KPMG Taseer Hadi & Co.
Chartered Accountants

Swat Expressway Planning Construction and Operations (Private) Limited

Financial Statements for the year ended 30 June 2020

KPMG

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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 2020, 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 2020 and of the loss, the comprehensive income, 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.

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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.

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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 Riaz Pesnani.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
05 July 2021

Swat Expressway Planning Construction and Operations (Private) Limited

Statement of Financial Position

As at 30 June 2020

	Note	**2020 (Rupees)**	2019 (Rupees)
Non-current assets			
Property and equipment			
Operating fixed assets	7	**162,480**	375,197
Concession assets	8	**19,988,560,622**	18,303,160,500
Concession work in progress	9	**9,040,768,855**	6,328,721,129
		29,029,491,957	24,632,256,826
Long term advance	10	**2,412,509,405**	7,921,557,008
Deferred tax asset	11	**701,273,930**	-
Total non-current assets		**32,143,275,292**	32,553,813,834
Current assets			
Advance tax	12	**4,559,119**	-
Prepayments, receivables and advances	13	**16,542,673**	1,431,543
Cash and bank balances	14	**3,412,862,797**	143,006,195
Total current assets		**3,433,964,589**	144,437,738
Total assets		**35,577,239,881**	32,698,251,572
Share capital and reserves			
Share capital	15	**19,815,275,900**	19,170,345,500
Capital reserve		**1,667,710,885**	1,667,710,885
Revenue reserve - Accumulated (loss) / profit		**(2,750,292,049)**	(751,808,977)
Total equity		**18,732,694,736**	20,086,247,408
Non-current liabilities			
Long term loan	16	**10,890,041,247**	8,553,009,333
Long term musharakah	17	**3,751,996,802**	2,621,531,035
Deferred tax liability	11	-	236,651,524
Retention money payable	18	-	141,543,578
Deferred liabilities	19	**170,512,275**	159,521,260
Contract liability		**8,600,000**	8,600,000
Total non-current liabilities		**14,821,150,324**	11,720,856,730
Current liabilities			
Retention money payable	18	-	194,510,957
Provision for taxation	12	-	23,984,174
Trade and other payables	20	**573,372,475**	195,425,444
Current maturity of long term loan	16	**939,341,380**	309,178,346
Current maturity of long term musharakah loan	17	**510,680,966**	168,048,513
Total current liabilities		**2,023,394,821**	891,147,434
Total equity and liabilities		**35,577,239,881**	32,698,251,572
Contingencies and commitments	21		

The annexed notes 1 to 37 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 2020

	Note	**30 June 2020 (Rupees)**	30 June 2019 (Rupees)
Revenue	22	**276,117,407**	47,949,610
Cost of revenue	23	**(2,260,519,429)**	(875,002,060)
Gross loss		**(1,984,402,022)**	(827,052,450)
Administrative expenses	24	**(36,655,553)**	(34,934,398)
Operating loss		**(2,021,057,575)**	(861,986,848)
Finance costs	25	**(1,128,619,491)**	(337,230,867)
Other income	26	**217,410,301**	19,401,230
Loss before tax		**(2,932,266,765)**	(1,179,816,485)
Income tax gain	27	**933,783,693**	227,494,597
Loss after tax		**(1,998,483,072)**	(952,321,888)

The annexed notes 1 to 37 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 2020

	30 June 2020 (Rupees)	30 June 2019 (Rupees)
Loss for the year	**(1,998,483,072)**	(952,321,888)
Other comprehensive income for the year	-	-
Total comprehensive income for the year - (loss)	**(1,998,483,072)**	(952,321,888)

The annexed notes 1 to 37 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 2020

	Note	**30 June 2020 (Rupees)**	30 June 2019 (Rupees)
CASHFLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(2,932,266,765)**	(1,179,816,485)
Adjustment for non cash items			
Depreciation of concession assets		**1,861,519,429**	765,502,060
Depreciation of operating fixed assets		**212,717**	233,256
Finance cost		**1,128,619,491**	337,230,867
Loss on disposal		-	32,645
Operating profit before working capital changes		**58,084,872**	(76,817,657)
Working capital changes			
(Increase) / decrease in current assets:			
Prepayments, receivables and advances		**(15,111,130)**	(1,426,543)
Increase in current liabilities:			
Trade and other payables		**374,920,570**	146,572,144
Operating cash flows before working capital changes		**417,894,312**	68,327,944
Taxes paid / withheld during the year		**(32,685,054)**	(31,509,415)
Increase in contract liability		-	8,600,000
Increase / (decrease) in retention money payable		**(336,054,535)**	336,054,535
Net cash (used in) / generated from operating activities		**49,154,723**	381,473,064
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		-	(216,128)
Sale proceeds from disposal of item of property and equipment		-	7,500
Increase in concession work in progress		**(5,747,197,608)**	(7,875,412,653)
Increase/ (decrease) in long term advances		**5,509,047,603**	1,996,037,992
Net cash used in investing activities		**(238,150,005)**	(5,879,583,289)
CASHFLOW FROM FINANCING ACTIVITIES			
Issue of share capital		**644,930,400**	2,474,764,300
Change in long term loan and musharakah - net of transaction cost		**3,371,147,724**	3,236,203,818
Payment of interest on long term loan and musharakah		**(557,226,240)**	(576,296,501)
Net cash generated from financing activities		**3,458,851,884**	5,134,671,617
Net increase / (decrease) in cash and cash equivalents		**3,269,856,602**	(363,438,608)
Cash and cash equivalents at the beginning of the year		**143,006,195**	506,444,803
Cash and cash equivalents at the end of the year	14	**3,412,862,797**	143,006,195

The annexed notes 1 to 37 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 2020

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve-Accumulated profit / (loss)	Total equity
	------------------------	-----------Rupees-----------	------------------------	
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
Balance at 01 July 2019	19,170,345,500	1,667,710,885	(751,808,977)	20,086,247,408
Total comprehensive income				
Net loss for the year	-	-	(1,998,483,072)	(1,998,483,072)
Other comprehensive income for the year	-	-	-	-
	-	-	(1,998,483,072)	(1,998,483,072)
Transaction with owners recorded directly in equity				
Shares issued during the year	644,930,400	-	-	644,930,400
Balance at 30 June 2020	19,815,275,900	1,667,710,885	(2,750,292,049)	18,732,694,736

The annexed notes 1 to 37 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

1 THE COMPANY AND ITS OPERATIONS

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 (now the Companies Act, 2017). 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 28th November, 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 an d Rs. 5,500 million has been provided in the form of subordinated loan.

Swat expressway was partially opened for traffic during the prior year. An additional patch of 8.5 KM was completed in the current year. Subsequent to the year end, Swat expressway became fully operational.

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 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.

1) **Property and equipment, concession assets and leased 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, concession assets and leased 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, concession assets and leased assets., with a corresponding effect on the depreciation and impairment.

2) **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.

3) **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 **Measurement of fair values**

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

The Company has an established control framework with respect to the measurement of fair values. Management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN THAT ARE NOT YET EFFECTIVE

The following are the new standards, amendments to existing accounting and reporting standards as applicable in Pakistan and new interpretations that will be effective for the periods beginning on or after 1 July 2020 and are not likely to have an impact on the financial statements of the Company:

- 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 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 crystallize. 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.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16 - IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to the other terms and conditions of the lease.

• Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

• Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

• Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments and improvements do not have a material impact on these financial statements.

6 SIGNIFICANT ACCOUNTING POLICIES

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

IFRS 16 'Leases'

The Company has initially applied IFRS - 16 'Leases' from 01 July 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

At the initial application date, the Company has no lease assets. Therefore, the adoption of the IFRS 16 has not resulted in any change to the financial statements. The detail of changes in accounting policies are disclosed below.

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is, or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset;

- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Relevant accounting policy notes on adoption of the new standard have been explained in note 6.1.4.

Based on management's assessment, the application of IFRS 16 "Leases" does not have a material impact on the financial statements as a lessor or as a lessee and hence, the Company has not made any adjustments in this regard.

6.1 Property and equipment

6.1.1 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 7 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 its 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.

6.1.2 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 8 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.

6.1.3 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.

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 9 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.

6.1.4 Leased assets

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right to use assets

The Company recognises right-of-use assets at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right to use assets is subsequently depreciated using the reducing balance method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right of use asset reflect that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of lease liability.

Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below Rs 100,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policy applicable before 01 July 2019

Assets held under finance leases are initially recorded at the lower of the present value of the minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligation under the lease less financial charges allocated to future periods are shown as liability and classified as current and long term depending upon the timing of payment.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Amortization on the lease assets is charged to the profit or loss applying the rate and method used for similar owned assets so as to write off the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease.

6.2 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.

6.3 Cash and cash equivalents

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

6.4 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.

6.5 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.

6.6 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.

6.7 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.

6.8 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.

6.9 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.

6.10 Financial instruments

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

6.10.1 Financial assets

Classification

On initial recognition, a financial asset is 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.

6.10.2 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.

6.10.3 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, 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.

6.10.4 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.

6.11 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.

7 OPERATING FIXED ASSETS

30 June 2020

	Cost				Rate	Accumulated depreciation				Written down value
	At 01 July 2019	Additions during the year	Deletions during the year	At 30 June 2020		At 01 July 2019	Charge for the year	Deletions During the year	At 30 June 2020	At 30 June 2020
	Rupees				%	Rupees				Rupees
Description										
Furniture and fittings	**117,586**	-	-	117,586	**20**	49,734	23,519	-	73,253	44,333
Office equipment	**95,317**	-	-	95,317	**33**	74,827	17,711	-	92,538	2,779
Computer equipment	**618,004**	-	-	618,004	**33**	331,149	171,487	-	502,636	115,368
	830,907	-	-	830,907		455,710	212,717	-	668,427	162,480

30 June 2019

	Cost				Rate	Accumulated depreciation				Written down value
	At 01 July 2018	Additions during the year	Deletions during the year	At 30 June 2019		At 01 July 2018	Charge for the year	Deletions During the year	At 30 June 2019	At 30 June 2019
	Rupees				%	Rupees				Rupees
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

8 CONCESSION ASSETS

	Cost			Useful life	Accumulated depreciation			Written down value
	At 01 July 2019	Additions during the year	At 30 June 2020		At 01 July 2019	Charge for the year	At 30 June 2020	At 30 June 2020
	Rupees			Years	Rupees			Rupees
30 June 2020								
Description								
Building	159,272,431	58,886,395	218,158,826	22 - 23	2,144,689	7,893,204	10,037,893	208,120,933
Structures	4,483,991,331	402,557,140	4,886,548,471	22 - 23	84,370,373	203,197,871	287,568,244	4,598,980,227
Other assets	3,729,643,640	795,088,196	4,524,731,836	22 - 23	69,027,224	175,987,171	245,014,395	4,279,717,441
Road infrastructure	10,152,007,450	2,240,072,454	12,392,079,904	8	561,178,442	1,362,337,283	1,923,515,725	10,468,564,179
Equipment and computer accessories	331,945,879	50,315,366	382,261,245	10	28,588,610	69,743,534	98,332,144	283,929,101
Vehicles	211,801,829	-	211,801,829	5	20,192,722	42,360,366	62,553,088	149,248,741
	19,068,662,560	3,546,919,551	22,615,582,111		765,502,060	1,861,519,429	2,627,021,489	19,988,560,622

	Cost			Useful life	Accumulated depreciation			Written down value
	At 01 July 2018	Additions during the year	At 30 June 2019		At 01 July 2018	Charge for the year	At 30 June 2020	At 30 June 2019
	Rupees			Years	Rupees			Rupees
30 June 2019								
Description								
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

8.1 In accordance with the requirements of International Accounting Standard 36 'Impainnent of Assets', the management has carried out assessment of recoverable amount of the concession assets and concession work in progress as at the reporting date. Computation of recoverable amount involves estimation of fair value and value in use. Value in use was computed by discounting future cash flows computed by estimating future revenues and costs. Value in use computed as a result of this estimation was more than the total project cost.

Key assumptions used to arrive at value in use included the following:
- Weighted average cost of capital at 7.08% ;
- Annual growth of 4% in traffic ; and
- Annual growth of 8% in toll rates.

The computation of value in use is highly sensitive to above assumptions and any adverse variance would result in value in use significantly lower than the carrying value of concession assets and concession work in progress.

9 CONCESSION WORK IN PROGRESS

	Note	As at 01 July 2019	Additions	Transferred to concession assets	As at 30 June 2020
		(Rupees)			
30 June 2020					
Description					
Civil works	9.1	6,091,726,757	5,675,414,574	(2,953,158,017)	8,813,983,314
Borrowing cost	9.2	101,289,258	512,791,294	(451,425,699)	162,654,853
Hand back cost	9.3	63,811,730	-	(40,127,949)	23,683,781
Consultancy fee	9.4	63,656,065	66,081,333	(92,787,316)	36,950,082
Other directly attributable cost	9.5	8,237,319	4,680,076	(9,420,570)	3,496,825
		6,328,721,129	6,258,967,277	(3,546,919,551)	9,040,768,855

	Note	As at 01 July 2018	Additions	Transferred to concession assets	As at 30 June 2019
		(Rupees)			
30 June 2019					
Description					
Civil works	9.1	16,387,401,551	7,750,458,447	(18,046,133,241)	6,091,726,757
Borrowing cost	9.2	256,257,091	581,878,019	(736,845,852)	101,289,258
Hand back cost	9.3	138,845,879	-	(75,034,149)	63,811,730
Consultancy fee	9.4	142,764,069	107,273,016	(186,381,020)	63,656,065
Other directly attributable cost	9.5	19,640,611	12,865,005	(24,268,298)	8,237,319
		16,944,909,201	8,452,474,487	(19,068,662,560)	6,328,721,129

9.1 This represents cost of construction of Swat Expressway.

9.2 This represents net borrowing cost incurred in connection with long term loan obtained from PKHA and syndicate of banks as disclosed in note 16 and 17, for the purpose of construction of Swat Expressway. The capitalization ratio for the year is 16.97% to 32.46% in respect of the related portion of long term loan.

9.3 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.

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

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

		Note	2020 (Rupees)	2019 (Rupees)
10	**LONG TERM ADVANCE**			
	Mobilization advance to FWO- parent organization			
	Opening balance		**7,921,557,008**	9,917,595,000
	Adjusted during the year		**(988,157,461)**	(1,996,037,992)
	Unbilled work at the reporting date		**(4,520,890,142)**	-
		10.1	**2,412,509,405**	7,921,557,008

10.1 This represents mobilization advance net of unbilled work at the reporting date disbursed to Frontier Works Organization (FWO) under the EPC contract. Maximum aggregate amount outstanding at any time during the year amounts to Rs. 7,921,557,008 (2019: 9,917,595,000).

		2020 (Rupees)	2019 (Rupees)
11	**DEFERRED TAXATION - Net**		
	Deferred tax liability - opening	**236,651,524**	464,745,491
	Charge for the year	**(937,925,454)**	(228,093,967)
	Deferred tax (asset) / liability - closing	**(701,273,930)**	236,651,524
	The deferred tax liability comprises of the following:		
	Deferred tax liability on taxable temporary differences		
	Accelerated tax depreciation	**18,030**	2,303
	Concession assets	**1,097,827,589**	1,095,416,274
	Accrued interest	**-**	372,682
	Long term loans	**438,289,651**	513,012,398
	Deferred tax asset on deductible temporary differences		
	Concession work in progress	**(1,660,096)**	(1,660,096)
	Unwinding of discount on provision for hand back cost	**(3,187,394)**	(2,981,939)
	Effect of tax losses	**(2,232,561,710)**	(1,367,510,098)
		(701,273,930)	236,651,524
12	**TAXATION - Net**		
	Opening balance	**23,984,174**	54,894,219
	Provision for the year	**4,141,761**	599,370
	Tax paid / withheld during the year	**(32,685,054)**	(31,509,415)
	Closing balance	**(4,559,119)**	23,984,174
13	**PREPAYMENTS, RECEIVABLES AND ADVANCES**		
	Prepayments	**273,743**	265,473
	Receivables	**16,268,930**	1,128,070
	Advance to employees	**-**	38,000
		16,542,673	1,431,543

		Note	2020 (Rupees)	2019 (Rupees)
14	**CASH AND BANK BALANCES**			
	Cash in hand		**44,351**	53,463
	Cash at bank - saving account	14.1	**3,412,818,446**	141,667,622
			3,412,862,797	141,721,085
	Accrued interest		**-**	1,285,110
			3,412,862,797	143,006,195

14.1 These carry a markup rate ranging from 5.5% to 11.75% (2019: 8% to 11.75%) per annum.

15 SHARE CAPITAL

Authorized capital

2020 (Number)	2019 (Number)		2020 (Rupees)	2019 (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

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

2020 (Number)	2019 (Number)		2020 (Rupees)	2019 (Rupees)
83,152,759	76,703,455	"A" class ordinary shares fully paid up in cash	**8,315,275,900**	7,670,345,500
83,152,759	76,703,455		**8,315,275,900**	7,670,345,500

FWO holds 83,152,755 (2019: 76,703,451) "A" class ordinary shares in the Company of Rs. 100/- each as at reporting date.

Directors hold 4 (2019: 4) "A" class ordinary shares of Rs. 100/- each as at the reporting date. (as disclosed in note 32 to the financial statements).

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

2020 (Number)	2019 (Number)		2020 (Rupees)	2019 (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
198,152,759	191,703,455		**19,815,275,900**	19,170,345,500

PKHA holds 115,000,000 (2019: 115,000,000) "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. Distribution of dividends to Class 'B' shareholders is subject to discretion and approval of Class 'A' shareholders.

16 LONG TERM LOAN

	Note	2020 (Rupees)	2019 (Rupees)
Long term loan - unsecured	16.1	**3,988,656,375**	3,730,991,731
Long term loan - secured	16.2	**6,901,384,872**	4,822,017,602
		10,890,041,247	8,553,009,333

16.1 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:

	2020 (Rupees)	2019 (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	**871,100,496**	613,435,852
Balance as at 30 June	**3,988,656,375**	3,730,991,731

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 IFRS - 9 "Financial Instruments". 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.

		Note	2020 (Rupees)	2019 (Rupees)
16.2	Long term borrowing from financial institutions	16.2.2	**7,319,800,156**	5,135,931,351
	Less: Transaction cost			
	Initial transaction cost		**(79,249,552)**	(79,249,552)
	Subsequent amortization		**21,617,101**	14,536,317
			(57,632,451)	(64,713,235)
	Accrued markup		**578,558,547**	59,977,832
			7,840,726,252	5,131,195,948
	Less: Current maturity of long term loan		**(939,341,380)**	(309,178,346)
		16.2.1	**6,901,384,872**	4,822,017,602

16.2.1 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.

16.2.2 This amount represents the withdrawals made by the Company till reporting date, out of total loan facility of Rs 8,200 million (2019: 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%;
- Pledge of 100% "A" class ordinary shares;
- 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.

16.3 Subsequent to the year end, the Board of Directors decided to prepay long term borrowing from financial institutions (Note 16.2) and musharakah finance facility (Note 17). The prepayment has been made by acquiring long term loan of Rs. 5,000 million from National Bank of Pakistan and a sub - ordinated loan of Rs. 4,128 million from the Parent Company respectively.

		Note	2020 (Rupees)	2019 (Rupees)
17	**LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKAH FINANCE**			
	Liabilities against assets subject to diminishing musharakah finance	17.2	**3,979,471,843**	2,792,192,924
	Less: Transaction cost			
	Initial transaction cost		**(43,084,695)**	(43,084,695)
	Subsequent amortization		**11,752,321**	7,902,792
			(31,332,374)	(35,181,903)
	Accrued markup		**314,538,299**	32,568,527
			4,262,677,768	2,789,579,548
	Less: Current maturity of long term musharakah		**(510,680,966)**	(168,048,513)
		17.1	**3,751,996,802**	2,621,531,035

17.1 This represents Musharakah Agreement with syndicate comprising of Meezan Bank Limited and Bank of Khyber with Meezan Bank being the Shariah Structuring Agent.

17.2 This amount represents withdrawals made by the Company till date out of total facility of Rs. 4,458 million (2019: 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 16.2.

		Note	2020 (Rupees)	2019 (Rupees)
18	**RETENTION MONEY PAYABLE**			
	Retention money payable		-	141,543,578
	Gross movement in retention money payable:			
	Balance at the beginning of the year		336,054,535	-
	Retention money with held during the year		166,366,971	336,054,535
	Release of retention money withheld		(502,421,506)	-
			-	336,054,535
	Less: Current maturity		-	(194,510,957)
			-	141,543,578

19 DEFERRED LIABILITIES

		Note	2020	2019
	Provision for hand back cost	19.1	170,512,275	159,521,260
19.1	Initial recognition	19.1.1	159,521,260	149,238,713
	Unwinding of discount		10,991,015	10,282,547
			170,512,275	159,521,260

19.1.1 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 9.3, discounted to present value using a monthly discount rate of 0.557%.

		Note	2020 (Rupees)	2019 (Rupees)
20	**TRADE AND OTHER PAYABLES**			
	Trade creditors			
	Due to related parties	20.1	525,547,378	131,648,687
	Payable to independent engineer		34,874,137	30,334,046
	Withholding tax payable		-	37,762
	Sales tax payable		8,414,420	8,414,420
	Accrued liabilities		1,065,858	23,486,163
	Other payables		3,470,682	1,504,366
			573,372,475	195,425,444

20.1 This represents amount payable to FWO against the payment of expenses incurred on behalf of the Company and operations and maintenance expense.

21 CONTINGENCIES AND COMMITMENTS

21.1 There were no contingencies at 30 June 2020 (2019: nil).

21.2 Commitment in respect of planning, construction and operation of Swat Expressway amounts to Rs. 1.17 billion (2019: Rs. 1.33 billion).

22 REVENUE	Note	2020 (Rupees)	2019 (Rupees)
Toll collection		**275,637,940**	47,949,610
Service Area Revenue		**479,467**	-
		276,117,407	47,949,610

23 COST OF REVENUE

	Note	2020 (Rupees)	2019 (Rupees)
Operations and maintenance expense		**399,000,000**	109,500,000
Depreciation of concession assets	8	**1,861,519,429**	765,502,060
		2,260,519,429	875,002,060

24 ADMINISTRATIVE EXPENSES

	Note	2020 (Rupees)	2019 (Rupees)
Salaries and benefits		**10,634,178**	8,337,350
Legal and professional		**5,608,276**	7,972,088
Management fee	24.1	**16,603,187**	15,093,804
Auditors' remuneration	24.2	**862,000**	548,800
Communication		**84,845**	236,345
Office supplies		**138,865**	166,114
Utilities		**32,185**	39,897
Repair and maintenance		**14,190**	63,562
Traveling and conveyance		**1,565,379**	1,518,710
Staff training and welfare		**45,000**	346,360
Entertainment		**78,140**	62,161
Newspapers and periodicals		**51,009**	9,058
Depreciation		**212,717**	233,256
Insurance		**539,217**	265,474
Bank charges		**2,888**	6,604
Miscellanies expense		**183,477**	34,815
		36,655,553	34,934,398

24.1 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.

		2020 (Rupees)	2019 (Rupees)
24.2	**Auditors' remuneration**		
	Statutory audit fee	696,000	382,800
	Review of statement of compliance with Public Sector Code of Corporate Governance	116,000	116,000
	Out of pocket	50,000	50,000
		862,000	548,800
25	**FINANCE COST**		
	Interest on long term loan - conventional facility	588,390,845	159,331,367
	Interest on long term loan - musharakah facility	319,883,706	86,621,858
	Financing fee - agency fee and security fee	3,026,461	1,907,095
	Amortization of transaction cost	8,396,374	3,461,280
	Unwinding of discount on subordinate loan	197,931,090	75,626,720
	Unwinding of discount on provision for handback cost	10,991,015	10,282,547
		1,128,619,491	337,230,867
26	**OTHER INCOME**		
	Mark up income	217,400,991	19,430,239
	Recoveries from employees	-	3,636
	Loss on disposal	-	(32,645)
	Others	9,310	-
		217,410,301	19,401,230
27	**TAXATION**		
	Current	4,141,761	599,370
	Deferred	(937,925,454)	(228,093,967)
		(933,783,693)	(227,494,597)
27.1	**Reconciliation of tax charge for the year**		
	Accounting (loss) / profit	(2,932,266,765)	(1,179,816,485)
		29%	29%
	Expected tax expense	(850,357,362)	(342,146,781)
	Effect of prior year's tax loss	(75,664,887)	(8,198,434)
	Effect of change in tax rate	-	116,548,869
	Temporary differences		
	- effect of minimum taxation	4,141,761	599,370
	- Others	(11,903,205)	5,702,379
		(933,783,693)	(227,494,597)

28 FINANCIAL RISK MANAGEMENT

28.1 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

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	2020 (Rupees)	2019 Rupees
Financial liabilities			
Long term loan	16	**11,829,382,627**	8,862,187,679
Long term musharakah	17	**4,262,677,768**	2,789,579,548
Variable rate instruments			
Financial assets			
Bank balances-deposit accounts	14	**3,412,818,446**	141,667,622

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 2020 would increase/ decrease by Rs. 34,123,728 (30 June 2019 would increase / decrease by Rs. 1,423,235). 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:

	2020		2019	
	Carrying amount	**Maximum exposure**	Carrying amount	Maximum exposure
	Rupees		Rupees	
Bank balance	**3,412,818,446**	**3,412,818,446**	141,667,622	141,667,622

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

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 2020					
Long term loan	**11,829,382,627**	**12,819,800,156**	**939,341,380**	**2,200,921,082**	**9,679,537,694**
Long term musharakah	**4,262,677,768**	**3,979,471,843**	**510,680,966**	**1,821,902,505**	**1,646,888,372**
Trade and other payables	**572,306,617**	**572,306,617**	**572,306,617**	**-**	**-**
	16,664,367,012	**17,371,578,616**	**2,022,328,963**	**4,022,823,587**	**11,326,426,066**
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	171,939,281	171,939,281	171,939,281	-	-
	11,346,479,649	13,600,063,556	556,619,781	4,897,499,500	8,145,944,275

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.

	Amortized cost	Other financial liabilities	Total	Fair value	
				Level 2	Total
30 June 2020			(Rupees)		
Financial assets not measured at fair value					
Cash and cash equivalents*	3,412,862,797	-	3,412,862,797	-	-
Receivables and advances	16,268,930	-	16,268,930	-	-
Financial liabilities not measured at fair value					
Long term loan - unsecured	-	3,988,656,375	3,988,656,375	3,988,656,375	3,988,656,375
Long term loan - secured*	-	7,840,726,252	7,840,726,252	-	-
Long term musharakah*	-	4,262,677,768	4,262,677,768	-	-
Retention money payable*	-	-	-	-	-
Deferred liabilities	-	170,512,275	170,512,275	170,512,275	170,512,275
Trade and other payables*	-	572,306,617	572,306,617	-	-
Accrued markup*	-	-	-	-	-

	Amortized cost	Other financial liabilities	Total	Fair value	
				Level 2	Total
30 June 2019			(Rupees)		
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*	-	5,131,195,948	5,131,195,948	-	-
Long term musharakah*	-	2,789,579,548	2,789,579,548	-	-
Retention money payable*	-	336,054,535	336,054,535	-	-
Deferred liabilities	-	159,521,260	159,521,260	159,521,260	159,521,260
Trade and other payables*	-	171,939,281	171,939,281	-	-
Accrued markup*	-	92,546,359	92,546,359	-	-

*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.

29 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 2020 was as follows:

	2020 (Rupees)	2019 (Rupees)
Total liabilities	**16,844,545,145**	12,612,004,164
Less: cash and cash equivalents	**(3,412,862,797)**	(141,721,085)
Adjusted net debt	**13,431,682,348**	12,470,283,079
Equity	**18,732,694,736**	20,086,247,408
Adjusted net debt to adjusted equity	**0.72**	0.62

30 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive		**Directors**	
	2020	**2019**	**2020**	**2019**
	Rupees			
Managerial remuneration	-	-	-	-
Allowances (Honorarium)	-	10,000	-	50,000
Bonus	-	-	-	-
	-	10,000	-	50,000
Number of persons	1	1	4	4

30.1 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2019 : Rs. 1,200,000) per year. There were no executives having a basic salary exceeding Rs. 1,200,000.

30.2 In additions to above, chief executive and directors were not paid any remuneration and meeting fee during the year (2019: Nil).

31 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 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	1,146,515,368	-	-	-	1,146,515,368
Equity related					
Issue of shares	-	2,474,764,300	-	-	2,474,764,300
Total comprehensive	-	-	-	(952,321,888)	(952,321,888)
Total equity related other changes income for the year	-	2,474,764,300	-	(952,321,888)	1,522,442,412
Balance at 30 June 2019	12,612,004,164	19,170,345,500	1,667,710,885	(751,808,977)	32,698,251,572

		Equity			
	Liabilities	Share capital	Capital reserves	Unappropriated profit / (loss)	Total
			Rupees		
Balance at 01 July 2019	12,612,004,164	19,170,345,500	1,667,710,885	(751,808,977)	32,698,251,572
Changes from financing cash flows					
Receipt of long term loan - net of transaction cost	3,371,147,724	-	-	-	3,371,147,724
Payment of interest on long term loan and musharakah	(557,226,240)	-	-	-	(557,226,240)
Total changes from financing cash flows	2,813,921,484	-	-	-	2,813,921,484
Other changes	1,418,619,497	-	-	-	1,418,619,497
Equity related					
Issue of shares	-	644,930,400	-	-	644,930,400
Total comprehensive	-	-	-	(1,998,483,072)	(1,998,483,072)
Total equity related other changes income for the year	-	644,930,400	-	(1,998,483,072)	(1,353,552,672)
Balance at 30 June 2020	16,844,545,145	19,815,275,900	1,667,710,885	(2,750,292,049)	35,577,239,881

32 RELATED PARTY TRANSACTIONS AND BALANCES

Frontier Works Organization (FWO) and Pakhtunkhwa Highway Authority (PKHA) hold 42 % and 58% 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	83,152,759
Pakhtunkhwa Highways Authority	Associate	115,000,000
Major General Kamal Azfar	Chairman	1
Brig . Ahmed Shabbir Janjua	CEO	1
Brig. Ghazi Shameel Haider	Director	1
Brig (Retd) Muhammad Anwar	Director	1

	2020 (Rupees)	2019 (Rupees)
Transactions and balances with related parties		
-Transactions		
Payment against IPCs	-	5,418,365,919
IPCs billed during the year	**1,154,524,432**	7,750,458,447
Receipt of share capital money- FWO	**644,930,400**	2,474,764,300
Release of retention money	**502,421,506**	-
O&M fee - FWO	**399,000,000**	109,500,000
Toll amount received from FWO	**261,560,350**	46,821,540
Management fee - FWO	**16,603,187**	15,093,804
Cost of facilities provided to PKHA by the Company	**52,979,305**	6,068,498
Cost of vehicles provided to PKHA by the Company	-	6,796,511
Car rentals paid to EMASCO	-	700,000
Accrued Car Rentals- EMASCO	-	140,000
-Balances		
Equity injected by FWO	**8,315,275,900**	7,670,345,500
Mobilization advance (FWO)	**2,412,509,405**	7,921,557,008
O&M Fee payable to FWO	**508,500,000**	109,500,000
Payable to FWO against expenses and management fee	**17,047,378**	22,148,687
Receivable from FWO agianst toll collection	**15,205,660**	1,128,070
Payable to EMASCO against car rentals	**330,000**	140,000
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
Payable to PKHA on account of drivers' salary and fuel expenses	**1,142,584**	-

33 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:

	2020 (Rupees)	2019 (Rupees)
Increase in profit after tax for the year	**516,373,644**	2,415,544,952
Recognition of intangible asset	**30,653,854,534**	24,394,887,257
Derecognition of concession asset	**19,988,560,622**	18,303,160,500
Increase in taxation obligation	**149,748,357**	772,974,385

34 NUMBER OF EMPLOYEES

	2020 Number	2019 Number
Total number of employees at end of the year	**12**	13
Average number of employees for the year	**12**	11

35 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On 30 January 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on 11 March 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to help contain further spread of the virus. While events and conditions related to COVID-19 have resulted in general economic uncertainty, management has evaluated the impact of COVID-19 and concluded that although there were temporary implications of COVID-19 on the operations of the Company, however, no adverse implications are expected in the long term. Further, COVID-19 has no material impact on the presented amounts and disclosures in these financial statements.

36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on ____________________ by the Board of Directors of the Company.

37 GENERAL

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**