



KPMG Taseer Hadi & Co.
Chartered Accountants

Pakistan Mobile Communications Limited

Special Purpose Consolidated
Financial Statements
For the year ended
31 December 2022



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 37131900, Fax +92 (21) 35685095

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 Registered Group"), which comprise the special purpose consolidated statement of financial position as at 31 December 2022, 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 including a summary of significant accounting policies.

In our opinion, the special purpose consolidated financial statements of the Registered Group for the year ended 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

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 Telecom Limited, LINKdotNET Pakistan (Private) Limited and Beyond Digital (Private) Limited have been registered for Group Taxation purposes by SECP vide its certificate number GR-000112 dated 26 December 2022. Therefore, the financial statements of other subsidiaries, Business and Communication Systems (Private) Limited (BCS), Deodar (Private) Limited (Deodar) and VEON Global Services (Private) Limited (VGSP) have not been



KPMG Taseer Hadi & Co.

consolidated and investments in these subsidiaries is stated at cost. Further, since SECP has registered the specific companies as a Group for taxation purposes from 26 December 2022, hence comparative figures are not presented. As a result, these special purpose consolidated financial statements may not be suitable for any other purpose. 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 2022 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 09 March 2023.

Information Other than the Special Purpose Consolidated Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 2.2 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 Registered 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.



KPMG Taseer Hadi & Co.

Those charged with governance are responsible for overseeing the Registered 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 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 consolidated financial statements.

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 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 Registered 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 Registered Group to cease to continue as a going concern.



KPMG Taseer Hadi & Co.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Registered 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: 25 September 2023

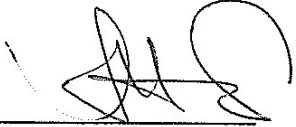
Karachi

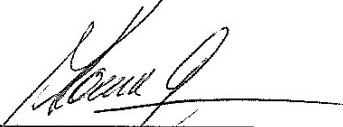

KPMG Taseer Hadi & Co.
Chartered Accountants

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Financial Position
As at December 31, 2022

	Note	December 31, 2022 (Rupees '000)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5	203,033,654
Intangible assets	6	189,150,999
Goodwill	7	10,756,101
Long-term investments	8	24,011
Long-term deposits and prepayments	9	7,121,080
Other receivable	10	98,699,900
Customer acquisition costs	11	10,494,140
Deferred tax asset - net	12	16,750,123
		<u>536,030,008</u>
CURRENT ASSETS		
Stock in trade	13	888,117
Trade debts	14	9,707,143
Advances, deposits, prepayments, tax and other assets	15	86,020,008
Other financial assets	16	27,690,128
Balances with banks		2,778,988
		<u>127,084,384</u>
TOTAL ASSETS		<u><u>663,114,392</u></u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Share Capital	17	45,306,936
Share premium	18	26,827,179
Reserves	19	134,954,781
		<u>207,088,896</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	20	135,265,613
Other non current liabilities	21	94,497,075
Deferred liabilities	22	3,053,500
Deferred tax liability - net	23	353,067
		<u>233,169,255</u>
CURRENT LIABILITIES		
Trade and other payables	24	159,072,867
Dividend payable		185
Borrowings and other liabilities	25	46,162,663
Provision for taxation - net		17,620,526
		<u>222,856,241</u>
TOTAL LIABILITIES		456,025,496
TOTAL EQUITY AND LIABILITIES		<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

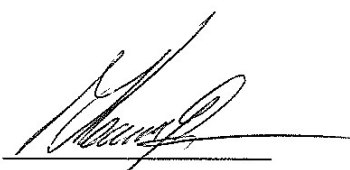
Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Profit or Loss and
Other Comprehensive Income

For the year ended December 31, 2022

	<i>Note</i>	December 31, 2022 (Rupees '000)
REVENUE - net	27	230,743,194
Cost of services	28	(140,081,810)
GROSS PROFIT		<u>90,661,384</u>
Selling, general and administrative expenses	29	(38,323,718)
Loss allowance on trade debts		(1,291,369)
Other operating expenses	30	(14,991,786)
Other operating income	31	37,666,144
OPERATING PROFIT		<u>73,720,655</u>
Finance costs	32	(26,205,736)
PROFIT BEFORE TAXATION		<u>47,514,919</u>
Taxation	33	(17,404,459)
PROFIT AFTER TAXATION		<u>30,110,460</u>
Other comprehensive income		-
TOTAL COMPREHENSIVE INCOME		<u><u>30,110,460</u></u>

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


 Chief Executive Officer

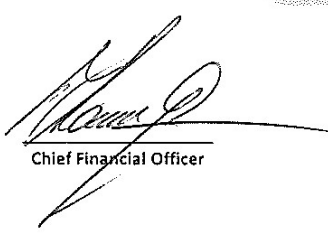

 Chief Financial Officer

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Changes in Equity
For the year ended December 31, 2022

	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

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

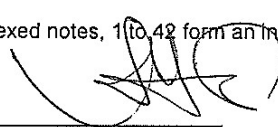

Chief Executive Officer

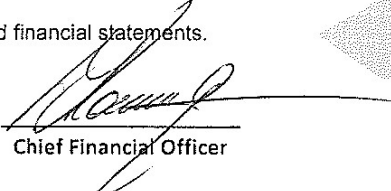

Chief Financial Officer

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Cash Flows
For the year ended December 31, 2022

	December 31, 2022
	(Rupees '000)
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	47,514,919
Adjustments for:	
Depreciation, amortization and impairment	47,733,207
Provisions	1,207,039
Exchange loss - net	14,350,677
Gain on disposal of operating fixed assets	(239,330)
Interest income	(14,959,120)
Finance costs	26,205,736
	<u>74,298,209</u>
Changes in working capital	
Stock-in-trade	41,078
Trade debts	(9,679,576)
Advances, deposits, prepayments, tax and other assets	(273,851)
Trade and other payables	(4,253,149)
	<u>(14,165,498)</u>
Cash flows from operations	107,647,630
Income taxes paid	(19,354,277)
Finance cost paid	(16,421,525)
Customer acquisition costs paid	(5,025,886)
Net cash generated from operating activities	<u>66,845,942</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(32,836,380)
Sale proceeds from disposal of operating fixed assets	469,268
Purchase of intangible assets	(55,136,085)
Long term deposits and prepayments	(3,271,305)
Interest received	59,389
Net cash used in investing activities	<u>(90,715,113)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of long term borrowings	(8,529,556)
Proceeds from long term borrowings	70,000,000
Short term borrowings	(126,447)
Repayment of lease liabilities	(5,215,896)
Dividend paid	(23,076,587)
Net cash generated from financing activities	<u>33,051,514</u>
Net increase in cash and cash equivalents	<u>9,182,343</u>
Cash and cash equivalents at beginning of the year	21,301,142
Effects of exchange rate changes on cash and cash equivalents	(14,369)
Cash and cash equivalents at end of the year	<u><u>30,469,116</u></u>
Cash and cash equivalents comprises of:	
Other financial assets	27,690,128
Balances with banks	2,778,988
	<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