



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
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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 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



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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.



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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.



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- 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

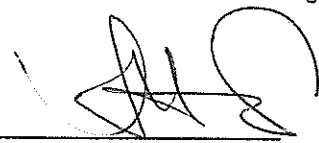
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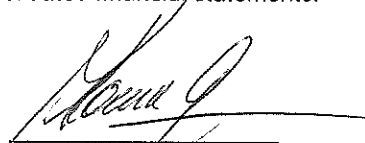

KPMG Taseer Hadi & Co.
Chartered Accountants

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		<u>456,025,496</u>
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.

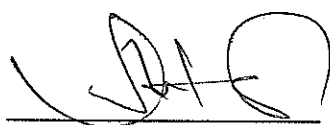

Chief Executive Officer



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

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

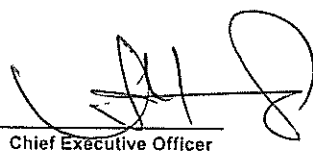

Chief Executive Officer


Chief Financial Officer

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

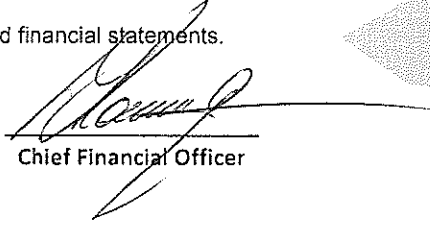

Chief Financial Officer

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

Pakistan Mobile Communications Limited

Notes to and forming part of the Special Purpose Consolidated Financial Statements

For the year ended December 31, 2022

1 THE REGISTERED GROUP AND ITS OPERATIONS

Pakistan Mobile Communications Limited (Parent Company) was incorporated in Pakistan on December 27, 1990 as a private limited company, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). On February 16, 2005, the status of the Parent Company was changed from a private limited to a public limited Company. The Parent Company has established a Cellular Mobile Telephone System in Pakistan and territory of Azad Jammu and Kashmir (AJK) and Gilgit – Baltistan. The Parent Company is principally engaged in providing GSM cellular telecommunication services. The Parent Company holds licenses for operations in Pakistan as well as AJK and Gilgit-Baltistan.

The Parent Company is a subsidiary of International Wireless Communications Pakistan Limited (incorporated in Malta) ("IWCPL"), directly and indirectly (through Telecom Management Group Limited ("TMGL") holds 85% of the issued share capital in the Parent Company. VEON Pakistan Holdings B.V (incorporated in Netherlands) ("VEON Pak") holds 15% of the issued share capital in the Parent Company. The ultimate parent company is VEON Ltd with its headquarters in Amsterdam, The Netherlands (incorporated in Bermuda) ("VEON").

The registered office of the Parent Company is located at Digital Headquarters, 1-A, DHQ-1, F-8 Markaz, Kohistan Road, Islamabad, Pakistan. The Parent Company has a 100% direct equity interest in LINKdotNET Telecom Limited (LDNT), Business and Communication Systems (Private) Limited (BCS), Beyond Digital (Private) Limited (BDPL), Deodar (Private) Limited and VEON Global Services (Private) Limited (VGSP) and indirect equity interest through its subsidiary LDNT in LINKdotNET Pakistan (Private) Limited (LDNP).

LDNT was incorporated in Pakistan on August 22, 1997, as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) having its registered office in Lahore. It was subsequently converted into a public limited company in January 2005. The objects of LDNT are to carry-on the business of software development, providing long distance and international access, wireless local loop services, class value added services and the provision of internet and related services. LDNT has a 100% equity interest in LINKdotNET Pakistan (Private) Limited (LDNP). LDNP was incorporated on August 7, 2000 as a private limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), having its registered office in Islamabad. LDNP is principally engaged in setting up and operating a country wide network for value added telecommunication services such as the Digital Subscriber Line (DSL).

BCS was incorporated in 1986, as a private limited company, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017), having its registered office in Islamabad. The principal activities of which are provision of human resource services and consultancy services relating to computerization and automation to the Parent Company and its associated undertakings.

Deodar was incorporated in August 2016, under the repealed Companies Ordinance, 1984 (now, Companies Act, 2017), having its registered office in Islamabad. The principal activities of Deodar is to carry on business of establishing, developing, expanding, enhancing, managing, operating and to provide consultancy with regards to telecommunication systems including towers, systems, signals, data, message and to extend the business of telecommunication.

VGSP was incorporated as a private limited Company on August 1, 2016 under the repealed Companies Ordinance 1984 (now Companies Act, 2017), having its registered office in Islamabad. The Parent Company has acquired 99.99997% shareholding (31,431,001 ordinary shares of Rs 10 each) of VGSP on January 01, 2019. The principal activities of VGSP are provision of services related to running, operating, managing and supplying data processing and information retrieval systems.

BDPL was incorporated in Pakistan on 27 May 2022 as a private limited company under the Companies Act, 2017, having its registered office in Islamabad. The principal activity of BDPL is to provide digital platform services to its customers.

2 BASIS OF PREPARATION

2.1 Basis Of Special Purpose Consolidation

The Parent and its subsidiaries namely LINKdotNET Pakistan (Private) Limited, LINKdotNET Telecom Limited and Beyond Digital (Private) Limited, (hereinafter referred to as Registered Group), have been registered as a Group for Group Taxation purposes with Securities and Exchange Commission of Pakistan (SECP) under regulation 4 of the Group Companies Registration Regulations, 2008, as confirmed by the SECP vide its certificate no. GR-000112 dated 26 December 2022.

Therefore, these Special Purpose Consolidated Financial Statements of the Registered Group comprise the financial statements of Pakistan Mobile Communications Limited, LINKdotNET Telecom Limited, LINKdotNET Pakistan (Private) Limited and Beyond Digital (Private) Limited and resultantly 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 consolidated and investments in these subsidiaries is stated at cost. The accounting policies used by the registered subsidiary companies in preparation of their financial statements are consistent with that of the Parent Company.

2.2 Statement of compliance

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 using the accounting policies disclosed in note 3 to these special purpose consolidated financial statements.

Owing to the non-consolidation of BCS, Deodar and VGSP as disclosed in the preceding paragraphs, these special purpose consolidated financial statements of the Registered Group are being specifically prepared to meet the requirements of SECP for the purpose of Group Taxation and accordingly are not suitable for any other purpose. Further, since SECP has registered the specific companies as a Group for taxation purposes from 26 December 2022, hence comparative figures are not presented.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of measurement

These special purpose consolidated financial statements have been prepared on the basis of the historical cost convention, except stated otherwise.

3.2 Subsidiaries within Registered Group

Subsidiaries are entities controlled by the Registered Group. The Registered Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity generally accompanying a shareholding of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Registered Group and up to the date when the control ceases.

The acquisition method of accounting is used to account for the acquisition of the subsidiaries by the Registered Group. The cost of acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the acquisition date. The cost of acquisition includes fair value of assets and liabilities resulting from contingent consideration agreement. Identifiable assets acquired and the liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. Transactions costs are expensed as incurred except if related to the issue of debt or equity securities.

The excess of the consideration transferred and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

On loss of control, the Registered Group derecognizes the assets and liabilities of the subsidiary and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in the statement of comprehensive income. If the Registered Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

All intercompany balances, transactions and related unrealized profits and losses of the Registered Group are eliminated on consolidation.

3.3 Functional and presentation currency

Items included in these special purpose consolidated financial statements are measured using the currency of the primary economic environment in which the Registered Group operates. The special purpose consolidated financial statements are presented in Pakistan Rupees, which is the Registered Group's functional currency.

3.4 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

All exchange differences are routed through special purpose consolidated profit or loss.

3.5 Property, plant and equipment

(I) Operating fixed assets

These are stated at cost less accumulated depreciation, and impairment, if any. Cost in relation to operating fixed assets comprises of acquisition and other directly attributable cost, including site dismantling and restoration costs. Software that is embedded or is integral to the functionality of the related equipment is capitalized as part of cost of that asset.

Depreciation is charged to income applying the straight-line method at the rates mentioned in note 5 of these special purpose consolidated financial statements, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month of acquisition with no charge of depreciation in the month of derecognition. No depreciation is charged on leasehold land as cost of renewing the lease is nominal and realizable value is higher than cost.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

The cost of replacing part of an item of operating fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Registered Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of operating fixed assets are recognized in the profit or loss as incurred.

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of operating fixed assets is the greater of fair value less cost to disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the profit or loss.

(ii) Right-of-use assets

The Registered Group assesses whether a contract is or contains a lease, at inception of a contract. The Registered Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreement with it is the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses in accordance with IAS 36 "Impairment of Assets", if any, and adjusted for certain remeasurements of the lease liability.

Asset retirement obligations for dismantling masts, active equipment and leasehold equipment are recognised against Property, Plant and Equipment (PPE) and not specifically against right-of-use asset within PPE.

(iii) Capital work-in-progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their erection, installation and acquisition.

3.6 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Registered Group and that the cost of such an asset can also be measured reliably.

Intangible assets are measured on initial recognition at cost, being the fair value of the consideration given except for Warid 2G/LTE license, Trademark and Customer relationships recognized at fair value on acquisition of Warid Telecom (Private) Limited on July 1, 2016. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment, if any.

The useful lives of intangible assets are assessed as either finite or indefinite. The Registered Group does not have an intangible asset with indefinite useful life. Intangible assets with finite useful life are amortized over their year of economic useful life. The Registered Group's intangible assets with finite useful life include software, licenses, trademarks and customer relationships which are amortized on a straight-line basis over their year of useful economic life and license year, respectively.

In respect of additions and disposal of intangible assets made during the year, amortization is charged to profit or loss from the month of acquisition and up to the month preceding the disposal of such intangible assets.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of intangible assets is the greater of fair value less cost to sell and value in use.

3.7 Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the excess is recognized immediately in the profit or loss.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent year.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.8 Customer acquisition costs

Incremental costs of obtaining a customer contract are recognized as an asset and amortized over the average customer life, if the entity expects to recover these costs. These costs are cost that the Registered Group incurs to obtain a contract with a customer that it would not have incurred if the contract has not been obtained. These capitalized costs include the following:

(a) Commission to franchisees

The Registered Group regularly pays commission to franchisees for signing up of new customers to its network.

(b) Customer ID verification costs

The Registered Group is required to perform new customer identification verification prior to providing a customer with a new or replacement SIM card, with ID verification fees paid to government i.e. National Database and Registration Authority.

(c) Mobile Number Portability (MNP) Commission

The Registered Group pays commissions to other retailers each time a customer port-ins to its network.

3.9 Stock-in-trade

Stock-in-trade is measured at the lower of cost and net realizable value. The cost of stock-in-trade is based on the weighted average cost, and includes expenditure incurred in purchasing the items and other costs incurred in bringing them to their existing location and condition.

Net realizable value signifies the estimated selling price, in the ordinary course of business, less estimated costs necessarily incurred to make the sale.

3.10 Trade debts

These are recognized and carried at the original invoice amounts, being the fair value, less loss allowance, if any. For measurement of loss allowance for trade debts, the Registered Group applies IFRS 9 simplified approach to measure the expected credit losses.

3.11 Advances, deposits and other receivables

These are recognized at cost, which is the fair value of the consideration given. For measurement of loss allowance for advances, deposits and other receivables, the Company applies the IFRS 9 simplified approach to measure the expected credit losses.

3.12 Provision for site dismantling and restoration costs

Provision for site dismantling and restoration costs exists where the Registered Group has a legal or constructive obligation to remove an infrastructure asset and restore the site. Site dismantling and restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the particular asset. The cash flows are discounted at a rate that reflects the risk specific to the site dismantling and restoration costs obligation.

Subsequent to initial recognition, an unwinding expense relating to the provision is periodically recognized as finance cost.

While the provision is based on the best estimate of future costs and the useful lives of infrastructure assets, there is uncertainty regarding both the amount and timing of incurrence of these costs. Any subsequent change in the present value of the estimated expenditure due to changes in the gross removal costs or discount rates, is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to infrastructure assets.

3.13 Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Registered Group's incremental borrowing rate. Generally, the Registered Group uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Registered Group is reasonably certain to exercise, lease payments in an optional renewal year if the Registered Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Registered Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Registered Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Registered Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in special purpose consolidated profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.14 Staff retirement benefits

The Registered Group operates a defined contribution provident fund trust for the employees of the Registered Group. Equal monthly contributions are made to the fund by the Registered Group and its employees as well as by its associated companies and their employees, at the rate of 10% of the employees' basic pay. The Registered Group's obligation for contribution to the provident fund scheme is recognized in the profit or loss, as incurred.

3.15 Government grants

Grants related to assets are presented in the special purpose consolidated statement of financial position as a reduction to the carrying amount of the relevant asset and are recognized as a reduction to depreciation expense within special purpose consolidated statement of profit or loss, over the same year and in the same proportions as the relevant asset.

3.16 Trade and other payables

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

3.17 Contract Liabilities

The contract liabilities are measured at the amount of consideration received from the customer. Revenue recognised that was included in the unearned revenue balance at the beginning of the period amounts to Rs.4,785,539.

3.18 Provisions and contingent liabilities

Provisions are recognized when the Registered Group has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of such obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liability is disclosed when the Registered Group has a possible obligation as a result of past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Registered Group; or the Registered Group has a present legal or constructive obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of obligation cannot be measured with sufficient reliability.

3.19 Taxation

Income tax expense comprises of current and deferred tax and is recognised in the profit or loss, as incurred.

(i) Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current income tax expense is based on taxable profit at the current rates of taxation or minimum turnover tax or alternate corporate tax, whichever is applicable.

(ii) Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in these

special purpose consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity but they intend to settle current tax liabilities and assets on a net basis or these tax assets and liabilities will be realised simultaneously.

3.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received / or receivable for telecommunication products and services provided in the normal course of business. Revenue is recognized, net of sales taxes, discounts and rebates, when the Registered Group transfers control over services to its customers.

Revenue from telecommunication services comprises amounts charged to customers in respect of airtime usage, messaging, the provision of other mobile telecommunications services, including data services and information.

Airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognized as revenue over the related access year, with unbilled revenue resulting from services already provided from the billing cycle date to the end of each year accrued.

Revenue from prepaid cards is recognized, in the special purpose consolidated profit or loss, to the extent of actual usage made by the customers or on the expiry of validity year of prepaid credit balance, whereas, the unutilized balance is recognized as unearned income in the special purpose consolidated statement of financial position.

Incentives are provided to customers in various forms and are usually offered on signing a new contract or as part of a promotional offering. Where such incentives are provided on connection of a new customer or the upgrade of an existing customer, revenue representing the fair value of the incentive, relative to other deliverables provided to the customer as part of the same arrangement, is deferred and recognized in line with the Registered Group's performance of its obligations relating to the incentive.

Revenue from interconnection of voice and data traffic with other telecommunications operators is recognized at the time the services are performed based on the actual recorded traffic.

Revenue from sale of equipment is recognised when the equipment, including the related significant risks and rewards of ownership, is transferred to the buyer or customer and the Registered Group retains neither the continuing management involvement to the degree usually associated with ownership, nor effective control over the equipment sold.

Revenue for leased line and broad band operations is recognized on the rendering of services.

Revenue from software services is recognized over the year the services are rendered, based upon the percentage of completion method.

3.21 Finance income and finance cost

Finance income comprises interest income on funds invested (financial assets), dividend income, gain on disposal of financial assets and changes in fair value of investments carried at fair value through profit or loss. Interest income is recognized as it accrues in special purpose consolidated profit or loss, using effective interest method. Dividend income is recognized in consolidated profit or loss on the date that the Registered Group's right to receive payment is established.

Finance cost comprise interest expense on borrowings and changes in fair value of investment carried at fair value through profit or loss. Borrowings costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.22 Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of cash flows comprise of bank balances and short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.23 Dividend distribution

Final dividend distributions to the Registered Group's shareholders are recognized as a liability in the special purpose consolidated financial statements in the year in which the dividends are approved by the Registered Group companies' at the Annual General Meeting, while interim dividend distributions are recognized in the year in which the dividends are declared by the Board of Directors.

3.24 Transactions with entities under common control

Business combinations, arising from transfers of interests in entities that are under the control of the shareholder that controls the Registered Group, are accounted for using book value accounting. The excess of the purchase consideration over the book value of net assets acquired is taken to equity as a capital reserve. The Registered Group has a policy to consolidate the results of commonly controlled entities, from the year the acquisition has taken place.

3.25 Financial instruments

Financial assets and financial liabilities are recognized in the special purpose consolidated statement of financial position when the Registered Group becomes a party to the contractual provisions of the instrument.

(a) Financial assets

Classification

The Registered Group classifies its financial assets in the following measurement categories:

- (i) Amortized cost, where the effective interest rate method will apply;
- (ii) Fair value through profit or loss (FVTPL);
- (iii) Fair value through other comprehensive income (FVOCI).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Registered Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Registered Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Registered Group commits to purchase or sell the asset. Further, assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Registered Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Registered Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other operating gains/(losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Impairment expenses are presented as separate line item in the profit or loss.

Fair value through profit and loss (FVTPL)

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other operating gains/(losses) in the year in which it arises.

Equity instruments

The Registered Group subsequently measures all equity investments at fair value. Where the Registered Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other operating income when the Registered Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized in other gains/(losses) in the profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Registered Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Registered Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Registered Group recognizes lifetime ECL for trade debts and other receivables, using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Registered Group's historical credit loss experience, adjusted for factors that are specific to the debtors and other receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

The Registered Group recognizes an impairment gain or loss in the special purpose consolidated profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in special purpose consolidated other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the special purpose consolidated statement of financial position.

(b) Financial liabilities

Classification, initial recognition and subsequent measurement

The Registered Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Registered Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the special purpose consolidated profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition of financial liabilities

The Registered Group derecognizes financial liabilities when, and only when, the Registered Group's obligations are discharged, cancelled or they expire.

Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the special purpose consolidated statement of financial position, when there is legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liability simultaneously.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these special purpose consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Registered Group's accounting policies.

The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the special purpose consolidated financial statements are as follows:

(i) Property, plant and equipment and intangible assets

The Registered Group annually reviews appropriateness of the method of depreciation and amortization, useful life and residual value used in the calculation of depreciation and amortization. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis. In making these estimates, the Registered Group uses technical resources available within the Registered Group. Any change in these estimates in the future, might affect the carrying amount of the respective item of property, plant and equipment and intangible assets, with a corresponding effect on the depreciation, amortization charge, and impairment.

(ii) Customer acquisition costs

The Registered Group reviews appropriateness of useful life of the customers for amortization of customer acquisition cost. Further, where applicable, an estimate of the recoverable amount of customer acquisition costs is made for possible impairment on an annual basis.


(iii) Taxation

In making the estimate for tax payable, the Registered Group takes into account applicable tax laws, the decisions taken by the appellate authorities on certain issues in the past and professional advice of tax consultants of the Registered Group.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iv) Expected credit loss allowance (ECL)

The Registered Group reviews the ECL model which is based on the historical credit loss experience over the life of the trade receivables and adjusted if required. The ECL model is reviewed on a quarterly basis.



(v) Provision for site dismantling and restoration costs

The timing of recognition of provision for site dismantling and restoration costs requires the application of judgement of existing facts and circumstances, which can be subject to change. In determining the present value of the provision for site dismantling and restoration costs, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the equipment from the site and the expected timing of those costs.

(vi) Provisions and contingent liabilities

The management exercises judgement in measuring and recognizing provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement.

During the year, a litigation has been decided in the Registered Group's favor against which a provision previously included in trade and other payables has been reversed and accounted for in other operating income.

The Registered Group is defending its stance in various litigation matters including Quality of service, late payment of license renewal fee and dividend paid out of fixed assets at various forums with regulators including Pakistan Telecommunication Authority (PTA) and Securities and Exchange Commission of Pakistan (SECP). The management and legal advisors of the Registered Group are of the view that matters will eventually be settled in favor of the Registered Group, therefore, no provision has been made in these financial statements.

(vii) Right-of-use asset and corresponding lease liability

IFRS 16 requires the Registered Group to assess the lease term as the non-cancellable lease term in line with the lease contract together with the year for which the Registered Group has extension options which the Registered Group is reasonably certain to exercise and the years for which the Registered Group has termination options for which the Registered Group is not reasonably certain to exercise those termination options.

A significant portion of the lease contracts included within Registered Group's lease portfolio includes lease contracts which are extendable through mutual agreement between the Registered Group and the lessor or lease contracts which are cancellable by the Registered Group on immediately or on short notice. In assessing the lease term for the adoption of IFRS 16, the Registered Group concluded that these cancellable future lease years should be included within the lease term in determining the lease liability upon initial recognition. The reasonably certain year used to determine the lease term is based on facts and circumstances related to the underlying leased asset and lease contracts and after consideration of Business plan of the Registered Group which incorporates economic, potential demand of customers and technological changes.

The weighted-average incremental rates applied to lease liabilities recognized during the year were 10.92% ~ 36.56%.

Other areas where assumptions and estimates may be significant to the financial statements are as follows:

(viii) Provision for stores and stocks

Provision against stock and capital stores is based on the current market condition, technological advancement and physical condition of the related items. The Registered Group reviews the carrying amount of inventory and capital stores on a regular basis and provision is made for obsolescence if there is any change in the usage pattern and the physical form of related stocks.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years if affected.



5 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Building on leasehold land	Infrastructure and telecommunications equipment	Furniture, fixtures, leasehold improvement and office/ Cellular equipments	Computers	Vehicles	Right of use asset (note 5.1)	Capital Works in Progress	Total
(Rupees '000)										
As at January 1, 2022										
Cost	191,115	398,141	668,355	293,432,153	6,839,269	17,790,071	432,571	7,625,479	8,689,250	336,066,404
Accumulated depreciation and impairment	-	-	(492,657)	(157,929,757)	(6,503,087)	(14,267,815)	(426,513)	(4,858,952)	(1,273,285)	(185,752,066)
	<u>191,115</u>	<u>398,141</u>	<u>175,698</u>	<u>135,502,396</u>	<u>336,182</u>	<u>3,522,256</u>	<u>6,058</u>	<u>2,766,527</u>	<u>7,415,965</u>	<u>150,314,338</u>
Year ended 31 December, 2022										
Opening net book value	191,115	398,141	175,698	135,502,396	336,182	3,522,256	6,058	2,766,527	7,415,965	150,314,338
Transfers	-	-	46,873	39,290,296	5,990	501,615	-	-	(39,844,774)	-
Additions	-	-	-	-	-	-	-	38,692,383	45,218,974	83,911,357
Disposals	-	-	-	-	-	-	-	-	-	-
Cost	-	-	(4,660)	(5,020,243)	(171,319)	(484,657)	(5,082)	(254,379)	-	(5,920,340)
Depreciation and impairment	-	-	3,717	4,711,852	163,519	458,802	5,082	254,379	-	5,597,351
	-	-	(943)	(308,391)	(7,800)	(5,855)	-	-	-	(322,989)
Depreciation charge - note 28	-	-	(31,312)	(24,022,353)	(156,811)	(1,423,553)	(9)	(5,089,781)	-	(30,723,819)
Impairment charge	-	-	-	(55,468)	-	-	-	-	(89,765)	(145,233)
	<u>191,115</u>	<u>398,141</u>	<u>190,316</u>	<u>150,406,480</u>	<u>177,561</u>	<u>2,594,463</u>	<u>6,049</u>	<u>36,369,129</u>	<u>12,700,400</u>	<u>203,033,654</u>
As at December 31, 2022										
Cost	191,115	398,141	710,568	327,702,206	6,673,940	17,827,029	427,489	46,063,483	14,063,450	414,057,421
Accumulated depreciation and impairment	-	-	(520,252)	(177,295,726)	(6,496,379)	(15,232,566)	(421,440)	(9,694,354)	(1,363,050)	(211,023,767)
	<u>191,115</u>	<u>398,141</u>	<u>190,316</u>	<u>150,406,480</u>	<u>177,561</u>	<u>2,594,463</u>	<u>6,049</u>	<u>36,369,129</u>	<u>12,700,400</u>	<u>203,033,654</u>
Rate of depreciation %	-	-	5	5 to 33.33	20 to 50	20 to 33.33	25	20		

- 5.1 These include cell sites, buildings, towers, right of way, telecommunication and others.
- 5.2 Items of operating fixed assets disposed off having net book value in excess of Rs 500 thousand during the year are as follows:

Description/Particulars of Purchaser	Mode of disposal	Original cost	Written down value	Proceeds from disposals	Gain/(loss)
----- (Rupees '000) -----					
Infrastructure and telecommunications equipment					
PMCL					
A.F.Corp	Auction	61,697	35,457	73,298	37,841
A.R.Engineering		88,807	59,855	27,168	(32,687)
Amin & Sons		2,369	1,619	10,798	9,179
Dua Trading		2,916	1,456	6,551	5,095
Shafi & Co		1,000	817	6,155	5,338
Insurance claim	Insurance	42,133	36,008	32,548	(3,460)

6 INTANGIBLE ASSETS

	Licenses	Trademark	Customer relationships	Software	Total
----- (Rupees '000) -----					
As at January 1, 2022					
Cost	136,301,215	3,096,058	10,503,264	6,518,730	156,419,267
Accumulated amortization	(38,843,842)	(3,096,058)	(3,851,200)	(4,650,667)	(50,441,767)
	<u>97,457,373</u>	<u>-</u>	<u>6,652,064</u>	<u>1,868,063</u>	<u>105,977,500</u>
Year ended 31 December, 2022					
Opening net book value	97,457,373	-	6,652,064	1,868,063	105,977,500
Additions - note 6.1	94,954,861	-	46,000	2,038,493	97,039,354
Derecognition					
Cost	(11,940,877)	-	-	-	(11,940,877)
Accumulated amortization	11,940,877	-	-	-	11,940,877
Amortization charge - note 28	(12,505,862)	-	(700,984)	(659,009)	(13,865,855)
	<u>179,906,372</u>	<u>-</u>	<u>5,997,080</u>	<u>3,247,547</u>	<u>189,150,999</u>
As at December 31, 2022					
Cost	219,315,199	3,096,058	10,549,264	8,557,223	241,517,744
Accumulated amortization	(39,408,827)	(3,096,058)	(4,552,184)	(5,309,676)	(52,366,745)
	<u>179,906,372</u>	<u>-</u>	<u>5,997,080</u>	<u>3,247,547</u>	<u>189,150,999</u>
Useful lives (years)	<u>3 to 15</u>	<u>3</u>	<u>15</u>	<u>5</u>	

- 6.1 Additions in licenses pertain to the renewal of Jazz 2G license for operations. The term of the license is 15 years from the date of its acquisition

7 GOODWILL

This represents excess of the amount paid over fair value of net assets of Warid Telecom (Private) Limited on its acquisition in accordance with the requirements of IFRS 3 "Business Combination" after derecognition of goodwill related to tower business transferred to a related party, Deodar (Private) Limited. Goodwill is reviewed annually for impairment based on value in use in accordance with IAS-36 "Impairment of Assets". The value in use calculations are based on cashflow projections based on financial budgets covering a year of five years. Cashflows beyond the five-year year are extrapolated using the estimated growth rate of 5%. The cashflows are discounted using a discount rate of 19.5%. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

Goodwill amounting to Rs. 1 million relates to Beyond Digital (Private) Limited.

8	LONG-TERM INVESTMENTS	Number of shares and par value	December 31, 2022 (Rupees '000)
	Subsidiary Companies - unquoted - at cost		
	VEON Global services (Private) Limited (VGSP)	31,431,001 of Rs. 10 each	23,911
	Deodar (Private) Limited (Deodar)	10,000 of Rs. 10 each	100
	Business and Communication Systems (Private) Limited (BCS)	4,900,000 of Rs. 10 each	29,810
	Accumulated impairment - note 8.2		(29,810)
			<u>24,011</u>

8.1 The principal place of business of Deodar and VGSP is in Islamabad.

8.2 The Company assessed the recoverable amount of its investment in BCS and accordingly recognized an impairment there-against. The recoverable amount of BCS's operations was determined through value-in-use calculations, based on a pre-tax discount rate of 14.4% per annum. Based on assessment at year end there is no change in value in use determined in prior years. The principal place of business of BCS is in Islamabad.

9	LONG-TERM DEPOSITS AND PREPAYMENTS	December 31, 2022 (Rupees '000)
	Deposits - notes 9.1	4,236,724
	Prepayments	2,884,356
		<u>7,121,080</u>

9.1 This includes margins held with banks and security deposits paid to service providers in respect of utilities.

10 OTHER RECEIVABLE

This represents receivable note of Rs 98,699,900 thousand (un-secured) issued by Deodar in favour of the Parent Company.

	December 31, 2022 (Rupees '000)
11 CUSTOMER ACQUISITION COSTS	
Balance at the beginning	8,466,553
Additions during the year	5,025,886
Amortization during the year - note 28	(2,998,299)
Balance at the end	<u>10,494,140</u>

12 DEFERRED TAX ASSET - NET

12.1 Deferred tax asset - net

Deferred tax (credits) resulting from:

- accelerated tax depreciation allowances	(10,612,616)
- Others	(52,365)
	<u>(10,664,981)</u>

Deferred tax debits resulting from:

- loss allowance against trade debts and other receivables	1,269,755
- provision for obsolete stores and doubtful advance	485,889
- accelerated tax amortization	7,566,298
- minimum tax and alternate corporate tax	10,190,560
- others	7,902,602
	<u>27,415,104</u>
	<u>16,750,123</u>

The deferred tax asset has been recognised taking into account the availability of future taxable profits as per business plan of the Registered Group. The existence of future taxable profits sufficient to absorb these losses is based on business plan which involves making judgements regarding key assumptions underlying the estimation of future taxable profits of the Registered Group.

	December 31, 2022 (Rupees '000)
12.1.1 Movement of deferred tax asset is as follows:	
Balance at the beginning	16,329,940
Deferred tax credit for the year	420,183
Balance at the end	<u>16,750,123</u>

13 STOCK IN TRADE

Inventory - cost	987,059
Provision for obsolescence - note 13.1	(98,942)
	<u>888,117</u>

13.1 Movement in the provision for obsolescence is as follows:

Balance at the beginning	183,415
Provision reverse during the year - note 28	(84,330)
Stock written-off during the year against provision	(143)
Balance at the end	<u>98,942</u>

December 31,
2022
(Rupees '000)

14 TRADE DEBTS

Considered good	9,707,143
Considered doubtful	5,342,845
	<u>15,049,988</u>
Loss allowance - note 14.1	(5,342,845)
	<u><u>9,707,143</u></u>

14.1 Movement in loss allowances

Balance at the beginning	4,282,799
Loss allowance for the year	1,291,369
Trade debts written off against loss allowance	(231,323)
Balance at the end	<u><u>5,342,845</u></u>

15 ADVANCES, DEPOSITS, PREPAYMENTS, TAX AND OTHER ASSETS

Considered good - unsecured

Sales tax receivable	5,174,508
Others - note 15.2	3,734,375
Prepayments	1,335,456
Advances to employees, executives and suppliers - note 15.1	377,866
Deposits	143,337
Accrued interest	191
	<u>10,765,733</u>

Due from related parties

VEON Ltd	162,021
Mobilink Microfinance Bank Limited	1,580,546
Deodar (Private) Limited - note 15.3	73,511,708
	<u>75,254,275</u>

Considered doubtful - Unsecured

Suppliers and others	13,926
Loss allowance	(13,926)
	<u>-</u>

86,020,008

- 15.1** This include interest free advances given to employees and executives of the Registered Group against salary, relocation, travelling, purchase of handsets etc.
- 15.2** This includes receivable from Universal Service Fund (USF) under the terms of the agreement for ongoing telecommunication projects.
- 15.3** This represents receivable from Deodar for accrued interest on receivable note, receivable in respect of Master service agreement (MSA) paid by the Parent Company on behalf of Deodar.

		December 31, 2022 (Rupees '000)
16	OTHER FINANCIAL ASSETS	
	Money Market Funds (MMF)	10,877,635
	Treasury Bills - Government of Pakistan	16,812,493
		<u>27,690,128</u>
16.1	These are measured at fair value through profit or loss	
17	SHARE CAPITAL	
	AUTHORISED SHARE CAPITAL	
	14,300,000,000 Ordinary shares of Rs 10 each	<u>143,000,000</u>
	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
	Ordinary shares fully paid in cash 3,851,089,612.	38,510,896
	Ordinary shares issued for consideration other than cash 679,604,049	6,796,040
		<u>45,306,936</u>
17.1	All shares carry equal voting rights	
18	SHARE PREMIUM	
	Share premium represents the difference between the fair value of the purchase consideration determined by the management's expert and face value of ordinary share capital issued, netted off by transaction cost thereon, relating to amalgamation of Warid Telecom with the Registered Group.	
19	RESERVES	December 31, 2022 (Rupees '000)
	Capital reserves	
	Common control entity acquisition reserve	(1,065,291)
	Pre-merger accumulated profit reserve - arising on the merger of LDI with LDN-T	7,769,594
	Revenue reserve	
	Unappropriated profit	128,250,478
		<u>134,954,781</u>

20 LONG-TERM BORROWINGS

Lending Institutions / related party-secured	Month of disbursement	Month of final repayment	No. of Installments outstanding	Interest rate (per annum) %age	December 31, 2022			
					Total available Facility	Long-term portion	Current portion (note 25)	Total outstanding amount
					------(Rupees '000)-----			
Term finance facilities / bilateral loans								
Habib Bank Limited - note 20.1	June 2017	June 2022	{1 semi annually}	6 month KIBOR +0.35%	10,000,000	-	-	-
National Bank Limited - note 20.1	June 2017	June 2022	{1 semi annually}	6 month KIBOR +0.35%	2,000,000	-	-	-
Habib Bank Limited - note 20.1	September 2019	September 2026	{8 semi annually with grace period of 3 years}	6 month KIBOR +0.55%	14,369,000	10,727,169	3,592,250	14,319,419
United Bank Limited - note 20.1	May 2021	May 2028	{16 quarterly with grace period of 3 years}	3 month KIBOR +0.55%	5,000,000	4,972,634	-	4,972,634
Syndicated term finance facilities								
MCB Bank Limited - note 20.1	June 2017	June 2022	{1 semi annually}	6 month KIBOR +0.35%	26,750,000	-	-	-
MCB Bank Limited - note 20.1	September 2019	September 2026	{8 semi annually with grace period of 3 years}	6 month KIBOR +0.55%	45,000,000	25,220,120	8,461,976	33,682,096
Habib Bank Limited Loan-I-note 20.2	March 2008	December 2023	{4 semi annually}	6% till Dec 31, 2017 & 6 month KIBOR from Jan 1, 2018 till maturity	6,268,267	-	969,696	969,696
HBL Bank Limited Loan-II-note 20.2	March 2008	December 2023	{4 semi annually}	6% till Dec 31, 2017 for banks, 6 month KIBOR+1% for DFIs and 6 month KIBOR for banks from Jan 1, 2018 till maturity	4,871,666	-	714,732	714,732
MCB Bank Limited - note 20.1	May 2021	May 2028	{8 semi annually with grace period of 3 years}	6 month KIBOR +0.55%	15,000,000	14,924,799	-	14,924,799
Habib Bank Limited Loan - note 20.1	July 2021	July 2031	{24 quarterly payments with grace period of 4 years}	3 month KIBOR +0.88% till March 20, 2022 and 3 month KIBOR +0.60% onwards	50,000,000	49,648,520	-	49,648,520
MCB Bank Limited - note 20.1	April 2022	March 2032	{12 semi annually payments with grace period of 4 years}	6 month KIBOR +0.60%	40,000,000	29,772,371	-	29,772,371
					136,266,613	13,738,654	149,004,267	

20.1 To secure long term finance financing facilities obtained from banks and financial institutions, the following charges have been created:

(i) a floating charge has been created in favour of a security trustee for the benefit of such banks and financial institutions over all present and future movable fixed assets of Pakistan Mobile Communications Limited ("Parent Company") (excluding vehicles and handsets and assets procured by Parent Company from the subsidy amount granted to Parent Company under the Universal Fund Rules, 2006, as amended from time to time (USF Rules), to the extent value of the assets so procured is (which may be more than the subsidy amount) not more than 5% of the total assets of the Parent Company);

(ii) a floating charge has been created in favour of a security trustee for the benefit of such banks and financial institutions over all present and future receivables, book debts right to collect monies, balances of Parent Company in all bank accounts, cash and certain authorised investments of the Parent Company.

20.2 To secure long term finance financing facilities obtained from banks and financial institutions, the following charges have been created

(i) a floating charge has been created in favour of a security trustee for the benefit of such banks and financial institutions over all present and future movable fixed assets of Pakistan Mobile Communications Limited ("Parent Company") (excluding vehicles and handsets and assets procured by Parent Company from the subsidy amount granted to Parent Company under the Universal Fund Rules, 2006, as amended from time to time (USF Rules), to the extent value of the assets so procured is (which may be more than the subsidy amount) not more than 5% of the total assets of the Parent Company);

(ii) a floating charge created in favour of a security trustee for the benefit of such banks and financial institutions over all present and future receivables, book debts, right to collect monies, balances of Parent Company in all bank accounts, cash and certain authorised investments of the Parent Company. This facility has a 9 years tenor post restructuring. The residual debt after 2017 will be settled in 12 equal semi-annual instalments till the maturity. In 2015, 2016 and 2017 (three years), no mark-up payment was made. However, the mark-up was accrued and will be paid after complete principal repayment i.e. December 31, 2023

21 OTHER NON CURRENT LIABILITIES

December 31,
2022
(Rupees '000)

Accrued mark-up - note 21.1	1,869,707
Lease liabilities - note 21.2	37,471,584
License fee payable	76,538,049
Less: Current portion	(21,382,265)
	55,155,784
	<u>94,497,075</u>

- 21.1** Principal portion of HBL Syndicated Loan will be settled in 12 equal semi-annual instalments till the maturity. In 2015, 2016 and 2017 (three years), no markup payment will be made by the Parent Company. However, the mark-up shall accrue @ 6% for commercial banks and 6 months KIBOR + 1% for DFIs till December 31, 2017 and will be paid after complete principal repayment i.e. December 31, 2023, in 8 equal quarterly instalments. The markup is 6 months KIBOR from January 2018 onwards till termination.

December 31,
2022
(Rupees '000)

21.2 Movement of lease liabilities

Opening balance	3,429,729
Additions during the year	34,313,259
Unwinding of interest on lease liabilities	4,380,985
Remeasurement of lease liability during the year	4,385,385
Repayment of principal	(5,215,895)
Repayments of interest	(1,033,875)
	40,259,588
Transferred to current portion of lease liabilities- note 25	(2,788,004)
Closing balance	<u>37,471,584</u>

22 DEFERRED LIABILITIES

Provision for site dismantling and restoration costs - note 22.1	1,530,481
Deferred government grants and others - note 22.2	1,523,019
	<u>3,053,500</u>

22.1 Provision for site dismantling and restoration costs

Balance at the beginning	1,524,883
Additions/effect of change in estimate	(223,658)
Unwinding of discount on provision for dismantling cost	232,134
Provision utilized during the year	(2,878)
Balance at the end	<u>1,530,481</u>

The provision has been recorded using a discount rate of 19.1% per annum and an average anticipated inflation rate of 6.5% per annum.

- 22.2** Deferred government grants include receivable from Universal Service Fund (USF) under the terms of the agreement for ongoing telecommunication projects.

December 31,
2022
(Rupees '000)

23 DEFERRED TAX LIABILITY - NET

Deferred tax credits resulting from:

- accelerated tax depreciation allowances
- accelerated tax amortization allowances
- Others

998,137
32,175
6,832
1,037,144

Deferred tax debits resulting from:

- loss allowance against trade debts and Other Receivables
- Others

(501,301)
(182,776)
(684,077)

353,067

23.1 Movement of deferred tax liability is as follows:

Balance at the beginning	417,773
Deferred tax credit for the year	(64,706)
Balance at the end	353,067

24 TRADE AND OTHER PAYABLES

Trade Creditors

Trade Creditors	43,453,654
-----------------	------------

Other Payables

Accrued liabilities	30,043,086
Unearned income	13,310,787
Statutory levies payable	3,543,273
Tax deducted at source	4,072,077
Annual license fee/ Research and Development fund/ Universal Service fund - note 24.1	6,107,024
Sales tax payable - net	2,853,734
Security deposits - note 24.2	1,990,548

Due to related parties

- Global Telecom Holdings S.A.E	1,629
- Parent and ultimate parent company	1,072,419
- Deodar (Private) Limited	48,928,511
- Business and Communication systems (Private) Limited	11,597
	50,014,156
Others	3,684,528
	159,072,867

24.1 Contributions for Annual license fee, Research and Development fund and Universal Service funds are made on an annual basis, in accordance with the terms described under the Registered Group Companies cellular licenses agreement with Pakistan Telecommunication Authority (PTA).

24.2 These are interest free security deposits received from the Registered Group's customers against cellular services, dealers, franchisees and interconnect partners.

December 31,
2022
(Rupees '000)

25 BORROWINGS AND OTHER LIABILITIES

Accrued markup 8,036,420

Current portion of non current liabilities

- Long term borrowings - note 20

- License fee payable - note 21

- Lease liabilities

13,738,654

21,382,265

2,788,004

37,908,923

Short term borrowings - note 25.1

217,320

46,162,663

25.1 Short term borrowings

The Parent Company has obtained short-term running finance facilities from various banks, under separate terms and agreements. The total amounts outstanding against each facility at the period end and the terms of each facility are given below:

Lending Institutions	Mark-up rate (per annum)	Mark-up Payment	Facilities available	Availed as on December 31, 2022 ------(Rupees '000)-----
Allied Bank Limited	3 month KIBOR + 0.15 %	Quarterly	1,000,000	-
Askari Bank Limited	1 month KIBOR + 0.15 %	Quarterly	200,000	-
Citibank N.A.	1 month KIBOR + 0.15 %	Quarterly	1,300,000	-
Habib Bank Limited	1 month KIBOR + 0.15 %	Quarterly	1,000,000	217,320
MCB Bank Limited	1 month KIBOR + 0.15 %	Quarterly	2,000,000	-
United Bank Limited	1 month KIBOR + 0.15 %	Quarterly	2,000,000	-
National Bank of Pakistan	1 month KIBOR + 0.15 %	Quarterly	1,500,000	-
Meezan Bank Limited	3 month KIBOR + 0.15 %	Quarterly	1,000,000	-
Bank Alfalah	1 month KIBOR + 0.15 %	Quarterly	500,000	-
Bank of Punjab	1 month KIBOR + 0.15 %	Quarterly	350,000	-
Habib Metropolitan Bank	1 month KIBOR + 0.15 %	Quarterly	500,000	-
			11,350,000	217,320

25.2 To secure short term financing facilities obtained from banks and financial institutions, the following charges have been created:

i) a floating charge in favour of a security trustee for the benefit of such banks and financial institutions over all present and future movable fixed assets of Pakistan Mobile Communications Limited ("Parent Company") (excluding vehicles and handsets and assets procured by Parent Company from the subsidy amount granted to Parent Company under the Universal Fund Rules, 2006, as amended from time to time (USF Rules), to the extent value of the assets so procured is (which may be more than the subsidy amount) not more than 5% of the total assets of the Parent Company);

(ii) a floating charge in favour of a security trustee for the benefit of such banks and financial institutions over all present and future receivables, book debts, right to collect monies, balances of Parent Company in all bank accounts, cash and certain authorised investments of the Parent Company.

26 CONTINGENCIES AND COMMITMENTS

	Parties involved	Date of institution of the case	Court, agency or authority where proceeding are pending	Facts of the case and relief sought	December 31, 2022 (Rupees '000)
i) Income Tax					
	Commissioner Inland Revenue	October 12, 2020	Islamabad High Court	For tax year 2018 the Registered Group is contesting alleged tax demand of Rs 25,064,540 thousand decided against the Registered Group by the ATIR on account of disallowance of brought forward depreciation and applicability of section 97 on disposal of tower business to Deodar. The Registered Group has paid Rs 9 billion under protest. As at December 31, 2021 the Registered is contesting this case in Islamabad High Court.	25,064,540
ii) Sales tax					
	Sindh Revenue Board Lahore High Court Khyber Pakhtunkhwa Revenue Authority	November 25, 2019 June 10, 2020 August 23, 2022	Sindh High Court Lahore High Court Khyber Pakhtunkhwa Revenue Authority	For the years 2018 to 2019, the Registered Group is pleading its position relating to adjustment of the input tax paid during the period June 14, 2018 to April 24, 2019 in which the sales tax on telecommunication services was suspended by the Supreme Court of Pakistan against the output sales tax for period subsequent to suspended period.	10,911,983
	Officer Inland Revenue/Deputy Commissioner Inland Revenue	Various from August 29, 2013 to September 17, 2018	Islamabad High Court	The Registered Group is contesting the issue of double taxation and demand of FED and sales tax as a result of audit by FBR from 2011 to 2013. After the 18th Amendment, the responsibility of collecting sales tax on services was transferred from the Federal Government to the Provincial Government, yet FBR is demanding sales tax from telecom operators. The Islamabad High Court dismissed the instant writ petition and same has been challenged by the Registered Group by filing intra court appeal in the Islamabad High Court.	27,430,074
	Deputy Commissioner Inland Revenue	January 17, 2019	ATIR	For the year 2017, the Registered Group is contesting alleged tax demand on account of levy of sales tax on disposal of tower business to Deodar.	17,582,999

The Registered Group is defending its stance before the Courts of law against various parties including individuals, corporate entities, federal and provincial revenue / regulatory authorities etc. The management and legal advisors of the Registered Group are of the view that matters will eventually be settled in favour of the Registered Group therefore no provision has been made in these financial statements.

	December 31, 2022 (Rupees in '000)
Commitments	
i) The Registered Group has furnished performance bonds in favour of Pakistan Telecommunication Authority (PTA), in relation to obligation stipulated under various license agreements.	10,597,401
ii) Commitments in respect of capital expenditure	8,105,269
iii) Bank guarantees	6,523,985
27 REVENUE - net	
Service revenue	223,673,934
Equipment revenue	2,792,090
Leased line revenue	2,414,255
Broadband revenue	1,862,915
	<u>230,743,194</u>

27.1 Revenue is net of indirect taxes of Rs. 40,973,449 thousand.

	December 31, 2022 (Rupees in '000)
28 COST OF SERVICES	
Annual license fee	1,121,386
Research and development fund	1,119,876
Universal service fund	3,359,646
Interconnect cost	14,813,613
Cost of cards and equipment sold	5,050,565
Statutory levies and customer related costs	153,626
Amortization of customer acquisition costs - note 11	2,998,299
Salaries and benefits - note 28.1	3,515,476
Repair and maintenance	20,780,855
Rent, rates and taxes	13,245,719
Utilities	19,689,885
Depreciation	30,723,819
Amortization of intangible assets	13,865,855
Lease line charges	4,014,458
Provision for stock in trade obsolescence - note 13.1	(84,330)
Insurance	160,497
Radio spectrum fee	398,133
Site security	4,894,858
Others	259,574
	<u>140,081,810</u>

28.1 Salaries and benefits include Rs 90,080 thousand in respect of the Registered Group's contribution to the Employees' Provident Fund.

December 31,
2022
(Rupees in '000)

29 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Commissions	9,254,944
Advertising, marketing and surveys	14,486,293
Salaries and benefits - note 29.1	9,124,420
Rent, Utilities, Office expenses/security	1,754,771
Auditors' remuneration - note 29.2	22,568
Others	3,680,722
	<u>38,323,718</u>

29.1 Salaries and benefits include Rs 316,285 thousand in respect of the Registered Group's contribution to the Employees' Provident Fund.

December 31,
2022
(Rupees in '000)

29.2 Auditors' remuneration

Audit fee	13,800
Fee for limited reviews and Special certifications	7,900
Out of pocket / reimbursable expenses	868
	<u>22,568</u>

30 OTHER OPERATING EXPENSES

Exchange loss - realised	4,001,430
Exchange loss - unrealised	10,349,247
Others	641,109
	<u>14,991,786</u>

31 OTHER OPERATING INCOME

Income from financial assets

Profit on bank deposits and receivable note	14,959,120
Dividend income	427,859
Gain on investments classified as FVTPL - note 31.1	1,954,237

Income from non financial assets

Mobile number portability revenue	213,143
Site sharing revenue	222,061
Mobile financial services	4,856,701
Gain on disposal of operating fixed assets	239,330
Reversal of customer associated costs	13,839,435
Miscellaneous income	954,258
	<u>20,324,928</u>

37,666,144

31.1 This represents gain on maturity of investments amounting to Rs.1,758,743 thousand and fair value gain on investments amounting to Rs.195,494 thousand.

December 31,
2022
(Rupees in '000)

32 FINANCE COSTS

Mark-up on:

Long term borrowings	18,490,580
Short term borrowings	33,996
License	2,438,450
	<u>20,963,026</u>

Unwinding of discount on:

License fees payable	80,946
Lease liability	4,380,985
Provision for site dismantling and restoration costs	232,134
	<u>4,694,065</u>

Amortization of structure fee and transaction costs	115,160
Bank charges	433,485
	<u>26,205,736</u>

33 TAXATION

Current tax

-Current year	15,454,687
-Prior year	2,434,661
	<u>17,889,348</u>

Deferred tax

-Current year	(301,122)
-Prior year	(183,767)
	<u>(484,889)</u>

17,404,459

33.1 Relationship between tax expense and accounting profit:

Accounting profit before taxation	47,514,919
Applicable tax rate	<u>29%</u>

Tax on accounting profit	13,779,327
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Effect of:

- Minimum tax	(6,232)
- Deferred tax not recognised	(34,627)
- Super tax	4,596,220
- Others	(930,229)
	<u>17,404,459</u>

34 CASH AND CASH EQUIVALENTS

Other financial assets - note 16	27,690,128
Balances with banks	2,778,988
	<u>30,469,116</u>

35 RECONCILIATION OF MOVEMENT OF LIABILITIES TO
CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Borrowings	Lease liabilities	Dividend payable	Total
	------(Rs '000)-----			
Balance as at December 31, 2021	87,762,431	16,194,159	3,295,793	107,252,383
Changes from financing cashflows				
Long term borrowings				
- Disbursement	70,000,000	-	-	70,000,000
- Repayment	(8,529,556)	-	-	(8,529,556)
Short term borrowings	(126,447)	-	-	(126,447)
Repayment of lease liabilities	-	(5,215,896)	-	(5,215,896)
Dividend paid	-	-	(23,076,587)	(23,076,587)
Total changes from financing cash flows	61,343,997	(5,215,896)	(23,076,587)	33,051,514
Other changes:				
Net movement in				
- Finance cost	115,160	4,380,985	-	4,496,145
- Lease liabilities	-	37,664,769	-	37,664,769
- Exchange loss	-	-	-	-
	115,160	42,045,755	-	42,160,915
Dividend declared	-	-	19,780,979	19,780,979
Balance as at December 31, 2022	<u>149,221,588</u>	<u>53,024,018</u>	<u>185</u>	<u>202,245,790</u>

36 TRANSACTIONS WITH RELATED PARTIES

- 36.1 IWCPL is the wholly owned subsidiary of VEON Holdings B.V, and the ultimate parent Company is VEON Ltd. Other related parties include directors, key management personnel, associated companies (as defined in the Companies Act, 2017) and the employees' provident fund trust. All transactions involving related parties are entered into at contractual terms and conditions subject to the approval of the Board of Directors. Transactions with related parties during the period are as follows:

	December 31, 2022 (Rupees in '000)
Transactions with Ultimate Parent Company	
Services acquired- consultancy and legal	676,838
Payments made on behalf of ultimate parent company	342,408
Receipts from ultimate parent company	2,990,803
Transactions with holding company	
Dividend paid	23,019,761
Transactions with Associates	
Services acquired on account of interconnect & international roaming	124,024
Services rendered on account of interconnect, international roaming, mobile financial services, broadband and lease line	6,929,239
Dividend paid	56,825
Services rendered - site sharing	35,951,526
Interest income on receivable note	14,900,197
Payment on behalf of subsidiaries for electricity cost, fuel cost and site rentals	36,241
Employees Provident fund trust	
Contribution to staff retirement funds	406,365
Fee and remuneration including benefits and perquisites to	
Non Executive Directors (3 persons)	32,813

36.2 Following are the details of associated companies with whom the Registered Group entered into transactions during the year:

Company name	Basis of Association	%age of Holding	Registered Address	Country of Incorporation
Incorporated outside Pakistan				
- VEON Ltd	Ultimate Parent Company	-	Claude Debussylaan 88, 1082 MD, Amsterdam	Netherlands
- International Wireless Communications Pakistan Limited	Holding Company	84.71%	114, The Strand, Gzira, GZR1027, Malta	Malta
- VEON Pakistan Holdings B.V	Major shareholder	15%	Claude Debussylaan 88, 1082 MD, Amsterdam	Netherlands
- Telecom Management Group Limited	Shareholder	0.29%	114, The Strand, Gzira, GZR1027, Malta	Malta
- Sheba Telecom (Private) Limited	Associated Company	-	Tiger's Den, SW(H), Plot # 4, Gulshan Avenue, Gulshan Model Town, Dhaka-1212, Bangladesh	Bangladesh
- Bitel Limited	Associated Company	-	121, Chui Avenue, 720011, Bishkek KYRGYZREPUBLIC	KYRGYZREPUBLIC
- OJSCV Russia	Associated Company	-	8 Marta Street, 10-12 Moscow, 125083, Russia	Russia
- Kar-Tel LLP	Associated Company	-	Dostyk Ave, 38, 050010, Almaty Republic of Kazakhstan	Kazakhstan
- Armenia Telephone Company	Associated Company	-	2 A.Aharonyan street, Yerevan 0014, Republic of Armenia	Armenia
- KYIVSTAR	Associated Company	-	Chervonozorianyi Ave. 51, 03110 Kyiv, Ukraine	Ukraine
- Unitel LLC	Associated Company	-	1, Bukhara Street Tashkent 100047 Uzbekistan	Uzbekistan
- Veon Pakistan Tower Holdings B.V	Associated Company	-	Claude Debussylaan 88, Amsterdam 1082MD the Netherlands	Netherlands
Incorporated inside Pakistan				
MNP Database (Guarantee) Limited - associate	Associated Company	-		
Mobilink Micro finance Bank Limited - associate	Associated Company	-		
Deodar (Private) Limited - subsidiary (Deodar)	Associated Company	100%		
Business and Communications Systems (Private) Limited (BCS) - subsidiary	Associated Company	100%		
VEON Global Services Pakistan (Private) Limited - subsidiary	Associated Company	100%		

37 REMUNERATION OF THE CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive December 31, 2022 ---- (Rupees '000) ----	Executives December 31, 2022 ---- (Rupees '000) ----
Managerial remuneration	190,643	3,728,704
Commissions	-	618,783
Performance incentives/bonuses	304,753	1,408,050
Provident fund	-	324,351
House rent, utilities and other allowances	6,233	1,584,654
	310,986	3,935,838
	501,629	7,664,542
Number of persons	1	1,123

37.1 The Chief Executive and certain other executives are also provided with cars maintained by the Registered Group.

37.2 The Executive Directors of the Registered Group were not paid any managerial remuneration or allowances during current year or prior year.

38 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

38.1 Financial instruments by category

December 31, 2022	Amortised Cost	Fair value through profit or loss ----- (Rupees '000) -----	Total
Financial assets			
Maturity up to one year			
Trade debts - net of loss allowance	9,707,143	-	9,707,143
Deposits	143,337	-	143,337
Other receivables	78,988,650	-	78,988,650
Other financial assets	-	27,690,128	27,690,128
Balances with banks	2,778,988	-	2,778,988
Maturity after one year			
Deposits	327,805	-	327,805
Other receivable	98,699,900	-	98,699,900
	190,645,823	27,690,128	218,335,951
Financial liabilities			
Maturity up to one year			
Trade and other payables	135,292,996	135,292,996	135,292,996
Dividend payable	185	185	185
Accrued mark up	8,036,420	8,036,420	8,036,420
Long term borrowings	13,738,654	13,738,654	13,738,654
License fee payable	21,382,265	21,382,265	21,382,265
Lease liabilities	2,788,004	2,788,004	2,788,004
Short-term borrowings	217,320	217,320	217,320
Maturity after one year			
Long term borrowings	135,265,613	135,265,613	135,265,613
License fee payable	55,155,784	55,155,784	55,155,784
Accrued mark up	1,869,707	1,869,707	1,869,707
Lease liabilities	37,471,584	37,471,584	37,471,584
Provision for staff gratuity	1,699	1,699	1,699
	411,220,231	411,220,231	411,220,231

38.1.1 Credit quality of financial assets

The credit quality of financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA), Moody's Investors Service (MIS) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

			December 31, 2022 (Rupees '000)
Trade debts			
Counterparties without external credit ratings			
Existing customers with no default in the past			<u>9,707,143</u>
Deposits			
Counterparties without external credit ratings			<u>143,337</u>
Other receivables			
Counterparties without external credit ratings			<u>78,988,650</u>
Other financial assets			
Counterparties with external credit ratings			
Counterparties without external credit ratings			
	AA(f)		10,877,635
	un-rated		<u>16,812,493</u>
			<u>27,690,128</u>
Bank balances			
Counterparties with external credit ratings			
	A1+		945,717
	A1		77
	A2		-
	P-1		<u>1,455,856</u>
			<u>2,401,650</u>
Long term deposits			
Counterparties without external credit ratings			<u>327,805</u>
Long term other receivable			
Counterparties without external credit ratings			<u>98,699,900</u>

38.2 Financial risk management

The Registered Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Registered Group's risk management framework.

The Registered Group's risk management policies are established to identify and analyze the risks faced by the Registered Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Registered Group's activities. The Registered Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Registered Group oversee how management monitors compliance with the Registered Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Registered Group. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board.

38.3 Concentration of credit risk

Credit risk is the risk of financial loss to the Registered Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Registered Group's receivables from customers, receivables from associated companies and investment securities.

The Registered Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Registered Group's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk. A significant portion of the Registered Group's revenue is attributable to individual customers. However, geographically there is no concentration of credit risk.

The Registered Group has established a credit policy for its cellular post paid subscribers under which each new customer is analyzed individually for credit worthiness before the Registered Group starts providing services. The Registered Group's review includes identity checks, minimum security deposits, and in some cases bank references. Credit limits are established for each customer in accordance with the security deposit received, which represents the maximum open amount without requiring approval from the higher management; customer limits are reviewed on a regular basis and once the credit limits of individual customers are exhausted, service is discontinued. Prepaid subscribers transact with the Registered Group only on a prepayment basis. Since the majority of the Registered Group's revenue relates to prepaid customers and the portion of post paid customers is not significant, the Registered Group is not significantly exposed to credit in terms of its trade debtors.

For interconnect services, the Registered Group has entered into interconnect agreements with other operators, local and international. The Registered Group has both receivable and payable balances with these operator. Call data reconciliations with these operators are prepared on a regular basis and settlements are made accordingly.

The Registered Group establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade and other receivables as explained in note 15 and 16 to the consolidated financial statements. The Registered Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Registered Group has reasonable and supportable information that demonstrates otherwise.

The Registered Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Registered Group, in full (without taking into account any collaterals held by the Registered Group).

Irrespective of the above analysis, the Registered Group considers that default has occurred when a financial asset is more than 120 days past due, unless the Registered Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are Registered Grouped on the following basis:

- Nature of financial instruments (trade and other receivables);
- Past-due status;

The Grouping is regularly reviewed by management to ensure the constituents of each Registered Group Company continue to share similar credit risk characteristics.



38.4 Aging analysis of long term other receivable from related parties is as below:

	Total	Neither past due nor impaired	Past due but not impaired		
			1 - 90 days	91 - 180 days	181 days and over
	------(Rupees '000)-----				
December 31, 2022	98,699,900	98,699,900	-	-	-

The aggregate maximum amount due from related parties at the end of any month during the year was Rs 98,699,900 thousand. It carries interest @ KIBOR + 1% and the Registered Group's assessment is that the receivable note will remain outstanding for more than twelve month, therefore classified it as a non-current.

38.4.1 The age analysis of trade debts from related parties is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			1 - 90 days	91 - 180 days	181 days and over
			----- (Rupees '000) -----		
December 31, 2022	-	-	-	-	-

The aggregate maximum amount due from related parties at the end of any month during the year was Rs Nil thousand.

38.4.2 The Registered Group recognises expected credit loss allowances (ECL) for trade receivables, using the simplified approach. The expected credit loss allowances on these financial assets are estimated using a provision matrix based on the Registered Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Registered Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. On this basis, the loss allowance as at December 31, 2022 was determined as follows for trade receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
December 31, 2022					
Expected loss rate	2%	34%	58%	100%	
(Rupees '000)					
Gross carrying amount					
– trade receivables	8,439,534	1,027,563	1,234,016	4,348,875	15,049,988
Less: Secured debts	(127,487)	(122,234)	(132,522)	(158,368)	(540,612)
Net carrying amount	8,312,047	905,329	1,101,494	4,190,507	14,509,376
Loss allowance	208,276	304,684	639,379	4,190,507	5,342,845

38.4.3 Aging analysis of other receivables from related parties is as below:

	Total	Neither past due nor impaired	Past due but not impaired		
			1 - 90 days	91 - 180 days	181 days and over
			----- (Rupees '000) -----		
December 31, 2022	75,254,275	75,254,275	-	-	-

The aggregate maximum amount due from related parties at the end of any month during the year was Rs 75,254,275 thousand.

38.4.4 Geographically there is no concentration of credit risk.

38.5 Liquidity risk

Liquidity risk is the risk that the Registered Group will not be able to meet its financial obligations as they fall due. The Registered Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Registered Group's reputation.

The Registered Group ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Registered Group monitors rolling forecasts of the liquidity reserve (comprising undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. In addition, the Registered Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet the cash flow requirements and maintaining the debt financing plans.

The table below analyses the Registered Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date, to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and also include the impact of estimated future interest payments.

December 31, 2022	CARRYING AMOUNT	Within 1 year	1 to 5 years	More than 5 years
		CONTRACTUAL AMOUNT		
		(Rupees '000)		
Trade and other payables	135,292,996	135,292,996	-	-
Unpaid dividend	185	185	-	-
Long term borrowings and accrued interest	125,483,886	21,618,036	34,736,150	69,545,953
License fees payable	78,704,593	23,556,490	54,964,770	612,990
Lease liabilities	40,259,588	10,029,953	27,111,656	34,654,839
Provision for staff gratuity	1,699	1,699	-	-
	<u>379,742,947</u>	<u>190,499,359</u>	<u>116,812,576</u>	<u>104,813,782</u>

38.6 Market risk

Market risk represents the risk of changes in market prices due to changes in value of market risk factors, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return from its operation.

a) Interest rate risk

As the Registered Group has no significant variable interest-bearing assets, therefore, the Registered Group's income and operating cash flows are substantially independent of changes in the market interest rates.

The Registered Group's interest rate risk arises from long term borrowings. Borrowings obtained at variable rates expose the Registered Group to cash flow interest rate risk, whereas the borrowings obtained at fixed rates expose the Registered Group to fair value interest rate risk.

Total interest bearing liabilities amount to Rs 149,004 million. These liabilities are all linked with KIBOR. The management of the Registered Group endeavors to obtain borrowings at competitive rates.

Management runs a sensitivity analysis for interest rate risk; the liabilities which are exposed to interest rate risk are Rs 149,004 million. If the interest rates during the reporting year had been higher by 100 basis points, with all other variables being constant, the profit after tax would have been lower by Rs 1,058 million and vice versa.

The Registered Group is not exposed to interest rate risk on its fixed interest rate liabilities.

b) Foreign currency risk

The Registered Group is exposed to currency risk from its financing in foreign currencies and from its creditors of infrastructure related procurement. Foreign currency risk from financing arises due to financial liabilities denominated in foreign currencies. The Group endeavors to hedge these risks as far as possible.

At the reporting date the Group is exposed to foreign currency liabilities of Rs 26,128 million.

Foreign currency sensitivity

Management runs a sensitivity analysis (what-if) in case EUR and USD currencies appreciate in comparison with functional currencies by 10%.

Had there been a revaluation of monetary assets and liabilities, the foreign exchange losses in the profit and loss account would have been as follows:

	December 31, 2022	
	Gross exposure on profit or loss	Net of tax exposure on profit or loss
	--- (Rupees '000) ---	
Monetary assets exposed to currency risk		
Cash and cash equivalents	105,879	75,174
Receivable from roaming partners and others		
	<u>276,235</u>	<u>196,127</u>
	382,114	271,301
Monetary liabilities exposed to currency risk		
License fee payable	7,870,459	5,588,026
Trade and other payables	<u>3,226,362</u>	<u>2,290,717</u>
	11,096,821	7,878,743
	<u>(10,714,707)</u>	<u>(7,607,442)</u>

A 10% depreciation of EUR and USD vs. the functional currency would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

The following significant exchange rates applied during the year:

	Average rate	Reporting date spot rate
	December 31, 2022	
	----- (Rupees) -----	
USD	207.98	227.03
EUR	218.92	242.10

c) Market price risk

For quoted investments classified as fair value through profit and loss, a 1 percent increase / decrease in market price at the reporting date would have increased / decreased equity by Rs 196,600 thousand and vice versa.



38.7 Fair values

Fair value versus carrying amounts

The carrying amount of all financial assets and liabilities are estimated to approximate their fair values as at December 31, 2022.

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	(Rupees 000)		
December 31, 2022			
Assets carried at fair value			
Other financial assets - FVTPL	-	27,690,128	-

The carrying value of financial assets and liabilities reflected in these special purpose consolidated financial statements approximate their respective fair values.

38.8 Determination of fair values

A number of the Registered Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Investment in securities- fair value through profit or loss

The fair value of investment classified as fair value through profit or loss is determined by reference to their quoted closing repurchase price (net asset value as quoted by Mutual Funds Association of Pakistan) at the reporting date.

Investment in securities- fair value through other comprehensive income

The fair value of fair value through other comprehensive income investments are determined either by reference to their quoted closing repurchase price, at the reporting dates as the present value of future cash flows, discounted at market rates of interest for a similar instrument at the reporting dates.

Non-derivative financial assets

The fair value of non-derivative financial assets is determined as the present value of future cash flows, discounted at market rates of interest, at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is determined as the present value of future cash flows, discounted at market rates of interest, at the reporting date or, where applicable, fair value is determined by reference to their quoted closing repurchase price, at the reporting dates. This fair value is determined for disclosure purposes.

Derivative financial assets

Fair values of derivatives is sensitive to the changes in interest rates and foreign exchange rates. The Fair value is determined by discounting estimated future cashflows that are based on the respective currency's curve.

38.9 Capital risk management

The primary objective of the Registered Group's capital management is to maintain healthy capital ratios, strong credit ratings and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Registered Group manages its capital structure and makes adjustments to it, in light of changes in its economic conditions. In order to maintain or adjust the capital structure, the Registered Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Registered Group monitors capital using a gearing ratio, which is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings less derivative financial assets, unrestricted cash and bank balances and unrestricted investments. Capital signifies equity as shown in the special purpose consolidated statement of financial position plus net debt.

	December 31, 2022 (Rupees '000)
Balances with banks	(2,778,988)
Long-term borrowings	149,004,267
Unrestricted investment	(27,690,128)
Net debt	118,535,151
Issued, subscribed and paid-up capital	45,306,936
Share premium	26,827,179
Reserves	134,954,781
Total capital	207,088,896
Capital and net debt	325,624,047
Gearing ratio	36.4%

38.10 Off-setting of financial assets and liabilities

The Registered Group off-sets financial assets and liabilities relating to interconnect partners and for site sharing with other operators where the Registered Group has a legally enforceable right to off-set the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

38.11 Financial assets that are set-off or are subject to enforceable master netting arrangements or similar agreements:

	December 31, 2022 (Rupees '000)
a) Net amounts presented in the special purpose consolidated financial statements	
Gross receivable presented as part of "Trade debts"	8,808,917
Amounts set-off	-
Net amounts presented as part of "Trade debts"	<u>8,808,917</u>
b) Cash collateral held	
Receivable from individual customers	8,854,590
Security deposits from customers	<u>(1,658,688)</u>
	<u>7,195,902</u>

The Registered Group holds security deposits as financial collateral against post paid receivables. In the case of default by a customer, the Registered Group has a right to set-off the security deposit against the related receivable.

38.12 Financial liabilities that are set-off

	December 31, 2022 (Rupees '000)
a) Net amounts presented in the consolidated financial statements	
Gross payable presented as part of "Trade and other payables"	(7,213,206)
Amounts set-off:	7,213,206
Net amounts presented as part of "Trade and other payables"	<u>-</u>

39 NUMBER OF EMPLOYEES

Number of employees of the Registered Group at the reporting date	<u>3,027</u>
Average number of employees during the year	<u>3,050</u>

40 GENERAL

Figures have been rounded off to the nearest thousand of Pak Rupees unless otherwise stated.

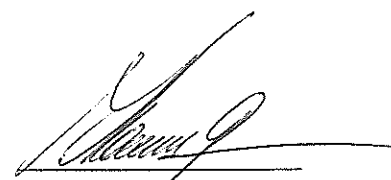
41 NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors of Parent company in its meeting held on 8th March 2023 has declared a final dividend @ Rs 5.53 per share amounting to Rs. 25,076 million.

42 DATE OF AUTHORIZATION FOR ISSUE

These special purpose consolidated financial statements were authorized for issue on 25 SEP 2023


Chief Executive Officer


Chief Financial Officer