



Pak Datacom



PAK DATACOM LIMITED

1st Quarter Report
July 2011 to September 2011
(Un-audited)

COMPANY PROFILE

BOARD OF DIRECTORS

1. Ali Raza Bhutta Chairman & Chief Executive
2. Iftikhar Ahmed Raja
3. Muhammad Arif
4. Amjad Hussain Qureshi
5. Syed Gauhar Ali
6. Sheikh Mohammad Afzal
7. Ali Akhtar Bajwa

CFO / COMPANY SECRETARY

Syed Sajjad Hasan Jafri

AUDIT COMMITTEE

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

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARES DEPARTMENT

Hassan Farooq Associates (Private) Limited,
HF House, 7-G, Mushtaq Ahmed Gormani Road,
Gulberg II, Lahore
Tel # (042) 35761661-2, Fax # (042) 35755215

AUDITORS

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

LEGAL ADVISOR

M.A. Chaudhary & Co.,
Advocates, Solicitors & Corporate Consultants,
House No. 13, Street No. 42, Sector F-8/1, Islamabad

DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) has the pleasure in presenting to the shareholders operational results of first quarter of the financial year 2011 - 2012 i.e. from 1st July, 2011 to 30th September, 2011.

PDL has earned total revenue of Rs. 176.014 million during first three months of current financial year as compared to Rs. 222.000 million of the corresponding period of last year while it has posted pre-tax profit of Rs. 25.487 million as compared to Rs. 48.832 million of the same period of last year. This performance, however, needs to be viewed in comparison with the performance of the last two quarters in which against total revenue of Rs. 101.934 (January 2011 to March 2011) and Rs. 183.527 (April 2011 to June 2011) PDL had posted pre-tax profit/(loss) of Rs. (46.122) and Rs. 17.511 respectively.

During the first half revenue has declined due to stiff competition in the market whereas business activity remained steady. PDL has already taken necessary steps to counter the revenue fall by aggressively exploring new business ventures within and outside Pakistan. PDL is currently going through the process of network optimization and actively negotiating with media providers to reduce the cost. Simultaneously, expansion strategy for the network is also continuing. This will help PDL to position the Company for new business and establish more revenue streams.

The management expects that all these actions will bring better results during the succeeding period and the financial targets would be achieved with dedication of the management and employees.

For and On behalf of the Board

Islamabad
October 20, 2011

ALI RAZA BHUTTA
Chairman & CHIEF EXECUTIVE

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2011

		Un-audited September 30, 2011	Audited June 30, 2011
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital - 10,000,000 ordinary shares (June 2011: 10,000,000) of Rupees 10 each			
		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up capital	4	78,408,000	78,408,000
Reserves		<u>592,342,348</u>	<u>575,776,089</u>
		670,750,348	654,184,089
NON-CURRENT LIABILITIES			
Deferred liabilities		69,404,449	69,801,463
CURRENT LIABILITIES			
Customers' deposits		93,585,842	91,292,964
Due to associated companies		649,620	650,820
Trade and other payables		142,739,179	138,905,289
Provision for taxation		<u>27,169,819</u>	<u>15,711,414</u>
		264,144,460	246,560,487
		<u>1,004,299,257</u>	<u>970,546,039</u>
CONTINGENCIES AND COMMITMENTS	5		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	361,119,851	370,157,970
Intangible assets	7	<u>2,247,381</u>	<u>2,469,649</u>
		363,367,232	372,627,619
CURRENT ASSETS			
Trade debts - unsecured		<u>125,229,738</u>	<u>98,287,860</u>
Advances		3,373,751	804,262
Trade deposits and short term prepayments		139,289,878	139,192,716
Other receivables		4,914,376	20,678,361
Interest accrued		2,263,051	1,696,623
Advance tax		76,980,918	59,311,541
Short term investments		200,596,000	203,680,000
Cash and bank balances		<u>88,284,313</u>	<u>74,267,057</u>
		640,932,025	597,918,420
		<u>1,004,299,257</u>	<u>970,546,039</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
Director

ALI RAZA BHUTTA
Chairman & Chief Executive

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011**

	Note	September 30, 2011 Rupees	September 30, 2010 Rupees
Revenue		176,014,109	222,000,265
Cost of services	8	(135,073,778)	(162,135,927)
		40,940,331	59,864,338
Administrative expenses	9	(21,233,464)	(16,072,444)
Marketing expenses	10	(1,463,983)	(219,090)
		(22,697,447)	(16,291,534)
Operating profit		18,242,884	43,572,804
Other operating income		7,336,316	5,532,597
		25,579,200	49,105,401
Finance cost		(92,649)	(273,179)
Profit before taxation		25,486,551	48,832,222
Provision for taxation		(8,920,292)	(17,091,277)
Profit after taxation		16,566,259	31,740,945
Other comprehensive income		-	-
Net profit for the year		16,566,259	31,740,945
Earning per share	11	2.11	4.05

The annexed notes 1 to 13 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
Director

ALI RAZA BHUTTA
Chairman & Chief Executive

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011**

	September 30, 2011 Rupees	September 30, 2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year before taxation	25,486,551	48,832,222
Adjustment for non-cash and other items:		
Depreciation	15,137,311	16,903,646
Amortisation	222,268	-
Finance cost	92,649	273,179
Exchange (gain) /loss	(2,626,292)	(2,133,029)
Return on bank deposits /short term investments	(3,369,493)	(3,399,568)
Provision for gratuity	3,000,000	2,000,000
Provision for earned leave	2,500,000	1,500,000
	<u>14,956,443</u>	<u>15,144,228</u>
Operating profit before working capital changes	40,442,994	63,976,450
(Increase)/decrease in current assets		
Trade debts - unsecured	(26,941,878)	(29,363,531)
Advances	(2,569,489)	510,671
Trade deposits and short term prepayments	(1,393,135)	(31,357,595)
Other receivables	15,763,985	4,109,368
	<u>(15,140,517)</u>	<u>(56,101,087)</u>
Increase/(decrease) in current liabilities		
Customers' deposits	2,292,878	593,689
Due to associated companies	(1,200)	(472,842)
Trade and other payables	3,843,298	28,722,870
	<u>6,134,976</u>	<u>28,843,717</u>
Cash generated from operations	31,437,453	36,719,080
Taxes paid	(17,669,377)	(17,551,396)
Gratuity paid/adjusted	(1,704,028)	-
Earned leave paid/ adjusted	(358,901)	(114,513)
Return on bank deposits /short term investments	2,803,065	1,114,255
Finance cost	(92,648)	(273,179)
	<u>(17,021,889)</u>	<u>(16,824,833)</u>
Net cash flows from operating activities	14,415,564	19,894,247
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(6,099,192)	(3,564,724)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(9,408)	(51,701)
Net (decrease)/increase in cash and cash equivalents	8,306,964	16,277,822
Cash and cash equivalents at the beginning of the period	277,947,057	359,136,023
Effect of foreign exchange rate change	2,626,292	2,133,029
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>288,880,313</u></u>	<u><u>377,546,874</u></u>

The annexed notes 1 to 13 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
Director

ALI RAZA BHUTTA
Chairman & Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011

	Share Capital		Capital Reserves		Revenue Reserves		Total Rupees
	Issued, subscribed and paid-up Rupees	Share premium Rupees	General Reserves Rupees	Unappropriated profit Rupees			
Balance as at September 30, 2009	78,408,000	12,042,000	281,500,000	262,323,519		634,273,519	
Transfer to General reserves	-	-	50,000,000	(50,000,000)		-	
Transactions with owners							
Final dividend for the year ended June 30, 2009	-	-	-	(39,204,000)		(39,204,000)	
Interim dividend for the year ended June 30, 2010	-	-	-	(23,522,400)		(23,522,400)	
Net profit for the period	-	-	-	116,093,824		116,093,824	
Balance as at June 30, 2010	78,408,000	12,042,000	331,500,000	265,690,943		687,640,943	
Net profit for the period	-	-	-	31,740,945		31,740,945	
Balance as at September 30, 2010	78,408,000	12,042,000	331,500,000	297,431,888		719,381,888	
Transfer to General reserves	-	-	50,000,000	(50,000,000)		-	
Transactions with owners							
Final dividend for the year ended June 30, 2010	-	-	-	(39,204,000)		(39,204,000)	
Interim dividend for the year ended June 30, 2011	-	-	-	(11,761,200)		(11,761,200)	
Net profit for the period	-	-	-	(14,232,599)		(14,232,599)	
Balance as at June 30, 2011	78,408,000	12,042,000	381,500,000	182,234,089		654,184,089	
Net Profit for the period	-	-	-	16,566,259		16,566,259	
Balance as at September 30, 2011	78,408,000	12,042,000	381,500,000	198,800,348		670,750,348	

The annexed notes 1 to 13 form an integral part of these financial statements.

AMJAD HUSSAIN QUIRESHI
Director

ALI RAZA BHUTTA
Chairman & Chief Executive

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2011**

1 LEGAL STATUS AND OPERATIONS

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

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements of the company for the quarter ended September 30, 2011 have been prepared in accordance with International accounting standard (IAS) - 34 Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

3 ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements for the year ended June 30, 2011. These condensed interim financial statements does not include all the information required for full annual financial statements and should be read in conjunction with annual financial statements for the year ended June 30, 2011.

3.2 There are certain new standards, amendments and interpretations of approved accounting standards that became effective during the period, however these do not have any significant impact on these financial statements.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	Un-audited September 30, 2011 Rupees	Audited June 30, 2011 Rupees
5,400,000 (June 2011: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash	54,000,000	54,000,000
2,440,800 (June 2011: 2,440,800) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	24,408,000	24,408,000
	78,408,000	78,408,000

Out of total issued share capital, 4,318,683 (June 2010: 4,318,683) ordinary shares are held by Telecom Foundation, Pakistan.

5 CONTINGENCIES AND COMMITMENTS

- 5.1 Guarantees, letter of credit and stand by letter of credit (SBLC) issued by the bank on behalf of the Company amounted to Rs. 99.137 million (June 2011: Rs. 98.309 million) including SBLC of US \$ 1.000 million (June 2011 : US \$ 1.000 million) issued in favour of a satellite operator against a future prospective business.
- 5.2 Capital commitments in respect of purchase of equipment outstanding amounted to Rs 2.467 million (June 2011: Rs. 0.479 million).

	Un-audited September 30, 2011 Rupees	Audited June 30, 2010 Rupees
6 PROPERTY, PLANT AND EQUIPMENT		
<u>Cost</u>		
Opening balance	794,302,450	753,864,750
Additions/acquisitions during the period	6,099,192	44,736,401
Deletion/disposals during the period	-	(4,298,701)
Closing Balance	<u>800,401,642</u>	<u>794,302,450</u>
<u>Accumulated Depreciation</u>		
Opening balance	424,144,480	356,668,399
Depreciation for the period	15,137,311	70,000,617
Depreciation on transfer/disposal	-	(2,524,536)
Closing Balance	<u>439,281,791</u>	<u>424,144,480</u>
Net book value	<u>361,119,851</u>	<u>370,157,970</u>
7 INTANGIBLE ASSETS		
<u>Cost</u>		
Opening balance	3,204,006	-
Additions/acquisitions during the period	-	3,204,006
Deletion/disposals during the period	-	-
Closing Balance	<u>3,204,006</u>	<u>3,204,006</u>
<u>Accumulated Amortisation</u>		
Opening balance	734,357	-
Amortisation for the period	222,268	734,357
Amortisation on transfer/disposal	-	-
Closing Balance	<u>956,625</u>	<u>734,357</u>
Net book value	<u>2,247,381</u>	<u>2,469,649</u>
	September 30, 2011	September 30, 2010
	Note	Rupees
8 COST OF SERVICES		
Channel and local lead rentals	55,658,055	46,436,941
Space segment rentals	26,244,358	66,413,680
Equipment maintenance cost	1,307,789	2,568,521
Repair and maintenance expenses	2,694,229	2,480,101
License fee	880,072	1,508,052
Salaries and other benefit	8.1 32,929,696	25,824,986
Depreciation	15,137,311	16,903,646
Amortisation of intangible assets	222,268	-
	<u>135,073,778</u>	<u>162,135,927</u>

- 8.1 Salaries and other benefits include amount of Rs. 4.400 million (September 2010: Rs. 2.800 million) in respect of staff retirement benefits.

	Note	September 30, 2011 Rupees	September 30, 2010 Rupees
9 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	9.1	8,232,424	6,456,247
Traveling and local conveyance		645,357	1,001,013
Telephone expenses		736,501	924,778
Vehicle running expenses		4,129,222	3,622,878
Insurance		174,775	282,983
Entertainment		334,838	235,771
Rent, rates and taxes		1,661,412	1,848,547
Legal and professional charges		322,370	351,647
Printing and stationery		660,257	242,071
Utilities		1,336,308	1,106,509
Welfare expenses		3,000,000	-
		<u>21,233,464</u>	<u>16,072,444</u>
9.1	Salaries and other benefits include amount of Rs. 1.100 million (September 2010: Rs. 0.700 million) in respect of staff retirement benefits.		
10 MARKETING EXPENSES			
Advertisement & marketing expenses		1,463,983	219,090
		<u>1,463,983</u>	<u>219,090</u>
11 EARNINGS PER SHARE (BASIC AND DILUTED)			
Profit after taxation		16,566,259	31,740,945
Weighted average number of ordinary shares		7,840,800	7,840,800
		<u>(Number of shares)</u>	
Weighted average number of ordinary shares		<u>7,840,800</u>	<u>7,840,800</u>
		<u>(Rupees)</u>	
Basic and diluted earnings per share		<u>2.11</u>	<u>4.05</u>

There are no dilutive potential ordinary shares as at September 30, 2011 (September 30, 2010: Nil).

12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on October 20, 2011.

13 GENERAL

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

AMJAD HUSSAIN QURESHI
Director

ALI RAZA BHUTTA
Chairman & Chief Executive

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