

LAFCO (PRIVATE) LIMITED
INDEPENDENT AUDITORS' REPORT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LAFCO (PRIVATE) LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Opinion**

We have audited the annexed financial statements of LAFCO (Private) Limited (the Company), which comprise the statement of financial position as at June 30, 2023 and 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 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, 2023 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

Note 1.3 to the financial statements indicates that the Company has incurred loss in prior periods and, as at June 30, 2023, its equity is negative by Rs. 1,194.86 million (2022: Rs. 1,453.61 million). As per terms of the concession agreement the Company has to incur a major cost for restoration of the carriageway in 2024 and 2025. These events and conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified with respect to this matter.

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 directors' report, but does not include the financial statements of the Company 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.

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

A handwritten signature in blue ink, followed by the number '2'.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of 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 Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Syed Ali Adnan Tirmizey.



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Place: Lahore
Date: 10 SEP 2023
UDIN: 'AR202310193nyPKITQok'





LAFCO (PRIVATE) LIMITED

DIRECTOR'S REPORT TO THE SHAREHOLDERS

The Directors of the Company are pleased to present the 21st Annual Report of LAFCO (Private) Limited along with the Audited Financial Statements and Auditor's Report thereon for the Financial Year ended June 30, 2023.

Project Overview / State of Affairs

LAFCO (Private) Limited ('the Company') was incorporated in Pakistan on July 08, 2002 as a Private Limited Company under the repealed Companies Ordinance 1984. The Registered Office of the Company is located at Old Toll Plaza Building, 11-KM Sheikhpura Road, Sharif Park, Kot Abdul Malik, Lahore in the Province of Punjab. The Company is currently engaged in only one project comprising the Construction and Operations of Lahore, Sheikhpura and Faisalabad Dual Carriage Way for the Concession Period of 25 years on Build, Operate & Transfer (BOT) basis under Concession Agreement with Government of Punjab ('the GoPb') signed on September 30, 2003. The Company cannot engage itself into any activities other than those agreed upon in the Concession Agreement. Significant terms of the Concession Agreement are as under: -

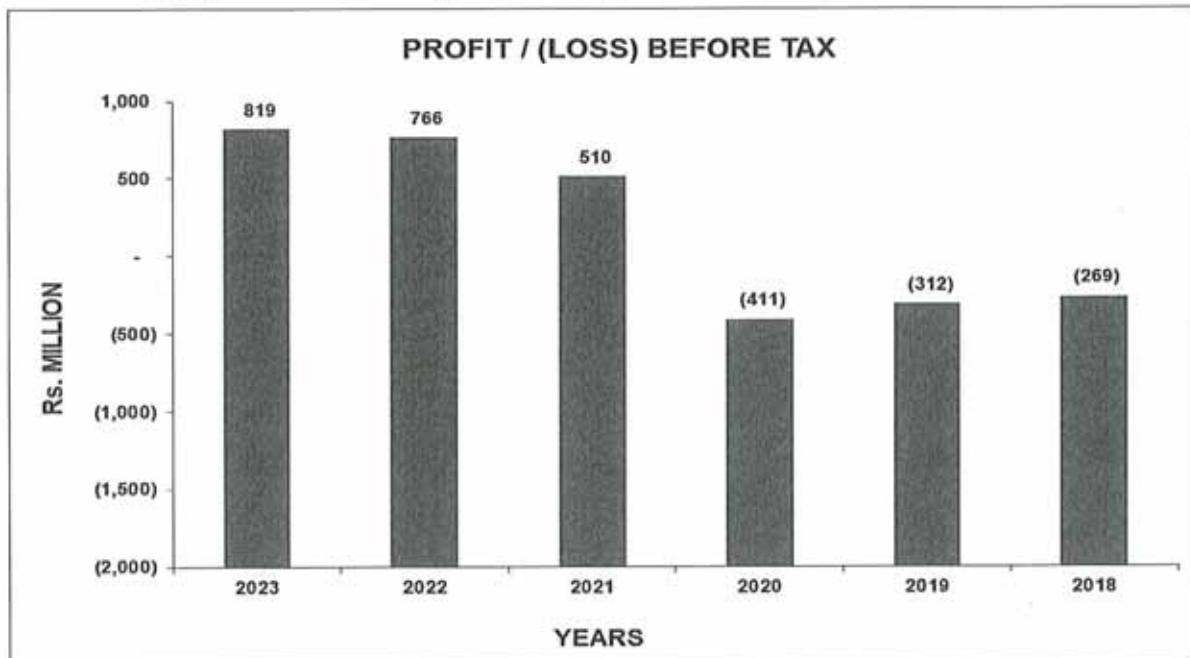
- The Company can levy tolls in accordance with the Concession Agreement.
- The Company shall maintain the road in excellent condition, in accordance with sound engineering practice, including periodic maintenance, heavy repairs, structural overlay, refurbishment and replacement of equipment.
- The Concession Period may be extended by mutual written agreement.
- The Concession can be terminated on various grounds.
- At the end of the Concession Period, the Company shall transfer to the GoPb, Right of Way (ROW) and related assets.
- The Company must insure highway, toll plaza, signs, guard rails etc against loss from breakdown, damage or destruction from such risks as shall be prudent in accordance with industry practice.
- There has been no change in the business of the Company during the Financial Year ended June 30, 2023.

Financial Performance Summary

The key data on the Operating and Financial Performance of the Company for the Financial Year ended June 30, 2023 with comparative position of last six year's performance are as under: -

Particulars	30 June-23 Rs Mn	30 June-22 Rs Mn	30 June-21 Rs Mn	30 June-20 Rs Mn	30 June-19 Rs Mn	30 June-18 Rs Mn
Gross Revenue	2,785.46	2,701.80	2,287.89	1,938.20	1,894.20	1,954.28
Operating expenses	1,264.53	1,293.82	1,192.33	957.36	905.73	1,035.96
Provision for Restoration of Carriageway	626.94	575.25	527.40	1,253.94	1,125.72	1,008.00
Administrative expenses	74.29	64.07	45.45	46.09	58.33	57.70
Finance Cost	0.48	2.37	12.47	91.71	116.51	121.57
Profit / (Loss) before taxation	819.22	766.30	510.25	(410.89)	(312.09)	(268.96)
Taxation	560.47	434.99	(199.25)	155.69	22.86	23.08
Profit / (Loss) for the year	258.74	331.32	709.50	(566.58)	(334.96)	(292.04)

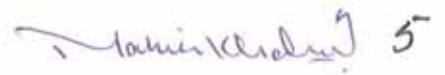
The following graph describes the six years summary of Profit / (Loss) before tax.



Appropriations

The Company is running in Losses as there is unappropriated Loss of Rs 2,394,863,574/- as on June 30, 2023, thus there was no appropriation made.





Board of Directors and Key Managerial Personnel

The number of board meeting held during the year ended as on June 30, 2023 and attended by the Board of Directors of the Company as follows: -

Ser #	Name of Director	Designation	Total Meeting Attended
1	Fakhar Uddin Qadri	Executive Director - CEO	4
2	Kamal Azfar	Non-Executive Director – Chairman	5
3	Tanvir Ilyas	Non-Executive Director	5
4	Khawaja Asim Shaheen	Non-Executive Director	5
5	Maria Khalid	Non-Executive Director	4
6	Zahid Rafiq	Non-Executive Director	4
7	Abdul Karim Qureshi	Non-Executive Director	5

As on June 30, 2023, following are the Key Managerial Personnel (KMPs) of the Company:

Ser #	Name of Director	Designation
1	Amjad Farooq Amjad	Chief Operating Officer
2	Irfan Nasrullah	Chief Financial Officer & Company Secretary

Remuneration Policy of Non-Executive Directors

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time. Remuneration paid to the Non-Executive and Independent Directors, whose details are included in Note # 4.11 of the Financial Statement.

Audit Reports and External Auditors

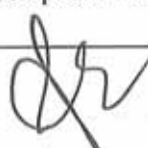
Audit Reports

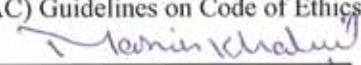
The Auditors' Report is enclosed with the Financial Statements in this Annual Report.

Statutory Auditors

The Auditors M/s RSM Avas Hyder Liaquat Nauman Chartered Accountants, Lahore will retire at the conclusion of the upcoming Annual General Meeting of the Company and the Board of Directors have recommended the re-appointment of M/s RSM Avas Hyder Liaquat Nauman Chartered Accountants, as Statutory Auditors of the Company for Financial Year 2023-24.

The Report of the Statutory Auditors along with notes to schedules is enclosed to this report. M/s RSM Avas Hyder Liaquat Nauman Chartered Accountants, has been a satisfactory firm under the Quality Control Review (QCR) Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics,







LAFCO (PRIVATE) LIMITED

as adopted by ICAP. M/s RSM Avais Hyder Liaquat Nauman Chartered Accountants, have indicated their willingness to continue as Auditors.

Material Changes and Commitments

No material changes in the Financials or Commitments during the year ended June 30, 2023.

Deposits

As on June 30, 2023, the Company has not accepted any deposits from the public.

Dividend

The Board of Directors of the Company have not recommended any dividend on equity shares of the Company during the Financial Year ended June 30, 2023.

Loans, Guarantees, Securities and Investments

The Company has not made any Investment, given Guarantee and Securities during the Financial Year ended June 30, 2023.

Subsidiary/ Joint Venture/ Associate Companies

The Company is a subsidiary of M/s Frontier Works Organization (FWO) ('the Parent').

Share Capital

The Authorized Share Capital of the Company is Rs 1,200,000,000/- divided into 120,000,000/- number of equity shares of Rs 10/- each and Paid-up Share Capital of Rs 1,200,000,000/- divided into 120,000,000/- number of equity shares of Rs 10/- each.

Secretarial Standards

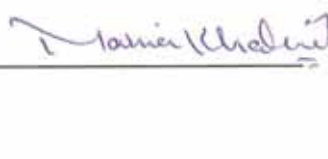
The Company has complied with the applicable provisions of Secretarial Standards issued by SECP.

Related Party Transactions

All related party transactions are carried out on arm's length basis which were reviewed and approved by the Board of Directors of the Company. Company has fully complied with the best practices on transfer pricing as contained in the Act and Rules. Related Party Transactions whose details are included in Note 22 of the Financial Statement.

Technology

The Company has already installed ETTM System (Electronic Traffic and Toll Management) which eliminates the significant risk in the toll collection as compared manually toll collection. There are 46-lanes which are being controlled through ETTM system. Management has now installed Closed Circuit Cameras to observe the traffic.

   7



LAFCO (PRIVATE) LIMITED

Human Resource Management

Human resource of the company is given the highest value. Accordingly, the company's focus remains on employee's development coupled with improving the ambience through regular reviews and refinements of processes and the work environment, thereby ensuring its dynamism and robustness and keeping the spirit of its key guiding principles and policies.

Statement of Internal Control

Internal Controls contribute to the effective management by the Both Company's Board of Directors and management. While the Board recognizes its responsibility as envisaged in the relevant regulations, the management of company ensures the establishment and maintenance of adequate and effective systems of internal controls in compliance with external laws and regulations and consistent with the Company's own internal policies. It is also responsible to assess the effectiveness of internal controls and report on them to the Board.

Financial Risk Management

The Board of Directors does not foresee any major threat / risk to the business of the Company. Details of the Company's Financial Risk Management policies and objectives in respect of its use of financial instruments are included in Note 23 to the Financial Statements together with a description of its exposure, including its exposure to market risk, credit risk and liquidity risk.

Qualification, Reservation or Adverse Remarks in the Auditor's Report

There are no Qualification, reservation or adverse remarks in the Auditor's Report for the Financial Year ended June 30, 2023.

Particulars of Employees

As on June 30, 2023, the Company has 44 Employees whose details are included in Note 21 of the Financial Statement.

Acknowledgements

The Board of Directors would like to take this opportunity to express their deep appreciation of the commitment, loyalty and dedication of the employees.

For and on behalf of the Board of Directors

Chief Executive Officer

Chief Financial Officer

Director

LAFCO (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	38,697,765	30,611,302
Concession intangible assets	6	296,870,826	343,892,038
Other intangible asset	7	61,396	76,745
Long term deposits	8	762,756	762,756
Deferred tax asset	9	500,000,000	500,000,000
		<u>836,392,743</u>	<u>875,342,841</u>
CURRENT ASSETS			
Advances and deposits	10	995,858,588	449,094,800
Short term prepayments		5,856,679	5,256,621
Short term investment	11	335,000,000	335,000,000
Profit on short term investment		17,503,750	10,050,000
Income tax refunds due from Government		8,046,176	8,046,176
Cash and bank balances	12	3,199,999,050	2,781,802,014
		<u>4,562,264,243</u>	<u>3,589,249,611</u>
		<u>5,398,656,986</u>	<u>4,464,592,452</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorized share capital	13	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued, subscribed and paid up capital	13	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Accumulated loss		<u>(2,394,863,574)</u>	<u>(2,653,606,668)</u>
		<u>(1,194,863,574)</u>	<u>(1,453,606,668)</u>
NON CURRENT LIABILITIES			
Provision for restoration of the carriageway	14	6,017,241,964	5,390,299,602
CURRENT LIABILITIES			
Accrued and other liabilities	15	<u>15,816,040</u>	<u>92,878,197</u>
Provision for taxation - Income tax		<u>560,462,556</u>	<u>435,021,321</u>
		<u>576,278,596</u>	<u>527,899,518</u>
		<u>5,398,656,986</u>	<u>4,464,592,452</u>
CONTINGENCIES			
	16	-	-

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

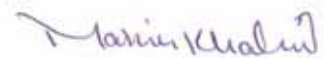
LAFCO (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Income from operations - Toll receipts		2,248,968,915	2,381,163,198
Other Income	17	536,494,429	320,638,754
		<u>2,785,463,344</u>	<u>2,701,801,952</u>
Operating expenses	18	(1,264,531,663)	(1,293,816,705)
Provision for restoration of the carriageway	14	(626,942,362)	(575,246,922)
Administrative and general expenses	19	(74,292,659)	(64,067,238)
Financial Charges		(478,800)	(2,366,562)
		<u>(1,966,245,484)</u>	<u>(1,935,497,427)</u>
Profit for the year before taxation		819,217,860	766,304,525
Provision for taxation	20	(560,474,766)	(434,986,649)
Profit for the year		<u>258,743,094</u>	<u>331,317,876</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>258,743,094</u>	<u>331,317,876</u>

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

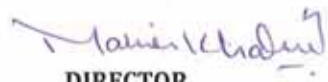
LAFCO (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid up capital	Accumulated loss	Total
	Rupees		
Balance as at July 01, 2021	1,200,000,000	(2,984,924,544)	(1,784,924,544)
Total comprehensive income for the year			
Profit for the year	-	331,317,876	331,317,876
Other comprehensive income for the year	-	-	-
	-	331,317,876	331,317,876
Balance as at June 30, 2022	1,200,000,000	(2,653,606,668)	(1,453,606,668)
Total comprehensive income for the year			
Profit for the year	-	258,743,094	258,743,094
Other comprehensive income for the year	-	-	-
	-	258,743,094	258,743,094
Balance as at June 30, 2023	1,200,000,000	(2,394,863,574)	(1,194,863,574)

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

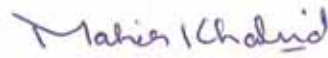
LAFCO (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Cash flows from operating activities			
Profit for the year before taxation		819,217,860	766,304,525
Adjustments for non cash / non operating items:			
Depreciation of property and equipment	19	4,608,138	5,968,042
Amortization of intangible assets	18 & 19	47,036,561	47,040,398
Provision for restoration of the carriageway	14	626,942,362	575,246,922
Finance costs		478,800	2,366,562
Provision for gratuity	15.1	3,338,054	4,529,118
Gain on early termination of lease term		-	(11,648,563)
Gain on sale of fixed assets	17	(176,242)	
Profit on short term investment	17	(47,653,750)	(29,572,125)
Profit on deposit accounts	17	(425,213,378)	(176,131,517)
		209,360,545	417,798,837
Operating cash flows before working capital changes		1,028,578,405	1,184,103,362
Working capital changes:			
(Increase)/ decrease in current assets:			
Advances and deposits		(427,058,400)	27,320,721
Short term prepayments		(600,058)	(3,556,286)
Accrued and other liabilities		(78,161,693)	85,345,750
Net cash generated from operations		522,758,254	1,293,213,547
Income tax paid		(554,738,919)	(433,804,693)
Gratuity paid	15.1	(2,238,518)	(4,666,520)
Finance cost paid		(478,800)	(2,366,562)
Net cash (used in) / generated from operating activities (A)		(34,697,983)	852,375,772
Cash flows from investing activities			
Capital expenditure paid		(12,950,040)	(1,670,500)
Cash received on disposal of fixed assets		431,681	-
Profit received on deposits accounts and investment		465,413,378	202,161,017
Net cash generated from investing activities (B)		452,895,019	200,490,517
Cash flows from financing activities			
Lease liabilities paid		-	(4,528,678)
Net cash (used in) financing activities (C)		-	(4,528,678)
Net increase in			
cash and cash equivalents during the period (A + B + C)		418,197,036	1,048,337,611
Cash and cash equivalents at the beginning of the period		2,781,802,014	1,733,464,403
Cash and cash equivalents at the end of the period		3,199,999,050	2,781,802,014

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 COMPANY AND ITS OPERATIONS

1.1 LAFCO (Private) Limited (the Company) was incorporated in Pakistan on 8th July, 2002 as a Private Limited Company under the repealed Companies Ordinance 1984 (now the Companies Act, 2017). The registered Office of the Company is located at Old Toll Plaza Building, 11-KM Sheikhpura Road, Sharif Park, Kot Abdul Malik, Lahore in the province of Punjab. The Company is currently engaged in only one project comprising the construction and maintenance of Lahore, Sheikhpura and Faisalabad dual carriage way for the concession period of 25 years on Build Operate Transfer (BOT) basis under Concession Agreement with Government of Punjab (the Government) signed on September 30, 2003. The Company cannot engage itself into any activities other than those agreed upon in the concession agreement. Significant terms of the concession agreement are as under:

- The Company can levy tolls in accordance with the agreement.
- The Company shall maintain the road in excellent condition, in accordance with sound engineering practice, which includes periodic maintenance, heavy repairs, structural overlay, refurbishment and replacement of equipment.
- The Concession period may be extended by mutual written agreement.
- The Concession can be terminated on various grounds including default to lenders, failure to carry out periodic maintenance and structural overlays and charge of tolls in excess of agreement.
- If the Company defaults on its loans and is unable to rectify the same, then the Government may terminate the Concession and give possession of the Project to the lenders.
- Lenders rights & security will remain un-affected by the transfer to the Government.
- At the end of the expiry period, the Company shall transfer to the Government, all immovable and moveable assets.
- The Company must insure highway, toll plaza, signs, guard rails etc. against loss from breakdown, damage or destruction from such risks as shall be prudent in accordance with industry practice.

1.2 The Company is a subsidiary of M/s Frontier Works Organization (FWO) ('the Parent').

1.3 The Company incurred loss in prior periods and, as on the reporting date, its equity is negative by Rs. 1,194.86 million (2022: Rs. 1,453.61 million). As per terms of the concession agreement, the Company has to incur a major cost for restoration of the carriageway in 2024 and 2025 (Refer Note 14). These events and conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern, therefore, it may not be able to realize its assets and discharge its liabilities in the normal course of business.

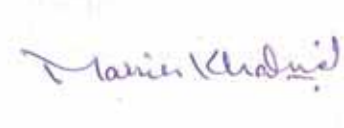
The Company is not facing any financial or operational problem and is meeting all its liabilities on their due dates. The loss was incurred in prior periods mainly due to the provision for restoration of the carriageway which is to be undertaken during the financial years 2024 and 2025. Profit for the year before provision for taxation and provision for restoration comes to Rs. 1,446.16 million (2022: Rs. 1341.551 million). The Company will be able to generate enough funds to meet its obligation of restoration of the carriageway and may also resort to the Parent in case of any shortage of funds, which shortage is highly unlikely though. Considering these factors, the management is confident that the Company will be able to continue as a going concern.

2 STATEMENT OF COMPLIANCE

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

- 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.

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2.1 Basis of measurement

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

2.2 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees which is the Company's functional and presentation currency.

2.3 Use of estimate and judgement

The preparation of financial statements in conformity with 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, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in application of accounting policies, other than those specifically discussed in the accounting policies, are as follows:

- Useful life and depreciation of property, plant and equipment.
- Useful life and amortization of intangibles.
- Provision for taxation.
- Provision for restoration of carriageway.

3 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

3.1 Standards, amendments to standards and interpretations becoming effective in current year

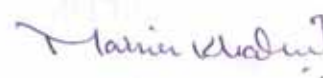
The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2022 and therefore, have been applied in preparing these financial statements.

i. Annual Improvements to IFRS Standards 2018-2020 Cycle

The IASB has issued 'Annual Improvements to IFRS Standards 2018-2020'. The pronouncement contains amendments to the following Financial Reporting Standards (IFRSs).

- IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IAS 41 Agriculture - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments are applicable for annual periods beginning on or after 1 January 2022. Application of these amendments did not have any significant impact on the Company's financial statements.



LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

ii. IAS 16 – Property, Plant and Equipment

The IASB has published 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

The standard prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The amendments are applicable for annual periods beginning on or after 1 January 2022. Application of these amendments did not have any significant impact on the Company's financial statements.

iii. IAS 37 – Provisions, Contingent Liabilities and Contingent Assets

The IASB has published 'Onerous Contracts — Cost of Fulfilling a Contract' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

The changes in Onerous Contracts — Cost of Fulfilling a Contract specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments published are effective for annual periods beginning on or after 1 January 2022. Application of these amendments did not have any significant impact on the Company's financial statements.

iv. IAS 12 – Income Taxes

The IASB has issued amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments introduce an exception to the requirements in the standard that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes.

An entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments; the remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023. Application of these amendments did not have any significant impact on the Company's financial statements.

3.2 Standards, amendments to standards and interpretations becoming effective in the current year but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2022 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after the effective dates specified therein.

I. IAS 1 – Presentation of Financial Statements

The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

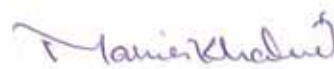
The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023.

The IASB has published 'Non-Current Liabilities with Covenants' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments in Non-current Liabilities with Covenants modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2024.

The IASB has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements in the following ways:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.



LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the four-step materiality process to accounting policy information in order to support the amendments to IAS 1. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Application of these amendments is not expected to have any significant effect on the financial statements.

ii. IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The IASB has published 'Definition of Accounting Estimates' to help entities to distinguish between accounting policies and accounting estimates. The definition of 'a change in accounting estimates' is replaced with a definition of 'accounting estimates'. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The IASB clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iii. IAS 12 – Income Taxes

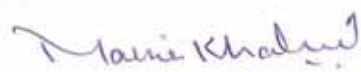
The IASB has published 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. Accordingly, the initial recognition exemption, provided in IAS 12.15(b) and IAS 12.24, does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

iv. IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements:

- Do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.
- Add two disclosure objectives. Entities will have to disclose in the notes information that enables users of financial statements:
 - to assess how supplier finance arrangements affect an entity's liabilities and cash flows and
 - to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.



LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

- Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:
 - the terms and conditions of the supplier finance arrangements;
 - for the arrangements, as at the beginning and end of the reporting period:
 - a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
 - b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;
 - c) the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and
 - the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement
- The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.
- Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

An entity applies the amendments to IAS 7 for annual reporting periods beginning on or after 1 January 2024 and the amendments to IFRS 7 when it applies the amendments to IAS 7. The Company is in process of evaluating the impact of application of these amendments on the Company's financial statements.

v. IFRS 16 - Leases

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measure sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for sale.

'Lease Liability in a Sale and Leaseback Amendments' requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

3.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods, but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

3.5 Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

IFRS 1 - First-time adoption of International Financial Reporting Standards

IFRS 17 - Insurance Contracts

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S2 Climate-related Disclosures

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment

4.1.1 Operating Fixed Assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is stated at cost less accumulated impairment losses, if any.

Depreciation is charged to profit and loss at rates specified in Note 5 to these financial statement using the reducing balance method.

Depreciation on additions is charged from the month in which the asset is available for use while no depreciation is charged for the month in which an asset is disposed off. Assets residual values, useful lives and depreciation rates are reviewed, and adjusted, if appropriate at each reporting date.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred, while major renewals and improvements are capitalized. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.1.2 Capital work in progress

Capital work-in-process represents expenditure on fixed assets in the course of construction. Transfers are made to relevant fixed assets category as and when assets are available for use. Capital work-in-process is stated at cost.

4.2 Intangible assets

4.2.1 Concession intangible assets

Concession intangible assets correspond to the right of the concession holder to bill users of a public service in return for construction services provided by it to the concession grantor under public service contracts in accordance with IFRS 12 - Service Concession Arrangement.

The concession intangible asset is recognized at construction cost of the concession infrastructure less amortization and impairment, if any. It is amortized over the Concession Agreement term in accordance with an appropriate method reflecting the rate of consumption of the concession asset's economic benefits as from the date of completion of the concession infrastructure.

4.2.2 Other intangible assets

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost, which comprises purchase price, non refundable purchase taxes and the directly attributable expenditures in relation to their implementation and customization. These are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangibles with finite useful lives are amortized over useful economic life at rates specified in Note 7 to these financial statement using reducing balance method and assessed for impairment whenever there is indication that the intangible asset may be impaired. In respect of additions and deletions of intangible assets during the period, amortization is charged from the month of acquisition and up to the month preceding the deletion, respectively.

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4.3 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flows have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized previously. Reversal of an impairment loss is recognized immediately in the statement of profit or loss.

4.4 Leases

4.4.1 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

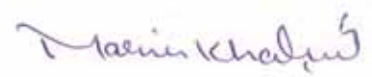
Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used;
- residual guarantee, lease term;
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

4.4.2 Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, if there is a significant event or significant change in circumstances.



LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4.4.3 Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay to a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

4.4.4 Right of use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use asset is depreciated over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the Right-of-use asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use asset is subject to impairment or adjusted for any remeasurement of the related lease liability.

4.5 Financial Instruments

4.5.1 Measurement of financial asset

Initial measurement

The Company classifies its financial assets into following three categories:

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

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition, except FVTPL which is measured at fair value.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Debt Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income and are never reclassified to the statement of profit or loss. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest markup or dividend income, are recognized in the statement of profit or loss.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.



LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalents.

Derecognition

The Company derecognizes the financial assets when the contractual rights to the cash flows from the assets expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred assets.

4.5.2 Financial liabilities

Initial recognition

Financial liabilities are classified in the following categories:

- fair value through profit or loss;
- and other financial liabilities.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as follows:

Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost using the effective interest rate method. Gain and losses are recognized in statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition

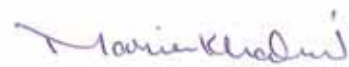
The Company derecognizes financial liabilities when and only when the Company's obligations are discharged, cancelled or expire.

4.5.3 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 currently legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

4.5.4 Impairment of financial assets

The Company recognizes loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:



LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. 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. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.5.5 Loans, advances and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts.

4.7 Staff retirement benefits - Gratuity Scheme

The Company operates an approved defined contribution funded gratuity scheme for permanent employees. Under the scheme, based on the graduated scale, the contributions are calculated with reference to last drawn salary of the employees and are paid over to the Employees Gratuity Fund Trust.

4.8 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economics benefits will be required to settle the obligation and a reliable estimate can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4.9 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For this purpose, the company:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration, if any, and the time value of money;
- allocates the transaction price to the separate performance obligations, if applicable, on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer of control of the goods or services promised to the customer.

Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Company generates its revenue principally by providing toll collection and related services which generally include a single performance obligation. Revenue is recognized on the following basis:

- Toll collection income is recognized at a point in time on issuance of toll tickets, AVI tags and M-tags.
- Profit on bank deposits is recognized on time proportionate basis.

4.10 Taxation

4.10.1 Current tax

Provision of current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits and tax rebates available under the law.

4.10.2 Deferred tax

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can 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 that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited in the income statement, except in case of items credited or charged to equity in which case it is included in equity.

4.11 Related party transaction

Transactions with related parties are carried out on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price methods which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer un-related to the seller. Transactions other than at arms length are approved by the Board on proper justification. Remuneration paid eight executives during the period was Rs. 19 million (2022: Rs. 14 million). They are also provided company maintained cars and mobile facility.

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

5	PROPERTY AND EQUIPMENT	Freehold land	Building on freehold land	Site equipment	Electric equipment	Furniture and fittings	Office equipment	Vehicles	Total
Rupees									
As at July 01, 2021									
Cost		5,554,702	5,709,780	4,907,012	21,914,242	4,909,181	24,045,306	55,144,393	122,184,616
Accumulated depreciation		-	(3,818,447)	(3,930,207)	(13,802,391)	(3,183,489)	(13,866,344)	(51,536,878)	(90,137,756)
Net book value		5,554,702	1,891,333	976,805	8,111,851	1,725,692	10,178,962	3,607,515	32,046,860
Year ended June 30, 2022									
Opening net book value		5,554,702	1,891,333	976,805	8,111,851	1,725,692	10,178,962	3,607,515	32,046,860
Additions		-	-	-	160,000	-	-	1,510,500	1,670,500
Depreciation charged		-	(189,133)	(123,472)	(815,185)	(172,569)	(1,017,896)	(787,803)	(3,106,058)
Closing net book value		5,554,702	1,702,200	853,333	7,456,666	1,553,123	9,161,066	4,330,212	30,611,302
As at June 30, 2022									
Cost		5,554,702	5,709,780	4,907,012	22,074,242	4,909,181	24,045,306	56,654,893	123,855,116
Accumulated depreciation		-	(4,007,580)	(4,053,679)	(14,617,576)	(3,356,058)	(14,884,240)	(52,324,681)	(93,243,814)
Net book value		5,554,702	1,702,200	853,333	7,456,666	1,553,123	9,161,066	4,330,212	30,611,302
Year ended June 30, 2023									
Opening net book value		5,554,702	1,702,200	853,333	7,456,666	1,553,123	9,161,066	4,330,212	30,611,302
Additions		-	-	-	406,040	-	47,000	12,497,000	12,950,040
Disposal		-	-	-	-	-	-	-	-
Cost		-	-	-	-	-	-	(4,325,083)	(4,325,083)
Accumulated depreciation		-	-	-	-	-	-	4,069,644	4,069,644
Depreciation charged		-	(170,220)	(105,966)	(762,964)	(155,312)	(920,025)	(255,439)	(255,439)
Closing net book value		5,554,702	1,531,980	747,367	7,099,742	1,397,811	8,288,041	14,078,122	38,697,765
As at June 30, 2023									
Cost		5,554,702	5,709,780	4,907,012	22,480,282	4,909,181	24,092,306	64,826,810	132,480,073
Accumulated depreciation		-	(4,177,800)	(4,159,645)	(15,380,540)	(3,511,370)	(15,804,265)	(50,748,688)	(93,782,308)
Net book value		5,554,702	1,531,980	747,367	7,099,742	1,397,811	8,288,041	14,078,122	38,697,765
Annual rate of depreciation		-	10%	10% - 20%	10%	10%	10%	20%	

[Handwritten signature]

T. K. K. K.

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6	CONCESSION INTANGIBLE ASSETS	Note	2023	2022
			Rupees	Rupees
	Cost		1,009,526,806	1,009,526,806
	Accumulated amortization		(712,655,980)	(665,634,768)
	Written down value	6.1	296,870,826	343,892,038
6.1	Reconciliation of written down value			
	Opening balance		343,892,038	390,913,250
	Amortization charge for the year		(47,021,212)	(47,021,212)
			296,870,826	343,892,038

6.2 These are amortized over the concession agreement term of 21.5 years.

7	OTHER INTANGIBLE ASSET	Note	2023	2022
			Rupees	Rupees
	Computer Software			
	Cost		915,000	915,000
	Accumulated amortization		(853,604)	(838,255)
		7.1	61,396	76,745
7.1	Reconciliation of written down value			
	Opening balance		76,745	95,931
	Amortization charged during the year		(15,349)	(19,186)
			61,396	76,745
	Amortization rate		20%	20%

8	LONG TERM DEPOSITS		2023	2022
			Rupees	Rupees
	Considered good			
	Against rented premises		20,000	20,000
	For petrol, oil and lubricants		200,000	200,000
	Against Utilities		542,756	542,756
			762,756	762,756

9	DEFERRED TAX ASSET	Note	2023	2022
			Rupees	Rupees
	Opening balance		500,000,000	500,000,000
	Recognized in statement of profit or loss		-	-
	Closing balance	9.1	500,000,000	500,000,000

9.1 As a matter of prudence, the management has recognized deferred tax asset of Rs. 500 million (2022: 500 million) out of total deferred tax asset of Rs. 1,778 million (2022: Rs.1,598.67 million) on the basis of probability of future taxable profits against which deductible temporary differences will be utilized. Total deferred tax asset comprises of:

	2023	2022
	Rupees	Rupees
Deductible temporary differences		
Provision for restoration of carriage way	1,745,000,170	1,563,186,885
Profit on short term investment	(5,076,088)	(2,914,500)
Operating fixed assets and intangibles	38,231,475	38,396,872
	1,778,155,557	1,598,669,257

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

10	ADVANCES AND DEPOSITS	Note	2023	2022
			Rupees	Rupees
	Considered good			
	Advances			
	To the parent - Frontier Works Organization	10.1	429,197,862	-
	For expenses		4,793,000	6,932,462
	Income tax		561,067,726	441,362,338
	Deposit against rented premises		800,000	800,000
			<u>995,858,588</u>	<u>449,094,800</u>
	10.1 The advance is unsecured and interest free and adjustable against the toll management fee. Maximum aggregate outstanding balances at the end of any month during the year was Rs. 838,388,934/-.			
11	SHORT TERM INVESTMENT	Note	2023	2022
			Rupees	Rupees
	Term deposit - at amortized cost	11.1	<u>335,000,000</u>	<u>335,000,000</u>
	11.1 This is held with a bank carrying return at the average rate of 20.9 % per annum (2022: 12% per annum) and is due to mature on April, 2024 (2022: April, 2023). Term deposit has been given as a security against performance guarantee in favor of Secretary Communications & Works Department, Government of Punjab (Refer Note 16.1).			
12	CASH AND BANK BALANCES	Note	2023	2022
			Rupees	Rupees
	Cash in hand		690,935	676,063
	Cash at bank			
	in saving accounts	12.1	3,199,305,575	2,781,123,411
	in current account		2,540	2,540
			<u>3,199,308,115</u>	<u>2,781,125,951</u>
			<u>3,199,999,050</u>	<u>2,781,802,014</u>
	12.1 These are subject to mark-up at 15.61% per annum (2022: 7.84% per annum).			
13	SHARE CAPITAL		2023	2022
			Rupees	Rupees
	13.1 Authorized share capital			
	120,000,000 ordinary shares of Rs.10/- each		<u>1,200,000,000</u>	<u>1,200,000,000</u>
	13.2 Issued, subscribed and paid-up			
	120,000,000 ordinary shares of Rs. 10/- each fully paid in cash		<u>1,200,000,000</u>	<u>1,200,000,000</u>
	13.3 Detail of share holdings is as follows:			
			Number of shares	
	Frontier Works Organization - (the Parent)		77,999,996	77,999,996
	Khalid Rauf & Company (Private) Limited - (Associated company)		23,999,999	23,999,999
	Habib Rafiq (Private) Ltd.		11,999,999	11,999,999
	Sachal Engineering Works (Private) Ltd.		5,999,999	5,999,999
	Directors		7	7
			<u>120,000,000</u>	<u>120,000,000</u>
14	PROVISION FOR RESTORATION OF THE CARRIAGEWAY	Note	2023	2022
			Rupees	Rupees
	Opening balance		5,390,299,602	4,815,052,680
	Provision for the year		626,942,362	575,246,922
	Closing balance	14.1	<u>6,017,241,964</u>	<u>5,390,299,602</u>

dk

A

Mamir Khud

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

14.1 As per Concession Agreement, the next structural overlay is to be undertaken during the financial years 2024 and 2025. The Company is recognizing provision in accordance with the requirements of IFRIC 12 - Service Concession Arrangements on the basis of expected cost of the overlay as determined by an independent technical consultant (the consultant).

The expected cost of the overlay was re-assessed by the consultant during the year ended June 30, 2021 at Rs. 6.7 billion in view of the current condition of the carriageway and the work required to be done in 2024 / 2025 to restore the same.

15	ACCRUED AND OTHER LIABILITIES	Note	2023	2022
			Rupees	Rupees
	Creditor - related party		-	79,619,564
	Accrued liabilities		7,374,711	6,292,309
	Withholding income tax payable		4,603,275	4,227,806
	Payable to gratuity fund	15.1	3,338,054	2,238,518
	Other payable		500,000	500,000
			<u>15,816,040</u>	<u>92,878,197</u>
	15.1 Payable to gratuity fund			
	Opening balance		2,238,518	2,375,920
	Add: provision for the year		3,338,054	4,529,118
	Less: payments made during the year		(2,238,518)	(4,666,520)
	Closing balance		<u>3,338,054</u>	<u>2,238,518</u>
16	CONTINGENCIES			
	16.1 Bank guarantee of Rs. 335 million (2022: Rs. 335 million) has been issued in favour of Communication & Works Department, Government of Punjab, for performance as per terms of the Concession Agreement. (Refer Note 1.1)			
	16.2 Demand of Income Tax of Rs. 298.066 million in respect of tax year 2016 had been raised by the Tax Department, under section 122(1) of the Income Tax Ordinance, 2001 through order dated July 02, 2021. The Company contested the order before Commissioner Inland Revenue [Appeals], Islamabad which has been heard and decision on the appeal is awaited. Meanwhile, stay against recovery was granted by Appellate Tribunal till the final outcome of the Appeal. The management is hopeful of favourable outcome.			
17	OTHER INCOME		2023	2022
			Rupees	Rupees
	Gain on early termination of lease term		-	11,648,563
	Profit on short term investment		47,653,750	29,572,125
	Profit on deposit accounts		425,213,378	176,131,517
	Other income against right of way		63,451,059	103,286,549
	Gain on Sale of fixed Assets		176,242	-
			<u>536,494,429</u>	<u>320,638,754</u>
18	OPERATING EXPENSES	Note	2023	2022
			Rupees	Rupees
	Toll management fee	18.1	933,230,653	988,182,704
	Maintenance and supervision		201,638,968	199,136,395
	Amortization of concession intangible assets	6	47,021,212	47,021,212
	Other operational and maintenance expenses		60,257,319	35,553,918
	Afforestation		13,730,765	11,447,193
	Vigilance and cleaning		7,912,558	6,839,770
	Depreciation of right of use asset		-	2,861,984
	Cash Management Division (CMD) commission		-	2,100,922
	Insurance		740,188	672,607
			<u>1,264,531,663</u>	<u>1,293,816,705</u>

[Handwritten signature]

[Handwritten signature]

[Handwritten signature]

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

18.1 This represents Operation and Management (O&M) service charges, as per Operation and Management Agreement (OMA) signed between the Company and its parent, Frontier Works Organization.

19	ADMINISTRATIVE AND GENERAL EXPENSES	Note	2023	2022
			Rupees	Rupees
	Salaries and allowances	19.1	38,885,745	30,483,167
	Vehicle running and maintenance		3,689,263	6,419,968
	General Insurance		3,756,578	3,200,012
	Utilities		2,983,064	2,035,671
	Depreciation of property and equipment	5	4,608,138	3,106,058
	Legal and professional charges		2,367,500	4,966,250
	Repairs and maintenance		6,356,036	3,474,815
	Entertainment		2,150,314	2,394,227
	Auditors' remuneration	19.2	1,092,000	989,300
	Printing and stationery		745,050	796,465
	Communication		814,685	646,802
	Travelling and conveyance		444,414	719,724
	Advertisement		95,000	210,000
	Amortization of the intangible asset	7	15,349	19,186
	Fee and subscription		60,130	45,518
	Miscellaneous expenses		6,229,393	4,560,075
			<u>74,292,659</u>	<u>64,067,238</u>

19.1 This includes staff retirement benefits amounting to Rs. 3,338,054/- (2022: Rs. 4,529,118/-).

19.2 Auditors' remuneration

Audit fees	797,000	722,000
Review of statement of compliance	127,000	115,500
Other services fee	168,000	151,800
	<u>1,092,000</u>	<u>989,300</u>

20	PROVISION FOR TAXATION	Note	2023	2022
			Rupees	Rupees
	Current tax			
	For the period		560,462,556	435,021,321
	For prior period		12,210	(34,672)
		20.1	<u>560,474,766</u>	<u>434,986,649</u>
			<u>Rupees</u>	<u>Rupees</u>

20.1 Relationship between accounting profit and tax expense

Profit for the period before provision for taxation	<u>819,217,860</u>	<u>766,304,525</u>
Tax on accounting profit at the applicable tax rate of 29%	237,573,179	222,228,312
Tax effect of:		
Inadmissible items in determining taxable profit	59,607,670	119,701,351
Admissible in determining taxable profit	119,573,359	40,361,801
Super tax u/s 4C	143,708,348	52,729,857
Prior year tax	12,210	(34,672)
	<u>560,474,766</u>	<u>434,986,649</u>

21	NUMBER OF EMPLOYEES	2023	2022
	Total number of employees at period end	<u>44</u>	<u>42</u>
	Average number of employees for the period	<u>43</u>	<u>42</u>

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

22 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of the Parent, Associated Companies, Chief Executive Officer and Directors. Detail of transactions with related parties, which are not specifically disclosed elsewhere in these financial statements, are as follows:

Name and relationship	Nature of transactions	2023	2022
		Rupees	Rupees
Frontier Works Organization (the Parent - 64.99% shareholding)	Toll management fee	933,230,653	988,182,704
	Share of electricity bill charged by the Company	42,387,019	22,975,282
	Payments received on behalf of the Company - M-tag.	277,528,327	-
	Payments made during the period - net	1,122,132,733	982,833,515
Khalid Rauf & Co. (Pvt.) Ltd. (Associate - 19.99% shareholding)	Repair and maintenance expense charged and paid	187,321,201	186,063,941

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimize risk. The overall risk management is carried out by the finance department under oversight of the Board of Directors in line with the policies approved by the Board.

23.1 FINANCIAL INSTRUMENT BY CATEGORY		Note	2023	2022
			Rupees	Rupees
Financial assets at amortized cost :				
Long term deposits	8		762,756	762,756
Deposit against rented premises			800,000	800,000
Short term investment	11		335,000,000	335,000,000
Profit on short term investment			17,503,750	10,050,000
Cash and bank balances	12		3,199,999,050	2,781,802,014
			<u>3,554,065,556</u>	<u>3,128,414,770</u>
Financial liabilities at amortized cost :				
Provision for restoration of the carriageway	14		6,017,241,964	5,390,299,602
Accrued and other liabilities	15		7,874,711	86,411,873
			<u>6,025,116,675</u>	<u>5,476,711,475</u>

23.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below :

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

23.2.1 CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
	Rupees	Rupees
Long term deposits	762,756	762,756
Deposit against rented premises	800,000	800,000
Short term investment	335,000,000	335,000,000
Profit on short term investment	17,503,750	10,050,000
Cash at bank	3,199,308,115	2,781,125,951
	<u>3,553,374,621</u>	<u>3,127,738,707</u>

Due to Company's long standing relations with other counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company.

The credit risk exposure is limited in respect of short term investment and profit accrued thereon and bank balances as these are placed with / receivable from local banks having good credit rating.

23.2.2 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and maintaining adequate reserve borrowing facilities. This includes maintenance of statement of financial position liquidity ratios through working capital management. All financial liabilities are due to mature within the upcoming financial year except for 'Provision for restoration of the carriageway', for which refer to Note 14.

The Company has liquid assets of Rs. 3,553.3 million (2022: Rs. 3,127.65 million) as at the reporting date and financial support from the Parent to manage the liquidity risk.

23.2.3 MARKET RISK

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.

Majority of interest rate risk arises from long term financing. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

The Company does not account for any variable rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect statement of profit or loss.

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. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions. The Company is not exposed to currency risk.

Equity price risk

Trading and investing in quoted equity securities give rise to equity price risk. The Company is not exposed to equity price risk.

23.2.4 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

LAFCO (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

23.3 CAPITAL RISK 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 an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may obtain / repay financing from / to Frontier Works Organization (FWO).

The Company manages its capital by monitoring 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 by issue of new shares. The Company also monitors capital using a gearing ratio, which is net debt less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt.

The Company is exposed to capital risk as its equity is negative by Rs. 1,194.86 million (2022: Rs. 1,453.61 million) mainly due to provision of Rs. 6,017.24 million (2022: Rs. 5,390.3 million) in respect of restoration of the carriage way which is to be undertaken during the financial year 2024 and 2025 as per terms of the concession agreement (Refer Note 14). The Company will manage the capital risk through generation of profits in future and injection of funds as equity on loan from the Parent in the coming years, if needed.

24 DATE OF AUTHORIZATION FOR ISSUE

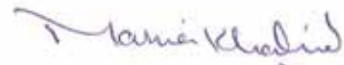
These financial statements have been authorized for issue by the Board of Directors of the Company on 10 SEP 2023

25 GENERAL

- Figures have been rounded off to the nearest Rupees.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR