



Pak Datacom Limited

3rd Quarter Report

July 2010 to March 2011 (Un-audited)



Pak Datacom

COMPANY PROFILE

BOARD OF DIRECTORS

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

CFO / COMPANY SECRETARY

Syed Sajjad Hasan Jafri

AUDIT COMMITTEE

1. Iftikhar Ahmed Raja
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) 2872691, 2823677, Fax # (051) 2823270

SHARES DEPARTMENT

Hassan Farooq Associates (Private) 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

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) is pleased to present company's operational results of third quarter of the financial year 2010 - 2011 i.e. from 1st July, 2010 to 31st March, 2011.

PDL has earned total revenue of Rs. 491.592 million during first nine months of current financial year as compared to Rs. 770.380 million of the corresponding period of last year while it has posted pre-tax profit of Rs. 11.435 million as compared to Rs. 190.823 million of the same period of last year.

The decline in revenue is mainly due to completion of business tenure of some local as well as international customers clubbed with prevailing economic recession in the country, cost cuttings by corporate sector and discounts given for retention of valued clients. To counter the revenue decline, PDL is looking for alternate options like undertaking operations in UAE, exploring new iDirect corporate customers, acquiring new technologies and special projects. We also take pleasure to inform that PDL has obtained infrastructure license in April 2011 and became the first company to have such license. This will help PDL to position the Company for new business and establish more revenue streams.

In order to remain competitive in the market and also as a part of reducing the cost of network operations, PDL is in process of network optimization and actively negotiating with media providers to reduce the cost. In order to revitalize resources, PDL has started to increase its presence in small cities where no other service provider is currently working.

We fairly hope that all these actions will bring better results during the next financial year. The management expects that despite current downfall, the Company will regain its activity level with strenuous marketing efforts, long term vision and dedication of Company's employees.

On behalf of the Board

Islamabad
April 27, 2011

Ali Akhtar Bajwa
Chief Executive

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2011

	Note	Un-audited March 31, 2011 Rupees	Audited June 30, 2010 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 10,000,000 ordinary shares (June 2010: 10,000,000) of Rupees 10 each			
		100,000,000	100,000,000
Issued, subscribed and paid up capital	4	78,408,000	78,408,000
Reserves		564,394,065	609,232,943
		642,802,065	687,640,943
NON-CURRENT LIABILITIES			
Deferred liabilities		68,755,793	69,821,452
CURRENT LIABILITIES			
Customers' deposits		89,460,833	86,518,379
Due to associated companies		650,820	1,126,662
Trade and other payables		166,096,247	143,108,557
Provision for taxation		9,232,294	91,980,107
		265,440,194	322,733,705
		976,998,052	1,080,196,100
CONTINGENCIES AND COMMITMENTS			
	5		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	380,070,520	397,196,351
Intangible assets	7	2,754,319	-
		382,824,839	397,196,351
CURRENT ASSETS			
Trade debts - unsecured		103,754,325	85,151,353
Advances		5,848,528	783,409
Trade deposits and short term prepayments		103,073,920	141,588,809
Other receivables		21,195,931	4,241,471
Interest accrued		3,984,224	270,607
Advance tax		46,032,750	91,828,077
Short term investments		222,400,000	207,620,000
Cash and bank balances		87,883,535	151,516,023
		594,173,213	682,999,749
		976,998,052	1,080,196,100

The annexed notes 1 to 13 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2011**

	Note	Quarter Ended		Nine Months Ended	
		March 31, 2011 Rupees	March 31, 2010 Rupees	March 31, 2011 Rupees	March 31, 2010 Rupees
Revenue		101,933,863	271,157,749	491,591,621	770,379,950
Cost of services	8	(133,398,965)	(181,885,481)	(436,243,329)	(540,675,321)
		(31,465,102)	89,272,268	55,348,292	229,704,629
Administrative expenses	9	(17,182,601)	(20,908,815)	(56,802,167)	(54,082,186)
Marketing expenses	10	(488,560)	(559,310)	(812,634)	(990,950)
		(17,671,161)	(21,468,125)	(57,614,801)	(55,073,136)
Operating profit		(49,136,263)	67,804,143	(2,266,509)	174,631,493
Other operating income		3,085,440	395,662	14,801,405	16,659,682
		(46,050,823)	68,199,805	12,534,896	191,291,175
Finance cost		(71,409)	(87,111)	(1,099,666)	(468,648)
Profit before taxation		(46,122,232)	68,112,694	11,435,230	190,822,527
Provision for taxation		16,142,781	(23,839,443)	(5,308,908)	(66,497,575)
Profit after taxation		(29,979,451)	44,273,251	6,126,322	124,324,952
Other comprehensive income		-	-	-	-
Net profit for the year		(29,979,451)	44,273,251	6,126,322	124,324,952
Earning per share	11	(3.82)	5.65	0.78	15.86

The annexed notes 1 to 13 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

**CONDENSED INTERIM CASH FLOW STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2011**

	March 31, 2011 Rupees	March 31, 2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	11,435,230	190,822,527
Adjustment for non-cash and other items:		
Depreciation	51,716,636	55,369,449
Amortisation	449,687	-
Gain loss on disposal of property, plant and equipment	(1,093,905)	(1,560,636)
Net book value of assets charged to consumption	650,286	408,163
Finance cost	1,099,666	468,648
Exchange gain /(loss)	1,473,038	(3,398,352)
Return / Interest on bank deposits	(10,273,865)	(11,700,694)
Provision for gratuity	7,000,000	6,000,000
Provision for earned leave	4,500,000	4,500,000
	<u>55,521,543</u>	<u>50,086,578</u>
Operating profit before working capital changes	66,956,773	240,909,105
(Increase)/decrease in current assets		
Trade debts - unsecured	(18,602,972)	(50,838,130)
Advances	(5,065,119)	(6,267,780)
Trade deposits and short term prepayments	38,514,889	(77,961,783)
Other receivables	(16,954,460)	(11,301,920)
	<u>(2,107,662)</u>	<u>(146,369,613)</u>
Increase/(decrease) in current liabilities		
Customers' deposits	2,942,454	2,047,625
Due to associated companies	(475,842)	(308,220)
Trade and other payables	3,740,909	(71,795,177)
	<u>6,207,521</u>	<u>(70,055,772)</u>
Cash generated from operations	71,056,632	24,483,720
Taxes paid	(47,491,357)	(65,192,768)
Gratuity paid/adjusted	-	(4,587,579)
Earned leave paid/ adjusted	(335,696)	(586,527)
Return / Interest on bank deposits	6,560,248	15,168,269
Finance cost	(1,099,666)	(468,648)
	<u>(42,366,471)</u>	<u>(55,667,253)</u>
Net cash flows from operating activities	28,690,161	(31,183,533)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(36,120,212)	(40,631,273)
Intangible assets	(3,204,006)	-
Proceeds on the disposal of property, plant and equipment	1,973,026	2,233,473
Net cash flows in investing activities	(37,351,192)	(38,397,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(38,718,419)	(40,669,597)
Net (decrease)/increase in cash and cash equivalents	(47,379,450)	(110,250,930)
Cash and cash equivalents at the beginning of the period	359,136,023	361,333,314
Effect of foreign exchange rate change	(1,473,038)	3,398,352
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>310,283,535</u>	<u>254,480,736</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2011

	Share Capital	Capital Reserves	Revenue Reserves		Total Rupees
	Issued, subscribed and paid-up Rupees	Share premium Rupees	General Reserves Rupees	Unappropriated profit Rupees	
Balance as at March 31, 2009	78,408,000	12,042,000	281,500,000	182,448,952	554,398,952
Transfer to General reserves	-	-	-	-	-
<u>Transactions with owners</u>					
Interim dividend for the year ended June 30, 2009	-	-	-	(15,681,600)	(15,681,600)
Net profit for the period	-	-	-	52,556,579	52,556,579
Balance as at June 30, 2009	78,408,000	12,042,000	281,500,000	219,323,931	591,273,931
Transfer to General reserves	-	-	50,000,000	(50,000,000)	-
<u>Transactions with owners</u>					
Final dividend for the year ended June 30, 2009	-	-	-	(39,204,000)	(39,204,000)
Interim dividend for the year ended June 30, 2010	-	-	-	(23,522,400)	(23,522,400)
Net profit for the period	-	-	-	124,324,952	124,324,952
Balance as at March 31, 2010	78,408,000	12,042,000	331,500,000	230,922,483	652,872,483
Transfer to General reserves	-	-	-	-	-
<u>Transactions with owners</u>					
Net profit for the period	-	-	-	34,768,460	34,768,460
Balance as at June 30, 2010	78,408,000	12,042,000	331,500,000	265,690,943	687,640,943
Transfer to General reserves	-	-	50,000,000	(50,000,000)	-
<u>Transactions with owners</u>					
Final dividend for the year ended June 30, 2010	-	-	-	(39,204,000)	(39,204,000)
Interim dividend for the year ending June 30, 2011	-	-	-	(11,761,200)	(11,761,200)
Net profit for the period	-	-	-	6,126,322	6,126,322
Balance as at March 31, 2011	78,408,000	12,042,000	381,500,000	170,852,065	642,802,065

The annexed notes 1 to 13 form an integral part of these financial statements.

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2011**

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 a License from Pakistan Telecommunication Authority.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements of the company for the nine months ended March 31, 2011 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3 ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements for the year ended June 30, 2010. These condensed interim financial statements does not include all the information required for full annual financial statements and should be read in conjunction with annual financial statements for year ended June 30, 2010.

3.2 There are certain new standards, amendments and interpretations of approved accounting standards that became effective during the period, however these do not have any significant impact on these financial statements.

4 ISSUED, SUBSCRIBED AND PAID UP CAPITAL	Un-audited March 31, 2011 Rupees	Audited June 30, 2010 Rupees
5,400,000 (June 2010: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash	54,000,000	54,000,000
2,440,800 (June 2010: 2,440,800) ordinary shares of Rs. 10/- each issued as fully paid bonus shares	24,408,000	24,408,000
	<u>78,408,000</u>	<u>78,408,000</u>

Out of total issued share capital, 4,318,683 (June 2010: 4,318,683) ordinary shares are held by Telecom Foundation, Pakistan.

5 CONTINGENCIES AND COMMITMENTS

- 5.1 Guarantees, letter of credit and stand by letter of credit (SBLC) issued by the bank on behalf of the Company amounted to Rs.95.368 million (June 2010: Rs. 36.188 million) including SBLC of US \$ 1.000 million (June 2010 : nil) issued in favour of a satellite operator against a future prospective business.
- 5.2 Capital commitments in respect of purchase of equipment outstanding amounted to Rs. 3.93 million (June 2010: Rs.6.807 million).

6 PROPERTY, PLANT AND EQUIPMENT

	Un-audited March 31, 2011 Rupees	Audited June 30, 2010 Rupees
Cost		
Opening balance	753,864,750	690,083,213
Additions/ acquisitions during the period	36,120,212	68,558,392
Deletion/disposals during the period	(3,888,248)	(4,776,855)
Closing balance	<u>786,096,714</u>	<u>753,864,750</u>
Accumulated depreciation		
Opening balance	356,668,399	284,818,383
Additions/ acquisitions during the period	51,716,636	75,350,218
Deletion/disposals during the period	(2,358,841)	(3,500,202)
Closing balance	406,026,194	356,668,399
Net book value	<u>380,070,520</u>	<u>397,196,351</u>

7 INTANGIBLE ASSETS

Computer softwares		
Cost		
Opening balance	-	-
Additions during the period	3,204,006	-
Deletion/disposals during the period	-	-
Closing balance	<u>3,204,006</u>	-
Accumulated amortisation		
Opening balance	-	-
Additions during the period	(449,687)	-
Deletion/disposals during the period	-	-
Closing balance	(449,687)	-
Net book value	<u>2,754,319</u>	-
Amortisation rate per annum	<u>33.33%</u>	-

8 COST OF SERVICES

	Quarter ended		Nine months ended	
	March 31, 2011 Rupees	March 31, 2010 Rupees	March 31, 2011 Rupees	March 31, 2010 Rupees
Channel and local lead rent	41,843,097	50,341,451	142,362,256	147,904,605
Space segment rentals	32,614,844	82,920,561	130,351,616	240,169,744
Equipment maintenance cost	2,271,550	2,080,830	7,640,644	6,873,373
Repair and maintenance expenses	1,775,769	2,514,812	5,992,201	5,589,214
License fee	9,049,669	1,789,780	9,547,022	5,668,225
Salaries and other benefits	27,852,640	23,278,295	88,183,267	79,100,711
Depreciation	17,758,726	18,959,752	51,716,636	55,369,449
Amortisation of intangible assets	232,670	-	449,687	-
	<u>133,398,965</u>	<u>181,885,481</u>	<u>436,243,329</u>	<u>540,675,321</u>

	Quarter ended		Nine months ended	
	March 31, 2011 Rupees	March 31, 2010 Rupees	March 31, 2011 Rupees	March 31, 2010 Rupees
9 ADMINISTRATIVE EXPENSES				
Salaries and other benefits	6,963,160	5,819,574	22,045,817	19,775,178
Traveling and local conveyance	840,551	964,770	2,531,308	2,701,087
Telephone expenses	837,713	973,405	2,918,458	3,151,972
Vehicle running expenses	3,583,587	3,707,808	12,023,641	8,888,009
Insurance	256,261	264,256	1,189,055	813,991
Entertainment	341,498	475,909	998,948	1,053,798
Rent, rates and taxes	1,693,481	1,865,484	5,241,531	5,155,558
Legal and professional charges	289,931	4,760,865	2,162,436	5,707,030
Printing and stationery	536,905	430,265	1,453,300	1,371,595
Utilities	714,514	521,479	2,757,673	1,683,968
Welfare expenses	1,125,000	1,125,000	3,375,000	3,675,000
Auditors' remuneration	-	-	105,000	105,000
	<u>17,182,601</u>	<u>20,908,815</u>	<u>56,802,167</u>	<u>54,082,186</u>
10 MARKETING EXPENSES				
Advertisement and marketing expenses	488,560	559,310	812,634	990,950
	<u>488,560</u>	<u>559,310</u>	<u>812,634</u>	<u>990,950</u>
11 EARNINGS PER SHARE (BASIC AND DILUTED)				
Profit after taxation	<u>(29,979,451)</u>	<u>44,273,251</u>	<u>6,126,322</u>	<u>124,324,952</u>
	Number of shares		Number of shares	
Weighted average number of ordinary shares	<u>7,840,800</u>	<u>7,840,800</u>	<u>7,840,800</u>	<u>7,840,800</u>
	Rupees		Rupees	
Basic and diluted earnings per share	<u>(3.82)</u>	<u>5.65</u>	<u>0.78</u>	<u>15.86</u>

There are no dilutive ordinary shares as at March 31, 2011 (March 31, 2010: Nil).

12 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on April 27, 2011.

13 GENERAL

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

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

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