



Pak Datacom

Pak Datacom Limited
1st Quarter Report

July 2010 to September 2010 (Un-audited)

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) 2823677, 2872691, 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) 35760521

AUDITORS

HLB Ijaz Tabussum & Co.,
Chartered Accountants,
4th floor, 52-West, Waheed Plaza,
Jinah 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 first quarter of the financial year 2010 - 2011 i.e. from 1st July, 2010 to 30th September, 2010.

Despite current telecom market trend and economic recession PDL has earned total revenue of Rs. 222.000 million and has posted pre-tax profit of Rs. 48.832 million.

The Company has consolidated its presence in main cities by acquiring own premises for network independence & expansion. Moreover, PDL intends to extend its network to remote location of Pakistan to serve the existing and future requirements of different business houses. The new installations are planned in the small cities where no other service provider is currently working. In addition, new business initiatives are being explored for medium and long term goals for enhancement of revenue and profitability.

The management expects growth during the succeeding period and the financial targets would be achieved with dedication of the management and employees of the Company.

On behalf of the Board

Islamabad
October 28, 2010

ALIAKHTAR BAJWA
CHIEF EXECUTIVE

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2010

	Note	Un-audited September 30, 2010 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			
		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up capital	3	78,408,000	78,408,000
Reserves		640,973,888	609,232,943
		719,381,888	687,640,943
NON-CURRENT LIABILITIES			
Deferred liabilities		76,563,386	69,821,452
CURRENT LIABILITIES			
Customers' deposits		87,112,068	86,518,379
Due to associated companies		653,820	1,126,662
Trade and other payables		173,779,726	143,108,557
Provision for taxation		103,714,937	91,980,107
		365,260,551	322,733,705
		<u>1,161,205,825</u>	<u>1,080,196,100</u>
CONTINGENCIES AND COMMITMENTS	4		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	383,857,429	397,196,351
CURRENT ASSETS			
Trade debts - unsecured		114,514,884	85,151,353
Advances		272,738	783,409
Trade deposits and short term prepayments		172,946,404	141,588,809
Other receivables		132,103	4,241,471
Interest accrued		2,555,920	270,607
Advance tax		109,379,473	91,828,077
Short term investments		277,965,000	207,620,000
Cash and bank balances		99,581,874	151,516,023
		777,348,396	682,999,749
		<u>1,161,205,825</u>	<u>1,080,196,100</u>

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

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

**CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

	Note	September 30, 2010 Rupees	September 30, 2009 Rupees
Revenue		222,000,265	249,349,620
Cost of services	6	(162,135,927)	(179,224,373)
		59,864,338	70,125,247
Administrative expenses	7	(16,072,444)	(14,219,400)
Marketing expenses	8	(219,090)	(101,700)
		(16,291,534)	(14,321,100)
Operating profit		43,572,804	55,804,147
Other operating income		5,532,597	10,459,985
		49,105,401	66,264,132
Finance cost		(273,179)	(110,921)
Profit before taxation		48,832,222	66,153,211
Provision for taxation		(17,091,277)	(23,153,623)
Profit after taxation		31,740,945	42,999,588
Other comprehensive income		-	-
Net profit for the period		31,740,945	42,999,588
Earning per share	9	4.05	5.48

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

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 2010 Rupees	September 30, 2009 Rupees
	<u> </u>	<u> </u>
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year before taxation	48,832,222	66,153,211
Adjustment for non-cash and other items:		
Depreciation	16,903,646	17,988,029
(Gain)/ loss on disposal of property, plant and equipment	-	(1,491,562)
Net book value of assets charged to consumption	-	408,163
Finance cost	273,179	110,921
Exchange gain	(2,133,029)	(3,153,352)
Return / Interest on bank deposits	(3,399,568)	(5,815,071)
Provision for gratuity	2,000,000	2,000,000
Provision for earned leave	1,500,000	1,500,000
	<u>15,144,228</u>	<u>11,547,128</u>
Operating profit before working capital changes	63,976,450	77,700,339
(Increase)/ decrease in current assets		
Trade debts - unsecured	(29,363,531)	(22,109,436)
Advances	510,671	2,663,021
Trade deposits and short term prepayments	(31,357,595)	(56,006,031)
Other receivables	4,109,368	(5,200)
	<u>(56,101,087)</u>	<u>(75,457,646)</u>
Increase/ (decrease) in current liabilities		
Customers' deposits	593,689	2,363,366
Due to associated companies	(472,842)	1,039,220
Trade and other payables	28,722,870	1,554,685
	<u>28,843,717</u>	<u>4,957,271</u>
	36,719,080	7,199,964
Cash generated from operations		
Taxes paid	(17,551,396)	(8,387,646)
Gratuity paid/adjusted	-	-
Earned leave paid/ adjusted	(114,513)	(74,913)
Return / Interest on bank deposits	1,114,255	5,662,599
Finance cost	(273,179)	(110,921)
	<u>(16,824,833)</u>	<u>(2,910,881)</u>
Net cash flows from operating activities	<u>19,894,247</u>	<u>4,289,083</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,564,724)	(13,496,913)
Proceeds on the disposal of property, plant and equipment	-	1,927,172
Net cash flows from investing activities	<u>(3,564,724)</u>	<u>(11,569,741)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(51,701)	(2,106,925)
Net (decrease)/increase in cash and cash equivalents	<u>16,277,822</u>	<u>(9,387,583)</u>
Cash and cash equivalents at the beginning of the period	359,136,023	361,333,314
Effect of foreign exchange rate change	2,133,029	3,153,352
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u><u>377,546,874</u></u>	<u><u>355,099,083</u></u>

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

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010

	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 September 30, 2008	78,408,000	-	12,042,000	281,500,000	108,141,182	-	480,091,182
Transfer to General reserves	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	(15,681,600)	-	(15,681,600)
Interim dividend for the year ended June 30, 2009	-	-	-	-	126,864,349	-	126,864,349
Net profit for the period	-	-	-	-	219,323,931	-	591,273,931
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	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	42,999,588	-	42,999,588
Net profit for the period	-	-	-	-	262,323,519	-	634,273,519
Balance as at September 30, 2009	78,408,000	-	12,042,000	281,500,000	262,323,519	-	634,273,519
Transfer to General reserves	-	-	-	50,000,000	(50,000,000)	-	-
Transactions with owners	-	-	-	-	(39,204,000)	-	(39,204,000)
Final dividend for the year ended June 30, 2009	-	-	-	-	(23,522,400)	-	(23,522,400)
Interim dividend for the year ended June 30, 2010	-	-	-	-	116,093,824	-	116,093,824
Net profit for the period	-	-	-	-	265,690,943	-	687,640,943
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	-	-	-	-	-	-	-
Transactions with owners	-	-	-	-	-	-	-
Final dividend for the year ended June 30, 2010	-	-	-	-	-	-	-
Interim dividend for the year ended June 30, 2011	-	-	-	-	31,740,945	-	31,740,945
Net profit for the period	-	-	-	-	297,431,888	-	719,381,888
Balance as at September 30, 2010	78,408,000	-	12,042,000	331,500,000	297,431,888	-	719,381,888

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

AMJAD HUSSAIN QURESHI
DIRECTOR

ALI AKHTAR BAJWA
CHIEF EXECUTIVE

NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 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. 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 BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

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, estimates and judgments

Accounting policies, related judgements, estimates and assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Company for the year ended June 30, 2010.

2.4 Cash and cash equivalents

Cash and 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 and cash equivalents are carried in the balance sheet at cost.

2.5 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length and at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

	Un-audited September 30, 2010 Rupees	Audited June 30, 2010 Rupees
3 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
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.

4 CONTINGENCIES AND COMMITMENTS

- 4.1** Guarantees and letter of credit issued by the bank on behalf of the Company amounting to Rs. 23,542 million (June 2010: Rs. 36,188 million). These guarantees were issued in favor of customers of the Company.
- 4.2** Capital commitments in respect of purchase of equipment outstanding amounted to Rs. 2,604 million (June 2010: Rs. 6,807 million).

	September 30, 2010	June 30, 2010
Note	Rupees	Rupees
5 PROPERTY, PLANT AND EQUIPMENT		
Cost		
Opening balance	753,864,750	690,083,213
Additions / acquisitions during the period	3,564,724	68,558,392
Deletion / disposals during the period	-	(4,776,855)
Closing balance	<u>757,429,474</u>	<u>753,864,750</u>
Accumulated Depreciation		
Opening balance	356,668,399	284,818,383
Depreciation for the period	16,903,646	75,350,218
Depreciation on transfer / disposal	-	(3,500,202)
Closing balance	<u>373,572,045</u>	<u>356,668,399</u>
Closing written down value	<u>383,857,429</u>	<u>397,196,351</u>
	September 30, 2010	September 30, 2009
	Rupees	Rupees
6 COST OF SERVICES		
Channel and local lead rent	46,436,941	50,078,219
Space segment rentals	66,413,680	82,174,963
Equipment maintenance cost	2,568,521	2,659,241
Repair and maintenance expenses	2,480,101	623,439
License fee	1,508,052	2,229,286
Salaries, wages and other benefits	6.1 25,824,986	23,471,196
Depreciation	16,903,646	17,988,029
	<u>162,135,927</u>	<u>179,224,373</u>
6.1 Salaries, wages and other benefits include amount of Rs. 2.00 million (September 2009: Rs. 2.00 million) in respect of staff retirement benefits.		
	September 30, 2010	September 30, 2009
	Rupees	Rupees
7 ADMINISTRATIVE EXPENSES		
Salaries, wages and other benefits	6.1 6,456,247	5,867,799
Traveling and local conveyance	1,001,013	584,858
Telephone expenses	924,778	923,351
Vehicle running expenses	3,622,878	2,370,913
Insurance	282,983	275,231
Entertainment	235,771	269,051
Rent, rates and taxes	1,848,547	1,430,916
Legal and professional charges	351,647	430,630
Printing and stationery	242,071	393,330
Electricity	1,106,509	623,321
Welfare expenses	-	1,050,000
	<u>16,072,444</u>	<u>14,219,400</u>
8 MARKETING EXPENSES		
Advertisement	219,090	101,700
	<u>219,090</u>	<u>101,700</u>

	<u>September 30, 2010 Rupees</u>	<u>September 30, 2009 Rupees</u>
9 EARNINGS PER SHARE (BASIC AND DILUTED)		
Profit after taxation	<u>31,740,945</u>	<u>42,999,588</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>7,840,800</u>	<u>7,840,800</u>
	(Rupees)	
Basic and diluted earnings per share	<u>4.05</u>	<u>5.48</u>

There are no dilutive potential ordinary shares as at September 30, 2010 (September 30, 2009: Nil).

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on October 28, 2010.

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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