BDO

FINANCIAL STATEMENTS OF

SWAT EXPRESSWAY PLANNING CONSTRUCTION AND OPERATIONS (PRIVATE) LIMITED

FOR THE YEAR ENDED JUNE 30, 2022

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BDO Ebrahim & Co. Chartered Accountants
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO

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

The Chief Executive
Swat Expressway Planning Construction
& Operations (Private) Limited
Rawalpindi

January 16, 2023
BDO/Consent/239/2023

CONSENT TO ACT AS AUDITORS OF SWAT EXPRESSWAY PLANNING CONSTRUCTION & OPERATION (PRIVATE) LIMITED FOR THE YEAR ENDING JUNE 30, 2023

Dear Sir,

As desired, we hereby confirm our willingness to act as auditors of Swat Expressway Planning Construction & Operations (Private) Limited for the year ending June 30, 2023 at a mutually agreed fee.

Thanking you,

Yours faithfully,

BDO EBRAHIM & CO.
Chartered Accountants

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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.

December 15, 2022
BDO/AUD/1320/22

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Dear Sir,

We are pleased to enclose herewith two copies of the draft financial statements of Swat Expressway Planning Construction and Operations (Private) Limited (the Company) 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 of the Company for the year ended June 30, 2022 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. 437.499 million;
- Additions in operating fixed assets amounting Rs. 0.203 million;
- Addition to concession work in progress amounting to Rs. 255.231 million;
- Related party transactions disclosed in note 33 to the financial statements; and
- Remuneration of chief executive and directors disclosed in note 30 to the financial statements.

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

(d) Directors' report for the year ended June 30, 2022.

We would like to advise you that unless we sign our audit report, these financial statements shall remain and be deemed un-audited.

Our comments 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. OTHER INFORMATION

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. We request you to provide us a copy of the "Annual Report", if any to ensure that it is not materially inconsistent with the financial statements.

3. PROPERTY PLANT AND EQUIPMENT

3.1 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.

3.2 During the course of our audit we have noted that the Company has no capitalization policy. There is a risk that items of capital nature may be classified as expense and vice versa. We recommend that the Company should maintain a proper capitalization policy to mitigate such risk.

4. DEFERRED TAX ASSET

Management has recognized a deferred tax asset amounting to Rs. 2,000 million as at the date of statement of financial position, on the basis of future projections furnished to us indicating the quantum of profits available for utilization of losses carried forward. In the event that future profits are not available, the tax losses would not be utilized and may lapse. Under these circumstances, the deferred tax asset would need to be adjusted and recognized as a tax charge. Kindly confirm that the projections prepared are consistent with the overall business strategy and future outlook for the Company.

5. EMPLOYEES PROVIDENT FUND BALANCE

We have observed that the Company has initiated provident fund for welfare of employees of the Company in the prior year. However amount collected as employer and employee contribution has not been kept in a separate bank account. Furthermore, no trust has been established as per the requirement of Income Tax Ordinance, 2001. We recommend that statutory requirements be complied with.

6. 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 the management to review the requirement for the implementation of an internal audit function based on the current and future expected activities of the Company.

7. GENERAL

7.1 We noted that back dated accounting entries can be entered in the Financial Accounting System (FAS) of the Company. Further, already recorded entries can be edited by anyone who have access to the FAS of the Company. This practice presents weak control on Financial Accounting System. We recommend that FAS should be improved to mitigate such risk.

8. UNIQUE DOCUMENT IDENTIFICATION NUMBER (UDIN)

To enhance public trust on auditors report, the Institute of Chartered Accountants of Pakistan (ICAP) has issued a Directive 4.27, whereby it is required that every practicing chartered accountant will place UDIN generated from ICAP portal on the following reports:

Auditors' Report on General Purpose Financial Statements
Auditors' Report on Interim Financial Information
Auditors' Report on Statement of Compliance with Code of Corporate Governance.

In order to obtain the UDIN, auditors are required to upload certain financial information of the reporting entity. Accordingly, we are required to upload the information on ICAP's portal for generation of UDIN. The ICAP, in its frequently asked questions, has assured that Client's confidential data would be entered by the concerned engagement partner himself and such data would not be available for any unauthorized use.

Compliance of the above ICAP Directive is mandatory and non-compliance of results in professional misconduct under Chartered Accountants Ordinance, 1961.

BDO

9. **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.

10. **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.

11. **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.

12. **SUBSEQUENT EVENTS**

We have been informed by the management that there were no subsequent events that would have financial reporting implications or required disclosure in these financial statements.

13. **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,

BDO 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, 2022, 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, 2022 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:

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).

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

ISLAMABAD

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

DATED: 16 JAN 2023
UDIN: RR202210095WPm6nfQwk

- 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.

SWAT EXPRESSWAY PLANNING CONSTRUCTION AND OPERATIONS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	176,773	64,141
Concession assets	6	27,050,314,716	29,610,970,315
Concession work in progress	7	-	182,268,160
		27,050,491,489	29,793,302,616
Long term advance	8	-	206,444,147
Deferred tax asset	9	2,000,054,896	765,073,937
		29,050,546,385	30,764,820,700
CURRENT ASSETS			
Taxation - net	10	2,279,571	13,423,349
Prepayments, receivables and advances	11	61,264,655	16,166,297
Cash and bank balances	12	173,538,963	343,487,952
		237,083,189	373,077,598
TOTAL ASSETS		29,287,629,574	31,137,898,298
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		(9,214,901,275)	(6,434,000,390)
		12,268,085,510	15,048,986,395
NON-CURRENT LIABILITIES			
Long term loan	14	11,475,894,993	7,980,438,950
Long term musharakah	15	1,687,108,754	-
Retention money payable	17	-	981,392,961
Provision for hand back	18	194,818,324	182,260,571
Security deposits		2,527,000	2,240,000
		13,360,349,071	9,146,332,482
CURRENT LIABILITIES			
Bridge finance	16	-	5,165,324,657
Trade and other payables	19	768,012,704	1,228,693,291
Unearned revenue		-	1,059,047
Current maturity of long term loan- markup	14	1,587,893,426	547,502,426
Current maturity of long term musharakah loan- markup	15	287,212,329	-
Current portion of retention money payable	17	1,016,076,534	-
		3,659,194,993	6,942,579,421
TOTAL EQUITY AND LIABILITIES		29,287,629,574	31,137,898,298
CONTINGENCIES AND COMMITMENTS	20	-	-

The annexed notes 1 to 38 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, 2022

	Note	2022 Rupees	2021 Rupees
Revenue	21	1,006,548,644	722,703,921
Cost of revenue	22	(3,557,816,847)	(3,504,399,885)
Gross loss		(2,551,268,203)	(2,781,695,964)
Administrative expenses	23	(40,858,194)	(35,416,013)
Operating loss		(2,592,126,397)	(2,817,111,977)
Finance costs	24	(1,436,225,719)	(1,048,398,818)
Other income	25	25,052,130	128,843,006
Loss before taxation		(4,003,299,986)	(3,736,667,789)
Taxation	26	1,222,399,101	52,959,448
Loss after taxation		(2,780,900,885)	(3,683,708,341)

The annexed notes 1 to 38 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, 2022

	2022 Rupees	2021 Rupees
Loss for the year	(2,780,900,885)	(3,683,708,341)
Other comprehensive income for the year	-	-
Total comprehensive loss	(2,780,900,885)	(3,683,708,341)

The annexed notes 1 to 38 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, 2022

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve-Accumulated profit / (loss)	Total equity
	----------Rupees----------			
Balance as at July 1, 2020	19,815,275,900	1,667,710,885	(2,750,292,049)	18,732,694,736
Total comprehensive loss				
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
Total comprehensive loss				
Loss for the year	-	-	(2,780,900,885)	(2,780,900,885)
Other comprehensive income for the year	-	-	-	-
	-	-	(2,780,900,885)	(2,780,900,885)
Balance as at June 30, 2022	19,815,275,900	1,667,710,885	(9,214,901,275)	12,268,085,510

The annexed notes 1 to 38 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, 2022

	Note	2022 Rupees	2021 Rupees
CASHFLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(4,003,299,986)	(3,736,667,789)
Adjustment for non cash items			
Depreciation of concession assets	6	2,998,154,672	2,835,899,885
Depreciation of operating fixed assets	5	90,172	98,339
Finance cost		1,436,225,719	1,048,398,818
Operating profit before working capital changes		431,170,577	147,729,253
Working capital changes			
(Increase) / decrease in current assets:			
Prepayments, receivables and advances		(45,098,358)	376,376
Increase/(decrease) in current liabilities:			
Trade and other payables		(460,680,587)	640,080,300
Unearned revenue		(1,059,047)	1,059,047
Operating cash flows before working capital changes		(75,667,415)	789,244,976
Taxes paid/withheld during the year		(1,438,080)	(19,704,789)
Increase/(decrease) in security deposits		287,000	(6,360,000)
Increase in retention money payable		34,683,573	329,932,691
Net cash (used in)/generated from operating activities		(42,134,922)	1,093,112,878
CASHFLOW FROM INVESTING ACTIVITIES			
Increase in concession work in progress		(255,230,913)	(3,599,808,883)
Increase in operating fixed assets		(202,804)	-
Decrease in long term advances		206,444,147	2,857,525,528
Net cash used in investing activities		(48,989,570)	(742,283,355)
CASHFLOW FROM FINANCING ACTIVITIES			
Change in long term loan and musharakah - net of transaction cost		585,842,819	(3,002,951,380)
Payment of interest on long term loan and musharakah		(664,667,316)	(417,252,988)
Net cash used in financing activities		(78,824,497)	(3,420,204,368)
Net decrease in cash and cash equivalents		(169,948,989)	(3,069,374,845)
Cash and cash equivalents at the beginning of the year		343,487,952	3,412,862,797
Cash and cash equivalents at the end of the year	12	173,538,963	343,487,952

The annexed notes 1 to 38 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 August 25, 2016 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company is a subsidiary of Frontier Works Organisation (FWO). The Company was 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 four 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 has injected 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 January 26, 2021 SEPCO signed its agreement with NBP to provide Rs. 5000 million as bridge finance facility for prepayment of MCB debt, remaining Rs. 4,127 million was funded by FWO as subordinate loan. Both amounts (NBP & FWO) were disbursed into SEPCO account on February 4, 2021. During the year on October 18, 2021 bridge finance facility was converted into syndicated terms finance facility of Rs. 5,000 million for ten years (upto October, 2031), through a Consortium of four commercial banks.

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

1.2 Summary of significant transactions and events

During the year, the Company obtained completion certificates dated March 31, 2022 for the Swat Expressway measuring 162 kilometers starting from Kernal Sher Khan toll plaza to Chakdara toll plaza (Both North & South sides).

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"), 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, 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

The 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, 2022

The following stantdards, amendments and interpretations are effective for the year ended June 30, 2022. 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)
Interest Rate Benchmarch Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent consessions	April 01, 2021

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)
Amendmends to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendmends to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendmends 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
Amendmends to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendmends to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

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

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 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 profit and loss 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, present value of initial estimate of the hand back cost, borrowing cost related to funds specifically borrowed for its planning and construction and other directly attributable cost.

Depreciation is charged to profit and loss 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 on March 31, 2022, the cost have beeen transferred to concession asset.

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

In accordance with S.R.O 24(l)/2012, dated January 16, 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 cost 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 has been 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 recognised to the extent the Company has met its performance obligation through rendering of services under an agreement. Revenue is measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties.

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

4.11.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

(i) it is held with in 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.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

4.11.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

4.11.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with

4.11.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.13 Derivative financial instruments

These are initially recorded at fair value on the date a derivative contract is entered into and are re-measured to fair value at reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company does not apply hedge accounting for any derivatives.

Any gain or loss from change in fair value of derivatives that do not qualify for hedge accounting are taken directly to statement of profit or loss.

4.14 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

5 OPERATING FIXED ASSETS

Description	Furniture and fittings	Office equipment	Computer equipment	Total
	---Rupees---			
Net carrying value basis				
Year ended June 30, 2022				
Opening book value	20,816	-	43,325	64,141
Additions	-	-	202,804	202,804
Depreciation charge	(19,468)	-	(70,704)	(90,172)
Closing net book value	1,348	-	175,425	176,773
Gross carrying value basis				
Year ended June 30, 2022				
Cost	117,586	95,317	820,808	1,033,711
Accumulated depreciation	(116,238)	(95,317)	(645,383)	(856,938)
Net book value	1,348	-	175,425	176,773
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	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
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, 2022							
Net carrying value basis							
Opening 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
Transfer from CWIP	100,844,931	8,496,933	45,406,478	129,169,546	153,581,185	-	437,499,073
Depreciation charge	(23,381,819)	(580,211,654)	(231,624,431)	(2,009,385,550)	(90,251,821)	(63,299,397)	(2,998,154,672)
Closing net book value	529,692,672	11,257,985,550	4,525,725,414	10,309,767,784	296,308,354	130,834,942	27,050,314,716
Gross carrying value basis							
Cost	583,148,648	12,645,085,147	5,228,253,428	16,171,961,558	566,444,995	316,496,986	35,511,390,762
Accumulated depreciation	53,455,976	1,387,099,597	702,528,014	5,862,193,774	270,136,641	185,662,044	8,461,076,046
Net book value	529,692,672	11,257,985,550	4,525,725,414	10,309,767,784	296,308,354	130,834,942	27,050,314,716
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
Transfer from CWIP	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
Useful life	22 - 23	22 - 23	22 - 23	8	10	5	

7 CONCESSION WORK IN PROGRESS

	Note	As at July 01, 2021	Additions	Transferred to concession assets	As at June 30, 2022
		---- Rupees ----			
Description					
Civil works	7.1	118,123,295	241,316,697	(359,439,992)	-
Borrowing cost	7.2	63,570,068	1,167,474	(64,737,542)	-
Hand back cost	7.3	254,929	-	(254,929)	-
Consultancy fee	7.4	294,689	10,746,384	(11,041,073)	-
Other directly attributable cost	7.5	25,179	2,000,358	(2,025,537)	-
		182,268,160	255,230,913	(437,499,073)	-

	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

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 14 and 15, for the purpose of construction of Swat Expressway has been capitalized in the cost of concession assets. The capitalization ratio for the year is 0.09% 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 costs incurred for training of PKHA officials and provision of vehicles to PKHA as per the concession agreement.

8 LONG TERM ADVANCE

	Note	2022 Rupees	2021 Rupees
Mobilization advance to FWO- parent organization			
Opening balance		206,444,147	3,063,969,675
Adjusted during the year	8.1	(206,444,147)	(2,857,525,528)
		-	206,444,147

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. During the current year, the Company has started to manage its operations by itself.

9 DEFERRED TAX ASSET

	2022 Rupees	2021 Rupees
Deferred tax (asset) / liability - opening	(765,073,937)	(701,273,930)
Charge for the year	(1,234,980,959)	(63,800,007)
Deferred tax asset - closing	(2,000,054,896)	(765,073,937)

The deferred tax liability comprises of the following:

	2022 Rupees	2021 Rupees
Deferred tax liability on taxable temporary differences		
Concession assets	870,370,588	1,122,275,376
Long term loans	212,397,846	358,481,164
Deferred tax asset on deductible temporary differences		
Accelerated tax depreciation	(5,834)	(3,230)
Concession work in progress	-	(1,660,096)
Unwinding of discount on provision for hand back cost	(7,048,754)	(3,407,006)
Effect of tax losses	(3,075,768,742)	(2,240,760,145)
	(2,000,054,896)	(765,073,937)

10 TAXATION - NET

	2022 Rupees	2021 Rupees
Opening balance	13,423,349	4,559,119
Provision for the year	(12,581,858)	(10,840,559)
Tax paid / withheld during the year	1,438,080	19,704,789
Closing balance	2,279,571	13,423,349

11 PREPAYMENTS, RECEIVABLES AND ADVANCES

	Note	2021 Rupees	2021 Rupees
Prepayments		4,395,312	6,156,549
Receivables	11.1	55,146,343	9,974,748
Advance to employees		80,000	35,000
Advance against expenses		1,643,000	-
		61,264,655	16,166,297

11.1 This includes the balance receivable from FWO for M-Tag revenue amounting Rs. 31.877 million and balance receivable in relation to service area revenue amounting to Rs. 14.339 million.

12 CASH AND BANK BALANCES

	Note	2021 Rupees	2021 Rupees
Cash in hand	12.1	1,304,376	17,412
Cash at bank - saving account- local currency	12.2	172,234,587	343,470,540
		173,538,963	343,487,952

12.1 This includes cash in hand at head office level amounting to Rs. 104,376 (2021: Rs. 17,412) and cash in hand at toll plaza for change purpose amounting Rs. 1,200,000 (2021: Rs. Nil).

12.2 These carry a markup rate ranging from 5.5% to 12.8% (2021: 5.5% to 11.75%) per annum.

13 SHARE CAPITAL

13.1 Authorized capital

2022 Number	2021 Number		2022 Rupees	2021 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 /-	11,500,000,000	11,500,000,000
206,660,000	206,660,000		20,666,000,000	20,666,000,000

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

2022 Number	2021 Number		2022 Rupees	2021 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

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

2022 Number	2021 Number		2022 Rupees	2021 Rupees
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
198,152,759	198,152,759		19,815,275,900	19,815,275,900

13.4 FWO holds 83,152,756 (2021: 83,152,755) "A" class ordinary shares in the Company of Rs. 100/- each as at reporting date.

13.5 Directors hold 3 (2021: 4) "A" class ordinary shares of Rs. 100/- each as at the reporting date. (as disclosed in note 32 to the financial statements).

13.6 PKHA holds 115,000,000 (2021: 115,000,000) "B" class ordinary shares in the Company of Rs. 100/- each as at reporting date.

13.7 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	2022 Rupees	2021 Rupees
Long term loan from PKHA - unsecured	14.1	4,570,986,169	4,263,858,056
Long term loan from NBP - secured	14.2	2,753,676,794	-
Long term loan from FWO - unsecured	14.3	4,151,232,030	3,716,580,894
		11,475,894,993	7,980,438,950

14.1 Long term loan from PKHA

	Note	2022 Rupees	2021 Rupees
Long term loan from PKHA	14.1.1	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)
		(2,382,444,121)	(2,382,444,121)
Net amount recognized as borrowing		3,117,555,879	3,117,555,879
Subsequent amortization		1,453,430,290	1,146,302,177
Balance as at June 30,		4,570,986,169	4,263,858,056

14.1.1 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.

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.

14.2 Long term loan from NBP

	Note	2022 Rupees	2021 Rupees
Long term loan from NBP		3,100,000,000	-
Interest expense for the year	14.2.1	285,137,790	-
Initial transaction cost		(23,733,600)	-
Payment of interest during the year		(139,117,807)	-
		122,286,383	-
		3,222,286,383	-
Less: current maturity of long term loan- markup		(468,609,589)	-
	14.2.2	2,753,676,794	-

14.2.1 Interest is charged at effective interest rate (EIR) as per the requirement of IFRS-9.

14.2.2 This represents conversion of bridge financing facility (Ref Note 16) from National Bank of Pakistan (NBP) amounting Rs. 5,000 million (Pak Rupees Five Billion only) for the purpose of financing the prepayment of the outstanding principal amount of the Syndicated Term Finance Facility (STFF) from MCB. During the current year bridge finance facility has been converted into long term STFF (Rs. 3,100 million into conventional facility and Rs. 1,900 million into Musharaka Facility). This STFF facility carries interest calculated at 6-monthly KIBOR plus 0.65% margin. Syndicates comprising of NBP, Askari Bank and Bank of Punjab. National Bank of Pakistan is the lead bank.

Security to include the following but not limited to:

- 1st pari passu hypothecation charge on all current assets and future assets of the Company (excluding land and building) along with the margin of 25%;
- Pledge over SPVCs rights and benefits/ receivables/ collection under the project documents.
- Pledge of 100% shares of FWO shares in SPVC with unconditional enforcement rights.
- Sponsor support agreement to fund any short fall in debt service and/or operational and related costs of SEPCO to keep the business up and running until complete adjustment of the facility.

14.3 Long term loan from FWO

	Note	2022 Rupees	2021 Rupees
Long term loan from FWO - Opening	14.3.1	4,127,604,364	4,127,604,364
Additions	14.3.2	750,000,000	-
Accrued markup		392,911,503	136,478,956
		5,270,515,867	4,264,083,320
Less: current maturity of long term loan- markup		(1,119,283,837)	(547,502,426)
		4,151,232,030	3,716,580,894

14.3.1 This represents amount payable to FWO against subordinate loan taken to prepay the MCB STFF facility of 11,480 million. The loan was injected on February 4, 2021 for a tenure of approximately 10 years. Interest payments are to be charged at 6- month KIBOR plus 0.65% spread.

14.3.2 This represents the amount payable to FWO for O&M costs, which has been converted into a long-term loan. Interest payments are to be charged at 6- month KIBOR plus 0.65% spread.

15 LIABILITIES AGAINST ASSETS SUBJECT TO DIMINISHING MUSHARAKAH FINANCE

	Note	2022 Rupees	2021 Rupees
Liabilities against assets subject to Diminishing musharakah finance		1,900,000,000	-
Interest expense for the year	15.1	173,393,510	
Initial transaction cost		(14,546,400)	-
Payment of interest during the year		(84,526,027)	
		74,321,083	-
		1,974,321,083	-
Less: current maturity of long term musharakah- markup		(287,212,329)	-
	15.2	1,687,108,754	-

15.1 Interest is charged at effective interest rate (EIR) as per the requirement of IFRS-9.

15.2 This represents Musharakah agreement (Ref: Note 14.2.1) with syndicates comprising of National Bank of Pakistan, Faysal Bank and Bank of Punjab. National Bank of Pakistan is lead bank in consortium being the sharia structuring agent.

		Note	2022 Rupees	2021 Rupees
16	**BRIDGE FINANCE**			
	Short term borrowing from NBP	16.1	-	5,000,000,000
	Accrued markup		-	165,324,657
			-	5,165,324,657

16.1 This represented bridge financing from National Bank of Pakistan for an amount of PKR 5,000 million (Pak Rupees Five Thousand million only) for the purpose of financing the prepayment of the outstanding principal amount of the STFF, which was sanctioned in the favour of the SEPCO by the existing creditors originally for an aggregate amount of PKR 11,483 million (Pak Rupees eleven billion four hundred and eighty three million only). This bridge finance facility carried interest calculated at 6-monthly KIBOR plus 0.65% margin. During the current year it has been converted into STFF (Ref: Note 14.2 and Note 15).

		Note	2022 Rupees	2021 Rupees
17	**RETENTION MONEY PAYABLE**			
	Retention money payable		-	981,392,961
	Gross movement in retention money payable:			
	Balance at the beginning of the year		981,392,961	651,460,270
	Retention money with held during the year		34,683,573	481,095,256
	Release of retention money withheld		-	(151,162,565)
			1,016,076,534	981,392,961
	Less: current maturity		(1,016,076,534)	-
			-	981,392,961
18	**PROVISION FOR HAND BACK**			
	Provision for hand back cost	18.1	194,818,324	182,260,571
18.1	Initial recognition	18.1.1	182,260,571	170,512,275
	Unwinding of discount		12,557,753	11,748,296
			194,818,324	182,260,571

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

19 TRADE AND OTHER PAYABLES

	Note	2022 Rupees	2021 Rupees
Due to related parties	19.1	760,792,160	1,193,603,180
Payable to independent engineer		-	21,427,760
Sales tax payable		-	8,414,420
Accrued liabilities		675,000	1,537,000
Provident fund payable		1,714,670	540,000
Other payables		4,830,874	3,170,931
		768,012,704	1,228,693,291

19.1 This represents the amount payable to FWO against operational and repair and maintenance expenses incurred by FWO on behalf of the Company.

20 CONTINGENCIES AND COMMITMENTS

20.1 There were no contingencies at June 30, 2022 (2021: nil).

20.2 Commitment in respect of planning, construction and operation of Swat Expressway amounts to Rs. 1,01 million (2021: Rs. 1,01 million).

21 REVENUE

	Note	2022 Rupees	2021 Rupees
Toll collection		961,088,380	709,923,370
Service area revenue		45,460,264	12,780,551
		1,006,548,644	722,703,921

22 COST OF REVENUE

	Note	2022 Rupees	2021 Rupees
Operations and maintenance expense (O&M)		559,662,175	668,500,000
Depreciation of concession assets	6	2,998,154,672	2,835,899,885
		3,557,816,847	3,504,399,885

23 ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Salaries and benefits		10,264,918	7,173,152
Legal and professional		7,539,000	8,165,427
Auditors' remuneration	23.1	675,000	675,000
Communication		83,585	45,930
Office supplies		146,320	138,607
O&M cost (plantation)		6,720,000	10,900,000
Utilities		1,180,354	1,161,361
Repair and maintenance		204,781	69,472
Traveling and conveyance		2,325,127	2,128,088
Staff training and welfare		75,000	55,500
Entertainment		38,246	56,680

	Note	2022 Rupees	2021 Rupees
Depreciation		90,172	98,339
Insurance		11,397,906	4,699,945
Bank charges		8,668	8,948
Miscellaneous expense		109,117	39,564
		40,858,194	35,416,013

23.1 Auditors' remuneration

		2022 Rupees	2021 Rupees
Statutory audit fee		600,000	600,000
Review of statement of compliance with Public Sector Code of Corporate Governance		75,000	75,000
		675,000	675,000

24 FINANCE COST

		2022 Rupees	2021 Rupees
Interest on long term loan - conventional facility		284,883,512	252,167,101
Interest on long term loan - musharakah facility		173,238,882	165,085,887
Financing fee - agency fee and security fee		-	15,240,516
Amortization of transaction cost		-	73,864,064
Unwinding of discount on subordinate loan		306,854,224	228,489,341
Unwinding of discount on provision for handback cost		12,557,753	11,748,296
Interest on long term loan - FWO subordinated loan		535,124,924	136,478,956
Interest on long term loan - NBP bridging finance		123,566,424	165,324,657
		1,436,225,719	1,048,398,818

25 OTHER INCOME

	Note	2022 Rupees	2021 Rupees
Mark up income	25.1	16,591,410	110,939,452
Others		8,460,720	17,903,554
		25,052,130	128,843,006

26 TAXATION

		2022 Rupees	2021 Rupees
Current		12,581,858	10,840,559
Deferred		(1,234,980,959)	(63,800,007)
		(1,222,399,101)	(52,959,448)

26.1 Reconciliation between accounting profit and tax expense for the year is not prepared as the Company is subject to minimum tax in the current year.

27 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

	2022				
		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					
Receivables	55,146,343	-	-	-	55,146,343
Cash and bank balances	173,538,963	172,234,587	-	172,234,587	1,304,376
	228,685,306	172,234,587	-	172,234,587	56,450,719
Financial liabilities carried at amortized cost					
Long term loan	13,063,788,419	1,587,893,426	11,475,894,993	13,063,788,419	-
Long term musharakah	1,974,321,083	287,212,329	1,687,108,754	1,974,321,083	-
Provision for hand back	194,818,324	-	-	-	194,818,324
Trade and other payables	768,012,704	-	-	-	768,012,704
Security deposits	2,527,000	-	-	-	2,527,000
	16,003,467,530	1,875,105,755	13,163,003,747	15,038,109,502	965,358,028
On statement of financial position gap	(15,774,782,224)	(1,702,871,168)	(13,163,003,747)	(14,865,874,915)	(908,907,309)
Off statement of financial position items					
Financial commitments:	-	-	-	-	-
Total gap	(15,774,782,224)	(1,702,871,168)	(13,163,003,747)	(14,865,874,915)	(908,907,309)

	2021				
		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					
Receivables	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	-
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
Security deposits	2,240,000	-	-	-	2,240,000
	15,098,045,475	5,712,827,083	7,980,438,950	13,693,266,033	1,404,779,442
On statement of financial position gap	(14,744,582,775)	(5,369,356,543)	(7,980,438,950)	(13,349,795,493)	(1,394,787,282)
Off statement of financial position items					
Financial commitments:	-	-	-	-	-
Total gap	(14,744,582,775)	(5,369,356,543)	(7,980,438,950)	(13,349,795,493)	(1,394,787,282)

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	2022 Rupees	2021 Rupees
Fixed rate instruments			
Financial liabilities			
Long term loan	14	13,063,788,419	8,527,941,376
Long term musharakah	15	1,974,321,083	-
Variable rate instruments			
Financial assets			
Bank balances-deposit accounts	12	172,234,587	343,470,540

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, 2022 would increase/ decrease by Rs. 1,722,346 (June 30, 2021 would increase / decrease by Rs. 3,434,705). 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:

	2022		2021	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
	Rupees		Rupees	
Receivables	55,146,343	55,146,343	9,974,748	9,974,748
Bank balance	172,234,587	172,234,587	343,470,540	343,470,540
	227,380,930	227,380,930	353,445,288	353,445,288

	Rating agency	Rating Short-term
National Bank of Pakistan	VIS	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, 2022					
Long term loan	13,063,788,419	13,063,788,419	1,587,893,426	4,929,028,022	6,546,866,971
Long term musharakah	1,687,108,754	1,687,108,754	287,212,329	992,642,325	407,254,100
Trade and other payables	767,337,704	767,337,704	767,337,704	-	-
Security deposits	2,527,000	2,527,000	2,527,000	-	-
	15,520,761,877	15,520,761,877	2,644,970,459	5,921,670,347	6,954,121,071
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
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	-	-
Security deposits	2,240,000	2,240,000	2,240,000	-	-
	14,922,662,324	14,922,662,324	6,942,223,374	2,793,153,633	5,187,285,318

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
	Rupees				
June 30, 2022					
Financial assets not measured at fair value					
Cash and cash equivalents*	173,538,963	-	173,538,963	-	-
Receivables and advances	55,146,343	-	55,146,343	-	-
Financial liabilities not measured at fair value					
Long term loan - unsecured	-	4,570,986,169	4,570,986,169	4,570,986,169	4,570,986,169
Long term loan - secured*	-	2,753,676,794	2,753,676,794	2,753,676,794	2,753,676,794
Long term musharakah*	-	4,151,232,030	4,151,232,030	4,151,232,030	4,151,232,030
Retention money payable*	-	1,016,076,534	1,016,076,534	-	-
Deferred liabilities	-	194,818,324	194,818,324	194,818,324	194,818,324
Trade and other payables*	-	767,337,704	767,337,704	-	-
Security deposits	-	2,527,000	2,527,000	-	-

	Amortized cost	Other financial liabilities	Total	Fair value	
				Level 2	Total
	Rupees				
June 30, 2021					
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	-	-
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	-	-
Security deposits	-	2,240,000	2,240,000	-	-

*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, 2022 was as follows:

	2022 Rupees	2021 Rupees
Total liabilities	17,019,544,064	16,088,911,903
Less: cash and cash equivalents	(173,538,963)	(343,487,952)
Adjusted net debt	16,846,005,101	15,745,423,951
Equity	12,268,085,510	15,048,986,395
Adjusted net debt to adjusted equity	1.37	1.05

30 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Chief Executive		Executive		Directors	
	2022	2021	2022	2021	2022	2021
	Rupees					
Managerial remuneration	-	-	3,755,480	1,920,000	-	-
Allowances (Honorarium)	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
	-	-	3,755,480	1,920,000	-	-
Number of persons	1	1	2	1	3	4

30.1 Executive means any employee whose basic salary exceeds Rs. 1,200,000 (2021 : 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 (2021: nil).

31 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

Capital for the reporting periods under review is summarized as follows:

	2022 Rupees	2021 Rupees
Equity	19,815,275,900	19,815,275,900
Long term financing	15,038,109,502	8,527,941,376
Gearing ratio	43%	30%

32 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 July 01, 2021	16,088,911,903	19,815,275,900	1,667,710,885	(6,434,000,390)	31,137,898,298
Changes from financing cash flows					
Receipt of long term loan - net of transaction cost	585,842,819	-	-	-	585,842,819
Payment of interest on long term loan and musharakah	(664,667,316)	-	-	-	(664,667,316)
Total changes from financing cash flows	(78,824,497)	-	-	-	(78,824,497)
Other changes	1,643,782,205	-	-	-	1,643,782,205
Equity related					
Issue of shares	-	-	-	-	-
Total comprehensive	-	-	-	(2,780,900,885)	(2,780,900,885)
Total equity related other changes income for the year	-	-	-	(2,780,900,885)	(2,780,900,885)
Balance at June 30, 2022	17,653,869,611	19,815,275,900	1,667,710,885	(9,214,901,275)	29,921,955,121

		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

33 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 Organization	83,152,756
Pakhtunkhwa Highways	Associate	115,000,000
Major General Kamal Azfar	Chairman	1
Brig . Farooq Ahmed Joiya	CEO	1
Khawaja Asim Shaheen	Director	1
Equipment Management & Support Company (Pvt.) Ltd.	Common directorship	0

	2022 Rupees	2021 Rupees
Transactions and balances with related parties		
-Transactions		
Payment against IPCs	-	-
IPCs billed during the year	241,316,697	7,282,992,886
Receipt of share capital money- FWO	-	-
Release of retention money	-	151,162,566
O&M fee - FWO	467,000,000	668,500,000
Expenses incurred on behalf of the Company by FWO	-	-
O&M Plantation Cost-FWO	6,720,000	10,900,000
Toll amount received from FWO	82,291,180	712,454,210
Management fee - FWO	-	-
Cost of facilities provided to PKHA by the Company	2,000,358	4,712,166
Cost of vehicles provided to PKHA by the Company	-	-
Car rentals paid to EMASCO	1,563,397	1,365,000

	2022 Rupees	2021 Rupees
-Balances		
Equity injected by FWO	8,315,275,900	8,315,275,900
Mobilization advance (FWO)	-	699,885,937
O&M Fee payable to FWO	744,000,000	1,177,000,000
Payable to FWO against expenses and management fee	16,603,180	16,603,180
Receivable from FWO agianst toll collection	31,879,440	5,411,110
Payable to EMASCO against car rentals	150,000	-
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
Long term loan from FWO	5,270,515,867	4,264,083,320

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:

	2022 Rupees	2021 Rupees
Increase in profit before tax for the year	1,215,567,919	27,879,123
Recognition of intangible asset	32,162,119,329	34,253,663,417
Derecognition of concession asset	27,050,314,716	29,610,970,315
Increase in taxation obligation	3,349,906	8,084,946

35 NUMBER OF EMPLOYEES

	2022 Number	2021 Number
Total number of employees at end of the year		
Contractual employees	42	9
Casual employees	371	0
Average number of employees for the year		
Contractual employees	28	9
Casual employees	359	0

36 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.

37 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 16 JAN 2023 by the Board of Directors of the Company.

38 GENERAL

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**