



KPMG Taseer Hadi & Co.
Chartered Accountants

**Pakistan Mobile Communications
Limited**

**Special Purpose Consolidated
Financial Statements**

For the year ended
31 December 2023



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Chief Executive Officer of Pakistan Mobile Communications Limited

Opinion

We have audited the accompanying special purpose consolidated financial statements of **Pakistan Mobile Communications Limited** (the Holding Company) and its subsidiary companies namely LINKdotNET Telecom Limited (LDNT), LINKdotNET Pakistan (Private) Limited (LDNP) and Beyond Digital (Private) Limited (BDPL) (herein after referred to as "the Designated Group"), which comprise the special purpose consolidated statement of financial position as at 31 December 2023, and the special purpose consolidated statement of profit or loss and other comprehensive income, the special purpose consolidated statement of changes in equity and the special purpose consolidated statement of cash flows for the year then ended and notes to the special purpose financial statements comprising material accounting policy information and other explanatory information.

In our opinion, the special purpose consolidated financial statements of the Designated Group for the year ended 31 December 2023 are prepared in all material respects, in accordance with the basis of accounting as disclosed in note 2 to these special purpose consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the special purpose consolidated financial statements, which describes the basis of accounting. These special purpose consolidated financial statements have been prepared to meet the requirements of the Securities and Exchange Commission of Pakistan (SECP) for the purpose of Group Taxation. The Holding Company and three of its subsidiaries namely LINKdotNET Pakistan (Private) Limited, LINKdotNET Telecom Limited and Beyond Digital (Private) Limited have been designated for Group Taxation purposes by SECP through its certificate No. GD-000065 dated 12 May 2023. Therefore, the financial statements of other subsidiaries, Deodar (Private) Limited (Deodar) and JazzCash (Private) Limited (JazzCash) have



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not been consolidated and investments in these subsidiaries are stated at cost. Our report is intended solely for the management of the Company and tax authorities and should not be used by parties other than the management of the Company and taxation authorities. Our opinion is not modified in respect of this matter.

Other matter

The Holding Company has prepared a separate set of consolidated financial statements as required under the Companies Act 2017, for the year ended 31 December 2023 in accordance with the accounting and reporting standards as applicable in Pakistan on which we issued a separate auditors' report to the shareholders of the Holding Company dated **26 March 2024**.

Responsibilities of Management and Those Charged with Governance for the Special Purpose Consolidated Financial Statements

Management is responsible for the preparation of these financial statements in accordance with basis of accounting as disclosed in note 2 to the special purpose consolidated financial statements, for determining the acceptability of the basis of accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose consolidated financial statements, management is responsible for assessing the Designated Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Designated Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.



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As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Designated Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Designated Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Designated Group to express an opinion on the special purpose consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Moneeza Usman Butt.

Date: 14 May 2024

Karachi

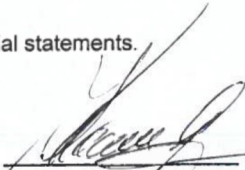

KPMG Taseer Hadi & Co.
Chartered Accountants

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Financial Position
As at December 31, 2023

| | Note | December 31, 2023 | December 31, 2022 |
|---|------|---------------------------|---------------------------|
| ------(Rupees '000)----- | | | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 219,701,981 | 203,033,654 |
| Intangible assets | 6 | 173,494,053 | 189,150,999 |
| Goodwill | 7 | 10,756,101 | 10,756,101 |
| Long-term investments | 8 | 500,100 | 24,011 |
| Long-term deposits and prepayments | 9 | 4,483,753 | 7,121,080 |
| Other receivable | 10 | 98,699,900 | 98,699,900 |
| Customer acquisition costs | 11 | 11,869,790 | 10,494,140 |
| Deferred tax asset - net | 12 | 25,106,596 | 16,750,123 |
| | | <u>544,612,274</u> | <u>536,030,008</u> |
| CURRENT ASSETS | | | |
| Stock in trade | 13 | 2,132,098 | 888,117 |
| Trade debts | 14 | 12,093,756 | 9,707,143 |
| Advances, deposits, prepayments, tax and other assets | 15 | 111,652,210 | 86,020,008 |
| Other financial assets | 16 | 17,983,848 | 27,690,128 |
| Balances with banks | | 8,082,214 | 2,778,988 |
| | | <u>151,944,126</u> | <u>127,084,384</u> |
| TOTAL ASSETS | | <u><u>696,556,400</u></u> | <u><u>663,114,392</u></u> |
| EQUITY AND LIABILITIES | | | |
| CAPITAL AND RESERVES | | | |
| Share capital | 17 | 45,306,936 | 45,306,936 |
| Share premium | 18 | 26,827,179 | 26,827,179 |
| Reserves | 19 | 122,693,204 | 134,954,781 |
| | | <u>194,827,319</u> | <u>207,088,896</u> |
| NON-CURRENT LIABILITIES | | | |
| Long-term borrowings | 20 | 130,764,474 | 135,265,613 |
| Other non current liabilities | 21 | 90,468,047 | 94,497,075 |
| Deferred liabilities | 22 | 2,861,987 | 3,053,500 |
| Deferred tax liability - net | 23 | 141,180 | 353,067 |
| | | <u>224,235,688</u> | <u>233,169,255</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 24 | 160,469,527 | 159,072,867 |
| Dividend payable | | 21,529,504 | 185 |
| Borrowings and other liabilities | 25 | 75,640,223 | 46,162,663 |
| Provision for taxation - net | | 19,854,139 | 17,620,526 |
| | | <u>277,493,393</u> | <u>222,856,241</u> |
| TOTAL LIABILITIES | | <u>501,729,081</u> | <u>456,025,496</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>696,556,400</u></u> | <u><u>663,114,392</u></u> |
| CONTINGENCIES AND COMMITMENTS | 26 | | |

The annexed notes, 1 to 42 form an integral part of these special purpose consolidated financial statements.


Chief Executive Officer


Chief Financial Officer

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Profit or Loss and
Other Comprehensive Income

For the year ended December 31, 2023

| | Note | December 31, 2023 ------(Rupees '000)----- | December 31, 2022 |
|--|------|--|----------------------|
| REVENUE - net | 27 | 261,093,315 | 230,743,194 |
| Cost of services | 28 | (168,855,414) | (140,081,810) |
| GROSS PROFIT | | 92,237,901 | 90,661,384 |
| Selling, general and administrative expenses | 29 | (44,130,960) | (38,323,718) |
| Loss allowance on trade debts | | (1,951,573) | (1,291,369) |
| Other operating expenses | 30 | (21,597,708) | (14,991,786) |
| Other operating income | 31 | 44,032,297 | 37,666,144 |
| OPERATING PROFIT | | 68,589,957 | 73,720,655 |
| Finance costs | 32 | (46,298,539) | (26,205,736) |
| PROFIT BEFORE TAXATION | | 22,291,418 | 47,514,919 |
| Taxation | 33 | (9,609,094) | (17,404,459) |
| PROFIT AFTER TAXATION | | 12,682,324 | 30,110,460 |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE INCOME | | 12,682,324 | 30,110,460 |

The annexed notes, 1 to 42 form an integral part of these special purpose consolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Changes in Equity
For the year ended December 31, 2023

| | Issued, subscribed and paid-up capital | Share Premium | Capital Reserves | | Revenue Reserve | TOTAL |
|--|---|-------------------|---|---|--------------------------|--------------------|
| | | | Common control entity acquisition reserve | Pre-merger accumulated profit reserve | Unappropriated profit | |
| (Rupees '000) | | | | | | |
| BALANCE AS AT JANUARY 1, 2022 | 45,306,936 | 26,827,179 | (1,065,291) | 7,769,594 | 117,920,997 | 196,759,415 |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | - | - | - | - | 30,110,460 | 30,110,460 |
| Other comprehensive income for the year | - | - | - | - | - | - |
| | - | - | - | - | 30,110,460 | 30,110,460 |
| Transactions with owners | | | | | | |
| Final dividend - 2021 at the rate of Rs. 4.366 per share | - | - | - | - | (19,780,979) | (19,780,979) |
| BALANCE AS AT DECEMBER 31, 2022 | 45,306,936 | 26,827,179 | (1,065,291) | 7,769,594 | 128,250,478 | 207,088,896 |
| BALANCE AS AT JANUARY 1, 2023 | 45,306,936 | 26,827,179 | (1,065,291) | 7,769,594 | 128,250,478 | 207,088,896 |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | - | - | - | - | 12,682,324 | 12,682,324 |
| Other comprehensive income for the year | - | - | - | - | - | - |
| | - | - | - | - | 12,682,324 | 12,682,324 |
| Amalgamation with Business and Communication Systems (BCS) and Veon Global Services (Private) | - | - | - | - | 131,659 | 131,659 |
| Transactions with owners | | | | | | |
| Final dividend - 2022 at the rate of Rs. 5.53 per share | - | - | - | - | (25,075,560) | (25,075,560) |
| BALANCE AS AT DECEMBER 31, 2023 | <u>45,306,936</u> | <u>26,827,179</u> | <u>(1,065,291)</u> | <u>7,769,594</u> | <u>115,988,901</u> | <u>194,827,319</u> |

The annexed notes, 1 to 42 form an integral part of these special purpose consolidated financial statements.


Chief Executive Officer


Chief Financial Officer

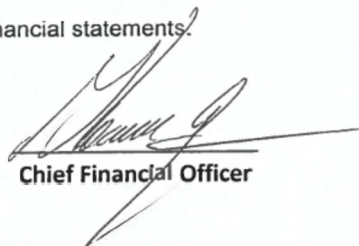
Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Cash Flows
For the year ended December 31, 2023

For the year ended December 31, 2023

| Note | December 31, 2023 | December 31, 2022 |
|---|---------------------------|--------------------------|
| | ----- (Rupees '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 22,291,418 | 47,514,919 |
| Adjustments for: | | |
| Depreciation, amortization and impairment | 54,291,820 | 47,733,207 |
| Provisions | 1,928,170 | 1,207,039 |
| Exchange loss - net | 21,117,272 | 14,350,677 |
| Gain on disposal of operating fixed assets | (138,110) | (239,330) |
| Interest income | (22,499,605) | (14,959,120) |
| Finance costs | 46,298,539 | 26,205,736 |
| | <u>100,998,086</u> | <u>74,298,209</u> |
| Changes in working capital | | |
| Stock-in-trade | (1,220,578) | 41,078 |
| Trade debts | 4,345,591 | (9,679,576) |
| Advances, deposits, prepayments, tax and other assets | (3,409,807) | (273,851) |
| Trade and other payables | (4,457,672) | (4,253,149) |
| | <u>(4,742,466)</u> | <u>(14,165,498)</u> |
| Cash flows from operations | 118,547,038 | 107,647,630 |
| Income taxes paid | (15,943,841) | (19,354,277) |
| Finance cost paid | (35,259,490) | (16,421,525) |
| Customer acquisition costs paid | (5,003,423) | (5,025,886) |
| Net cash generated from operating activities | <u>62,340,284</u> | <u>66,845,942</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (37,188,164) | (32,836,380) |
| Sale proceeds from disposal of operating fixed assets | 222,218 | 469,268 |
| Purchase of intangible assets | (22,480,417) | (55,136,085) |
| Long term deposits and prepayments | 2,637,327 | (3,271,305) |
| Investment in subsidiary | (500,000) | - |
| Interest received | 277,210 | 59,389 |
| Net cash used in investing activities | <u>(57,031,826)</u> | <u>(90,715,113)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long term borrowings | (13,685,567) | (8,529,556) |
| Proceeds from long term borrowings | 10,000,000 | 70,000,000 |
| Short term borrowings | 5,701,646 | (126,447) |
| Repayment of lease liabilities | (8,179,227) | (5,215,896) |
| Dividend paid | (3,546,241) | (23,076,587) |
| Net cash (used in)/generated from financing activities | <u>(9,709,389)</u> | <u>33,051,514</u> |
| Net (decrease)/increase in cash and cash equivalents | <u>(4,400,931)</u> | <u>9,182,343</u> |
| Cash and cash equivalents at beginning of the year | <u>30,469,116</u> | <u>21,301,142</u> |
| Effects of exchange rate changes on cash and cash equivalents | (2,123) | (14,369) |
| Cash and cash equivalents at end of the year | <u><u>26,066,062</u></u> | <u><u>30,469,116</u></u> |

The annexed notes, 1 to 42 form an integral part of these special purpose consolidated financial statements.


Chief Executive Officer


Chief Financial Officer