

**LAHORE SIALKOT MOTORWAY
INFRASTRUCTURE MANAGEMENT
(PRIVATE) LIMITED**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Lahore Sialkot Motorway Infrastructure Management (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Lahore Sialkot Motorway Infrastructure Management (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, 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, 2018 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's 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 Auditor's 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 auditor's report thereon.

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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 in 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 the 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 the 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.

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

Auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shahzad Ali.

Deloitte Yousuf Adil

Chartered Accountants

Place: Islamabad

Date: December 04, 2018

LAHORE SIALKOT MOTORWAY INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 ----- Rupees -----	2017 ----- Rupees -----
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	4	773,671	45,432
Concession work-in-progress	5	14,246,243,642	-
Mobilization advance-secured	7	-	11,061,464,663
Deferred tax asset	6	28,745,591	-
		<u>14,275,762,904</u>	<u>11,061,510,095</u>
CURRENT ASSETS			
Mobilization advance-secured	7	11,061,464,663	797,441,238
Other advances - secured	8	2,739,180,000	-
Other receivables	9	150,941,467	-
Tax refundable from government	10	25,064,891	2,440,959
Prepayments	11	-	17,966,733
Cash and bank balances	12	1,966,990,090	72,655,439
		<u>15,943,641,111</u>	<u>890,504,369</u>
TOTAL ASSETS		<u><u>30,219,404,015</u></u>	<u><u>11,952,014,464</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up capital	14	21,643,299,500	100,000
Advance against shares to be issued	15	1,122,478,619	11,949,904,681
Accumulated (loss)/profit		(89,559,860)	1,753,687
		<u>22,676,218,259</u>	<u>11,951,758,368</u>
NON-CURRENT LIABILITIES			
Long Term Loan - Conventional	16.1	1,078,290,065	-
Long Term Loan - Musharaka	16.2	925,106,486	-
Subordinated loans	17	5,202,148,358	-
Deferred tax liability	6	-	4,796
		<u>7,205,544,909</u>	<u>4,796</u>
CURRENT LIABILITIES			
Trade and other payables	18	337,640,847	251,300
TOTAL EQUITY AND LIABILITIES		<u><u>30,219,404,015</u></u>	<u><u>11,952,014,464</u></u>
COMMITMENTS AND CONTINGENCIES			
	19		

The annexed notes from 1 to 31 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER

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DIRECTOR

LAHORE SIALKOT MOTORWAY INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	October 4, 2016 to June 30, 2017 Rupees
Administrative expenses	20	(235,386,362)	(13,390,307)
Finance cost	21	(85,279,518)	(8,983,367)
Other income	22	205,184,790	24,915,250
(Loss) / profit before taxation		(115,481,090)	2,541,576
Taxation	23	24,167,543	(787,889)
(Loss) / profit after taxation		(91,313,547)	1,753,687

The annexed notes from 1 to 31 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

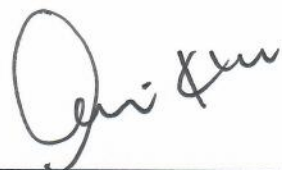
LAHORE SIALKOT MOTORWAY INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	October 4, 2016 to June 30, 2017 Rupees
Profit after taxation	(91,313,547)	1,753,687
Other comprehensive income	-	-
Total comprehensive (loss) / income	<u>(91,313,547)</u>	<u>1,753,687</u>

The annexed notes from 1 to 31 form an integral part of these financial statements. *Dya*



CHIEF EXECUTIVE OFFICER



DIRECTOR

LAHORE SIALKOT MOTORWAY INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid-up capital	Advance against shares to be issued	Accumulated (loss) / Profit	Total
----- Rupees -----				
Receipts during the period	-	11,950,004,681	-	11,950,004,681
Shares issued during the period	100,000	(100,000)	-	-
Total comprehensive income for the period	-	-	1,753,687	1,753,687
Balance as at June 30, 2017	100,000	11,949,904,681	1,753,687	11,951,758,368
Receipts during the year	-	10,826,615,554	-	10,826,615,554
Transfer to payable to FWO	-	(10,842,116)	-	(10,842,116)
Shares issued during the year	21,643,199,500	(21,643,199,500)	-	-
Total comprehensive income for the year	-	-	(91,313,547)	(91,313,547)
Balance as at June 30, 2018	21,643,299,500	1,122,478,619	(89,559,860)	22,676,218,259

The annexed notes from 1 to 31 form an integral part of these financial statements. *Dya*



 CHIEF EXECUTIVE OFFICER



 DIRECTOR

LAHORE SIALKOT MOTORWAY INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	October 4, 2016 to June 30, 2017 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(115,481,090)	2,541,576
Adjustments for:			
Depreciation		105,279	1,567
Finance Cost		85,279,518	-
		<u>(30,096,293)</u>	<u>2,543,143</u>
Changes in Working Capital (Increase) / Decrease in current assets			
Prepayments		17,966,733	(17,966,733)
Mobilization advance-secured		(10,264,023,425)	(797,441,238)
Other advances - secured		(2,739,180,000)	-
Other receivables		(150,941,467)	-
Increase in current liabilities			
Trade and other payables		326,547,431	251,300
		<u>(12,809,630,728)</u>	<u>(815,156,671)</u>
Finance cost paid		(306,932,120)	-
Income taxes paid		(27,206,776)	(3,224,052)
Net cash generated from operating activities		<u>(13,173,865,917)</u>	<u>(815,837,580)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of operating fixed assets		(833,518)	(46,999)
Increase in concession work-in-progress		(14,024,591,040)	-
(Increase) / Decrease in mobilization advance		11,061,464,663	(11,061,464,663)
Net cash used in investing activities		<u>(2,963,959,895)</u>	<u>(11,061,511,662)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Advance against shares to be issued		10,826,615,554	11,950,004,681
Receipts against long-term loan		2,003,396,551	-
Receipts against subordinated loan		5,202,148,358	-
Net cash inflow from financing activities		<u>18,032,160,463</u>	<u>11,950,004,681</u>
Net increase in cash and cash equivalents		1,894,334,651	72,655,439
Cash and cash equivalents at the beginning of the year/period		72,655,439	-
Cash and cash equivalents at the end of the year/period	12	<u><u>1,966,990,090</u></u>	<u><u>72,655,439</u></u>

The annexed notes from 1 to 31 form an integral part of these financial statements.


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

LAHORE SIALKOT MOTORWAY INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Lahore Sialkot Motorway Infrastructure Management (Private) Limited (the Company) was incorporated as a private limited company on October 04, 2016 under the Companies Ordinance, 1984 (now the Companies Act 2017). The registered office of the Company is located at Headquarters Frontier Works Organization, 509, Kashmir Road, R.A Bazar, Rawalpindi. The Company is principally formed for the purpose of the construction, collecting toll and operation & maintenance of 89.2 Km long 4-lane controlled access Lahore Sialkot Motorway (the Project) for the Concession period of 25 years on Build Operate Transfer (BOT) basis, pursuant to a Concession Agreement dated February 28, 2017, entered into between the National Highway Authority (NHA) and the Company. After the expiry of Concession period, it will transfer the Concession Asset to NHA.

The Company has entered into Concession Agreement dated February 28, 2017 with National Highway Authority (NHA) to construct 89.2 km long 4-lane controlled access motorway between Lahore and Sialkot which shall include development, designing, engineering, financing, construction, testing, commissioning, insurance and on the transfer date, transfer, of the project assets under a build operate and transfer arrangement, provision of the related services and during the concession period, collecting, receiving and earning the revenues, generated in accordance with the agreement on a public-private partnership basis and to undertake all rights and obligations in that regard ("the Project").

To execute the Project, Frontier Works Organization (FWO), NHA and the Company have entered into Shareholders Agreement dated February 28, 2017. Under the Shareholders Agreement, FWO and NHA have agreed to fund the contributing equity (class A shares) and subscribe to the equity (class B shares) of the Company from time to time. The rights of said classes of shares are given in Note 9.1 to the financial statements. The funding amounts and mechanism of its utilization has been agreed among FWO, NHA and the Company, separately, through Equity Funding and Utilization (EFU) Agreement dated February 28, 2017. Under the EFU Agreement, NHA and FWO have undertaken to contribute the equity amounting to Rs.18,000 million and Rs. 6,812 million respectively while NHA shall also provide subordinate financing of Rs. 5,000 million.

1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

The Company has obtained long term finance loans and subordinated loan through Musharaka and management agreement Conventional facility agreement and subordinating loan agreement. Refer to Notes 16 and 17.

The Company has issued 36,431,995 Class A shares and 180,000,000 Class B shares. Refer Note 14.

The Company has started construction of motorway during the year which is reflected in note 5.

The Company is wholly owned by Frontier Works Organization (FWO) (the Parent Company).

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 as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 shall prevail.

The Companies Act, 2017 was enacted and promulgated by the SECP on May 30, 2017 and the companies whose financial year closes after December 31, 2017 are required to prepare their financial statements in accordance with the provisions of the Companies Act, 2017. Accordingly, the Company has prepared these financial statements in accordance with the provisions of the Companies Act, 2017.

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2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as otherwise stated in respective policies and notes given hereunder.

2.3 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). These financial statements are presented in Pakistani Rupees (Rs), which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments made by management in the application of the approved accounting and reporting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.5 Taxation

The Company takes into account the current income tax law 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.

2.6 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and amendments 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.

Standards/Amendments/Interpretations	Effective from accounting period beginning on or after:
- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' issued in the Annual Improvements Cycle 2014-2016	January 01, 2017

Certain annual improvements have also been made to a number of IFRSs. Such improvements did not have any material effect on the financial statements of the Company.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company.

Further, the disclosure requirements contained in the fifth schedule to the Act have been revised, resulting in the incorporation of significant additional disclosures.

New accounting standards / amendments and IFRS 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, interpretations and amendments 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.

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Standards/Amendments/Interpretations**Effective from accounting period beginning on or after:**

- IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9. An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after January 01, 2018.
- IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date. July 01, 2018
- Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities January 01, 2019
- IFRS 15 'Revenue from contracts with customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date. July 01, 2018
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions July 01, 2018
- IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date. January 01, 2019
- Amendments to IAS 19 'Employee Benefits' / IFRIC 14 'IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' - Amendments regarding plan amendments, curtailments or settlements. January 01, 2019
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. January 01, 2019
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property January 01, 2018. Earlier application is permitted.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency. January 01, 2018. Earlier application is permitted.
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. January 01, 2019

Certain annual improvements have also been made to a number of IFRSs. The management expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The management has further assessed the impact of the following standards at time of their initial application from July 01, 2018.

- IFRS 15 'Revenue from contracts with customers'
- IFRS 9 'Financial instruments'

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Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

**IASB effective date from
accounting period beginning
on or after:**

- | | |
|---|------------------|
| - IFRS 1 – First Time Adoption of International Financial Reporting Standards | January 01, 2004 |
| - IFRS 14 – Regulatory Deferral Accounts | January 01, 2016 |
| - IFRS 17 – Insurance Contracts | January 01, 2021 |

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Operating assets

Operating assets 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 intended use, location and condition.

Depreciation is charged to statement of Profit and Loss applying the reducing balance method at the rates mentioned in note 4 to these financial statements, whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month of acquisition with no charge of depreciation in the month of disposal.

An item of operating assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Profit and loss account, in the year the asset is de-recognized.

The cost of replacing part of an item of operating assets is recognized in the carrying amount of the item, if it is probable that 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 assets are recognized in the Profit and loss account as incurred.

The assets' 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.

3.2 Concession work-in-progress

Concession work-in-progress is stated at cost less accumulated impairment losses, if any. Cost includes construction costs incurred on Lahore Sialkot Motorway, and borrowing costs relating to funds specifically borrowed for the Project.

Application of waiver from requirement of IFRIC 12 "Service Concession Arrangement"

In accordance with S.R.O 24(1)/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; and 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 Agreement, IFRIC 12 would have required the Company not to recognize any infrastructure as part of its property, plant and equipment. The Company would have to account for its cost on construction and modernization of Lahore Sialkot Motorway, disclosed in note 5 to the financial statements, as expenses in profit and loss account 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, representing a right to charge toll from users of Lahore Sialkot motorway. Borrowing attributable to arrangement would also have been capitalized as part of intangible asset.

The Company would also have to bifurcate its revenue from toll collection between consideration for construction of Lahore Sialkot Motorway and operation services for Lahore-Sialkot Motorway.

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The Company, however, has applied the waiver granted by SECP and is carrying its incurred cost of construction of Lahore Sialkot Motorway (including the related borrowing cost) as concession assets. Further, the Company has not bifurcated its revenue between consideration for construction of Lahore Sialkot Motorway and operation services for Lahore Sialkot Motorway.

3.3 Impairment

Non - Financial assets

The Company assesses at each reporting date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation/ amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in profit and loss account.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is an objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Financial liabilities

Financial liabilities are recognised when the Company becomes the party to the contractual provision of the instruments and the Company loses control of the contractual right that comprise the financial liability when the obligation specified in the contract is discharged, cancelled or expired. The Company's financial liabilities are measured at amortized cost. These are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. These are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is charged to profit or loss for the year.

3.4 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of Cash Flow Statement, cash and cash equivalents comprise cash in hand and balance with the banks in current and saving accounts.

3.5 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received.

3.6 Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial Position, if the Company has a legal enforceable right to set-off the recognized amounts and intends either to settle on net basis or to realize the asset and settle the liability simultaneously.

3.7 Provisions

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 of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

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3.8 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

3.8.1 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.

3.8.2 Deferred tax

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 the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by 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 tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be

3.9 Long term loans /Borrowings

Borrowings are recognized initially at fair value net off transaction cost incurred and are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in the profit and loss account when the liabilities are de-recognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on borrowings, and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit and loss account.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of liability for at least twelve months after the reporting date.

3.10 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. All other borrowing costs are charged to profit or loss. 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 the profit and loss account.

Dya

4 OPERATING FIXED ASSETS

	Vehicles	Office Equipment	IT Equipment	Total
	----- Rupees -----			
Period ended June 30, 2017				
Opening net book value	-	-	-	-
Additions	-	46,999	-	46,999
Depreciation charge	-	(1,567)	-	(1,567)
	<u>-</u>	<u>45,432</u>	<u>-</u>	<u>45,432</u>
At June 30, 2017				
Cost	-	46,999	-	46,999
Accumulated depreciation	-	(1,567)	-	(1,567)
	<u>-</u>	<u>45,432</u>	<u>-</u>	<u>45,432</u>
Year ended June 30, 2018				
Opening net book value	-	45,432	-	45,432
Additions	352,748	49,630	431,140	833,518
Depreciation charge	(5,879)	(16,404)	(82,996)	(105,279)
	<u>346,869</u>	<u>78,658</u>	<u>348,144</u>	<u>773,671</u>
At June 30, 2018				
Cost	352,748	96,629	431,140	880,517
Accumulated depreciation	(5,879)	(17,971)	(82,996)	(106,846)
	<u>346,869</u>	<u>78,658</u>	<u>348,144</u>	<u>773,671</u>

Annual rate of depreciation

20% 20% 33%

2018 2017

Note ----- Rupees -----

5 Concession work-in-progress

Concession work-in-progress	5.1	14,024,591,040	-
Markup on Loan	5.2	221,652,602	-
		<u>14,246,243,642</u>	<u>-</u>

5.1 Break up of concession work-in-progress

Design	289,664,055	-
Quality control services	754,333,476	-
Earth works	6,494,652,815	-
Sub base and Base course	629,824,710	-
Surfaces and pavement works	268,610,508	-
Structural works	4,280,977,973	-
Road furniture and Road safety	66,176,000	-
Operation, Management facility	855,400,000	-
General and miscellaneous items	384,951,503	-
	<u>14,024,591,040</u>	<u>-</u>

5.2 Break up of Markup on Loan

Markup on Conventional Loan	26,197,914	-
Markup on Musharaka Loan	34,878,321	-
Markup on Subordinated Loan	202,148,358	-
Investment Income	(41,571,991)	-
	<u>221,652,602</u>	<u>-</u>

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6	DEFERRED TAX LIABILITY / (ASSETS)	2018	2017
		----- Rupees -----	
	The net balance of deferred tax asset is in respect of following temporary differences:		
	Opening	4,796	
	Accelerated depreciation on operating assets	50,414	4,796
	Tax losses	(28,800,801)	-
	Deferred tax (asset) / liability	<u>(28,745,591)</u>	<u>4,796</u>

Business projections based on budget and tax planning indicate that sufficient future taxable profit will be available to recover tax losses in future years.

7	Mobilization advance-secured	2018	2017
		----- Rupees -----	
	Opening balance	11,061,464,663	-
	Addition	-	11,858,905,901
	Current portion of mobilization advance	<u>(11,061,464,663)</u>	<u>(797,441,238)</u>
		<u>-</u>	<u>11,061,464,663</u>

This represents mobilization advance extended to Frontier Works Organization (FWO) under the "Engineering, Procurement and Construction" (EPC) contract between FWO and the Company for implementing the Project. It shall be amortized against interim payment certificates from FWO throughout the progress of the construction work during the period of two years. The total value of EPC contract is Rs 41,087 million.

8	OTHER ADVANCES - SECURED		2018	2017
			----- Rupees -----	
	This represents advances given to FWO secured against bank gaurantee for procurement of material relating to construction at the project site.			
9	OTHER RECEIVABLES	Note	2018	2017
			----- Rupees -----	
	Receivable - FWO	9.1	41,232,111	-
	Receivable - NHA	9.2	108,583,283	-
	Receivable from bank		1,126,073	-
			<u>150,941,467</u>	<u>-</u>

9.1 Its represents amount paid by the Company on behalf of FWO against transportation facilities and insurance premium for Lahore Sialkot Motorway project. These receivables are adjusted against the amonut payable to FWO.

9.2 Its represents amount paid by the Company to Independent auditor and Independent engineer on behalf of NHA. As per the concession agreement NHA has to bear 50% fees of Independent Auditor and Independent Engineer.

10	TAX REFUNDABLE FROM GOVERNMENT	Note	2018	2017
			----- Rupees -----	
	Balance at the beginning of the year		2,440,959	-
	Tax withheld during the year	10.1	27,206,776	3,224,052
	Provision for taxation		(4,582,844)	(783,093)
	Balance at the end the period		<u>25,064,891</u>	<u>2,440,959</u>

10.1 This amount represents tax deducted on bank profits.

Dya

11	PREPAYMENTS	Note	2018	2017
			----- Rupees -----	
	Balance at the beginning of the year		17,966,733	-
	Finance cost paid in advance		52,200,000	26,950,100
	Amortization during the period		(70,166,733)	(8,983,367)
	Balance at the end of the year		<u>-</u>	<u>17,966,733</u>

11.1 This amount represents advance payment of quarterly financing fee relating to bank guarantee issued by NHA in favour of the Company.

12	CASH AND BANK BALANCES	Note	2018	2017
			----- Rupees -----	
	Cash in hand		168,751	172,517
	Cash at bank			
	- saving accounts	12.1	1,966,821,339	72,482,922
			<u>1,966,990,090</u>	<u>72,655,439</u>

12.1 These carry mark up at the rate 5% (2017: 3.75%) per annum.

13 AUTHORIZED SHARE CAPITAL

Authorized share capital	13.1	24,500,000,000	100,000
		<u>24,500,000,000</u>	<u>100,000</u>

13.1 As per clause 2 of Schedule C of Common Terms Agreement, authorized share capital is required to be increased. On August 24, 2017, authorized share capital increased from Rs 100,000 to Rs 24,812,839,166 and on October 3, 2017 it increased from Rs. 24,812,839,166 to Rs. 24,500,000,000.

13.1.1 The Company has two types of ordinary shares, Class A and Class B. According to clause 3 of the Shareholder's Agreement, Class A shares are issued or to be issued to shareholders of the Company except NHA which according to clause 3 of Shareholder's Agreement is exclusively entitled for class B shares having following restrictions:

- Class B shares shall not carry any voting rights .
- Class B shareholder (NHA) shall not be responsible for non performance by the Company under any circumstances.
- Base case IRR shall not be paid, accrued, and/or applied to class B shares.
- Class B shareholder (NHA) shall only be issued such dividends in respect of Class B shares that the NHA is entitled to in terms of the Concession Agreement from income generated by the Concessionaire pursuant to exercise of its Development Rights in accordance with the Concession Agreement, always subject to the Applicable Laws.

14 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2018	2017	Fully paid Ordinary shares of 100 each	2018	2017
-----No of Shares-----			-----Rupees-----	
216,432,995	1,000		21,643,299,500	100,000

Class A 36,431,995 ordinary shares of Rs. 100 each fully paid in cash. These shares have been issued in favour of FWO (36,431,990 shares) and Directors of the Company (1 each to 5 directors).

Class B 180,000,000 ordinary shares of Rs. 100 each fully paid in cash. These shares have been issued in favour of NHA.

Dya

	2018	2017
	----- Rupees -----	
15 ADVANCE AGAINST SHARES TO BE ISSUED		
Balance at the beginning of the year	11,949,904,681	-
Shares issued during the period	(21,643,199,500)	(100,000)
Receipts during the period	10,826,615,554	11,950,004,681
Transfer to payable to FWO	(10,842,116)	-
Balance at the end of the year	<u>1,122,478,619</u>	<u>11,949,904,681</u>
15.1 Funds received from:		
-FWO	1,122,478,619	2,949,904,681
-NHA	-	9,000,000,000
	<u>1,122,478,619</u>	<u>11,949,904,681</u>

15.2 This amount represents funds received from FWO and NHA as equity investment in the Company as per the requirements of the Concession Agreement. The Company intends to issue Class A shares to FWO against its fund balance subject to approval of Securities and Exchange Commission of Pakistan.

	Note	2018	2017
		----- Rupees -----	
16 LONG TERM LOANS (secured)			
Conventional Loan Facility	16.1	1,078,290,065	-
Musharaka	16.2	925,106,486	-
		<u>2,003,396,551</u>	<u>-</u>

16.1 It represents loan obtained from Bank Alfalah Limited, Askari Bank Limited, Soneri Bank Limited and Bank of Khyber having interest at the base rate (KIBOR) plus 0.74% payable semi annually. Grace period for the loan is two years and principal repayment will be made after that in 16 semi annual installments.

16.2 It represents islamic loan obtained from Bank Alfalah Limited, Habib Metropolitan Bank Limited and Bank of Khyber having interest at the base rate (KIBOR) plus 0.74% payable semi annually. Grace period for the loan is two years and principal repayment will be made after that in 16 semi annual installments.

16.3 Long term loans are secured against equity shares issued to FWO Refer Note 14.

17 SUBORDINATED LOANS (unsecured)

It represents subordinated loan received from NHA. As per the terms of agreement grace, period of 10 years is allowed for repayment of principal and interest from draw down date. The repayments will start from the year 12 from the effective date and the loan will be discharged after 25 years.

	2018	2017
	----- Rupees -----	
18 TRADE AND OTHER PAYABLES		
Payable to FWO	268,378,755	1,300
Other Payables	57,041,117	-
EOBI Payable	21,190	-
Withholding Tax Payable	102,996	-
Accrued interest on retention money	11,821,789	-
Audit fee payable	275,000	250,000
	<u>337,640,847</u>	<u>251,300</u>

19 CONTINGENCIES AND COMMITMENTS

19.1 The Company is required to complete the construction contract amounting to PKR 43.848 million, within period of two years from date of construction as per clause 12.15.1 of concession agreement.

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	2018	October 4, 2016 to June 30, 2017
	----- Rupees -----	
20 ADMINISTRATIVE EXPENSES		
Salaries and benefits	9,526,099	2,321,553
Management Fee	24,844,803	-
Depreciation	105,279	1,567
Auditor's remuneration	300,000	250,000
Bank charges	17,093	6,422
Miscellaneous	40,282	31,451
Vehicle Rentals	840,000	-
Communication	215,319	40,360
Repair and maintenance	394,439	93,680
Legal and professional charges	198,039,861	10,435,935
Office supplies	215,052	86,589
Office Refreshment	82,719	-
Vehicle running	576,400	122,750
Travelling & Conveyance	189,016	-
	<u>235,386,362</u>	<u>13,390,307</u>
20.1 Auditor's remuneration		
Statutory audit fee	250,000	250,000
Out of pocket expenses	50,000	-
	<u>300,000</u>	<u>250,000</u>
21 Finance cost		
Commitment Charges	3,291,001	-
Financing Fees	70,166,733	-
Interest Expense on Retention Money	11,821,784	-
	<u>85,279,518</u>	<u>-</u>
22 OTHER INCOME		
This represents interest on saving bank accounts of the Company.		
23 TAXATION		
Current	4,582,844	783,093
Deferred	(28,750,387)	4,796
	<u>(24,167,543)</u>	<u>787,889</u>
Current Tax		
For the year	-	-
For prior year	4,582,844	-
	<u>4,582,844</u>	<u>-</u>
Relationship between tax expense and - - accounting profit		
Profit/(Loss) before taxation	(115,481,090)	2,541,576
Tax Rate	29%	31%
Tax at applicable (2018:30 percent)	(33,489,516.10)	787,889
Tax effects of Inadmissible expenses	5,240,884	-
Tax Effects of admissible expenses	(501,755)	-
Tax effects of prior year	4,582,844	-
	<u>9,321,973</u>	<u>-</u>
	<u>(24,167,543)</u>	<u>787,889</u>

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24 **BALANCES AND TRANSACTIONS WITH RELATED PARTIES**

FWO holds 100% Class A shares of the Company. Therefore FWO including its subsidiaries and associates are the related parties of the Company. Other related parties include directors, key management personnel, entities over which directors are able to exercise significant influence and NHA being the significant Class B shareholder. Balances payable/ receivable from related parties at the end of year have been disclosed in their respective notes. Transactions with related parties are shown below:

	2018	2017
	----- Rupees -----	
Transaction with Frontier Works Organisation (FWO)		
Payment to FWO on account of		
Mobilization advance	-	11,858,905,901
IPCs of EPC Contract	15,321,268,002	-
Interest on retention money	11,821,784	
Receipts from FWO on account of		
Advance against shares to be issued	1,826,615,554	11,950,004,681
Transaction with National Highway Authority (NHA)		
Receipts from NHA on account of		
Advance against shares to be issued	9,000,000,000	9,000,000,000
Subordinate loan	5,202,148,358	-
Transactions with Associates:		
Transactions with EMASCO (Pvt) Limited		
Rental for vehicles	840,000	-
Transactions with IBEX Construction (Pvt) Limited:		
Payment on account of vehicle purchase	352,748	

24.1 EMASCO (Private) limited and IBEX construction (Private) limited are subsidiary of FWO.

25 **EXEMPTION FROM APPLICABILITY OF IFRIC – 12 “SERVICE CONCESSION ARRANGEMENTS”**

The Company has not applied IFRIC 12 “Service Concession Agreements” in preparation of these financial statements. The SECP vide its SRO No. 24 (1) / 2012 dated January 16, 2012 has granted waiver in respect of application of IFRIC 12 to all Companies. However, the SECP made it mandatory to disclose the impact on the results of application of IFRIC-12.

As explained in note 2.1, the required mandatory disclosure is as follows:
consideration required to be

	2018	2017
	----- Rupees -----	
Reclassification from property, plant and equipment (CWIP) to intangible assets (Port Concession Rights) – Carrying Amount	14,246,243,642	-

26 **NUMBER OF EMPLOYEES**

The number of total employees at the year end were 14 (2017: 6); whereas the average number of employees during the year were 10 (2017: 6).

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27 **REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS**

No honorarium or remuneration has been paid to Directors during the year. While Chief Executive Officer is being paid by parent company (FWO).

	Directors		Executives	
	2018	2017	2018	2017
Managerial remuneration	-	-	2,436,065	925,796
Bonus			110,000	50,000
Special Bonus	-	-	50,000	-
	<u>-</u>	<u>-</u>	<u>2,596,065</u>	<u>975,796</u>
No. of persons	<u>8</u>	<u>5</u>	<u>1</u>	<u>1</u>

Under the Companies Act 2017, the criteria for executive employees has been changed from those with basic salary of Rs. 500,000 to those with Rs. 1,200,000 as their annual salary.

28 **FINANCIAL RISK MANAGEMENT**

The Company has exposure to the following risks from its use of financial instruments:

Liquidity Risk

Market Risk

Credit Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

28.1 **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.

The Company is exposed to credit risk from its operating and short term investing activities.

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

	2018	2017
	----- Rupees -----	
Bank balances	1,966,821,339	72,482,922
Other receivables	150,941,467	-
	<u>2,117,762,806</u>	<u>72,482,922</u>

The credit risk for cash and cash equivalents and other receivables is considered negligible, since the counter parties are reputable banks with high quality credit ratings.

28.2 **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date, to the contractual maturity dates.

	Carrying Amount	Within 1 year	1 to 5 years	More than 5 years
		Contractual Amount		
----- (Pak Rupees) -----				
June 30, 2018				
Long Term Loan - Conventional	1,078,290,065	-	343,803,309	734,486,756
Long Term Loan - Musharka	925,106,486	-	276,258,927	648,847,559
Subordinated loans	5,202,148,358	-	-	5,202,148,358
Trade and other payables	337,640,847	337,640,847	-	-
	<u>7,543,185,756</u>	<u>337,640,847</u>	<u>620,062,236</u>	<u>6,585,482,673</u>
	Carrying Amount	Within 1 year	1 to 5 years	More than 5 years
		Contractual Amount		
----- (Pak Rupees) -----				
June 30, 2017				
Long Term Loan - Conventional	-	-	-	-
Long Term Loan - Musharka	-	-	-	-
Subordinated loans	-	-	-	-
Trade and other payables	251,300	251,300	-	-
	<u>251,300</u>	<u>251,300</u>	<u>-</u>	<u>-</u>

28.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company has no transactions in foreign currency therefore the Company is not exposed to foreign currency risk.

28.3.1 Interest rate risk

The markup rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in the market markup rates. Sensitivity to markup rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company's exposure to the risk of changes in market markup rates relates primarily to Company's long term debt obligations with floating markup rates.

At the reporting date, the Company's markup-bearing financial instruments were:

		2018	2017
		----- Rupees -----	
Financial Assets			
Bank balances	12	1,966,821,339	72,482,922
		<u>1,966,821,339</u>	<u>72,482,922</u>
Financial liabilities			
Long Term Loan - Conventional		1,078,290,065	-
Long Term Loan - Musharka		925,106,486	-
Subordinated loans		5,202,148,358	-
Interest on retention money		11,821,784	-
		<u>7,217,366,693</u>	<u>-</u>

The effective interest rates for the financial assets is mentioned in respective notes to the financial statements.

Interest rate sensitivity analysis

At June 30, 2018 if interest rates had been 50 basis points higher/ lower and all other variables were held constant, the Company's loss after tax for the year ended June 30, 2018 would increase/ decrease by Rs 241,985 million (2017:362,414). The markup on subordinated loan is fixed.

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28.3.2 Foreign currency risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Company's income of the value of its holding of financial instruments. There is no foreign currency risk as the Company has no foreign currency transaction nor any foreign currency bank account.

28.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The carrying values of all financial assets and liabilities reflected in the financial statements, approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instruments.

28.5 Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year.

29 General

29.1 Figures have been rounded off to the nearest Pak Rupee unless otherwise stated.

30 Reclassification Note

Corresponding figures have been rearranged and reclassified where necessary for more appropriate presentation of transactions and balances. Significant rearrangements and reclassifications in the financial statements are as follows:

Reclassification From	Reclassification to	Rupees
Non Current Assets	Current Assets	
Long term advance	Mobilization advance-secured	797,441,238

31 Date of authorization for issue

These financial statements were authorized for issue on 04 Dec, 2018 by the Board of Directors of the Company.




CHIEF EXECUTIVE OFFICER



DIRECTOR