



Pak Datacom

# Half Yearly Report

July 2013 to December 2013  
(Un-audited)



**Pak Datacom Limited**

## COMPANY PROFILE

### BOARD OF DIRECTORS

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

### CFO/ COMPANY SECRETARY

Syed Sajjad Hasan Jafri

### 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             |          |

### REGISTERED OFFICE

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

### HEAD OFFICE

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

### SHARES DEPARTMENT

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

### AUDITORS

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

### LEGAL ADVISOR

KAZMIZ Associate & Corporate Consultants, House # 14, Street # 48, F-8/4, Islamabad

## DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) feels pleasure to present the financial statements for the half year ended on 31<sup>st</sup> December 2013.

The profitability of the company remained steady as compared to last year's corresponding period. PDL earned total revenue of Rs. 366.366 million during first six months of current financial year as against Rs. 406.220 million while it has posted pre-tax profit of Rs. 78.278 million as compared to Rs. 86.079 million of last year's corresponding period.

PDL management is striving hard to achieve business targets through strategic measures taken to improve the operational performance and is exploring new avenues by deploying cost effective, Data Communication systems. Simultaneously, monitoring tools for these systems have been upgraded to improve round the clock network monitoring operations in an efficient manner. This policy will continue to seek new revenue streams and explore feasible ventures, for enhancing the profitability of the Company. The management expects that all these actions will bring better results during the succeeding period and the financial targets is likely to be achieved with dedication of the management and employees.

We thank our valued shareholders, regulators, stock exchanges and customers for their trust and committed support for the progress and prosperity of the Company.

**For and on behalf of the Board**

**Islamabad  
February 26, 2014**

**Muhammad Arshad Khan Kayani  
Chief Executive**

# AUDITORS' REVIEW REPORT TO THE MEMBERS

## **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Pak Datacom Limited ("the company") as at December 31, 2013 and the related condensed profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

## **Scope of Review**

We conducted our review in accordance with the international Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditors of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2013 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

**Islamabad**  
**February 26, 2013**

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

# CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2013

|  | Note | Un-audited<br>December 31,<br>2013<br>Rupees    | Audited<br>June 30,<br>2013<br>Rupees           |
|--|------|---|---|
| <b>EQUITY AND LIABILITIES</b>  |      |   |   |
| <b>SHARE CAPITAL AND RESERVES</b>  |      |   |   |
| Authorised share capital - 100,000,000 ordinary shares<br>(June 2013: 100,000,000) of rupees 10 each |      | <u>1,000,000,000</u>                            | <u>1,000,000,000</u>                            |
| Issued, subscribed and paid up capital Reserves  | 4    | 98,010,000<br><u>684,303,841</u><br>782,313,841 | 98,010,000<br><u>661,586,965</u><br>759,596,965 |
| <b>NON-CURRENT LIABILITIES</b>   |      |   |   |
| Deferred taxation  |      | 5,002,974                                       | 9,055,466                                       |
| Employees' retirement and other service benefits - leave encashment                                  |      | 30,594,995<br><u>35,597,969</u>                 | 28,594,995<br><u>37,650,461</u>                 |
| <b>CURRENT LIABILITIES</b>   |      |   |   |
| Customers' deposits  |      | 104,083,092                                     | 100,676,410                                     |
| Trade and other payables   |      | 334,213,523                                     | 258,229,790                                     |
| Provision for taxation   |      | 30,408,322                                      | 65,754,017                                      |
|  |      | 468,704,937                                     | 424,660,217                                     |
|  |      | <u>1,286,616,747</u>                            | <u>1,221,907,643</u>                            |
| <b>CONTINGENCIES AND COMMITMENTS</b>   | 5    |   |   |
| <b>ASSETS</b>  |      |   |   |
| <b>NON-CURRENT ASSETS</b>  |      |   |   |
| Property, plant and equipment  | 6    | 292,393,901                                     | 310,556,149                                     |
| Intangible assets  | 7    | 7,382,413<br><u>299,776,314</u>                 | 7,912,899<br><u>318,469,048</u>                 |
| <b>CURRENT ASSETS</b>  |      |   |   |
| Trade debts  |      | 168,163,979                                     | 137,419,216                                     |
| Advances   |      | 295,146,545                                     | 145,205,758                                     |
| Trade deposits and short term prepayments  |      | 81,563,732                                      | 77,248,415                                      |
| Other receivables  |      | 9,153,764                                       | 668,525   |
| Interest accrued   |      | 3,399,981                                       | 3,665,589                                       |
| Advance tax  |      | 33,373,863                                      | 44,067,427                                      |
| Short term investments   |      | 269,560,000                                     | 435,440,000                                     |
| Cash and bank balances   |      | 126,478,569                                     | 59,723,665                                      |
|  |      | 986,840,433                                     | 903,438,595                                     |
|  |      | <u>1,286,616,747</u>                            | <u>1,221,907,643</u>                            |

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

**Iftikhar Ahmed Raja**  
DIRECTOR

**Muhammad Arshad Khan Kayani**  
CHIEF EXECUTIVE

**CONDENSED INTERIM PROFIT AND LOSS  
ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013**

|                            | Note | For the Quarter Ended |                      | For the Half Year Ended |                      |
|----------------------------|------|-----------------------|----------------------|-------------------------|----------------------|
|                            |      | December, 31<br>2013  | December, 31<br>2012 | December 31,<br>2013    | December 31,<br>2012 |
|                            |      | Rupees                | Rupees               | Rupees                  | Rupees               |
| Revenue                    | 8    | 186,413,871           | 213,303,303          | 366,365,990             | 406,220,543          |
| Cost of services           | 9    | (136,699,872)         | (146,814,388)        | (272,042,293)           | (279,044,398)        |
| Gross profit               |      | 49,713,999            | 66,488,915           | 94,323,697              | 127,176,145          |
| Administrative expenses    | 10   | (27,392,633)          | (31,636,109)         | (52,529,154)            | (53,546,746)         |
| Marketing expenses         | 11   | (3,700,508)           | (6,005,747)          | (7,046,159)             | (8,830,346)          |
|                            |      | (31,093,141)          | (37,641,856)         | (59,575,313)            | (62,377,092)         |
| Operating profit           |      | 18,620,858            | 28,847,059           | 34,748,384              | 64,799,053           |
| Other operating income     |      | 17,235,236            | 17,416,905           | 44,882,876              | 22,376,397           |
|                            |      | 35,856,094            | 46,263,964           | 79,631,260              | 87,175,450           |
| Finance cost               |      | (1,173,245)           | (1,357,937)          | (1,353,149)             | (1,096,544)          |
| Profit before taxation     |      | 34,682,849            | 44,906,027           | 78,278,111              | 86,078,906           |
| Provision for taxation     |      | (11,594,574)          | (14,701,134)         | (26,158,235)            | (30,426,517)         |
| Profit after taxation      |      | 23,088,275            | 30,204,893           | 52,119,876              | 55,652,389           |
| Other comprehensive income |      | -                     | -                    | -                       | -                    |
| Net profit for the period  |      | 23,088,275            | 30,204,893           | 52,119,876              | 55,652,389           |
| Earning per share          |      | 2.36                  | 3.08                 | 5.32                    | 5.68                 |

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

**Iftikhar Ahmed Raja**  
DIRECTOR

**Muhammad Arshad Khan Kayani**  
CHIEF EXECUTIVE

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

### FOR THE HALF YEAR ENDED DECEMBER 31, 2013

|   | December 31,<br>2013<br>Rupees | December 31,<br>2012<br>Rupees |
|---|--------------------------------|--------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                                |                                |
| Profit for the period before taxation                           | 78,278,111                     | 86,078,906                     |
| Adjustments for non-cash and other items:                       |                                |                                |
| Depreciation  | 24,736,488                     | 28,647,187                     |
| Depreciation - joint venture                                    | -                              | 427,322                        |
| Amortisation-intangible assets                                  | 530,486                        | 747,499                        |
| (Gain)/ loss on disposal of property, plant and equipment       | (3,537,530)                    | (40,595)                       |
| Finance cost  | 1,353,149                      | 1,096,544                      |
| Exchange gain   | (23,183,564)                   | (11,781,702)                   |
| Return on bank deposits/ short term investments                 | (6,582,292)                    | (7,035,290)                    |
| Provision for gratuity  | 6,000,000                      | 5,000,000                      |
| Provision for earned leave encashment                           | 2,000,000                      | 3,000,000                      |
|   | 1,316,737                      | 20,060,965                     |
| Operating profit before working capital changes                 | 79,594,848                     | 106,139,871                    |
| <b>Movement in working capital</b>                              |                                |                                |
| <u>(Increase)/decrease in current assets</u>                    |                                |                                |
| Trade debts - unsecured   | (30,744,763)                   | (53,241,405)                   |
| Advances  | (149,940,787)                  | (7,237,026)                    |
| Trade deposits and short term prepayments                       | (4,315,317)                    | (4,273,689)                    |
| Due from associated companies                                   | -                              | (6,200)                        |
| Other receivables   | (8,485,239)                    | 613,400                        |
| <u>Increase/(decrease) in current liabilities</u>               |                                |                                |
| Customers' deposits   | 3,406,682                      | 4,710,781                      |
| Trade and other payables  | 77,587,147                     | 115,186,686                    |
|   | (112,492,277)                  | 55,752,547                     |
| <b>Cash generated from operations</b>                           | (32,897,429)                   | 161,892,418                    |
| Taxes paid  | (54,862,858)                   | (13,014,986)                   |
| Gratuity paid/adjusted  | (8,329,657)                    | (4,118,257)                    |
| Earned leave paid/ adjusted                                     | -                              | (1,488,736)                    |
| Return on bank deposits/ short term investments                 | 6,847,900                      | 3,892,126                      |
| Finance cost  | (1,353,149)                    | (1,096,544)                    |
|   | (57,697,764)                   | (15,826,397)                   |
| <b>Net cash flows from operating activities</b>                 | (90,595,193)                   | 146,066,021                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                                |                                |
| Fixed capital expenditure                                       | (9,222,900)                    | (9,756,742)                    |
| Proceeds on the disposal of property, plant and equipment       | 6,186,190                      | 118,000                        |
| <b>Net cash flows from investing activities</b>                 | (3,036,710)                    | (9,638,742)                    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                                |                                |
| Dividend paid   | (28,676,757)                   | (38,533,802)                   |
| <b>Net increase/ (decrease) in cash and cash equivalents</b>    | (122,308,660)                  | 97,893,477                     |
| <b>Cash and cash equivalents at the beginning of the period</b> | 495,163,665                    | 483,022,737                    |
| Effect of foreign exchange rate change                          | 23,183,564                     | 11,781,702                     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>       | 396,038,569                    | 592,697,916                    |

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

**Iftikhar Ahmed Raja**  
DIRECTOR

**Muhammad Arshad Khan Kayani**  
CHIEF EXECUTIVE

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013

|   | Revenue reserves  |                               |                                    |                 |
|---|---|-------------------------------|------------------------------------|-----------------|
|   | Share Capital<br>Issued,<br>subscribed and<br>paid-up<br>Rupees | General<br>Reserves<br>Rupees | Unappropriated<br>profit<br>Rupees | Total<br>Rupees |
| <b>Balance as at June 30, 2012</b>  | 98,010,000  | 381,500,000                   | 242,846,143                        | 722,356,143     |
| Net profit for the period   | -   | -                             | 55,652,389                         | 55,652,389      |
| <b>Balance as at December 31, 2012</b>                                    | 98,010,000  | 381,500,000                   | 298,498,532                        | 778,008,532     |
| Net profit for the period   | -   | -                             | 40,394,433                         | 40,394,433      |
| Transfer to General reserve   | -   | 50,000,000                    | (50,000,000)                       | -               |
| <u>Transactions with owners</u>   |   |                               |                                    |                 |
| Final dividend for the year ended June 30, 2012<br>(Rs. 4.00 per share)   | -   | -                             | (39,204,000)                       | (39,204,000)    |
| Interim dividend for the year ended June 30, 2013<br>(Rs. 2.00 per share) | -   | -                             | (19,602,000)                       | (19,602,000)    |
| <b>Balance as at June 30, 2013</b>  | 98,010,000  | 431,500,000                   | 230,086,965                        | 759,596,965     |
| Net profit for the period   | -   | -                             | 52,119,876                         | 52,119,876      |
| Transfer to General reserve   | -   | 50,000,000                    | (50,000,000)                       | -               |
| <u>Transactions with owners</u>   |   |                               |                                    |                 |
| Final dividend for the year ended June 30, 2013<br>(Rs. 3.00 per share)   | -   | -                             | (29,403,000)                       | (29,403,000)    |
| <b>Balance as at December 31, 2013</b>                                    | 98,010,000  | 481,500,000                   | 202,803,841                        | 782,313,841     |

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

**Iftikhar Ahmed Raja**  
DIRECTOR

**Muhammad Arshad Khan Kayani**  
CHIEF EXECUTIVE



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

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

## 1 LEGAL STATUS AND OPERATIONS

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

## 2 BASIS OF PREPARATION

### 2.1 Statement of Compliance

These condensed interim financial statements for the half year ended December 31, 2013 have been prepared in accordance with IAS 34 - Interim Financial Reporting and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the requirements of Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

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

The Standards, interpretations and amendments to them effective for the accounting period beginning on or after January 01, 2013 are either not relevant to the Company's operations or are not expected to have any significant impact on the Company's financial statements (if any).

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of measurement

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

### 3.2 Functional and presentation currency

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

### 3.3 Changes in Accounting Policies

The accounting policies and estimates adopted in the preparation of these financial statements are the same as those applied in the preparation of financial statements for the year ended June 30, 2013 except those specifically otherwise disclosed in these financial statements.

|   | Un-audited<br>December 31,<br>2013<br>Rupees | Audited<br>June 30,<br>2013<br>Rupees |
|---|--|---------------------------------------|
| <b>4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>   |  |                                       |
| 5,400,000 (June 2013: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash                | 54,000,000                                   | 54,000,000                            |
| 4,401,000 (June 2013: 4,401,000) ordinary shares of Rs. 10/- each issued as fully paid bonus shares | 44,010,000                                   | 44,010,000                            |
|   | <u>98,010,000</u>                            | <u>98,010,000</u>                     |

Out of total issued share capital, 5,398,354 (June 2013: 5,398,354) ordinary shares are held by Telecom Foundation, Pakistan.

#### 5 CONTINGENCIES AND COMMITMENTS

- 5.1 Guarantees and letter of credits issued by the bank on behalf of the Company amounted to Rs. 371.97 million (June 2013: Rs. 580.42 million).
- 5.2 The Company had entered into an agreement with a reseller of satellite bandwidth in Pakistan for provisioning of satellite segment. Due to certain technical issues, the bandwidth was never operational or utilised. Management after appropriate measures for the recovery of advance payments of US\$ 0.64 million; equivalent Rs. 66.49 million (June 2013: US\$ 0.64 million; equivalent Rs. 62.64 million) referred the matter to the arbitration, which in its award given on May 03, 2012 imposed additional payment of US \$ 0.64 million; equivalent Rs. 66.49 million on the Company. The Company has filed the case in Islamabad High Court against the award, outcome of which is still pending. The Company had made provision against the advance payment of US \$ 0.64 million; equivalent Rs. 66.49 million during the year ended June 30, 2013 as a matter of abandon caution. However the Board and the management is of the opinion that the maximum loss even if the case is decided against the Company will not exceed US\$ 1.28 million; equivalent Rs. 134.12 million (June 2013 : US\$ 1.28 million; equivalent Rs. 126.46 million). The reseller had also filed a counter claim in the Civil Court, Islamabad for recovery of the Arbitration Award, which has been adjourned sine-die since the matter is already in the Honorable Islamabad High Court.
- 5.3 Tax appeal for the recovery of Rs. 0.28 million (June 2013: Rs. 0.28 million) is pending with the Income Tax Appellate Tribunal, Islamabad against the imposition of penalty on short advance tax charged by the Collector of Income Tax at the time of import. The case is expected to be decided in favour of the Company.
- 5.4 Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 102.97 million (June 2013: Rs 106.48 million).

|  | Note | Un-audited<br>December 31,<br>2013<br>Rupees | Audited<br>June 30,<br>2013<br>Rupees |
|--|------|--|---------------------------------------|
| <b>6 PROPERTY, PLANT AND EQUIPMENT</b> |      |  |                                       |
| Net book Value - Pakistan              | 6.1  | 291,727,951                                  | 309,812,729                           |
| Net book Value - UAE                   | 6.2  | 665,950                                      | 743,420                               |
|  |      | <u>292,393,901</u>                           | <u>310,556,149</u>                    |

|  | Note | Un-audited<br>December 31,<br>2013<br>Rupees | Audited<br>June 30,<br>2013<br>Rupees |
|--|------|--|---------------------------------------|
| <b>6.1 Property, plant and equipment- Pakistan</b> |      |  |                                       |
| <b>Cost</b>  |      |  |                                       |
| Opening balance                                    |      | 850,110,130                                  | 835,831,945                           |
| Additions during the period                        |      | 9,222,900                                    | 18,513,046                            |
| Deletion/disposals during the period               |      | (10,040,357)                                 | (4,234,861)                           |
| Closing balance                                    |      | 849,292,673                                  | 850,110,130                           |
| <b>Accumulated depreciation</b>                    |      |  |                                       |
| Opening balance                                    |      | 540,297,401                                  | 485,441,528                           |
| Additions during the period                        |      | 24,659,018                                   | 58,364,093                            |
| Deletion/disposals during the period               |      | (7,391,697)                                  | (3,508,220)                           |
| Closing balance                                    |      | 557,564,722                                  | 540,297,401                           |
| <b>Net book value</b>                              |      | 291,727,951                                  | 309,812,729                           |
| <b>6.2 Property, plant and equipment- UAE</b>      |      |  |                                       |
| <b>Cost</b>  |      |  |                                       |
| Opening balance                                    |      | 770,181                                      | -                                     |
| Additions during the period                        |      | -  | 770,181                               |
| Deletion/disposals during the period               |      | -  | -                                     |
| Closing balance                                    |      | 770,181                                      | 770,181                               |
| <b>Accumulated depreciation</b>                    |      |  |                                       |
| Opening balance                                    |      | 26,761                                       | -                                     |
| Additions during the period                        |      | 77,470                                       | 26,761                                |
| Deletion/disposals during the period               |      | -  | -                                     |
| Closing balance                                    |      | 104,231                                      | 26,761                                |
| <b>Net book value</b>                              |      | 665,950                                      | 743,420                               |
|  |      | 292,393,901                                  | 310,556,149                           |

1st charge of Rs. 140.00 million (June 2013: Rs. 140.00 million) on fixed assets, on present and future current assets of the Company of Rs. 400.00 million (June 2013: Rs. 400.00 million) with lien on import documents of Rs. 185.48 million (June 2013: Rs. 185.48 million) and US\$ 2.50 million; equivalent Rs. 261.95 million (June 2013: US\$ 2.50 million; equivalent Rs. 247.00 million) in shape of F.C-FDR (proportionately adjustable on receipt of shipping documents under letter of credit) has been created in favor of Soneri Bank Limited for an unfunded facility of Rs. 595.76 million (June 2013: Rs. 846.92 million).

|                                      |  | Un-audited<br>December 31,<br>2012<br>Rupees | Audited<br>June 30,<br>2013<br>Rupees |
|--------------------------------------|--|--|---------------------------------------|
| <b>7 INTANGIBLEASSETS</b>            |  |  |                                       |
| <b>Cost</b>                          |  |  |                                       |
| Opening balance                      |  | 11,744,006                                   | 11,744,006                            |
| Additions during the period          |  | -  | -                                     |
| Deletion/disposals during the period |  | -  | -                                     |
| Closing balance                      |  | 11,744,006                                   | 11,744,006                            |
| <b>Accumulated amortisation</b>      |  |  |                                       |
| Opening balance                      |  | 3,831,107                                    | 2,336,107                             |
| Additions during the period          |  | 530,486                                      | 1,495,000                             |
| Deletion/disposals during the period |  | -  | -                                     |
| Closing balance                      |  | 4,361,593                                    | 3,831,107                             |
| <b>Net book value</b>                |  | 7,382,413                                    | 7,912,899                             |

|  | For the Quarter ended       |                             | For the Half Year ended     |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | December 31, 2013<br>Rupees | December 31, 2012<br>Rupees | December 31, 2013<br>Rupees | December 31, 2012<br>Rupees |
| <b>8 REVENUE</b>                                     |                             |                             |                             |                             |
| CVAS Data License                                    | 185,693,871                 | 200,483,166                 | 363,813,590                 | 382,576,522                 |
| Telecom Infrastructure                               |                             |                             |                             |                             |
| Provider License                                     | 720,000                     | 3,732,812                   | 2,552,400                   | 7,042,812                   |
| Joint venture - PDL share                            | -                           | 9,087,325                   | -                           | 16,601,209                  |
|  | <u>186,413,871</u>          | <u>213,303,303</u>          | <u>366,365,990</u>          | <u>406,220,543</u>          |
| <b>9 COST OF SERVICES</b>                            |                             |                             |                             |                             |
| Channel and local lead rentals                       | 47,507,035                  | 48,967,452                  | 99,330,354                  | 96,056,025                  |
| Space segment rentals                                | 39,180,845                  | 33,902,974                  | 76,373,471                  | 65,846,172                  |
| Equipment maintenance cost                           | 1,389,243                   | 3,025,920                   | 2,604,976                   | 5,468,514                   |
| Repair and maintenance expenses                      | 2,016,759                   | 1,933,274                   | 3,724,632                   | 3,481,808                   |
| License fee  | 946,469                     | 1,095,736                   | 1,882,878                   | 2,288,953                   |
| Depreciation   | 12,455,135                  | 14,452,619                  | 24,736,488                  | 28,647,187                  |
| Amortisation   | 156,733                     | 373,749                     | 530,486                     | 747,499                     |
| Expenses - joint venture - PDL share                 | -                           | 8,575,555                   | -                           | 15,040,347                  |
| Salaries and other benefits                          | 31,780,445                  | 34,049,961                  | 60,414,402                  | 60,161,160                  |
| Travelling and local conveyance                      | 812,414                     | 437,148                     | 1,580,668                   | 1,306,733                   |
| Operating lease rentals                              | 454,794                     | -                           | 863,938                     | -                           |
|  | <u>136,699,872</u>          | <u>146,814,388</u>          | <u>272,042,293</u>          | <u>279,044,398</u>          |
| <b>10 ADMINISTRATIVE EXPENSES</b>                    |                             |                             |                             |                             |
| Salaries and other benefits                          | 11,014,776                  | 15,458,908                  | 23,709,756                  | 25,468,722                  |
| Travelling and local conveyance                      | 284,760                     | 251,601                     | 418,741                     | 365,009                     |
| Telephone expenses                                   | 693,871                     | 918,073                     | 1,313,321                   | 1,391,842                   |
| Vehicle running expenses                             | 5,639,395                   | 4,899,035                   | 11,596,015                  | 9,222,533                   |
| Insurance  | 614,177                     | 153,341                     | 850,634                     | 676,295                     |
| Entertainment  | 935,354                     | 709,803                     | 1,526,094                   | 973,046                     |
| Rent, rates and taxes                                | 1,855,516                   | 1,017,343                   | 3,760,569                   | 3,440,829                   |
| Legal and professional charges                       | 1,871,765                   | 1,030,229                   | 2,735,741                   | 2,993,345                   |
| Printing and stationery                              | 379,194                     | 655,682                     | 661,634                     | 1,066,340                   |
| Utilities  | 1,487,832                   | 1,277,408                   | 2,607,988                   | 2,684,099                   |
| Welfare expenses                                     | 1,500,000                   | -                           | 1,500,000                   | -                           |
| Auditors' remuneration                               | 360,500                     | 255,000                     | 360,500                     | 255,000                     |
| Operating lease rentals                              | 755,493                     | -                           | 1,488,161                   | -                           |
| Provision for deposits and payables                  | -                           | 5,009,686                   | -                           | 5,009,686                   |
|  | <u>27,392,633</u>           | <u>31,636,109</u>           | <u>52,529,154</u>           | <u>53,546,746</u>           |
| <b>11 MARKETING EXPENSES</b>                         |                             |                             |                             |                             |
| Advertisement and marketing expenses                 | 397,868                     | 1,096,202                   | 536,088                     | 1,335,060                   |
| Salaries and other benefits                          | 3,004,107                   | 4,146,602                   | 5,990,753                   | 6,700,920                   |
| Travelling and local conveyance                      | 118,941                     | 762,943                     | 160,134                     | 794,366                     |
| Operating lease rentals                              | 179,592                     | -                           | 359,184                     | -                           |
|  | <u>3,700,508</u>            | <u>6,005,747</u>            | <u>7,046,159</u>            | <u>8,830,346</u>            |
| <b>12 EARNINGS PER SHARE<br/>(BASIC AND DILUTED)</b> |                             |                             |                             |                             |
| Profit after taxation                                | <u>23,088,275</u>           | <u>30,204,893</u>           | <u>52,119,876</u>           | <u>55,652,389</u>           |
|  |                             |                             |                             |                             |
|  | <b>Number of shares</b>     |                             | <b>Number of shares</b>     |                             |
| Weighted average number of ordinary shares           | <u>9,801,000</u>            | <u>9,801,000</u>            | <u>9,801,000</u>            | <u>9,801,000</u>            |
| Basic and diluted earnings per share (Pak Rs./share) | <u>2.36</u>                 | <u>3.08</u>                 | <u>5.32</u>                 | <u>5.68</u>                 |

There are no dilutive ordinary shares as at December 31, 2013 (December 31, 2012: Nil).

| For the Half Year ended        |                                |
|--------------------------------|--------------------------------|
| December 31,<br>2013<br>Rupees | December 31,<br>2012<br>Rupees |

### 13 TRANSACTIONS WITH ASSOCIATED COMPANIES

Following are the related parties with whom transactions were undertaken during the period.

#### Telecom Foundation

|                                   |                   |                   |
|-----------------------------------|-------------------|-------------------|
| Dividend                          | 16,195,062        | 21,593,416        |
| Welfare expenses                  | 1,500,000         | -                 |
|                                   | <u>17,695,062</u> | <u>42,127,069</u> |
| Associates                        |                   |                   |
| TF Technologies (Private) Limited |                   |                   |
| Repayment                         | -                 | 3,200             |
|                                   | -                 | 3,200             |
|                                   | <u>17,695,062</u> | <u>42,130,269</u> |

- 13.1 The related parties comprise of subsidiary, holding and associated companies, directors, companies with common directorship, key management staff and employees' retirement and other service benefits.
- 13.2 Transactions with Directors and key management staff are Rs. 7.53 million ( Dec 2012: Rs. 5.66 million) and are disclosed in note 9, 10 & 11 under the account head salaries and other benefits to these financial statements.
- 13.3 There were no transactions with the key management personnel other than their terms of employment.
- 13.4 The Company has no subsidiary company and there are no transactions with companies with common directorship other than those disclosed in financial statements.
- 13.5 Transactions regarding retirement benefits are disclosed in note 9, 10 & 11 under the account head salaries and other benefits, to these financial statements.

### 14 DATE OF AUTHORIZATION FOR ISSUE

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

### 15 CORRESPONDING FIGURES

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

### 16 MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

The Board of Directors in its meeting held on February 26, 2014 approved: i) transfer of Rs. Nil (December 2012: Rs. Nil) from unappropriated profit to general reserves; ii) interim cash dividend of Rs. 2.00 per share (December 2012: Rs. 2.00 per share) amounting to Rs. 19.60 million (December 2012: Rs. 19.60 million). The financial statements for the period ended December 31, 2013 do not include the effect of aforementioned movement between reserves and proposed dividend.

### 17 RECLASSIFICATION

Corresponding figures have been re-arranged and reclassified in respect of administrative expenses and wherever necessary, for better presentation and disclosure:

| Reclassification From                                   | Reclassification To                                | December 31,<br>2012<br>Rupees |
|---|--|--------------------------------|
| Administrative expenses-Travelling and local conveyance | Cost of services-Travelling and local conveyance   | 1,306,733                      |
| Administrative expenses-Travelling and local conveyance | Marketing expenses-Travelling and local conveyance | 794,366                        |
|   |  | <u>2,101,099</u>               |

### 18 GENERAL

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

**Iftikhar Ahmed Raja**  
DIRECTOR

**Muhammad Arshad Khan Kayani**  
CHIEF EXECUTIVE

## DIVIDEND MANDATE FORM

Dear Shareholder,

**Re: Dividend Mandate Form**

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

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

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

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

YES

NO

If yes then please provide the following information:

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

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

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

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

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

**Dear Shareholder (s)**

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

Dear Shareholder(s),

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

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

**Head of Shares Department**

Hassan Farooq Associates (Private) Limited

Share Registrar: Pak Datacom Limited

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

Lahore. Pakistan.

Ph: 042-35761661-62

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

[www.pakdatacom.com.pk](http://www.pakdatacom.com.pk)

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*If undelivered, please return to:*

**PAK DATACOM LIMITED**

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

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