



Pak Datacom

**Pak Datacom Limited**

**Half Yearly Report**

July 2009 to December 2009 (Un-audited)

## **COMPANY PROFILE**

### **BOARD OF DIRECTORS**

- |    |                       |                 |
|----|-----------------------|-----------------|
| 1. | Gul Bahadar Yousafzai | Chairman        |
| 2. | Syed Mahmood Ahmad    | Chief Executive |
| 3. | Iftikhar Ahmed Raja   |                 |
| 4. | Syed Gauhar Ali       |                 |
| 5. | Amjad Hussain Qureshi |                 |
| 6. | Muhammad Arif         |                 |
| 7. | Sheikh Muhammad Afzal |                 |

### **COMPANY SECRETARY/ CFO**

Syed Sajjad Hasan

### **AUDIT COMMITTEE**

1. Syed Mahmood Ahmad
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, 2823504, Fax # (051) 2823270

### **SHARES DEPARTMENT**

Hassan Farooq Associates (Private) Limited,  
HF House, 7-G Mushtaq Ahmed Gormani Road, Gulberg II, Lahore  
Tel # (042) 5761661-2, Fax # (042) 5760521

### **AUDITORS**

Anjum Asim Shahid Rahman,  
Chartered Accountants,  
1st Floor, 2 Ali Plaza, 1-E, Jinnah Avenue, Blue Area, Islamabad

### **LEGAL ADVISOR**

M.A. Chaudhary & Co.,  
Advocates & Corporate Consultants,  
1-Wasil Plaza # 105, Blue Area, Islamabad

## DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) has the pleasure in presenting to the shareholders operational results of first half of the financial year 2009-2010 i.e. from 1st July, 2009 to 31st December, 2009.

The Company, on successful completion of financial year 2008-09, continued its business momentum and profitability during 2nd quarter of financial year 2009-10. PDL has earned total revenue of Rs. 499.222 million as compared to Rs. 492.933 million of corresponding period of last year while it has posted pre-tax profit of Rs. 80.052 million as compared to Rs. 66.149 million of the same period of last year.

There has been steady growth of customer base of DXX, VSAT and i-Direct. During the period under review, some new customers and new links have been added. We expect to maintain the steady growth in the business despite global as well as national economic recession.

PDL has expanded its i-Direct network by adding DVB-S2 Hub in Karachi and Mini Hub in Quetta to provide better services to its customers. The company is also consolidating its presence in main cities by acquiring own premises.

It is hoped that the company will achieve the past track record of growth during the remaining half of the financial year and the financial targets would be achieved with dedication of the management and employees of the company.

**On behalf of the Board**

**Islamabad**  
**February 24, 2010**

**Syed Mahmood Ahmad**  
**Chief Executive**

## REVIEW REPORT TO THE MEMBERS

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Pak Datacom Limited as at December 31, 2009 and the related condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as "interim financial information"), for the half-year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarter ended December 31, 2009 and 2008 in the condensed interim statement of comprehensive income have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2009.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor 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 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

**ANJUM ASIM SHAHID RAHMAN**

**Chartered Accountants**

Engagement Partner: Nadeem Tirmizi

Islamabad

Date: 24 FEB 2010

**CONDENSED INTERIM BALANCE SHEET****AS AT DECEMBER 31, 2009**

	Note	Un-audited December 31, 2009 Rupees	Audited June 30, 2009 Rupees
<b>EQUITY AND LIABILITIES</b>			
SHARE CAPITAL AND RESERVES			
Authorised share capital 10,000,000 (June 2009: 10,000,000) ordinary shares of Rupees 10/-each		100,000,000	100,000,000
Issued, subscribed & paid up capital Reserves		78,408,000 553,713,632	78,408,000 512,865,931
		632,121,632	591,273,931
NON-CURRENT LIABILITIES			
Deferred liabilities		70,264,318	69,635,430
CURRENT LIABILITIES			
Customers' deposits Due to associated companies Creditors, accrued and other liabilities Provision for taxation		80,556,800 2,904,820 123,738,971 47,370,015	78,846,107 963,040 171,755,657 88,699,185
		254,570,606	340,263,989
		956,956,556	1,001,173,350
CONTINGENCIES AND COMMITMENTS	3		
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant & equipment	4	390,471,688	405,264,830
CURRENT ASSETS			
Trade debts - unsecured Advances, deposits, prepayments and other receivables Short term investments Cash & bank balances		113,531,405 156,902,911 158,872,200 137,178,352	101,599,940 132,975,266 234,020,130 127,313,184
		566,484,868	595,908,520
		956,956,556	1,001,173,350

The annexed notes 1 to 11 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI  
DIRECTOR

SYED MAHMOOD AHMAD  
CHIEF EXECUTIVE

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	Note	For the quarter		For six months	
		October- December 2009 Rupees	October- December 2008 Rupees	ended December 31, 2009 Rupees	ended December 31, 2008 Rupees
Revenue	5	249,872,581	250,567,879	499,222,201	492,932,842
Operating expenses	6	(198,849,378)	(203,431,627)	(392,394,851)	(392,575,902)
Operating profit		51,023,203	47,136,252	106,827,350	100,356,940
Other operating income		5,804,035	1,134,037	16,264,020	1,918,280
		56,827,238	48,270,289	123,091,370	102,275,220
Financial cost		(270,616)	(144,810)	(381,537)	(378,664)
Profit before taxation		56,556,622	48,125,479	122,709,833	101,896,556
Provision for taxation		(19,504,509)	(16,927,557)	(42,658,132)	(35,747,434)
Profit after taxation		37,052,113	31,197,922	80,051,701	66,149,122
Other comprehensive income		-	-	-	-
Total comprehensive income		<u>37,052,113</u>	<u>31,197,922</u>	<u>80,051,701</u>	<u>66,149,122</u>
Earning per share	7	<u>4.73</u>	<u>3.98</u>	<u>10.21</u>	<u>8.44</u>

The annexed notes 1 to 11 form an integral part of these financial statements.

**AMJAD HUSSAIN QURESHI**  
DIRECTOR

**SYED MAHMOOD AHMAD**  
CHIEF EXECUTIVE

**CONDENSED INTERIM STATEMENT  
OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2009**

	December 31, 2009 Rupees	December 31, 2008 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year before taxation	122,709,833	101,896,556
Adjustment for non-cash and other items		
Depreciation	36,409,697	44,028,234
(Gain)/ loss on disposal of fixed assets	(1,531,179)	11,972,988
Net book value of assets charged to consumption	408,163	-
Financial charges	381,537	378,664
Exchange (gain)/ loss	(5,665,734)	(7,962,799)
Return/ interest on bank deposits	(9,067,107)	(5,928,470)
Provision for gratuity	4,000,000	2,200,000
Provision for earned leave	3,000,000	2,468,616
	<u>27,935,377</u>	<u>47,157,233</u>
Operating profit before working capital changes	150,645,210	149,053,789
(Increase)/ decrease in current assets		
Trade debtors	(11,931,465)	43,232,116
Advances, deposits, prepayments and other receivables	(63,550,192)	(3,343,358)
	<u>(75,481,657)</u>	<u>39,888,758</u>
Increase/ (decrease) in current liabilities		
Customers' deposits	1,710,693	18,912,404
Due to associated undertakings	1,941,780	317,520
Creditors, accrued and other liabilities	(50,811,355)	(34,701,942)
	<u>(47,158,882)</u>	<u>(15,472,018)</u>
	<u>28,004,671</u>	<u>173,470,529</u>
Cash generated from operations		
Taxes paid	(49,624,830)	(30,483,138)
Gratuity paid/ adjusted	-	(2,032,543)
Earned leave paid/ adjusted	(343,102)	(180,107)
Return/ interest on bank deposits	12,299,172	4,661,005
Financial charges paid	(381,537)	(378,664)
	<u>(38,050,297)</u>	<u>(28,413,447)</u>
<b>Net cash flows from operating activities</b>	<u>(10,045,626)</u>	<u>145,057,082</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(22,646,211)	(69,164,548)
Proceeds on the disposal of fixed assets	2,152,672	1,778,680
<b>Net cash flows in investing activities</b>	<u>(20,493,539)</u>	<u>(67,385,868)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(40,409,331)	(31,168,089)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<u>(70,948,496)</u>	<u>46,503,125</u>
Cash and cash equivalents at the beginning of the period	361,333,314	178,836,785
Effect of foreign exchange rate change	5,665,734	7,962,799
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>296,050,552</u>	<u>233,302,709</u>

2.4

The annexed notes 1 to 11 form an integral part of these financial statements.

**AMJAD HUSSAIN QURESHI**  
DIRECTOR

**SYED MAHMOOD AHMAD**  
CHIEF EXECUTIVE

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

### FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Share Capital Issued, subscribed and paid-up Rs.	Capital Reserves		Revenue Reserves		Total Rs.
		Share premium Rs.	General Rs.	Unappropriated profit Rs.		
<b>Balance as at December 31, 2007</b>	78,408,000	12,042,000	231,500,000	114,167,915		436,117,915
Interim dividend for the year ended June 30, 2008	-	-	-	(15,681,600)		(15,681,600)
Total comprehensive income for the period	-	-	-	56,066,867		56,066,867
Balance as at June 30, 2008	78,408,000	12,042,000	231,500,000	154,553,182		476,503,182
Transfer to general reserves	-	-	50,000,000	(50,000,000)		-
Final dividend for the year ended June 30, 2008	-	-	-	(31,363,200)		(31,363,200)
Total comprehensive income for the period	-	-	-	66,149,122		66,149,122
<b>Balance as at December 31, 2008</b>	78,408,000	12,042,000	281,500,000	139,339,104		511,289,104
Interim dividend for the year ended June 30, 2009	-	-	-	(15,681,600)		(15,681,600)
Total comprehensive income for the period	-	-	-	95,666,427		95,666,427
Balance as at June 30, 2009	78,408,000	12,042,000	281,500,000	219,323,931		591,273,931
Transfer to general reserves	-	-	50,000,000	(50,000,000)		-
Final dividend for the year ended June 30, 2009	-	-	-	(39,204,000)		(39,204,000)
Total comprehensive income for the period	-	-	-	80,051,701		80,051,701
<b>Balance as at December 31, 2009</b>	78,408,000	12,042,000	331,500,000	210,171,632		632,121,632

The annexed notes 1 to 11 form an integral part of these financial statements

**AMJAD HUSSAIN QURESHI**  
DIRECTOR

**SYED MAHMOOD AHMAD**  
CHIEF EXECUTIVE

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2009

### 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.

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

2.1 These interim financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. These interim financial statements are presented in accordance with the requirement of International Accounting Standard 34 "Interim Financial Reporting".

#### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for recognition of certain employees retirement benefits.

#### 2.3 Significant accounting policies and estimates

The accounting policies and estimates adopted in the preparation of these financial statements are same as those applied in the preparation of financial statement for the year ended June 30, 2009 except that the Company applies revised IAS 1 "Presentation of Financial Statements", which became effective from January 01, 2009. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces Statement of Comprehensive Income which presents all non-owner changes to equity. However, there are no non-owner changes in equity for the period presented in these financial statements.

#### 2.4 Cash & Cash equivalents

Cash & cash equivalents for the purpose of cash flow statement comprise 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 & cash equivalents are carried in the balance sheet at cost.

### 3 CONTINGENCIES AND COMMITMENTS

3.1 Guarantees issued by the bank on behalf of the Company amounting to Rs. 5.192 million (June 2009: Rs. 4.092 million). These guarantees were issued in favor of customers of the Company.

3.2 Capital commitments in respect of purchase of equipment outstanding amounted to Rs. 0.596 million (June 2009: Rs.1.316 million).

	December 31, 2009 Rupees	June 30, 2009 Rupees
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Cost</b>		
Opening balance	690,083,213	614,942,365
Additions/acquisitions during the period	22,646,211	137,558,857
Deletion/disposals during the period	(4,085,024)	(62,418,009)
Closing balance	<u>708,644,400</u>	<u>690,083,213</u>
<b>Accumulated Depreciation</b>		
Opening balance	284,818,383	257,389,395
Depreciation for the period	36,409,697	75,594,001
Depreciation on transfer/disposal	(3,055,368)	(48,165,013)
Closing balance	<u>318,172,712</u>	<u>284,818,383</u>
<b>Closing written down value</b>	<u><u>390,471,688</u></u>	<u><u>405,264,830</u></u>

	Note	For the quarter		For six months	
		October- December 2009 Rupees	October- December 2008 Rupees	ended December 31, 2009 Rupees	ended December 31, 2008 Rupees
<b>5 REVENUE</b>					
Services		249,872,581	250,567,879	499,222,201	492,932,842
		<u>249,872,581</u>	<u>250,567,879</u>	<u>499,222,201</u>	<u>492,932,842</u>
<b>6 OPERATING EXPENSES</b>					
Direct expenses	6.1	147,214,247	164,352,950	302,967,424	312,207,058
Indirect expenses	6.2	51,635,131	39,078,677	89,427,427	80,368,844
		<u>198,849,378</u>	<u>203,431,627</u>	<u>392,394,851</u>	<u>392,575,902</u>
<b>6.1 Direct expenses</b>					
Channel & local lead rent		47,484,935	56,063,457	97,563,154	100,480,456
Space segment rentals		75,074,220	81,148,101	157,249,183	155,741,517
Equipment maintenance cost		2,133,302	1,235,386	4,792,543	5,353,151
Repair & maintenance expenses		2,450,963	1,515,203	3,074,402	3,250,343
License fee		1,649,159	1,753,748	3,878,445	3,353,357
Depreciation		18,421,668	22,637,055	36,409,697	44,028,234
		<u>147,214,247</u>	<u>164,352,950</u>	<u>302,967,424</u>	<u>312,207,058</u>
<b>6.2 Indirect expenses</b>					
Salaries, wages and other benefits		40,439,025	31,144,116	69,778,020	61,432,980
Welfare expenses		1,500,000	750,000	2,550,000	1,500,000
Traveling and local conveyance		1,151,459	740,169	1,736,317	2,027,707
Telephone expenses		1,255,216	705,380	2,178,567	2,066,118
Vehicle running expenses		2,809,288	2,549,404	5,180,201	5,572,150
Insurance		274,504	123,624	549,735	360,190
Entertainment		308,838	200,830	7,889	562,816
Rent, rates and taxes		1,859,158	1,559,000	3,290,074	2,994,016
Legal and professional charges		515,535	218,370	946,165	1,009,147
Printing and stationery		548,000	396,525	941,330	800,662
Advertisement		329,940	369,650	431,640	1,165,126
Electricity		539,168	221,609	1,162,489	777,932
Auditors' remuneration		105,000	100,000	105,000	100,000
		<u>51,635,131</u>	<u>39,078,677</u>	<u>89,427,427</u>	<u>80,368,844</u>

	December 31, 2009 Rupees	June 30, 2008 Rupees
<b>7 EARNINGS PER SHARE (BASIC &amp; DILUTED)</b>		
Profit after taxation	80,051,701	66,149,122
	(Number of shares)	
Weighted average number of ordinary shares	7,840,800	7,840,800
	(Rupees)	
Basic & diluted earnings per share	10.21	8.44

## 8 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary, holding and associated companies, directors, companies with common directorship, key management staff and staff retirement benefits fund. Following is the related party with whom transactions were undertaken during the period.

Telecom Foundation (Holding Company)		
Dividend	21,593,415	17,274,732
Rentals	914,187	897,960
Welfare expenses	2,250,000	1,500,000
	<u>24,757,602</u>	<u>19,672,692</u>

There were no transactions with the key management personnel other than under their terms of employment. The Company has no subsidiary company and there are no transactions with companies with common directorship.

## 9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on February 24, 2010.

## 10 MOVEMENT BETWEEN RESERVES & PROPOSED DIVIDEND

The Board of Directors in its meeting held on February 24, 2010 approved interim cash dividend of Rs. 3.00 per share amounting to Rs. 23.522 million. The financial statements for the period ended December 31, 2009 do not include the effect of aforementioned movement between reserves and proposed dividend.

## 11 GENERAL

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

AMJAD HUSSAIN QURESHI  
DIRECTOR

SYED MAHMOOD AHMAD  
CHIEF EXECUTIVE