

# Afranet Allocates 100% Bonus Shares

The annual ordinary general assembly of Afranet Company allocates 115 Rials DPS for the fiscal year. The meeting was attended by over 91 percent of the shareholders. And the company's managing director released a report on the company's performance in the reported fiscal year.

Addressing the meeting, Dr. Fereidoun Ghasemzadeh, the managing director of company, stated that of the about one billion internet hosts in the world, less than 200,000 (0.02%) are in Iran, and given that about one percent of the world's population is in Iran, there should be at least one percent (10 million) internet hosts in this country.

The market's potential in terms of data center services is very noticeable, so increase in the data center capacity of Afranet will lay the ground for the constant increase of income and profit making in the next years, he added.

He went on to say that despite the problems in the field of developing data center services in the last year, Afranet Company managed to increase its income by 28 percent and profit making by 15 percent compared to the previous year that given the new created capacities specially in the field of data center services, this increasing trend will continue also in the next years.

All of these factors and also launching the second phase of Afranet data center named as Cloud Data Center in this year and its role in boosting income and profit making of the company have led to the market's welcome toward Afranet shares and increasing the company's share price to 14,095 from 12,087 Rials in the past fiscal year.

According to Dr. Ghasemzadeh, the number of inter-



net users in the world surpassed 2.5 billion, cell phone users surpassed 6 billion, and smart phone users surpassed one billion in 2012, adding the fast growth of the number of internet and smart phone users requires increase in the speed and volume of data transactions in a way that by using the fourth generation of cell phone (LTE), the users access the internet with the speed of over 100 megabits per second (500 folds higher than the high-speed internet in Iran).

The number of users has reached near 45 million in Iran according to the statistics released by the ICT Min-

istry, of which about 3 million (6 percent) use high-speed internet and the number of smart phone users is about 3 million which is near 5 percent of the total number of cell phone users in the country.

Given the changes in the world and fast growth of demand for internet broadband which is the result of users' number growth and their required data volume, omitting the broadband limitation, in addition to the fast growth of ADSL, Wimax and smart phone sales, and increase in the high-speed internet impact factor to over 50 percent in the country within the next 5 years is anticipated.

In addition to the above mentioned changes, given the high advantages of using e-commerce and electronic services, the volume of electronic deals conducted via internet has increased to over 120,000 billion Rials in 2012 from 80,000 billion Rials in 2010 and other electronic services such as e-government, electronic banking, electronic bourse, and electronic training are rapidly increasing in the country.

Given the above mentioned trends, broadband consumption increase by 100 percent per year in the next 5 years is predictable and it will have positive effects on continuing income and profit increase trend of Afranet Company in the future years.

Fast trend of changes besides broadband demand increase lead to boosting production volume and transferring data and services in electronic form and as the result necessity of developing high-capacity data centers for hosting the websites and servers that offer data and services via internet inside the country. By knowing this trend and making serious investment in this field since five years ago, Afranet Company has developed its internet and e-commerce services to offering data center services since five years ago. Given that the users welcome these services and considering the new trend of offering data center services in the world which is based on the Cloud Computing with the aim of reducing costs, increasing incomes, and creating possibility of fast growth and development of the company in the virtual environment, Afranet Company has focused its investment making in implementing the second phase of its data center named as Cloud Data Center since the last year.



## Afranet Company's status in Iran's IT industry

As the first private internet company in the country, with direct access to the international internet network, selling near 3000 megabits per second of broadband, offering data center, e-commerce and VoIP services to near 1000 state and private organizations and companies, Afranet Company holds about 10 percent of the broadband market share in the country and therefore enjoys possibility of high broadband with lower price compared to the other competitors, so some noticeable growth in broadband sales and its incomes is anticipated for the company in the next years. In terms of data center services, given the instructions issued in terms of transferring the state organizations' servers from outside to inside the country and increasing foreign currency rate as well as the widespread use of electronic services in the country, data center services market will observe high growth in the next years.

Given that despite the above mentioned legal obligations in terms of transferring the servers to Iran, just a few companies are active in the country in terms of offering data center services and this condition is a proper opportunity for increasing the income and profit of Afranet Company in the next years. It should be mentioned that

at the present according to the rating made by Alexa site, among 500 top Iranian websites, Afranet Company holds the lion's share by hosting 34 websites.

## Income and profit

Afranet Company's income has been 135 billion Rials in 2012 which had 28 percent growth compared to its previous year. Chart No. 1 indicates income growth trend of the company in the last years. The company's profit has been 22.5 billion Rials in that year which indicates 15 percent growth compared to its previous year. By enforcing the new enactments of the Virtual

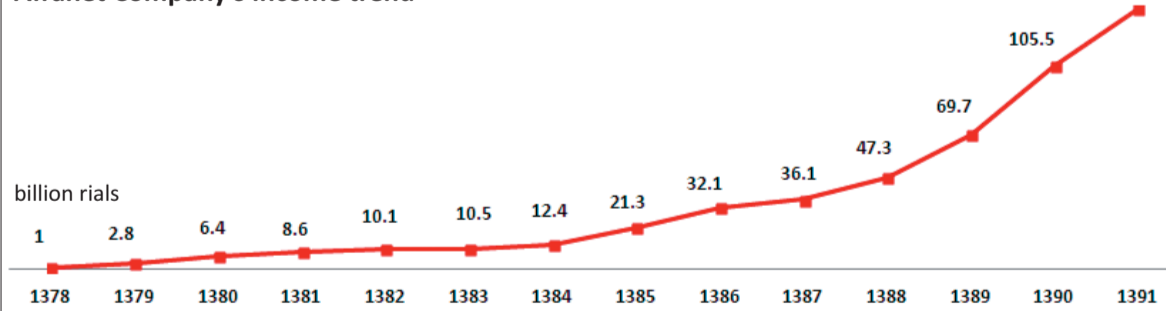
Environment Supreme Council in terms of allocating special discount in the broadband and consumed electricity to the data center companies, the company's expenses will decrease noticeably in the next year. Also, considering enactment of the law and executive bylaw of knowledge-based companies and given that Afranet Company has received data center services permit from the Virtual Environment Supreme Council as the first private company, it will be entitled to the mentioned law's advantages such as 15 years tax exemption and it will have prominent effect on the company's

profit making in the next years.

## Development plans and next year's programs

**Company's development plans**  
While offering its current data center services including web hosting, dedicated server, virtual server, and server hosting with hosting over 1000 physical servers, Afranet Company launches its Cloud Computing data center in the current year. By completing the cloud data center project, the company's data center hosting capacity will increase to 3,000 physical servers and 25,000 virtual servers. In Cloud data center, Afranet Company enjoys the possibility of using cloud computing advanced services including Platform as a Service (PaaS), Infrastructure as a Service (IaaS) and Software as a Service (SaaS) for the first time in the country. Given that by using Cloud services, Capital Expenditure (Capex) is changed to Operational Expenditure (Opex), the problem of providing initial capital, which is usually the main barrier for the entrepreneurs in terms of launching and developing virtual services, is removed and it leads to increase in offering electronic services in the country and as the result increasing income in Afranet Company's data center and ecommerce divisions.

Afranet Company's income trend



Assets	(Revision Presented)		Liabilities & shareholders' equity	(Revision Presented)	
	March 20, 2013	March 19, 2012		March 20, 2013	March 19, 2012
	Rials	Rials		Rials	Rials
<b>Current assets:</b>			<b>Current liabilities:</b>		
Cash stock	6,154,929,654	1,098,110,021	Payable instruments negotiable	6,719,910,664	2,746,165,659
Short-term investment	3,752,026,647	13,867,352,467	Other accounts & payable notes	35,982,415,214	16,560,638,428
Receivable instruments negotiable	17,018,974,146	10,021,828,744	Pre-receipts	853,296,038	6,144,525,164
Other accounts & receivable notes	8,874,715,241	8,751,541,832	Tax reserve	0	0
Inventory	1,661,669,803	626,942,000	Receivable financial facilities	55,371,916,316	13,936,409,322
Prepayments	3,321,342,138	826,420,539	Payable dividend	0	0
Total of current assets	40,783,657,629	35,192,195,603	Total of current liabilities	98,927,538,232	39,387,738,573
<b>Non-current assets:</b>			<b>Non-current liabilities:</b>		
Tangible fixed assets	113,334,145,968	97,871,881,763	Long-term receivable financial facilities	10,102,179,270	32,063,702,186
Intangible assets	2,059,763,515	4,869,074,497	Other long-term payable instruments	0	26,500,000,000
Long-term investments	29,500,000	59,500,000	Employees' termination benefits	1,043,204,661	486,366,669
Other assets	1,203,587,968	1,343,236,551	Total of non-current liabilities:	11,145,383,931	59,050,068,855
Total of non-current assets	116,626,997,451	104,143,692,811	Total of liabilities	110,072,922,163	98,437,807,428
			<b>Shareholders' equity:</b>		
			Capital (20,000,000 registered shares of 1000-rial fully paid)	20,000,000,000	20,000,000,000
			Legal reserve	2,000,000,000	2,000,000,000
			Accumulated profit	25,337,732,917	18,898,080,986
			Total of shareholders equity	47,337,732,917	40,898,080,986
Total of assets	157,410,655,080	139,335,888,414	Total of liabilities & shareholders' equity	157,410,655,080	139,335,888,414

	March 20, 2013		(Revision Presented)
	Rials	Rials	March 19, 2012
Sales and service income		135,130,978,243	105,562,006,635
Sold products and offered services' end price		(81,150,302,232)	(63,301,484,964)
Gross profit		53,980,676,011	42,260,521,671
Sales, administrative and general expenses		(21,832,523,163)	(20,110,969,650)
Operating profit		32,148,152,848	22,149,552,021
Financial expenses	(11,084,003,352)		(1,473,312,431)
Other net non-operating incomes and expenses	3,877,085,096		1,450,667,502
Pre-tax profit		(7,206,918,256)	(22,644,929)
Income tax		24,941,234,592	22,126,907,092
Net profit		(2,501,582,661)	(2,561,142,504)
EPS		22,439,651,931	19,565,764,588
		1122	978
<b>Accumulated Profit (Loss) Account Turnover</b>			
Net profit		22,439,651,931	19,565,764,588
Accumulated profit at year's start	24,089,686,654		9,084,279,299
Annual adjustments	(5,191,605,668)		(875,962,901)
Adjusted accumulated profit at year's start		18,898,080,986	8,208,316,398
Allocable profit		41,337,732,917	27,774,080,986
Profit allocation:			
Legal reserve			(876,000,000)
Last year's dividend	(16,000,000,000)		(8,000,000,000)
Accumulated profit at the year end		(16,000,000,000)	(8,876,000,000)
		25,337,732,917	18,898,080,986