

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 2008-09 i.e. from 1st July, 2008 to 30th September, 2008.

The Company, on successful completion of financial year 2007-08, continued its business momentum and profitability during 1st quarter of current financial year. PDL has earned total revenue of Rs. 242.365 million as compared to Rs. 139.606 million of corresponding period of last year while it has posted a pre-tax profit of Rs. 53.771 million as compared to Rs. 41.277 million of the same period of last year.

Despite adverse economic conditions prevailing globally as well as at national level, the management is working hard not only to off set the impact but enhance the revenue viz-a-viz profit. PDL has achieved a steady growth in both DXX and VSAT based networks by adding new nodes in major cities, making PDL one of the largest DXX network provider in Pakistan. Multi Protocol Label Switching (MPLS) network was also expanded due to increase in demand. The Company is also working efficiently in majority of remote areas to provide best possible services to its customers. I-Direct services offered by PDL have also seen a steady growth during the period and will soon be able to achieve additional business from major customers.

We expect that the Company will come up to the expectations of the valued shareholders in the ensuing period and targets set would be achieved by the dedication of the management and employees of the Company.

On behalf of the Board

Islamabad
October 30, 2008

Syed Mahmood Ahmad
Chief Executive

PAK DATACOM LIMITED
BALANCE SHEET
AS AT SEPTEMBER 30, 2008

	September 30 2008 Rupees	June 30 2008 Rupees		September 30 2008 Rupees	June 2008 Rupees
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised share capital 10,000,000 (June 2008: 10,000,000) ordinary shares of Rupees 10/-each	100,000,000	100,000,000	Property, plant & equipment	338,123,313	357,552,970
Issued, subscribed & paid up capital	78,408,000	78,408,000	Long term deposits	162,650	162,650
Reserves	401,683,182.00	398,095,182			
	480,091,182	476,503,182			
NON-CURRENT LIABILITIES			CURRENT ASSETS		
Deferred liabilities	64,911,685	69,348,347	Trade debts - unsecured	140,917,757	172,458,824
Long term customers' deposits	71,355,267	55,683,773	Advances, deposits, prepayments and other receivables	138,620,901	123,977,080
CURRENT LIABILITIES			Short term investments	192,813,205	96,421,265
Due to associated companies	661,600	252,640	Cash & bank balances	60,604,453	82,415,520
Creditors, accrued and other liabilities	180,400,053	181,613,243		532,956,316	475,272,689
Provision for taxation	73,822,492	49,587,124			
	254,884,145	231,453,007			
CONTINGENCIES AND COMMITMENTS					
	-	-			
	871,242,279	832,988,309		871,242,279	832,988,309

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

AMJAD HUSSAIN QURESHI
Director

SYED MAHMOOD AHMAD
Chief Executive

PAK DATACOM LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2008

	For the quarter July- September 2008 Rupees	For the quarter July- September 2007 Rupees
Revenue	242,364,963	139,606,044
Operating expenses	<u>(189,144,275)</u>	<u>(102,249,765)</u>
Operating profit	53,220,688	37,356,279
Other income	<u>784,243</u>	<u>3,981,485</u>
	54,004,931	41,337,764
Financial charges	<u>(233,854)</u>	<u>(60,655)</u>
Profit before taxation	53,771,077	41,277,109
Provision for taxation	<u>(18,819,877)</u>	<u>(15,182,416)</u>
Profit after taxation	<u>34,951,200</u>	<u>26,094,693</u>
Earning per share	<u>4.46</u>	<u>3.33</u>

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

AMJAD HUSSAIN QURESHI
Director

SYED MAHMOOD AHMAD
Chief Executive

PAK DATACOM LIMITED
CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2008

	September 30 2008 Rupees	September 30 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	53,771,077	41,277,109
Adjustment for non-cash and other items		
Depreciation	21,391,179	13,994,466
(Gain)/ loss on disposal of fixed assets	13,019,849	(1,009,990)
Financial charges	233,854	60,655
Exchange (gain)/ loss	(10,682,621)	(345,819)
Return / Interest on bank deposits	(3,121,471)	(2,625,676)
Provision for gratuity	1,100,000	549,031
Provision for earned leave	978,829	146,397
	<u>22,919,619</u>	<u>10,769,064</u>
Operating profit before working capital changes	76,690,696	52,046,173
(Increase)/decrease in current assets		
Trade debtors	31,541,067	(23,030,137)
Advances, deposits, prepayments and other receivables	3,319,925	(12,057,456)
	<u>34,860,992</u>	<u>(35,087,593)</u>
Increase/(decrease) in current liabilities		
Due to associated undertakings	408,960	-
Creditors, accrued and other liabilities	(33,169,569)	7,590,382
	<u>(32,760,609)</u>	<u>7,590,382</u>
	<u>78,791,079</u>	<u>24,548,962</u>
Cash generated from operations		
Taxes paid	(16,693,437)	(15,235,953)
Gratuity paid/adjusted	-	-
Return / Interest on bank deposits	1,851,162	4,048,824
Financial charges paid	(233,854)	(60,655)
	<u>(15,076,129)</u>	<u>(11,247,784)</u>
Net cash flows from operating activities	63,714,950	13,301,178
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(15,266,484)	(37,792,580)
Proceeds on the disposal of fixed assets	285,113	1,653,486
Net cash flows in investing activities	(14,981,371)	(36,139,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(506,821)	(90,114)
Long term customers' deposits	15,671,494	1,476,399
Net cash flows from financing activities	15,164,673	1,386,285
Net (decrease)/increase in cash and cash equivalents	63,898,252	(21,451,631)
Cash and cash equivalents at the beginning of the period	178,836,785	193,245,454
Effect of foreign exchange rate change	10,682,621	345,819
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>253,417,658</u>	<u>172,139,642</u>

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

AMJAD HUSSAIN QURESHI
Director

SYED MAHMOOD AHMAD
Chief Executive

PAK DATACOM LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2008

	Share Capital	Capital Reserves	Revenue Reserves		Total
	Issued, subscribed and paid-up Rs.	Share premium Rs.	General Rs.	Unappropriated profit Rs.	
Balance as at June 30, 2007	78,408,000	12,042,000	181,500,000	129,825,754	401,775,754
Transfer to General Reserves	-	-	50,000,000	(50,000,000)	-
Final dividend for the year ended June 30, 2007	-	-	-	(23,522,400)	(23,522,400)
Interim dividend for the year ended June 30, 2008	-	-	-	-	-
Net profit for the period	-	-	-	26,094,693	26,094,693
Balance as at September 30, 2007	78,408,000	12,042,000	231,500,000	82,398,047	404,348,047
Transfer to General Reserves	-	-	-	-	-
Interim dividend for the year ended June 30, 2008	-	-	-	(15,681,600)	(15,681,600)
Net profit for the period	-	-	-	87,836,735	87,836,735
Balance as at June 30, 2008	78,408,000	12,042,000	231,500,000	154,553,182	476,503,182
Transfer to General Reserves	-	-	50,000,000	(50,000,000)	-
Final dividend for the year ended June 30, 2008	-	-	-	(31,363,200)	(31,363,200)
Interim dividend for the year ended June 30, 2009	-	-	-	-	-
Net profit for the period	-	-	-	34,951,200	34,951,200
Balance as at September 30, 2008	78,408,000	12,042,000	281,500,000	108,141,182	480,091,182

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

AMJAD HUSSAIN QURESHI
Director

SYED MAHMOOD AHMAD
Chief Executive

PAK DATACOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2008

1 LEGAL STATUS AND OPERATIONS

- 1.1** 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.
- 1.2** 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 STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan, directive 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) as 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".

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are same as those applicable in the preparation of financial statements of the Company for the year ended June 30, 2008.

4 CONTINGENCIES AND COMMITMENTS

- 4.1** Guarantees issued by the bank on behalf of the Company amounting to Rs. 3.652 million (June 2008: Rs. 3.652 million). These guarantees were issued in favour of customers of the Company.
- 4.2** During the year 2003, the Company entered into an agreement to provide VSAT services to a customer for a minimum term of two years. The agreement was terminated by the customer on June 30, 2003 after six months of service on the ground of non-compliance with the agreement claiming Rs.1.00 million while the Company's equipment valued at Rs.1.294 (June 2007: Rs. 1.294 million) has been retained as a security against the claim. The Company has, however made a counter claim of Rs. 5.216 million (June 2007: Rs. 5.216 million). Legal case has been filed against the customer for recovery.
- 4.3** Capital commitments in respect of purchase of equipment outstanding amounting to Rs. 2.411 million (June 2008: Rs.1.155 million)

PAK DATACOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2008

	September 30 2008 Rupees	September 30 2007 Rupees
5 REVENUE		
Pakistan	242,364,963	139,073,624
Bangladesh	-	532,420
	<u>242,364,963</u>	<u>139,606,044</u>
6 OPERATING EXPENSES		
Direct expenses	147,854,108	82,735,089
Indirect expenses	41,290,167	19,514,676
	<u>189,144,275</u>	<u>102,249,765</u>
6.1 Direct expenses		
Channel & local lead rent	44,416,999	30,778,878
Space segment rentals	74,593,416	32,377,501
Equipment and maintenance cost	4,117,765	3,308,271
Repair & maintenance	1,735,140	1,354,573
License fee	1,599,609	921,400
Depreciation	21,391,179	13,994,466
	<u>147,854,108</u>	<u>82,735,089</u>
6.2 Indirect expenses		
Salaries, wages and other benefits	30,288,864	13,220,546
Welfare exp	750,000	-
Traveling and local conveyance	1,287,538	629,116
Telephone lines bills	1,360,738	1,250,952
Vehicle running	3,022,746	1,920,943
Insurance	236,566	166,439
Entertainment	361,986	192,149
Rent, rates and taxes	1,435,016	882,947
Legal and professional charges	790,777	547,352
Printing and stationery	404,137	88,153
Advertisement	795,476	228,550
Electricity	556,323	387,529
	<u>41,290,167</u>	<u>19,514,676</u>

PAK DATACOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2008

7 SEGMENT INFORMATION

Geographical segment

The Company is providing the services of data communication in Pakistan and Bangladesh. The following table present revenue and profit information regarding geographical segments for the period ended september 30, 2008 and september 30, 2007 and fixed assets information regarding geographical segments as at september 30, 2008 and June 30, 2008.

<u>Segment revenue</u>	<u>Total</u>		<u>Pakistan</u>		<u>Bangladesh</u>	
	<u>September 2008</u>	<u>September 2007</u>	<u>September 2008</u>	<u>September 2007</u>	<u>September 2008</u>	<u>September 2007</u>
	<u>Rupees</u>		<u>Rupees</u>		<u>Rupees</u>	
Operating profit/ (loss)						
Revenue	242,364,963	139,606,044	242,364,963	139,073,624	-	532,420
Less: Direct expenses	(147,854,108)	(82,735,089)	(147,854,108)	(81,498,147)	-	(1,236,942)
Contribution margin	94,510,855	56,870,955	94,510,855	57,575,477	-	(704,522)
Indirect expenses	(41,290,167)	(19,514,676)	(41,290,167)	(19,440,252)	-	(74,424)
Operating profit/ (loss)	<u>53,220,688</u>	<u>37,356,279</u>	<u>53,220,688</u>	<u>38,135,225</u>	<u>-</u>	<u>(778,946)</u>

<u>Segment assets</u>	<u>Total</u>		<u>Pakistan</u>		<u>Bangladesh</u>	
	<u>September 2008</u>	<u>June 2008</u>	<u>September 2008</u>	<u>June 2008</u>	<u>September 2008</u>	<u>June 2008</u>
	<u>Rupees</u>		<u>Rupees</u>		<u>Rupees</u>	
Net book value of fixed assets						
Fixed assets at cost	569,198,525	450,661,097	569,198,525	450,661,097	-	-
Less: Accumulated depreciation	(231,075,212)	(193,529,403)	(231,075,212)	(193,529,403)	-	-
Net book value of fixed assets	<u>338,123,313</u>	<u>257,131,694</u>	<u>338,123,313</u>	<u>257,131,694</u>	<u>-</u>	<u>-</u>

	September 30 2008 Rupees	September 30 2007 Rupees
8 EARNINGS PER SHARE (BASIC & DILUTED)		
Profit after taxation	34,951,200	26,094,693
	(Number of shares)	
Weighted average number of ordinary shares	7,840,800	7,840,800
	7,840,800	7,840,800
	(Rupees)	
Basic & diluted earnings per share	4.46	3.33

9 TRANSACTIONS WITH RELATED PARTIES

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

Telecom Foundation (Holding Company)		
Dividend	17,274,732	12,956,049
Rentals	408,960	90,750
	17,683,692	13,046,799

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.

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the company on October 30, 2008.

11 GENERAL

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

AMJAD HUSSAIN QURESHI
Director

SYED MAHMOOD AHMAD
Chief Executive