BDO

FINANCIAL STATEMENTS OF

SWAT EXPRESSWAY PLANNING CONSTRUCTION AND OPERATIONS (PRIVATE) LIMITED

FOR THE YEAR ENDED JUNE 30, 2021

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3rd Floor,
Saeed Plaza,
22-East Blue Area,
Islamabad-44000,
Pakistan.

The Board of Directors,
Swat Expressway Planning Construction
and Operations (Private) Limited
Rawalpindi

January 14, 2022
BDO/AUD/52/22

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Dear Sir,

We have completed the audit of your Company's financial statements for the above referred year and are pleased to enclose herewith two copies of the draft financial statements together with our draft audit report thereon duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements are approved by the Board and signed on their behalf by the Chief Executive and at least one other Director and on receipt/review of the following:

(a) Letter of representation addressed to us on behalf of the Board of Directors and signed by the Chief Executive and one other director as per draft provided by us.

(b) Board resolution in respect of the following:
- Capital work in progress transferred to concession asset amounting to Rs. 12.458 billion;
- Addition to concession work in progress amounting to Rs. 3.599 billion;

(c) The statement of compliance with the best practices contained in the Code of Corporate Governance approved by the Board of Directors;

(d) Directors' report for the year ended June 30, 2021.

Our observations on this set of financial statements are as follows:

1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Company's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. PROPERTY PLANT AND EQUIPMENT

We have observed that fixed assets register has not been maintained in accordance with TR-6 of Institute of Chartered Accountants of Pakistan in order to provide itemized control over the fixed assets of the Company. We recommend that a fixed assets register should be maintained in the required form so that cost and details of physical location of each item of fixed assets is easily accessible as and when required.

3. SECURITY DEPOSIT

As per Part II of Fifth Schedule of Companies Act, 2017 the Company is required to maintain the amount of security deposit held by it in a separate bank account. However, it was noted that the Company is in non-compliance with the aforesaid provision of Companies Act, 2017. As per management separate bank account cannot be maintained for security deposit as the number of bank accounts has been restricted by Common Term Agreement (CTA) with National Bank of Pakistan. Kindly confirm the management representation.

4. INTERNAL AUDIT FUNCTION

We noted that there is no internal audit function operating in the Company. There is a risk that without internal audit function controls may not be implemented effectively in the Company. We recommend that management review the requirement for the implementation of an internal audit function based on the current and future expected activities of the Company. As per management the Company obtained exemption from Securities and Exchange Commission of Pakistan (SECP) against internal audit function for the financial year 2017 - 2020. Further, the Company's exemption extension application for the financial year 2021 and onwards is pending with SECP. Kindly confirm the management representation.

5. IMPACT OF COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. Since March 2020, the Government of Pakistan announced temporary lock downs from time to time as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth continued its operations in order to maintain business performance despite slowed down economic activity. Please confirm the management representation.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

6. GENERAL

We observed that they conduct business with all Motorway Service Areas (MSAs) parties via a letter of intent and have no master agreement with any of them. Furthermore they don't have certain grounds to believe that they will reach an agreement in the future.

7. CONTINGENCIES AND COMMITMENTS

We have been advised by the management that there were no contingencies and commitments as at the date of statement of financial position except which have been disclosed in the notes to the financial statements. Kindly confirm that this is in order.

8. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the related parties other than those disclosed in the notes to the financial statements. Kindly confirm the representations made by management.

9. COMPLIANCE WITH STATUTORY LAWS AND REGULATIONS

We have been informed by the management that there were no instances of non-compliance with statutory laws and regulations, other than reported above that would have financial reporting implications. Kindly confirm the representations made by management.

10. FRAUD AND ERROR

We have been informed by the management that no case of fraud and error has been brought their knowledge during the year. Kindly confirm the representations made by the management.

We wish to place on record our appreciation for the courtesy and cooperation extended to us during course of our audit.

Yours faithfully,

Ebrahim Co.

BDO EBRAHIM & CO.
Enclosed as above

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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 June 30, 2021, 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 the 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 June 30, 2021 and of the loss, comprehensive loss, its changes in equity and the 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.

Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and 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 is 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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).

Other Matter

The financial statements of SWAT EXPRESSWAY PLANNING CONSTRUCTION AND OPERATIONS (PRIVATE) LIMITED for the year ended June 30, 2020 were audited by another firm of chartered accountants, who had expressed an unqualified opinion vide their report dated July 05, 2021.

The engagement partner on the audit resulting in this independent auditors report is Abdul Qadeer.

ISLAMABAD

DATED: 14 JAN 2022

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

SWAT EXPRESSWAY PLANNING CONSTRUCTION AND OPERATIONS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	64,141	162,480
Concession assets	6	29,610,970,315	19,988,560,622
Concession work in progress	7	182,268,160	9,040,768,855
		29,793,302,616	29,029,491,957
Long term advance	8	206,444,147	3,063,969,675
Deferred tax asset	9	765,073,937	701,273,930
		30,764,820,700	32,794,735,562
CURRENT ASSETS			
Taxation- net	10	13,423,349	4,559,119
Prepayments, receivables and advances	11	16,166,297	16,542,673
Cash and bank balances	12	343,487,952	3,412,862,797
		373,077,598	3,433,964,589
TOTAL ASSETS		31,137,898,298	36,228,700,151
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	19,815,275,900	19,815,275,900
Capital reserve		1,667,710,885	1,667,710,885
Revenue reserve - Accumulated loss		(6,434,000,390)	(2,750,292,049)
		15,048,986,395	18,732,694,736
NON-CURRENT LIABILITIES			
Long term loan	14	7,980,438,950	10,890,041,247
Long term musharakah	15	-	3,751,996,802
Retention money payable	17	981,392,961	500,297,705
Deferred liabilities	18	182,260,571	170,512,275
Contract liability		2,240,000	8,600,000
		9,146,332,482	15,321,448,029
CURRENT LIABILITIES			
Bridge finance	16	5,165,324,657	-
Trade and other payables	19	1,228,693,291	573,372,475
Unearned revenue		1,059,047	-
Current maturity of long term loan	14	547,502,426	939,341,380
Current maturity of long term musharakah loan	15	-	510,680,966
Current portion of retention money payable	17	-	151,162,565
		6,942,579,421	2,174,557,386
TOTAL EQUITY AND LIABILITIES		31,137,898,298	36,228,700,151
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 39 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 JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Revenue	21	722,703,921	276,117,407
Cost of revenue	22	(3,504,399,885)	(2,260,519,429)
Gross loss		(2,781,695,964)	(1,984,402,022)
Administrative expenses	23	(35,416,013)	(36,655,553)
Operating loss		(2,817,111,977)	(2,021,057,575)
Finance costs	24	(1,048,398,818)	(1,128,619,491)
Other income	25	128,843,006	217,410,301
Loss before taxation		(3,736,667,789)	(2,932,266,765)
Income tax gain	26	52,959,448	933,783,693
Loss after taxation		(3,683,708,341)	(1,998,483,072)

The annexed notes 1 to 39 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 JUNE 30, 2021

	2021 Rupees	2020 Rupees
Loss for the year	(3,683,708,341)	(1,998,483,072)
Other comprehensive income for the year	-	-
Total comprehensive loss	(3,683,708,341)	(1,998,483,072)

The annexed notes 1 to 39 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 JUNE 30, 2021

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve-Accumulated profit / (loss)	Total equity
	--------------------------Rupees--------------------------			
Balance as at July 01, 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 as at June 30, 2020	19,815,275,900	1,667,710,885	(2,750,292,049)	18,732,694,736
Total comprehensive income				
Net loss for the year	-	-	(3,683,708,341)	(3,683,708,341)
Other comprehensive income for the year	-	-	-	-
	-	-	(3,683,708,341)	(3,683,708,341)
Balance as at June 30, 2021	19,815,275,900	1,667,710,885	(6,434,000,390)	15,048,986,395

The annexed notes 1 to 39 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 JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASHFLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(3,736,667,789)	(2,932,266,765)
Adjustment for non cash items			
Depreciation of concession assets	6	2,835,899,885	1,861,519,429
Depreciation of operating fixed assets	5	98,339	212,717
Finance cost		1,048,398,818	1,128,619,491
Operating profit before working capital changes		147,729,253	58,084,872
Working capital changes			
(Increase) / decrease in current assets:			
Prepayments, receivables and advances		376,376	(15,111,130)
Increase in current liabilities:			
Trade and other payables		640,080,300	374,958,332
Unearned revenue		1,059,047	-
Operating cash flows before working capital changes		789,244,976	417,932,074
Taxes paid / withheld during the year		(19,704,789)	(32,685,054)
Increase in contract liability		(6,360,000)	-
Increase in retention money payable		329,932,691	315,367,973
Net cash generated from operating activities		1,093,112,878	700,614,993
CASHFLOW FROM INVESTING ACTIVITIES			
Increase in concession work in progress		(3,599,808,883)	(5,747,197,608)
Decrease in long term advances		2,857,525,528	4,857,587,333
Net cash used in investing activities		(742,283,355)	(889,610,275)
CASHFLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	644,930,400
Change in long term loan and musharakah - net of transaction cost		(3,002,951,380)	3,371,147,724
Payment of interest on long term loan and musharakah		(417,252,988)	(557,226,240)
Net cash (used in)/generated from financing activities		(3,420,204,368)	3,458,851,884
Net (decrease)/increase in cash and cash equivalents		(3,069,374,845)	3,269,856,602
Cash and cash equivalents at the beginning of the year		3,412,862,797	143,006,195
Cash and cash equivalents at the end of the year	12	343,487,952	3,412,862,797

The annexed notes 1 to 39 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 JUNE 30, 2021

1 THE COMPANY AND ITS OPERATIONS

Swat Expressway Planning Construction and Operations (Private) Limited (the Company) was incorporated as a private limited company on August 25, 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 October 07, 2016, entered into between the Pakhtunkhwa Highways Authority (PKHA) and the Company.

On September 28, 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.

On February 4, 2021, the Company repaid STFF and undertook a Bridge Finance Facility from National Bank of Pakistan (NBP) amounting to Rs. 5,000 million for a maximum period of one year. Furthermore, the Company also obtained a subordinated loan amounting to Rs. 4.127 million from FWO.

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

2 BASIS OF PREPARATION

2.1 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.

2.2 Basis of Preparation

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

2.3 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 APPLICATION OF NEW STANDARDS, AMENDSMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020

	Effective date (annual periods beginning on or after)
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards
IFRS 17 Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

4.2 Property and equipment

4.2.1 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.

4.2.2 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.

4.2.3 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.

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

In accordance with S.R.O 24(l)/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.

4.3 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.

4.4 Cash and cash equivalents

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

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 Taxation

Income tax comprises of 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.

4.11 Financial instruments - Policy applicable from July 1, 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.

4.11.1 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.

4.11.2 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.

4.11.3 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.

4.12 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.

4.13 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.

5 OPERATING FIXED ASSETS

Description	Furniture and fittings	Office equipment	Computer equipment	Total
	-----Rupees-----			
Net carrying value basis				
Year ended June 30, 2021				
Opening book value	44,333	2,779	115,368	162,480
Depreciation charge	(23,517)	(2,779)	(72,043)	(98,339)
Closing net book value	20,816	-	43,325	64,141
Gross carrying value basis				
Year ended June 30, 2021				
Cost/revalue	117,586	95,317	618,004	830,907
Accumulated depreciation	(96,770)	(95,317)	(574,679)	(766,766)
Net book value	20,816	-	43,325	64,141
Net carrying value basis				
Year ended June 30, 2020				
Opening book value	67,852	20,490	286,855	375,197
Depreciation charge	(23,519)	(17,711)	(171,487)	(212,717)
Closing net book value	44,333	2,779	115,368	162,480
Gross carrying value basis				
Year ended June 30, 2020				
Cost/revalue	117,586	95,317	618,004	830,907
Accumulated depreciation	(73,253)	(92,538)	(502,636)	(668,427)
Net book value	44,333	2,779	115,368	162,480
Depreciation rate	20%	33%	33%	

6 CONCESSION ASSETS

The following is the statement of Concession assets:

Description	Buildings	Structures	Other assets	Road infrastructure	Equipment and computer accessories	Vehicles	Total
	----- Rupees -----						
Year ended June 30, 2021							
Net carrying value basis							
Opening book value	208,120,933	4,598,980,227	4,279,717,441	10,468,564,179	283,929,101	149,248,741	19,988,560,622
Additions (at cost)	264,144,891	7,750,039,743	658,115,114	3,650,712,108	30,602,565	104,695,157	12,458,309,578
Depreciation charge	(20,036,264)	(519,319,699)	(225,889,188)	(1,929,292,499)	(81,552,676)	(59,809,559)	(2,835,899,885)
Closing net book value	452,229,560	11,829,700,271	4,711,943,367	12,189,983,788	232,978,990	194,134,339	29,610,970,315
Gross carrying value basis							
Cost	482,303,717	12,636,588,214	5,182,846,950	16,042,792,012	412,863,810	316,496,986	35,073,891,689
Accumulated depreciation	30,074,157	806,887,943	470,903,583	3,852,808,224	179,884,820	122,362,647	5,462,921,374
Net book value	452,229,560	11,829,700,271	4,711,943,367	12,189,983,788	232,978,990	194,134,339	29,610,970,315
Year ended June 30, 2020							
Net carrying value basis							
Opening book value	157,127,742	4,399,620,958	3,660,616,416	9,590,829,008	303,357,269	191,609,107	18,303,160,500
Additions (at cost)	58,886,395	402,557,140	795,088,196	2,240,072,454	50,315,366	-	3,546,919,551
Depreciation charge	(7,893,204)	(203,197,871)	(175,987,171)	(1,362,337,283)	(69,743,534)	(42,360,366)	(1,861,519,429)
Closing net book value	208,120,933	4,598,980,227	4,279,717,441	10,468,564,179	283,929,101	149,248,741	19,988,560,622
Gross carrying value basis							
Cost	218,158,826	4,886,548,471	4,524,731,836	12,392,079,904	382,261,245	211,801,829	22,615,582,111
Accumulated depreciation	10,037,893	287,568,244	245,014,395	1,923,515,725	98,332,144	62,553,088	2,627,021,489
Net book value	208,120,933	4,598,980,227	4,279,717,441	10,468,564,179	283,929,101	149,248,741	19,988,560,622
Useful life	22 - 23	22 - 23	22 - 23	8	10	5	

6.1 In accordance with the requirements of International Accounting Standard 36 'impairment 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.

7 CONCESSION WORK IN PROGRESS

June 30, 2021	Note	As at July 01, 2020	Additions	Transferred to concession assets	As at June 30, 2021
		---------- Rupees ----------			
Description					
Civil works	7.1	8,813,983,314	3,338,620,785	(12,034,480,804)	118,123,295
Borrowing cost	7.2	162,654,853	211,862,633	(310,947,418)	63,570,068
Hand back cost	7.3	23,683,781	-	(23,428,852)	254,929
Consultancy fee	7.4	36,950,082	45,755,883	(82,411,276)	294,689
Other directly attributable cost	7.5	3,496,825	3,569,582	(7,041,228)	25,179
		9,040,768,855	3,599,808,883	(12,458,309,578)	182,268,160

June 30, 2020	As at July 01, 2019	Additions	Transferred to concession assets	As at June 30, 2020
	---------- Rupees ----------			
Description				
Civil works	6,091,726,757	5,675,414,574	(2,953,158,017)	8,813,983,314
Borrowing cost	101,289,258	512,791,294	(451,425,699)	162,654,853
Hand back cost	63,811,730	-	(40,127,949)	23,683,781
Consultancy fee	63,656,065	66,081,333	(92,787,316)	36,950,082
Other directly attributable cost	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

7.1 This represents cost of construction of Swat Expressway.

7.2 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 has been capitalized in the cost of concession assets. The capitalization ratio for the year is 16.97% to 32.46% 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 a Transfer Bond with a face value equivalent to 2% of the total project cost as projected in the Financial Model. 2% of the total estimated project cost amounts to Rs. 683 million and accordingly provision for hand back cost has been recognised at 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 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	2021 Rupees	2020 Rupees (Restated)
	Mobilization advance to FWO- parent organization			
	Opening balance		3,063,969,675	7,921,557,008
	Adjusted during the year		(2,857,525,528)	(336,697,191)
	Unbilled work at the reporting date		-	(4,520,890,142)
		8.1	206,444,147	3,063,969,675

8.1 This represents mobilization advance net off unbilled work at the reporting date disbursed to Frontier Works Organization (FWO) under the Escalated Price Certificate (EPC) contract. Maximum aggregate amount outstanding at any time during the year amounts to Rs. 2,412,509,405 (2020: 7,921,557,008).

9	DEFERRED TAXATION - NET	2021 Rupees	2020 Rupees
	Deferred tax (asset) / liability - opening	(701,273,930)	236,651,524
	Charge for the year	(63,800,007)	(937,925,454)
	Deferred tax asset - closing	(765,073,937)	(701,273,930)
	The deferred tax liability comprises of the following:		
	Deferred tax liability on taxable temporary differences		
	Accelerated tax depreciation	(3,231)	18,030
	Concession assets	1,122,275,376	1,097,827,589
	Long term loans	358,481,164	438,289,651
	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	(3,407,006)	(3,187,394)
	Effect of tax losses	(2,240,760,145)	(2,232,561,710)
		(765,073,938)	(701,273,930)

10	TAXATION - NET		
	Opening balance	(4,559,119)	23,984,174
	Provision for the year	10,840,559	4,141,761
	Tax paid / withheld during the year	(19,704,789)	(32,685,054)
	Closing balance	(13,423,349)	(4,559,119)

11	PREPAYMENTS, RECEIVABLES AND ADVANCES		
	Prepayments	6,156,549	273,743
	Receivables	9,974,748	16,268,930
	Advance to employees	35,000	-
		16,166,297	16,542,673

	Note	2021 Rupees	2020 Rupees

12 CASH AND BANK BALANCES

	Note	2021 Rupees	2020 Rupees
Cash in hand		17,412	44,351
Cash at bank - saving account	12.1	343,470,540	3,412,818,446
		343,487,952	3,412,862,797

12.1 These carry a markup rate ranging from 5.5% to 11.75% (2020: 5.5% to 11.75%) per annum.

13 SHARE CAPITAL

13.1 Authorized capital

2021 Number	2020 Number		2021 Rupees	2020 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

2021 Number	2020 Number		2021 Rupees	2020 Rupees
83,152,759	83,152,759	"A" class ordinary shares of Rs. 100 each fully paid up in cash	8,315,275,900	8,315,275,900
83,152,759	83,152,759		8,315,275,900	8,315,275,900
115,000,000	115,000,000	"B" class ordinary shares of Rs. 100 each 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	198,152,759		19,815,275,900	19,815,275,900

13.3 FWO holds 83,152,755 (2020: 83,152,755) "A" class ordinary shares in the Company of Rs. 100/- each as at reporting date.

13.4 Directors hold 4 (2020: 4) "A" class ordinary shares of Rs. 100/- each as at the reporting date. (as disclosed in note 32 to the financial statements).

13.5 PKHA holds 115,000,000 (2020: 115,000,000) "B" class ordinary shares in the Company of Rs. 100/- each as at reporting date.

13.6 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.

14 LONG TERM LOAN

	Note	2021 Rupees	2020 Rupees
Long term loan - unsecured	14.1	4,263,858,056	3,988,656,375
Long term loan - secured	14.2	-	6,901,384,872
FWO Subordinate Loan	14.4	3,716,580,894	-
		7,980,438,950	10,890,041,247

14.1 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 instalments after a grace period of 11 years from the date of Concession Agreement. Movement during the year is as follows:

	2021 Rupees	2020 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	1,146,302,177	871,100,496
Balance as at June 30,	4,263,858,056	3,988,656,375

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	2021 Rupees	2020 Rupees
14.2	Long term borrowing from financial institutions	14.2.2	-	7,319,800,156
	Less: Transaction cost			
	Initial transaction cost		-	(79,249,552)
	Subsequent amortization		-	21,617,101
			-	(57,632,451)
	Accrued markup		-	578,558,547
			-	7,840,726,252
	Less: Current maturity of long term loan		-	(939,341,380)
		14.2.1	-	6,901,384,872

14.2.1 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. Loan has been settled during the year.

14.2.2 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 instalments, commencing after a grace period of 30 months from the facility effective date i.e. May 31, 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%
- 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.

14.3 During the year end, the Board of Directors decided to repay long term borrowing from financial institutions (Note 16.2) and musharakah finance facility (Note 17). The prepayment has been made by acquiring short 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.

14.4 This represents amount payable to FWO against the payment of expenses incurred on behalf of the Company and operations and maintenance expense. The loan was injected on 4th February 2021for a tenure of approximately 10 year. Interest payments are to be charged at 6- month KIBOR plus 0.65% spread.

	2021 Rupees	2020 Rupees
Long term borrowing from FWO	4,127,604,364	-
Accrued markup	136,478,956	-
	4,264,083,320	-
Less: Current maturity of long term loan	(547,502,426)	-
	3,716,580,894	-

15 LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKAH FINANCE

	Note	2021 Rupees	2020 Rupees
Liabilities against assets subject to diminishing musharakah finance	15.2	-	3,979,471,843
Less: Transaction cost			
Initial transaction cost		-	(43,084,695)
Subsequent amortization		-	11,752,321
		-	(31,332,374)
Accrued markup		-	314,538,299
		-	4,262,677,768
Less: Current maturity of long term musharakah		-	(510,680,966)
	15.1	-	3,751,996,802

15.1 This represents Musharakah Agreement with syndicate comprising of Meezan Bank Limited and Bank of Khyber with Meezan Bank being the Sharia Structuring Agent. The facility was settled during the year.

15.2 This amount represents withdrawals made by the Company till date out of total facility of 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.

16 BRIDGE FINANCE

	Note	2021 Rupees	2020 Rupees
Short term borrowing from NBP	16.1	5,000,000,000	-
Accrued markup		165,324,657	-
		5,165,324,657	-

16.1 This represents bridge financing from National Bank of Pakistan for an amount of PKR 5,000,000,000/- (Pak Rupees Five Billion only) for the purpose of financing the prepayment of the outstanding principal amount of the Syndicate Term Finance Facility (STFF), which was sanctioned in the favour of the SEPCO by the Existing Creditors originally for an aggregate amount of PKR 11,483,000,000/- (Pak Rupees Eleven Billion Four Hundred and Eighty Three Million). This bridge finance facility carries interest calculated at 6-monthly KIBOR plus 0.65% margin.

17 RETENTION MONEY PAYABLE

	2021 Rupees	2020 Rupees Restated
Retention money payable	981,392,961	500,297,705

	Note	2021 Rupees	2020 Rupees
Gross movement in retention money payable:			
Balance at the beginning of the year		651,460,270	336,054,535
Retention money with held during the year		481,095,256	817,827,241
Release of retention money withheld		(151,162,565)	(502,421,506)
		981,392,961	651,460,270
Less: Current maturity		-	(151,162,565)
		981,392,961	500,297,705

18 DEFERRED LIABILITIES

		Note	2021 Rupees	2020 Rupees
	Provision for hand back cost	18.1	182,260,571	170,512,275
18.1	Initial recognition	18.1.1	170,512,275	159,521,260
	Unwinding of discount		11,748,296	10,991,015
			182,260,571	170,512,275

18.1.1 This represents the present value of hand back cost of Rs. 683.3 million, required to be paid by the Company to PKHA, as disclosed in Note 4.7, discounted to present value using a monthly discount rate of 0.557%.

19 TRADE AND OTHER PAYABLES

	Note	2021 Rupees	2020 Rupees
Trade creditors			
Due to related parties	19.1	1,193,603,180	525,547,378
Payable to independent engineer		21,427,760	34,874,137
Sales tax payable		8,414,420	8,414,420
Accrued liabilities		1,537,000	1,065,858
Other payables		3,710,931	3,470,682
		1,228,693,291	573,372,475

19.1 This represents amount payable to FWO against expenses incurred by FWO on behalf of the Company. Further, it also includes operations and maintenance expenses payable as at year end.

20 CONTINGENCIES AND COMMITMENTS

20.1 There were no contingencies at June 30, 2021 (2020: nil).

20.2 Commitment in respect of planning, construction and operation of Swat Expressway amounts to Rs. 1.01 billion (2020: Rs. 1.17 billion).

21 REVENUE

	2021 Rupees	2020 Rupees
Toll collection	709,923,370	275,637,940
Service area revenue	12,780,551	479,467
	722,703,921	276,117,407

		Note	2021 Rupees	2020 Rupees
22	**COST OF REVENUE**			
	Operations and maintenance expense (OM&M)		668,500,000	399,000,000
	Depreciation of concession assets	6	2,835,899,885	1,861,519,429
			3,504,399,885	2,260,519,429
23	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits		7,173,152	10,634,178
	Legal and professional		8,165,427	5,608,276
	Management fee	23.1	-	16,603,187
	Auditors' remuneration	23.2	675,000	766,000
	Communication		45,930	84,845
	Office supplies		138,607	189,874
	O&M Cost (Plantation)		10,900,000	-
	Utilities		1,161,361	32,185
	Repair and maintenance		69,472	14,190
	Traveling and conveyance		2,128,088	1,565,379
	Staff training and welfare		55,500	45,000
	Entertainment		56,680	78,140
	Depreciation		98,339	212,717
	Insurance		4,699,945	539,217
	Bank charges		8,948	2,888
	Miscellaneous expense		39,564	279,477
			35,416,013	36,655,553

23.1 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 July 01, 2017.

		2021 Rupees	2020 Rupees
23.2	**Auditors' remuneration**		
	Statutory audit fee	600,000	600,000
	Review of statement of compliance with Public Sector Code of Corporate Governance	75,000	116,000
	Out of pocket	-	50,000
		675,000	766,000
24	**FINANCE COST**		
	Interest on long term loan - conventional facility	252,167,101	588,390,845
	Interest on long term loan - musharakah facility	165,085,887	319,883,706
	Financing fee - agency fee and security fee	15,240,516	3,026,461
	Amortization of transaction cost	73,864,064	8,396,374
	Unwinding of discount on subordinate loan	228,489,341	197,931,090
	Unwinding of discount on provision for handback cost	11,748,296	10,991,015
	Interest on long term loan - FWO subordinated loan	136,478,956	-
	Interest on long term loan - NBP bridging finance	165,324,657	-
		1,048,398,818	1,128,619,491

		2021 Rupees	2020 Rupees
25	**OTHER INCOME**		
	Mark up income	110,939,452	217,400,991
	Others	17,903,554	9,310
		128,843,006	217,410,301
26	**TAXATION**		
	Current	10,840,559	4,141,761
	Deferred	(63,800,007)	(937,925,454)
		(52,959,448)	(933,783,693)
26.1	**Reconciliation of tax charge for the year**		
	Accounting loss	(3,736,667,789)	(2,932,266,765)
		29%	29%
	Expected tax expense	(1,083,633,659)	(850,357,362)
	Effect of prior year's tax loss	(141,943,829)	(75,664,887)
	Temporary differences		
	- effect of minimum taxation	10,840,559	4,141,761
	- Others	1,161,777,481	(11,903,205)
		(52,959,448)	(933,783,693)

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

	2021				
		Interest / mark up bearing			
	Total	Maturity upto one year	Maturity after one year	Sub-total	Not interest / mark up bearing
	Rupees				
Financial assets carried at amortized cost					
Prepayments, receivables and advances	9,974,748	-	-	-	9,974,748
Cash and bank balances	343,487,952	343,470,540	-	343,470,540	17,412
	353,462,700	343,470,540	-	343,470,540	9,992,160
Financial liabilities carried at amortized cost					
Long term loan	8,527,941,376	547,502,426	7,980,438,950	8,527,941,376	-
Long term musharakah	-	-	-	-	-
Deferred liabilities	182,260,571	-	-	-	182,260,571
Bridge finance	5,165,324,657	5,165,324,657	-	5,165,324,657	-
Trade and other payables	1,220,278,871	-	-	-	1,220,278,871
	15,095,805,475	5,712,827,083	7,980,438,950	13,693,266,033	1,402,539,442
On statement of financial position gap	(14,742,342,775)	(5,369,356,543)	(7,980,438,950)	(13,349,795,493)	(1,392,547,282)
Off statement of financial position items					
Financial commitments:					
	-	-	-	-	-
Total gap	(14,742,342,775)	(5,369,356,543)	(7,980,438,950)	(13,349,795,493)	(1,392,547,282)

Effective interest rates are mentioned in the respective notes to the financial statements.

		2020			
		Interest / mark up bearing			Not interest / mark up bearing
	Total	Maturity upto one year	Maturity after one year	Sub-total	
	Rupees				
Financial assets carried at amortized cost					
Prepayments, receivables and advances	16,268,930	-	-	-	16,268,930
Cash and bank balances	3,412,862,797	3,412,818,446	-	3,412,818,446	44,351
	3,429,131,727	3,412,818,446	-	3,412,818,446	16,313,281
Financial liabilities carried at amortized cost					
Long term loan	11,829,382,627	939,341,380	10,890,041,247	11,829,382,627	-
Long term musharakah	4,262,677,768	510,680,966	3,751,996,802	4,262,677,768	-
Deferred liabilities	170,512,275	-	-	-	170,512,275
Trade and other payables	564,958,055	-	-	-	564,958,055
	16,827,530,725	1,450,022,346	14,642,038,049	16,092,060,395	735,470,330
On statement of financial position gap	(13,398,398,998)	1,962,796,100	(14,642,038,049)	(12,679,241,949)	(719,157,049)
Off statement of financial position items					
Financial commitments:					
	-	-	-	-	-
Total gap	(13,398,398,998)	1,962,796,100	(14,642,038,049)	(12,679,241,949)	(719,157,049)

Effective interest rates are mentioned in the respective notes to the financial statements.

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.

a) 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:

	Note	2021 Rupees	2020 Rupees
Fixed rate instruments			
Financial liabilities			
Long term loan	14	8,527,941,376	11,829,382,627
Long term musharakah	15	-	4,262,677,768
Variable rate instruments			
Financial assets			
Bank balances-deposit accounts	12	343,470,540	3,412,818,446

Mark-up rate sensitivity analysis

If mark-up rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2021 would increase/ decrease by Rs. 3,434,705 (June 30, 2020 would increase / decrease by Rs. 34,123,728). This is mainly attributable to the Company's deposits with banks and financial institutions and exposure to mark-up 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:

	2021		2020	
	Carrying	**Maximum**	**Carrying**	**Maximum**
	Rupees		**Rupees**	
Bank balance	343,470,540	343,470,540	3,412,818,446	3,412,818,446

	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	----------	----------
June 30, 2021					
Long term loan	8,527,941,376	8,527,941,376	547,502,426	2,793,153,633	5,187,285,318
Long term musharakah	-	-	-	-	-
Bridging Finance	5,165,324,657	5,165,324,657	5,165,324,657	-	-
Trade and other payables	1,227,156,291	1,227,156,291	1,227,156,291	-	-
	14,920,422,324	14,920,422,324	6,939,983,374	2,793,153,633	5,187,285,318
June 30, 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

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
June 30, 2021	Rupees				
Financial assets not measured at fair value					
Cash and cash equivalents*	343,487,952	-	343,487,952	-	-
Receivables and advances	9,974,748	-	9,974,748	-	-
Financial liabilities not measured at fair value					
Long term loan - unsecured	-	4,263,858,056	4,263,858,056	4,263,858,056	4,263,858,056
Long term loan - secured*	-	547,502,426	547,502,426	-	-
Long term musharakah*	-	-	-	-	-
Retention money payable*	-	981,392,961	981,392,961	-	-
Deferred liabilities	-	182,260,571	182,260,571	182,260,571	182,260,571
Trade and other payables*	-	1,227,156,291	1,227,156,291	-	-
Accrued markup*	-	-	-	-	-

June 30, 2020	Amortized cost	Other financial liabilities	Total	Fair value	
				Level 2	Total
	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*	-	-	-	-	-

*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 June 30, 2021 was as follows:

	2021 Rupees	2020 Rupees
Total liabilities	16,088,911,903	16,844,545,145
Less: cash and cash equivalents	(343,487,952)	(3,412,862,797)
Adjusted net debt	15,745,423,951	13,431,682,348
Equity	15,048,986,395	18,732,694,736
Adjusted net debt to adjusted equity	1.05	0.72

30 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive		Directors	
	2021	2020	2021	2020	2021	2020
	Rupees					
Managerial remuneration	-	-	1,920,000	-	-	-
Allowances (Honorarium)	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
	-	-	1,920,000	-	-	-
Number of persons	1	1	2	1	4	4

30.1 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2020 : Rs. 1,200,000) per year. There were two 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 (2020: Nil).

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

		Equity (Restated)			
	Liabilities	Share capital	Capital reserves	Unappropriated profit / (loss)	Total
	Rupees				
Balance at July 01, 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	2,070,079,767	-	-	-	2,070,079,767
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 June 30, 2020	17,496,005,415	19,815,275,900	1,667,710,885	(2,750,292,049)	36,228,700,151

		Equity			
	Liabilities	Share capital	Capital reserves	Unappropriated profit / (loss)	Total
	Rupees				
Balance at July 01, 2020	17,496,005,415	19,815,275,900	1,667,710,885	(2,750,292,049)	36,228,700,151
Changes from financing cash flows					
Receipt of long term loan - net of transaction cost	(3,002,951,380)	-	-	-	(3,002,951,380)
Payment of interest on long term loan and musharakah	(417,252,988)	-	-	-	(417,252,988)
Total changes from financing cash flows	(3,420,204,368)	-	-	-	(3,420,204,368)
Other changes	2,013,110,856	-	-	-	2,013,110,856
Equity related					
Issue of shares	-	-	-	-	-
Total comprehensive	-	-	-	(3,683,708,341)	(3,683,708,341)
Total equity related other changes income for the year	-	-	-	(3,683,708,341)	(3,683,708,341)
Balance at June 30, 2021	16,088,911,903	19,815,275,900	1,667,710,885	(6,434,000,390)	31,137,898,298

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 (FWO)	Holding Company	83,152,759
Pakhtunkhwa Highways	Associate	115,000,000
Major General Kamal Azfar	Chairman	1
Brig . Ahmed Shabbir Janjua	CEO	1
Khawaja Asim Shaheen	Director	1
Ch Farooq Ahmed	Director	1
Equipment Management & Support Company (Pvt.) Ltd.	Common directorship	0

	2021 Rupees	2020 Rupees
Transactions and balances with related parties		
-Transactions		
IPCs billed during the year	7,282,992,886	1,154,524,432
Receipt of share capital money- FWO	-	644,930,400
Release of retention money	151,162,566	502,421,506
O&M fee - FWO	668,500,000	399,000,000
O&M Plantation Cost-FWO	10,900,000	-
Toll amount received from FWO	712,454,210	261,560,350
Management fee - FWO	-	16,603,187
Cost of facilities provided to PKHA by the Company	4,712,166	52,979,305
Car rentals paid to EMASCO	1,365,000	-
-Balances		
Equity injected by FWO	8,315,275,900	8,315,275,900
Mobilization advance (FWO)	699,885,937	3,063,969,675
O&M Fee payable to FWO	1,177,000,000	508,500,000
Payable to FWO against expenses and management fee	16,603,180	17,047,378
Receivable from FWO agianst toll collection	5,411,110	15,205,660
Payable to EMASCO against car rentals	-	330,000
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	-	1,142,584

33 RESTATEMENT IN BALANCES AS AT JUNE 30, 2020

The Company erroneously adjusted retention money required to be retained against last Interim Payment Certificate (IPC) for the financial year ended June 30, 2020 from long term advance dispersed to FWO as mobilization advance. The error has been rectified in current year financial statements.

Impact on Statement of financial position as at June 30, 2020.

Description	As previously reported on June 30, 2020	Restatement adjustment	As on June 30, 2020 Restated
ASSETS			
Long term Advance	2,412,509,405	651,460,270	3,063,969,675
LIABILITIES			
Retention money	-	651,460,270	651,460,270

34 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:

	2021 Rupees	2020 Rupees
Increase in profit after tax for the year	27,879,123	516,373,644
Recognition of intangible asset	34,253,663,417	30,653,854,534
Derecognition of concession asset	29,610,970,315	19,988,560,622
Increase in taxation obligation	8,084,946	149,748,357

35 NUMBER OF EMPLOYEES

	2021 Number	2020 Number
Total number of employees at end of the year	9	12
Average number of employees for the year	9	12

36 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. In March, 2020, the Government of the Pakistan announced a temporary lock down as a measure to reduce the spread of the COVID–19. Complying with the lockdown, the Company temporarily suspended its operations from March 20, 2020. The lockdown was subsequently relaxed from April 13, 2020. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements due to suspension of operations during lockdown period.

37 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the year.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 14 JAN 2022 by the Board of Directors of the Company.

39 GENERAL

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**