



PAK DATACOM LIMITED



Annual Report
2009

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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

BOARD OF DIRECTORS



Gul Bahadar Yousafzai



Syed Mahmood Ahmad



Iftikhar Ahmed Raja



Syed Gauhar Ali



Amjad Hussain Qureshi



Muhammad Arif



Sheikh Muhammad Afzal

☑ **VISION STATEMENT**

Progressive and reliable member of the Economic Global Village

☑ **MISSION STATEMENT**

To provide enhanced, fast, cost effective and dependable worldwide communication services with optimised return to shareholders of the Company

☑ **CORPORATE STRATEGY**

To provide reliable high speed data transmission and other communication facilities at competitive rates with constant up-gradation in the service range incorporating the penetrative marketing strategy to broaden the clientele base with optimum of satisfaction, safeguarding the interest of shareholders and utilize Company resources ensuring maximum return

NOTICE OF MEETING

Notice is hereby given that the 17th Annual General Meeting of Pak Datacom Limited will be held on Wednesday, October 28, 2009 at 11:00 a.m. at the Registered Office, Telecom Foundation Headquarters, 1st Floor, TF Complex, 7 – Mauve Area, G-9/4, Islamabad to transact the following business;

ORDINARY BUSINESS

1. To confirm the minutes of the 16th Annual General Meeting held on October 23, 2008.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with the Directors' and Auditors' Report thereon.
3. To approve the payment of final dividend to the shareholders @ 50% for the year ended June 30, 2009. This final dividend is in addition to 20% interim cash dividend already paid by the Company.
4. To appoint auditors for the year ending June 30, 2010 and fix their remuneration. Retiring auditors M/S Anjum Asim Shahid Rahman, Chartered Accountants, being eligible, have offered themselves for re-appointment.
5. To transact such other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board

**Islamabad
October 05, 2009**

**Syed Sajjad Hasan
Company Secretary**

Notes:

1. Share Transfer Books of the Company will remain closed from October 21, 2009 to October 28, 2009 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint another member as proxy.
3. Proxies in order to be effective must be received at the Head Office of the Company not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. Shareholders are requested to promptly notify in writing to the Company of any change in their address.
5. CDC account holders further have to follow the under mentioned guidelines as laid down in circular No. 1 dated 26th January, 2000 of Securities & Exchange Commission of Pakistan for attending the meeting;
 - a) In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting. The shareholders registered on CDC are also required to bring their participants I.D. Numbers and account numbers in CDS.
 - b) In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors is pleased to present Annual Report and Audited Accounts of Pak Datacom Limited (PDL) for the year ended June 30, 2009. Salient features of the Company operations are highlighted below;

Board of Directors

Certain changes took place in the composition of the Board at the election of the Board of Directors in last Annual General Meeting held on October 23, 2008. Mr. Khushmir Khan, Mr. Muhammad Azeem and Mr. Masud Jawaid retired from the Board and Syed Gauhar Ali, Sheikh Muhammad Afzal and Mr. Zerullah Khan were elected as Directors. Later on Mr. Zerullah Khan resigned from the Board and Mr. Gul Bahadar Yousafzai was elected as Director and Chairman Board of Directors. The Board takes the opportunity to welcome the newly appointed members of the Board and expresses appreciation for the services rendered by the outgoing Directors during their association with the Company.

PDL Operations & Future Plans

During the year 2008-09, there has been a steady and continuous growth in VSAT and DXX business for the Company. Currently PDL has DXX network based on 140 nodes in 44 cities. PDL VSAT network expanded to some of the remotest locations like Taftan, Mand, Nangarparker and Zhob. PTA has issued Data class value added services license to PDL for 15 years which is renewable further.

During this period PDL, successfully installed 2nd i-Direct hub of DVB - S2 in Karachi which became operative in August 2009. A mini hub of i-Direct was also installed in Quetta to provide the i-Direct services in Baluchistan province.

During this period the company continued to impart training its staff which will help PDL to provide professional and efficient services to its customers.

Social Welfare

Realizing the social responsibility, PDL has contributed Rs. 3 million towards social welfare in the financial year 2008-09 in the field of education.

Financials

The Company, by the Grace of Allah and by virtue of its excellent maintenance support to its customers significantly improved the profitability as compared to last year. The company generated revenue of Rs. 1.042 billion as compared to Rs. 690.469 million of last year's same period while it has posted a pre tax profit of Rs. 248.947 million against Rs. 175.279 million of proceeding year.

Profit before tax is proposed for appropriation as follows:-

	Pak Rupees
Profit for the year before taxation	248,946,998
Provision for taxation	(87,131,449)
Profit after taxation	<u>161,815,549</u>
Basic earning per share (EPS)	<u>20.64</u>
Interim cash dividend @ 20% i.e. Rs. 2.00 per share (already paid)	<u>15,681,600</u>
Subsequent Effects	
Transfer to General Reserves (2008: Rs. 50.000 million)	<u>50,000,000</u>
Proposed final cash dividend @ 50% i.e. Rs.5.00 per share	<u>39,204,000</u>

Amendments in the Companies Ordinance, 1984 require that events subsequent to the financial year including declaration of dividends should be incorporated in the financial period in which it is declared. As a result, final dividend for the year 2009 shall be reflected in the financial statements for the year 2010. This will have no effect on payment of dividend to shareholders.

Value of Investments of Gratuity Fund

The value of investments of gratuity fund based on its un-audited accounts of June 30, 2009 (audit in progress) was Rs. 35.300 million.

Auditors

The retiring auditors, M/S Anjum Asim Shahid Rahman, Chartered Accountants, being eligible, offer themselves for re-appointment for the year ending June 30, 2010.

Compliance of Code of Corporate Governance

Compliance statement of code of Corporate Governance formulated by Securities and Exchange Commission of Pakistan is annexed with this report.

Shareholding Pattern

Statement showing the pattern of shareholding is annexed with this report.

Acknowledgement

We thank our valued customers for their continued confidence in PDL to operate and maintain their data networks. We also express our thanks to shareholders for their confidence and support and the employees of the company for their commitment.

On behalf of the Board

Islamabad
October 02, 2009

Syed Mahmood Ahmad
Chief Executive

CORPORATE GOVERNANCE

Statement of Directors Responsibilities

The Board is committed to follow the code of Corporate Governance to maintain high quality standard of good corporate governance. The company is complying with the provisions of the codes as set out by the Securities and Exchange Commission of Pakistan. There has been no material departure from the practices of code of corporate governance as detailed in listing regulations.

Presentation of Financial Statements

The financial statements, prepared by the management of the Company, fairly present Company's state of affairs, the results of its operations, cash flows and changes in equity.

Books of Accounts

The company has maintained proper books of accounts.

Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of financial statements except those disclosed in the financial statements of the company.

Application of International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control Systems

The system of internal control is sound in design and has been effectively implemented and monitored.

Going Concern

There is no doubt about the Company's ability to operate in foreseeable future.

Audit Committee

The Directors have established an Audit Committee to assist the Board of Directors to discharge its responsibilities for Corporate Governance, reporting requirements and internal controls. The Committee comprises 3 Directors including the Chairman of the Committee. The Audit Committee is responsible for design and implementation of sound internal controls of the company. The reviewing of financial reports, internal audit and assistance in external audit are also the main functions of the Committee.

Board Meetings

During the financial year, eight meetings of the Board of Directors were held while attendance by each Director is given below;

<u>Name of Director</u>	<u>Number of meetings attended</u>
Chairman	
Mr. Gul Bahadar Yousafzai	3
Ex-Chairman	
Mr. Iftikhar Ahmed Raja	5
Chief Executive	
Syed Mahmood Ahmad	8
Directors	
Mr. Iftikhar Ahmed Raja	3
Mr. Amjad Hussain Qureshi	8
Syed Gauhar Ali	6
Mr. Muhammad Arif	5
Sheikh Muhammad Afzal	6
Ex-Directors	
Mr. Khushmir Khan	2
Mr. Muhammad Azeem	1
Mr. Masud Jawaid	2
Mr. Zerullah Khan	4

Transfer Pricing Policy Compliance

Transactions involving related parties arising in normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation mode as admissible. The company has fully complied with best practice on transfer pricing as contained in listing regulation of stock exchanges in Pakistan.

Comparison of Key Financial Data of The Last Six Financial Years

	Year Ended June 30				(Rs. in million)	
	2008	2007	2006	2005	2004	2003
Tangible Fixed Assets	357.716	286.481	239.178	210.468	168.964	162.219
Share Capital and Reserves	476.503	401.776	331.652	254.704	193.732	178.028
Revenue	690.469	523.473	513.770	417.453	217.096	182.894
Operating Profit	143.243	136.755	149.425	109.972	28.340	17.070
Profit before taxation	175.279	157.947	164.037	118.502	28.894	18.981
Profit after taxation	113.931	103.625	105.460	75.228	20.174	10.316
Earning per Share - Rupees	14.53	13.22	14.80	10.55	2.83	1.45
Dividend (%) - Cash	60.00	50.00	40.00	25.00	20.00	12.50
- Bonus Shares	-	-	10.00	-	-	-

Statement of Compliance with the Code of Corporate Governance

The statement of compliance with Code of Corporate Governance is annexed with this report.

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of all the three Stock Exchanges of the country for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Directors of the company have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
2. All the Directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a Stock Exchange has been declared as a defaulter by that Stock Exchange.
3. All casual vacancies in the Board were filled in within 30 days thereof.
4. Company's 'Statement of Ethics and Business Practices' has been prepared and signed by all the Directors and employees of the company.
5. The Board has developed vision/mission statement, overall corporate strategy and significant policies of the Company.
6. A complete record of particulars of significant policies and Board decisions along with the dates on which they were approved or amended has been maintained.
7. The power of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive and Directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and held at least in each quarter. Written notices of Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. Where the period was short for emergent meetings, it was agreed by the members of the Board. The minutes of the meetings were appropriately recorded and circulated.
9. All the Directors on the Boards have adequate exposure of corporate matters and are well aware of their duties and responsibilities. Appropriate orientation courses of the Directors were arranged in consultation with the Board.

10. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters which are required to be disclosed.
11. CEO and CFO have duly endorsed the financial statements of the Company before approval of the Board.
12. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The meetings of the audit committee were held in every quarter prior to approval of the interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and duly approved by the Board and advised to the committee for compliance.
15. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

**Islamabad
October 02, 2009**

**Syed Mahmood Ahmad
Chief Executive**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Pak Datacom Limited** as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The financial statements of the Company for the year ended June 30, 2008 were audited by Khalid Majeed Rahman Sarfraz Raheem Iqbal Rafeeq., Chartered Accountants, who had expressed an unqualified opinion on those financial statements vide report dated September 25, 2008.

Date: October 02, 2009
Islamabad

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants
Audit Engagement Partner: Nadeem Tirmizi

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICE OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2009 prepared by the Board of Directors of Pak Datacom Limited (the Company) to comply with the Listing Regulation of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's Compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended June 30, 2009.

Date: October 02, 2009
Islamabad

ANJUM ASIM SHAHID RAHMAN
Chartered Accountants

**BALANCE SHEET
AS AT JUNE 30, 2009**

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 10,000,000 (June 2008: 10,000,000) ordinary shares of Rupees 10/-each		100,000,000	100,000,000
Issued, subscribed & paid up capital	5	78,408,000	78,408,000
Reserves	6	512,865,931	398,095,182
		591,273,931	476,503,182
NON-CURRENT LIABILITIES			
Deferred liabilities	7	69,635,430	69,348,347
CURRENT LIABILITIES			
Customers' deposits	8	78,846,107	55,683,773
Due to associated companies	9	963,040	252,640
Creditors, accrued and other liabilities	10	171,755,657	181,613,243
Provision for taxation		88,699,185	49,587,124
		340,263,989	287,136,780
		<u>1,001,173,350</u>	<u>832,988,309</u>
CONTINGENCIES AND COMMITMENTS			
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ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	12	405,264,830	357,552,970
Long term deposits		-	162,650
CURRENT ASSETS			
Trade debts - unsecured	13	101,599,940	172,458,824
Advances, deposits, prepayments and other receivables	14	132,975,266	123,977,080
Short term investments	15	234,020,130	96,421,265
Cash & bank balances	16.1	127,313,184	82,415,520
		595,908,520	475,272,689
		<u>1,001,137,350</u>	<u>832,988,309</u>

The annexed notes 1 to 30 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Syed Mahmood Ahmad
Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Note</u>	<u>June 30, 2009 Rupees</u>	<u>June 30, 2008 Rupees</u>
Revenue	17	1,042,099,160	690,469,097
Operating expenses	18	<u>(814,456,553)</u>	<u>(547,226,102)</u>
Operating profit		227,642,607	143,242,995
Other income	19	<u>21,888,194</u>	<u>32,335,780</u>
		249,530,801	175,578,775
Financial charges		<u>(583,803)</u>	<u>(299,654)</u>
Profit before taxation		248,946,998	175,279,121
Provision for taxation	21	<u>(87,131,449)</u>	<u>(61,347,693)</u>
Profit after taxation		<u>161,815,549</u>	<u>113,931,428</u>
Earning per share	22	<u>20.64</u>	<u>14.53</u>

The annexed notes 1 to 30 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Syed Mahmood Ahmad
Chief Executive

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009	June 30, 2008
Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	248,946,998	175,279,121
Adjustment for non-cash and other items		
Depreciation	75,594,001	69,996,003
(Gain)/ loss on disposal of fixed assets	13,079,180	(15,203)
(Gain)/ loss on disposal of Bangladesh operations	-	(156,057)
(Gain)/ loss on disposal of other projects	(1,035,351)	(7,132,630)
Net book value of assets charged to consumption	370,487	103,740
Financial charges	583,803	299,654
Exchange (gain)/ loss	(19,850,715)	(11,871,647)
Return / interest on bank deposits	(14,081,308)	(6,890,227)
Provision for gratuity	4,913,039	4,166,990
Provision for earned leave	5,807,285	11,521,883
	65,380,421	60,022,506
Operating profit before working capital changes	314,327,419	235,301,627
(Increase)/ decrease in current assets		
Trade debtors	70,858,884	(75,435,136)
Advances, deposits, prepayments and other receivables	3,776,204	(17,080,604)
	74,635,088	(92,515,740)
Increase/ (decrease) in current liabilities		
Customers' deposits	23,162,334	2,523,481
Due to associated undertakings	710,400	163,440
Creditors, accrued and other liabilities	(12,865,697)	66,216,467
	11,007,037	68,903,388
	399,969,544	211,689,275
Cash generated from operations		
Taxes paid	(58,992,251)	(64,867,272)
Gratuity paid/ adjusted	(4,336,118)	(4,295)
Earned leave paid/ adjusted	(3,952,466)	(8,918,911)
Return / interest on bank deposits	10,712,045	8,339,903
Financial charges paid	(583,803)	(299,654)
	(57,152,593)	(65,750,229)
Net cash flows from operating activities	342,816,951	145,939,046
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(137,558,857)	(153,033,440)
Long term deposits	162,650	-
Proceeds on the disposal of fixed assets	1,838,680	19,002,923
Net cash flows in investing activities	(135,557,527)	(134,030,517)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(44,613,610)	(38,188,845)
Net cash flows from financing activities	(44,613,610)	(38,188,845)
Net (decrease)/increase in cash and cash equivalents	162,645,814	(26,280,316)
Cash and cash equivalents at the beginning of the period	178,836,785	193,245,454
Effect of foreign exchange rate change	19,850,715	11,871,647
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	361,333,314	178,836,785

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The annexed notes 1 to 30 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Syed Mahmood Ahmad
Chief Executive

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

	Share Capital		Capital Reserves		Revenue Reserves		Total Rs.
	Issued, subscribed and Paid-up Rs.	Share premium Rs.	Share premium Rs.	General Rs.	Unappropriated profit Rs.	Total Rs.	
Balance as at June 30, 2007	78,408,000	12,042,000	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	-	-	-	-	(15,681,600)	(15,681,600)	
Net profit for the year	-	-	-	-	113,931,428	113,931,428	
Balance as at June 30, 2008	78,408,000	12,042,000	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	-	-	-	-	(15,681,600)	(15,681,600)	
Net profit for the year	-	-	-	-	161,815,549	161,815,549	
Balance as at June 30, 2009	78,408,000	12,042,000	12,042,000	281,500,000	219,323,931	591,273,931	

The annexed notes 1 to 30 form an integral part of these financial statements.

Amjad Hussain Qureshi
Director

Syed Mahmood Ahmad
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 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 Accounting convention

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

2.3 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Employees' retirement benefits - Defined Benefit Plans

3.1.1 Gratuity

The Company has established an approved gratuity fund under defined benefit plan covering all its employees who have completed the minimum qualifying period of six months of the service. The fund operates under a trust administered by the Board of Trustees. The amount of gratuity admissible shall be a sum equal to one month gross salary drawn immediately preceding the date of his service of the Company for each completed year of service in the Company. Actuarial valuation of the fund was carried out as at June 30, 2009 using Projected Unit Credit (PUC) Actuarial Cost method. Provisions are made annually to cover the obligation based on actuarial valuation and are charged to profit. The amount recognised in the balance sheet represents the present value of the defined benefit obligation less the fair value of plan assets net of any unrecognised actuarial gain/(loss).

3.1.2 Leave encashment

The Company provides a facility to its employees for accumulating their annual earned leave. Unutilized earned leave may be encashed upto thirty (30) days during the year subject to the Company's approval at any time by retaining minimum forty days leave balance. Up to 100 days of accumulated leaves can be encashed on retirement. Actuarial valuation of the scheme was carried out as at June 30, 2009 using Projected Unit Credit (PUC) Actuarial Cost method. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit. The amount recognised in the balance sheet represents the present value of the defined benefit obligation.

3.2 Taxation

Current

Provision for taxation is based on taxable income at applicable tax rates after taking into account tax credits and rebates available, if any.

Deferred

The Company provides for deferred taxation using the liability method on all major temporary timing differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

3.3 Revenue recognition

Revenue arising from provision of data communication, maintenance of network and allied services to customer is recognized as the services are rendered. However, revenue from sale of equipment incidental to rendering of services is recognized on delivery of equipment to customers. Return on bank deposits and short term investments is recognised on accrual basis.

3.4 Property, plant and equipment

Fixed assets, except free-hold land and capital work in progress, are stated at cost less accumulated depreciation and impairment loss if any. Free-hold land and capital work in progress are stated at cost.

Depreciation is charged to profit & loss account using the reducing balance method at the rates specified in the fixed assets schedule given in note 12. The depreciation rate of office building , datacom system machinery, testing equipment, air conditioners and furniture & fixtures have been changed from 5%, 20%, 10%, 10% and 10% per annum to 7.50%, 25%, 25%, 25% and 25% per annum respectively with effect from July 01, 2008. The above revision has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, the effect of these changes in accounting estimates have been recognized prospectively in the profit and loss account of the current year. Had there been no changes in these estimates, the profit before tax would have been increased by an amount of Rs.19,685,210.

Depreciation is charged on additions from the first day of the month in which the asset is available for use while no depreciation is charged in the month in which the asset is disposed off in accordance with International Accounting Standards (IAS) 16 "Property , Plant and, Equipment".

Maintenance and normal repairs are charged to profit & loss account in the period in which they are incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of fixed assets are charged to the profit & loss account.

3.5 Foreign currency transactions

All monetary assets & liabilities in foreign currencies are translated into Pak Rupee at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupee at the rate prevailing at transaction date. Any component of an exchange gain or loss relating to a recognised change in the fair value of non-monetary asset is charged to profit and loss account.

These financial statements are presented in Pak Rupees, which is the functional currency of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

3.6 Trade debts

Trade debts are originally recognized at nominal value and reduced by doubtful debts. Debts considered bad and irrecoverable are written off when identified. Provision is made on the balance on the basis including age analysis and management understanding of collectability of the debts.

3.7 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. These are derecognised when the Company ceases to be the party to the contractual provisions of the instruments.

Financial assets mainly comprise long term deposits, trade debts, advances, deposits and other receivables and bank balances. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant liabilities are creditors, employees retirement benefits, and other liabilities.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

3.8 Borrowings and borrowing costs

Short term loans and borrowings are measured at fair value. Mark up, interest and other charges on short term loans are charged to profit and loss account.

3.9 Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.10 Segment reporting

A geographical segment is a distinguishable component of the Company that is engaged in providing services within a different geographical area, which is subject to risk and rewards that are different from those of other segments. The Company was currently operating in one geographical segment of Pakistan during the financial year ended June 30, 2009.

3.11 Related party transactions

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

3.12 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.13 Dividend

Dividend is recognised as a liability in the period in which it is approved.

3.14 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital and the level of dividend to the shareholders. There were no changes to the company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

3.15 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised in the profit and loss account.

3.16 Short term investments

Short Term Investments are kept with different banks in term deposits and may be encashed at any time even before maturity. These are stated at fair values with any resulting gains or losses directly recognised in the profit & loss account.

3.17 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 balance sheet at cost.

4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, interpretations, and amendments to approved accounting standards effective for the accounting period on or after January 01, 2009, are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements:

Amendment to IFRS 2 - Share based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Amendment to IFRS 2 - Share based Payment - Group Cash settled Share based Payment Transactions (effective for annual periods beginning on or after 01 January 2010).

Revised IFRS 3- Business Combinations (applicable for annual periods beginning on or after 01 July 2009).

IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 01 January 2009).

Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 01 January 2009).

IFRS 8 - Operating Segments (effective for annual periods beginning on or after 01 January 2009).

Revised IAS 1 - Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009).

Revised IAS 23 - Borrowing Costs (effective for annual periods beginning on or after 01 January 2009).

IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009).

Amended IAS 27 - Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009).

Amendments to IAS 32 - Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009).

Amendments to IAS 39 and IFRS 9 - Embedded Derivatives (effective for annual periods beginning on or after 01 January 2009).

Amendments to IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged Items (effective for annual periods beginning on or after 01 July 2009).

IFRIC 15 - Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 January 2009).

IFRIC 16 - Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008).

IFRIC 17 - Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009).

IFRIC 18 - Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
5,400,000 (June 2008: 5,400,000) ordinary shares of Rs. 10/- each fully paid in cash		54,000,000	54,000,000
2,440,800 (June 2008: 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 2008: 4,318,683) ordinary shares are held by Telecom Foundation, Pakistan.

6 RESERVES

Capital

Share premium 12,042,000 12,042,000

Revenue

General 281,500,000 231,500,000

Unappropriated profit 219,323,931 154,553,182

500,823,931 386,053,182

512,865,931 398,095,182

7 DEFERRED LIABILITIES

Deferred tax 7.1 56,110,930 57,678,666

Leave encashment 7.2 13,524,500 11,669,681

69,635,430 69,348,347

7.1 Deferred tax

Deferred tax has been calculated at the corporate tax rate of 35% (June 2008: 35%) of credit / (debit) balance arising on account of accelerated depreciation on property, plant and equipment.

7.2 Leave encashment

Opening balance 11,669,681 9,066,709

Add: Provision for the period 5,807,285 11,521,883

17,476,966 20,588,592

Less: Payments/adjustments during the period

Amount paid (3,952,466) (8,907,206)

Other adjustments - (11,705)

(3,952,466) (8,918,911)

Net Payable 13,524,500 11,669,681

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
7.2.1 Leave encashment			
Results of actuarial valuation as on June 30 are as follows;			
Projected benefits obligations (PBO)		13,524,500	11,669,681
Assets of fund		-	-
Funding deficit		13,524,500	11,669,681
Liability provision as at June 30 (previous year)		(11,669,681)	(9,066,709)
Increase / (decrease) in provision		<u>1,854,819</u>	<u>2,602,972</u>
7.2.2 Actuarial assumptions			
Valuation discount rate		13% p.a.	12% p.a.
Salary increase rate		13% p.a.	12% p.a.
Leave accumulation factor		15 days per annum	15 days per annum
7.2.3 Actuarial liability			
Given the valuation results, the PBO (actuarial liability from PUC valuation method) works out to Rs. 13,524,500 (June 30, 2008: Rs.11,669,681). As per para 126 of IAS 19 (revised 2008), the leave encashment benefit falls under 'other long term benefits'. No specific disclosure is required for this kind of benefit as per IAS 19 para 131.			

8 CUSTOMERS' DEPOSITS

These represents interest free deposits received from customers repayable/adjustable at the time of the termination of the agreement/ disconnection of the link.

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
9 DUE TO ASSOCIATED COMPANIES			
Telecom Foundation.	9.1	939,840	164,440
TF Technologies (Private) Limited		23,200	88,200
		<u>963,040</u>	<u>252,640</u>

9.1 Maximum amount due to associated undertaking at the end of any month during the period aggregated Rs. 0.94 million (June 2008: Rs. 0.73 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
10 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Advances from customers		46,650,027	27,893,860
Creditors			
Trade		63,850,262	109,495,805
Machinery		17,420,949	15,098,096
		81,271,211	124,593,901
License fee payable		6,877,854	4,546,781
Accrued liabilities		30,535,668	21,165,915
Gratuity payable	10.1	587,579	10,658
Un-claimed dividend		5,833,318	3,402,128
		<u>171,755,657</u>	<u>181,613,243</u>
10.1 Gratuity payable			
Opening balance		10,658	(4,152,037)
Add: Provision for the period		4,913,039	4,166,990
		4,923,697	14,953
Less: Contribution to gratuity fund			
Amount paid		(4,300,000)	-
Adjustment of advances during the period		(36,118)	(4,295)
		(4,336,118)	(4,295)
Payable to defined benefit obligation		<u>587,579</u>	<u>10,658</u>
10.1.1 Gratuity fund actuarial valuation as at June 30			
Reconciliation of payable to defined benefit plan			
Present value of defined benefit obligation		46,927,948	33,274,649
Fair value of any plan assets		(32,281,017)	(30,228,722)
Unrecognized actuarial loss		(14,059,352)	(3,035,269)
		<u>587,579</u>	<u>10,658</u>
Movement in net liability/ (asset) recognized			
Opening net (asset) /liability		10,658	(4,152,037)
Expense for the year		4,913,039	4,166,990
Contributions		(4,336,118)	(4,295)
Closing net liability		<u>587,579</u>	<u>10,658</u>
Charge for the Defined Benefit Plan			
Current service cost		3,942,953	2,772,148
Interest cost		3,992,958	2,516,400
Expected return on plan assets		(3,022,872)	(2,847,538)
Actuarial (gain) /loss recognized		-	1,721,685
		<u>4,913,039</u>	<u>4,162,695</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009 Rupees	June 30, 2008 Rupees
Actuarial assumptions:		
- Valuation discount rate	13 %	12 %
- Salary increase rate	13 %	12 %
- Expected return on plan assets	13 %	12 %
The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Company, at the beginning of the period, for return over the entire life of the related obligation.		
Working for disclosure as per IAS-19 (revised 2008)		
Actuarial (gain)/ loss in obligations		
Present value of obligation (opening balance)	33,274,649	25,164,000
Current service cost	3,942,953	2,772,148
Interest cost	3,992,958	2,516,400
Payments made during the year	(1,289,420)	(1,196,231)
Actuarial loss on obligation (balancing figure)	7,006,808	4,018,332
Present value of obligation as at June 30	<u>46,927,948</u>	<u>33,274,649</u>
Actuarial (gain)/ loss in assets		
Total assets (opening balance)	30,228,722	28,475,379
Expected return on plan assets	3,022,872	2,847,538
Contributions	4,336,118	-
Payments made during the year	(1,289,420)	(1,196,231)
Actuarial (gain) /loss on assets (balancing figure)	(4,017,275)	102,036
Fair value of the plan assets as at June 30	<u>32,281,017</u>	<u>30,228,722</u>
Unrecognized actuarial gain/ (loss) at June 30		
Corridor Limit		
The limits of corridor as at July 01, (opening)		
10% of obligations	3,327,465	2,516,400
10% of plan assets	3,022,872	2,847,538
Which works out to	3,327,465	2,847,538
Unrecognized actuarial gain/ (loss) (opening)	(3,035,269)	(840,658)
Limit of corridor as at 1 July	3,327,465	2,847,538
Excess	-	-
Average expected remaining working lives in years	13	15
Actuarial gain/ (loss) to be recognized	-	-
Unrecognized actuarial gain/(loss)		
Unrecognized actuarial loss (opening)	(3,035,269)	(840,658)
Actuarial loss on obligations	(7,006,808)	(4,018,332)
Actuarial gain or (loss) on assets	(4,017,275)	102,036
Sub total	<u>(14,059,352)</u>	<u>(4,756,954)</u>
Actuarial (gain)/ loss recognized	-	1,721,685
Unrecognized actuarial loss as at June 30	<u>(14,059,352)</u>	<u>(3,035,269)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009 Rupees	June 30, 2008 Rupees
<u>Expense / (income) for the year ended June 30</u>		
Current service cost	3,942,953	2,772,148
Interest cost	3,992,958	2,516,400
Expected return on plan assets	(3,022,872)	(2,847,538)
Net actuarial (gain) / loss recognized	-	1,721,685
Transitional liability recognized	-	-
	<u>4,913,039</u>	<u>4,162,695</u>

<u>(Asset)/ liability to be recognized in the balance sheet</u>		
Present value of defined benefit obligation	46,927,948	33,274,649
Fair value of any plan assets	(32,281,017)	(30,228,722)
(Surplus)/deficit in the Fund	14,646,931	3,045,927
Unrecognized actuarial gains/ (loss)	(14,059,352)	(3,035,269)
Unrecognized transitional liability	-	-
	<u>587,579</u>	<u>10,658</u>

<u>Movement in net asset / (liability) in balance sheet</u>		
Movement in net liability/ (asset) recognized		
Opening liability/ (asset)	10,658	(4,152,037)
Expense / (income) for the year	4,913,039	4,166,990
Contributions	(4,336,118)	(4,295)
Closing net (asset)/ liability	<u>587,579</u>	<u>10,658</u>

Break up of fair value of plan assets	Total Rupees	Deposits with banks		Placements in term deposit receipts	
		%	Rupees	%	Rupees
June 30, 2007	28,475,379	8%	2,259,760	92%	26,215,619
June 30, 2008	30,228,722	5%	1,514,933	95%	28,713,789
June 30, 2009	32,281,017	2%	630,195	98%	31,650,822

Gratuity Fund - Experience	June 30,		June 30,		June 30,	
	2009	2008	2007	2006	2005	
	Rupees	Rupees	Rupees	Rupees	Rupees	
<u>Adjustment Funding (Surplus)/ Deficit</u>						
Present Value of Obligation	46,927,948	33,274,649	25,164,000	23,226,521	11,697,606	
Fair Value of any Plan assets	(32,281,017)	(30,228,722)	(28,475,379)	(22,956,050)	(7,939,945)	
	<u>14,646,931</u>	<u>3,045,927</u>	<u>(3,311,379)</u>	<u>270,471</u>	<u>3,757,661</u>	
Actuarial Gain/ (loss) on Obligation	(7,006,808)	(4,018,332)	(667,171)	-	-	
Actuarial Gain/ (loss) on Assets	(4,017,275)	102,036	(173,488)	-	-	

11 CONTINGENCIES AND COMMITMENTS

11.1 Guarantees issued by the bank on behalf of the Company amounting to Rs. 4.092 million (June 2008: Rs. 3.652 million). These guarantees were issued in favour of customers of the Company.

11.2 Capital commitments in respect of purchase of equipment outstanding amounted to Rs. 1.316 million (June 2008: Rs. 1.155 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

12 PROPERTY, PLANT AND EQUIPMENT - JUNE 2009

Particulars	C O S T					D E P R E C I A T I O N				Net book value
	As at	Additions	Disposals	As at	Rate	As at	For the period	Disposals	As at	as at
	1-Jul-08			30-Jun-09		1-Jul-08			30-Jun-09	
	Rs.	Rs.	Rs.	Rs.	%	Rs.	Rs.	Rs.	Rs.	Rs.
Free hold land	3,175,700	32,343,300	-	35,519,000	-	-	-	-	-	35,519,000
Free hold office building	3,813,250	8,170,380	-	11,983,630	5	1,467,543	361,765	-	1,829,308	10,154,322
Datacom system machinery	547,446,183	83,958,464	(58,778,477)	572,626,170	20	230,729,922	68,441,961	(45,296,806)	253,875,077	318,751,093
Office equipment	8,835,400	2,207,719	(2,375,223)	8,667,896	25	5,261,771	1,240,457	(1,953,747)	4,548,481	4,119,415
Testing equipment	13,872,573	5,232,477	(829,604)	18,275,446	10	3,646,182	1,281,136	(631,996)	4,295,322	13,980,124
Air conditioners	1,501,071	497,037	(258,345)	1,739,763	10	631,979	105,929	(176,814)	561,094	1,178,669
Furniture and fixtures	3,232,091	32,480	(80,130)	3,184,441	10	1,666,547	156,884	(56,357)	1,767,074	1,417,367
Vehicles	33,066,097	5,117,000	(96,230)	38,086,867	20	13,985,451	4,005,869	(49,293)	17,942,027	20,144,840
June 30, 2009	614,942,365	137,558,857	(62,418,009)	690,083,213		257,389,395	75,594,001	(48,165,013)	284,818,383	405,264,830

12.1 Disposal of fixed assets - June 2009

Particulars	Cost	Accumulated depreciation	Net book value	Sale	Mode of disposal	Particulars of purchaser
				proceeds/ adjustments		
Testing equipment	30,130	4,359	25,771			
Datacom system machinery	832,250	399,805	432,445			
	862,380	404,164	458,216	1,493,567	Sale	CAA Zhub Project Karachi.
Datacom system machinery	57,497,152	44,818,413	12,678,739			
Testing equipment	799,474	627,637	171,837			
Office equipment	2,375,223	1,953,747	421,476			
Air conditioners	258,345	176,814	81,531			
Furniture & fixtures	80,130	56,357	23,773			
	61,010,324	47,632,968	13,377,356	285,113	Scrap auction	Khawaja Muhammad Tariq, A-685, Argan Nagar, St#10, Rawalpindi, M/s Haji Muhammad Azam and Sons, 72-Nabi Baksh Park, Shad Bagh, Lahore, and M/s Shoukat and Co, Karachi.
Operational Vehicles						
DS Star 70cc, Model 2004 (KBA9687)	42,230	30,237	11,993	20,000	Insurance claim	Shaheen Insurance Company Limited, G-6/4, Islamabad.
Honda CD Model 2006(KDB1230)	54,000	19,056	34,944	40,000	Insurance claim	Shaheen Insurance Company Limited, G-6/4, Islamabad.
	96,230	49,293	46,937	60,000		
	61,106,554	47,682,261	13,424,293	345,113		
Datacom system machinery	449,075	78,588	370,487	-	Charged off	Charged to consumption.
June 30, 2009	62,418,009	48,165,013	14,252,996	1,838,680		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

12.2 Property, Plant and Equipment - June 2008

Particulars	C O S T				Rate %	D E P R E C I A T I O N				Net book value as at 30-Jun-08 Rs.
	As at 1-Jul-07 Rs.	Additions Rs.	Disposals Rs.	As at 30-Jun-08 Rs.		As at 1-Jul-07 Rs.	For the period Rs.	Disposals Rs.	As at 30-Jun-08 Rs.	
	Free hold land	3,175,700	-	-		3,175,700	-	-	-	
Free hold office building	3,813,250	-	-	3,813,250	5	1,344,085	123,458	-	1,467,543	2,345,707
Datacom system machinery	419,204,158	155,999,556	(27,757,531)	547,446,183	20	182,820,534	64,858,987	(16,949,599)	230,729,922	316,716,261
Office equipment	8,059,710	1,369,016	(593,326)	8,835,400	25	4,656,832	1,042,445	(437,506)	5,261,771	3,573,629
Testing equipment	8,318,408	5,876,165	(322,000)	13,872,573	10	3,136,453	707,506	(197,777)	3,646,182	10,226,391
Air conditioners	1,268,659	359,622	(127,210)	1,501,071	10	619,047	90,402	(77,470)	631,979	869,092
Furniture and fixtures	3,075,135	253,480	(96,524)	3,232,091	10	1,559,202	166,127	(58,782)	1,666,547	1,565,544
Vehicles	27,748,652	8,023,380	(2,705,935)	33,066,097	20	13,056,992	3,007,078	(2,078,619)	13,985,451	19,080,646
June 30, 2008	<u>474,663,672</u>	<u>171,881,219</u>	<u>(31,602,526)</u>	<u>614,942,365</u>		<u>207,193,145</u>	<u>69,996,003</u>	<u>(19,799,753)</u>	<u>257,389,395</u>	<u>357,552,970</u>

13 TRADE DEBTS - UNSECURED

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
Considered good		101,599,940	172,458,824
Considered bad		-	10,737,936
		<u>101,599,940</u>	<u>183,196,760</u>
Less: Considered bad and written off		-	(10,737,936)
		<u>101,599,940</u>	<u>172,458,824</u>

14 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good to			
Suppliers - secured		3,468,000	654,800
Employees - unsecured		<u>2,092,401</u>	<u>2,800,304</u>
		5,560,401	3,455,104
Margin and guarantees with banks		4,525,190	800,000
Trade deposits	14.1	34,048,705	31,733,639
Prepayments		2,400,995	2,400,286
Interest receivable		4,094,368	725,105
Other receivable		4,350,751	16,273,217
Advance tax		<u>77,994,856</u>	<u>68,589,729</u>
		<u>132,975,266</u>	<u>123,977,080</u>

14.1 Previous year's irrecoverable security deposits amounting to Rs. 6 million were charged against the head of channel and local lead rent in note 18.1.

15 SHORT TERM INVESTMENTS

These represent investments in term deposit receipts maturing in the short term and are classified as "cash & cash equivalents". These investments carry interest rate ranging from 2.40% to 16.25% (June 2008: 4.10% to 5.10%) per annum. Included in these investments are foreign currency term deposit receipts amounting to US \$ 1,217,960 (June 2008: US \$ 1,417,960). Out of total investments, US \$ 75,000 are pledged against various bank guarantees issued by bank.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
16 CASH & CASH EQUIVALENTS			
Short term investments		234,020,130	96,421,265
Cash & bank balances		127,313,184	82,415,520
		<u>361,333,314</u>	<u>178,836,785</u>
16.1 Cash & bank balances			
Cash in hand		-	-
Cash at bank in			
Current accounts	16.1.1	8,339,490	9,511,824
Deposit accounts	16.1.2	113,077,868	69,484,777
Current accounts-dividend		5,895,826	3,418,919
		<u>127,313,184</u>	<u>82,415,520</u>
16.1.1 Current accounts include foreign currency deposits of US \$ 21,559 (June 2008: US \$ 21,559) and Bangladeshi Taka 3,990,152 (June 2008: BD Taka 3,993,852).			
16.1.2 Deposit accounts include foreign currency deposits of US \$ 735,085 (June 2008: US \$ 57,891).			
17 REVENUE			
Pakistan		1,042,099,160	688,906,187
Bangladesh		-	1,562,910
		<u>1,042,099,160</u>	<u>690,469,097</u>
18 OPERATING EXPENSES			
Direct expenses	18.1	638,981,755	420,771,034
Indirect expenses	18.2	175,474,798	126,455,068
		<u>814,456,553</u>	<u>547,226,102</u>
18.1 Direct expenses			
Channel & local lead rent		208,523,007	131,211,207
Space segment rentals		328,005,926	193,695,016
Equipment maintenance cost		13,322,779	13,576,156
Repair & maintenance expenses		6,458,188	7,645,871
License fee		7,077,854	4,646,781
Depreciation		75,594,001	69,996,003
		<u>638,981,755</u>	<u>420,771,034</u>
18.2 Indirect expenses			
Salaries, wages and other benefits	18.2.1	136,596,094	93,811,677
Welfare expenses		3,000,000	2,500,000
Traveling and local conveyance		3,522,417	4,419,559
Telephone expenses		4,269,496	4,811,491
Vehicle running expenses		11,175,571	7,856,859
Insurance		813,264	657,441
Entertainment		1,144,043	874,878
Rent, rates and taxes		6,084,995	6,293,163
Legal and professional charges		3,959,510	1,404,449
Printing and stationery		1,274,743	932,536
Advertisement		1,348,926	1,072,860
Electricity		1,860,739	1,615,155
Auditors' remuneration	18.2.2	425,000	205,000
		<u>175,474,798</u>	<u>126,455,068</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009 Rupees	June 30, 2008 Rupees
18.2.1 These include amount in respect of staff retirement benefits of Rs. 10.720 million (June 2008: Rs. 15.689 million).		
18.2.2 Auditors' remuneration		
Audit fee	400,000	200,000
Out of pocket expenses	25,000	5,000
	<u>425,000</u>	<u>205,000</u>
19 OTHER INCOME		
Return on bank deposits/ short term investments	14,081,308	6,890,227
Profit/(loss) on disposal of fixed assets	(13,079,180)	15,203
Maintenance project income	1,035,351	8,646,723
Miscellaneous income	-	4,755,923
Profit/(loss) on disposal of Bangladesh operations	-	156,057
Exchange gain/(loss)	19,850,715	11,871,647
	<u>21,888,194</u>	<u>32,335,780</u>
20 SEGMENT INFORMATION		

Geographical segment

The Company is providing the services of data communication in Pakistan while operations in Bangladesh were closed in June 2008. The following table presents revenue and profit information regarding geographical segments for the periods ended June 30, 2009 and June 30, 2008 and fixed assets information regarding geographical segments as at June 30, 2009 and June 30, 2008.

	Total		Pakistan		Bangladesh	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Operating profit/(loss)	Rupees		Rupees		Rupees	
Revenue	1,042,099,160	690,469,097	1,042,099,160	688,906,187	-	1,562,910
Less: Direct expenses	(638,981,755)	(420,771,034)	(638,981,755)	(417,500,481)	-	(3,270,553)
Contribution margin	403,117,405	269,698,063	403,117,405	271,405,706	-	(1,707,643)
Indirect expenses	(175,474,798)	(126,455,068)	(175,474,798)	(126,168,831)	-	(286,237)
Operating profit/(loss)	<u>227,642,607</u>	<u>143,242,995</u>	<u>227,682,607</u>	<u>145,236,875</u>	-	<u>(1,993,880)</u>
Segment assets	Total		Pakistan		Bangladesh	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Net book value of fixed assets	Rupees		Rupees		Rupees	
Fixed assets at cost	690,083,213	614,942,365	690,083,213	614,942,365	-	-
Less: Accumulated depreciation	(284,818,383)	(257,389,395)	(284,818,383)	(257,389,395)	-	-
Net book value of fixed assets	<u>405,264,830</u>	<u>357,552,970</u>	<u>405,264,830</u>	<u>357,552,970</u>	-	-

20.1 Indirect expenses between Pakistan & Bangladesh operations were charged on the basis of revenue.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	June 30, 2009 Rupees	June 30, 2008 Rupees
21 PROVISION FOR TAXATION			
Current - for the year		88,699,185	43,000,130
Prior year		-	4,057,017
Deferred		(1,567,736)	14,290,546
	21.1	<u>87,131,449</u>	<u>61,347,693</u>
21.1 Reconciliation of tax charge for the year			
Accounting profit		248,946,998	175,279,121
Tax on accounting profit at 35% (June 2008: 35%)		87,131,449	61,347,693
Tax effect of expenses that are inadmissible for tax purposes		30,802,911	21,978,548
Tax effect of prior year		-	4,057,017
Tax effect of expenses that are admissible for tax purposes		(29,235,175)	(40,326,111)
		<u>88,699,185</u>	<u>47,057,147</u>
Tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes		<u>(1,567,736)</u>	<u>14,290,546</u>
		<u>87,131,449</u>	<u>61,347,693</u>

21.2 The Company was assessed u/s 169 of the Income Tax Ordinance 2001 (section 80C of the Income Tax Ordinance, 1979) for the assessment years 1997-98 to 2002-03 and the tax year 2003 which resulted in an additional tax liability of Rs. 26.032 million for which no provision has been made in these financial statements. The assessee filed appeals against these assessment orders passed u/s 169 of the Income Tax Ordinance 2001 (section 80C of the Income Tax Ordinance, 1979) for the assessment year 1997-98 to 2002-03 and the tax year 2003 before Commissioner of Income Tax (Appeals) who has set aside the assessment orders by directing the assessing officer to accept the contention of the assessee and to make assessment under normal law. The Honorable Income Tax Appellate Tribunal also rejected the departmental appeals and upheld the order of learned Commissioner of Income Tax (Appeal) by accepting the assessee's contention to be taxed under normal law. The Honorable Income Tax Appellate Tribunal also rejected Reference Application filed by the department. The department had filed a reference before Honorable High Court which has also been decided in favour of the Company.

22 EARNINGS PER SHARE (BASIC & DILUTED)

Profit after taxation	<u>161,815,549</u>	<u>113,931,428</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>20.64</u>	<u>14.53</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

23 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.

	June 30, 2009 Rupees	June 30, 2008 Rupees
Telecom Foundation (Holding Company)		
Dividend	25,912,098	21,593,415
Rentals	1,717,980	2,233,920
Welfare expenses	3,000,000	2,500,000
	<u>30,630,078</u>	<u>26,327,335</u>

Balance due to associated undertaking is disclosed in note 9 to these financial statements.

Transactions with the Directors are disclosed in note 25 to these financial statements.

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.

24 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchanges rates, market interest rates, credit and liquidity risk associated with various financial assets and liabilities respectively as referred in note 24.5.

The Company finances its operations through equity, short-term borrowings and management of working capital with a view to maintaining a reasonable mix and to minimise risk.

Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

24.1 Foreign currency sensitivity

Most of the Company's transactions are carried out in Pak Rupees. Exposures to currency exchange rates arise from the Company's receivables and payables, which are primarily denominated in other than Pak Rupees. The activities of the Company expose it to foreign exchange risk, primarily with respect of US Dollars.

To mitigate the Company's exposure to foreign currency risk, non-Pak Rupees cash flows are monitored in accordance with Company's risk management policies. Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from long term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Foreign currency denominated financial assets and liabilities, translated into Pak Rupees at the closing rate, are as follows.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009 Rupees	June 30, 2008 Rupees
Financial assets	171,293,831	179,996,430
Financial liabilities	80,156,881	83,689,300
Short-term exposure	<u>91,136,950</u>	<u>96,307,130</u>
Financial assets	-	-
Financial liabilities	-	-
Long-term exposure	<u>-</u>	<u>-</u>

The following table illustrates the sensitivity of the net result for the year and equity in regards to Company's financial assets and liabilities and US Dollar - Pak Rupee exchange rate and Bangladesh Taka (BD Taka)-Pak Rupees exchange rate.

It assumes a + 12.94%/-9.29% change of the US Dollar exchange rate for the year ended at June 30, 2009 (2008: 4.18%/-11.27%) and a + 14.58%/-8.76% change of the BD Taka exchange rate for the year ended at June 30, 2009 (2008: 6.22%/-11.07%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on Company's foreign currency financial instruments held at each balance sheet date.

If the Pak Rupee had strengthened against the US Dollar by 12.94% (2008: 4.18%) and BD Taka by 14.58% (2008: 6.22%) then this would have had the following impact:

	2009 USD Rupees	2008 USD Rupees	2009 BD Taka Rupees	2008 BD Taka Rupees
Net result for the year (exchange loss)	10,769,209	3,525,387	577,548	138,870

If the Pak Rupee had weakened against the US Dollar by 9.29% (2008: 11.27%), and BD Taka by 8.76% (2008: 11.07%) then this would have had the following impact:

	2009 USD Rupees	2008 USD Rupees	2009 BD Taka Rupees	2008 BD Taka Rupees
Net result for the year (exchange gain)	7,728,741	9,509,090	435,622	294,882

24.2 Interest rate sensitivity

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company does not have any long term bank borrowing and short term borrowings. The Company adopts policy to make fixed rate investment in instrument like TDRs so as to insure minimization of interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instrument was:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Fixed rate instrument	%	%	Rupees	Rupees
Financial assets				
Short term investments	2.40 to 16.25	4.10 to 5.10	234,020,130	96,421,265
Cash & bank balances	0.50 to 10.00	1.50 to 5.00	113,077,868	69,484,777
			<u>347,097,998</u>	<u>165,906,042</u>
Financial liabilities			-	-
			<u>347,097,998</u>	<u>165,906,042</u>

24.3 Credit risk analysis

Credit risk represents the accounting loss that would be recognised on the reporting date if counter parties failed completely to perform as contracted. The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	June 30, 2009	June 30, 2008
	Rupees	Rupees
Classes of financial assets - carrying amounts		
Long term deposits	-	162,650
Trade and other receivables	150,711,355	224,791,089
Cash and cash equivalents	361,333,314	178,836,785
	<u>512,044,669</u>	<u>403,790,524</u>

The Company's measurement continuously monitors defaults of customers and other counterparties, identified either individual or by group. Where available at reasonable cost, external credit ratings on counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Management considers that all the above financial assets that are not impaired for each of the reporting dates under review are good credit quality, including those that are past due.

Some of the unimpaired trade receivables are past due as at the reporting date. Financial assets due but not impaired can be shown as follows:

	June 30, 2009	June 30, 2008
	Rupees	Rupees
Not more than 3 months	58,243,097	82,725,768
More than 3 months but not more than 6 months	21,119,691	17,195,043
More than 6 months but not more than 1 year	11,607,181	35,652,528
More than 1 year	10,629,971	36,885,485
	<u>101,599,940</u>	<u>172,458,824</u>

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristic. Trade receivables consists of large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality credit ratings.

24.4 Liquidity risk analysis

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of business. The Company follows an effective cash flow management and planning policy to ensure the availability of funds and to take appropriate measures for new requirements.

At balance sheet date, the Company's liabilities have contractual maturities which are summarised below:

	June 30, 2009 Rupees	June 30, 2008 Rupees
Financial liabilities		
Trade payables		
Maturity with in 1 year	125,105,630	153,719,383
Maturity after 1 year	-	-
	<u>125,105,630</u>	<u>153,719,383</u>
Other payables		
Maturity with in 1 year	79,809,147	55,936,413
Maturity after 1 year	-	-
	<u>204,914,777</u>	<u>209,655,796</u>

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

24.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and service charge out rate will effect the Company's incomes or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing the return on risk.

24.6 Summary of financial assets and liabilities by category

The carrying amounts of the Company's financial assets and liabilities are recognised at the balance sheet date of the reporting period under review may also be categorized as follows:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	June 30, 2009 Rupees	June 30, 2008 Rupees
Financial assets		
Loan and receivables		
Non-current:		
Long term deposits	-	162,650
Current:		
Trade debts	101,599,940	172,458,824
Advances, deposits, and other receivables	49,111,415	52,332,265
Cash and cash equivalent	361,333,314	178,836,785
	<u>512,044,669</u>	<u>403,790,524</u>
Financial liabilities		
Financial liabilities measured at amortized cost		
Creditors, accrued and other liabilities	125,105,630	153,719,383
Other payable	78,846,107	55,683,773
Due to associated companies	963,040	252,640
	<u>204,914,777</u>	<u>209,655,796</u>

25 REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company, are as follows:

	June 2009 Rupees			June 2008 Rupees		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	480,000	-	8,949,966	300,000	-	2,128,814
Other allowances	307,000	1,676,966	4,310,228	-	-	1,209,187
Meeting fee/Honorarium	114,000	476,000	-	226,000	940,000	-
	<u>901,000</u>	<u>2,152,966</u>	<u>13,260,194</u>	<u>526,000</u>	<u>940,000</u>	<u>3,338,001</u>
Number of persons including those who worked part of the year	1	10	8	1	6	2

The Chief Executive, Chairman and Executives of the Company are also provided company maintained vehicles for official purpose only.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
26 NUMBER OF EMPLOYEES		
Total number of employees at the end of the year	<u>257</u>	<u>249</u>

27 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company on October 02, 2009.

28 MOVEMENT BETWEEN RESERVES & PROPOSED DIVIDEND

The Board of Directors in its meeting held on October 02, 2009 approved i) transfer of Rs. 50 million (2008:Rs.50 million) from unappropriated profit to general reserves; (ii) final cash dividend of Rs. 5 per share (2008:Rs.4.00 per share) amounting to Rs. 39.204 million (2008:Rs.31.363 million). The financial statements for the period ended June 30, 2009 do not include the effect of aforementioned movement between reserves and proposed dividend.

29 RECLASSIFICATION

Long term customers' deposits have been reclassified as "customers' deposits" now disclosed under current liabilities. This presentation has been made to make the financial statements more realistic as majority of the agreements are for a period of one year. The comparative figures have been accordingly disclosed.

30 GENERAL

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

Amjad Hussain Qureshi
Director

Syed Mahmood Ahmad
Chief Executive

**PATTERN OF HOLDING OF THE SHARES HELD BY THE
SHAREHOLDERS OF PAK DATACOM LIMITED AS AT JUNE 30, 2009
FORM 34 (SECTION - 236)**

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARE HELD
	FROM	TO	
1415	1	100	45,624
432	101	500	122,199
74	501	1,000	56,963
122	1,001	5,000	295,295
26	5,001	10,000	194,746
8	10,001	15,000	91,860
3	15,001	20,000	55,100
2	20,001	25,000	43,320
6	25,001	30,000	165,550
1	30,001	35,000	34,300
2	35,001	40,000	74,600
1	80,001	85,000	82,500
4	85,001	90,000	349,600
1	95,001	100,000	100,000
1	140,001	145,000	143,119
1	145,001	150,000	147,426
1	150,001	155,000	153,200
1	605,001	610,000	605,831
1	760,001	765,000	760,884
1	4,315,001	4,320,000	4,318,683
2103			7,840,800

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE %
Associated Companies	1	4,318,683	55.08
Others	3	21,050	0.27
Financial Institution	3	290,577	3.71
Joint Stock Companies	16	75,988	0.97
Investment Companies	1	32	0.00
Insurance Companies	1	605,831	7.73
Individual	2,078	2,477,179	32.25
TOTAL	2,103	7,840,800	100.00

NAME WISE DETAIL OF SHAREHOLDERS		
Categories of shareholders	Shares Held	Percentage (%)
ASSOCIATED COMPANIES		
Telecom Foundation	4,318,683	55.08
NIT & ICP		
Investment Corporation Of Pakistan	32	0
CHAIRMAN, DIRECTORS, CHIEF EXECUTIVE & THEIR SPOUSE/CHILDREN		
Gul Bahadar Yousafzai	-	-
Syed Mahmood Ahmad	-	-
Ifrikhar Ahmed Raja	-	-
Syed Gauhar Ali	-	-
Amjad Hussain Qureshi	-	-
Muhammad Arif	-	-
Sheikh Muhammad Afzal	-	-
INSURANCE COMPANIES		
State Life Insurance Corporation Of Pakistan	605,831	7.73
FINANCIAL INSTITUTIONS		
National Bank Of Pakistan	290,577	1.83
National Bank Of Pakistan Trustee Deptt.	143,119	1.88
NBP Trustee-Ni (U) T (Loc) Fund	147,426	1.88
MODARABA AND MUTUAL FUNDS		
Golden Arrow Selected Stocks Fund Ltd	-	-
OTHER COMPANIES		
Pakistan Emerging Venture Ltd	29,150	0.37
Yasir Mahmood Securities (Pvt) Ltd	6,500	0.08
Y.S. Securities & Services (Pvt) Ltd	1,540	0.02
Sarfraz Mahmood (Pvt) Ltd	26	0.00
Darson Securities (Pvt) Ltd	33	0.00
Pearl Securities (Pvt) Ltd	20,300	0.26
Capital Vision Securities (Pvt) Ltd	210	0.00
Mian Mohammed Akram Securities (Pvt) Ltd	6,400	0.08
Sultan Textile Mills Karachi Ltd	50	0.00
Stock Master Securities (Pvt) Ltd	46	0.00
Hum Securities Ltd	1,800	0.02
United Capial Securities (Pvt) Ltd	200	0.00
Amin Tai Securities (Pvt) Ltd	37,600	0.48
Kai Securities (pvt) Ltd	80	0.00
Al-Haq Securities (Pvt) Ltd	440	0.01
Durvesh Securities (Pvt) Ltd	8	0.00
NON RESIDENT		
CMB (I) Trustee For GT	352	0.00
Dester Management Ltd	110	0.00
Lehman Brothers Securities	10,480	0.13
Somers Nominees (far East) Ltd	5,108	0.07
Morgan Stanley Bank Luxembourg	5,108	0.07
Pictet & CIE	1,380	0.02
GENERAL PUBLIC	2,208,211	28.16
TOTAL	7,840,800	100.00
SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING RIGHTS IN THE COMPANY		
NAME(S) OF SHAREHOLDERS(S)	SHARE HELD	Percentage (%)
Telecom Foundation	4,318,683.00	55.08
TOTAL	4,318,683.00	55.08

FORM OF PROXY

PAK DATACOM LIMITED

I, _____

of _____

being member of Pak Datacom Limited and a holder of _____

ordinary shares as per Share Register Folio Number _____ (Number of Shares)

_____ hereby appoint _____ (Name)

_____ of _____

who is also a member of Pak Datacom Limited as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on October 28, 2009 at 11:00 am and at any adjournment thereof.

Signed _____ day of _____
(Signature)

Name _____

Please affix
Rs. 5/-
revenue stamp

Specimen Signature of Proxy

Specimen Signature of Proxy

WITNESS 1: _____
Signature _____
Name _____
Address _____

CNIC No _____

WITNESS 1: _____
Signature _____
Name _____
Address _____

CNIC No _____

Note:

1. The proxy in order to be valid must be signed across a Rs. 5/- revenue stamp and should be deposited in the Head Office of the Company not later than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/ she is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.
4. If a proxy is granted by a member who has deposited his / her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account/ sub-account number alongwith attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representative of corporate members should bring the usual documents required for such purpose.