
8. The powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive, other executive and non-executive Directors have been taken by the Board/ Shareholders.
9. The meetings of the Board were presided over by the Chairman and held at least in each quarter. Written notices of Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. Where the period was short for emergent meetings, it was agreed by the members of the Board. The minutes of the meetings were appropriately recorded and circulated.
10. All the Directors on the Board have adequate exposure of corporate matters and are well aware of their duties and responsibilities. Appropriate orientation courses of the Directors were arranged in consultation with the Board.
11. The Board approves appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters which are required to be disclosed.
13. The Chief Executive and CFO have duly endorsed the financial statements of the Company before approval of the Board.
14. The Board, as required by Code of Corporate Governance for reporting on trade in shares of the Company, has defined that the expression "Executive" shall mean the Chief Financial Officer, Company Secretary, Head of Internal Audit, Departmental Heads including managerial posts of the Company by whatever name called.
15. The Directors, Chief Executive and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding. None of the Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouse and minor children made any sale/ purchase of Company's share during the financial year.
16. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
17. The Board has formed an Audit Committee. It comprises four members, of whom all are non-executive Directors and the Chairman of the Committee is an independent Director.
18. The Board has formed an HR & Remuneration Committee comprising of three members. Two members are non-executive including the Chairman while one is independent director.
19. The Board has set-up an effective internal audit function, members of which are considered suitably qualified and experienced for the purpose and are conversant with the policies and the procedures of the Company.
20. The meetings of the Audit Committee were held in every quarter prior to approval of the interim and final results of the Company as required by the Code of Corporate Governance. The terms of reference of the Audit Committee have been formed and duly approved by the Board and advised to the Committee for compliance.

21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
23. The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
24. Material/ price sensitive information has been disseminated among all market participants at once through stock exchange(s).
25. We confirm that all other material principles contained in the Code have been complied with.

For and on Behalf of the Board

**Islamabad
September 26, 2014**

**Muhammad Arshad Khan Kayani
Chief Executive**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Pak Datacom Limited** as at **June 30, 2014** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.2 to the financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

DATED: September 26, 2014
ISLAMABAD

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

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of Pak Datacom Limited (the 'Company') for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism.

We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

**DATED: September 26, 2014
ISLAMABAD**

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

**BALANCE SHEET
AS AT JUNE 30, 2014**

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees (Restated)	June 30, 2012 Rupees (Restated)
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised share capital - 100,000,000 ordinary share (June 2013: 100,000,000) of rupees 10 each		1,000,000,000	1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital	4	98,010,000	98,010,000	98,010,000
Reserves	5	700,276,769	653,034,484	615,313,102
		798,286,769	751,044,484	713,323,102
NON-CURRENT LIABILITIES				
Deferred taxation	6	2,291,509	9,055,466	24,520,359
Employees retirement and other service benefits- leave encashment	7	32,220,966	28,594,995	24,075,486
		34,512,475	37,650,461	48,595,845
CURRENT LIABILITIES				
Customers deposits		103,622,326	100,676,410	94,560,782
Due to associated companies		-	-	649,620
Trade and other payables	8	125,812,835	266,782,271	132,726,839
Provision for taxation		57,638,970	65,754,017	69,199,942
		287,074,131	433,212,698	297,137,183
		1,119,873,375	1,221,907,643	1,059,056,130
CONTINGENCIES AND COMMITMENTS				
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	10	269,065,862	310,556,149	351,912,386
Intangible assets	11	7,152,250	7,912,899	9,407,899
		276,218,112	318,469,048	361,320,285
CURRENT ASSETS				
Trade debts	12	94,165,212	137,419,216	94,440,454
Advances	13	246,776,927	145,205,758	1,671,324
Trade deposits and short term prepayments	14	65,586,683	77,248,415	37,144,490
Due from associated companies		-	-	31,800
Other receivables		6,491,821	668,525	1,280,701
Interest accrued		4,176,985	3,665,589	512,485
Advance tax		64,312,048	44,067,427	79,631,854
Short term investments	15	295,875,000	435,440,000	296,368,000
Cash and bank balances	16	66,270,587	59,723,665	186,654,737
		843,655,263	903,438,595	697,735,845
		1,119,873,375	1,221,907,643	1,059,056,130

The annexed notes from 1 to 35 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Muhammad Arshad Khan Kayani
Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees (Restated)
Revenue	17	732,659,578	771,645,037
Cost of services	18	(529,775,100)	(538,526,713)
		<u>202,884,478</u>	<u>233,118,324</u>
Administrative expenses	19	(89,786,543)	(81,832,754)
Marketing expenses	20	(16,319,903)	(22,070,626)
		<u>(106,106,446)</u>	<u>(103,903,380)</u>
Operating profit		96,778,032	129,214,944
Other income/ (loss)	21	55,400,964	15,784,984
		<u>152,178,996</u>	<u>144,999,928</u>
Finance cost		(1,785,643)	(1,316,720)
Profit before taxation		<u>150,393,353</u>	<u>143,683,208</u>
Provision for taxation	22	(50,677,418)	(47,636,386)
Profit after taxation		<u><u>99,715,935</u></u>	<u><u>96,046,822</u></u>
Earning per share	23	<u>10.17</u>	<u>9.80</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Muhammad Arshad Khan Kayani
Chief Executive

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Note</u>	<u>June 30, 2014 Rupees</u>	<u>June 30, 2013 Rupees</u> (Restated)
Profit after taxation		99,715,935	96,046,822
Other comprehensive income/ (loss)			
Remeasurement of staff gratuity fund	24	(3,468,650)	480,560
Total comprehensive income for the year		<u>96,247,285</u>	<u>96,527,382</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Muhammad Arshad Khan Kayani
Chief Executive

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Note</u>	<u>June 30, 2014 Rupees</u>	<u>June 30, 2013 Rupees</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		150,393,353	143,683,208
<u>Adjustments for non-cash and other items:</u>			
Depreciation		49,652,830	58,364,093
Depreciation-UAE		154,940	26,761
Depreciation - joint venture		-	712,206
Amortisation-intangible assets		760,649	1,495,000
Property, plant and equipment- joint venture charged off		-	239,408
Property, plant and equipment- charged off		-	39,582
(Gain)/ loss on disposal of property, plant and equipment		(3,584,713)	(1,773,211)
Provision for doubtful- trade deposits		-	1,459,600
Provision for doubtful prepayments		-	1,459,600
Provision for doubtful debts		-	(3,526,924)
Provision against margin		-	(800,000)
Provision for trade and other payables		-	16,118,459
Provision for doubtful customers' deposits		-	8,622,416
Finance cost		1,785,643	1,316,720
Exchange gain		(11,920,413)	(21,990,456)
Return on bank deposits/ short term investments		(12,954,355)	(13,482,790)
Provision for gratuity		15,338,340	13,329,657
Provision for earned leave encashment		3,697,798	7,434,931
		<u>42,930,719</u>	<u>69,045,052</u>
Operating profit before working capital changes		193,324,072	212,728,260
<u>Movement in working capital;</u>			
(Increase)/decrease in current assets;			
Trade debts - unsecured		43,254,004	(39,451,838)
Advances		(101,571,169)	(143,534,434)
Trade deposits and short term prepayments		11,661,732	(42,223,125)
Due from associated companies		-	31,800
Other receivables		(5,823,296)	612,176
Increase/(decrease) in current liabilities;			
Customers deposits		2,945,916	(2,506,788)
Due to associated companies		-	(649,620)
Trade and other payables		(146,131,920)	117,411,816
		<u>(195,664,733)</u>	<u>(110,310,013)</u>
Cash generated from operations		(2,340,661)	102,418,247
Taxes paid		(85,801,043)	(30,982,777)
Gratuity paid/ adjusted		(14,329,657)	(13,118,257)
Earned leave paid/ adjusted		(71,827)	(2,915,422)
Return on bank deposits/ short term investments		12,442,959	10,329,686
Finance cost		(1,785,643)	(1,316,720)
		<u>(89,545,211)</u>	<u>(38,003,490)</u>
Net cash flows from operating activities		(91,885,872)	64,414,757
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(11,008,960)	(18,513,046)
Proceeds on the disposal of property, plant and equipment		6,276,190	2,260,444
Net cash flows from investing activities		(4,732,770)	(16,252,602)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(48,319,849)	(58,011,683)
Net increase/ (decrease) in cash and cash equivalents		(144,938,491)	(9,849,528)
Cash and cash equivalents at the beginning of the year		495,163,665	483,022,737
Effect of foreign exchange rate change		11,920,413	21,990,456
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	<u>362,145,587</u>	<u>495,163,665</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Muhammad Arshad Khan Kayani
Chief Executive

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2014

	Share capital		Revenue Reserves		Total Rupees
	Issued, subscribed and paid-up Rupees	General reserve Rupees	Unappropriated profit Rupees		
Balance as at June 30, 2012	98,010,000	381,500,000	242,846,143	722,356,143	(9,033,041)
Effect of retrospective change in accounting policy	-	-	(9,033,041)		
Balance as at June 30, 2012 (restated)	98,010,000	381,500,000	233,813,102	713,323,102	
Total comprehensive income for the year (restated)	-	-	96,527,382	96,527,382	
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)	
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 (restated)	98,010,000	431,500,000	221,534,484	751,044,484	
Total comprehensive income for the year	-	-	96,247,285	96,247,285	
Transfer to general reserve	-	50,000,000	(50,000,000)		
<u>Transactions with owners</u>					
Final dividend for the year ended June 30, 2013 (Rs. 3.00 per share)	-	-	(29,403,000)	(29,403,000)	
Interim dividend for the year ended June 30, 2014 (Rs. 2.00 per share)	-	-	(19,602,000)	(19,602,000)	
Balance as at June 30, 2014	98,010,000	481,500,000	218,776,769	798,286,769	

The annexed notes from 1 to 35 form an integral part of these financial statements.

Ifrikhar Ahmed Raja
Director

Muhammad Arshad Khan Kayani
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 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 financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever requirements of the Companies Ordinance, 1984 or directives issued by the SECP differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the said directives take precedence.

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, 2014 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). IAS 19 (revised) 'Employee benefits' which became effective for annual periods beginning on or after January 1, 2013 amends accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year."

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 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 rupees which is the Company's functional and presentation currency.

3.2 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 essential actuaries to make such estimates and assumptions using actuarial techniques.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

3.3 Employees' retirement and other service benefits

3.3.1 Gratuity

The Company has established an approved gratuity fund under defined benefit plan covering all its employees who have completed the minimum qualifying period of six months of the service. The fund operates under a trust administered by the Board of Trustees. The amount of gratuity admissible shall be a sum equal to one month gross salary drawn immediately preceding the date of his service for each completed year in the Company. Actuarial valuation of the fund was carried out as at June 30, 2014 using Projected Unit Credit (PUC) Actuarial Cost method. Provisions are made annually to cover the obligation based on actuarial valuation and are charged to profit and loss account. The amount recognised in the balance sheet represents the present value of the defined benefit obligation less the fair value of plan assets. The Company accounts for actuarial gains/ losses in accordance with IAS-19 "Employee Benefits" revised.

3.3.2 Leave encashment

The Company provides a facility to its employees for accumulating their annual earned leave. Unutilized earned leave may be encashed up to thirty (30) days during the year subject to the Company's approval at any time by retaining minimum forty days leave balance. Up to 100 days of accumulated leaves can be encashed on retirement. Actuarial valuation of the scheme was carried out as at June 30, 2014 using Projected Unit Credit (PUC) Actuarial Cost method. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit. The amount recognised in the balance sheet represents the present value of the benefit obligation.

3.4 Taxation

Current

Provision for taxation is based on taxable income at applicable tax rates after taking into account tax credits and rebates available, if any.

Deferred

The Company provides for deferred taxation using the liability method on all major temporary timing differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all major taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Unrecognised deferred tax assets are re-assessed at each balance sheet date and recognised to the extent that it become probable that future taxable profit will allow deferred tax asset to be recovered.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

3.5 Dividend

Dividend is recognised as a liability in the period in which it is approved.

3.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods received and services rendered, whether or not billed to the Company.

3.7 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

3.8 Property, plant and equipment

These assets, except free-hold land and capital work in progress, are stated at cost less accumulated depreciation and impairment loss, (if any). Free-hold land and capital work in progress are stated at cost.

Depreciation is charged to profit and loss account using the reducing balance method, at the rates specified in the fixed assets schedule given in note 10. Lease hold land is amortised over the period of leased term.

Depreciation is charged on additions from the first day of the month in which the asset is available for use while no depreciation is charged in the month in which the asset is disposed off.

Maintenance and normal repairs are charged to profit and loss account in the period in which they are incurred.

Assets having cost exceeding the minimum threshold as determined by the management are capitalised.

Gains and losses on disposal of fixed assets are charged to profit and loss account.

3.9 Intangible assets

These are carried at cost less accumulated amortisation and any identified impairment losses. Amortisation is calculated using the straight line method over the period of useful life of the asset at the rates specified in the intangible assets schedule given in note 11. Costs associated with maintaining intangibles are recognised as expense as and when incurred.

Amortisation on additions is charged from the month in which an intangible asset is acquired or capitalised, while no amortisation is charged for the month in which the intangible asset is disposed off.

3.10 Trade debts

Trade debts are originally recognized at nominal value and reduced by doubtful debts. Debts considered bad and irrecoverable are written off when identified. Provision for impairment of trade and receivables is made in financial statements when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables, the basis including age analysis and management understanding of collectability of the debts.

Significant financial difficulties of debtors, probability that the debtor will enter bankruptcy or financial re-organisation and default or delinquency in payments are considered indicators that the trade receivable is impaired.

3.11 Short term investments

Short term investments are kept with different banks in term deposits and may be encashed at any time even before maturity. These are stated at fair values with any resulting gains or losses directly recognised in the profit and loss account.

3.12 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash in hand and at bank and includes short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried in the balance sheet at cost.

3.13 Operating segments

Operating segments are reported in a manner consistent with the internal reporting.

3.14 Revenue recognition

Revenue arising from provision of data communication, maintenance of network and allied services to customer is recognised as the services are rendered. However, revenue from sale of equipment incidental to rendering of services is recognised on delivery of equipment to customers. Return on bank deposits and short term investments is recognised on accrual basis.

3.15 Investment in joint venture

The Company had entered into a joint venture arrangement with an overseas venturer in UAE to carry out the cable laying and associated works, which was completed last year. The Company recognised the assets under controls and the liabilities that it incurred and the share of income and expenses as per agreed terms and conditions in its financial statements.

3.16 Impairment

The carrying amount of the Company's assets are reviewed at the date of each balance sheet to determine

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

whether there is any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised in the profit and loss account.

3.17 Operating leases

Leases in which a significant portion of the risk and rewards of ownership is retained by the lesser are classified as operating leases. Payments made under operating leases/ Ijara contracts are charged to profit and loss on a straight-line basis over the period of the lease.

3.18 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length and at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

3.19 Foreign currency transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupee at the rate prevailing at transaction date. Any component of an exchange gain or loss relating to a recognised change in the fair value of non-monetary asset is charged to profit and loss account.

3.20 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expires. All financial assets and liabilities are initially recognized at fair value plus transaction costs other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in income for the year.

Financial Assets

Classification and subsequent measurement

The Company classifies its financial assets in the following categories: investments at fair value through profit or loss, held-to-maturity investments, loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date - the date on which the Company commits to purchase or sell the asset.

Fair value through profit or loss

Financial assets at fair value through profit or loss, include financial assets held for trading and financial assets, designated upon initial recognition, at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at their fair value, with changes therein recognized in the income for the year. Assets in this category are classified as current assets.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold these assets to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market. After initial measurement, these financial assets are measured at amortized cost, using the effective interest rate method, less impairment. The Company's loans and receivables comprise 'Trade debts', 'Trade deposits', 'Advances', 'Accrued interest', 'Due from associated companies', 'Other receivables' and 'Cash and bank balances'.

Available-for-sale

Available-for-sale financial assets are non-derivatives, that are either designated in this category, or not

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

classified in any of the other categories. These are included in non-current assets, unless management intends to dispose them off within twelve months of the date of the balance sheet. After initial measurement, available-for-sale financial investments are measured at fair value, with unrealized gains or losses recognized as other comprehensive income, until the investment is derecognized, at which time the cumulative gain or loss is recognized in income for the year.

Financial Liabilities

Initial recognition and measurement

The Company classifies its financial liabilities in the following categories: at fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss, include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liabilities upon initial recognition as being at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate method.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously.

	<u>Note</u>	<u>June 30, 2014 Rupees</u>	<u>June 30, 2013 Rupees</u>
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.

	<u>June 30, 2014 Rupees</u>	<u>June 30, 2013 Rupees</u>	<u>June 30, 2012 Rupees</u>
5 RESERVES		(Restated)	(Restated)
Revenue			
General	481,500,000	431,500,000	381,500,000
Unappropriated profit	218,776,769	221,534,484	233,813,102
	<u>700,276,769</u>	<u>653,034,484</u>	<u>615,313,102</u>

6 DEFERRED TAXATION

Deferred tax has been calculated at the corporate tax rate of 34% (June 2013: 35%) arising on account of accelerated depreciation on property, plant & equipment of Rs 29.52 million (June 2013: Rs. 37.28 million), accelerated amortisation on intangible assets of Rs. 0.37 million (June 2013: Rs 0.30 million) and provisions of Rs. 27.61 million (June 2013: Rs. 28.52 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	June 30, 2014 Rupees	June 30, 2013 Rupees
7 EMPLOYEES' RETIREMENT AND OTHER SERVICE BENEFITS - LEAVE ENCASHMENT		
Opening balance	28,594,995	24,075,486
Add: provision for the year	3,697,798	7,434,931
	<u>32,292,793</u>	<u>31,510,417</u>
Less: payments/ adjustments during the year	(71,827)	(2,915,422)
Net payable	<u>32,220,966</u>	<u>28,594,995</u>
7.1 Leave encashment		
Results of actuarial valuation as on June 30 are as follows;		
Projected benefits obligations (PBO)	30,099,232	27,260,730
Payables	2,121,734	1,334,265
Total actuarial liability	<u>32,220,966</u>	<u>28,594,995</u>
Liability provision as at June 30 (previous year)	(28,594,995)	(24,075,486)
Less: payments/ adjustments during the year	71,827	2,915,422
Increase in provision	<u>3,697,798</u>	<u>7,434,931</u>
7.2 Actuarial assumptions		
Valuation discount rate	13.50% p.a.	11.50% p.a.
Salary increase rate	13.50% p.a.	11.50% p.a.
Leave accumulation factor	15 days p.a.	15 days p.a.

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees (Restated)	June 30, 2012 Rupees (Restated)
8 TRADE AND OTHER PAYABLES				
Advances from customers		6,343,191	138,682,479	18,476,475
Trade creditors		69,233,094	79,644,355	78,587,480
License fee payable		3,742,331	3,985,621	3,797,236
Accrued liabilities		16,924,573	27,142,925	150,639,14
Taxes payable		7,300,961	220,690	220,690
Employees' retirement and other service benefits - Gratuity payable	8.1	15,359,471	10,882,138	11,151,298
Unclaimed dividend		6,909,214	6,224,063	5,429,746
		<u>125,812,835</u>	<u>266,782,271</u>	<u>132,726,839</u>
8.1 Employees' retirement and other service benefits - Gratuity payable				
Opening balance - (receivable)/ payable		10,882,138	11,151,298	(9,661,046)
Effect of retrospective change in accounting policy				
Unrecognised actuarial (gains)/ losses recognised as other comprehensive income (OCI)		3,468,650	(480,560)	9,033,041
Provision for the year		15,338,340	13,329,657	13,939,468
		<u>29,689,128</u>	<u>24,000,395</u>	<u>13,311,463</u>
Less: Contribution paid to gratuity fund		(14,329,657)	(13,118,257)	(2,160,165)
Payable to defined benefit obligation		<u>15,359,471</u>	<u>10,882,138</u>	<u>11,151,298</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	June 30, 2014 Rupees	June 30, 2013 Rupees	June 30, 2012 Rupees
		(Restated)	(Restated)
8.1.1 Disclosure as per IAS-19 (revised 2011)			
Gratuity fund actuarial valuation as at June 30,			
<u>Reconciliation of payable to/ (receivable from)</u>			
defined benefit plan			
Present value of defined benefit obligation	123,161,172	95,927,830	79,408,586
Gratuity due but not paid	3,048,808	3,096,415	10,001,230
Total actuarial liability	<u>126,209,980</u>	<u>99,024,245</u>	<u>89,409,816</u>
Fair value of any plan assets	(110,850,509)	(88,142,107)	(78,212,489)
Unrecognised actuarial gains/ (losses)	-	-	(46,029)
	<u>15,359,471</u>	<u>10,882,138</u>	<u>11,151,298</u>
<u>Movement in net liability/ (asset) recognised</u>			
Opening net liability	10,882,138	11,151,298	(9,661,046)
OCI	3,468,650	(480,560)	9,033,041
Expense for the year	15,338,340	13,329,657	13,939,468
Contributions	(14,329,657)	(13,118,257)	(2,160,165)
Closing net liability	<u>15,359,471</u>	<u>10,882,138</u>	<u>11,151,298</u>
<u>Charge for/ (income from) the defined benefit plan</u>			
Current service cost	15,266,937	12,703,853	7,874,609
Net Interest	71,403	579,775	(119,932)
Actuarial (gain)/ loss recognised as per Para 58 (b)	-	-	5,379,388
Actuarial (gain)/ loss recognised as per Para 92	-	46,029	805,403
	<u>15,338,340</u>	<u>13,329,657</u>	<u>13,939,468</u>
Actual Return on Assets	<u>8,501,045</u>	<u>6,771,557</u>	<u>9,015,511</u>
<u>Actuarial assumptions:</u>			
- Valuation discount rate	13.50 %	11.50 %	12.50 %
- Salary increase rate- short term (1 year)	10.00 %	11.50 %	13.25 %
- Salary increase rate- long term	13.50 %	11.50 %	13.25 %
- Expected return on plan assets	13.50 %	11.50 %	12.50 %

The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Company, at the beginning of the year, for return over the entire life of the related obligation. The total contribution required for the next one year works out to Rs. 12,075,507 (June 2013: Rs. 12,614,076). The actual return on plan assets amounts to Rs. 8,501,045 (June 2013: Rs. 6,771,557).

	June 30, 2014 Rupees	June 30, 2013 Rupees
<u>Working for disclosure as per IAS-19 (revised 2011)</u>		
<u>Actuarial (gain)/ loss in obligations</u>		
Present value of obligation (opening balance)	99,024,245	89,409,816
Current service cost	15,266,937	12,703,853
Interest cost	11,024,668	10,553,715
Payments made during the year	(122,300)	(9,960,196)
Actuarial loss on obligation (balancing figure)	1,016,430	(3,682,943)
Present value of obligation as at June 30	<u>126,209,980</u>	<u>99,024,245</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014 Rupees	June 30, 2013 Rupees			
<u>Actuarial gain / (loss) in assets</u>					
Total assets (opening balance)	88,142,107	78,212,489			
Expected return on plan assets	10,953,265	9,973,940			
Contributions	14,329,657	13,118,257			
Payments made during the year	(122,300)	(9,960,196)			
Actuarial gain/ (loss) on assets (balancing figure)	(2,452,220)	(3,202,383)			
Fair value of the plan assets as at June 30	<u>110,850,509</u>	<u>88,142,107</u>			
<u>Remeasurements</u>					
Actuarial loss on obligations	(1,016,430)	3,682,943			
Actuarial gain/ (loss) on assets	(2,452,220)	(3,202,383)			
Actuarial gains/ (losses) recognised in OCI	<u>(3,468,650)</u>	<u>480,560</u>			
<u>Expense/ (income) for the year ended June 30</u>					
Current service cost	15,266,937	12,703,853			
Net Interest cost	11,024,668	10,553,715			
Expected return on plan assets	(10,953,265)	(9,973,940)			
Unrecognised actuarial (gains)/ losses	-	46,029			
	<u>15,338,340</u>	<u>13,329,657</u>			
<u>(Asset)/ liability to be recognized in the balance sheet</u>					
Present value of defined benefit obligation	126,209,980	99,024,245			
Fair value of any plan assets	(110,850,509)	(88,142,107)			
	<u>15,359,471</u>	<u>10,882,138</u>			
<u>Movement in net asset/ (liability) in balance sheet</u>					
Movement in net liability/ (asset) recognised					
Opening liability/ (asset)	10,882,138	11,151,298			
OCI	3,468,650	(480,560)			
Expense for the year	15,338,340	13,329,657			
Contributions	(14,329,657)	(13,118,257)			
Closing net liability	<u>15,359,471</u>	<u>10,882,138</u>			
	<u>June 30, 2014 Rupees</u>	<u>June 30, 2013 Rupees</u>	<u>June 30, 2012 Rupees</u>	<u>June 30, 2011 Rupees</u>	<u>June 30, 2010 Rupees</u>
		(Restated)	(Restated)	(Restated)	(Restated)
Composition of plan assets					
Amount invested in TDR's	93,000,000	82,000,000	72,000,000	72,500,000	46,000,000
Fair value					
TDR'S	93,595,827	83,688,451	73,415,689	72,985,791	46,569,253
Amount in banks	16,236,432	4,453,656	4,796,800	1,473,425	765,286
Total value assets as at June 30,	<u>109,832,259</u>	<u>88,142,107</u>	<u>78,212,489</u>	<u>74,459,216</u>	<u>47,334,539</u>
% age of investment (in TDRs)	85%	95%	94%	98%	98%

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	June 30, 2014 Rupees	June 30, 2013 Rupees	June 30, 2012 Rupees	June 30, 2011 Rupees	June 30, 2010 Rupees
		(Restated)	(Restated)	(Restated)	(Restated)
Realizable value					
TDR'S	94,614,077	84,192,313	73,584,388	73,387,483	46,783,277
Amount in banks	16,236,432	4,453,656	4,796,800	1,473,425	765,286
	<u>110,850,509</u>	<u>88,645,969</u>	<u>78,381,188</u>	<u>74,860,908</u>	<u>47,548,563</u>

The realizable value of plan assets is taken as the fair value.

Gratuity fund experience

**Adjustment funding
(surplus)/ deficit**

Present value of obligation	126,209,980	99,024,245	89,409,816	74,682,643	59,470,201
Fair value of any plan assets	(110,850,509)	(88,142,107)	(78,212,489)	(74,459,216)	(47,334,539)
	<u>15,359,471</u>	<u>10,882,138</u>	<u>11,197,327</u>	<u>223,427</u>	<u>12,135,662</u>
Remeasurement of gain/ (loss) on obligation	1,016,430	(3,682,943)	4,338,965	(3,324,749)	2,581,085
Actuarial gain/ (loss) on assets	2,452,220	3,202,383	1,040,423	(2,197,638)	(4,006,691)
Other comprehensive (income)/ loss	3,468,650	(480,560)	5,379,388	-	-

9 CONTINGENCIES AND COMMITMENTS

- 9.1** Guarantees and letter of credits issued by the bank on behalf of the Company amounted to Rs. 274.33 million (June 2013: Rs. 580.42 million).
- 9.2** 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. 62.41 million (June 2013: US\$ 0.64 million; equivalent to 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 to Rs. 62.41 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. 62.41 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\$ 1.27 million; equivalent to Rs. 124.83 million (June 2013 : US\$ 1.27 million; equivalent to 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 Honorable Islamabad High Court.
- 9.3** 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 Customs at the time of import. In another case, the company has not withheld tax on dividend amounting to Rs. 0.90 million (June 2013: Rs. Nil) 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.
- 9.4** Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 48.28 million (June 2013: Rs. 106.48 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
10 PROPERTY, PLANT AND EQUIPMENT			
Net book value - Pakistan	10.1, 10.5	268,477,382	309,812,729
Net book value - UAE	10.2, 10.6	588,480	743,420
		<u>269,065,862</u>	<u>310,556,149</u>

10.1 PROPERTY, PLANT AND EQUIPMENT - PAKISTAN - JUNE 30, 2014

Particulars	C O S T				Rate %	D E P R E C I A T I O N				Net book value as at 30-Jun-14 Rs.
	As at 1-Jul-13 Rs.	For the Year		As at 30-Jun-14 Rs.		As at 1-Jul-13 Rs.	For the Year		As at 30-Jun-14 Rs.	
		Additions Rs.	Disposals Rs.				Additions Rs.	Disposals Rs.		
Free hold land	38,400,000	-	-	38,400,000	-	-	-	-	38,400,000	
Free hold office building	22,318,020	-	-	22,318,020	5	5,031,678	864,317	5,895,995	16,422,025	
Lease hold land	2,884,000	-	-	2,884,000	1.2	108,146	33,310	141,456	2,742,544	
Lease hold office building	7,006,000	-	-	7,006,000	5	1,009,209	299,840	1,309,049	5,696,951	
Datacom system machinery	696,379,550	9,585,669	(896,847)	705,068,372	20	484,539,180	43,792,845	(671,015)	527,661,010	177,407,362
Office equipment	12,461,526	762,080	(52,200)	13,171,406	25	9,030,463	928,750	(41,032)	9,918,181	3,253,225
Testing equipment	26,260,193	-	-	26,260,193	10	10,675,774	1,558,442	-	12,234,216	14,025,977
Air conditioners	3,634,665	597,601	-	4,232,266	10	1,406,937	235,973	-	1,642,910	2,589,356
Furniture and fixtures	3,766,392	63,610	-	3,830,002	10	2,389,804	140,802	-	2,530,606	1,299,396
Vehicles	36,999,784	-	(9,200,350)	27,799,434	20	26,106,210	1,798,551	(6,745,873)	21,158,888	6,640,546
	<u>850,110,130</u>	<u>11,008,960</u>	<u>(10,149,397)</u>	<u>850,969,693</u>		<u>540,297,401</u>	<u>49,652,830</u>	<u>(7,457,920)</u>	<u>582,492,311</u>	<u>268,477,382</u>

10.2 PROPERTY, PLANT AND EQUIPMENT - UAE - JUNE 2014

Particulars	C O S T				Rate %	D E P R E C I A T I O N				Net book value as at 30-Jun-14 Rs.
	As at 1-Jul-13 Rs.	For the Year		As at 30-Jun-14 Rs.		As at 1-Jul-13 Rs.	For the Year		As at 30-Jun-14 Rs.	
		Additions Rs.	Disposals Rs.				Additions Rs.	Disposals Rs.		
Plant and equipment	639,623	-	-	639,623	20	21,321	123,660	-	144,981	494,642
Office equipment	130,558	-	-	130,558	25	5,440	31,280	-	36,720	93,838
	<u>770,181</u>	<u>-</u>	<u>-</u>	<u>770,181</u>		<u>26,761</u>	<u>154,940</u>	<u>-</u>	<u>181,701</u>	<u>588,480</u>
	<u>850,880,311</u>	<u>11,008,960</u>	<u>(10,149,397)</u>	<u>851,739,874</u>		<u>540,324,162</u>	<u>49,807,770</u>	<u>(7,457,920)</u>	<u>582,674,012</u>	<u>269,065,862</u>

10.3 1st charge of Rs. 140.00 million (June 2013: Rs. 140.00 million) on fixed assets, 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. 9.20 million (June 2013: Rs. 185.48 million) and US\$ 1.50 million; equivalent to Rs. 147.53 million (June 2013: US\$ 2.50 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. 281.05 million (June 2013: Rs. 846.92 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

10.4 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT- JUNE 30, 2014

Particulars	Cost	Accumulat	Net book	Sale Proceeds/ Mode of		Particulars of Disposal
	Rs.	Depreciation Rs.	value Rs.	Adjustments Rs.	disposal	
Datcom system machinery						
DXE equipment	320,000	268,997	51,003	135,000	Negotiation	M/S Monsanto Pakistan Agritech (Pvt) Ltd.
VSAT equipment	576,847	402,018	174,829	790,000	Negotiation	M/S Transnet Communication (Pvt) Ltd.
	896,847	671,015	225,832	925,000		
Office equipment	52,200	41,032	11,168	-	Stolen	Not applicable
Vehicles						
Motor- vehicles						
Suzuki Cultus 2009 PC 947	750,000	452,080	297,920	450,661	Auctioned	Muhammad Arif
Suzuki Cultus 2007 NE 305	675,000	471,880	203,120	493,396	Auctioned	Rashid Aziz
Suzuki Liana 2009 ASC 318	999,000	616,749	382,251	427,350	Auctioned	Fahad Khan
Suzuki Cultus 2001 AND 741	469,000	438,382	30,618	233,877	Auctioned	Syed Anwar Shah
Suzuki Cultus 2004 HF742	611,500	549,124	62,376	345,765	Auctioned	Mazhar Abbas
Suzuki Liana 2007 LG 710	864,000	663,176	200,824	510,334	Auctioned	Rizwan Mazhar
Suzuki Cultus 2009 PH 237	792,500	489,262	303,238	565,501	Auctioned	Rizwan Mazhar
Suzuki Cultus 2004 HF743	611,500	549,124	62,376	394,716	Auctioned	Rashid Aziz
Suzuki Liana 2009 PE 742	1,004,500	620,143	384,357	494,794	Auctioned	Rizwan Mazhar
Suzuki Alto 2004 HF 273	467,850	420,127	47,723	293,706	Auctioned	Amjad Ali
Suzuki Cultus 2007 NE 304	675,000	475,443	199,557	585,545	Auctioned	Chaudhry Saleem
Mitsubishi Lancer 2007 LT 374	1,158,000	888,841	269,159	506,545	Auctioned	Chaudhry Saleem
Motorcycles						
Honda CD 70 2002 IDL 6342	68,500	64,185	4,315	22,000	Insurance claim	M/S Shaheen Insurance Company Ltd.
Honda CD 70 2002 KBI 7452	54,000	47,357	6,643	27,000	Insurance claim	M/S Shaheen Insurance Company Ltd.
	9,200,350	6,745,873	2,454,477	5,351,190		
	10,149,397	7,457,920	2,691,477	6,276,190		

10.5 PROPERTY, PLANT AND EQUIPMENT - PAKISTAN - JUNE 30, 2013

Particulars	C O S T				Rate %	D E P R E C I A T I O N				Net book value as at 30-Jun-13 Rs.
	As at 1-Jul-12 Rs.	For the Year		As at 30-Jun-13 Rs.		As at 1-Jul-12 Rs.	For the Year		As at 30-Jun-13 Rs.	
		Additions Rs.	Disposals Rs.			Additions Rs.	Disposals Rs.			
Free hold land	38,400,000	-	-	38,400,000	-	-	-	-	38,400,000	
Free hold office building	22,318,020	-	-	22,318,020	5	4,121,871	909,807	-	5,031,678	
Lease hold land	2,884,000	-	-	2,884,000	1.2	74,431	33,715	-	108,145.99	
Lease hold office building	7,006,000	-	-	7,006,000	5	693,589	315,620	-	1,009,209	
Datcom system machinery	681,887,258	16,465,993	(1,973,701)	696,379,550	20	434,796,624	51,304,375	(1,561,819)	484,539,180	
Office equipment	11,499,894	961,632	-	12,461,526	25	8,078,415	952,048	-	9,030,463	
Testing equipment	25,494,772	765,421	-	26,260,193	10	9,006,324	1,669,450	-	10,675,774	
Air conditioners	3,354,665	280,000	-	3,634,665	10	1,171,912	235,025	-	1,406,937	
Furniture and fixtures	3,726,392	40,000	-	3,766,392	10	2,239,813	149,991	-	2,389,804	
Vehicles	39,260,944	-	(2,261,160)	36,999,784	20	25,258,549	2,794,062	(1,946,401)	26,106,210	
	835,831,945	18,513,046	(4,234,861)	850,110,130		485,441,528	58,364,093	(3,508,220)	540,297,401	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

10.6 PROPERTY, PLANT AND EQUIPMENT - UAE - JUNE 30, 2013

Particulars	C O S T				Rate %	D E P R E C I A T I O N				Net book value as at 30-Jun-13
	As at 1-Jul-12	For the Year		As at 30-Jun-13		As at 1-Jul-12	For the Year		As at 30-Jun-13	
	Rs.	Additions	Disposals	Rs.		Rs.	Additions	Disposals	Rs.	
Plant and equipment	-	639,623	-	639,623	20	-	21,321	-	21,321	618,302
Office equipment	-	130,558	-	130,558	25	-	5,440	-	5,440	125,118
	-	770,181	-	770,181		-	26,761	-	26,761	743,420

10.7 PROPERTY, PLANT AND EQUIPMENT - JOINT VENTURE - JUNE 30, 2013

Particulars	C O S T				Rate %	D E P R E C I A T I O N				Net book value as at 30-Jun-13
	As at 1-Jul-12	For the Year		As at 30-Jun-13		As at 1-Jul-12	For the Year		As at 30-Jun-13	
	Rs.	Additions	Disposals	Rs.		Rs.	Additions	Disposals	Rs.	
Joint venture assets	2,563,972	-	(2,563,972)	-	33.33	1,042,003	712,206	(1,754,209)	-	-
	2,563,972	-	(2,563,972)	-		1,042,003	712,206	(1,754,209)	-	-
	838,395,917	19,283,227	(6,798,833)	850,880,311		486,483,531	59,103,060	(5,262,429)	540,324,162	310,556,149

11 INTANGIBLE ASSETS FOR THE YEAR ENDED JUNE 30, 2014

Particulars	C O S T				Rate %	A M O R T I S A T I O N				Net book value as at 30-Jun-14
	As at 1-Jul-13	For the Year		As at 30-Jun-14		As at 1-Jul-13	For the Year		As at 30-Jun-14	
	Rs.	Additions	Disposals	Rs.		Rs.	Additions	Disposals	Rs.	
Software	3,204,006	-	-	3,204,006	33.33	2,870,357	333,649	-	3,204,006	-
Infrastructure license	8,540,000	-	-	8,540,000	5	960,750	427,000	-	1,387,750	7,152,250
	11,744,006	-	-	11,744,006		3,831,107	760,649	-	4,591,756	7,152,250

11.1 INTANGIBLE ASSETS - JUNE 30, 2013

Particulars	C O S T				Rate %	A M O R T I S A T I O N				Net book value as at 30-Jun-13
	As at 1-Jul-12	For the Year		As at 30-Jun-13		As at 1-Jul-12	For the Year		As at 30-Jun-13	
	Rs.	Additions	Disposals	Rs.		Rs.	Additions	Disposals	Rs.	
Software	3,204,006	-	-	3,204,006	33.33	1,802,357	1,068,000	-	2,870,357	333,649
Infrastructure license	8,540,000	-	-	8,540,000	5	533,750	427,000	-	960,750	7,579,250
	11,744,006	-	-	11,744,006		2,336,107	1,495,000	-	3,831,107	7,912,899

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
12 TRADE DEBTS - unsecured			
Trade debts		112,949,039	156,203,043
Less: provision for doubtful debts		(18,783,827)	(18,783,827)
		<u>94,165,212</u>	<u>137,419,216</u>
13 ADVANCES			
Advances - considered good to			
Suppliers - secured		244,590,789	142,063,603
Employees - unsecured	13.1	2,186,138	3,142,155
		<u>246,776,927</u>	<u>145,205,758</u>
13.1 Advances to employees include Rs. 0.39 million given to executives against their salaries.			
14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Margin and guarantees with banks		4,297,213	502,023
Trade deposits	14.1	25,612,038	34,743,632
Prepayments	14.2	35,677,432	42,002,760
		<u>65,586,683</u>	<u>77,248,415</u>
14.1 Trade deposits		56,818,888	66,093,269
Less: provision for doubtful deposits		(31,206,850)	(31,349,637)
		<u>25,612,038</u>	<u>34,743,632</u>
14.1.1 Change in the doubtful provision as compared to the previous year balance is due to the currency rate fluctuation.			
14.2 Prepayments		66,884,282	73,352,397
Less: provision for doubtful prepayments		(31,206,850)	(31,349,637)
		<u>35,677,432</u>	<u>42,002,760</u>
14.2.1 Change in the doubtful provision as compared to the previous year balance is due to the currency rate fluctuation.			
15 SHORT TERM INVESTMENTS			
These represent investments in term deposit receipts maturing in the short term and carry interest rate ranging from 1.25% to 10.00% (June 2013: 1.25 % to 9.25%) per annum. Included in these investments are foreign currency term deposit receipts amounting to US\$ 2.50 million; equivalent to Rs. 245.87 million (June 2013: US\$ 3.80 million; equivalent to Rs. 375.44 million). Out of total investments, US\$ 1.50 million; equivalent to Rs. 147.53 million (June 2013: US\$ 2.30 million; equivalent to Rs. 227.24 million) and Rs. 50.00 million (June 2013: Rs. 60.00 million) are pledged against unfunded bank facility.			
16 CASH AND BANK BALANCES			
Cash in hand		-	-
Cash at bank in			
Current accounts	16.1	2,020,853	1,562,506
Deposit accounts	16.2	56,820,360	51,477,001
Current accounts-dividend		7,429,374	6,684,158
		<u>66,270,587</u>	<u>59,723,665</u>
16.1 Current accounts include foreign currency deposits of UAE Dirham 0.05 million equivalent to Rs. 1.23 million (June 2013: UAE Dirham Nil equivalent to Rs. Nil).			
16.2 Deposit accounts include foreign currency deposits of US\$ 0.08 million equivalent to Rs. 7.50 million (June 2013: US\$ 0.25 million equivalent to Rs. 24.70 million).			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
17 REVENUE			
CVAS Data License		728,707,978	728,351,361
Telecom Infrastructure Provider License		3,951,600	13,754,538
Joint venture - PDL share		-	29,539,138
		<u>732,659,578</u>	<u>771,645,037</u>
17.1 Revenue is exclusive of Sales Tax (Sindh and Khyber Pakhtunkhwa) of Rs.108.76 million (June 2013: Nil).			
18 COST OF SERVICES			
Channel and local lead rentals		170,364,325	145,754,428
Space segment rentals		133,913,038	128,266,343
Salaries and other benefits	18.1	128,065,908	130,718,061
Repair and maintenance expenses		14,156,343	18,467,656
License fee		4,253,365	4,924,863
Depreciation		49,807,770	58,390,854
Amortisation		760,649	1,495,000
Travelling and local conveyance		2,837,311	6,126,841
Telephone expenses		911,829	989,560
Vehicle running expenses		15,122,465	12,942,263
Insurance		910,059	714,406
Entertainment		1,130,782	811,207
Rent, rates and taxes		2,993,052	2,693,010
Utilities		2,503,388	2,481,088
Operating lease rentals	20.2	2,044,816	83,780
Expenses - joint venture - PDL share		-	23,667,353
		<u>529,775,100</u>	<u>538,526,713</u>
18.1 Salaries and other benefits include employees' retirement and other service benefits of Rs.11.61 million (June 2013: Rs. 13.38 million).			
19 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	19.1	58,912,201	56,377,914
Travelling and local conveyance		1,004,532	1,092,475
Telephone expenses		1,790,013	1,942,608
Vehicle running expenses		6,756,149	5,782,116
Insurance		302,593	237,539
Entertainment		1,870,434	1,341,822
Rent, rates and taxes		4,873,296	4,384,767
Legal and professional charges		3,462,006	3,959,931
Printing and stationery		1,921,750	1,913,347
Utilities		2,389,812	2,368,523
Welfare expenses		3,000,000	3,000,000
Auditors' remuneration	19.2	775,900	746,500
Operating lease rentals	20.2	2,727,857	92,936
Provision for doubtful debts		-	(3,526,924)
Provision against margin		-	(800,000)
Provision for doubtful deposits		-	1,459,600
Provision for doubtful prepayments		-	1,459,600
		<u>89,786,543</u>	<u>81,832,754</u>

19.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 5.91 million (June 2013: Rs. 5.91 million) and Directors' remuneration of Rs. 9.37 million (June 2013: Rs. 11.67 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
19.2 Auditors' remuneration			
Audit fee		600,000	600,000
Certification fee		150,500	50,000
Out of pocket expenses		25,400	96,500
		775,900	746,500
20 MARKETING EXPENSES			
Advertisement and marketing expenses		1,008,858	2,383,748
Salaries and other benefits	20.1	12,560,961	14,446,432
Traveling and local conveyance		215,734	3,594,735
Telephone expenses		360,258	390,969
Vehicle running expenses		1,228,289	1,051,207
Insurance		45,322	35,578
Entertainment		182,113	130,645
Operating lease rentals	20.2	718,368	37,312
		16,319,903	22,070,626
20.1 Salaries and other benefits include employees' retirement and other service benefits of Rs. 1.52 million (June 2013: Rs. 1.47 million).			
20.2 All operating lease (Ijara) rental payments are under cancellable operating lease arrangements and are due as follows:			
For the next one year		5,559,516	5,549,688
More than one year but not later than five years		10,155,787	15,617,344
More than five years		-	-
		15,715,303	21,167,032
21 OTHER OPERATING INCOME/ (LOSS)			
Income from financial assets			
Return on short term investments		10,335,921	11,418,367
Return on bank deposits		2,618,434	2,064,423
Exchange gain		11,920,413	21,990,456
Provision for trade and other payables		-	(16,118,459)
Provision for customers deposits		-	(8,622,416)
Net income - from other projects		26,941,483	3,518,810
		51,816,251	14,251,181
<u>Income from non-financial assets</u>			
Gain/ (loss) on disposal of property, plant and equipment		3,584,713	1,533,803
		55,400,964	15,784,984
22 PROVISION FOR TAXATION			
Current - for the year		57,638,970	65,754,017
Prior years		(197,595)	(2,652,738)
Deferred		(6,763,957)	(15,464,893)
	22.1	50,677,418	47,636,386
22.1 Reconciliation of tax charged for the year			
Accounting profit		150,393,353	143,683,208
Tax on accounting profit at 34% (June 2013 : 35%)		51,133,740	50,289,123
Tax effect of expenses that are inadmissible for tax purposes		15,711,245	28,206,654
Tax effect of expenses that are admissible for tax purposes		(9,206,015)	(12,741,761)
		57,638,970	65,754,017
Tax effect of prior years		(197,595)	(2,652,738)
Tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes		(6,763,957)	(15,464,893)
		50,677,418	47,636,386

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	Note	June 30, 2014 Rupees	June 30, 2013 Rupees
23 EARNING PER SHARE (BASIC AND DILUTED)			
Profit after taxation		99,715,935	96,046,822
		Number of shares	
Weighted average number of ordinary shares		9,801,000	9,801,000
Basic and diluted earnings per share (Pak Rs./share)		10.17	9.80
There are no dilutive ordinary shares as at June 30, 2014 (June 2013: Nil).			
		June 30, 2014 Rupees	June 30, 2013 Rupees
24 REMEASUREMENT OF STAFF GRATUITY FUND			
Actuarial loss on obligations		(1,016,430)	3,682,943
Actuarial gain / (loss) on assets		(2,452,220)	(3,202,383)
Actuarial gains / (losses) recognised in OCI		(3,468,650)	480,560
25 CASH AND CASH EQUIVALENTS			
Short term investments	15	295,875,000	435,440,000
Cash and bank balances	16	66,270,587	59,723,665
		362,145,587	495,163,665

26 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchanges rates, market interest rates, credit and liquidity risk associated with various financial assets and liabilities respectively as referred in note 26.4.

The Company finances its operations through equity, short-term borrowings and management of working capital with a view to maintaining a reasonable mix and to minimize risk.

Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

26.1 Market risk

Market risk is the risk that change in market prices, such as foreign exchange rates, interest rates and service charge out rate will effect the Company's incomes or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk.

a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to change in market interest rates. The Company does not have any long term bank borrowing and short term borrowings. The Company adopts policy to make fixed rate investment in instrument like TDRs so as to minimize the interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument was:

	June 30, 2014 %	June 30, 2013 %	June 30, 2014 Rupees	June 30, 2013 Rupees
Fixed rate instrument				
<u>Financial assets</u>				
Short term investments	1.25 to 10.00	1.25 to 9.25	295,875,000	435,440,000
Bank balances - deposit accounts	5.00 to 5.00	5.00 to 5.00	56,820,360	51,477,001
			352,695,360	486,917,001
Financial liabilities			-	-
			352,695,360	486,917,001

The company does not account for any fixed rate financial asset and liability at fair value through 'profit and loss' therefore a change in interest rate at the balance sheet date would not affect profit or loss of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

b) Currency risk

Most of the Company's transactions are carried out in Pak Rupees and US Dollars. Exposure to Company's receivables and payables, which are primarily denominated in the currency other than Pak Rupees, arises from the currency exchange rate fluctuation. The activities of the Company expose it to foreign exchange risk, primarily with respect of US Dollars and AE Dirham. To mitigate the Company's exposure to foreign currency risk, non-Pak Rupees cash flows are monitored in accordance with Company's risk management policies. Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from long-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency denominated financial assets and liabilities, translated into Pak Rupees at the closing rate, are as follows:

	June 30, 2014 Rupees	June 30, 2013 Rupees
Short-term exposure		
Financial assets- US Dollars	262,094,135	413,402,912
Financial assets- AED	5,103,052	26,695,949
	267,197,187	440,098,861
Financial liabilities-US Dollars	(101,100,191)	(94,207,186)
	166,096,996	345,891,675
Long-term exposure		
Financial assets	-	-
Financial liabilities	-	-
	-	-

The following table illustrates the sensitivity of the net result for the year and equity in regards to Company's financial assets and liabilities and US Dollar & AE Dirham - Pak Rupee exchange rate .

It assumes a -7.80 % / +6.16% change of the US-Dollar exchange rate for the year ended June 30, 2014 (June 2013:- 2.83 % / +2.13%) and -6.69 % / +5.70 % (2013:- 2.83 % / +2.14 %) change of the AE Dirham exchange rate for the year ended June 30, 2014. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on Company's foreign currency financial instruments held at each balance sheet date.

	June 30, 2014 Rupees	June 30, 2013 Rupees
If the Pak Rupee had strengthened against the US Dollar by -7.80 % (2013: -2.83 %) and against the AE Dirham by - 6.69 % (June 2013: -2.83 %) then this would have the following impact:		
<u>US Dollar Currency</u>		
Net result for the year (exchange loss)	(13,261,672)	(8,836,830)
<u>AE Dirham Currency</u>		
Net result for the year (exchange loss)	(356,278)	(740,219)
If the Pak Rupee had weakened against the US Dollar by 6.16 % (June 2013: 2.13 %) and against the AE Dirham by 5.70% (June 2013: 2.14%), then this would have the following impact:		
<u>US Dollar Currency</u>		
Net result for the year (exchange gain)	10,474,090	6,670,655
<u>AE Dirham Currency</u>		
Net result for the year (exchange gain)	303,534	559,843

c) Other price risk

The Company is neither exposed to equity securities price risk nor commodity price risk.

26.2 Credit risk analysis

Credit risk represents the accounting loss that would be recognized on the reporting date if counter parties failed completely to perform as contracted. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

	June 30, 2014 Rupees	June 30, 2013 Rupees
Classes of financial assets - carrying amounts		
Trade debts - unsecured	94,165,212	137,419,216
Advances	2,186,138	3,142,155
Trade deposits	29,909,251	35,245,655
Other receivables	6,491,821	668,525
Interest accrued	4,176,985	3,665,589
Cash and cash equivalent	362,145,587	495,163,665
	<u>499,074,994</u>	<u>675,304,805</u>

The Company's management continuously monitors the defaults of customers and other counterparties, whether of individual or of group. Where available at reasonable cost, external credit ratings on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Management considers that all the above financial assets that are not impaired for each of the reporting dates under review are good credit quality, including those that are past due.

Unimpaired trade debts that are past due as at the reporting date can be shown as follows:

	June 30, 2014 Rupees	June 30, 2013 Rupees
Not more than 3 months	55,781,041	51,317,084
More than 3 months but not more than 6 months	11,349,835	15,505,242
More than 6 months but not more than 1 year	23,245,182	40,532,775
More than 1 year	3,789,154	30,064,115
	<u>94,165,212</u>	<u>137,419,216</u>

Some of the unimpaired other receivable that are past due as at the reporting date can be shown as follows:

Not more than 3 months	1,118,070	1,224
More than 3 months but not more than 6 months	-	-
More than 6 months but not more than 1 year	4,706,450	-
More than 1 year	667,301	667,301
	<u>6,491,821</u>	<u>668,525</u>

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristic. Trade receivables consists of large number of customers in various industries and geographical areas.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality credit ratings.

26.3 Liquidity risk analysis

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of business. The company follows an effective cash flow management and planning policy to ensure the availability of funds and to take appropriate measures for new requirements.

At balance sheet date, the Company's liabilities have contractual maturities which are summarised below:

	June 30, 2014 Rupees	June 30, 2013 Rupees
Financial liabilities		
Customers deposits		
Maturity with in 1 year	103,622,326	100,676,410
Maturity after 1 year	-	-
	<u>103,622,326</u>	<u>100,676,410</u>
Trade and other payables		
Maturity with in 1 year	112,168,683	127,879,102
Maturity after 1 year	-	-
	<u>112,168,683</u>	<u>127,879,102</u>
	<u>215,791,009</u>	<u>228,555,512</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

26.4 Summary of financial assets and liabilities by category

The carrying amounts of the Company's financial assets and liabilities are recognised at the balance sheet date of the reporting period under review may also be categorised as follow:

	June 30, 2014 Rupees	June 30, 2013 Rupees
Financial assets		
Financial assets are measured at amortised cost		
Trade debts - unsecured	94,165,212	137,419,216
Advances, deposits and other receivables Advances	2,186,138	3,142,155
Trade deposits	29,909,251	35,245,655
Other receivables	6,491,821	668,525
Interest accrued	4,176,985	3,665,589
Cash and cash equivalent	362,145,587	495,163,665
	<u>499,074,994</u>	<u>675,304,805</u>
Financial liabilities		
Financial liabilities are measured at amortized cost		
Trade and other payables		
Others payables	112,168,683	127,879,102
Customers' deposits	103,622,326	100,676,410
	<u>215,791,009</u>	<u>228,555,512</u>

26.5 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital consists of equity as stated in balance sheet. The Board of Directors monitor the return on capital and the level of dividend to the shareholders. There were no changes to the Company's approach to capital management during the period and the Company is not subject to externally imposed capital requirements.

	June 30, 2014 Rupees	June 30, 2013 Rupees
27 TRANSACTIONS WITH RELATED PARTIES		
Following are the related parties with whom transactions were undertaken during the year.		
<u>Telecom Foundation</u>		
Dividend	26,991,765	32,390,124
Welfare expenses	3,000,000	3,000,000
	<u>29,991,765</u>	<u>35,390,124</u>
<u>TF Technologies (Private) Limited</u>		
Repayment	-	3,200
	<u>29,991,765</u>	<u>35,393,324</u>

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

27.2 There were no transactions with the directors and key management personnels other than their terms of employment and are disclosed in note 13 and 28 to these financial statements.

27.3 Transactions regarding retirement benefits are disclosed in notes 7, 8, 18, 19 and 20 to these financial statements.

27.4 The Company has no subsidiary company and there are no transactions with companies with common directorship other than those disclosed in financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

28 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company, are as follows;

	June 30, 2014 Rupees			June 30, 2013 Rupees		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	2,160,000	-	20,527,045	1,693,200	-	11,614,656
Other allowances	1,924,000	-	5,944,558	-	-	4,688,951
Meeting fee/Honorarium/Bonus	1,240,000	4,042,604	6,583,777	1,714,838	5,287,083	5,745,763
Training cost	-	-	-	610,000	2,359,801	-
	<u>5,324,000</u>	<u>4,042,604</u>	<u>33,055,380</u>	<u>4,018,038</u>	<u>7,646,884</u>	<u>22,049,370</u>
Number of persons	1	8	12	2	8	8

28.1 The Chief Executive and Executives of the Company are also provided Company maintained vehicles for official purpose only.

29 NUMBER OF EMPLOYEES

	June 30, 2014	June 30, 2013
Total number of employees at the end of year	236	235
Average number of employees during the year	236	231

30 OPERATING SEGMENTS

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

Out of total revenue, 99.46 % (June 2013: 94.35 %) is generated from CVAS Data License, 0.54 % (June 2013: Rs. 1.80 %) from Telecom Infrastructure Provider license and Rs. Nil (June 2013: 3.86 %) from cable laying and allied services.

Revenue from major customers of the Company amounts to Rs. 446.71 million (June 2013: Rs. 446.08 million) representing 80.18 % (June 2013: 58.21 %) of the total revenue.

Out of total revenue of Rs. 732.66 million (June 2013: Rs. 771.65 million), revenue of Rs. 732.66 million (June 2013: Rs. 742.11 million) is generated from Pakistan and revenue generated from UAE is Rs. Nil (June 2013: Rs. 29.54 million).

Out of total non-current assets of the company 99.78 % (June 2013: 99.77 %) assets are located in Pakistan.

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on September 26 , 2014.

32 MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

The Board of Directors in its meeting held on September 26, 2014 approved i) transfer of Rs. 50.00 million (June 2013: Rs. 50.00 million) from unappropriated profit to general reserves; ii) Final cash dividend of Rs. 4.00 per share (June 2013: Rs. 3.00 per share) amounting to Rs. 39.20 million (June 2013: Rs. 29.40 million). The financial statements for the year ended June 30, 2014 do not include the effect of aforementioned movement between reserves and proposed dividend.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

33 RESTATEMENT

During the year, the company has revised the gratuity fund under defined benefit plan as per IAS 19 (Revised 2011) in respect of employees' retirement and other benefits in conjunction with the requirements of IAS 8, "Accounting policies, changes in accounting estimates and errors". According to revised policy, unrecognised actuarial gain/ (losses) are recognised in the balance sheet as other comprehensive income (OCI) in the periods in which they occur.

The effect of revision on prior years is summarised below.

	June 30, 2013 Rupees	June 30, 2012 Rupees
Impact on Balance Sheet		
Increase/ (Decrease) in employees retirement benefits provision	(480,560)	9,033,041
Increase/ (Decrease) in unappropriated profit	480,560	(9,033,041)
Impact on Other Comprehensive Income		
Increase/ (Decrease) in other comprehensive income	480,560	(9,033,041)

34 CORRESPONDING FIGURES

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

<u>Reclassification From</u>	<u>Reclassification To</u>	June 30, 2013 Rupees
Cost of services-Equipment maintenance cost	Cost of services-Repair and maintenance expenses	9,564,999
Administrative expenses- Telephone expenses	Cost of services- Telephone expenses	989,560
Administrative expenses- Telephone expenses	Marketing expenses- Telephone expenses	390,969
Administrative expenses- Vehicle running expenses	Cost of services- Vehicle running expenses	12,942,263
Administrative expenses- Vehicle running expenses	Marketing expenses- Vehicle running expenses	1,051,207
Administrative expenses- Insurance	Cost of services- Insurance	714,406
Administrative expenses- Insurance	Marketing expenses- Insurance	35,578
Administrative expenses- Entertainment	Cost of services- Entertainment	811,207
Administrative expenses- Entertainment	Marketing expenses- Entertainment	130,645
Administrative expenses- Rent, rates and taxes	Cost of services- Rent, rates and taxes	2,693,010
Administrative expenses- Utilities	Cost of services- Utilities	2,481,088

35 GENERAL

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

Iftikhar Ahmed Raja
Director

Muhammad Arshad Khan Kayani
Chief Executive

**PATTERN OF HOLDING OF THE SHARES HELD BY THE
SHAREHOLDERS OF PAK DATACOM LIMITED AS AT JUNE 30, 2014
FORM 34 (SECTION - 236)**

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
1,372	1	100	49,033
390	101	500	117,076
70	501	1,000	53,898
87	1,001	5,000	211,571
23	5,001	10,000	174,977
6	10,001	15,000	75,190
7	15,001	20,000	119,968
2	20,001	25,000	46,500
2	35,001	40,000	71,094
2	45,001	50,000	97,000
1	50,001	55,000	51,500
1	55,001	60,000	55,405
1	80,001	85,000	84,500
1	145,001	150,000	150,000
1	175,001	180,000	178,898
1	300,001	305,000	304,227
1	400,001	405,000	400,700
1	650,001	655,000	654,031
1	750,001	755,000	750,791
1	755,001	760,000	756,288
1	5,395,001	5,400,000	5,398,353
1,972			9,801,000

CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE (%)
Associated Companies	5,398,353	55.08
Directors & Executives	11,250	0.11
Insurance Companies	756,288	7.72
Financial Institutions	750,891	7.66
Joint Stock Companies	740,338	7.55
Investment Companies	133	0.00
Others	521,705	5.32
Individuals	1,622,042	16.56
TOTAL	9,801,000	100.00

NAME WISE DETAIL OF SHAREHOLDERS

Categories of shareholders	Physical	CDC	Total Shares Held	Percentage (%)
Associated Companies, Undertakings & Related Parties				
Telecom Foundation	5,398,353	-	5,398,353	55.08
NIT & ICP (Name Wise Detail)				
IDBP (ICP Unit)	-	8	8	0.00
Industrial Development Bank of Pakistan	125	-	125	0.00
Directors, Chief Executives, Officers, Their Spouses and Minor Children				
Mr Muhammad Yousaf	-	625	625	0.01
Mr. Nessar Ahmed	-	625	625	0.01
Mst. Maliha Yaqoob	-	10,000	10,000	0.10
Insurance Companies				
State Life Insurance Corp. of Pakistan	-	756,288	756,288	7.72
Financial Institutions				
National Bank of Pakistan	-	100	100	0.00
National Bank of Pakistan	-	750,791	750,791	7.66
Modarabas & Mutual Funds				
CDC - Trustee AKD Opportunity Fund	-	304,227	304,227	3.10
Golden Arrow Selected Stocks Fund Limited	-	654,031	654,031	6.67
Other Companies				
Karachi Stock Exchange Limited	-	48	48	0.00
Ali Husain Rajabali Ltd	-	17,000	17,000	0.17
Y. S. Securities & Services (Pvt) Limited	-	2,175	2,175	0.02
Trustee - NBP Employees Pension Fund	-	16,356	16,356	0.17
Trustee - NBP Employees Benevolent Fund Trust	-	574	574	0.01
Sarfraz Mahmood (Private) Limited	-	157	157	0.00
N.H. Capital Fund Ltd	-	6	6	0.00
UHF Consulting (Private) Limited	-	221	221	0.00
Capital Vision Securities (pvt) Ltd.	-	13	13	0.00
Stock Master Securities (Private) Limited	-	57	57	0.00
Abbasi Securities (Private) Limited	-	4,125	4,125	0.04
Darson Securities (Pvt) Limited	-	53	53	0.00
Amin Tai Securities (Private) Limited	-	47,000	47,000	0.48
Mohammad Munir Mohammad Ahmed Khanani Securities (Pvt) Ltd.	-	3,000	3,000	0.03
Al-Haq Securities (Pvt) Limited	-	550	550	0.01
Ghani Osman Securities (private) Limited	-	5,000	5,000	0.05
CDC - Trustee National Investment (Unit) Trust	-	178,898	178,898	1.83
Non Residents				
CMB (1) As Trustee For GT	440	-	440	0.00
Dester Management Limited	137	-	137	0.00
Lehman Brothers Securities	13,100	-	13,100	0.13
Somers Nominees (Far East) Limited	6,765	-	6,765	0.07
Morgan Stanley Bank Luxembourg	6,385	-	6,385	0.07
Pictet & Cie	1,725	-	1,725	0.01
General Public	238,185	1,383,857	1,622,042	16.56
	5,665,215	4,135,785	9,801,000	100.00

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING RIGHTS IN THE COMPANY

Name(s) of Shareholder(s)	Shares Held	Percentage %
Telecom Foundation	5,398,353	55.08
State Life Insurance Corp. of Pakistan	756,288	7.72
National Bank of Pakistan	750,791	7.66
Golden Arrow Selected Stocks Fund Limited	654,031	6.67

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 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.

PAK DATACOM LIMITED

I/ We, _____

of _____

being member(s) of Pak Datacom Limited and a holder of _____
(Number of Shares)

ordinary shares as per Share Register Folio Number/ CDC A/C No. _____

_____ hereby appoint _____
(Name)

of _____ holding Share Register Folio Number/ CDC A/C No. _____

who is also a member of Pak Datacom Limited as my/ our proxy to vote for me/ us and on my/ our behalf at the Annual General Meeting of the Company to be held on October 22, 2014 at 11:00 am and at any adjournment thereof.

Signed _____ day of _____
(Signature)

Name _____

Please affix
Rs. 5/-
revenue stamp

Specimen Signature of Proxy

Specimen Signature of Proxy

WITNESS 1: _____

Signature _____

Name _____

Address _____

CNIC No _____

WITNESS 2: _____

Signature _____

Name _____

Address _____

CNIC No _____

Note:

1. The proxy in order to be valid must be signed across a Rs. 5/- revenue stamp duly witnessed and should be deposited in the Head Office of the Company not later than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/ she is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.
4. If a proxy is granted by a member who has deposited his/ her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account/ sub-account number alongwith attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representative of corporate members should bring the usual documents required for such purpose.

Complete Corporate Solutions

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

T: +92 51 2344123, 2344125 F: +92 51 2344111

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