



Pak Datacom

1st Quarter Report  
July 2012 to September 2012  
(Un-audited)

PAK DATACOM LIMITED

## COMPANY PROFILE

### BOARD OF DIRECTORS

- |                          |                 |
|--------------------------|-----------------|
| 1. Raashid Bashir Mazari | Chairman        |
| 2. Muhammad Amir Malik   | Chief Executive |
| 3. Iftikhar Ahmed Raja   |                 |
| 4. Muhammad Arif         |                 |
| 5. Syed Gauhar Ali       |                 |
| 6. Qaisar Sohail         |                 |
| 7. Nessar Ahmed          |                 |
| 8. Muhammad Yaqoob       |                 |

### CFO / COMPANY SECRETARY

Syed Sajjad Hasan Jafri

### AUDIT COMMITTEE

- |                        |          |
|------------------------|----------|
| 1. Nessar Ahmed        | Chairman |
| 2. Muhammad Arif       |          |
| 3. Iftikhar Ahmed Raja |          |

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

- |                          |          |
|--------------------------|----------|
| 1. Raashid Bashir Mazari | Chairman |
| 2. Muhammad Amir Malik   |          |
| 3. Iftikhar Ahmed Raja   |          |
| 4. Qaisar Sohail         |          |
| 5. 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) 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

Ahmed Bashir, House # 348, Street # 16, G-8/4, Islamabad

## DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) is pleased to present the operational results of first quarter of the financial year 2012 – 2013 i.e. from July 01, 2012 to September 30, 2012.

PDL earned total revenue of Rs. 192.917 million during first three months of current financial year as compared to Rs. 176.014 million of the corresponding period of last year while it has posted pre-tax profit of Rs. 40.650 million as compared to Rs. 25.487 million of the same period of last year.

PDL management is striving hard to achieve business targets. This will be achieved by strategic measures taken by the management to increase the operational performance and exploring new ventures. The company operations were also expanded in remote areas of the country where usually other service providers don't like to work while networks cost was rationalised by prudent management efforts.

PDL has always taken initiative in introducing latest and state of the art technologies for providing with most efficient and cost effective solutions. This policy will continue to seek for new revenue streams and explore feasible ventures.

The management aims to maintain the growth and remains committed to attain high value for its shareholders in future. We thank our valued shareholders, regulators, stock exchanges and customers for their trust and consistent support for PDL. We also express our thanks to the employees for their commitment to promote the business of the Company.

**For and On behalf of the Board**

Islamabad  
October 23, 2012

**Muhammad Amir Malik**  
Chief Executive

**CONDENSED INTERIM BALANCE SHEET**

AS AT SEPTEMBER 30, 2012

	Note	Un-audited September 30, 2012 Rupees	Audited June 30, 2012 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital - 100,000,000 ordinary shares (June 2012: 100,000,000) of Rupees 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid up capital Reserves	4	98,010,000 649,270,854	98,010,000 624,346,143
		747,280,854	722,356,143
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities		50,747,564	48,595,845
<b>CURRENT LIABILITIES</b>			
Customers' deposits		95,230,865	94,560,782
Due to associated companies		649,620	649,620
Trade and other payables		143,119,741	123,693,798
Provision for taxation		84,604,002	69,199,942
		323,604,228	288,104,142
		1,121,632,646	1,059,056,130
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	341,615,118	351,912,386
Intangible assets	7	9,034,149	9,407,899
		350,649,267	361,320,285
<b>CURRENT ASSETS</b>			
Trade debts		128,731,947	94,440,454
Advances		4,018,794	1,671,324
Trade deposits and short term prepayments		44,369,995	37,144,490
Due from associated companies		31,800	31,800
Other receivables		670,301	1,280,701
Interest accrued		2,691,245	512,485
Advance tax		85,534,890	79,631,854
Short term investments		281,598,000	296,368,000
Cash and bank balances		223,336,407	186,654,737
		770,983,379	697,735,845
		1,121,632,646	1,059,056,130

The annexed notes 1 to 14 form an integral part of these financial statements.

Iftikhar Ahmed Raja  
Director

Muhammad Amir Malik  
Chief Executive

**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012**

	Note	September 30, 2012 Rupees	September 30, 2011 Rupees
Revenue	8	192,917,240	176,014,109
Cost of services	9	(132,321,957)	(135,073,778)
Gross profit		60,595,283	40,940,331
Administrative expenses	10	(24,404,430)	(21,233,464)
Marketing expenses	11	(238,858)	(1,463,983)
		(24,643,288)	(22,697,447)
Operating profit		35,951,995	18,242,884
Other operating income		4,959,492	7,336,316
		40,911,487	25,579,200
Finance cost		(261,393)	(92,649)
Profit before taxation		40,650,094	25,486,551
Provision for taxation		(15,725,383)	(8,920,292)
Profit after taxation		24,924,711	16,566,259
Other comprehensive income		-	-
Net profit for the period		24,924,711	16,566,259
Earning per share		2.54	1.69

The annexed notes 1 to 14 form an integral part of these financial statements.

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**Iftikhar Ahmed Raja**  
Director

\_\_\_\_\_  
**Muhammad Amir Malik**  
Chief Executive

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012 Rupees	September 30, 2011 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	40,650,094	25,486,551
Adjustment for non-cash and other items:		
Depreciation	14,194,568	15,137,311
Depreciation - joint venture assets	213,664	-
Amortisation-intangible assets	373,750	222,268
(Gain) / loss on disposal of property, plant and equipment	(25,360)	-
Finance cost	(261,393)	92,649
Exchange (gain) / loss	(1,513,922)	(2,626,292)
Return on bank deposits / short term investments	(3,420,210)	(3,369,493)
Provision for gratuity	2,000,000	3,000,000
Provision for earned leave encashment	2,000,000	2,500,000
	13,561,097	14,956,443
Operating profit before working capital changes	54,211,191	40,442,994
(Increase) / decrease in current assets		
Trade debts	(34,291,493)	(26,941,878)
Advances	(2,347,470)	(2,569,489)
Trade deposits and short term prepayments	(7,225,505)	(1,393,135)
Other receivables	610,400	15,763,985
	(43,254,068)	(15,140,517)
Increase / (decrease) in current liabilities		
Customers' deposits	670,083	2,292,878
Due to associated companies	-	(1,200)
Trade and other payables	17,464,076	3,843,298
	18,134,159	6,134,976
Cash generated from operations	29,091,282	31,437,453
Taxes paid	(5,903,036)	(17,669,377)
Gratuity paid / adjusted	-	(1,704,028)
Earned leave paid / adjusted	(169,604)	(358,901)
Return on bank deposits/ short term investments	1,241,450	2,803,065
Finance cost	261,393	(92,648)
	(4,569,797)	(17,021,889)
<b>Net cash flows from operating activities</b>	24,521,485	14,415,564
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(4,119,604)	(6,099,192)
Intangible assets	-	-
Proceeds on the disposal of property, plant and equipment	34,000	-
<b>Net cash flows from investing activities</b>	(4,085,604)	(6,099,192)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(38,133)	(9,408)
Net (decrease)/increase in cash and cash equivalents	20,397,748	8,306,964
Cash and cash equivalents at the beginning of the period	483,022,737	277,947,057
Effect of foreign exchange rate change	1,513,922	2,626,292
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	504,934,407	288,880,313

The annexed notes 1 to 14 form an integral part of these financial statements.

**Iftikhar Ahmed Raja**  
Director

**Muhammad Amir Malik**  
Chief Executive

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

## FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012

	Share Capital		Capital Reserves		Revenue Reserves			Total Rupees
	Issued, subscribed and paid-up Rupees	Share premium Rupees	Share premium Rupees	General Reserves Rupees	Unappropriated profit Rupees	Unappropriated profit Rupees		
<b>Balance as at June 30, 2011</b>	78,408,000	12,042,000	12,042,000	381,500,000	187,678,338	187,678,338	659,628,338	
Net profit for the period	-	-	-	-	16,566,259	16,566,259	16,566,259	
<b>Balance as at September 30, 2011</b>	78,408,000	12,042,000	12,042,000	381,500,000	204,244,597	204,244,597	6,194,597	
Transfer to General Reserve	-	-	-	-	-	-	-	
Transactions with owners	-	-	-	-	-	-	-	
Final dividend for the year ended June 30, 2011 (Rs. 1.00 per share)	-	-	-	-	(7,840,800)	(7,840,800)	(7,840,800)	
Interim dividend for the year ended June 30, 2012 (Rs. 1.00 per share)	-	-	-	-	(7,840,800)	(7,840,800)	(7,840,800)	
Issuance of 25% bonus shares	19,602,000	(12,042,000)	-	-	(7,560,000)	-	-	
Net profit for the period	-	-	-	-	61,843,146	61,843,146	61,843,146	
<b>Balance as at June 30, 2012</b>	98,010,000	-	-	381,500,000	242,846,143	242,846,143	722,356,143	
Net profit for the period	-	-	-	-	24,924,711	24,924,711	24,924,711	
<b>Balance as at September 30, 2012</b>	98,010,000	-	-	381,500,000	267,770,854	267,770,854	747,280,854	

The annexed notes 1 to 14 form an integral part of these financial statements.

**Iffikhar Ahmed Raja**  
Director

**Muhammad Amir Malik**  
Chief Executive

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2012**

**1 LEGAL STATUS AND OPERATIONS**

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

**2 BASIS OF PREPARATION**

**Statement of Compliance**

These condensed interim financial statements for the first quarter ended September 30, 2012 have been prepared in accordance with IAS 34, 'Interim financial reporting', directive issued by the Securities and Exchange Commission of Pakistan (SECP) and the requirements of Companies Ordinance, 1984.

**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, 2012 except those specifically otherwise disclosed in these financial statements.



	Un-audited September 30, 2012 Rupees	Audited June 30, 2012 Rupees
	<u>98,010,000</u>	<u>98,010,000</u>

#### 4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

5,400,000 (June 2012: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash

4,401,000 (June 2012: 4,401,000) ordinary shares of Rs. 10/- each issued as fully paid bonus shares

54,000,000	54,000,000
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 2012: 5,398,354) 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. 132.46 million (June 2012: Rs. 73.89 million) including SBLC of US \$ 0.42 million (June 2012: US \$ 0.67 million) issued in favour of a satellite operator against a future prospective business.
- 5.2** The Company had entered into an agreement with a reseller of satellite bandwidth in Pakistan for provisioning of satellite segment. Due to certain technical issues, the bandwidth was never operational or utilised. Management after appropriate measures for the recovery of advance payments of US\$ 0.64 million; equivalent Rs. 60.61 million (June 2012: US\$ 0.64 million; equivalent Rs. 59.78 million) referred the matter to the arbitration, which in its award given on May 03, 2012 imposed additional payment of US \$ 0.64 million on the Company. The Company has filed the case in High Court against the award, outcome of which is still pending. The Company had made provision against the advance payment already made of US \$ 0.64 million equivalent Rs. 59.78 million during the year ended June 30, 2012. The management is of the opinion that it will recover this amount and the maximum loss, even if the case is decided against the Company, will not exceed US\$ 1.28 million; equivalent Rs. 121.22 million (June 2012: US\$ 1.28 million; equivalent Rs. 119.56 million). The reseller has also filed a counter claim in the Civil Court, Islamabad for recovery of the Arbitration Award, and in case of non payment, US\$ 7.6 million; equivalent Rs. 719.72 million approximately (June 2012: US\$ 7.6 million; equivalent Rs. 715.92 million) as compensation as announced in the Award, outcome of which is also pending.
- 5.3** Tax appeal for the recovery of Rs. 0.28 million (June 2012 : 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. 9.14 million (June 2012: Rs 7.32 million).
- 5.5** PDL had entered into an agreement with a satellite operator for reselling of satellite bandwidth exclusively in Pakistan after launch of their satellite in year 2013 with monthly commitment of bandwidth purchase of US\$ 1.32 million equivalent to Rs 125.00 million (June 2012: US\$ 1.32 million equivalent to Rs 124.34 million) for five years. However, PTA has imposed certain conditions to comply with the principal agreement. Management is in process of negotiation to amicably settle the issue without causing any loss to the Company.

		Un-audited September 30, 2012 Rupees	Audited June 30, 2012 Rupees
<b>6</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Net book Value-Pakistan	6.1 340,306,813	350,390,417
	Net book Value-Joint Venture	6.2 1,308,305	1,521,969
		<u>341,615,118</u>	<u>351,912,386</u>
<b>6.1</b>	<b>Property, plant and equipment- Pakistan</b>		
	<b>Cost</b>		
	Opening balance	835,831,945	794,302,450
	Additions during the period	4,119,604	45,187,352
	Deletion/ disposals during the period	(27,739)	(3,657,857)
	Closing balance	839,923,810	835,831,945
	<b>Accumulated depreciation</b>		
	Opening balance	485,441,528	424,144,480
	Additions during the period	14,194,568	63,818,484
	Deletion/ disposals during the period	(19,099)	(2,521,436)
	Closing balance	499,616,997	485,441,528
	<b>Net book value</b>	<u>340,306,813</u>	<u>350,390,417</u>
<b>6.2</b>	<b>Property, plant and equipment- Joint Venture</b>		
	<b>Cost</b>		
	Opening balance	2,563,972	-
	Additions during the period	-	2,563,972
	Deletion/ disposals during the period	-	-
	Closing balance	2,563,972	2,563,972
	<b>Accumulated depreciation</b>		
	Opening balance	1,042,003	-
	Additions during the period	213,664	1,042,003
	Deletion/ disposals during the period	-	-
	Closing balance	1,255,667	1,042,003
	<b>Net book value</b>	<u>1,308,305</u>	<u>1,521,969</u>
<b>7</b>	<b>INTANGIBLE ASSETS - SEPTEMBER 2012</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 depreciation</b>		
	Opening balance	2,336,107	841,107
	Additions during the period	373,750	1,495,000
	Deletion/ disposals during the period	-	2,336,107
	Closing balance	2,709,857	2,336,107
	<b>Net book value</b>	<u>9,034,149</u>	<u>9,407,899</u>
		<b>September 30, 2012 Rupees</b>	<b>September 30, 2011 Rupees</b>
<b>8</b>	<b>REVENUE</b>		
	Revenue		
	- from CVAS Data License	182,093,356	176,014,109
	- from Telecom Infrastructure Provider License	3,310,000	-
	- from Joint venture - PDL share	7,513,884	-
		<u>192,917,240</u>	<u>176,014,109</u>

		September 30, 2012 Rupees	September 30, 2011 Rupees
<b>9 COST OF SERVICES</b>			
Channel and local lead rentals		47,088,573	55,658,055
Space segment rentals		31,943,198	26,244,358
Equipment maintenance cost		2,442,594	1,307,789
Repair and maintenance expenses		1,548,534	2,694,229
License fee		1,193,217	880,072
Salaries and other benefits	9.1	27,072,731	32,929,696
Depreciation		14,194,568	15,137,311
Amortisation		373,750	222,268
Expenses - joint venture - PDL share		6,464,792	-
		<u>132,321,957</u>	<u>135,073,778</u>

**9.1** Salaries and other benefits include amount of Rs. 2.80 million ( September 2011 : Rs. 4.40 million) in respect of employees' retirement and other service benefits.

**10 ADMINISTRATIVE EXPENSES**

Salaries and other benefits	10.1	11,602,599	8,232,424
Travelling and local conveyance		1,014,416	645,357
Telephone expenses		473,769	736,501
Vehicle running expenses		4,323,498	4,129,222
Insurance		522,954	174,775
Entertainment		263,243	334,838
Rent, rates and taxes		2,423,486	1,661,412
Legal and professional charges		1,963,116	322,370
Printing and stationery		410,658	660,257
Utilities		1,406,691	1,336,308
Welfare expenses		-	3,000,000
		<u>24,404,430</u>	<u>21,233,464</u>

**10.1** Salaries and other benefits include amount of Rs. 1.20 million ( September 2011: Rs. 1.10 million) in respect of employees' retirement and other service benefits.

**11 MARKETING EXPENSES**

Advertisement & marketing expenses	238,858	1,463,983
	<u>238,858</u>	<u>1,463,983</u>

**12 EARNINGS PER SHARE (BASIC AND DILUTED)**

Profit after taxation	24,924,711	16,566,259
	<u>24,924,711</u>	<u>16,566,259</u>
	<b>Number of shares</b>	
Weighted average number of ordinary shares	9,801,000	9,801,000
Basic and diluted earnings per share - Rupees	<u>2.54</u>	<u>1.69</u>

The Company had issued bonus shares during the previous financial year and its impact is also taken in the previous period which resulted in restatement of earning per share of the previous period as per requirement of IAS 33, in order to reflect the consistency of earning per share.

There are no dilutive ordinary shares as at September 30, 2012 ( September 30, 2011: Nil).

**13 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue by the Board of Directors of the Company on October 23, 2012.

**14 GENERAL**

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

**Iftikhar Ahmed Raja**  
Director

**Muhammad Amir Malik**  
Chief Executive

**BOOK POST  
PRINTED MATTER**



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