Pak Datacom

Annual Report 2012

PAK DATACOM LIMITED

CONTENTS

COMPNAY 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 & REMUNERATION COMMITTEE

1.	Raashid Bashir Mazari	Chairman/ Director
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) 2872691, 2823677, Fax: (051) 2823270

SHARES DEPARTMENT

Hassan Farooq Associates (Pvt.) 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

BOARD OF DIRECTOR

Rigth to Left: Mr. Muhammad Amir Malik, Syed Gauhar Ali, Mr. Iftikhar Ahmed Raja, Mr. Raashid Bashir Mazari, Mr. Muhammad Arif, Mr. Qaisar Sohail, Mr. Muhammad Yaqoob and Syed Sajjad Hasan Jafri

VISION STATEMENT

Progressive and reliable member of the Economic Global Village

MISSION STATEMENT

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

CORPORATE STRATEGY

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

NOTICE OF MEETING

Notice is hereby given that the 20th Annual General Meeting of Pak Datacom Limited will be held on Wednesday, October 31, 2012 at 11:00 a.m. at the Registered Office, Telecom Foundation Headquarters, 1st Floor, TF Complex, 7 – Mauve Area, G-9/4, Islamabad to transact the following business;

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on June 21, 2012.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2012 together with the Directors' and Auditors' Reports thereon.

3. To approve the payment of final cash dividend to the shareholders @ 40% i.e. Rs. 4.00 per share for the year ended June 30, 2012. This final cash dividend is in addition to 10% i.e. Rs. 1.00 per share interim cash dividend already paid and bonus shares issued @ 25% by the Company.

4. To appoint auditors for the year ending June 30, 2013 and fix their remuneration. Retiring auditors M/S HLB Ijaz Tabussum & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS

5. To approve amendment in the Articles of Association of the Company by passing the following Special Resolution with or without modification;

   "Resolved that the clause 93 of the Articles of Association of the Company i.e., "The remuneration of a Directors shall be Rs. 10,000 for every meeting of the Board attended by him" be and is hereby replaced with "the remuneration of a Director shall be determined by the Board of Directors for every meeting of the Board/ Committee (s) attended by him". Further resolved that the Chief Executive and/or the Company Secretary be and is/are hereby authorized to do all acts and actions necessary to complete the legal requirements and formalities in this regard".

6. To transact such other business as may be placed before the meeting with the permission of the Chair.

On behalf of the Board

Islamabad
October 08, 2012

Syed Sajjad Hasan
Company Secretary

Notes:

1. Share Transfer Books of the Company will remain closed from October 23, 2012 to October 31, 2012 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint another member as proxy.
3. Proxies in order to be effective must be received at the Head Office of the Company not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. Shareholders are requested to promptly notify in writing to the Company of any change in their address.
5. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 779 (I) 2011 dated 18 August, 2011 dividend warrants should bear CNIC number of the registered member or the authorized person except in case of minors(s) and corporate members. Accordingly, the members who have not yet submitted a copy of their valid CNIC/ NTN (in case of corporate entities) are requested to submit the same to the Company with the members' folio number mentioned thereon for updating record.
6. CDC account holders further have to follow the under mentioned guidelines as laid down in circular No. 1 dated 26th January, 2000 of Securities & Exchange Commission of Pakistan for attending the meeting;
   a) In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting. The shareholders registered on CDC are also required to bring their participant's I.D. Number and account numbers in CDS.
   b) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
7. **STATEMENT UNDER SECTION 160(1) OF THE COMPANIES ORDINANCE, 1984**

   This statement sets out material facts concerning the Special Business to be transacted at the 20th Annual General Meeting to be held on October 31, 2012. Approval of the shareholders will be sought for the change in clause 93 of the Articles of Association of the Company for determination of meeting fee of the Directors. Majority of the Directors on the Board are not paid any remuneration (other than the meeting fee) for their services. It is therefore, proposed that the present meeting fee be reviewed and increased by the Board to a reasonable limit in order to compensate the expenses incurred by the Directors to attend the Board/ Committee(s) meeting. For this purpose, the Special Resolution, with or without modification, is proposed to be approved in the forthcoming Annual General Meeting.

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present Annual Report and Audited Accounts of Pak Datacom Limited (PDL) for the year ended June 30, 2012. Salient features of the Company operations are highlighted below.

Board of Directors

Certain changes took place in the composition of the Board. Members joined and left the Board included Shiekh Muhammad Afzal, Mr. Amjad Hussain Qureshi, Mr. Ali Akhtar Bajwa, Mr. Ali Raza Bhutta, Mr. Salman Elahi Malik and Mr. Farooq Ahmed Awan. Futher, Mr. Qaiser Sohail, Mr. Nessar Ahmed and Mr. Muhammad Yaqoob were elected as Directors in the Annual General Meeting held on October 21, 2011 while Mr. Muhammad Amir Malik was appointed as new Chief Executive. The Board takes the opportunity to welcome the newly appointed members of the Board and expresses appreciation for the services rendered by the outgoing Directors during their association with the Company.

PDL Operations

The financial year 2011-12 witnessed modest recovery in the revenue and profitability of the company in comparison with the last financial year. This resulted due to strategic measures taken by the management to increase the operational performance and exploring new ventures. The company operations expanded in hard areas of the country where usually other service providers don't like to work while network cost was rationalized. Terrestrial cost and satellite bandwidth / media cost was reduced along with related operational cost by prudent management efforts.

Round the clock maintenance centers are also working while number of these maintenance centers has reached to eleven in major cities of the country. The monitoring tools in these systems are upgraded to improve the overall network monitoring operations up to the component level. Team of professional engineers and technicians remains available 24x7 for the customers, providing them with round the clock support services related to their respective networks. Special trainings are frequently given to the support team to offer superior services to the valuable customers.

A Quality and Environment Health and Safety (EHS) department has been established for looking after the environmental related issues and to recommend the continuous improvement. In terms of EHS related trainings, PDL has so far arranged different training sessions keeping the relevance, requirement and nature of work in mind.

Future Plans

PDL is expanding its network in remote areas of Pakistan very aggressively. These locations include remote and underserved areas of Sind, Baluchistan, Punjab and Khyber Pakhtunkhwa since the management is foreseeing a greater potential in expanding our network into these areas. The expansion would not be limited to cities only but also include districts, villages, tehsils and union councils.

PDL has always stood first in introducing latest and state of the art technologies to our clients for providing them with most efficient and cost effective solutions. This policy will continue to strive for new revenue streams and exploring feasible revenue ventures.

Social Welfare

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

Realizing the social responsibility, PDL has contributed Rs. 3.00 million towards social welfare in the financial year 2011-12 in the field of education.

Financials

The Company, by the Grace of Allah and by virtue of its excellent maintenance support to its customers improved the profitability as compared to last year. The Company generated revenue of Rs. 775.691 million as compared to Rs. 675.119 million of last year's same period while it has posted a pre-tax profit of Rs. 121.280 million against Rs. 37.379 million of proceeding year.

Profit before tax is proposed for appropriation as follows;

	Pak Rupees
Profit for the year before taxation	121,279,832
Provision for taxation	(42,870,427)
Profit after taxation	78,409,405
Basic earning per share (EPS)	8.00
Interim Dividend (already paid)	
Bonus Shares @ 25% per share	19,602,000
Interim cash dividend @ 10% i.e. Rs. 1.00 per share	7,840,800
Subsequent Effects	
Transfer to General Reserves	50,000,000
Proposed final cash dividend @ 40% i.e. Rs. 4.00 per share	39,204,444

Value of Investments of Gratuity Fund

The value of investments of gratuity fund based on its un-audited accounts of June 30, 2012 was Rs. 76.800 million.

Auditors

The retiring auditors, M/S HLB Ijaz Tabussum & Co., Chartered Accountants, being eligible, offer themselves for re-appointment for the year ending June 30, 2013.

Compliance of Code of Corporate Governance

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

Shareholding Pattern

Statement showing the pattern of shareholding is annexed with this report.

Acknowledgement

We thank our valued customers for their continued confidence in PDL to operate and maintain their data networks. We also express our thanks to shareholders for their confidence and support and the employees of the company for their commitment.

For and on Behalf of the Board

Islamabad
October 03, 2012

Muhammad Amir Malik
Chief Executive

CORPORATE GOVERNANCE

Statement of Directors Responsibilities

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

Presentation of Financial Statements

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

Books of Accounts

The company has maintained proper books of accounts.

Accounting Policies

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

Application of International Accounting Standards

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

Internal Control Systems

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

Going Concern

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

Audit Committee

The Directors have established an Audit Committee to assist the Board of Directors to discharge its responsibilities for corporate governance, reporting requirements and internal controls. The Committee comprises three Directors including the Chairman of the Committee. The Audit Committee is responsible for design and implementation of sound internal controls of the Company. The reviewing of financial reports, internal audit and assistance in external audit are also the main functions of the Committee.

Board Meetings

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

Name of Directors	Number of meetings attended
Mr. Farooq Ahmed Awan	4
Mr. Ali Raza Bhutta	5
Mr. Ali Akhtar Bajwa	4
Mr. Salman Elahi Malik	3
Mr. Amjad Hussain Qureshi	5
Shiekh Muhammad Afzal	3
Mr. Iftikhar Ahmed Raja	11
Syed Gauhar Ali	11
Mr. Muhammad Arif	10
Mr. Nessar Ahmed	4
Mr. Muhammad Yaqoob	6
Mr. Qaiser Sohail	6

Transfer Pricing Policy Compliance

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

COMPARISON OF KEY FINANCIAL DATA OF THE LAST SIX FINANCIAL YEARS

	Year Ended June 30					(Rs. in million)
	2011	2010	2009	2008	2007	2006
Non Current Assets	381.061	397.196	405.265	357.716	286.481	239.178
Share Capital and Reserves	659.628	687.641	591.274	476.503	401.776	331.652
Revenue	675.119	1,058.616	1,042.099	690.469	523.473	513.770
Operating Profit	16.501	227.093	227.643	143.243	136.755	149.425
Profit before taxation	37.379	249.541	248.947	175.279	157.947	164.037
Profit after taxation	22,953	159.093	161.816	113.931	103.625	105.460
Earning per Share - Rupees	2.34	20.29	20.64	14.53	13.22	14.80
Dividend (%) - Cash	25	80	70	60	50	40
- Bonus Shares	-	-	-	-	-	10

Statement of Compliance with the Code of Corporate Governance

The statement of compliance with Code of Corporate Governance is annexed with this report.

Statement of Compliance with the Code of Corporate Governance

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

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

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

Name	Category
Mr. Raashid Bashir Mazari	Non-Executive Director
Mr. Nessar Ahmed	Non-Executive/ Independent Director
Mr. Muhammad Yaqoob	Non-Executive/ Independent Director
Mr. Muhammad Amir Malik	Executive Director
Mr. Iftikhar Ahmed Raja	Non-Executive Director
Mr. Muhammad Arif	Non-Executive Director
Mr. Qaiser Sohail	Non-Executive Director
Syed Gauhar Ali	Non-Executive Director

2. The Directors of the Company have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.

3. All the resident Directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI, an NBFI or being a member of a Stock Exchange has been declared as a defaulter by that Stock Exchange.

4. All casual vacancies in the Board were filled in within 90 days thereof.

5. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed vision/mission statement, overall corporate strategy and significant policies of the Company.

7. A complete record of particulars of significant policies and Board decisions along with the dates on which they were approved or amended has been maintained.

8. The power of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive , other executive and non-executive Directors have been taken by the Board/ Shareholders.

9. The meetings of the Board were presided over by the Chairman and held at least in each quarter. Written notices of Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. Where the period was short for emergent meetings, it was agreed by the members of the Board. The minutes of the meetings were appropriately recorded and circulated.

10. All the Directors on the Boards have adequate exposure of corporate matters and are well aware of their duties and responsibilities. Appropriate orientation courses of the Directors were arranged in consultation with the Board.

11. No new appointments of CFO, Company Secretary and Head of Internal Audit have been made after the revised CCG has taken effect.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters which are required to be disclosed.

13. The Chief Executive and CFO have duly endorsed the financial statements of the Company before approval of the Board.

14. The Directors, Chief Executive and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

16. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive Directors and the Chairman of the Committee is an independent Director.

17. The Board has set-up an effective internal audit function, members of which are considered suitably qualified and experienced for the purpose and are conversant with the policies and the procedures of the Company.

18. The meetings of the Audit Committee were held in every quarter prior to approval of the interim and final results of the Company as required by the Code of Corporate Governance. The terms of reference of the Audit Committee have been formed and duly approved by the Board and advised to the Committee for compliance.

19. The Human Resource and Remuneration Committee has been formed comprising of five members, four of whom are non-executive Directors including the Chairman.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

24. We confirm that all other material principles contained in the Code have been complied with.

For and on Behalf of the Board

Islamabad
October 03, 2012

Muhammad Amir Malik
Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of PAK DATACOM LIMITED as at June 30, 2012, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2012 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

ISLAMABAD
DATED: 03-10-2012

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

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

We have reviewed the Statement of Compliance with the best practices(the Statement) contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2012 prepared by the Board of Directors of Pak Datacom Limited (the Company) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

Further, Listing Regulations of Stock Exchangeswhere the company is listed, require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2012, except that the Human Recourse and Remuneration Committee is not formed during the year ended June 30, 2012.

ISLAMABAD
DATED: 03-10-2012

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

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital - 100,000,000 ordinary shares (June 2011: 10,000,000) of Rupees 10 each		1,000,000,000	100,000,000
Issued, subscribed and paid up capital	4	98,010,000	78,408,000
Reserves	5	624,346,143	581,220,338
		722,356,143	659,628,338
NON-CURRENT LIABILITIES			
Deferred liabilities	6	48,595,845	69,838,826
CURRENT LIABILITIES			
Customers' deposits	7	94,560,782	91,292,964
Due to associated companies	8	649,620	650,820
Trade and other payables	9	123,693,798	138,905,289
Provision for taxation		69,199,942	18,663,052
		288,104,142	249,512,125
		1,059,056,130	978,979,289
CONTINGENCIES AND COMMITMENTS	10		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	351,912,386	370,157,970
Intangible assets	12	9,407,899	10,902,899
		361,320,285	381,060,869
CURRENT ASSETS			
Trade debts	13	94,440,454	98,287,860
Advances	14	1,671,324	12,798,778
Trade deposits and short term prepayments	15	37,144,490	127,198,200
Due from associated companies	16	31,800	-
Other receivables		1,280,701	20,678,361
Interest accrued		512,485	1,696,623
Advance tax		79,631,854	59,311,541
Short term investments	17	296,368,000	203,680,000
Cash and bank balances	18	186,654,737	74,267,057
		697,735,845	597,918,420
		1,059,056,130	978,979,289

The annexed notes 1 to 36 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Muhammad Amir Malik
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
Revenue	20	775,691,042	675,118,707
Cost of services	21	(533,029,441)	(581,390,108)
Gross profit		242,661,601	93,728,599
Administrative expenses	22	(181,542,850)	(76,117,648)
Marketing expenses	23	(4,172,534)	(1,109,819)
		(185,715,384)	(77,227,467)
Operating profit		56,946,217	16,501,132
Other operating income	24	65,159,333	22,070,861
		122,105,550	38,571,993
Finance cost		(825,718)	(1,192,707)
Profit before taxation		121,279,832	37,379,286
Provision for taxation	25	(42,870,427)	(14,426,691)
Profit after taxation		78,409,405	22,952,595
Other comprehensive income		-	-
Net profit for the period		78,409,405	22,952,595
Earning per share	26	8.00	2.34

The annexed notes 1 to 36 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Muhammad Amir Malik
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period before taxation		121,279,832	37,379,286
Adjustment for non-cash and other items:			
Depreciation		63,818,484	70,000,617
Depreciation - joint venture assets		1,042,003	-
Fixed assets written off		11,865	-
Amortisation-intangible assets		1,495,000	841,107
(Gain)/ loss on disposal of property, plant and equipment		(1,265,475)	(1,303,146)
Provision for bad debts- Trade deposits		29,890,037	-
Provision for bad debts- Prepayments		29,890,037	-
Provision for doubtful debts		22,310,751	-
Provision against margin		800,000	-
Provision for trade and other payables		(16,118,459)	-
Provision for deposits		(8,622,416)	-
Net book value of assets charged to consumption		-	650,286
Finance cost		825,718	1,192,707
Exchange gain		(28,426,041)	(623,980)
Return on bank deposits/ short term investments		(10,170,628)	13,705,633)
Provision for gratuity		13,939,468	14,787,893
Provision for earned leave encashment		3,897,192	6,292,907
		103,317,536	78,132,758
Operating profit before working capital changes		224,597,368	115,512,044
(Increase)/decrease in current assets			
Trade debts		(18,463,345)	(13,136,507)
Advances		11,127,454	(20,853)
Trade deposits and short term prepayments		19,812,590	12,057,138
Due from associated companies		(31,800)	-
Other receivables		19,953,974	(16,436,890)
		32,398,873	(17,537,112)
Increase/(decrease) in current liabilities			
Customers' deposits		11,890,234	4,774,585
Due to associated companies		(1,200)	(475,842)
Trade and other payables		(1,419,048)	(4,566,280)
		10,469,986	(267,537)
		267,466,227	97,707,395
Cash generated from operations			
Taxes paid		(36,454,215)	(60,770,148)
Gratuity paid/adjusted		(2,160,165)	(24,731,401)
Earned leave paid/ adjusted		(1,339,808)	(732,595)
Return on bank deposits/ short term investments		10,798,453	12,279,617
Finance cost		(825,718)	(1,192,707)
		(29,981,453)	(75,147,234)
Net cash flows from operating activities		237,484,774	22,560,161
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(47,763,189)	(44,736,401)
Intangible assets		-	(11,744,006)
Proceeds on the disposal of property, plant and equipment		2,401,897	2,427,026
Net cash flows from investing activities		(45,361,292)	(54,053,381)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(15,473,843)	(50,319,726)
Net (decrease)/increase in cash and cash equivalents		176,649,639	(81,812,946)
Cash and cash equivalents at the beginning of the period		277,947,057	359,136,023
Effect of foreign exchange rate change		28,426,041	623,980
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	19	483,022,737	277,947,057

The annexed notes 1 to 36 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Muhammad Amir Malik
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Share capital	Capital Reserve	Revenue Reserves		
	Issued, subscribed and paid-up Rupees	Share premium Rupees	General reserve Rupees	Unappropriated profit Rupees	Total Rupees
Balance as at June 30, 2010	**78,408,000**	**12,042,000**	**331,500,000**	**265,690,943**	**687,640,943**
Transfer to General Reserve	-	-	50,000,000	(50,000,000)	-
Transactions with owners					
Final dividend for the year ended June 30, 2010 (Rs. 5.00 per share)	-	-	-	(39,204,000)	(39,204,000)
Interim dividend for the year ended June 30, 2011 (Rs. 1.50 per share)	-	-	-	(11,761,200)	(11,761,200)
Net profit for the year	-	-	-	22,952,595	22,952,595
Balance as at June 30, 2011	**78,408,000**	**12,042,000**	**381,500,000**	**187,678,338**	**659,628,338**
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)
Interim dividend for the year ended June 30, 2012 (Rs. 1.00 per share)	-	-	-	(7,840,800)	(7,840,800)
Issuance of 25% bonus shares	19,602,000	(12,042,000)	-	(7,560,000)	-
Net profit for the year	-	-	-	78,409,405	78,409,405
Balance as at June 30, 2012	**98,010,000**	**-**	**381,500,000**	**242,846,143**	**722,356,143**

The annexed notes 1 to 36 form an integral part of these financial statements.

Iftikhar Ahmed Raja
Director

Muhammad Amir Malik
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 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

2.1 Statement of Compliance

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

2.2 Adoption of new and revised standards, interpretations and amendments

The Standards, interpretations and amendments to them effective for the accounting period beginning on or after January 01, 2012 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 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 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to useful life of depreciable assets, provisions for doubtful debts and provision for income tax and deferred tax. The determination of provision for employee retirement benefits that are defined benefit plans require actuarial valuation. The Company employs the services of professional actuaries to make such estimates and assumptions using actuarial techniques.

3.4 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, 2011 except those specifically otherwise disclosed in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

3.5 Employees' retirement and other service benefits

3.5.1 Gratuity

The Company has established an approved gratuity fund under defined benefit plan covering all its employees who have completed the minimum qualifying period of six months of the service. The fund operates under a trust administered by the Board of Trustees. The amount of gratuity admissible shall be a sum equal to one month gross salary drawn immediately preceding the date of his service of the Company for each completed year of service in the Company. Actuarial valuation of the fund was carried out as at June 30, 2012 using Projected Unit Credit (PUC) Actuarial Cost method. Provisions are made annually to cover the obligation based on actuarial valuation and are charged to profit. The amount recognised in the balance sheet represents the present value of the defined benefit obligation less the fair value of plan assets net of any unrecognised actuarial gain/ (loss).

3.5.2 Leave encashment

The Company provides a facility to its employees for accumulating their annual earned leave. Unutilized earned leave may be encashed up to thirty (30) days during the year subject to the Company's approval at any time by retaining minimum forty days leave balance. Up to 100 days of accumulated leaves can be encashed on retirement. Actuarial valuation of the scheme was carried out as at June 30, 2012 using Projected Unit Credit (PUC) Actuarial Cost method. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit. The amount recognised in the balance sheet represents the present value of the benefit obligation.

3.6 Taxation

Current

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

Deferred

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

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

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

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

3.7 Dividend

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

3.8 Trade and other payables

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

3.9 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

3.10 Property, plant and equipment

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

Depreciation is charged to profit and loss account using the reducing balance method at the rates specified in the fixed assets schedule given in note 11. Lease hold land is amortised over the period of leased term.

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

Maintenance and normal repairs are charged to statement of profit and loss account in the period in which they are incurred. Assets having cost exceeding the minimum threshold as determined by the management are capitalised.

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

3.11 Intangible assets

These are carried at cost less accumulated amortisation and any identified impairment losses. Amortisation is calculated using the straight line method over the period of useful life of the asset but not exceeding three years at the rates specified in the intangible assets schedule given in note 12. Costs associated with maintaining intangibles are recognised as expense as and when incurred.

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

3.12 Trade debts

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

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

3.13 Short term investments

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

3.14 Cash and cash equivalents

Cash and 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 and cash equivalents are carried in the balance sheet at cost.

3.15 Operating segments

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

3.16 Revenue recognition

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

3.17 Investment in joint venture

The Company has entered into a joint venture arrangement with an overseas venturer in UAE to carry out the cable laying and associated works. The Company acquired all the facilities at its own cost to execute the work with the help of venturer. The Company recognizes the asssets that it controls and the liabilities that it incurs and the share of income and expenses as per agreed terms and conditions in its financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

3.18 Capital management

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

3.19 Impairment

The carrying amount of the Company's assets are reviewed at the date of each balance sheet to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised in the statement of profit and loss account.

3.20 Related party transactions

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

3.21 Foreign currency transactions and balances

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

3.22 Financial instruments

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

Financial Assets

<u>Classification and subsequent measurement</u>

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

<u>Fair value through profit or loss</u>

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

<u>Held-to-maturity</u>

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

<u>Loans and receivables</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

Available-for-sale

Available-for-sale financial assets are non-derivatives, that are either designated in this category, or not classified in any of the other categories. These are included in non-current assets, unless management intends to dispose them off within twelve months of the date of the statement of financial position. After initial measurement, available-for-sale financial investments are measured at fair value, with unrealized gains or losses recognized as other comprehensive income, until the investment is derecognized, at which time the cumulative gain or loss is recognized in income for the year.

Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Fair value through profit or loss

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

Other financial liabilities

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

Offsetting of financial assets and liabilities

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

	June 30, 2012 Rupees	June 30, 2011 Rupees
4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
5,400,000 (June 2011: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash	54,000,000	54,000,000
4,401,000 (June 2011: 2,440,800) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	44,010,000	24,408,000
	98,010,000	78,408,000

Out of total issued share capital, 5,398,354 (June 2011: 4,318,683) ordinary shares are held by Telecom Foundation, Pakistan.

	June 30, 2012 Rupees	June 30, 2011 Rupees
5 RESERVES		
Capital		
Share premium	-	12,042,000
Revenue		
General	381,500,000	381,500,000
Unappropriated profit	242,846,143	187,678,338
	624,346,143	569,178,338
	624,346,143	581,220,338

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
6 DEFERRED LIABILITIES			
Deferred tax	6.1	24,520,359	48,320,724
Leave encashment	6.2	24,075,486	21,518,102
		48,595,845	69,838,826

6.1 Deferred tax

Deferred tax has been calculated at the corporate tax rate of 35% (June 2011: 35%) arising on account of accelerated depreciation on property, plant and equipment of Rs. 44.69 million (2011: Rs. 48.32 million), accelerated amortisation on infrastructure license of Rs. 0.19 million (2011: Rs. Nil) and net of deferred tax assets arising from provision of Rs. 20.35 million (2011: Rs. Nil).

6.2 Leave encashment

Opening balance		21,518,102	15,957,790
Add: Provision for the period		3,897,192	6,292,907
		25,415,294	22,250,697
Less: Payments/adjustments during the period		(1,339,808)	(732,595)
Net payable		24,075,486	21,518,102

6.2.1 Leave encashment

Results of actuarial valuation as on June 30 are as follows;

Projected benefits obligations (PBO)		20,710,267	21,518,102
Payables		3,365,219	-
		24,075,486	21,518,102
Fair value of plan assets		-	-
Funding deficit		24,075,486	21,518,102
Liability provision as at June 30 (previous year)		(21,518,102)	(15,957,790)
Increase in provision		2,557,384	5,560,312

6.2.2 Actuarial assumptions

Valuation discount rate		12.50% p.a.	14% p.a.
Salary increase rate		12.50% p.a.	14% p.a.
Leave accumulation factor		15 days p.a.	15 days p.a.

7 CUSTOMERS' DEPOSITS			
Customers' deposits		103,183,198	91,292,964
Less Provision for deposits		(8,622,416)	-
		94,560,782	91,292,964
8 DUE TO ASSOCIATED COMPANIES			
Telecom Foundation	8.1	649,620	649,620
TF Technologies (Private) Limited		-	1,200
		649,620	650,820

8.1 Maximum amount due to associated companies at the end of any month during the period aggregated to Rs. 0.65 million (June 2011: Rs. 1.13 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
9 TRADE AND OTHER PAYABLES			
Advances from customers		18,476,475	10,158,720
Trade creditors		93,313,165	114,551,793
Provision for creditors		(14,725,685)	-
		78,587,480	114,551,793
License fee payable		3,797,236	3,375,594
Accrued liabilities		16,456,688	3,409,239
Provision for accrued liabilities		(1,392,774)	-
		15,063,914	3,409,239
Sales tax payable		220,690	2,187,954
Gratuity payable	9.1	2,118,257	-
Un-claimed dividend		5,429,746	5,221,989
		123,693,798	138,905,289
9.1 Gratuity payable			
Opening balance - (receivable)/ payable		(9,661,046)	282,462
Add: Provision for the period		13,939,468	14,787,893
		4,278,422	15,070,355
Less:			
Contribution paid to gratuity fund		(2,160,165)	(24,731,401)
Adjustment of advances during the period		-	-
		(2,160,165)	(24,731,401)
Payable to/ (receivable from) defined benefit obligation		2,118,257	(9,661,046)
9.1.1 Disclosure as per IAS-19 (revised 2010)			
Gratuity fund actuarial valuation as at June 30,			
Reconciliation of payable to / (receivable from) defined benefit plan			
Present value of defined benefit obligation		79,408,586	63,429,342
Gratuity due but not paid		10,001,230	11,253,301
Total actuarial liability		89,409,816	74,682,643
Fair value of any plan assets		(78,212,489)	(74,459,216)
Unrecognized actuarial loss		(9,079,070)	(9,884,473)
		2,118,257	(9,661,046)
Movement in net liability/ (asset) recognised			
Opening net liability		(9,661,046)	282,462
Expense for the year		13,939,468	14,787,893
Contributions		(2,160,165)	(24,731,401)
Closing net liability		2,118,257	(9,661,046)
Charge for/ (income from) the defined benefit plan			
Current service cost		7,874,609	7,326,684
Interest cost		9,936,002	7,537,645
Expected return on plan assets		(10,055,934)	(7,567,550)
Actuarial (gain) / loss recognised as per para 58 (b)		5,379,388	5,522,387
Actuarial (gain) / loss recognised as per para 92		805,403	1,968,727
		13,939,468	14,787,893

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	June 30, 2012 Rupees	June 30, 2011 Rupees
Actuarial assumptions:		
- Valuation discount rate	12.50 %	14 %
- Salary increase rate	13.25 %	14 %
- Expected return on plan assets	12.50 %	14 %

The expected return on planned assets is based on the market expectations and depend upon the asset portfolio of the Company, at the beginning of the year, for return over the entire life of the related obligation. The total contribution required for the next one year works out to Rs. 7,693,120 (2011: Rs. 7,135,092). The actual return on planned assets amounts to Rs. 8,776,925 (2011: Rs. 6,419,217).

	June 30, 2012 Rupees	June 30, 2011 Rupees
Working for disclosure as per IAS-19 (revised 2010)		
Actuarial (gain)/ loss in obligations		
Present value of obligation (opening balance)	74,682,643	59,470,201
Current service cost	7,874,609	7,326,684
Interest cost	9,936,002	7,537,645
Payments made during the year	(7,422,403)	(2,976,636)
Actuarial loss on obligation (balancing figure)	4,338,965	3,324,749
Present value of obligation as at June 30	89,409,816	74,682,643
Actuarial gain / (loss) in assets		
Total assets (opening balance)	74,459,216	47,334,539
Expected return on plan assets	10,055,934	7,567,550
Contributions	2,160,165	24,731,401
Payments made during the year	(7,422,403)	(2,976,636)
Actuarial gain / (loss) on assets (balancing figure)	(1,040,423)	(2,197,638)
Fair value of the plan assets as at June 30	78,212,489	74,459,216
Corridor Limit		
The limits of corridor (opening)		
10% of obligations	7,468,264	5,947,020
10% of plan assets	7,445,922	4,733,454
Which works out to	7,468,264	5,947,020
Unrecognised actuarial gain/ (loss) (opening)	(9,884,473)	(11,853,200)
Limit of corridor (opening)	7,468,264	5,947,020
Excess	(2,416,209)	(5,906,180)
Average expected remaining working lives in years	3	3
Actuarial gain/ (loss) to be recognised	(805,403)	(1,968,727)
Unrecognised actuarial gain/(loss)		
Unrecognised actuarial loss (opening)	(9,884,473)	(11,853,200)
Actuarial loss on obligations	(4,338,965)	(3,324,749)
Actuarial gain / (loss) on assets	(1,040,423)	(2,197,638)
Subtotal	(15,263,861)	(17,375,587)
Actuarial (gain) / loss recognised as per para 58 (b)	5,379,388	5,522,387
Actuarial (gain) / loss recognised as per para 92	805,403	1,968,727
Unrecognised actuarial loss as at June 30	(9,079,070)	(9,884,473)
Expense /(income) for the year ended June 30		
Current service cost	7,874,609	7,326,684
Interest cost	9,936,002	7,537,645
Expected return on plan assets	(10,055,934)	(7,567,550)
Actuarial (gain) / loss recognised as per para 58 (b)	5,379,388	5,522,387
Actuarial (gain) / loss recognised as per para 92	805,403	1,968,727
	13,939,468	14,787,893

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	June 30, 2012 Rupees	June 30, 2011 Rupees
(Asset)/ liability to be recognized in the balance sheet		
Present value of defined benefit obligation	89,409,816	74,682,643
Fair value of any plan assets	(78,212,489)	(74,459,216)
Deficit in the fund	11,197,327	223,427
Unrecognised actuarial loss	(9,079,070)	(9,884,473)
	2,118,257	(9,661,046)
Movement in net asset / (liability) in balance sheet		
Movement in net liability/ (asset) recognised		
Opening liability	(9,661,046)	282,462
Expense for the year	13,939,468	14,787,893
Contributions	(2,160,165)	(24,731,401)
Closing net liability	2,118,257	(9,661,046)

Break up of fair value of plan assets	Total Rupees	Depoits with banks %	Depoits with banks Rupees	Placements in term deposit receipts %	Placements in term deposit receipts Rupees
June 30, 2008	30,228,722	5%	1,514,933	95	28,713,789
June 30, 2009	32,281,017	2%	630,195	98	31,650,822
June 30, 2010	47,334,539	2%	765,286	98	46,569,253
June 30, 2011	74,459,216	2%	1,473,425	98	72,985,791
June 30, 2012	78,381,188	6%	4,796,800	94	73,584,388

	June 30, 2012 Rupees	June 30, 2011 Rupees	June 30, 2010 Rupees	June 30, 2009 Rupees	June 30, 2008 Rupees
Gratuity fund experience					
Adjustment funding (surplus)/ deficit					
Present value of obligation	89,409,816	74,682,643	59,470,201	46,927,948	33,274,649
Fair value of any plan assets	(78,381,188)	(74,459,216)	(47,334,539)	(32,281,017)	(30,228,722)
	11,028,628	223,427	12,135,662	14,646,931	3,045,927
Actuarial gain/ (loss) on obligation	(4,338,965)	(3,324,749)	2,581,085	(7,006,808)	(4,018,332)
Actuarial gain/ (loss) on assets	(1,040,423)	(2,197,638)	(4,006,691)	(4,017,275)	102,036

10 CONTINGENCIES AND COMMITMENTS

10.1 Guarantees, letter of credit and stand by letter of credit (SBLC) issued by the bank on behalf of the Company amounted to Rs. 73.89 million (June 2011: Rs. 98.31 million) including SBLC of US $ 0.67 million (June 2011: US $ 1.00 million) issued in favour of a satellite operator against a future prospective business referred in note 10.5. Unveiled credit facility as referred in note 11.3 is Rs. 46.11 million (2011: Rs. 51.69 million).

10.2 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. 59.78 million (June 2011 : US$ 0.64 million; equivalent Rs. 54.64 million) referred the matter to the arbitration, which in its award given on May 03, 2012 imposed additional payment of US $ 0.64 million on the Company. The Company has filed the case in High Court against the award, outcome of which is still pending. The Company has made provision against the advance

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payment already made of US$ 0.64 million equivalent Rs. 59.78 million (June 2011: US$ Nil; equivalent Rs. Nil) during the year. The management is of the opinion that maximum loss even if the case is decided agaisnt the Company will not exceed US$ 1.28 million; equivalent Rs. 119.56 million (June 2011: US$ Nil; equivalent Rs. Nil). 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. 715.92 million approximately as compensation as announced in the Award, outcome of which is also pending.

10.3 Tax appeal for the recovery of 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.

10.4 Capital commitments outstanding in respect of purchase of equipment amounted to Rs. 7.32 million (June 2011: Rs 0.50 million).

10.5 PDL has 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 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.

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
11 PROPERTY, PLANT AND EQUIPMENT			
Net book value - Pakistan	11.1	350,390,417	370,157,970
Net book value - Joint venture	11.2	1,521,969	-
		351,912,386	370,157,970

11.1 PROPERTY, PLANT AND EQUIPMENT - PAKISTAN- JUNE 2012

	COST					DEPRECIATION				Net book value
Particulars	As at 1-Jul-11 Rs.	Additions Rs.	Disposals Rs.	As at 30-Jun-12 Rs.	Rate %	As at 1-Jul-11 Rs.	Period Rs.	Disposals Rs.	As at 30-Jun-12 Rs.	as at 30-Jun-12 Rs.
Lease hold land	2,884,000	-	-	2,884,000	1.2	40,307	34,124	-	74,431	2,809,569
Lease hold office building	7,006,000	-	-	7,006,000	5	361,357	332,232	-	693,589	6,312,411
Free hold land	38,400,000	-	-	38,400,000	-	-	-	-	-	38,400,000
Free hold office building	22,318,020	-	-	22,318,020	5	3,164,179	957,692	-	4,121,871	18,196,149
Datacom system machinery	641,384,460	42,498,670	(1,995,872)	681,887,258	20	380,507,662	55,637,639	(1,348,677)	434,796,624	247,090,634
Office equipment	11,066,527	575,542	(142,175)	11,499,894	25	7,039,516	1,077,590	(38,691)	8,078,415	3,421,479
Testing equipment	23,931,722	1,997,050	(434,000)	25,494,772	10	7,536,688	1,829,248	(359,612)	9,006,324	16,488,448
Air conditioners	3,294,688	80,362	(20,385)	3,354,665	10	948,204	235,074	(11,366)	1,171,912	2,182,753
Furniture and fixtures	3,804,764	35,728	(114,100)	3,726,392	10	2,090,492	173,362	(24,041)	2,239,813	1,486,579
Vehicles	40,212,269	-	(951,325)	39,260,944	20	22,456,075	3,541,523	(739,049)	25,258,549	14,002,395
	794,302,450	**45,187,352**	**(3,657,857)**	**835,831,945**		**424,144,480**	**63,818,484**	**(2,521,436)**	**485,441,528**	**350,390,417**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

11.2 PROPERTY, PLANT AND EQUIPMENT - JOINT VENTURE - JUNE 2012

Particulars	COST As at 1-Jul-11 Rs.	Additions Rs.	Disposals Rs.	As at 30-Jun-12 Rs.	Rate %	DEPRECIATION As at 1-Jul-11 Rs.	Period Rs.	Disposals Rs.	As at 30-Jun-12 Rs.	Net book value as at 30-Jun-12 Rs.
Joint venture assets	-	2,563,972	-	2,563,972	33.33	-	1,042,003	-	1,042,003	1,521,969
	-	2,563,972	-	2,563,972		-	1,042,003	-	1,042,003	1,521,969
	794,302,450	**47,751,324**	**(3,657,857)**	**838,395,917**		**424,144,480**	**64,860,487**	**(2,521,436)**	**486,483,531**	**351,912,386**

11.3 1st hypothecation /mortgage charge has been created on all present and future fixed assets of the Company for Rs. 200 million against unfunded credit facility of Rs. 120 million from Habib Bank Limited.

11.4 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT- JUNE 2012

Particulars	Cost Rs.	Accumulated depreciation Rs.	Net book value Rs.	Sale proceeds /adjustments Rs.	Mode of disposal	Particulars of purchaser
Vehicles						
JA - 194 Toyota Hilux	888,425	717,635	170,790	435,000	Insurance claim	Shaheen Insurance Company Limited, Islamabad.
LER - 10 - 5431 Honda CD - 70	62,900	21,414	41,486	55,000	Insurance claim	Shaheen Insurance Company Limited, Islamabad.
	951,325	739,049	212,276	490,000		
Datacom system machinery	1,995,872	1,348,677	647,195	1,379,310	Agreement	M/S Transnet, Lari building 34-F, MAHS Karachi.
Office equipment-Note Book Sony Vaio	142,175	38,691	103,484	106,137	Recovery	Ali Akhtar Bajwa - Ex Employee Pak Datacom Limited
Testing equipment- Diesel Generator 31.2 KVA	434,000	359,612	74,388	350,000	Recovery	Ali Akhtar Bajwa - Ex Employee Pak Datacom Limited
Furniture & Fixtures	93,920	15,726	78,194	45,550	Auctioned	Ajmal Khan - Employee Pak Datacom Limited
Furniture and fixtures	20,180	8,315	11,865	-	written off	
Air conditioners	20,385	11,366	9,019	30,900	Recovery	Nabeel Samad - Ex Employee Pak Datacom Limited
	710,660	433,710	276,950	532,587		
	3,657,857	2,521,436	1,136,421	2,401,897		

11.5 PROPERTY, PLANT AND EQUIPMENT - PAKISTAN- JUNE 2011

Particulars	COST As at 1-Jul-10 Rs.	Additions Rs.	Disposals Rs.	As at 30-Jun-11 Rs.	Rate %	DEPRECIATION As at 1-Jul-10 Rs.	Period Rs.	Disposals Rs.	As at 30-Jun-11 Rs.	Net book value as at 30-Jun-11 Rs.
Lease hold land	2,884,000	-	-	2,884,000	1.2	5,768	34,539	-	40,307	2,843,693
Lease hold office building	4,831,000	2,175,000	-	7,006,000	5	40,258	321,099	-	361,357	6,644,643
Free hold land	38,400,000	-	-	38,400,000	-	-	-	-	-	38,400,000
Free hold office building	13,867,630	8,450,390	-	22,318,020	5	2,415,524	748,655	-	3,164,179	19,153,841
Datacom system machinery	612,436,988	30,924,842	(1,977,370)	641,384,460	20	320,517,069	60,985,236	(994,643)	380,507,662	260,876,798
Office equipment	10,421,152	723,310	(77,935)	11,066,527	25	5,805,921	1,257,856	(24,261)	7,039,516	4,027,011
Testing equipment	22,536,441	1,395,281	-	23,931,722	10	5,802,932	1,733,756	-	7,536,688	16,395,034
Air conditioners	2,664,716	629,972	-	3,294,688	10	729,043	219,161	-	948,204	2,346,484
Furniture and fixtures	3,367,158	437,606	-	3,804,764	10	1,923,249	167,243	-	2,090,492	1,714,272
Vehicles	42,455,665	-	(2,243,396)	40,212,269	20	19,428,635	4,533,072	(1,505,632)	22,456,075	17,756,194
	753,864,750	**44,736,401**	**(4,298,701)**	**794,302,450**		**356,668,399**	**70,000,617**	**(2,524,536)**	**424,144,480**	**370,157,970**

NOTES TO THE FINANCIAL STATEMENTS
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12 INTANGIBLE ASSETS - JUNE 2012

	COST					AMORTISATION				Net book value
Particulars	As at 1-Jul-11 Rs.	Additions Rs.	Disposals Rs.	As at 30-Jun-12 Rs.	Rate %	As at 1-Jul-11 Rs.	Period Rs.	Disposals Rs.	As at 30-Jun-12 Rs.	as at 30-Jun-12 Rs.
Software	3,204,006	-	-	3,204,006	33.33	734,357	1,068,000	-	1,802,357	1,401,649
Infrastructure License	8,540,000	-	-	8,540,000	5	106,750	427,000	-	533,750	8,006,250
	11,744,006	-	-	11,744,006		841,107	1,495,000	-	2,336,107	9,407,899

INTANGIBLE ASSETS - JUNE 2011

	COST					AMORTISATION				Net book value
Particulars	As at 1-Jul-10 Rs.	Additions Rs.	Disposals Rs.	As at 30-Jun-11 Rs.	Rate %	As at 1-Jul-10 Rs.	Period Rs.	Disposals Rs.	As at 30-Jun-11 Rs.	as at 30-Jun-11 Rs.
Software	-	3,204,006	-	3,204,006	33.33	-	734,357	-	734,357	2,469,649
Infrastructure License	-	8,540,000	-	8,540,000	5	-	106,750	-	106,750	8,433,250
	-	11,744,006	-	11,744,006		-	841,107	-	841,107	10,902,899

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
13 TRADE DEBTS - UNSECURED			
Trade debts		116,751,205	98,287,860
Less: provision for doubtful debts		(22,310,751)	-
		94,440,454	98,287,860

These trade debts comprise of receivable from customers including the amount of Rs. 34,800,199 (2011: Rs. Nil) against joint venture that are unsecured but considered good.

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
14 ADVANCES			
Advances - considered good to			
Suppliers - secured		654,954	400,000
Employees - unsecured		919,177	404,262
Joint venture - unsecured		97,193	11,994,516
		1,671,324	12,798,778
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Margin and guarantees with banks		687,221	2,955,917
Trade deposits	15.1	28,776,424	76,731,201
Gratuity	9.1	-	9,661,046
Prepayments	15.2	7,680,845	37,850,036
		37,144,490	127,198,200
15.1 Trade deposits		58,666,461	76,731,201
Less: Provision for bad debts		(29,890,037)	-
		28,776,424	76,731,201

NOTES TO THE FINANCIAL STATEMENTS
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	June 30, 2012 Rupees	June 30, 2011 Rupee
15.2 Prepayments	37,570,882	37,850,036
Less: Provision for bad debts	(29,890,037)	-
	7,680,845	37,850,036

16 DUE FROM ASSOCIATED COMPANIES

TF Technologies (Private) Limited	31,800	-
	31,800	-

16.1 Maximum amount due from associated companies at the end of any month during the period aggregated to Rs. 0.03 million (June 2011: Rs. Nil).

17 SHORT TERM INVESTMENTS

These represent investments in term deposit receipts maturing in the short term and carry interest rate ranging from 0.80% to 11.25% (June 2011: 0.80% to 12.75%) per annum. Included in these investments are foreign currency term deposit receipts amounting to US $ 3.04 million (June 2011: US $ 1.60 million). Out of total investments, US $ 0.10 million (June 2011: US $ 0.10 million) and Rs. 10.00 million (June 2011: Rs. 10.00 million) are pledged against bank guarantee/SBLC issued by bank.

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
18 CASH AND BANK BALANCES			
Cash in hand		-	-
Cash at bank in			
Current accounts		8,240,442	9,912,731
Deposit accounts	18.1	172,678,962	58,911,639
Current accounts-dividend		5,735,333	5,442,687
		186,654,737	74,267,057

18.1 Deposit accounts include foreign currency deposits of US $ 0.86 million (June 2011: US $ 0.30 million) equivalent to Rs. 80.65 million (June 2011: Rs. 25.71 million).

	June 30, 2012 Rupees	June 30, 2011 Rupees
19 CASH AND CASH EQUIVALENTS		
Short term investments	296,368,000	203,680,000
Cash and bank balances	186,654,737	74,267,057
	483,022,737	277,947,057
20 REVENUE		
Revenue		
- from CVAS Data License	731,050,655	675,118,707
- from Telecom Infrastructure Provider License	5,679,400	-
- from Joint Venture - PDL share	38,960,987	-
	775,691,042	675,118,707

NOTES TO THE FINANCIAL STATEMENTS
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	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
21 COST OF SERVICES			
Channel and local lead rentals		197,136,695	215,316,214
Space segment rentals		112,005,992	156,661,651
Equipment maintenance cost		11,736,723	9,848,229
Repair and maintenance expenses		6,254,386	8,261,736
License fee		3,797,237	2,124,658
Salaries and other benefits	21.1	111,417,920	118,335,896
Depreciation		63,818,484	70,000,617
Amortisation		1,495,000	841,107
Expenses - joint venture - PDL share		25,367,004	-
		533,029,441	581,390,108

21.1 Salaries and other benefits include amount of Rs.12.486 million (June 2011: Rs. 16.86 million) in respect of employees' retirement and other service benefits.

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
22 ADMINISTRATIVE EXPENSES			
Salaries and other benefits	22.1	47,750,537	29,583,974
Travelling and local conveyance		5,270,001	3,875,212
Telephone expenses		3,224,822	3,775,747
Vehicle running expenses		16,612,362	15,982,810
Insurance		1,056,488	1,385,697
Entertainment		2,268,837	1,342,757
Rent, rates and taxes		6,468,590	6,849,289
Legal and professional charges	22.2	6,357,785	2,663,145
Printing and stationery		2,034,094	1,757,535
Utilities		4,198,509	3,991,482
Welfare expenses		3,000,000	4,500,000
Auditors remuneration	22.3	410,000	410,000
Provision for doubtful debts		22,310,751	-
Provision against margin		800,000	-
Provision for bad debts- Trade deposits		29,890,037	-
Provision for bad debts- Prepayments		29,890,037	-
		181,542,850	76,117,648

22.1 Salaries and other benefits include amount of Rs. 5.35 million (June 2011: Rs. 4.22 million) in respect of employees' retirement and other service benefits.

22.2 Legal and professional charges include Rs. 0.13 million (June 2011: Rs. Nil) in respect of other services provided by external Auditors for issuance of different certificates.

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
22.3 Auditors' remuneration			
Audit fee		400,000	400,000
Out of pocket expenses		10,000	10,000
		410,000	410,000
Add: Certification fee	22.2	130,000	-
		540,000	410,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
23 MARKETING EXPENSES			
Advertisement & marketing expenses		4,172,534	1,109,819
		4,172,534	1,109,819
24 OTHER OPERATING INCOME			
Income from financial assets			
Return on short term investments		8,788,109	11,353,198
Return on bank deposits		1,382,519	2,352,435
Exchange gain		28,426,041	623,980
Provision for trade and other payables		16,118,459	-
Provision for deposits		8,622,416	-
Net income from other projects	24.1	556,314	6,438,102
		63,893,858	20,767,715
Income from non-financial assets			
Gain/(loss) on disposal of property, plant and equipment	24.2	1,265,475	1,303,146
		65,159,333	22,070,861

24.1 Included therein, income from sale of equipment and allied services is net of revenue Rs. 0.713 million (2011: Rs. 56.71 million) and cost Rs. 0.156 million (2011: Rs. 43.971 million) inclusive of sales tax amounting to Rs. NIL (June 2011: Rs. 5.61 million).

24.2 Gain/(loss) on disposal of property, plant and equipment includes equipment with sale price of Rs. 1.60 million (2011: Rs. Nil) and cost Rs. 0.87 million (2011: Rs. Nil) inclusive of sales tax Rs. 0.22 million (2011: Rs. Nil).

	Note	June 30, 2012 Rupees	June 30, 2011 Rupees
25 PROVISION FOR TAXATION			
Current - for the period		66,248,304	18,663,052
- prior years		422,488	1,306,577
Deferred		(23,800,365)	(5,542,938)
	25.1	42,870,427	14,426,691

25.1 Reconciliation of tax charged for the period

	June 30, 2012 Rupees	June 30, 2011 Rupees
Accounting profit	121,279,832	37,379,286
Tax on accounting profit at 35% (June 2011 : 35%)	42,447,941	13,082,750
Tax effect of expenses that are inadmissible for tax purposes	42,395,485	23,154,745
Tax effect of prior years	422,488	1,306,577
Tax effect of expenses that are admissible for tax purposes	(18,595,122)	(17,574,443)
	66,670,792	19,969,629
Tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes	(23,800,365)	(5,542,938)
	42,870,427	14,426,691

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	June 30, 2012 Rupees	June 30, 2011 Rupees
26 EARNINGS PER SHARE (BASIC AND DILUTED)		
Profit after taxation	78,409,405	22,952,595
	Number of shares	
Weighted average number of ordinary shares- as at June 30	7,840,800	7,840,800
Issuance of 25% bonus shares (during the current financial year)	1,960,200	1,960,200
Weighted average number of ordinary shares as at June 30	9,801,000	9,801,000
Basic and diluted earnings per share	8.00	2.34

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

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

	June 30, 2012 Rupees	June 30, 2011 Rupees
27 TRANSACTIONS WITH ASSOCIATED COMPANIES		
Following are the related parties with whom transactions were undertaken during the year.		
Telecom Foundation		
Dividend	8,637,366	28,071,440
Bonus shares	10,796,710	-
Welfare expenses	3,000,000	4,500,000
	22,434,076	32,571,440
Associates		
TF Technologies (Private) Limited		
Repayment	1,200	3,000
Payment on behalf of the company	31,800	-
	33,000	3,000
TF Payphones Limited		
Purchase of property	-	8,450,390
	22,467,076	41,024,830

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

27.2 Balance with parent and associated companies are disclosed in note 8 & 16 to these financial statements.

27.3 Transactions with the directors and key management staff are disclosed in note 29 to these financial statements.

27.4 There were no transactions with the key management personnel other than their terms of employment.

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

27.6 Transactions regarding retirement benefits are disclosed in note 6,9, 21 & 22 to these financial statements.

27.7 Transactions regarding joint venture are disclosed in note 13, 14, 20, & 21 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

28 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchanges rates, market interest rates, credit and liquidity risk associated with various financial assets and liabilities respectively as referred in note 28.4.

The Company finances its operations through equity, short-term borrowings and management of working capital with a view to maintaining a reasonable mix and to minimize risk.
Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

28.1 Market risk

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

a) Interest rate risk

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

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

	June 30, 2012 %	June 30, 2011 %	June 30, 2012 Rupees	June 30, 2011 Rupees
Fixed rate instrument				
Financial assets				
Short term investments	2.10 to 11.00	0.80 to 12.75	296,368,000	203,680,000
Bank balances - deposit accounts	5.00 to 05.00	5.00 to 08.00	172,678,962	58,911,639
			469,046,962	262,591,639
Financial liabilities			-	-
			469,046,962	262,591,639

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

b) Currency risk

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	June 30, 2012 Rupees	June 30, 2011 Rupees
Short-term exposure		
Financial assets- US Dollars	379,754,001	213,055,741
Financial assets- AED	34,800,199	11,994,516
	414,554,200	225,050,257
Financial liabilities-US Dollars	(85,931,786)	(65,209,034)
	328,622,414	159,841,222
Long-term exposure		
Financial assets	-	-
Financial liabilities	-	-
	-	-

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

It assumes a - 4.21% /+7.36% change of the US-Dollar exchange rate for the year ended June 30, 2012 (2011:+ 1.58% / -1.86%) and - 3.77% /+5.87% (2011: Nil) change of the AE Dirham exchange rate for the year ended June 30, 2012. These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on Company's foreign currency financial instruments held at each balance sheet date.

If the Pak Rupee had strengthened against the US Dollar by -4.21% (2011: 1.58%) and against the AE Dirham by -3.77% (2011: Nil) then this would have the following impact:

	June 30, 2012 Rupees	June 30, 2011 Rupees
US Dollar Currency		
Net result for the year (exchange loss)	(11,796,710)	2,938,627
AE Dirham Currency		
Net result for the year (exchange loss)	(1,241,953)	-

If the Pak Rupee had weakened against the US Dollar by 7.36% (2011: 1.86%) and against the AE Dirham by 5.87% (2011: Nil), then this would have the following impact:

	June 30, 2012 Rupees	June 30, 2011 Rupees
US Dollar Currency		
Net result for the year (exchange gain)	20,642,261	2,489,102
AE Dirham Currency		
Net result for the year (exchange gain)	1,932,802	-

c) Other price risk

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

28.2 Credit risk analysis

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

	June 30, 2012 Rupees	June 30, 2011 Rupees
Classes of financial assets - carrying amounts		
Trade debts - unsecured	94,440,454	98,287,860
Advances	919,177	404,262
Trade deposits	29,463,645	89,348,164
Due from associated companies	31,800	-
Other receivables	1,280,701	20,678,361
Interest accrued	512,485	1,696,623
Cash and cash equivalent	483,022,737	277,947,057
	609,670,999	488,362,327

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

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

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

	June 30, 2012 Rupees	June 30, 2011 Rupees
Not more than 3 months	30,790,200	45,597,621
More than 3 months but not more than 6 months	15,505,242	19,782,928
More than 6 months but not more than 1 year	40,532,775	14,924,961
More than 1 year	7,612,237	17,982,350
	94,440,454	98,287,860

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

	June 30, 2012 Rupees	June 30, 2011 Rupees
Not more than 3 months	613,400	4,204,019
More than 3 months but not more than 6 months	-	16,474,342
More than 6 months but not more than 1 year	130,000	-
More than 1 year	537,301	-
	1,280,701	20,678,361

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

28.3 Liquidity risk analysis

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

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

	June 30, 2012 Rupees	June 30, 2011 Rupees
Financial liabilities		
Customers' deposits		
Maturity with in 1 year	94,560,782	91,292,964
Maturity after 1 year	-	-
	94,560,782	91,292,964
Due to associated companies		
Maturity with in 1 year	649,620	650,820
Maturity after 1 year	-	-
	649,620	650,820
Trade and other payables		
Maturity with in 1 year	104,996,633	126,558,615
Maturity after 1 year	-	-
	104,996,633	126,558,615
	200,207,035	218,502,399

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

28.4 Summary of financial assets and liabilities by category

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

	June 30, 2012 Rupees	June 30, 2011 Rupees
Financial assets		
Financial assets are measured at amortised cost		
Trade debts - unsecured	94,440,454	98,287,860
Advances	919,177	404,262
Trade deposits	29,463,645	89,348,164
Due from associated companies	31,800	-
Other receivables	1,280,701	20,678,361
Interest accrued	512,485	1,696,623
Cash and cash equivalent	483,022,737	277,947,057
	609,670,999	488,362,327
Financial liabilities		
Financial liabilities are measured at amortized cost		
Trade and other payables	104,996,633	126,558,615
Due to associated companies	649,620	650,820
Customers' deposits	94,560,782	91,292,964
	200,207,035	218,502,399

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

29 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	June 30, 2012 Rupees			June 30, 2011 Rupees		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	1,692,312	-	8,389,588	2,438,169	-	7,161,651
Other allowances	-	-	4,570,216	789,914	-	3,750,116
Meeting fee/Honorarium/Bonus	310,000	2,480,000	1,712,146	90,000	2,425,000	3,955,376
	2,002,312	2,480,000	14,671,950	3,318,083	2,425,000	14,867,143
Number of persons	4	8	8	1	6	7

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

29.2 Remuneration of ex-chief executive, after his retirement as board member, is included in the remuneration of executives. Executives are also entitled for retirement and other service benefits of Rs. 1.15 million (2011: Rs. 1.36 million).

	June 30, 2012	June 30, 2011
30 NUMBER OF EMPLOYEES		
Total number of employees at the end of the period	229	243

31 RESTATEMENT

Infrastructure Providers License acquired in year 2011 against fee of USD 100,000 were erroneously expensed out in said year. The license is now capitalized and previous year is restated in accordance with requirements of IAS 8.
The effect of correction on the prior year is as follows:

	June 30, 2011
Effect on Income statement:	
Decrease in license fee	(8,540,000)
Increase in amortisation	106,750
Increase in tax expense	2,989,001
Increase in profit	(5,444,250)
Increase in EPS	0.56
Effect on Balance Sheet:	
Increase in intangible assets	8,540,000
Increase in provision for taxation	2,951,638
Increase in deferred tax liability	37,363
Effect on statement of changes in equity:	
Increase in equity	(5,444,250)

32 OPERATING SEGMENTS

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

Out of total revenue, 94.25% (2011: 100%) is generated from CVAS Data License, 0.73% from Telecom Infrastructure Provider license and 5.02% from cable laying and allied services.

Revenue from major customer of the Company amounts to Rs.428.93 million (2011: 284.15 million) representing 55.3% (2011: 36.63%) of the total revenue.

Out of total revenue of Rs.775.69 million (2011: 675.12 million), revenue of Rs. 736.73 million (2011: 675.12 million) is generated from Pakistan and Rs. 38.96 million (2011: Nil) is generated from UAE.

Out of total non-current assets of the Company 99.60 % (2011: 100%) assets are located in Pakistan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on October 03, 2012.

34 MOVEMENT BETWEEN RESERVES AND PROPOSED DIVIDEND

The Board of Directors in its meeting held on October 03, 2012 approved i) transfer of Rs. 50.00 million (June 2011: Rs. Nil) from unappropriated profit to general reserves; (ii) Final cash dividend of Rs. 4.00 per share (June 2011: Rs.1.00 per share) amounting to Rs. 39.204 million (June 2011: 7.84 million). The financial statements for the year ended June 30, 2012 do not include the effect of aforementioned movement between reserves and proposed dividend.

35 CORRESPONDING FIGURES

Figures have been re-classified and re-arranged in respect of previous period from "Trade deposits and prepayments" to "Advances" of Rs. 11.99 million for the purpose of better presentation and disclosure.

36 GENERAL

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

Iftikhar Ahmed Raja **Director**	**Muhammad Amir Malik** **Chief Executive**

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF PAK DATACOM LIMITED AS AT JUNE 30, 2012 FORM 34 (SECTION - 236)

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
1,378	1	100	49,630
428	101	500	124,690
69	501	1,000	47,473
106	1,001	5,000	253,760
25	5,001	10,000	191,690
11	10,001	15,000	139,664
5	15,001	20,000	83,267
2	30,001	35,000	65,712
1	40,001	45,000	43,357
5	45,001	50,000	239,933
1	55,001	60,000	55,483
2	105,001	110,000	217,000
1	175,001	180,000	178,898
1	250,001	255,000	254,753
1	300,001	305,000	304,227
1	645,001	650,000	645,031
1	750,001	755,000	750,791
1	755,001	760,000	757,288
1	5,395,001	5,400,000	5,398,353
2,040			**9,801,000**

CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE (%)
Associated Companies	5,398,353	55.08
Directors & Executives	1,250	0.01
Insurance Companies	757,288	7.73
Financial Institutions	968,325	9.88
Joint Stock Companies	150,479	1.54
Investment Companies	165	0.00
Others	977,810	9.98
Individuals	1,547,330	15.79
TOTAL	**9,801,000**	**100.00**

NAME WISE DETAIL OF SHAREHOLDERS

Categories of shareholders			Shares Held	Percentage (%)
Associated Companies, Undertakings & Related Parties				
Telecom Foundation	5,398,353		5,398,353	55.08
NIT & ICP (Name Wise Detail)				
DBP (ICP UNIT)		40	40	0.00
Indestrial Development Bank of Pakistan	125		125	0.00
NBP - Trustee Department NI(U)T Fund		178,898	178,898	1.83
National Investment Trust Limited		4,606	4,606	0.05
Directors, Chief Executive, their Spouses and Minor Children				
Mr. Nessar Ahmed		625	625	0.01
Mr. Muhammad Yaqoob		625	625	0.01
Insurance Companies				
State Life Insurance Corporation of Pakistan		757,288	757,288	7.73
Financial Institutions				
The Bank of Punjab, Treasury Division		17,000	17,000	0.17
National Bank of Pakistan		17,030	17,030	0.17
National Bank of Pakistan		750,791	750,791	7.66
Modarabas & Mutual Funds				
Golden Arrow Selected Stock Fund Limited		645,031	645,031	6.58
CDC - Trustee AKD Opportunity Fund		304,227	304,227	3.10
Other Companies				
Javed Omer Vohra & Company Limited	250	-	250	0.00
Asian Securities Limited	-	47,326	47,326	0.48
UHF Consulting (Private) Limited	-	196	196	0.00
Y. S. Securities & Services (Private) Limited	-	2,175	2,175	0.02
Sarfraz Mahmood (Private) Limited	-	157	157	0.00
Darson Securities (Private) Limited	-	8	8	0.00
N. H. Capital Fund Limited	-	6	6	0.00
Capital Vision Securities (Private) Limited	-	3,748	3,748	0.04
Mian Muhammad Akram Securities (Private) Limited	-	135	135	0.00
Stock Master Securities (Private) Limited	-	57	57	0.00
Abbasi Securities (Private) Limited	-	15,625	15,625	0.16
Darson Securities (Private) Limited	-	33	33	0.00
Stock Street (Private) Limited	-	500	500	0.01
Amin Tai Securities (Private) Limited	-	47,000	47,000	0.48
ZHV Securities (Private) Limited	-	48	48	0.00
Al-Haq Securities (Private) Limited	-	550	550	0.01
Pearl Capital Management (Pvt) Limited	-	78	78	0.00
Aqeel Karim Dhedhi Securities (Private) Limited	-	32,587	32,587	0.33
Non Resident				
CMB (1) as Trustee for GT	440	-	440	0.00
Dester Management Limited	137	-	137	0.00
Lehman Brothers Securities	13,100	-	13,100	0.13
Somers Nominees (far East) Limited	6,765	-	6,765	0.07
Morgan Stanley Bank Luxembourg	6,385	-	6,385	0.07
Pictet & Cie	1,725	-	1,725	0.02
General Public	258,148	1,289,182	1,547,330	15.79
TOTAL	**5,685,428**	**4,115,572**	**9,801,000**	**100.00**

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING RIGHTS IN THE COMPANY

Name(s) of Shareholder(s)	Shares Held	Percentage %
Telecom Foundation	5,398,353	55.08
National Bank of Pakistan	767,821	7.83
State Life Insurance Corp. of Pakistan	757,288	7.73
Golden Arrow Selected Stocks Fund Limited	645,031	6.58

FORM OF PROXY

PAK DATACOM LIMITED

I, ____

of ____

being member of Pak Datacom Limited and a holder of ______________________

(Number of Shares)

ordinary shares as per Share Register Folio Number ______________ ______________

______________ hereby appoint ______________________

(Name)

______________ of ______________________

who is also a member of Pak Datacom Limited as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on October 31, 2012 at 11:00am and at any adjournment thereof.

Signed ______________ day of ______________

(Signature)

Name ______________________

Please affix
Rs. 5/-
revenue stamp

Specimen Signature of Proxy

Specimen Signature of Proxy

WITNESS 1: ______________

Signature ______________

Name ______________

Address ______________

____

CNIC No ______________

WITNESS 2: ______________

Signature ______________

Name ______________

Address ______________

____

CNIC No ______________

Note:

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

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