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KPMG Taseer Hadi & Co.
Chartered Accountants

Swat Expressway Planning Construction and Operation (Private) Limited

Financial Statement
For the period ended 30 June 2019

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
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INDEPENDENT AUDITORS' REPORT

To the members of Swat Expressway Planning Construction and Operations (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Swat Expressway Planning Construction and Operations (Private) Limited (the Company), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) 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 financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Atif Zamurrad Malik.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
17 March 2020

Swat Expressway Planning Construction and Operations (Private) Limited

Statement of Financial Position

As at 30 June 2019

	Note	2019 (Rupees)	2018 (Rupees)
Non-current assets			
Property and equipment			
Operating fixed assets	5	**375,197**	432,470
Concession assets	6	**18,303,160,500**	-
Concession work in progress	7	**6,328,721,129**	16,944,909,201
		24,632,256,826	16,945,341,671
Long term advance	8	**7,921,557,008**	9,917,595,000
Total non-current assets		**32,553,813,834**	26,862,936,671
Current assets			
Accrued interest		**1,285,110**	1,973,723
Prepayments, receivables and advances	9	**1,431,543**	5,000
Cash and bank balances	10	**141,721,085**	504,471,080
Total current assets		**144,437,738**	506,449,803
Total assets		**32,698,251,572**	27,369,386,475
Share capital and reserves			
Share capital	11	**19,170,345,500**	16,695,581,200
Capital reserve		**1,667,710,885**	1,667,710,885
Revenue reserve - Accumulated (loss) / profit		**(751,808,977)**	200,512,911
Total equity		**20,086,247,408**	18,563,804,996
Non-current liabilities			
Long term loan	12	**8,553,009,333**	6,457,738,422
Long term musharakah	13	**2,621,531,035**	1,613,343,906
Deferred tax liability	14	**236,651,524**	464,745,491
Retention money payable	15	**141,543,578**	-
Deferred liabilities	16	**159,521,260**	149,238,713
Contract liability		**8,600,000**	-
Total non-current liabilities		**11,720,856,730**	8,685,066,532
Current liabilities			
Retention money payable	15	**194,510,957**	-
Provision for taxation	17	**23,984,174**	54,894,219
Trade and other payables	18	**195,425,444**	48,853,301
Accrued markup		**92,546,359**	16,767,427
Current maturity of long term loan	12	**249,200,514**	-
Current maturity of long term musharakah loan	13	**135,479,986**	-
Total current liabilities		**891,147,434**	120,514,947
Total equity and liabilities		**32,698,251,572**	27,369,386,475

Contingencies and commitments 19

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Swat Expressway Planning Construction and Operations (Private) Limited
Statement of Profit or Loss
For the year ended 30 June 2019

	Note	**30 June 2019 (Rupees)**	30 June 2018 (Rupees)
Revenue	20	**47,949,610**	-
Cost of revenue	21	**(875,002,060)**	-
Gross loss		**(827,052,450)**	-
Administrative expenses	22	**(34,934,398)**	(28,357,724)
Operating loss		**(861,986,848)**	(28,357,724)
Finance costs	23	**(337,230,867)**	(9,619,747)
Other income	24	**19,401,230**	86,210,958
(Loss) / profit before tax		**(1,179,816,485)**	48,233,487
Income tax expense	25	**227,494,597**	150,738,278
(Loss) / profit after tax		**(952,321,888)**	198,971,765

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Swat Expressway Planning Construction and Operations (Private) Limited
Statement of Comprehensive Income
For the year ended 30 June 2019

	30 June 2019 (Rupees)	30 June 2018 (Rupees)
(Loss) / profit for the year	**(952,321,888)**	198,971,765
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(952,321,888)**	198,971,765

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Swat Expressway Planning Construction and Operations (Private) Limited
Statement of Cash Flows
For the year ended 30 June 2019

	Note	**30 June 2019 (Rupees)**	30 June 2018 (Rupees)
CASHFLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(1,179,816,485)**	48,233,487
Adjustment for non cash items			
Depreciation		**765,735,316**	215,295
Finance cost		**337,230,867**	9,619,747
Other income		**(19,397,594)**	(86,210,958)
Operating profit before working capital changes		**(96,247,896)**	(28,142,429)
Working capital changes			
(Increase) / decrease in current assets:			
Prepayments, receivables and advances		**(1,426,543)**	5,835,362
Increase in current liabilities:			
Trade and other payables		**146,572,144**	18,317,433
Operating cash flows before working capital changes		**48,897,705**	(3,989,634)
Taxes paid		**(31,509,415)**	(31,234,454)
Increase in contract liability		**8,600,000**	-
Increase / (decrease) in retention money payable		**336,054,535**	(35,143,007)
Net cash generated / (used in) from operating activities		**362,042,825**	(70,367,095)
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		**(216,128)**	(89,695)
Sale proceeds from disposal of item of property and equipment		**7,500**	-
Increase in concession work in progress		**(7,881,137,123)**	(14,365,655,230)
Increase/ (decrease) in long term advances		**1,996,037,992**	(666,305,852)
Interest received		**25,843,322**	187,048,880
Net cash used in investing activities		**(5,859,464,437)**	(14,845,001,897)
CASHFLOW FROM FINANCING ACTIVITIES			
Issue of share capital		**2,474,764,300**	7,845,273,500
Receipt of long term loan - net of transaction cost		**3,236,203,818**	4,291,920,457
Payment of interest on long term loan and musharakah		**(576,296,501)**	(34,166,372)
Net cash generated from financing activities		**5,134,671,617**	12,103,027,585
Net decrease in cash and cash equivalents		**(362,749,995)**	(2,812,341,407)
Cash and cash equivalents at the beginning of the year		**504,471,080**	3,316,812,487
Cash and cash equivalents at the end of the year	10	**141,721,085**	504,471,080

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Swat Expressway Planning Construction and Operations (Private) Limited

Statement of Changes in Equity

For the year ended 30 June 2019

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve-Accumulated profit / (loss)	Total equity
	------Rupees------			
Balance at 01 July 2017	8,850,307,700	1,667,710,885	1,541,146	10,519,559,731
Total comprehensive income				
Net profit for the year	-	-	198,971,765	198,971,765
Other comprehensive income for the year	-	-	-	-
	-	-	198,971,765	198,971,765
Transaction with owners recorded directly in equity				
Shares issued during the year	7,845,273,500	-	-	7,845,273,500
Balance at 30 June 2018	16,695,581,200	1,667,710,885	200,512,911	18,563,804,996
Balance at 01 July 2018	**16,695,581,200**	**1,667,710,885**	**200,512,911**	**18,563,804,996**
Total comprehensive income				
Net loss for the year	-	-	**(952,321,888)**	**(952,321,888)**
Other comprehensive income for the year	-	-	-	-
	-	-	**(952,321,888)**	**(952,321,888)**
Transaction with owners recorded directly in equity				
Shares issued during the year	**2,474,764,300**	-	-	**2,474,764,300**
Balance at 30 June 2019	**19,170,345,500**	**1,667,710,885**	**(751,808,977)**	**20,086,247,408**

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Swat Expressway Planning Construction and Operations (Private) Limited

Notes to the Financial Statements

For the year ended 30 June 2019

1 THE COMPANY AND ITS OPERATION\

Swat Expressway Planning Construction and Operations (Private) Limited (the Company) was incorporated as a private limited company on 25th August 2016 under the Companies Ordinance, 1984. The Company is a subsidiary of Frontier Works Organisation (FWO). The Company is principally formed for construction of Swat Expressway on a built, operate and transfer basis, pursuant to a Concession Agreement dated 7th October 2016, entered into between the Pakhtunkhwa Highways Authority (PKHA) and the Company.

On 28th September 2016, the Company signed an Indicative Term Sheet with MCB Bank Limited (Agent Bank) to finance the development, designing, engineering and construction of the project through a Syndicated Term Finance Facility (STFF) and subsequently on November 28, 2016 signed a Common Term Agreement with a consortium of 4 banks amounting to Rs.12,658 million, representing 33% of the total estimated Project cost of Rs. 38,824 million. While for the remaining 67%, FWO will inject equity amounting to Rs. 9,166 million and PKHA has provided funds aggregating to Rs.17,000 million out of which Rs. 11,500 million has been injected in the form of equity and Rs. 5,500 million has been provided in the form of subordinated loan.

The registered office of the Company is situated at HQ FWO, 509, Kashmir Road, R.A. Bazar, Rawalpindi.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards ("IFRS Standards"), issued by the International Accounting Standards Board ("IASB") as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention.

3.1 Functional and presentation currency

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

3.2 Significant accounting judgment and estimates

The preparation of these interim financial statements in conformity with the approved accounting standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and underlying assumptions are based on historical experience and other factors including reasonable expectations of future events, which are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised or in any future periods effected.

(i) Property and equipment and concession assets

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation of property and equipment and concession assets. Further, where applicable, an estimate of the recoverable amount is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in these estimates in future, might effect the carrying amount of the respective item of property and equipment and concession assets, with a corresponding effect on the depreciation and impairment.

(ii) Taxation

The Company takes into account the income tax laws applicable to the Company and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

(iii) Provision for hand back cost

Provision is recognised for the future submission of Transfer Bond, which the Company is required to make under the Concession Agreement. Estimate of the amount of provision recognized are based on the Company's assumptions for condition of Swat Expressway at Concession End and price levels. Provision is based on the best estimate, however, the actual outflow may differ from estimated cash outflows due to changes in technology, future condition of Swat Expressway and the fact that actual expenditure will take place in many years in future. The carrying amount of provision is reviewed annually and adjusted to account for such changes.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements except for the changes as indicated below:

IFRS 15 *'Revenue from Contract with Customers'*

The Company has adopted IFRS 15 with a date of initial application of 01 July 2018. As a result the Company has changed its accounting policy for revenue recognition. However, it has no significant impact on the Company's financial statements.

IFRS 9 *'Financial Instruments'*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented as a separate line item in the statement of profit or loss.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2019 but have not been generally applied to comparative information.

Adoption of IFRS 9 "Financial Instruments" has no impact on opening balances of reserves and retained earnings.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not a significant effect on the Company's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 July 2018.

	Original classification under IAS 39	New classification under- IFRS 9
Financial assets		
Accrued interest	Loans and receivables	Amortized cost
Receivables and advances	-	Amortized cost
Bank balances	Loans and receivables	Amortized cost
Financial liabilities		
Long term loan - unsecured	Other financial liabilities	Other financial liabilities
Long term loan - secured	Other financial liabilities	Other financial liabilities
Long term loan - musharakah	Other financial liabilities	Other financial liabilities
Retention money payable	-	Other financial liabilities
Deferred liabilities	Other financial liabilities	Other financial liabilities
Trade and other payable	Other financial liabilities	Other financial liabilities
Accrued markup	Other financial liabilities	Other financial liabilities

There is no change in the carrying amounts of financial assets and financial liabilities at the initial application date of IFRS 9, except for a change in accounting classification under IFRS 9 from category under IAS 39 as disclosed in the above table.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to invest in equity instruments. Under IFRS 9 credit losses are recognised earlier than under IAS 39, however, it has no impact on the Company's financial statements.

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements.

- Assessments have been made on the basis of the facts and circumstances that existed at the date of initial application for determination of the business model within which a financial asset is held.

4.1 Property and equipment

4.1.1 Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes purchase price and all other expenses which are directly attributable for bringing the asset to its present location and condition for its intended use.

Depreciation is charged to income applying the straight line method at the rates mentioned in note 5 to these financial statements, whereby the cost of an asset is written over its estimated useful life. Full month depreciation is charged in the month of addition with no depreciation being charged in the month of disposal.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from it's use or disposal. Any gain or loss arising on de-recognition 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 period 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 the future economic benefits embodied within the part will flow to the Company 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 asset's residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change in accounting estimate.

4.1.2 Concession assets

Concession assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes construction cost incurred on construction Swat Expressway, borrowing cost related to funds specifically borrowed for its planning and construction and other directly attributable cost.

Depreciation is charged to income applying the straight line method at the rates mentioned in note 6 to these financial statements, whereby the cost of an asset is written over its estimated useful life. Full month depreciation is charged in the month of addition with no depreciation being charged in the month of disposal.

An item of concession assets is derecognised upon disposal or when no future benefits are expected form its use or disposal. Any gain or loss on de- recognition 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 period the asset is derecognized.

The cost of replacing part of an item of concession asset is recognized in the carrying amount of the item, if it is probable the future economic benefits embodied within the part will flow to the Company 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.

4.1.3 Concession work- in- progress

Concession work in progress is stated at cost less accumulated impairment losses, if any. Cost includes construction costs incurred on Swat Expressway, present value of initial estimate of the hand back cost and borrowing costs related to funds specifically borrow for its planning and construction and other directly attributable cost. Upon issuance of completion certificate by Quality Assurance Inspector, the cost will be transferred to operating fixed assets.

4.1.4 Application of waiver from requirement of IFRIC 12 "Service Concession Arrangements"

In accordance with S.R.O 24(I)/2012, dated 16 January 2012, the Company has availed exemption, granted by Securities and Exchange Commission of Pakistan (SECP), from requirements of IFRIC 12 while preparing these financial statements.

IFRIC 12 applies to public-to-private service concession arrangements if the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; the grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.

Under the Company's Concession Arrangement, IFRIC 12 would have required that the Company not recognize any infrastructure as part of its property, plant and equipment. The Company would have to account for its costs on planning and construction of Swat Expressway, disclosed in note 6 to the financial statements, as expenses in profit or loss by reference to the stage of completion. The Company would also have been required to recognize revenue for these services at its fair value, normally calculated on the basis of cost and generally applicable margin on similar services, against an intangible asset. Borrowing attributable to arrangement would also have been capitalized as part of intangible asset.

The Company, however, as applied the waiver granted by SECP and is carrying its incurred cost construction (including the related borrowing cost) as concession work-in-progress, which will be transferred to operating fixed assets upon completion of motorway. The Company will commence charging of depreciation from the date of such transfer.

4.2 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes its revenue when it transfers service to the customers.

Nature of service

The Company principally generates its revenue from providing access to its customer to Swat Expressway. The Company recognizes its revenue as the customers uses the Expressway. Customers pay for the access service at the time of exit from the expressway.

4.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance with the banks.

4.4 Long-term financing

These are recognised initially at fair value, less the attributable transaction costs. After initial recognition, these are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method.

Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees or costs that are integral part of the EIR. The EIR amortization is included in finance costs in the profit or loss.

4.5 Borrowing costs

Mark-up, interest and other directly attributable cost on borrowing that are attributable to the acquisition and or/construction of qualifying assets, are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalization of borrowing costs is suspended in the period during which active development is delayed due to, other than temporary interruption. All other mark-up, interest and related charges are charged to profit or loss as and when incurred.

4.6 Provision for hand back cost

Provision for hand back cost has been recognized as the Company has a legal obligation to pay the hand back cost to PKHA, six months prior to Concession End Date or immediately upon but not later than thirty days from the date of issuance of the Termination Notice. Provision for hand back cost is recognized at present value of 2% of the total project cost. The cash flows have been discounted at a rate that reflects the risk specific to the hand back cost.

Subsequent to initial recognition, an unwinding expense relating to the provision is recognized as a finance cost, and capitalized cost will be expensed as depreciation, over the tenure of the project.

While the provision is based on the best estimate of future costs and the pay-out period, 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 is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to the concession asset. Cost for unwinding of provision for hand back cost is recognised in profit or loss.

4.7 Provisions

General provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, 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.

4.8 Trade and other payables

Liabilities for trade and other amounts payable are initially carried at the fair value, subsequent to the initial recognition these are carried at the amortized cost.

4.9 Taxation

Income tax comprises current and deferred tax

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance 2001, and Alternate Corporate Tax and higher of the three amounts is provided for in the financial statements.

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 the financial statements, and the corresponding tax bases used in computation of taxable profit. Deferred liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and tax credits to the extent that it is probable that taxable profits will be available against which these 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 tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 a 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, or on different entities, and they intend to settle current tax liabilities and assets on a net basis, or the tax assets and liabilities will be realized simultaneously.

4.10 Financial instruments - Policy applicable from 1 July 2018

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

4.10.1 Financial assets

Classification

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL)

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

(a) Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortised cost	Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Financial assets at FVTPL	Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

4.10.2 Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

4.10.3 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial instruments - Policy applicable before 1 July 2018

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets and liabilities are derecognized at the time when the Company loses control of contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit or loss immediately.

(a) Financial assets

Classification, initial recognition and subsequent measurement

The Company classifies its financial assets in four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Regular purchases and sales of financial assets are recognized on the trade date-the date on which the Company commits to purchase or sell the asset.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets, classified as loans and receivables, are initially measured at fair value. At subsequent reporting dates, these are carried at amortized cost using the EIR method less impairment losses, if any. The Company's loans and receivables comprise of accrued interest, other receivables and bank balances.

Derecognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired;

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4.11 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the profit or loss, Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and fair value less costs to sell. 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.

An impairment loss recognized in the prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.12 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.13 Standards, interpretations and amendments to the approved accounting standards

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently assessing the impact on the Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. At present, the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- The Company has transferred its right to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full, without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(b) Financial liabilities

Classification, initial recognition and subsequent measurement

The Company currently classifies its financial liabilities as other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value and also include directly attributable transaction costs.

Subsequent to initial recognition, other financial liabilities are measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process. The Company's other financial liabilities include long term borrowing and trade and other payables.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

(c) Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, when there is a 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.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's financial statements.

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Swat Expressway Planning Construction and Operations (Private) Limited

Notes to the Financial Statements

For the year ended 30 June 2019

5 OPERATING FIXED ASSETS

	Cost					Accumulated depreciation				Written down value
	At 01 July 2018	Additions during the year	Deletions during the year	At 30 June 2019	Rate	At 01 July 2018	Charge for the year	Deletions During the year	At 30 June 2019	At 30 June 2019
	Rupees				%	Rupees				Rupees
30 June 2019										
Description										
Furniture and fittings	117,586	-	-	117,586	20	26,218	23,516	-	49,734	67,852
Office equipment	95,317	-	-	95,317	33	43,059	31,768	-	74,827	20,490
Computer equipment	498,211	216,128	(96,335)	618,004	33	209,367	177,972	(56,190)	331,149	286,855
	711,114	216,128	(96,335)	830,907		278,644	233,256	(56,190)	455,710	375,197

	Cost					Accumulated depreciation				Written down value
	At 01 July 2017	Additions during the year	Deletions during the year	At 30 June 2018	Rate	At 01 July 2017	Charge for the year	Deletions during the year	At 30 June 2018	At 30 June 2018
	Rupees				%	Rupees				Rupees
30 June 2018										
Description										
Furniture and fittings	109,500	8,086	-	117,586	20	4,049	22,169	-	26,218	91,368
Office equipment	82,817	12,500	-	95,317	33	14,067	28,992	-	43,059	52,258
Computer equipment	429,102	69,109	-	498,211	33	45,233	164,134	-	209,367	288,844
	621,419	89,695	-	711,114		63,349	215,295	-	278,644	432,470

Swat Expressway Planning Construction and Operations (Private) Limited

Notes to the Financial Statements

For the year ended 30 June 2019

6 CONCESSION ASSETS

Description	Cost				Accumulated depreciation			Written down value
	At 01 July 2018	Additions during the year	At 30 June 2019	Useful life	At 01 July 2018	Charge for the year	At 30 June 2019	At 30 June 2019
	Rupees			Years	Rupees			Rupees
Building	-	159,272,431	159,272,431	23	-	2,144,689	2,144,689	157,127,742
Structures	-	4,483,991,331	4,483,991,331	23	-	84,370,373	84,370,373	4,399,620,958
Other assets	-	3,729,643,640	3,729,643,640	23	-	69,027,224	69,027,224	3,660,616,416
Road infrastructure	-	10,152,007,450	10,152,007,450	8	-	561,178,442	561,178,442	9,590,829,008
Equipment and computer accessories	-	331,945,879	331,945,879	10	-	28,588,610	28,588,610	303,357,269
Vehicles	-	211,801,829	211,801,829	5	-	20,192,722	20,192,722	191,609,107
	-	19,068,662,560	19,068,662,560		-	765,502,060	765,502,060	18,303,160,500

7 CONCESSION WORK IN PROGRESS

Description	Note	As at 01 July 2018	Additions	Transferred to concession assets	As at 30 June 2019
		(Rupees)			
Civil works	7.1	**16,387,401,551**	**7,750,458,447**	**(18,046,133,241)**	**6,091,726,757**
Borrowing cost	7.2	**256,257,091**	**581,878,019**	**(736,845,852)**	**101,289,258**
Hand back cost	7.3	**138,845,879**	**-**	**(75,034,149)**	**63,811,730**
Consultancy fee	7.4	**142,764,069**	**107,273,016**	**(186,381,020)**	**63,656,065**
Other directly attributable cost	7.5	**19,640,611**	**12,865,005**	**(24,268,297)**	**8,237,319**
		16,944,909,201	**8,452,474,487**	**(19,068,662,559)**	**6,328,721,129**

Description	Note	As at 01 July 2017	Additions	Transferred to concession assets	As at 30 June 2018
		(Rupees)			
Civil works	7.1	2,243,529,587	14,143,871,964	-	16,387,401,551
Borrowing cost	7.2	39,761,032	216,496,059	-	256,257,091
Hand back cost	7.3	138,845,879	-	-	138,845,879
Consultancy fee	7.4	27,816,788	114,947,281	-	142,764,069
Other directly attributable cost	7.5	-	19,640,611	-	19,640,611
		2,449,953,286	14,494,955,915	-	16,944,909,201

7.1 This represents cost of construction of Swat Expressway.

7.2 This represents net borrowing cost incurred in connection with long term loan obtained from PKHA and syndicate of banks as disclosed in note 12 and 13, for the purpose of construction of Swat Expressway. The capitalization ratio for the year is 100% in respect of the related portion of long term loan.

7.3 As per terms of the Concession Agreement, six months prior to the Concession End Date, the Company is required to submit to PKHA the Transfer Bond with a face value equivalent to 2% of the total project cost as projected in the Financial Model. The 2% of the total estimated project cost amounts to Rs. 683 million and according the provision for hand back cost has been recognised at the present value, using a discount rate of 0.557% per month.

7.4 This represents expenses incurred in connection with consultancy charges on account of the Company's share of services provided by the Independent Engineer.

7.5 These represents expenditure incurred incurred on account of training cost incurred for training of PKHA officials and provision of vehicles to PKHA as per the concession agreement.

8	LONG TERM ADVANCE	Note	2019 (Rupees)	2018 (Rupees)
	Mobilization advance to FWO- parent organization			
	Opening balance		**9,917,595,000**	9,251,289,148
	Disbursed during the year		-	666,305,852
	Adjusted during the year		**(1,996,037,992)**	-
		8.1	**7,921,557,008**	9,917,595,000

8.1 This represents mobilization advance disbursed to Frontier Works Organization (FWO) under the EPC contract. Maximum aggregate amount outstanding at any time during the year amounts to Rs. 9,917,595,000 (2018: 9,917,595,000).

9	PREPAYMENTS, RECEIVABLES AND ADVANCES	Note	2019 (Rupees)	2018 (Rupees)
	Prepayments		**265,473**	-
	Receivables		**1,128,070**	-
	Advance to employees		**38,000**	5,000
			1,431,543	5,000

10 CASH AND BANK BALANCES

	Note	2019 (Rupees)	2018 (Rupees)
Cash in hand		**53,463**	79,605
Cash at bank - saving account	10.1	**141,667,622**	504,391,475
		141,721,085	504,471,080

10.1 These carry a markup rate ranging from 4.5% to 10.75% (2018: 3.75% to 4.0%) per annum.

11 SHARE CAPITAL

Authorized capital

2019 (Number)	2018 (Number)		2019 (Rupees)	2018 (Rupees)
91,660,000	91,660,000	"A" class ordinary shares of Rs. 100/- each	**9,166,000,000**	9,166,000,000
115,000,000	115,000,000	"B" class ordinary shares of Rs. 100 /- each	**11,500,000,000**	11,500,000,000
206,660,000	206,660,000		**20,666,000,000**	20,666,000,000

11.1 Issued, subscribed and paid up capital "A" class ordinary shares of Rs. 100/- each

2019 (Number)	2018 (Number)		2019 (Rupees)	2018 (Rupees)
76,703,455	51,955,812	"A" class ordinary shares fully paid up in cash	**7,670,345,500**	5,195,581,200
76,703,455	51,955,812		**7,670,345,500**	5,195,581,200

FWO holds 76,703,451 (2018: 51,955,807) "A" class ordinary shares in the Company of Rs. 100/- each as at reporting date.

Directors hold 4 (2018: 5) "A" class ordinary shares of Rs. 100/- each as at the reporting date. (as disclosed in note 30 to the financial statements).

Issued, subscribed and paid up capital "B" class ordinary shares of Rs. 100/- each

2019 (Number)	2018 (Number)		2019 (Rupees)	2018 (Rupees)
115,000,000	115,000,000	"B" class ordinary shares fully paid up in cash	**11,500,000,000**	11,500,000,000
115,000,000	115,000,000		**11,500,000,000**	11,500,000,000
191,703,455	166,955,812		**19,170,345,500**	16,695,581,200

PKHA holds 115,000,000 (2018: 60,000,000) "B" class ordinary shares in the Company of Rs. 100/- each as at reporting date.

Two classes of shares were issued i.e. class 'A' and class 'B'. Class 'A' shares were issued to FWO and its nominated directors and carries voting rights, whereas class 'B' shares were issued to PKHA and these do not hold any voting rights.

12 LONG TERM LOAN

	Note	2019 (Rupees)	2018 (Rupees)
Long term loan - unsecured	12.1	**3,730,991,731**	3,490,170,001
Long term loan - secured	12.2	**4,822,017,602**	2,967,568,421
		8,553,009,333	6,457,738,422

12.1 This represents subordinate loan granted by PKHA under the Subordinate Loan Agreement between PKHA and the Company. The loan is repayable in 15 fixed annual installments after a grace period of 11 years from the date of Concession Agreement. Movement during the year is as follows:

	2019 (Rupees)	2018 (Rupees)
Long term borrowing from PKHA	**5,500,000,000**	5,500,000,000
Less: transfers		
Fair value adjustment recognised in equity - net of deferred tax liability	**(1,667,710,885)**	(1,667,710,885)
Deferred tax liability related to fair value adjustment	**(714,733,236)**	(714,733,236)
Net amount recognized as borrowing	**(2,382,444,121)**	(2,382,444,121)
Subsequent amortization	**613,435,852**	372,614,122
Balance as at 30 June	**3,730,991,731**	3,490,170,001

Since the loan has a grace period of 11 years and the markup is below market rate, this has been recognised at fair value using imputed interest rate of 6 months' KIBOR plus 0.75% per annum in accordance with the requirements of IAS - 39 "Financial Instruments: Recognition and Measurement". The difference between fair value and the loan amount has been recognised in equity. Effect of subsequent remeasurement and related amortisation will be taken to the profit or loss or capitalized in accordance with the Company's accounting policy for borrowing costs.

	2019 (Rupees)	2018 (Rupees)
12.2 Long term borrowing from financial institutions	**5,135,931,351**	3,039,480,782
Less: Transaction cost		
Initial transaction cost	**(79,249,552)**	(79,249,552)
Subsequent amortization	**14,536,317**	7,337,191
	(64,713,235)	(71,912,361)
Less: Current maturity of long term loan	**(249,200,514)**	-
	4,822,017,602	2,967,568,421

In order to finance the planning and construction of Swat Expressway , the Company has entered into a Syndicate Term Finance Agreement with a syndicate of banks, the MCB Bank Limited acting as the Lead Banker. The closing balance of loan represents the withdrawals made by the Company till reporting date, out of total loan facility of Rs 8,200 million (2018: Rs. 8,200 million). The loan carries markup at the rate of 06 months KIBOR plus 0.75% per annum and the principal is re-payable in 9 years on semi annual installments, commencing after a grace period of 30 months from the facility effective date i.e. 31 May 2017. The loan is secured by way of following:

- Exclusive hypothecation charge on all current assets and future assets of the Company along with the margin of 25%;
- Assignment of all project revenues;
- Assignment of contractual rights by the Company to lenders; and
- Lien and set off in respect of Company's bank accounts.

13 LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKA FINANCE

	2019 (Rupees)	2018 (Rupees)
Liabilities against assets subject to diminishing musharakah finance	**2,792,192,924**	1,652,439,675
Less: Transaction cost		
Initial transaction cost	**(43,084,695)**	(43,084,695)
Subsequent amortization	**7,902,792**	3,988,926
	(35,181,903)	(39,095,769)
Less: Current maturity of long term musharakah	**(135,479,986)**	-
	2,621,531,035	1,613,343,906

This represents Musharakah Agreement with syndicate comprising of Meezan Bank Limited and Bank of Khyber with Meezan Bank being the Shariah Structuring Agent. The closing balance represents withdrawals made by the Company till date out of total facility of Rs. 4,458 million (2018 Rs. 4,458 million). The rentals are calculated using KIBOR as base rate and margin of 0.75% per annum. The loan is secured by way by the securities mentioned in note 12.2.

14 DEFERRED TAXATION

	2019 (Rupees)	2018 (Rupees)
Deferred tax liability - opening	**464,745,491**	664,056,167
Charge for the year	**(228,093,967)**	(199,310,676)
Net deferred tax liability - closing	**236,651,524**	464,745,491

The deferred tax liability comprises of the following:

	2019 (Rupees)	2018 (Rupees)
Deferred tax liability on taxable temporary differences		
Accelerated tax depreciation	**2,303**	28,902
Concession assets	**1,095,416,274**	-
Accrued interest	**372,682**	572,380
Long term loans	**513,012,398**	517,582,937
Deferred tax asset on deductible temporary differences		
Concession work in progress	**(1,660,096)**	(23,311,985)
Unwinding of discount on provision for hand back cost	**(2,981,939)**	(2,789,727)
Precommencement expenditure	-	(27,337,016)
Effect of tax losses	**(1,367,510,098)**	-
	236,651,524	464,745,491

15 RETENTION MONEY PAYABLE

	2019 (Rupees)	2018 (Rupees)
Retention money payable	**141,543,578**	-
Gross movement in retention money payable:		
Balance at the beginning of the year	-	105,144,093
Retention money with held during the year	**336,054,535**	-
Release of retension money withheald	-	(105,144,093)
	336,054,535	-
Less: Current maturity	**(194,510,957)**	-
	141,543,578	-

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		Note	2019 (Rupees)	2018 (Rupees)
16	**DEFERRED LIABILITIES**			
	Provision for hand back cost	16.1	**159,521,260**	149,238,713
16.1	Initial recognition	16.1.1	**149,238,713**	139,618,966
	Unwinding of discount		**10,282,547**	9,619,747
			159,521,260	149,238,713

16.1.1 This represents the present value of hand back cost of Rs. 34,165 million, required to be paid by the Company to PKHA, as disclosed in Note 6.3, discounted to present value using a monthly discount rate of 0.557%.

		Note	2019 (Rupees)	2018 (Rupees)
17	**PROVISION FOR TAXATION**			
	Opening balance		**54,894,219**	37,556,275
	Provision for the year		**599,370**	48,572,398
	Tax paid during the year		**(31,509,415)**	(31,234,454)
	Closing balance		**23,984,174**	54,894,219
18	**TRADE AND OTHER PAYABLES**			
	Trade creditors			
	Due to related parties	18.1	**22,148,687**	21,969,492
	Payable to independent engineer		**30,334,046**	9,042,740
	Withholding tax payable		**37,762**	1,862,122
	Sales tax payable		**8,414,420**	5,172,902
	Accrued liabilities		**132,986,163**	9,286,146
	Other payables		**1,504,366**	1,519,899
			195,425,444	48,853,301

18.1 This represents amount payable to FWO against the payment of expenses incurred on behalf of the Company.

19 CONTINGENCIES AND COMMITMENTS

19.1 There were no contingencies at 30 June 2019 (2018: nil).

19.2 Commitment in respect of planning, construction and operation of Swat Expressway amounts to Rs. 9.25 billion (2018: Rs. 17.1 billion).

		2019 (Rupees)	2018 (Rupees)
20	**REVENUE**		
	Toll collection	**47,949,610**	-

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21 COST OF REVENUE

	Note	2019 (Rupees)	2018 (Rupees)
Operations and maintenance expense		**109,500,000**	-
Depreciation of concession assets		**765,502,060**	-
		875,002,060	-

22 ADMINISTRATIVE EXPENSES

	Note	2019 (Rupees)	2018 (Rupees)
Salaries and benefits		**8,337,350**	8,093,334
Legal and professional		**7,972,088**	6,122,096
Management fee	22.1	**15,093,804**	11,799,379
Auditors' remuneration	22.2	**548,800**	597,160
Communication		**236,345**	170,347
Office supplies		**166,114**	122,543
Utilities		**39,897**	40,160
Repair and maintenance		**63,562**	147,219
Traveling and conveyance		**1,518,710**	888,524
Staff training and welfare		**346,360**	39,000
Entertainment		**62,161**	70,706
Newspapers and periodicals		**9,058**	8,300
Depreciation		**233,256**	215,295
Insurance		**265,474**	-
Bank charges		**6,604**	4,386
Miscellanies expense		**34,815**	39,275
		34,934,398	28,357,724

22.1 This represents amount charged by FWO to the Company pursuant to a "Management Agreement" for provision of management services with respect to the project for construction of the Swat Expressway as agreed in the Management Agreement effective from 1 July 2017.

22.2 Auditors' remuneration

	2019 (Rupees)	2018 (Rupees)
Statutory audit fee	**382,800**	325,000
Review of statement of compliance with Public Sector Code of Corporate Governance	**116,000**	210,000
Out of pocket	**50,000**	62,160
	548,800	597,160

23 FINANCE COST

	2019 (Rupees)	2018 (Rupees)
Interest on long term loan - conventional facility	**159,331,367**	-
Interest on long term loan - musharakah facility	**86,621,858**	-
Financing fee - agency fee and security fee	**1,907,095**	-
Amortization of transaction cost	**3,461,280**	-
Unwinding of discount on subordinate loan	**75,626,720**	-
Unwinding of discount on provision for handback cost	**10,282,547**	9,619,747
	337,230,867	9,619,747

24 OTHER INCOME

	2019 (Rupees)	2018 (Rupees)
Mark up income	**19,430,239**	93,243,344
Effect of measuring retention money payable at fair value	-	(7,032,386)
Recoveries from employees	**3,636**	-
Loss on disposal	**(32,645)**	-
	19,401,230	86,210,958

25 TAXATION

	2019 (Rupees)	2018 (Rupees)
Current	**599,370**	48,572,398
Deferred	**(228,093,967)**	(199,310,676)
	(227,494,597)	(150,738,278)

25.1 Reconciliation of tax charge for the year

	2019 (Rupees)	2018 (Rupees)
Accounting (loss) / profit	**(1,179,816,485)**	48,233,487
	29%	30%
Expected tax expense	**(342,146,781)**	14,470,046
Effect of change in tax rate	**116,548,869**	(138,899,702)
Effect of prior year's tax loss	**(8,198,434)**	-
Temporary differences		
- effect of minimum taxation	**599,370**	
- others	**5,702,379**	(26,308,622)
	(227,494,597)	(150,738,278)

26 FINANCIAL RISK MANAGEMENT

26.1 Financial risk factors

The Company's activities expose it to a variety of financial risks that include market risk (including currency risk and interest rate risk), credit risk and liquidity risk, The Company's overall risk management program seeks to minimize potential adverse effects on its financial performance

Risk management framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market variables such as foreign exchange rates and interest rates. Market risks include currency risk, interest rate risk and other price risk, such as equity price risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions, or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to any currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

Fixed rate instruments	Note	2019 Rupees	2018 Rupees
Financial liabilities			
Long term loan	12	**8,553,009,333**	6,457,738,422
Long term musharakah	13	**2,621,531,035**	1,613,343,906
Variable rate instruments			
Financial assets			
Bank balances-deposit accounts	10	**141,667,622**	504,391,475

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Markup rate sensitivity analysis

If markup rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 30 June 2019 would increase/ decrease by Rs. 1,423,235 (30 June 2018 would increase / decrease by Rs. 2,591,036). This is mainly attributable to the Company's deposits with banks and financial institutions and exposure to markup rates on its variable rate borrowings.

iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity and equity price risk.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2019		2018	
	Carrying amount	**Maximum exposure**	Carrying amount	Maximum exposure
	Rupees		Rupees	
Bank balance	**141,667,622**	**141,667,622**	504,391,475	504,391,475

	Rating agency	**Rating**	
		Short-term	**Long-term**
MCB Bank Limited	PACRA	A1+	AAA

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c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following analysis has been prepared on the basis of balances as of the balance sheet date and does not take effect of future inflows of long term borrowing.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
			Rupees		
30 June 2019					
Long term loan	**8,553,009,333**	**10,635,931,351**	**249,200,514**	**3,172,657,284**	**7,214,073,553**
Long term musharakah	**2,621,531,035**	**2,792,192,924**	**135,479,986**	**1,724,842,216**	**931,870,722**
Trade and other payables	**62,439,281**	**62,439,281**	**62,439,281**	**-**	**-**
	11,236,979,649	**13,490,563,556**	**447,119,781**	**4,897,499,500**	**8,145,944,275**
30 June 2018					
Long term loan	6,457,738,422	8,539,480,782	-	1,518,010,650	7,021,470,132
Long term musharakah	1,613,343,906	1,652,439,675	-	817,390,350	835,049,325
Trade and other payables	39,567,155	39,567,155	39,567,155	-	-
	8,110,649,483	10,231,487,612	39,567,155	2,335,401,000	7,856,519,457

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

				Fair value	
	Amortized cost	Other financial liabilities	Total	Level 2	Total
			(Rupees)		
30 June 2019					
Financial assets not measured at fair value					
Cash and cash equivalents*	141,667,622		141,667,622		
Accrued interest*	1,285,110		1,285,110		
Receivables and advances	1,166,070		1,166,070		
Financial liabilities not measured at fair value					
Long term loan - unsecured		3,730,991,731	3,730,991,731	3,730,991,731	3,730,991,731
Long term loan - secured*		4,822,017,602	4,822,017,602		
Long term musharakah*		2,621,531,035	2,621,531,035		
Retention money payable*		141,543,578	141,543,578		
Deferred liabilities		159,521,260	159,521,260	159,521,260	159,521,260
Trade and other payables*		62,439,281	62,439,281		
Accrued markup*		92,546,359	92,546,359		

30 June 2018	Loans and receivables	Other financial liabilities	Total	Fair value Level 2	Fair value Total
		(Rupees)			
Financial assets not measured at fair value					
Cash and cash equivalents*	504,391,475		504,471,080		
Accrued interest*	1,973,723		1,973,723		
Receivables and advances	5,000		5,000		
Financial liabilities not measured at fair value					
Long term loan - unsecured		3,490,170,001	3,490,170,001	3,490,170,001	3,490,170,001
Long term loan - secured*		2,967,568,421	2,967,568,421		
Long term musharakah*		1,613,343,906	1,613,343,906		
Retention money payable*		-	-		
Deferred liabilities		149,238,713	149,238,713	149,238,713	149,238,713
Trade and other payables*		43,680,398	43,680,398		
Accrued markup*		16,767,427	16,767,427		

*The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or reprised periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

27 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The Company manages its capital structure, which comprises capital and reserves, by monitoring it's return on net assets, and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders, appropriation of amounts to capital reserves and or / issue new shares.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions.

The Company monitors capital using the net debt to total capital ratio, which is total debt of the Company as reduced by cash and cash equivalents, divided by total equity plus the net debt. Equity comprises of share capital, capital and revenue reserves. During the year, the Company's strategy was to maintain leveraged gearing. The net debt to equity ratio as at 30 June 2019 was as follows:

	2019 (Rupees)	2018 (Rupees)
Total liabilities	**13,998,281,100**	8,805,581,479
Less: cash and cash equivalents	**(141,721,085)**	(504,471,080)
Adjusted net debt	**13,856,560,015**	8,301,110,399
Equity	**18,699,970,472**	18,563,804,996
Adjusted net debt to adjusted equity	**0.74**	0.45

28 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive		**Directors**	
	2019	2018	**2019**	2018
	Rupees			
Managerial remuneration	-	-	-	-
Allowances (Honorarium)	**10,000**	120,333	**50,000**	-
Bonus	-	192,190	-	-
	10,000	312,523	**50,000**	-
Number of persons	**1**	1	**4**	5

28.1 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2018: Rs. 1,200,000) per year. There were no executives having a basic salary exceeding Rs. 1,200,000.

28.2 In additions to above directors were not paid any remuneration and meeting fee during the year (2018: Nil). Further there are four number of directors as at 30 June 2019 (30 June 2018: five).

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

		Equity			
	Liabilities	Share capital	Capital reserves	Unappropriated profit / (loss)	Total
			Rupees		
Balance at 01 July 2017	4,520,286,727	8,850,307,700	1,667,710,885	1,541,146	15,039,846,458
Changes from financing cash flows					
Receipt of long term loan - net of transaction cost	4,291,920,457	-	-	-	4,291,920,457
Payment of interest on long term loan and musharakah	(34,166,372)	-	-	-	(34,166,372)
Total changes from financing cash flows	4,291,920,457	-	-	-	4,291,920,457
Other changes	(6,625,705)	-	-	-	(6,625,705)
Equity related					
Issue of shares	-	7,845,273,500	-	-	7,845,273,500
Total comprehensive	-	-	-	198,971,765	198,971,765
Total equity related other changes income for the year	-	7,845,273,500	-	198,971,765	8,044,245,265
Balance at 30 June 2018	8,805,581,479	16,695,581,200	1,667,710,885	200,512,911	27,369,386,475
Balance at 01 July 2018	**8,805,581,479**	**16,695,581,200**	**1,667,710,885**	**200,512,911**	**27,369,386,475**
Changes from financing cash flows					
Receipt of long term loan - net of transaction cost	**3,236,203,818**	-	-	-	**3,236,203,818**
Payment of interest on long term loan and musharakah	**(576,296,501)**	-	-	-	**(576,296,501)**
Total changes from financing cash flows	**2,659,907,317**	-	-	-	**2,659,907,317**
Other changes	**(4,223,993,831)**	-	-	-	**(4,223,993,831)**
Equity related					
Issue of shares	-	**2,474,764,300**	-	-	**7,845,273,500**
Total comprehensive	-	-	-	**(952,321,888)**	**(952,321,888)**
Total equity related other changes income for the year	-	**2,474,764,300**	-	**(952,321,888)**	**6,892,951,612**
Balance at 30 June 2019	**7,241,494,965**	**19,170,345,500**	**1,667,710,885**	**(751,808,977)**	**32,698,251,573**

30 RELATED PARTY TRANSACTIONS

Frontier Works Organization (FWO) and Pakhtunkhwa Highway Authority (PKHA) hold 32 % and 68% shares of the Company at year end respectively. However, since FWO has power to control the Company, it is the parent entity. Therefore all the subsidiaries and associates of FWO are the related parties of the Company. Other related parties include PKHA, directors, minor shareholders, key management personnel and entities over which directors are able to exercise significant influence.

Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

Associated Company	Basis of relationship	Number of shares held in the Company
Frontier Works Organisation	Holding Company	76,703,451
Pakhtunkhwa Highways Authority	Associate	115,000,000
Maj Gen Inam Haider Malik	Chairman	1
Brig . Ashfaq Maitla	CEO	1
Brig (Retd) Anas Asad	Director	1
Brig (Retd) Muhammad Anwar	Director	1

	2019 (Rupees)	2018 (Rupees)
Transactions and balances with related parties		
-Transactions		
Payment against IPCs	**5,418,365,919**	14,922,354,298
Receipt of share capital money- FWO	**2,474,764,300**	2,345,273,500
Receipt of share capital money- PKHA	-	5,500,000,000
O&M fee - FWO	**109,500,000**	-
Management fee - FWO	**15,093,804**	11,799,379
Cost of vehicles provided to PKHA by the Company	**6,796,511**	16,513,691
Cost of facilities provided to PKHA by the Company	**6,068,498**	2,861,988
Car rentals paid to FWO	-	799,786
Car rentals paid to EMASCO	**700,000**	280,000
Accrued Car Rentals- EMASCO	**140,000**	-
Chief operating officer - Salary	-	-

	2019 (Rupees)	2018 (Rupees)
-Balances		
Payable to FWO on account of expenses and management fee	**22,148,687**	21,969,492
O&M Fee payable to FWO	**109,500,000**	-
Payable to EMASCO against car rentals	**140,000**	-
Payable to PKHA on account of drivers' salary and fuel expenses	**-**	264,929
Mobilization advance (FWO)	**7,921,557,008**	9,917,595,000
Equity injected by FWO	**7,670,345,500**	5,195,581,200
Equity injected by PKHA	**11,500,000,000**	11,500,000,000
Subordinate loan payable to PKHA	**5,500,000,000**	5,500,000,000

31 APPLICATION OF IFRIC INTERPRETATION 12 "SERVICE CONCESSION ARRANGEMENTS"

Securities and Exchange Commission of Pakistan through its S.R.O. NO 24 (I)/2012, dated 16 January 2012 has exempted the application of IFRIC 12 - "Service Concession Arrangements", for Companies in Pakistan. Consequently, The Company is not required to account for its arrangement under Build, Operate and Transfer agreement with PKHA for Swat Expressway. If the Company was to follow IFRIC 12, the effect on the financial statements would have been as follows:

	2019 (Rupees)	2018 (Rupees)
Increase in profit after tax for the year	**2,415,544,952**	1,476,335,479
Recognition of intangible asset	**24,394,887,257**	16,387,401,551
Derecognition of concession asset	**18,303,160,500**	-
Increase in taxation obligation	**772,974,385**	442,900,644

32 NUMBER OF EMPLOYEES

	2019 Number	2018 Number
Total number of employees at end of the year	**13**	12
Average number of employees for the year	**11**	10

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33 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 14 JAN 2020 by the Board of Directors of the Company.

34 GENERAL

Figures in these financial statements have been rounded off to the nearest rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR