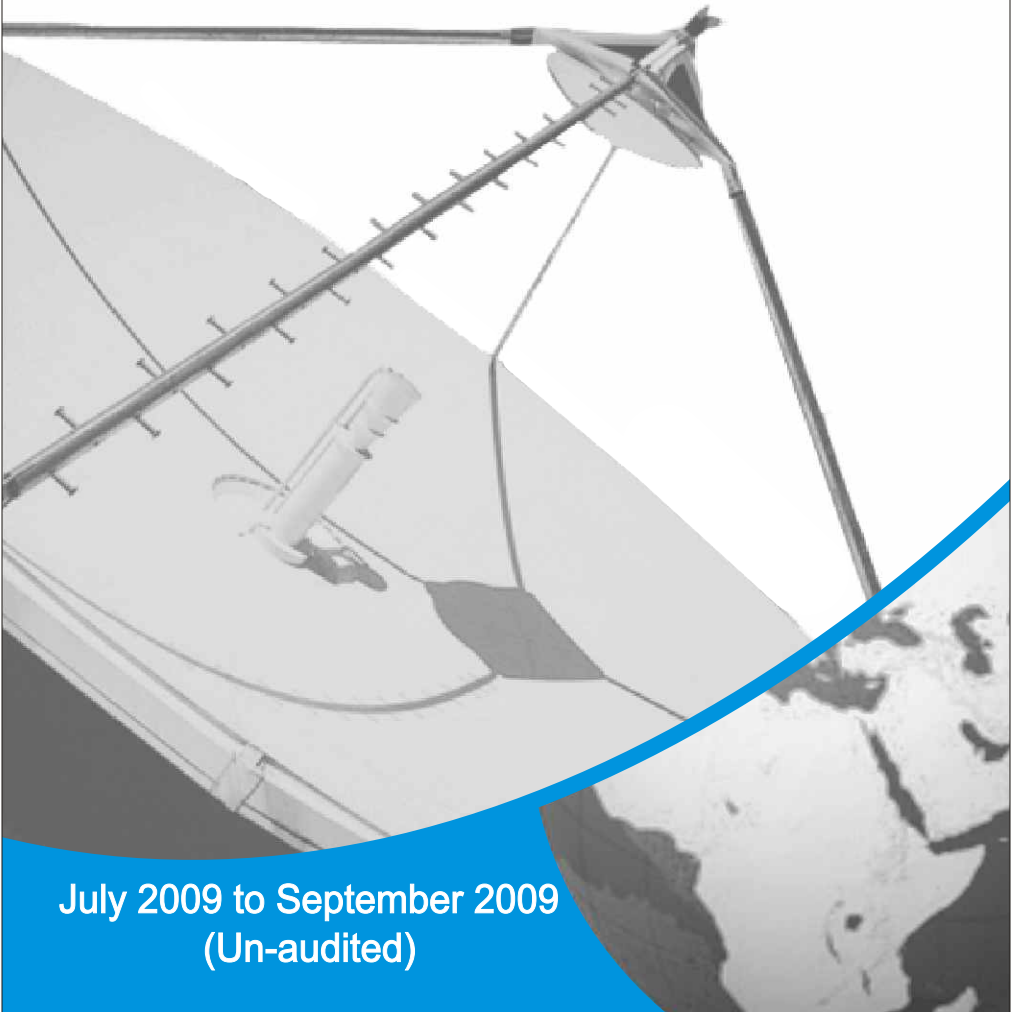




PAK DATACOM LIMITED

1st QUARTER REPORT



July 2009 to September 2009
(Un-audited)

COMPANY PROFILE

BOARD OF DIRECTORS

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

COMPANY SECRETARY/ CFO

Syed Sajjad Hasan

AUDIT COMMITTEE

1. Syed Mahmood Ahmad
2. Muhammad Arif
3. Amjad Hussain Qureshi

REGISTERED OFFICE

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

HEAD OFFICE

3rd Floor, Umar Plaza, Blue Area, Islamabad
Tel # (051) 2823677, 2823504, Fax # (051) 2823270

SHARES DEPARTMENT

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

AUDITORS

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

LEGAL ADVISOR

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

DIRECTORS' REPORT

The Board of Directors of Pak Datacom Limited (PDL) has the pleasure in presenting to the shareholders operational results of 1st quarter of the financial year 2009 - 2010 i.e. from 1st July, 2009 to 30th September, 2009.

The Company, on successful completion of financial year 2008-09, continued its business momentum and profitability during 1st quarter of current financial year. PDL has earned total revenue of Rs. 249.350 million as compared to Rs. 242.365 million of corresponding period of last year while it has posted a pre-tax profit of Rs. 66.153 million as compared to Rs. 53.771 million of the same period of last year.

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

PDL has expanded its i-Direct network by adding second DVB-S2 Hub in Karachi and one Mini Hub in Quetta to provide better services to its customers.

It is hoped that the Company will come up to the expectations of the valued share holders during the remaining three quarters of the financial year and targets laid down by the Board of Directors would be achieved with dedication of the management and employees of the Company.

On behalf of the Board

Islamabad
October 29, 2009

Syed Mahmood Ahmad
Chief Executive

BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2009

	September 30, 2009	June 30, 2009
	<u>Rupees</u>	<u>Rupees</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital 10,000,000 (June 2009: 10,000,000) ordinary shares of Rupees 10/-each	<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed & paid up capital	78,408,000	78,408,000
Reserves	555,865,519	512,865,931
	634,273,519	591,273,931
NON-CURRENT LIABILITIES		
Deferred liabilities	68,092,231	69,635,430
CURRENT LIABILITIES		
Customers' deposits	81,209,473	78,846,107
Due to associated companies	2,002,260	963,040
Creditors, accrued and other liabilities	173,203,417	171,755,657
Provision for taxation	114,821,094	88,699,185
	371,236,244	340,263,989
	<u>1,073,601,994</u>	<u>1,001,173,350</u>
CONTINGENCIES AND COMMITMENTS		
ASSETS		
NON-CURRENT ASSETS		
Property, plant & equipment	399,929,941	405,264,830
CURRENT ASSETS		
Trade debts - unsecured	123,709,376	101,599,940
Advances, deposits, prepayments and other receivables	194,863,594	132,975,266
Short term investments	166,643,549	234,020,130
Cash & bank balances	188,455,534	127,313,184
	673,672,053	595,908,520
	<u>1,073,601,994</u>	<u>1,001,173,350</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
DIRECTOR

SYED MAHMOOD AHMAD
CHIEF EXECUTIVE

PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	September 30, 2009 Rupees	September 30, 2008 Rupees
	<hr/>	<hr/>
Revenue	249,349,620	242,364,963
Operating expenses	<u>(193,545,473)</u>	<u>(189,144,275)</u>
Operating profit	55,804,147	53,220,688
Other income	<u>10,459,985</u>	<u>784,243</u>
	66,264,132	54,004,931
Financial charges	<u>(110,921)</u>	<u>(233,854)</u>
Profit before taxation	66,153,211	53,771,077
Provision for taxation	<u>(23,153,623)</u>	<u>(18,819,877)</u>
Profit after taxation	<u>42,999,588</u>	<u>34,951,200</u>
	<hr/> <hr/>	<hr/> <hr/>
Earning per share	5.48	4.46

The annexed notes 1 to 10 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
DIRECTOR

SYED MAHMOOD AHMAD
CHIEF EXECUTIVE

CASH FLOW STATEMENT (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	September 30, 2009 Rupees	September 30, 2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	66,153,211	53,771,077
Adjustment for non-cash and other items		
Depreciation	17,988,029	21,391,179
(Gain)/ loss on disposal of fixed assets	(1,491,562)	13,019,849
Net book value of assets charged to consumption	408,163	-
Financial charges	110,921	233,854
Exchange (gain)/ loss	(3,153,352)	(10,682,621)
Return / interest on bank deposits	(5,815,071)	(3,121,471)
Provision for gratuity	2,000,000	1,100,000
Provision for earned leave	1,500,000	978,829
	11,547,128	22,919,619
Operating profit before working capital changes	77,700,339	76,690,696
(Increase)/ decrease in current assets		
Trade debtors	(22,109,436)	31,541,067
Advances, deposits, prepayments and other receivables	(53,348,210)	3,319,925
	(75,457,646)	34,860,992
Increase/ (decrease) in current liabilities		
Customers' deposits	2,363,366	15,671,494
Due to associated undertakings	1,039,220	408,960
Creditors, accrued and other liabilities	1,554,685	(33,169,569)
	4,957,271	(17,089,115)
	7,199,964	94,462,573
Cash generated from operations		
Taxes paid	(8,387,646)	(16,693,437)
Earned leave paid/ adjusted	(74,913)	-
Return/ interest on bank deposits	5,662,599	1,851,162
Financial charges paid	(110,921)	(233,854)
	(2,910,881)	(15,076,129)
Net cash flows from operating activities	4,289,083	79,386,444
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(13,496,913)	(15,266,484)
Proceeds on the disposal of fixed assets	1,927,172	285,113
Net cash flows in investing activities	(11,569,741)	(14,981,371)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,106,925)	(506,821)
Net (decrease)/ increase in cash and cash equivalents	(9,387,583)	63,898,252
Cash and cash equivalents at the beginning of the period	361,333,314	178,836,785
Effect of foreign exchange rate change	3,153,352	10,682,621
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	355,099,083	253,417,658

The annexed notes 1 to 10 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
DIRECTOR

SYED MAHMOOD AHMAD
CHIEF EXECUTIVE

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

	Share Capital Issued, subscribed and paid-up Rs.	Capital Reserves		Revenue Reserves		Total Rs.
		Share premium Rs.	General Rs.	Unappropriated profit Rs.		
Balance as at June 30, 2008	78,408,000	12,042,000	181,500,000	154,553,182		476,503,182
Transfer to General Reserves	-	-	50,000,000	(50,000,000)		-
Final dividend for the year ended June 30, 2008	-	-	-	(31,363,200)		(31,363,200)
Interim dividend for the year ended June 30, 2009	-	-	-	-		-
Net profit for the year	-	-	-	34,951,200		34,951,200
Balance as at September 30, 2008	78,408,000	12,042,000	231,500,000	108,141,182		480,091,182
Transfer to General Reserves	-	-	-	-		-
Interim dividend for the year ended June 30, 2009	-	-	-	(15,681,600)		(15,681,600)
Net profit for the year	-	-	-	126,864,349		126,864,349
Balance as at June 30, 2009	78,408,000	12,042,000	231,500,000	219,323,931		591,273,931
Transfer to General Reserves	-	-	-	-		-
Final dividend for the year ended June 30, 2009	-	-	-	-		-
Interim dividend for the year ended June 30, 2010	-	-	-	-		-
Net profit for the year	-	-	-	42,999,588		42,999,588
Balance as at September 30, 2009	78,408,000	12,042,000	231,500,000	262,323,519		634,273,519

The annexed notes 1 to 10 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
DIRECTOR

SYED MAHMOOD AHMAD
CHIEF EXECUTIVE

NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009

1 LEGAL STATUS AND OPERATIONS

Pak Datacom Limited (the Company), a subsidiary of Telecom Foundation, was incorporated in Pakistan on July 13, 1992 as a private limited company under the Companies Ordinance, 1984 and was converted into a public limited company on June 26, 1994. The Company started its commercial activities on July 1, 1994. The Company is listed on all stock exchanges of Pakistan. The registered office of the Company is located at 1st Floor, TF Complex, 7 - Mauve Area, G - 9/4, Islamabad. The objective of the Company is to set up, operate and maintain a network of data communication and to serve the needs of the subscribers against approved tariff charges.

2 BASIS OF PREPARATION

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

2.3 Accounting convention

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

2.4 Use of 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 CONTINGENCIES AND COMMITMENTS

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

3.2 Capital commitments in respect of purchase of equipment outstanding amounted to Rs. 5.539 million (June 2009: Rs.1.316 million).

	September 30, 2009 Rupees	June 30, 2009 Rupees
4 PROPERTY, PLANT & EQUIPMENT		
Cost		
Opening balance	690,083,213	614,942,365
Additions/ acquisitions during the period	13,496,913	137,558,857
Deletions/ disposals during the period	(3,827,577)	(62,418,009)
Closing balance	699,752,549	690,083,213
Accumulated depreciation		
Opening balance	284,818,383	257,389,395
Depreciation for the period	17,988,029	75,594,001
Depreciation on transfer/disposals during the period	(2,983,804)	(48,165,013)
Closing balance	299,822,608	284,818,383
Written down value	399,929,941	405,264,830
	September 30, 2009 Rupees	September 30, 2008 Rupees
5 REVENUE		
Pakistan	249,349,620	242,364,963
	249,349,620	242,364,963
6 OPERATING EXPENSES		
Direct expenses	155,753,177	147,854,108
Indirect expenses	37,792,296	41,290,167
	193,545,473	189,144,275
6.1 Direct expenses		
Channel & local lead rent	50,078,219	44,416,999
Space segment rentals	82,174,963	74,593,416
Equipment maintenance cost	2,659,241	4,117,765
Repair & maintenance expenses	623,439	1,735,140
License fee	2,229,286	1,599,609
Depreciation	17,988,029	21,391,179
	155,753,177	147,854,108
6.2 Indirect expenses		
Salaries, wages and other benefits	29,338,995	30,288,864
Welfare expenses	1,050,000	750,000
Traveling and local conveyance	584,858	1,287,538
Telephone expenses	923,351	1,360,738
Vehicle running expenses	2,370,913	3,022,746
Insurance	275,231	236,566
Entertainment	269,051	361,986
Rent, rates and taxes	1,430,916	1,435,016
Legal and professional charges	430,630	790,777
Printing and stationery	393,330	404,137
Advertisement	101,700	795,476
Electricity	623,321	556,323
	37,792,296	41,290,167

	<u>September 30, 2009 Rupees</u>	<u>September 30, 2008 Rupees</u>
7 EARNINGS PER SHARE (BASIC & DILUTED)		
Profit after taxation	42,999,588	34,951,200
	(Number of shares)	
Weighted average number of ordinary shares	7,840,800	7,840,800
	(Rupees)	
Basic & diluted earnings per share	5.48	4.46

8 TRANSACTIONS WITH RELATED PARTIES

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

Following is the related party with whom transactions were undertaken during the period.

	<u>September 30, 2009 Rupees</u>	<u>September 30, 2008 Rupees</u>
Telecom Foundation (Holding Company)		
Dividend	-	17,274,732
Rentals	290,220	408,960
Welfare expenses	750,000	-
	<u>1,040,220</u>	<u>17,683,692</u>

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

9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on October 29, 2009.

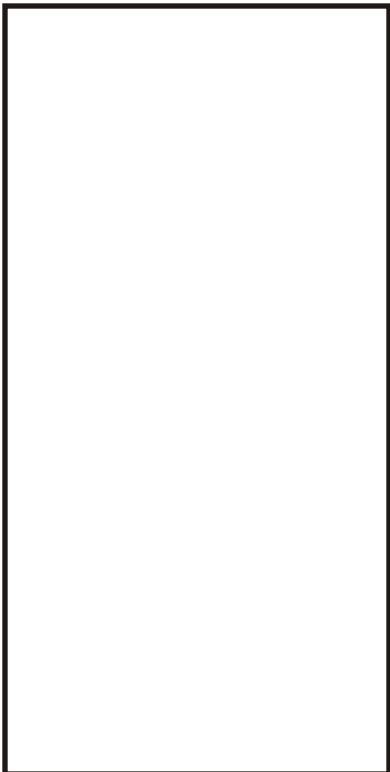
10 GENERAL

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

AMJAD HUSSAIN QURESHI
DIRECTOR

SYED MAHMOOD AHMAD
CHIEF EXECUTIVE

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