



Pak Datacom

Pak Datacom Limited
3rd Quarter Report

July 2009 to March 2010 (Un-audited)

COMPANY PROFILE

BOARD OF DIRECTORS

- | | | |
|----|-----------------------|-----------------|
| 1. | Gul Bahadar Yousafzai | Chairman |
| 2. | Ali Akhtar Bajwa | Chief Executive |
| 3. | Syed Mahmood Ahmad | |
| 4. | Iftikhar Ahmed Raja | |
| 5. | Amjad Hussain Qureshi | |
| 6. | Muhammad Arif | |
| 7. | Syed Gauhar Ali | |
| 8. | Sheikh Mohammad Afzal | |

COMPANY SECRETARY / CFO

Syed Sajjad Hasan

AUDIT COMMITTEE

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

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) 5755215

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 third quarter of the financial year 2009 - 2010 i.e. from 1st July, 2009 to 31st March, 2010.

The Company, on successful completion of financial year 2008-09, retained its business volume and profitability during 3rd quarter of financial year 2009-10. PDL has earned total revenue of Rs. 770.380 million as compared to Rs. 765.491 million of corresponding period of last year while it has posted pre-tax profit of Rs. 190.823 million as compared to Rs. 168.219 million of the same period of last year.

After the expansion of i-Direct hubs in Karachi and Quetta, PDL has now started provisioning of links using these hubs, thus adding the new revenue source to existing network. The company has also consolidated its presence in main cities by acquiring own premises for network independence & expansion.

The management expects growth during the remaining quarter of the financial year and the financial targets would be achieved with dedication of the management and employees of the company.

On behalf of the Board

**Islamabad
April 28, 2010**

**Ali Akhtar Bajwa
Chief Executive**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2010

	Note	Un-audited March 31, 2010 Rupees	Audited June 30, 2009 Rupees
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		574,464,483	512,865,931
		652,872,483	591,273,931
NON-CURRENT LIABILITIES			
Deferred liabilities		71,011,730	69,635,430
CURRENT LIABILITIES			
Customers' deposits		80,893,732	78,846,107
Due to associated companies		654,820	963,040
Creditors, accrued and other liabilities		123,429,704	171,755,657
Provision for taxation		71,718,621	88,699,185
		276,696,877	340,263,989
		<u>1,000,581,090</u>	<u>1,001,173,350</u>
CONTINGENCIES AND COMMITMENTS	3		
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	4	389,445,654	405,264,830
CURRENT ASSETS			
Trade debts - unsecured		152,438,070	101,599,940
Advances, deposits, prepayments and other receivables		204,216,630	132,975,266
Short term investments		102,900,000	234,020,130
Cash & bank balances		151,580,736	127,313,184
		611,135,436	595,908,520
		<u>1,000,581,090</u>	<u>1,001,173,350</u>

The annexed notes 1 to 11 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 NINE MONTHS ENDED MARCH 31, 2010**

	Note	For the quarter		For nine months	
		January- March 2010 Rupees	January- March 2009 Rupees	ended March 31, 2010 Rupees	ended March 31, 2009 Rupees
Revenue	5	271,157,749	272,557,785	770,379,950	765,490,627
Operating expenses	6	(203,353,606)	(213,089,951)	(595,748,457)	(605,665,853)
Operating profit		67,804,143	59,467,834	174,631,493	159,824,774
Other operating income		395,662	6,933,530	16,659,682	8,851,810
		68,199,805	66,401,364	191,291,175	168,676,584
Financial cost		(87,111)	(78,521)	(468,648)	(457,185)
Profit before taxation		68,112,694	66,322,843	190,822,527	168,219,399
Provision for taxation		(23,839,443)	(23,212,995)	(66,497,575)	(58,960,429)
Profit after taxation		44,273,251	43,109,848	124,324,952	109,258,970
Other comprehensive Income		-	-	-	-
Total comprehensive Income		44,273,251	43,109,848	124,324,952	109,258,970
Earning per share	7	5.65	5.50	15.86	13.94

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

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR NINE MONTHS ENDED MARCH 31, 2010

	March 31, 2010 Rupees	March 31, 2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	190,822,527	168,219,399
Adjustment for non-cash and other items		
Depreciation	55,369,449	68,467,018
(Gain)/ loss on disposal of fixed assets	(1,560,636)	11,959,925
Net book value of assets charged to consumption	408,163	370,487
Financial charges	468,648	457,185
Exchange (gain)/ loss	(3,398,352)	(10,848,921)
Return / interest on bank deposits	(11,700,694)	(9,962,815)
Provision for gratuity	6,000,000	3,300,000
Provision for earned leave	4,500,000	3,468,616
	50,086,578	67,211,495
Operating profit before working capital changes	240,909,105	235,430,894
(Increase)/ decrease in current assets		
Trade debtors	(50,838,130)	17,200,872
Advances, deposits, prepayments and other receivables	(95,531,483)	(8,541,283)
	(146,369,613)	8,659,589
Increase/ (decrease) in current liabilities		
Customers' deposits	2,047,625	20,162,799
Due to associated undertakings	(308,220)	411,280
Creditors, accrued and other liabilities	(71,795,177)	(43,117,971)
	(70,055,772)	(22,543,892)
	24,483,720	221,546,591
Cash generated from operations		
Taxes paid	(65,192,768)	(43,563,545)
Gratuity paid/ adjusted	(4,587,579)	(3,132,543)
Earned leave paid/ adjusted	(586,527)	(340,268)
Return / interest on bank deposits	15,168,269	7,621,443
Financial charges paid	(468,648)	(457,185)
	(55,667,253)	(39,872,098)
Net cash flows from operating activities	(31,183,533)	181,674,493
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(40,631,273)	(113,006,208)
Proceeds on the disposal of fixed assets	2,233,473	1,838,680
Net cash flows in investing activities	(38,397,800)	(111,167,528)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(40,669,597)	(31,361,838)
Net (decrease)/ increase in cash and cash equivalents	(110,250,930)	39,145,127
Cash and cash equivalents at the beginning of the period	361,333,314	178,836,785
Effect of foreign exchange rate change	3,398,352	10,848,921
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	254,480,736	228,830,833

The annexed notes 1 to 11 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 NINE MONTHS ENDED MARCH 31, 2010**

	Share Capital	Capital Reserves	Revenue Reserves		Total Rupees
	Issued, subscribed and paid-up Rupees	Share premium Rupees	General Rupees	Unappropriated profit Rupees	
Balance as at March 31, 2008	78,408,000	12,042,000	231,500,000	124,577,804	446,527,804
Net profit for the period	-	-	-	29,975,378	29,975,378
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)
Net profit for the period	-	-	-	109,258,970	109,258,970
Balance as at March 31, 2009	78,408,000	12,042,000	281,500,000	182,448,952	554,398,952
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)	-
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

The annexed notes 1 to 11 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 NINE MONTHS ENDED MARCH 31, 2010

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 AND SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

2.1 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".

2.2 Accounting convention

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

2.3 Significant accounting policies and estimates

The accounting policies and estimates adopted in the preparation of these financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2009 except that the Company applies revised IAS 1 "Presentation of Financial Statements", which became effective from January 01, 2009. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces Statement of Comprehensive Income which presents all non-owner changes to equity. However, there are no non-owner changes in equity for the period presented in these financial statements.

2.4 Cash & Cash equivalents

Cash & 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 & cash equivalents are carried in the in the statement of financial position at cost.

3 CONTINGENCIES AND COMMITMENTS

3.1 Guarantees issued by the bank on behalf of the Company amounting to Rs. 5.077 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. 6.435 million (June 2009: Rs. 1.316 million).

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR NINE MONTHS ENDED MARCH 31, 2010**

	<u>March 31, 2010 Rupees</u>	<u>June 30, 2009 Rupees</u>
4 PROPERTY, PLANT & EQUIPMENT		
<u>Cost</u>		
Opening balance	690,083,213	614,942,365
Additions/ acquisitions during the period	40,631,273	137,558,857
Deletions/ disposals during the period	(4,189,914)	(62,418,009)
Closing balance	726,524,572	690,083,213
<u>Accumulated depreciation</u>		
Opening balance	284,818,383	257,389,395
Depreciation for the period	55,369,449	75,594,001
Depreciation on transfer/ disposals	(3,108,914)	(48,165,013)
Closing balance	337,078,918	284,818,383
Closing written down value	<u>389,445,654</u>	<u>405,264,830</u>

	Note	For the quarter		For nine months	
		January- March 2010 Rupees	January- March 2009 Rupees	ended March 31, 2010 Rupees	ended March 31, 2009 Rupees
5 REVENUE					
Services		271,157,749	272,557,785	770,379,950	765,490,627
		<u>271,157,749</u>	<u>272,557,785</u>	<u>770,379,950</u>	<u>765,490,627</u>
6 OPERATING EXPENSES					
Direct expenses	6.1	158,607,186	181,211,511	461,574,610	493,418,569
Indirect expenses	6.2	44,746,420	31,878,440	134,173,847	112,247,284
		<u>203,353,606</u>	<u>213,089,951</u>	<u>595,748,457</u>	<u>605,665,853</u>
6.1 Direct expenses					
Channel & local lead rent		50,341,451	52,358,522	147,904,605	152,838,978
Space segment rentals		82,920,561	97,713,787	240,169,744	253,455,304
Equipment maintenance cost		2,080,830	3,258,544	6,873,373	8,611,695
Repair & maintenance expense		2,514,812	1,592,993	5,589,214	4,843,336
License fee		1,789,780	1,848,881	5,668,225	5,202,238
Depreciation		18,959,752	24,438,784	55,369,449	68,467,018
		<u>158,607,186</u>	<u>181,211,511</u>	<u>461,574,610</u>	<u>493,418,569</u>

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR NINE MONTHS ENDED MARCH 31, 2010**

	For the quarter		For nine months	
	January- March 2010 Rupees	January- March 2009 Rupees	ended March 31, 2010 Rupees	ended March 31, 2009 Rupees
6.2 Indirect expenses				
Salaries, wages and other benefits	29,097,869	23,952,906	98,875,889	85,385,886
Welfare expenses	1,125,000	750,000	3,675,000	2,250,000
Traveling and local conveyance	964,770	712,882	2,701,087	2,740,589
Telephone expenses	973,405	1,089,074	3,151,972	3,155,192
Vehicle running expenses	3,707,808	2,410,502	8,888,009	7,982,652
Insurance	264,256	216,209	813,991	576,399
Entertainment	475,909	282,036	1,053,798	844,852
Rent, rates and taxes	1,865,484	1,547,409	5,155,558	4,541,425
Legal and professional charges	4,760,865	193,830	5,707,030	1,202,977
Printing and stationery	430,265	251,382	1,371,595	1,052,044
Advertisement	559,310	43,500	990,950	1,208,626
Electricity	521,479	422,560	1,683,968	1,200,492
Auditors' remuneration	-	6,150	105,000	106,150
	<u>44,746,420</u>	<u>31,878,440</u>	<u>134,173,847</u>	<u>112,247,284</u>

	March 31, 2010 Rupees	March 31, 2009 Rupees
7 EARNINGS PER SHARE (BASIC & DILUTED)		
Profit after taxation	<u>124,324,952</u>	<u>109,258,970</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>7,840,800</u>	<u>7,840,800</u>
	(Rupees)	
Basic & diluted earnings per share	<u>15.86</u>	<u>13.94</u>

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR NINE MONTHS ENDED MARCH 31, 2010**

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.

	March 31, 2010	March 31, 2009
	Rupees	Rupees
Telecom Foundation (Holding Company)		
Dividend	34,549,464	17,274,732
Rentals	1,590,529	1,346,940
Welfare expenses	3,375,000	2,250,000
	<u>39,514,993</u>	<u>20,871,672</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 April 28, 2010.

10 MOVEMENT BETWEEN RESERVES & PROPOSED DIVIDEND

The Board of Directors in its meeting held on April 28, 2010 approved interim cash dividend of Rs. Nil per share (March 2009: Rs.2 per share) amounting to Rs. Nil (March 2009: Rs. 15,681,600).

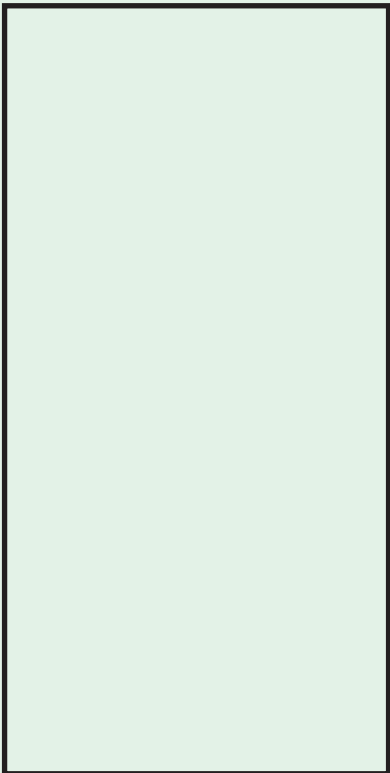
11 GENERAL

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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