

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Mobilink Foundation** (the Foundation) as at December 31, 2011 and the related income and expenditure account, cash flow statement and statement of changes in accumulated fund together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. The financial statements of the Foundation for the year ended December 31, 2010, were audited by another auditor who expressed an unmodified opinion on those financial statements on March 31, 2011.

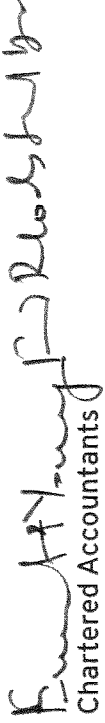
It is the responsibility of the Foundation's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express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

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

- (a) in our opinion, proper books of account have been kept by the Foundation as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Foundation's business; and
 - (iii) the business conducted and the expenditure incurred during the year were in accordance with the objects of the Foundation;

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- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at December 31, 2011 and of the excess of income over expenditure, its cash flows and changes in accumulated fund for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



Chartered Accountants
Audit Engagement Partner's Name: Pervez Muslim
Date: 20 March 2012
Place: Islamabad

MOBILINK FOUNDATION
 (A Company incorporated under section 42 of the Companies Ordinance, 1984)
BALANCE SHEET
AS AT DECEMBER 31, 2011


	2011	2010
Note	-----Rupees-----	
CURRENT ASSETS		
Advances to members	4,849	192,565
Donations receivable	89,852,450	-
Bank balance	13,854,826	40,042,635
	103,712,125	40,235,200
CURRENT LIABILITIES		
Due to Pakistan Mobile Communications Limited (PMCL) - net	15,010,557	16,079,911
Accrued mark-up	7,652,493	4,263,862
Accrued liabilities and other payables	1,156,488	2,352,000
	23,819,538	22,695,773
NET CURRENT ASSETS	79,892,587	17,539,427
REPRESENTED BY:		
Accumulated fund	79,892,587	17,539,427

The annexed notes from 1 to 17 form an integral part of these financial statements

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 Director



 Chief Executive Officer

MOBILINK FOUNDATION
(A Company incorporated under section 42 of the Companies Ordinance, 1984)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2011

	2011	2010
	-----Rupees-----	
Income		
Donations from PMCL employees	5,817,179	15,639,102
Other donations	89,996,739	87,002,872
	95,813,918	102,641,974
Expenditure		
Flood relief expenses	29,144,155	63,063,214
Scholarships	-	5,225,000
Community welfare	551,092	739,366
Professional charges	240,970	257,940
Awareness expenses	-	244,162
Carnival expenses	-	218,605
Donations	100,000	100,000
Audit fee	30,000	30,000
Relief campaigns	4,660	10,020
Finance costs	3,389,881	2,525,691
Miscellaneous expenses	-	46,200
	33,460,758	72,460,198
Excess of income over expenditure for the year transferred to Accumulated Fund	62,353,160	30,181,776

The annexed notes from 1 to 17 form an integral part of these financial statements

Ex/As



Director



Chief Executive Officer

MOBILINK FOUNDATION
 (A Company incorporated under section 42 of the Companies Ordinance, 1984)
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011

Note	2011 -----Rupees-----	2010 -----Rupees-----
Excess of income over expenditure for the year	62,353,160	30,181,776
Adjustment for mark-up on amount due to PMCL	3,388,631	2,524,236
	<u>65,741,791</u>	<u>32,706,012</u>
Working capital changes:		
Decrease/ (increase) in current assets		
Advances	187,716	245,851
Donation receivable	(89,852,450)	-
	<u>(89,664,734)</u>	<u>245,851</u>
(Decrease)/ increase in current liabilities		
Due to PMCL - net	(1,069,354)	4,754,512
Accrued liabilities and other payables	(1,195,512)	2,327,000
	<u>(2,264,866)</u>	<u>7,081,512</u>
Net cash (used in)/ generated from operating activities	<u>(26,187,809)</u>	<u>40,033,375</u>
Cash and cash equivalents at the beginning of the year	40,042,635	9,260
Cash and cash equivalents at the end of the year	<u>13,854,826</u>	<u>40,042,635</u>

The annexed notes from 1 to 17 form an integral part of these financial statements

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[Signature]

Director

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Chief Executive Officer

MOBILINK FOUNDATION
(A Company incorporated under section 42 of the Companies Ordinance, 1984)
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE YEAR ENDED DECEMBER 31, 2011


	Rupees
Balance at January 01, 2010	(12,642,349)
Excess of income over expenditure for the year	30,181,776
Balance at December 31, 2010	17,539,427
Excess of income over expenditure for the year	62,353,160
Balance at December 31, 2011	79,892,587

The annexed notes from 1 to 17 form an integral part of these financial statements

By/for



 Director



 Chief Executive Officer

MOBILINK FOUNDATION
(A Foundation incorporated under section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

1 THE FOUNDATION AND ITS OPERATIONS

Mobilink Foundation ("the Foundation") was incorporated on January 15, 2008, as a public company limited by guarantee under Section 42 of the Companies Ordinance, 1984. The registered office of the Foundation is situated at Plot No. 1/B(2), F-8 Markaz Islamabad. The main objective of the Foundation is to promote community welfare, education, provide relief donations and perform research in the field of telecommunications and general welfare.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation and measurement

These financial statements have been prepared under historical cost convention.

3.2 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Foundation operates. These financial statements are presented in Pak Rupees, which is the Foundation's functional and presentation currency.

3.3 Use of estimates and judgment

The preparation of financial statements in conformity with the approved accounting standards requires the management to make judgments, estimates and assumptions that effect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision effects only that period, or in the period of the revision and future years if the revision effects both current and future years.

There are no significant accounting estimates and judgment involved in the preparation of these financial statements.

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3.4 Advances

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

3.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

3.6 Accrued liabilities

Accrued liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Foundation.

3.7 Donations income

Income from donations is recognized when there is a reasonable assurance that the donation will be received and all attached conditions will be complied with.

3.8 Financial instruments

Financial assets and liabilities are recognized when the Foundation becomes a party to the contractual provisions of the instrument. These are initially measured at cost, which is the fair value of the consideration given and received, respectively. These financial assets and liabilities are subsequently measured at fair value and amortized cost, respectively. The Foundation de-recognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instrument. Changes in the fair value of the financial instruments are taken to the income and expenditure account.

3.8 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount reported in the balance sheet, when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously.

1/1/11

2011 2010
-----Rupees-----

4 DONATIONS RECEIVABLE

Receivable from Link Direct International
(Private) Limited - an associated company
Receivable from Waseela Microfinance Bank

	89,850,450	-
	2,000	-
	89,852,450	-

5 BANK BALANCE

At a bank in local currency, current account

	13,854,826	40,042,635
	13,854,826	40,042,635

6 DUE TO PAKISTAN MOBILE COMMUNICATIONS LIMITED (PMCL) - net

This represents amount due to PMCL, a member of the Foundation, in respect of expenses incurred on behalf of the Foundation. This carries mark-up at rates ranging from 14 % to 15.5 % (2010: 16%) per annum, equal to the borrowing cost of PMCL.

7 ACCRUED MARK-UP

This represents mark-up accrued on amount due to PMCL, a member of the Foundation (Note 6).

8 ACCRUED LIABILITIES AND OTHER PAYABLES**Accrued liabilities**

Audit fee	30,000	30,000
Performance evaluation report fee	150,000	-
	180,000	30,000

Other payables

Payable to suppliers	966,000	2,317,000
others	10,488	5,000
	976,488	2,322,000
	1,156,488	2,352,000

9 DONATIONS FROM PMCL EMPLOYEES

This includes a sum of Rs. 4,000,000 (2010: Rs. 5,000,000), donated by Mr. Rashid Naseer Khan, the Chief Executive Officer of the Foundation and PMCL.

10 OTHER DONATIONS

These include donations, amounting to Rs. 89,833,300 (2010: Rs. 60,989,580) from LDI, an associated company.

11 DONATIONS

Donations do not include any amount paid to any person or organization, in which a Director or his spouse had any interest.

Signature

12 FINANCE COSTS

	2011	2010
	-----Rupees-----	
Mark-up on amount due to PMCL	3,388,631	2,524,236
Bank charges	1,250	1,455
	<u>3,389,881</u>	<u>2,525,691</u>

13 TRANSACTIONS WITH RELATED PARTIES

The Foundation was founded by seven members, including PMCL. Therefore, all associated undertakings of PMCL are related parties of the Foundation. All administrative and regulatory responsibilities, relating to the Foundation, are handled by PMCL.

Amounts due from and due to these related parties are shown in notes 4, 6 and 7 to these financial statements. 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 year are as follows:

Transactions with members:

	2011	2010
	-----Rupees-----	
Accrued mark-up on amount due to PMCL	3,388,631	2,524,236
Donations received by PMCL on behalf of the Foundation	1,072,354	1,827,530
Cash received from PMCL on account of donations collected on behalf of the Foundation	678,500	25,684,499
Community welfare expenses paid by PMCL on behalf of the Foundation	-	5,530,898
Professional charges paid by PMCL on behalf of the Foundation	3,000	128,165

Transactions with associates:

Donation from Link Direct International (Pvt) Limited (LDI)	89,833,300	-
Donation received by LDI on behalf of the Foundation	17,150	-
Cash donation from LDI	-	60,989,580
Donation from Waseela Microfinance Bank	2,000	-

Transactions with others:

Donation received from Chief Executive Officer	4,000,000	5,000,000
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14 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE

No remuneration was paid to the Directors and Chief Executive Officer of the Foundation, in the current and comparative year.

15 TAXATION

The Foundation's income from voluntary contributions is exempt from tax under clause (60) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Provision is made for other taxable income, if any.

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Foundation in their meeting held on

20 MAR 2012

17 GENERAL

The figures in these accounts have been rounded off to the nearest Rupee.

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Director



Chief Executive Officer