

BIBOJEE GROUP



**72th
ANNUAL
REPORT
2019**



GAMMON PAKISTAN LIMITED

COMPANY INFORMATION**President of Gammon Pakistan Limited**

Lt. Gen (Retd) Ali Kuli Khan Khattak

Board of Directors

Saad Waheed	Chairman
Fazal-ur-Rehman Khan Burki	Independent Director
Kamal Abdullah	Independent Director
Khalid Kuli Khan Khattak	Director
A. Karim Khan	Director
Muhammad Kuli Khan Khattak	Director
Sikandar Kuli Khan Khattak	Director

Chief Executive Officer

Muhammad Salahuddin-FCA

Audit Committee

Fazal-ur-Rehman Khan Burki	Chairman
Kamal Abdullah	Member
Khalid Kuli Khan Khattak	Member
Sikandar Kuli Khan Khattak	Member

HR Committee

Khalid Kuli Khan Khattak	Chairman
Muhammad Salahuddin-FCA	Member
Kamal Abdullah	Member
Sikandar Kuli Khan Khattak	Member

Company Secretary

Amin ur Rasheed

Chief Financial Officer

Nadeem Ahmed

Internal Auditor

Nasir Ali Khan-ACCA

External Auditor

M/s BDO Ebrahim & Co.
Chartered Accountants
Islamabad

Legal Advisor

Corporare Consultant (Pvt) Ltd. Advocates
Rawalpindi

Stock Exchange

The Gammon Pakistan Limited is a listed Company and its
Shares are traded on Pakistan Stock Exchange Limited

Bankers

Silk Bank Limited
Askari Bank Limited
National Bank of Pakistan
Bank of Punjab
Habib Bank Limited
Allied Bank Limited

Registered Office

Gammon House, 400/2
Peshawar Road, Rawalpindi
Tel: 051-5477326-7
Fax: 051-5477511
E-mail: gammon1@dsl.net.pk

Share Registrar

Management & Registration
Services (Pvt) Limited
Business Executive Centre,
F/17/3, Block 8, Clifton,
Karachi.
Tel: 021-35375127-29
Fax: 021-3582 0325
Email: registrationservices@live.co.uk

www.gammonpakistan.com

ANNUAL REPORT

JUNE 30, 2019

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MISSION STATEMENT

Regain for Gammon Pakistan Limited its premier position in the Construction Industry of Pakistan/abroad through as aggressive but prudent construction strategy.

VISION STATEMENT

To be a Construction Company of international standard of repute which executes works confirming to the latest Engineering Practices and innovations. Employ most modern instrumentation/ mechanization to provide technical services with the highest degree of Quality Control and Customer Satisfaction. The Management also promises complete Financial Transparency to all its shareholders and customers so that it is able to turn around and bring Gammon Pakistan Limited back to its original glory.

GAMMON PAKISTAN LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 72nd Annual General Meeting of Gammon Pakistan Limited (the Company) will be held at Gammon House, 400/2, Peshawar Road, Rawalpindi on Friday 27th December, 2019 at 11:00 A.M. to transact the following business.

ORDINARY BUSINESS

1. To confirm minutes of the 71st Annual General Meeting held on 28th October, 2018
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended, 30th June 2019 together with the Director's and Auditors' reports thereon.
3. To appoint Auditors of the Company for the year to be ending on 30th June 2020 and to fix their remuneration.
4. To transact any other business with the permission of the Chair

BY ORDER OF THE BOARD



AMIN UR RASHEED
COMPANY SECRETARY

Rawalpindi
Dated: 5 December 2019

NOTES:

1. The Share Transfer Books will remain closed from 15th December, 2019 to 21st December, 2019 (both days inclusive). Transfers received at the office of Share Registrar of the company, M/s. Management & Registration Services (Pvt) Limited, Business Executive Centre, F/17/3, Block 8, Clifton, Karachi, by the close of business on 16th December 2019 will be treated in time.
2. A Member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed should reach the Registered Office of the Company at least 48 hours before the time of Meeting.
3. Any individual beneficial owner of CDC entitled to attend and vote at this Meeting must bring his/her CNIC or Passport to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her CNIC or Passport. Representative of Corporate Member should bring the usual documents required for such purpose.
4. Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 779(I)/2011 dated August 18, 2011 has directed all listed companies to ensure that Dividend Warrants should bear the Computerized National identity Card (CNIC) Numbers of the registered members. Members who have not yet provided attested copies of their valid CNICs / NTN's (in case of corporate entities) are requested to send the same directly to the Share Registrar at aforementioned address.

5. In pursuance of the directions given by SECP vide SRO 787(I)/2014 dated September 8, 2014, those shareholders who desire to receive Notice & Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.gammonpakistan.com and send the said form duly filled in and signed along with copy of his / her CNIC / Passport to the Company's Share Registrar. Please note that giving email address for receiving of Notice & Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice and, in such case, Notice & Annual Financial Statements will be sent at your registered address, as per normal practice.
6. Pursuant to Section 132(2) of the Companies Act, 2017, if company receives consent from shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit it to the registered office of the Company:

I/We. _____ of _____ being a member of
GAMMON PAKISTAN LIMITED, holder of _____ Ordinary Shares as per Register Folio
No./CDC A/C No. _____ hereby opt for Video conference Facility at _____.

Signature of members

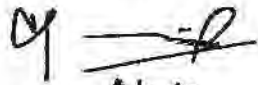
7. Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio numbers.

گیمین پاکستان لمیٹڈ

نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ گیمین پاکستان لمیٹڈ (کمپنی) کا 72 واں سالانہ اجلاس عام، کمپنی کے رجسٹرڈ دفتر گیمین ہاؤس 400/2، پشاور روڈ راولپنڈی میں بروز جمعہ المبارک 27 دسمبر 2019ء کو صبح 11 بجے منعقد ہوگا۔

- 1- 28 اکتوبر 2018ء کو منعقدہ 71 ویں سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ سالانہ آڈیٹڈ مالیاتی تفصیلات پر غور کرنا اور ان کی منظوری۔
- 3- مالی سال 2019-20 کیلئے آڈیٹرز کا تقرر اور معاوضہ طے کرنا۔
- 4- صاحب صدر کی اجازت سے کسی دیگر امور پر غور و خوض۔

بجلم بورڈ

 امین الرشید
 کمپنی سیکرٹری

راولپنڈی

مورخہ: 5 دسمبر 2019ء

نوٹس:

- 1- کمپنی کے حصص منتقلی کی کتابیں 15 دسمبر 2019ء تا 21 دسمبر 2019ء (بشمول دونوں ایام) بند رہیں گی۔ منتقلیوں کا حصول منیجمنٹ اینڈ رجسٹریشن سروسز پرائیویٹ لمیٹڈ، بزنس ایگزیکٹو سنٹر 17/3-F بلاک 8، کلفٹن کراچی سے ہوگا۔ کمپنی کے شیئر رجسٹرار کے کاروبار کا اختتام 16 دسمبر 2019ء کیلئے بروقت تصور ہوگا۔
- 2- اجلاس میں شرکت اور ووٹ دینے کا مستحق کوئی رکن اپنی بجائے شرکت اور ووٹ دینے کیلئے کسی دیگر رکن کو اپنا/اپنی پر کسی مقرر کر سکتا/سکتی ہے۔ پر کسی کی تفرری اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو لازماً وصول ہو جانی چاہئے۔
- 3- بصورت سی ڈی سی اکاؤنٹ ہولڈر اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔ بصورت کارپوریٹ انٹیلی، بورڈ آف ڈائریکٹرز کی قرارداد/اختیار نامہ معہ نامزد کے نمونہ دستخط اجلاس کے وقت مہیا کرنا ہونگے۔
- 4- سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے ایس آر او نمبر 2011(I) 779 مورخہ 18 اگست 2011ء میں تمام رجسٹرڈ کمپنیوں کو ہدایت کی ہے کہ وہ اس بات کو یقینی بنائیں کہ تمام رجسٹرڈ ممبران کے ڈیویڈنڈ وارنٹ پر کمپیوٹرائزڈ قومی شناختی

کارڈ نمبرز (CNIC) درج ہوں۔ ایسے ممبران جنہوں نے ابھی تک اپنے جائز CNICs / NTNs (کارپوریٹ اداروں کی صورت میں) کی تصدیق شدہ کاپیاں فراہم نہیں کی ہیں ان سے درخواست ہے کہ مذکورہ بالا پتہ پر برائے راست شیئر رجسٹرار کو ارسال کریں۔

5۔ ممبران سے درخواست ہے کہ اپنے چوں میں تبدیلی اگر کوئی ہو تو کمپنی کو فی الفور مطلع فرمائیں۔

6۔ ممبرز کو ویڈیو کانفرنس کی بھی سہولت میسر ہے۔ اگر کمپنی اجلاس کی تاریخ سے 7 دن پہلے ویڈیو کانفرنس کے ذریعے اجلاس میں حصہ لینے کیلئے جغرافیائی مقام پر رہنے والے مجموعی 10% یا اس سے زیادہ حصص رکھنے والے ارکان سے رضامندی حاصل کرتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت مہیا کرے گی بشرطیکہ اس مقام / شہر میں متعلقہ سہولت میسر ہو، اس سلسلے میں مندرجہ ذیل فارم کو مکمل کریں اور کمپنی کے رجسٹرار پتہ پر ارسال کریں۔

میں / ہم، _____ سکندہ _____ بحیثیت رکن گیمن پاکستان لمیٹڈ، حامل _____
عام حصص بمطابق رجسٹرڈ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر _____ اس طرح ویڈیو کانفرنس کی سہولت
بمقام _____

دستخط رکن

7۔ 27 دسمبر 2019ء کو منعقد ہونے والی AGM کا جامع نوٹس 30 جون 2019ء کے اختتامی سال کے آڈٹ کردہ مالی تفصیلات کیساتھ بھی ارسال کیا جا رہا ہے۔ یہ سہولت کمپنی کی ویب سائٹ www.gammonpakistan.com پر بھی موجود ہے۔

CHAIRMAN REVIEW

I am pleased to present the review for the year ended June 30, 2019, highlighting the Company's performance and role of the Board of Directors (the Board) of Gammon Pakistan Ltd. in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

REVIEW OF BOARD'S PERFORMANCE

The board, being responsible for the management of the company, formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities, and duties, as are specified and prescribed therein.

The Board normally meets once every quarter to consider and approve the financial and operating results of the Company. During the year 2017-19 four board meetings, four audit committee and one HR & Remuneration committee meeting were held.

The Board also monitors the followings: -

- i. Compliance with best corporate practices and good governance.
- ii. Stable and continual growth in the Company's operations.
- iii. Encouraging diversity and upholding ethical behavior.
- iv. Development of skillful resources to attain advancement and excellence.

During the year, the board recommended and approved among other things:

- ❖ Routine BMR
- ❖ Quarterly and annual financial statements;
- ❖ Internal audit and audit committee reports and findings;
- ❖ Appointment of External Auditors

Accordingly, the Board has completed its annual self-evaluation for the year 2018-19 and I am pleased to report that the overall performance bench marked on the basis of criteria set for the year 2018-19,remained satisfactory

REVIEW OF BUSINESS PERFORMANCE

Overall economy conditions during the year 2018-19 remained under great pressure and like other sectors construction industry also witnessed a sharp contraction that caused serious cashflow crisis in the development sector. Despite of these difficulties I am pleased to report that we have acquired a new project of some bridges at old Bannu Road from FWO on good labour rates. This is the main reason that our profitability from projects remains almost same despite of low quantum of workdone as compare to last year. Operating Profit also shows positive figure but fair value gain from investment properties enhances the profitability. Now we are expecting economic revival after establishment of government that will defiantly help us to continue our steady growth.

ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to acknowledge and express my appreciation for our Shareholders and suppliers and contractors for their absolute confidence in the Board of Directors and the Company's management. I would also like to put on record my utmost thanks to the Board of Directors for their contribution, the Management and the workforce's for their efforts and hard work.



SAAD WAHEED

Dated : December 04, 2019

چیئر مین کا جائزہ

مجھے 30 جون 2019 تک ختم ہونے والے سال کیلئے جائزہ لینے کی خوشی ہے کہ کمپنی کی کارکردگی اور بورڈ آف ڈائریکٹرز کی کارکردگی کو نمایاں کیا جا رہا ہے۔

بورڈ کی کارکردگی کا جائزہ:

بورڈ کمپنی کی انتظامیہ کے ذمہ دار کے طور پر تمام اہم پالیسیاں اور حکمت عملی تیار کرتا ہے جس میں متعلقہ قوانین و ضوابط کو مد نظر رکھتے ہوئے مندرجہ ذیل حکمت عملی اختیار کی جاتی ہے اور حقوق، ذمہ داریوں اور فرائض کو مد نظر رکھتے ہوئے مختلف تجاویز دی جاتی ہیں۔

بورڈ عام طور پر ہر سہ ماہی میں ملتا ہے تاکہ کمپنی کے مالی اور کام کرنے کے نتائج پر غور کرنے کے بعد منظور کرے۔ سال 2018-19 میں چار بورڈ کے اجلاس، چار آڈٹ کمیٹی کے اور ایک انسانی وسائل اور محاسبے کی کمیٹی کا اجلاس منعقد ہوئے۔

اس کے علاوہ بورڈ نے مندرجہ ذیل معاملات کا جائزہ لیا:

﴿ بہترین سہ ماہیاتی تجارتی ادارے کے طریقوں اور اچھے انتظامی امور کے مطابق چلنا۔

﴿ کمپنی کے کام کرنے کے معاملات میں استحکام اور مسلسل ترقی۔

﴿ تعمیر پذیری کی حوصلہ افزائی اور اخلاقی رویے کو برقرار رکھنے۔

﴿ ترقی اور بہتری حاصل کرنے کیلئے مہارت والے وسائل کی ترقی۔

﴿ سال کے دوران، بورڈ نے بشمول دوسری چیزوں کے سفارشات کی منظوری دی:

﴿ روزانہ کی بنیاد پر مناسب اور جدید تعمیراتی صلاحیت کی تہہ بلی۔

﴿ سہ ماہی اور سالانہ مالی حسابات۔

﴿ اندرونی آڈٹ اور آڈٹ کمیٹی کی دستاویزات اور نتائج۔

﴿ بیرونی آڈیٹروں کی تقرری۔

اس کے مطابق، بورڈ نے سال 2018-19 کے لئے اپنی سالانہ خود تہہ بلی مکمل کر لی ہے اور مجھے یہ خوشی ہوئی ہے کہ سال 2018-19 کے لئے مقرر کردہ معیار کی بنیاد پر مجموعی کارکردگی کا معیار اطمینان بخش رہا۔

کاروباری معاملات کا جائزہ

سال 2018-19 میں معاشی حالات بہت دباؤ کا شکار رہے۔ دوسرے شعبوں کی طرح تعمیراتی صنعت میں بھی تیزی سے سکڑاؤ دیکھنے میں آیا ہے جس نے ترقیاتی شعبے میں کیش فلو کا سنگین بحران پیدا کر دیا ہے۔ ان مشکل ترین حالات کے باوجود مجھے یہ بتاتے ہوئے خوشی ہے کہ ہم نے ایف ڈبلیو او سے اولڈ بٹوں روڈ پر کچھ نئے پلوں کا پراجیکٹ مناسب ریش پر حاصل کیا گیا ہے۔ یہ بنیادی وجہ ہے کہ پچھلے سال کے مقابلے میں کم کام کرنے کے باوجود کمپنی کا منافع تقریباً وہی رہا۔ اگرچہ کمپنی کا آپریشن سے منافع مثبت ہے مگر سرمایہ کاری کیلئے رکھی گئی جائیدادوں پر فیس و پلے گیمن نے کمپنی کے منافع کو مزید تقویت دی ہے۔ اب نئی حکومت کے استحکام کے بعد معاشی بحالی کی توقع کی جا رہی ہے جو یقیناً ہمیں اپنی مستقل ترقی کو جاری رکھنے میں مددگار ثابت ہوگی۔

اعتراف

بورڈ آف ڈائریکٹرز کی طرف سے میں اپنے شیئر ہولڈرز اور کمپنی کے سپلائرز اور ٹھیکیداروں کی قدر کرتا ہوں جو کہ ان کا بورڈ آف ڈائریکٹرز اور کمپنی کی انتظامیہ پر اعتماد ہے۔ اسکے علاوہ میں بورڈ آف ڈائریکٹرز، انتظامیہ اور کارکنوں کی کوششوں اور محنت کا شکریہ ادا کرتا ہوں۔

سعد وحید
چیئر مین

04 دسمبر 2019ء

DIRECTOR'S REPORT

The directors of your Company have pleasure in presenting their report, together with the 72nd Annual Report, containing Audit Report and the Audited Financial Statements of the Company for the year ended 30th June, 2019.

PERFORMANCE REVIEW

The principal activity of the Company is all type construction specially Buildings and Bridges. The highlights of the Company's financial results as compared to the preceding year are as follows:

Particulars	2019, (Rupees)	2018 (Rupees)
Contract Income	201,388,164	385,173,219
Contract Expenditure	(179,381,701)	(363,685,168)
Net contract profit	22,006,463	21,488,051
Profit before taxation	55,380,095	62,041,556
Taxation	(14,975,621)	(10,037,630)
Profit after taxation	40,404,474	52,003,926

Although the revenues from contracts has decline by 183.75 million but I am pleased to announce the positive results of company. Further acquiring the new project of structure bridges at Old Bannu Road helped us to maintain net contract profitability. I feel great pleasure to report that your company has earned profit after tax amounting Rs.40.4 Million that include Rs.52.7million fair value gain on investment property situated at Peshawar Road and Chakbeli Road Mouza Harka Rawat Rawalpindi.

The most difficult project at Fateh Jang is at its final stage of completion. The finishing works are in process and will be completed in upcoming year. The work done on project during year is Rs.23.5 Million.

The Work of Westren alignment at CPEC project, will be completed in upcoming quarter. This project has contributed Rs.149.667 million during the year.

After successful mobilization at Bridge of Old Bannu Road dualization Project work was in full swing but unfortunately the shortage of funds with department has interrupted the pace of work. The revenue recognized from this project during the `year is Rs.24.5 million.

Final bills for DHA Blocks and Bridge are submitted to DHA Housing Directorate and release of funds is expected in upcoming year.

FUTURE PROSPECTS

Resumption of CPEC and announcement of its next Packages in near future will definitely play a positive role to revival the construction industry. Further your company is also striving hard to acquire some projects from Naya Pakistan Housing Scheme for construction of 5 million low cost houses to workers at different cities.

Due to 18th amendment in constitution the collection rights of sales tax has been given to the providences and now every province is levying this tax on the entire amount of work done irrespective of their jurisdiction and have resorted to coercive measures for its recovery the process of elimination of these false demands is extremely cumbersome and time consuming.

Despite off financial constraint our vigorous efforts are in process to get further business. It is expected that some more work will be awarded to your company by some clients in the near future.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors confirm the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following matters:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. The Company has maintained proper books of account.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.
6. There are no doubts about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the CCG Regulations).

8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2019, except for those disclosed in the financial statements.

9. No trades in the shares of the Company were carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children during the year ended 30 June, 2019.

COMPOSITION OF THE BOARD

The Composition of the Board is in line with the requirements of the CCG Regulations. The Company encourages representation of independent and nonexecutive directors, as well as gender diversity on its Board.

The current composition of the Board is as follows:

Total number of directors 7

Male 7
Female nil

Independent Director 2

Other Non-executive Directors 5

Executive Directors 0

Apart from their mandatory job requirements, the performance of the Board of our Company is evaluated annually along the following parameters, both at individual and collective level.

- i. Effectiveness in bringing in a mix of gender, talents, skills and diversified perspectives.
- ii. Integrity, credibility, trustworthiness and active participation of members.
- iii. Follow-up and review of annual targets set by the management.
- iv. Ability to provide guidance and direction to the Company.
- v. Ability to identify aspects of the organization's performance requiring action.
- vi. Review of succession planning of management.
- vii. Ability to assess and understand the risk exposures of the Company.
- viii. Contribution and interest in regard to improving health safety and environment, employment and other policies and practices in the Company.
- ix. Safeguarding the Company against unnecessary litigation and reputational risk.

Majority of the Board members have the prescribed qualification and experience required for exemption from training programs of Directors pursuant to the clause 20(2) of the CCG Regulations. All the Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies. The company had also arranged orientation courses for its Directors in the previous years to apprise them of their roles and responsibilities.

The overall performance of the Board for the year was satisfactory. The Board members effectively bring the diversity to the Board and constitute a mix of independent and non executive directors. The Board is also effective in formulating the corporate goals for the company.

BOARD AUDIT COMMITTEE

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It enjoys the autonomy to call for information from the management and to discuss directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board. The Committee met 4 times during 2018-19.

The names of committee members are as follows:

Mr. Fazal ur Rehman Khan Burki	- Independent Director	Chairman
Mr. Khalid Kuli Khan Khattak	- Non Executive Director	Member
Mr. Sikandar Kuli Khan Khattak	- Non Executive Director	Member
Mr. Nasir Ali Khan	- Head of internal Audit	Secretary of the Committee

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, including the internal audit plan, material audit findings and recommendations of the internal audit department. In addition to above meetings, Audit Committee met with external auditors without Chief Financial Officer (CFO) and Head of Internal Audit (HIA). Audit Committee also met the head of internal audit and other members of the internal audit function without the CFO and the external auditors being present

HR AND REMUNERATION COMMITTEE

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. The CEO of the Company attended the Human Resource and Remuneration Committee meeting held during the year as member of the committee. The Committee met once during 2018-19.

The names of committee members are as follows:

Mr. Khalid Kuli Khan Khattak	- Chairman
Mr. Kamal Abdullah	- Member
Mr. Sikandar Kuli Khan Khattak	- Member
Mr. Muhammad Salahuddin	- Chief Executive Officer

MEETINGS OF BOARD AND ITS COMMITTEES IN 2018-19

During the year 2018-19 four board meetings, four audit committee and one HR & Remuneration committee meetings were held. The number of meetings attended by each director during the year is given here under:

Sr.No.	Director	Committee Members		Attendance		
		Board Audit Committee	HR & Remuneration Committee	Board Of Director	Board Audit Committee	HR & Remuneration Committee
1.	Mr. Saad Waheed	-	-	4/4	-	-
2.	Mr. Khalid Kuli Khan Khattak	✓	✓	4/4	4/4	1/1
3.	Mr. Sikandar Kuli Khan Khattak	✓	✓	3/4	3/4	1/1
4.	Mr. Mohammad Kuli Khan Khattak	-	-	4/4	-	-
5.	Mr. Kamal Abdullah	✓	✓	4/4	4/4	1/1
6.	Mr. Abdul Kareem Khan	-	-	4/4	-	1/1
7.	Mr. Fazal ur Rehman Khan Burki	✓	-	4/4	4/4	-

Leave of absence was granted to directors who could not attend the board meetings due to their busy schedule and other appointments.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

During the year, the Board has undertaken a formal process of evaluation of its performance as a whole as well as individual director. The performance evaluations of the Board Audit Committee and HR & Remuneration Committee have been initiated. The overall performance of the Board measured on the defined parameters for the year was satisfactory.

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY):

Key operating and financial data of six years is annexed to the report.

PATTERN OF SHAREHOLDING:

The statement of the pattern of shareholding as at June 30, 2019 and additional information thereabout is annexed to the report.

CONTRIBUTION OF OUR COMPANY TOWARDS GOVERNMENT AND SOCIAL SECTOR:

We wish to give hereunder our Company's revenue contribution towards the Government, Semi Government sectors, banks and Social sector during the year ended 30 June, 2019.

I. GOVERNMENT SECTOR

Income Tax paid

(Rs. In Million)

6.37

Power & Fuel

1.51

II. SOCIAL SECTOR

(Rs. In Million)

Salaries & Wages

51.255

HEALTH, SAFETY AND ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment to ensure the well-being of the people who work with us as well as of the communities where we operate.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report.

DIVIDEND:

The Board has not recommended any dividend for the year due to financial constrain.

COMMENTS ON "EMPHASIS OF MATTER" PARAGRAPH IN THE AUDITOR'S REPORT:

The Company's Board of Directors are of the opinion that it falls within the ambit of SBP "Incentive Scheme" for the Recovery of Loan Defaults vide BPRD Circular no. 19 dated 05 June, 1997 and, as such, liable to pay only Rs. 35.122 million in full and final settlement of its outstanding liability. Further the liability for the said amount has already been accrued in Company's books of accounts vide note no 22.4.

APPOINTMENT OF AUDITORS:

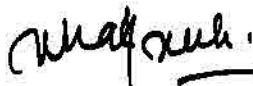
The Company's auditors M/s BDO Ebrahim & Co., Chartered Accountants, 3rd Floor Saeed Plaza 22-East Blue Area, Islamabad retired and offered themselves for reappointment. The Board of Directors of the Company as recommended by the Board Audit Committee hereby recommends that the retiring auditors be re-appointed.

ACKNOWLEDGMENT

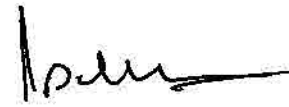
We appreciate the hard work and dedication of the Company's Management, engineers and employees during the period under review.

We would also like to express our gratitude to our bankers, clients and suppliers for their co-operation, support and trust reposed in the Company.

For and on behalf of Board of Director's



Khalid Kuli Khan Khatak
Director



Muhammad Salahuddin
Chief Executive Officer

Date: 04 December, 2019

گیمین پاکستان لمیٹڈ

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 72 ویں سال 30 جون 2019ء کے اختتام پر کمپنی کے آڈیٹر کی جاری کردہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

کارکردگی کا جائزہ

کمپنی کی بنیادی سرگرمی تمام قسم کے تعمیراتی کام بالخصوص عمارتوں اور پلوں کی تعمیر ہے۔ پچھلے سال کے مقابلے میں کمپنی کی مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہیں:-

30 جون 2018ء	30 جون 2019ء	
(روپے)	(روپے)	
385,173,219	201,388,164	پراجیکٹس سے آمدن
(363,685,168)	(179,381,701)	پراجیکٹس کا خرچ
21,488,051	22,006,463	مجموعی منافع
62,041,556	55,380,094	قبل از ٹیکس منافع
(10,037,630)	(14,975,621)	ٹیکس
52,003,926	40,404,474	منافع بعد از ٹیکس

اگرچہ پراجیکٹس سے آمدن میں 18 کروڑ 37 لاکھ کی کمی واقع ہوئی ہے۔ اس کے باوجود مجھے کمپنی کے مثبت نتائج کا اعلان کرتے ہوئے خوشی محسوس ہو رہی ہے۔ مزید اولڈ پنوں روڈ پر پلوں کے کام کا حصول پراجیکٹس سے منافع کو برقرار رکھنے میں مددگار ثابت ہوا ہے۔ یہ بتاتے ہوئے خوشی ہے کہ کمپنی کا بعد از ٹیکس منافع 4 کروڑ 4 لاکھ روپے رہا۔ جس میں پشاور روڈ راولپنڈی اور چک نیلی روڈ موضع ہڑکہ روات راولپنڈی میں واقع جائیدادوں پر فیکس ویلویو گین 5 کروڑ 27 لاکھ روپے شامل ہے۔

فتح جنگ میں واقع انتہائی مشکل پراجیکٹ اپنے تکمیلی مراحل میں ہے۔ باقی ماندہ کام آئندہ سال کے اختتام سے پہلے مکمل کر لیا جائے گا۔ ٹوٹل آمدن میں اس پراجیکٹ کا حصہ 2 کروڑ 35 لاکھ روپے ہے۔

سی پیک ویسٹرن روٹ پراجیکٹ آئندہ سہ ماہی میں مکمل کر لیا جائے گا۔ اس سال کے دوران منصوبے کا آمدن میں حصہ 14 کروڑ 96 لاکھ روپے ہے۔

اولڈ پنوں روڈ پلوں کے پراجیکٹ پر حیز تر مو بلانڈیشن کے بعد کام زور و شور سے جاری تھا لیکن بد قسمتی سے ٹھکے کے پاس فنڈز کی کمی نے کام کی رفتار میں خلل ڈال دیا ہے۔ سال کے دوران اس منصوبے سے آمدن میں حصہ 2 کروڑ 45 لاکھ روپے ہے۔

ڈی ایچ اے بلاکس اور پل کے آخری بل ڈی ایچ اے ہاؤسنگ ڈائریکٹوریٹ کو جمع کروادینے گئے ہیں جن سے آئندہ سال میں رقوم کی وصولی متوقع ہے۔

ہے۔

مستقبل کا نقطہ نظر

اسی پیک پراجیکٹ پر کام کی بحالی اور مستقبل قریب میں اس کے اگلے پیکیز کا اعلان تعمیراتی صنعت کی بحالی کیلئے یقینی طور پر مثبت کردار ادا کرے گا۔ مزید یہ کہ آپ کی کمپنی مختلف شہروں میں کم آمدنی والے ورکرز کیلئے 50 لاکھ کم لاگت والے مکانات کی تعمیر کیلئے نیا پاکستان ہاؤسنگ سکیم سے کچھ نئے منصوبے حاصل کرنے کیلئے بھرپور کوشش کر رہی ہے۔

آئین میں 18 ویں ترمیم کی وجہ سے سیلز ٹیکس کے حقوق صوبوں کو منتقل کیے جاسکے ہیں اور اب ہر صوبہ اپنے دائرہ کار کو مد نظر رکھے بغیر عمل آمدن پہ سیلز ٹیکس لگا دیتا ہے اور ساتھ ہی ریکوری کی کارروائی شروع کر دی جاتی ہے۔ ان ناجائز مطالبات کو ختم کرنا بہت دشوار اور وقت کی بربادی کا سبب ہے۔

اگرچہ مالی رکاوٹوں کی وجہ سے آپ کی کمپنی کو مستقبل میں نئے کام حاصل کرنے میں مشکلات کا سامنا ہے لیکن امید کی جاتی ہے کہ مستقبل میں کچھ ڈیپارٹمنٹس کی جانب سے آپ کی کمپنی کو کچھ نئے کام دیئے جائیں گے۔

کارپوریٹ گورننس کے ضابطے کی تعمیل

بورڈ یہ بتاتا ہے کہ کمپنی کا انتظام کارپوریٹ گورننس کی بہترین طرز عمل کے مطابق ہے۔ بورڈ نے کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے حوالے سے اپنی ذمہ داری قبول کی ہے اور بیان دیا ہے کہ:

۱۔ کمپنی کے حسابات جس میں اکاؤنٹ کی کتابیں، نفع اور نقصان کا اکاؤنٹ، بیلنس شیٹ اور دیگر حسابات مرچہ قوانین کے تحت تیار کیے گئے ہیں۔

۲۔ کمپنی کے حسابات تیار کرنے کیلئے مناسب مالیاتی پالیسیوں کا استعمال کیا ہے۔

۳۔ کمپنی نے حسابات کی کتابیں موثر طریقے سے رکھی ہیں۔

۴۔ بین الاقوامی اکاؤنٹنگ معیار جو کہ پاکستان میں لاگو ہوتے ہیں، ان کو مالیاتی حسابات کی تیاری میں اور اداروں میں اپنایا گیا ہے۔

۵۔ اندرونی کنٹرول کا نظام درست ہے اور اسے موثر طریقے سے لاگو کیا گیا اور نگرانی کی گئی ہے۔ اندرونی کنٹرول کی نگرانی کے عمل کے کنٹرول کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ آگے بڑھتے ہوئے عمل کے طور پر جاری رہے گا۔

۶۔ کمپنی کے حسابات کمپنی کی موجودہ کارکردگی کا عکاس ہیں۔

۷۔ لسٹڈ کمپنیوں (کارپوریٹ گورننس) کا ضابطوں، 2017 (سی سی جی ریگولیشنز) کے بہترین طریقوں کے مطابق ہیں۔

۸۔ 30 جون 2019 پر کمپنی کے ذمہ کسی بھی قسم کا قانونی ٹیکس، لیویز یا چارجز نہیں ہیں ماسوائے ان ادائیگیوں کے جو ان حسابات میں بتائی گئی ہیں۔

۹۔ اس کمپنی کے ڈائریکٹر، چیف ایگزیکٹو، سی ایف او، کمپنی سیکرٹری اور ان کے اہل خانہ اور ان کے چھوٹے بچوں نے کمپنی کے شیئرز میں خرید و فروخت سال 30 جون 2019 کے دوران نہیں کی ہے۔

بورڈ کی ساخت

بورڈ کی تشکیل سی سی جی قوانین کے مطابق ہے۔ بورڈ کی حالیہ تشکیل کچھ اس طرح ہے۔

ڈائریکٹرز کی کل تعداد	۷
مرد	۷
خاتون	کوئی نہیں
آزاد ڈائریکٹر	۲
دوسرے غیر ایگزیکٹو ڈائریکٹر	۵
ایگزیکٹو ڈائریکٹر	کوئی نہیں

ان کی لازمی ملازمت کی ضروریات کے علاوہ ہماری کمپنی کے بورڈ کی کارکردگی کا ہر سال انفرادی اور اجتماعی سطح پر مندرجہ ذیل عوامل کے ساتھ جائزہ لیا جاتا ہے۔

- 1- قابلیت، مہارت اور متنوع نقطہ نظر کے تحت افراد کا ملنا۔
 - 2- سالمیت، ساکھ، اعتماد اور ممبروں کی فعال شرکت۔
 - 3- انتظامیہ کے ذریعہ طے شدہ سالانہ اہداف کی پیروی اور جائزہ۔
 - 4- کمپنی کو رہنمائی اور ہدایت فراہم کرنے کی اہلیت۔
 - 5- کمپنی کی کارکردگی کے ایسے پہلوؤں کی نشاندہی کرنے کی اہلیت جس میں کارروائی کی ضرورت ہوتی ہے۔
 - 6- انتظامیہ کی جانشینی کی منصوبہ بندی کا جائزہ۔
 - 7- کمپنی کو درپیش خطرات کی نشاندہی کرنا اور سمجھنے کی قابلیت۔
 - 8- کمپنی کے ملازمین کی صحت، کام کرنے کے ماحول اور دیگر پالیسیوں اور طریقوں کو بہتر بنانے کے سلسلے میں شرکت اور دلچسپی۔
 - 9- غیر ضروری قانونی چارہ جوئی وغیرہ سے کمپنی کی حفاظت کرنا۔
- کمپنی میں بورڈ کے اراکین کی اکثریت سی سی جی قوانین کے تحت (2) 20 کے مطابق تمام ضروری اہلیت اور تجربہ رکھتی ہے لہذا ان کو ترقیتی پروگراموں سے چھوٹ دی گئی ہے۔ تمام ڈائریکٹر کارپوریٹ اداروں کے ڈائریکٹر کے طور پر اپنے فرائض اور ذمہ داریاں بخوبی واقف ہیں۔ بورڈ نے اپنے ڈائریکٹروں کے لئے گزشتہ برسوں میں ان کے کردار اور ذمہ داریوں کے بارے میں آگاہی کے تعارفی کورسز کا اہتمام کیا تھا۔ اس سال کیلئے بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔ بورڈ کے اراکان جن میں آزاد اور غیر ایگزیکٹو ڈائریکٹر شامل ہیں نے موثر طریقے سے مل کر کام کیا اور بورڈ نے کمپنی کے کارپوریٹ اہداف کو تکمیل دینے میں موثر کردار بھی ادا کیا ہے۔

بورڈ آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی نے نگرانی کی ذمہ داریوں کو پورا کرنے میں بورڈ کی مدد کی ہے، بنیادی طور پر مالی اور غیر مالیاتی معلومات کو مشترکہ حصول، داخلی کنٹرول کے نظام اور خطرے کے انتظام اور آڈٹ کے عمل کے لئے انتظامیہ سے معلومات حاصل کرنے اور بیرونی آڈیٹرز یا مشیروں کے ساتھ براہ راست مشورہ کرنے کیلئے خود مختار ہے جو مناسب سمجھا جاتا ہے۔ چیف فنانس آفیسر باقاعدگی سے اکاؤنٹس پیش کرنے کیلئے دعوت کے ذریعے بورڈ آڈٹ کمیٹی کے اجلاسوں میں شرکت کرتے ہیں۔ ہر میٹنگ کے بعد کمیٹی کے چیئرمین بورڈ کو رپورٹ کرتے ہیں۔ کمیٹی نے 2018-19 کے دوران 4 بار ملاقات کی ہے۔

کمپنی کے ارکان کے نام مندرجہ ذیل ہیں:

آزاد ڈائریکٹر	چیئرمین	۱۔ جناب فضل الرحمن برکی
غیر ایگزیکٹو ڈائریکٹر	رکن	۲۔ جناب خالد قلی خان خٹک
غیر ایگزیکٹو ڈائریکٹر	رکن	۳۔ جناب سکندر قلی خان خٹک
کمپنی سیکرٹری	اندرونی آڈٹ کا سربراہ	۴۔ جناب ناصر علی خان

آڈٹ کمیٹی نے اندرونی آڈٹ منصوبہ کے علاوہ اور آڈٹ کے نتائج اور اندرونی آڈٹ ڈیپارٹمنٹ کی سفارش پر، سہ ماہی، نصف اور سالانہ مالی معاملات کا جائزہ لیا ہے۔

مندرجہ بالا اجلاسوں کے علاوہ، آڈٹ کمیٹی نے بیرونی آڈیٹر کے ساتھ الگ اور بعد میں چیف فنانس آفیسر (سی ایف او) اور اندرونی آڈٹ کے سربراہ (ایچ آئی اے) کے ساتھ بھی ملاقات کی ہے۔

انسانی وسائل اور معاوضے کی کمیٹی

کمپنی نے سینئر ایگزیکٹو کے معاوضہ، تنظیم اور ملازم کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارش کرنے اور انتظامی کمیٹی کے ممبران اور مینیجمنٹ کمیٹی کے ممبروں کے متعلق تمام معاملات کو منظور کرنے کیلئے ملاقات کی۔ کمپنی کے سی ای او نے کمیٹی کے رکن کے طور پر منعقد ہونے والے انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی نے 19-2018 کے دوران ایک بار ملاقات کی۔

کمپنی کے ارکان کے نام مندرجہ ذیل ہیں:

غیر ایگزیکٹو ڈائریکٹر	چیئرمین	۱۔ جناب خالد قلی خان خٹک
آزاد ڈائریکٹر	رکن	۲۔ جناب کمال عبداللہ
غیر ایگزیکٹو ڈائریکٹر	رکن	۳۔ جناب سکندر قلی خان خٹک
چیف ایگزیکٹو آفیسر	رکن	۴۔ جناب محمد صلاح الدین

بورڈ اور اسکی کمیٹیوں کے اجلاس

سال 19-2018 کے دوران، چار بورڈ کی میٹنگ، چار آڈٹ کمیٹی اور ایک انسانی وسائل اور معاوضے کی کمیٹی کی میٹنگ منعقد ہوئیں۔ سال کے دوران ہر ڈائریکٹر کی طرف سے شرکت کی میٹنگ کی تعداد یہاں درج کی گئی ہے:

حاضری		کمیٹی کے ممبران			ڈائریکٹر کے نام	نمبر شمار
انسانی وسائل اور معاوضے کی کمیٹی	آڈٹ کمیٹی	بورڈ	انسانی وسائل اور معاوضے کی کمیٹی	آڈٹ کمیٹی		
-	-	4	-	-	جناب سعد وحید	1-
1	4	4	✓	✓	جناب خالد علی خان خٹک	2-
1	3	3	✓	✓	جناب سکندر علی خان خٹک	3-
-	-	4	-	-	جناب محمد علی خان خٹک	4-
1	4	4	✓	✓	جناب کمال عبداللہ	5-
-	-	4	-	-	جناب عبدالکریم خان	6-
-	4	4	-	✓	جناب فضل الرحمن برقی	7-

ڈائریکٹر کی درخواست جس میں انہوں نے ذاتی مصروفیات کی بنا پر اجلاس میں حاضر ہونے سے معذرت کی جس کو قبول کیا گیا۔

بورڈ کے ڈائریکٹر اور کمیٹیوں کے بورڈ کی کارکردگی کا جائزہ

ایک سال کے دوران بورڈ نے مجموعی طور پر افرادی ڈائریکٹر کے ساتھ ساتھ اپنی کارکردگی کی تشخیص کا باضابطہ عمل شروع کیا ہے۔ بورڈ آڈٹ کمیٹی اور انسانی وسائل اور معاوضے کی کمیٹی کی کارکردگی کی جانچ پڑتال شروع کر دی گئی ہے۔ سال کیلئے مقرر کردہ عوامل کے تحت بورڈ کی مجموعی کارکردگی تسلی بخش رہی ہے۔

ڈائریکٹر کا معاوضہ

بورڈ کی اجازت سے آزاد اور غیر ایگزیکٹو ڈائریکٹر اجلاس میں حاضر ہونے پر بورڈ کی مقرر کردہ فیس لے سکتے ہیں۔

شیر ہولڈر اور جملہ آپریٹنگ اور مالی اعداد و شمار (گزشتہ چھ سال کے)

شیر ہولڈر اور جملہ آپریٹنگ اور مالی اعداد و شمار اس کتاب میں موجود ہیں۔

شیر ہولڈر کا پیٹرن

30 جون 2019ء پر شیر ہولڈنگ کے پیٹرن اور اس سے متعلق اضافی معلومات اس رپورٹ میں شامل کی گئی ہیں۔

حکومت اور سماجی شعبہ کی طرف سے ہماری کمیٹی کی شراکت

اس سال آپ کی کمیٹی نے حکومت اور سماجی شعبہ کو مندرجہ ذیل ادائیگی کی ہے۔

رقم ملین میں	1-	حکومتی اداروں کو ادا کیے
6.37		انگم ٹیکس کی مد میں
1.51		بجلی اور گیس کی مد میں
	2-	سماجی شعبے میں شرکت
51.255		ملازمین کی تنخواہیں اور اجرتیں

صحت، حفاظت اور ماحول

ہم اس پر یقین رکھتے ہیں کہ صحت، حفاظت اور ماحول میں اعلیٰ ترین معیار کو برقرار رکھنے کیلئے ہم لوگوں کے ساتھ ساتھ کام کرنے والے لوگوں کی خوشحالی کو یقینی بنانا چاہتے ہیں۔

بعد میں آنے والے واقعات

اس مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن پر اثر انداز ہونے والے کوئی مماثلت یا وعدے نہیں کئے گئے ہیں۔

ڈیویڈنڈ

بورڈ نے گورنمنٹ ڈیپارٹمنٹ کی جانب سے ادائیگی میں تاخیر کے باعث پیدا ہونے والے مالی بحران پر کسی بھی قسم کا حتمی کیش ڈیویڈنڈ نہ دینے کی سفارش کی ہے۔

آڈیٹر کی رپورٹ کے پیرا گراف پر تبصرہ

کمپنی کے بورڈ آف ڈائریکٹرز کی رائے میں یہ کیس اسٹیٹ بینک کی انسٹیٹوشنل سیکم بحوالہ اسٹیٹ بینک سرکلر نمبر 19 BRPD بتاریخ 5 جون 1997ء کے دائرہ کار میں آتا ہے۔ جس کے مطابق کمپنی مکمل اور فائنل سٹیٹمنٹ کے طور پر 3 کروڑ 51 لاکھ دینے کی پابند ہے۔ لہذا مذکورہ رقم کی ذمہ داری پہلے ہی نوٹ نمبر 22.4 کے تحت کمپنی کی کتابوں میں جمع کر دی گئی ہے۔

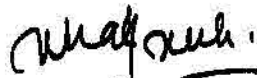
آڈیٹر کی تقرری

کمپنی کے آڈیٹر جو کہ میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ۱۲۲ ایسٹ، سعید پلازہ، جناح ایونیو، بلیو ایریا، اسلام آباد جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کمپنی کی بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کے لیے سفارش کی ہے۔

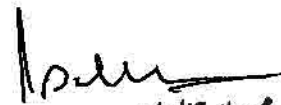
اعتراف

ہم سال کے دوران کمپنی کی انتظامیہ، انجینئرز اور ملازمین کی محنت اور لگن قابل تعریف ہے اور ہم تعاون، حمایت اور اعتماد کیلئے اپنے گاہکوں، سپلائرز اور چھوٹے ٹھیکیداروں کے تہہ دل سے مشکور ہیں۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے


خالد علی خان خٹک

ڈائریکٹر



محمد صلاح الدین

چیف ایگزیکٹو آفیسر

CODE OF CONDUCT

INTRODUCTION.

It has been said that the essence of a successful and visionary company is the ability to preserve its core values and to stimulate progress. Corporate ethics is the practice of our shared values. These shared values define who we are and what we can expect from each other. It is a code which applies to all Directors & Employees.

Our integrity and reputation depend on our ability to do the right thing, even when it's not the easy thing. The Code of Conduct is a collection of rules and policy statements intended to assist employees and directors in making decisions about their conduct in relation to the firm's business. The Code is based on our fundamental understanding that no one at Gammon Pakistan Limited should sacrifice integrity.

Each of us is accountable for our actions, and each of us is responsible for knowing and abiding by the policies that apply to us. Directors & Executives have a special responsibility, through example and communication, to ensure that employees under their supervision understand and comply with the Code and other relevant supporting policies and procedures.

All Directors, Executives and Employees are expected to understand the laws and business regulations related to their work and comply fully so that our shareholders, customers, suppliers, stakeholders and the Government have complete faith in the way we operate and that our business decisions are made ethically and in the best interest of the Company.

You can look at the Code of Conduct to guide your decisions in a variety of circumstances. However, no rulebook can anticipate every situation. Ultimately, the personal integrity and honesty of every GPL employee will define the character of our Company. Never underestimate the importance of your own ethical conduct in the business and success of Gammon Pakistan Limited.

This code is in alignment with Company's Vision and Values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the day to day affairs of the Company.

The Board of Directors, Executives and all its employees will adopt this Code of Conduct and Ethics as a Testimony of commitment to adhere to the standards of loyalty, honesty, integrity and the avoidance of conflict of interest.

This model Code of Conduct shall be reviewed by the Board from time to time. The regulatory orders and any amendments to this Code shall be approved by the Board of Directors.

DEFINITION AND INTERPRETATION.

In this Code, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning given to them below:

- "The Company" means "Gammon Pakistan Limited"
- "Board/Board of Directors" shall mean the Board of Directors of the Company.
- "Directors" means the Directors of the Company appointed or elected from time to time pursuant to Article of Association.
- "The Chairman" means the Chairman of the Board of Directors
- "Board Members" shall mean the Members on the Board of Directors of the Company.

- “Whole-time Directors” or “Executive Director” shall mean the Board Members who are in whole-time employment of the Company.
- “Non-Executive Directors” shall mean the Board Members who are Directors and not in employment of the Company.

“Executives” shall mean employees of the Company who are members of its core management team excluding Board of Directors and would comprise all General Managers / Functional Heads and top Management of the Company.

CORPORATE RESPONSIBILITY.

The key to corporate integrity lies with all of us. Everyone has a responsibility to up hold this dedication to corporate ethics on a daily basis. We all must:

- Know and follow this conduct code.
- Know and comply with the requirements and expectations that apply to our jobs.
- Take responsibility for our own conduct.
- Report violations of this conduct code to appropriate management.

This code defines following broad corporate values that shape our business practices

COMPOSITION OF THE BOARD

The Board of Directors of the Company should always be balance of executive, non-executive and independent directors in accordance with Code of Corporate Governance 2012/ Companies Ordinance 1984.

LEGAL/COMPLIANCE OBLIGATIONS

The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. Meeting our legal obligations and cooperating with, local, national and international authorities lay a solid foundation for the corporate values. As individuals, employees must strive to be aware of and understand laws applicable to business and area of responsibility.

INTEGRITY & HONESTY

Corporate integrity and honesty is the foundation of our business conduct code. By maintaining the highest level of corporate integrity through open, honest, and fair dealings, we earn trust for ourselves and from everyone with whom we come in contact. Our employees, holding the trust of the Company, are expected to uphold the highest professional standards

CONFIDENTIALITY

Every employee is obligated to protect the Company's confidential information. All information developed or shared as a result of the business process proprietary to the Company must be treated as confidential.

CORPORATE RECORDS

Company documents and records are part of the Company's assets, and employees are charged with maintaining their accuracy and safety. Employees are required to use excellent record-management skills by recording information accurately and honestly, and retaining records as long as necessary to meet business objectives and government regulations. Financial records must accurately reflect all financial

transactions of the Company. No false, artificial, or misleading entries shall be made in the books and records of the Company for any reason.

CONFLICT OF INTEREST

A conflict of interest exists when a personal interest or activity of an employee influences or interferes with employee's performance of duties, responsibilities or loyalties to the Company. All employees must avoid any personal or business influences or relationships that affect, or appear to affect, their ability to act in the best interest of the Company. Where ever, such conflict occurs it must be disclosed to at-least the next senior level of authority.

UNAUTHORIZED USE OF CORPORATE ASSETS

Every employee is obligated to protect the assets of the Company. Company property, such as fixed assets, office supplies, production equipment, products, and buildings, may not be used for personal reasons. Expenses may not be charged to the Company unless they are for Company's purposes

RESPECT FOR PEOPLE & TEAM WORK

We are dedicated to dignity and respect and we owe nothing less to each other. This high level of respect for one another enters into every aspect of our dealings with colleagues and those we come into contact with-in each working day, and reflects greatly on how our corporate culture is perceived. We know it well that none of us acting alone can achieve success.

SAFETY AND HEALTH

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. We are responsible for immediately reporting accidents, injuries, and unsafe equipment, practices or conditions to a supervisor or other designated person. We are committed to keep our workplace free from hazards.

DEDICATION TO QUALITY

Our quality policy is an integral part of our business philosophy and we are committed to provide total customer satisfaction.

CORPORATE IMAGE

Company's reputation and identity are among the Company's most valuable assets. As part of keeping and furthering the corporate image, we believe in conducting business legally, morally and ethically, and in sharing the success that business brings. All employees, particularly those in management, are expected to conduct themselves in a manner that reflects positively on the company's image and identity, both internal and external. No one should act in a way, or make any statement in any media, that adversely affects the reputation or image of the Company with employees, customers or the community at large

STAKEHOLDERS

Stakeholders are valuable equal partners for us with whom a long-term, fair and trustworthy relationship should be built and maintained with appropriate information disclosure through public relations, investor relations and other activities. Shareholders own the Company and on the basis of their entrustment, we will put in our best efforts to protect their investment value and to maximize their return under the prevailing business environment. Moreover, business with suppliers, vendors, contractors and other independent businesses who demonstrate high standards of ethical business behavior will always be priority for all the Directors and Executives of the Company and will not knowingly do business with any persons or businesses that operate in violation of applicable laws and regulations, including employment,

health, safety and environmental laws. Measures will be taken to assure that suppliers, vendors and contractors understand the standards applicable to our Company and we expect the same from them as well.

COMPLIANCE OF LAW.

The Board Members and Executives shall comply with all laws, rules and regulations relating to the business of the Company i.e, Companies Ordinance 1984, Code of Corporate Governance, Listing Regulations and Article of Association etc.

DIRECTORSHIPS

Unless specifically permitted by the Board of Directors and regulatory authorities, the Board Members and Executives shall not serve as Director of more than seven listed companies unless otherwise permitted by law, including this Company (excluding the listed subsidiaries of listed subsidiaries of listed holding companies where applicable)..

All Executives of the Company shall obtain prior approval of the Chief Executive/Managing Director of the Company for accepting Directorship of any other company or partnership of a firm.

PREVENTION OF INSIDER TRADING

The Board Members and Senior Management personnel shall comply with the Code of Internal Procedures and conduct for prevention of insider trading in dealing with securities of the Company and the CEO and executives do not hold any interest in the shares of the Company other than the disclosed in the pattern of shareholding.

CORPORATE DISCLOSURE PRACTICES

The Board Members and all executives shall comply with the Code of Corporate Governance in letter and spirit.

AUDIT FUNCTION

The Board of Directors will ensure the transparency and independence Audit Function of the Company

RELATED PARTY TRANSACTIONS

The details of all related party transactions shall be placed before the Audit Committee of the Company and upon recommendations of the Audit Committee the same shall be placed before the Board for review and approval as indicated in section 35 (x) of Code of Corporate Governance).

PROTECTION OF ASSETS

The Board Members and Senior Management Personnel shall protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gain.

AMENDMENTS TO THE CODE

The provisions of this Code can be amended / modified by the Board of Directors of the Company from time to time and all such amendments / modifications shall take effect from the date stated therein.

PLACEMENTS OF THE CODE ON WEBSITE

This Code and any amendment thereto shall be hosted on the website of the Company.

FINANCIAL REPORTING

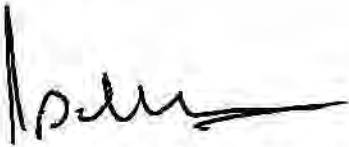
The Company quarterly unaudited / audited financial statements shall be published and circulated alongwith Directors review on the affair of the Company unless otherwise permitted by law / approvals by regulatory authorities

CONSEQUENCES OF NON-COMPLIANCE OF THIS CODE

In the event of non compliance of the code by a Director, CEO or executive as the case may be, the matter shall be presented by the Company Secretary before the Board of Directors & action will be taken in light of the decision given by the Board.

ACKNOWLEDGEMENT OF RECEIPT OF THE CODE

All Board Members and Executives shall acknowledge receipt of this Code or any modification(s) thereto, in the acknowledgement form as attached and forward the same to the Company Secretary indicating that they have received, read, understood and agreed to comply with this Code.



MOHAMMAD SALAH-UD-DIN
Chief Executive Officer


THE COMPANIES ACT 2017
(Section 227(2) and 449)

FORM 34

PATTERN OF SHAREHOLDING

- 1 CUIIN (Incorporation Number) **0 0 0 0 1 1 7**
- 2 Name of Company **GAMMON PAKISTAN LIMITED**
- 3 Pattern of holding of the shares held by the shareholders **3 0 0 6 2 0 1 9**

4. No. of Shareholders	Shareholdings	Total Share held
1384	Shareholding from 1 to 100 shares	56,446
529	Shareholding from 101 to 500 shares	139,305
181	Shareholding from 501 to 1000 shares	150,655
193	Shareholding from 1001 to 5000 shares	483,661
51	Shareholding from 5001 to 10000 shares	395,763
24	Shareholding from 10001 to 15000 shares	305,942
12	Shareholding from 15001 to 20000 shares	202,735
7	Shareholding from 20001 to 25000 shares	156,654
9	Shareholding from 25001 to 30000 shares	240,598
3	Shareholding from 30001 to 35000 shares	100,146
2	Shareholding from 35001 to 40000 shares	74,533
2	Shareholding from 40001 to 45000 shares	85,719
1	Shareholding from 45001 to 50000 shares	45,714
2	Shareholding from 55001 to 60000 shares	113,878
2	Shareholding from 60001 to 65000 shares	122,932
1	Shareholding from 75001 to 80000 shares	79,535
2	Shareholding from 80001 to 85000 shares	165,377
2	Shareholding from 85001 to 90000 shares	177,009
1	Shareholding from 95001 to 100000 shares	98,500
1	Shareholding from 115001 to 120000 shares	118,000
1	Shareholding from 130001 to 135000 shares	135,000
1	Shareholding from 135001 to 140000 shares	138,226
1	Shareholding from 320001 to 325000 shares	323,803
1	Shareholding from 615001 to 620000 shares	619,000
1	Shareholding from 3365001 to 3370000 shares	3,368,044
1	Shareholding from 20350001 to 20400000 share	20,369,056
2415	TOTAL	28,266,231

5. Categories of Shareholders	Share held	Percentage %
5.1 Directors, CEO, & their spouses/minor children	168,996	0.60
5.2 Associated Companies/ Joint Stock Companies undertakings and related parties	20,369,496	72.06
5.3 Investmetn Corporation of Pakistan	11,450	0.04
5.4 Banks, DFIs, NBFIs, Modarabas, etc	6,200	0.02
5.5 Insurance Company	60	-
5.6 Share holders holding 10 % Bibojee Services (Pvt) Ltd Ahmed Kuli Khan Khattak	20,369,056	72.06
	3,368,044	11.92
5.7 General Public a. Local b. Foreign	4,134,798	14.63
	207,187	0.73
6 Signature of Chief Executive / Company Secretary		
7 Name of Signatory	AMIN UR RASHEED	
8 Designation	Company Secretary	
9 NIC Number	1 4 3 0 1 - 4 5 7 5 7 6 4 - 3	
10 Date	3 0 0 6 2 0 1 9	

Note: In case there are more than one class of shares carrying voting rights, the information regarding each such class shall be given separately

**DETAILS OF PATTERN OF SHAREHOLDING AS PER
REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE**

CATEGORIES OF SHAREHOLDERS	SHARE HELD
1 ASSOCIATED COMPANIES UNDERTAINGS & RELATED PART M/S BIBOJEE SERVICES (PVT) LIMITED	20,369,056
2 DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN:	
SAAD WAHEED	100
MUHAMMAD SALAHUDDIN	138,026
MR. FAZAL UR REHMAN KHAN BURKI	100
MR. A. KARIM KHAN	30,670
MR. KAMAL ABDULLAH	100
*MR. KHALID KULI KHAN KHATTAK	-
*MUHAMMAD KULI KHAN KHATTAK	-
*MR. SIKANDAR KULI KHAN KHATTAK	-
* Directors on behalf of Bibojee Services (Pvt) Limited	
3 EXECUTIVES	NIL
4 JOINT STOCK COMPANIES	20,369,496
5 N.I.T. & I.C.P M/S INVESTMENT CORPORATION OF PAKISTAN KARACHI INVESTMENT TRUST LIMITED	11,450
6 BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	6,200
7 INSURANCE COMPANY	60
8 FOREIGN SHAREHOLDERS	207,187
9 GENERAL PUBLIC AND OTHER SHAREHOLDERS	4,134,798
10 SHAREHOLDERS HOLDING 10% OR MORE:	
M/S BIBOJEE SERVICES (PVT) LIMIIED	20,369,056
MR. AHMED KULI KHAN KHATTAK	3,368,044

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017

NAME OF COMPANY: **GAMMON PAKISTAN LIMITED (THE COMPANY)**

Year Ended: **30th June 2019**

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017 (the Regulations) in the following manner:

1. The total number of directors are 7 as per the following:

a. Male: 7

b. Female: Nil

2. The composition of the Board of Directors (the Board) is as follows:

CATEGORY	NAMES
Independent Directors	Mr. Fazal ur Rehman Khan Burki Mr. Kamal Abdullah
Other non-Executive Directors	Mr. Saad Waheed Mr. Khalid Kuli Khan Khattak Mr. Mohammad Kuli Khan Khattak Mr. Sikandar Kuli Khan Khattak Mr. Abdul Kareem Khan
Executive Director	NIL

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including Gammon Pakistan Limited. (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. The majority of the Board members have the prescribed qualification and experience required for exemption from the training program of Directors. The Company did not arrange any training program during the year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Audit Committee HR & R Committee

- | | |
|-----------------------------------|----------|
| a. Mr. Fazal ur Rehman Khan Burki | Chairman |
| b. Mr. Khalid Kuli Khan Khattak | Member |
| c. Mr. Sikandar Kuli Khan Khattak | Member |

HR and Remuneration Committee

- | | |
|-----------------------------------|----------|
| a. Mr. Khalid Kuli Khan Khattak | Chairman |
| b. Mr. Kamal Abdullah | Member |
| c. Mr. Sikandar Kuli Khan Khattak | Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

- | | |
|----------------------------------|-----------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Yearly |

15. The Board has setup an effective internal audit department which is considered suitably qualified and experienced for the purpose and in conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Signature

(Name in block letters)

Rawalpindi



SAAD WAHEED
Chairman



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Gammon Pakistan Limited** (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

ISLAMABAD

DATED: December 04, 2019

BDO Chartered Accountants

CHARTERED ACCOUNTANTS

Engagement Partner: Iffat Hussain



INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF GAMMON PAKISTAN LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **GAMMON PAKISTAN LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2019, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, its cash flows and the changes in equity 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.

Emphasis of Matter

Without qualifying our opinion we draw your attention to Note 25.2(a) to the financial statements whereby the National Bank of Pakistan has filed an execution applications for the decrees for amounts mentioned in the aforesaid note. The liability determined of the Company is contingent upon the judgment of these suits.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No	Key audit matters	How the matter was addressed in our audit
1.	Application of IFRS 9 'Financial Instruments'	



S. No	Key audit matters	How the matter was addressed in our audit
	<p>IFRS 9 'Financial Instruments' is effective for the Company for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'.</p> <p>In relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECL') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset.</p> <p>In accordance with IFRS 9, the measurement of ECL reflect a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions.</p> <p>We considered this as key audit matter due to the significant judgments made by management regarding the matter.</p> <p>Refer to note 3.1.1 to the financial statements.</p>	<p>We reviewed and understood the requirements of the IFRS 9. Our audit procedures included the following:</p> <p>Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's financial statements.</p> <p>Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. Reviewed the working of management for expected credit losses.</p> <p>Reviewed and assessed the impact and disclosures made in the financial statements with regard to the effect of adoption of IFRS 9.</p>
2.	<p>Provision for doubtful contract receivables and advances</p> <p>The company holds a provision of Rs. 123.818 million and Rs. 18.565 million in respect of doubtful contract receivables and advances respectively at the year end. The determination and valuation of provisions is judgmental by its nature and there is a risk that the estimate may differ materially from the actual charge in future. Due to judgmental estimation, we consider it as a key audit matter.</p> <p>Refer to note 10 and 12 to the financial statements.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> • Enquiring Directors, inspecting board minutes for actual and expected doubtful debts arising in the year, and challenging whether provisions are required for these doubtful debts. • We checked the calculation of the provision held on the basis of aging of the parties. • In respect of open matters of litigation, we had discussions with the Group's internal and external legal advisors and reviewed



S. No	Key audit matters	How the matter was addressed in our audit
		<p>correspondence in respect of these matters.</p> <p>We reviewed financial statements to ensure completeness and accuracy of disclosures in the financial statements to ensure compliance with reporting and disclosure requirements of the Companies Act, 2017.</p>
3.	<p>Recognition of Revenue</p> <p>IFRS 15 'Revenue from Contracts with Customers' is effective for the Company for the first time during current year and replaces IAS 11 'Construction Contract' IAS 18 'Revenue' and related interpretations. The new standard establishes a five step model to account for the revenue.</p> <p>We identified recognition of revenue as a key audit matter because IFRS 15 requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when the control is transferred to the purchaser.</p> <p>As the Company is engaged in the execution of civil construction works which are long-term in nature, therefore, the Company is recognizing revenue overtime on the basis of input method on the execution of contract activity.</p> <p>It requires additional judgment in calculating the revenue and profit to be recognized based upon estimation of the total expected costs to complete each contract and revising the total cost at the date of statement of financial position. Further it also requires the additional judgment to assess the transaction price of each contract due to the impact of variable consideration based upon escalation and variations in the contract activities.</p> <p>There is a risk that the estimate may differ materially on completion of the contract. In view of the material change in estimate, we consider it as a key audit matter.</p> <p>Refer to note 3.1.2, 4.17 and 4.27(b) to the financial statements.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <p>Obtaining an understanding of the process relating to recognition of revenue and assessing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</p> <p>Application of five step model as per provisions of IFRS 15 assessed.</p> <p>Further our audit procedures for verification of revenue included as follows:</p> <ul style="list-style-type: none"> • All construction contracts have been tested by verifying the costs incurred to date and recalculating the percentage of completion at the balance sheet date. • All contracts have been reviewed with the invoices raised to the customers, approved IPC bills, total sales values agreed to contracts, and the recognition formula verified to support revenue recognised. • Total estimated revenue and revision in the estimated revenue is reviewed from the revised contracts, addendums of the contract and impact of cost escalation allowed in the contracts. • Total estimated cost and revision in the estimated cost is reviewed from revised BoQs (Bills of quantity) and approvals from engineering department and matching the same with escalation clause in the contracts.
4.	Contingencies	



S. No	Key audit matters	How the matter was addressed in our audit
	<p>During early 80's, the Company obtained two loans of Saudi Riyals 5 million and Saudi Riyals 2.5 million aggregating to Saudi Riyals 7.5 million (equivalent to Pak Rs. 207.750 million at the rate of Rs. 27.7/ SR) through consortium of banks led by National Bank of Pakistan (NBP) during 1986. Recovery proceedings of the loans of SR 7.5 million with the interest thereon of SR 21.650 million (equivalent to Rs. 599.705 million at the rate of Rs. 27.7/ SR) are being contested in the Sindh High Court.</p> <p>Due to nature of the contingency, we considered it to be a key audit matter.</p> <p>Refer to note 25.2(a) to the financial statements.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year; • Checked orders by relevant authority on previous lawsuits / cases appearing in the financial statements; and
5.	Control environment relating to the financial reporting process and related IT systems	
	<p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the statement of profit or loss and statement of financial position.</p>

Information Other than the Financial Statements and Auditors Report Thereon

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

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

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



Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditors report is Iffat Hussain.

ISLAMABAD

DATED: December 04, 2019

BDO Ebrahim & Co.

**BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS**

GAMMON PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	266,279,731	144,697,293
Investment property	6	392,937,135	340,176,931
Long term investments	7	1,300,413	1,300,413
Long term security deposits	8	1,861,203	961,203
		<u>662,378,482</u>	<u>487,135,840</u>
CURRENT ASSETS			
Stores, spares and loose tools	9	28,580,718	29,735,381
Contract receivables	10	90,733,413	105,417,844
Contract asset	11	93,047,642	66,489,059
Loans and advances	12	22,440,793	15,698,223
Other receivables	13	3,270,046	64,467
Trade deposits and short term prepayments	14	319,723	287,184
Tax refunds due from Government	15	87,751,028	82,591,116
Taxation - net	16	-	5,159,912
Cash and bank balances	17	1,885,836	4,150,577
		<u>328,029,199</u>	<u>309,593,763</u>
TOTAL ASSETS		<u>990,407,681</u>	<u>796,729,603</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	18	282,662,310	282,662,310
Capital reserves			
Share premium reserve		15,380,330	15,380,330
Revaluation surplus on property, plant and equipment	19	388,777,707	268,108,095
		404,158,037	283,488,425
Revenue reserve			
Accumulated profit		45,799,813	3,754,346
		<u>732,620,160</u>	<u>569,905,081</u>
NON-CURRENT LIABILITIES			
Deferred liability	20	9,208,876	8,777,786
Deferred taxation	21	18,236,325	10,293,023
		27,445,201	19,070,809
CURRENT LIABILITIES			
Trade and other payables	22	180,795,836	176,251,941
Unclaimed dividends		1,442,230	1,442,230
Taxation - net	16	3,044,712	-
Joint venture partner's advances	23	30,059,542	30,059,542
Mobilization advance	24	15,000,000	-
		230,342,320	207,753,713
CONTINGENCIES AND COMMITMENTS	25	-	-
TOTAL EQUITY AND LIABILITIES		<u>990,407,681</u>	<u>796,729,603</u>

The annexed notes from 1 to 47 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

GAMMON PAKISTAN LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
Contract income	26	201,388,164	385,173,219
Contract expenditure	27	(179,381,701)	(363,685,168)
Net contract profit		22,006,463	21,488,051
Operating expenses			
General and administrative expenses	28	(40,943,825)	(33,471,231)
Other operating expenses	29	(553,000)	(451,000)
		(41,496,825)	(33,922,231)
Other income	30	22,125,544	31,648,496
Operating profit		2,635,182	19,214,316
Finance cost	31	(15,291)	(77,438)
Fair value gain on investment property	32	52,760,204	41,547,514
Allocation of loss to joint venture partners - net		-	1,357,164
Profit before taxation		55,380,095	62,041,556
Taxation	33	(14,975,621)	(10,037,630)
Profit after taxation		40,404,474	52,003,926
Earning per share:			
Earnings per share - basic and diluted	34	1.43	1.84

The annexed notes from 1 to 47 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

GAMMON PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	Rupees
Profit after taxation	40,404,474	52,003,926
Other comprehensive income		
Item that will not be reclassified to profit and loss:		
Revaluation surplus on property, plant and equipment	124,931,830	-
Related deferred tax impact	(2,382,298)	-
Effect of change in tax rate	-	380,572
	122,549,532	380,572
Gain / (loss) on remeasurement of defined benefit liability	(238,927)	338,939
Total other comprehensive income for the year	122,310,605	719,511
Total comprehensive income for the year	162,715,079	52,723,437

The annexed notes from 1 to 47 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

GAMMON PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before working capital changes	36	6,629,912	23,041,873
Changes in working capital:			
Decrease / (increase) in current assets			
Stores, spares and loose tools		1,154,663	9,371,789
Contract receivables		14,684,431	(4,832,973)
Cost and estimated earnings in excess of billings		(26,558,583)	(6,641,801)
Loans and advances		(6,742,570)	1,207,104
Other receivables		(3,205,579)	1,181,140
Trade Deposits and short term prepayments		(32,539)	2,970,816
Long term security deposits		(900,000)	-
Increase / (decrease) in current liabilities			
Trade and other payables		4,543,895	(3,650,100)
Billings in excess of cost and estimated earnings		-	-
Mobilization advance		15,000,000	(7,011,517)
		(2,056,282)	(7,405,542)
Cash generated from operations		4,573,630	15,636,331
Financial charges paid	31	(15,291)	(77,438)
Income tax paid	16	(6,369,904)	(15,941,094)
Gratuity paid	20.6	(568,775)	(476,229)
		(6,953,970)	(16,494,761)
Net cash used in operating activities		(2,380,340)	(858,430)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	5	-	(2,289,009)
Proceed from sale of fixed assets		115,599	160,000
Net cash generated from / (used in) investing activities		115,599	(2,129,009)
Net decrease in cash and cash equivalents		(2,264,741)	(2,987,439)
Cash and cash equivalents at the beginning of the year		4,150,577	7,138,016
Cash and cash equivalents at the end of the year		1,885,836	4,150,577

The annexed notes from 1 to 47 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

GAMMON PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Share capital		Reserves		Total
	Issued, subscribed and paid-up capital	Share premium reserve	Capital Revaluation surplus on property, plant and equipment	Revenue Accumulated loss	
Balance as at July 01, 2017	282,662,310	15,380,330	269,547,945	(50,408,941)	517,181,644
Total comprehensive income for the year ended June 30, 2018					
Profit for the year	-	-	-	52,003,926	52,003,926
Effect of change in tax rate	-	-	380,572	-	380,572
Gain on remeasurement of defined benefit liability	-	-	-	338,939	338,939
Transfer from revaluation surplus on property, plant and equipment: - on account of incremental depreciation-net of deferred tax - upon disposal of revalued property, plant and equipment	-	-	380,572	52,342,865	52,723,437
Balance as at June 30, 2018	282,662,310	15,380,330	268,108,095	3,754,346	569,905,081
Total comprehensive income for the year ended June 30, 2019					
Profit for the year	-	-	-	40,404,474	40,404,474
Revaluation of property, plant and equipment - net of deferred tax	-	-	122,549,532	-	122,549,532
Effect of change in tax rate	-	-	-	-	-
Gain on remeasurement of defined benefit liability	-	-	-	(238,927)	(238,927)
Transfer from revaluation surplus on property, plant and equipment: - on account of incremental depreciation-net of deferred tax - upon disposal of revalued property, plant and equipment	-	-	122,549,532	40,165,547	162,715,079
Balance as at June 30, 2019	282,662,310	15,380,330	388,777,707	45,799,813	732,620,160

Note

Balance as at July 01, 2017

Total comprehensive income for the year ended June 30, 2018

Profit for the year

Effect of change in tax rate

Gain on remeasurement of defined benefit liability

Transfer from revaluation surplus on property, plant and equipment:

- on account of incremental depreciation-net of deferred tax

- upon disposal of revalued property, plant and equipment

Balance as at June 30, 2018

Total comprehensive income for the year ended June 30, 2019

Profit for the year

Revaluation of property, plant and equipment - net of deferred tax

Effect of change in tax rate

Gain on remeasurement of defined benefit liability

Transfer from revaluation surplus on property, plant and equipment:

- on account of incremental depreciation-net of deferred tax

- upon disposal of revalued property, plant and equipment

Balance as at June 30, 2019

The annexed notes from 1 to 47 form an integral part of these financial statements.


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR

**GAMMON PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

The Company was incorporated under the repealed Companies Act, 1913 (now the Companies Act, 2017) on August 12, 1947 as a Public Company Limited by shares. Its shares are quoted on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited).

The principal activity of the Company is execution of civil construction works.

The Company is a subsidiary of Bibojee Services (Private) Limited (the holding company), private company incorporated in Pakistan.

The registered office of the Company is situated at Gammon House, 400/2 Peshawar Road, Rawalpindi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount and recognition of certain staff retirement benefits at present value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment – Note 4.1 & 5
- Fair value of investment property - Note 4.2 & 6
- Provision for doubtful trade receivables – Note 4.6 & 10
- Obligation of defined benefit obligation - Note 4.16 & 20
- Estimation of provisions - Note 4.21
- Estimation of contingent liabilities - Note 4.22
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - Note 4.15, 21 & 33

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Effective in current year and are relevant to the Company

The Company has adopted all the new standards and amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year:

3.1.1 IFRS 9: Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year ending on or after June 30, 2019.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

i. Classification and measurement of financial assets and financial liabilities

The revised provisions on the classification and measurement of financial assets (applicable mainly to trade receivables and other receivables) and financial liabilities (mainly trade creditors and interest-bearing debt) have not affected Company's financial information. Consequently, the comparative figures have not been restated on the introduction of IFRS 9.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018.

		Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
	Note			(Rupees)	
Financial assets					
Long term investments	(a)	Loans and receivables	Amortized cost	1,300,413	1,300,413
Long term security deposits	(a)	Loans and receivables	Amortized cost	1,861,203	1,861,203
Contract receivables	(a)	Loans and receivables	Amortized cost	90,733,413	90,733,413
Other receivables	(a)	Loans and receivables	Amortized cost	3,270,046	3,270,046
Cost and estimated earnings in excess of billings	(a)	Loans and receivables	Amortized cost	93,047,642	93,047,642
Cash and bank balances	(a)	Loans and receivables	Amortized cost	1,885,836	1,885,836

- (a) These financial assets classified as 'loans and receivables' have been classified as amortised cost.

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement basis:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly contract receivables, cost and estimated earnings in excess of billings, advances, other receivables and bank balances.

The Company's trade receivables do not contain a significant financing component (as determined in terms of the requirements of IFRS 15 "Revenue from Contracts with Customers"), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognise a loss allowance based on lifetime ECLs at each reporting date.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

iii. Transition

The Company has used the exemption not to restate comparative periods and any adjustments on adoption of IFRS 9 are to be recognized in statement of changes in equity as on July 1, 2018. However, the adoption of IFRS 9 did not have any impact on opening retained earnings as on July 1, 2018. Accordingly, the comparative information is presented as per the requirements of IAS 39.

3.1.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

The IFRS 15 establish a five-steps model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Company has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material.

There is no material impact of transition to IFRS 15 on the financial position of the Company and there is no effect on the accounting policies of the Company in respect of revenue from contracts with Customers.

	Effective date (annual periods beginning on or after)
3.2 Amendments to standards effective in current year and not relevant to the Company	
IFRS 2 Share-based Payments	January 01, 2018
IFRS 4 Insurance Contract	January 01, 2018
IAS 40 Investment Property	January 01, 2018

3.3 Standards / amendments not yet effective

The following standards / amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

IFRS 3 Business Combinations - Amendment requiring an entity to remeasure its previously held interest at fair value when it obtains control of a business that is a joint operation.	January 01, 2019
IFRS 3 Business Combinations - The amendments narrowed and clarified the definition of a business, the amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a	January 01, 2020
IFRS 9 Financial Instruments'- Prepayment Features with Negative Compensation and modifications of financial liabilities. The amendment allows debt instruments with negative compensation prepayment features to be measured at amortised cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.	January 01, 2019
IFRS 11 Joint Arrangement - The proposed amendments are to eliminate diversity in practice of accounting for previously held interests in the assets and liabilities of a joint operation in transactions in which an entity obtains control, or joint control, of a joint operation that meets the definition of a business.	January 01, 2019

	Effective date (annual periods beginning on or after)
IFRS 16 Leases - IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.	January 01, 2019
IFRS 17 Insurance Contracts - address the principles for the recognition, measurement, presentation and disclosure of Insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	January 01, 2021
IAS 1 Presentation of Financial Statements - amendments to its definition of material to make it easier for companies to make materiality judgements. The materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.	January 01, 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - The amendments are intended to make the definition of material easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing general purpose financial statements in accordance with IFRS.	January 01, 2020
IAS 12 Income tax - Recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised. The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.	January 01, 2019

	Effective date (annual periods beginning on or after)
<p>IAS 19 Employee Benefits - The amendments require an entity:</p> <p>To use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after plan amendment, curtailment and settlement when entity measure its net defined benefit liability, and;</p> <p>To recognise in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of impact of the asset ceiling.</p>	January 01, 2019
<p>IAS 23 Borrowing Costs - to clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowings made specifically to obtain that qualifying asset as part of the funds that it has borrowed.</p>	January 01, 2019
<p>IAS 28 Investment in Associates and Joint Ventures - Clarification that an entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture measuring an associate or joint venture at fair value.</p> <p>The amendment clarifies that an entity applies IFRS 9 'Financial Instruments' 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.</p>	January 01, 2019

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Initial recognition

All items of property, plant and equipment are initially recorded at cost.

Subsequent measurement

Items of property, plant and equipment are stated at cost / revalued amount less accumulated depreciation and any identified impairment loss, if any, except for freehold land, which is stated at revalued amount.

Depreciation

Depreciation is charged to profit and loss account on straight-line basis on the cost or valuation of all fixed assets from / to the date of acquisition / deletion, except for freehold land, to write-off ninety percent of the value over the useful life of the assets. The remaining ten percent is written-off on retirement is considered the residual value.

Revaluation surplus on property, plant and equipment

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation buildings and plant and machinery to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

During the year the Company changed its accounting policy in respect of the accounting and presentation of revaluation surplus on property, plant and equipment. Previously, the Company's accounting policy was in accordance with the provisions of repealed Companies Ordinance, 1984. Those provisions and resultant previous policy of the company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in the IFRS. However, the Companies Act, 2017 has not specified any accounting treatment for revaluation surplus, accordingly the Company has changed the accounting policy and is now following the IFRS for treatment and presentation of revaluation surplus. The detailed information and impact of this change in policy is provided in note 4.28 below.

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of profit or loss. In case of the sale or retirement of a revalued items, the attributable revaluation surplus remaining in the surplus on revaluation of such item is transferred directly to the unappropriated profit.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

4.2 Investment properties**Recognition and measurement**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Derecognition

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

When an item of property, plant and equipment is transferred to investment property following a change in its use and differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property, plant and equipment if it is a gain. Upon disposal of the item related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the income statement.

Rental income

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of profit or loss on a straight-line basis over the lease term and is included in 'other income' under note 30.

4.3 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The Company recognises the reversal immediately in the statement of profit or loss, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

The Company assesses at each balance sheet date whether there is any indication that assets other than stores and spares and stock in trade and deferred tax assets may be impaired. If such an indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Where carrying values exceed the estimated recoverable amount, assets are written down to the recoverable amounts and the resulting impairment loss is recognized as expense in the profit and loss account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

4.4 Investments at amortized cost

These are carried at amortized cost less impairment loss, if any. Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortized cost using the effective interest method. Gain and losses are recognized in the profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

4.5 Stock of materials, stores, spares and loose tools

Measurement

Stock of materials, stores, spares and loose tools is valued at the lower of cost and net realizable value.

Cost is calculated using the weighted average method and comprises direct materials, direct labour costs and direct overheads that have been incurred in bringing the inventories to their present location and condition.

Net realizable value represents the estimated selling price in the ordinary course of the business less all estimated costs of completion and estimated costs necessary to be incurred in order to make the sale.

Cost of materials is determined using the first-in-first out method.

Cost of stores, spares and loose tools is determined using the weighted average method.

Impairment

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the cost of sales in the statement of profit or loss.

Judgments and estimates

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and decline in net realisable value and an allowance is recorded against the inventory balances for any such decline.

4.6 Contract receivables**Measurement**

Contract receivables are measured at original invoice amount less an estimate made for doubtful receivable balance at the year-end.

A provision for impairment of contract receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

Judgments and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding contract receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

4.7 Loans and advances

These are stated at cost less provision for doubtful advances, if any.

A provision for impairment of advances is established when there is objective evidence that the Company will not be able to adjust all advances according to the original terms of the advances. The amount of the provision is recognised in the statement of profit or loss.

Judgments and estimates

The allowance for doubtful advances of the Company is based on the ageing analysis and management's continuous evaluation of the realisability of the advances.

4.8 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the financial statements at cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash-in-hand and bank balances.

4.10 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

4.11 Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the company's shareholders.

4.13 Joint venture partner's advances (including share of accrued profit)

Profit / loss on advances obtained from a joint venture partner is recognized on 'accrual basis' in accordance with the agreed percentage.

4.14 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the period in which these are approved.

4.15 Taxation

Income tax expense comprises current and deferred tax.

Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in other comprehensive income or equity.

Current

Provision for current taxation is based on taxable income on current rates of taxation after taking into account the rebates and tax credits available, if any, or one percent of turnover and

corporate tax as per section 113c, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

The Company recognizes tax liabilities for pending tax assessments using estimates based on expert opinion obtained from tax/legal advisors. Differences, if any, between the income tax provision and the tax liability finally determined is recorded when such liability is so determined.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary 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 generally 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 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.

Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Off-setting

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority.

4.16 Defined benefit plan (gratuity)

The Company measures defined benefit liabilities (assets) at the present value of its obligation under defined benefit plan at the reporting date minus the fair value at the reporting date of plan assets out of which the obligations are to be settled directly. The obligation under defined benefit plan is determined using the projected unit credit method.

Actuarial gains and losses are recognised in the other comprehensive income in the period in which they occur. Past-service costs are recognised immediately in the statement of profit or loss. The latest actuarial valuation of the plan was carried out as at August 28, 2019.

In determining the liability for long-service payments management must make an estimate of salary increases over the following five years, the discount rate to calculate present value over next five years, and the number of employees expected to leave before they receive the benefits.

4.17 Revenue recognition

Revenue is recognized overtime as per IFRS 15 "Revenue from Contracts with Customers" on the basis of input method on the execution of contract activities where the outcome of the construction contract can be estimated reliably as measured by the proportion that contract work performed to date bears to the estimated total contract work. Variable consideration due to contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of the construction contract cannot be estimated reliably, contract revenue is recognized to the extent of the contract costs incurred that probably will be recoverable. Contract costs are recognized as expense in the period in which they are incurred.

-Revenue from rental income is recognized on 'accrual basis'.

-Interest income is also recognized on 'accrual basis'.

4.18 Foreign currency transactions

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date. All exchange differences are charged to profit and loss account.

4.19 Financial Instruments

4.19.1 Financial assets

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

Amortized cost

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

- it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

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

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

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

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

4.19.2 Financial liabilities

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

4.19.3 Recognition and measurement

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

4.19.4 Derecognition

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

4.20 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a 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 settle the liabilities simultaneously.

4.21 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

4.22 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.23 Contract asset / liability

The Company recognizes contract asset against the cost incurred and estimated earning which is in excess of the amount billed to the customer to date. The Company recognizes the contract liability against the amount billed to the customer which is in excess of the cost incurred and estimated earning of the contract to date.

4.24 Segment reporting

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

4.25 Joint ventures

The Company's share in transactions and balances related to joint venture operations, in which the Company has a working interest, are combined on a line by line basis with similar items in the Company's financial statements.

4.26 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.27 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

4.28 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Staff retirement benefits - gratuity

The present value of defined benefit obligation depends on a number of factors that are determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact the carrying amount of the obligation. The present value of the obligation and the underlying assumptions are disclosed in note 20.

b) Contract revenue and cost

Input method is applied on a cumulative basis in each accounting period to the current estimates of total contract revenue and total contract costs. Any change in these estimates will affect the contract revenue and contract costs accordingly.

c) Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and useful lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

d) 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.

e) Provision for impairment against contract receivables

The Company assesses the recoverability of its contract receivables if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the customers, probability that the customer will enter bankruptcy and default or delinquency in payments are considered indications that the contract receivable is impaired.

f) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

g) Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Rupees						Total
	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and fixtures	Computers and accessories	Motor vehicles, cycles and boats	
Year ended June 30, 2019							
Net carrying value basis							
Opening book value	115,671,029	10,078,848	10,292,365	1,358,336	705,165	5,821,550	770,000
Revaluation surplus	116,717,010	3,270,324	2,182,874	297,609	147,479	2,135,034	181,500
Deletions - NBV	-	-	(110,500)	-	-	-	-
Depreciation charge	-	(263,343)	(1,450,372)	(167,899)	(115,248)	(1,077,030)	(165,000)
Closing net book value	232,388,039	13,085,829	10,914,367	1,488,046	737,396	6,879,554	786,500
Gross carrying value basis							
Cost/revalued amount	232,388,039	13,804,026	15,156,576	1,926,116	1,053,855	10,095,234	1,281,500
Revaluation adjustments	-	(718,197)	(4,242,209)	(438,070)	(316,459)	(3,215,680)	(495,000)
	232,388,039	13,085,829	10,914,367	1,488,046	737,396	6,879,554	786,500
Accumulated depreciation							
Revaluation adjustments	-	(718,197)	(4,242,209)	(438,070)	(316,459)	(3,215,680)	(495,000)
	-	718,197	4,242,209	438,070	316,459	3,215,680	495,000
Net book value	232,388,039	13,085,829	10,914,367	1,488,046	737,396	6,879,554	786,500
Year ended June 30, 2018							
Net carrying value basis							
Opening book value	115,671,029	9,040,555	11,027,900	1,308,799	755,657	6,898,580	955,000
Additions	-	1,284,909	732,700	208,100	63,300	-	-
Deletions - NBV	-	-	(42,000)	-	-	-	-
Depreciation charge	-	(246,616)	(1,426,235)	(158,563)	(113,792)	(1,077,030)	(165,000)
Closing net book value	115,671,029	10,078,848	10,292,365	1,358,336	705,165	5,821,550	770,000
Gross carrying value basis							
Cost/revalued amount	115,671,029	10,533,702	13,084,202	1,628,507	906,376	7,960,200	1,100,000
Accumulated depreciation	-	(454,854)	(2,791,837)	(270,171)	(201,211)	(2,138,650)	(330,000)
Net book value	115,671,029	10,078,848	10,292,365	1,358,336	705,165	5,821,550	770,000
Depreciation rate % per Annum	0	2.5 to 2.8	6 to 30	9 to 18	12 to 15	9 to 18	6 to 24

- 5.1 Free hold land of the Company is located at Chakbeli road near Rawat and Peshawar road District Rawalpindi, Punjab, Pakistan with an area of 50.9 kanal and 5.1 kanal respectively. Details of workshop and residential buildings of the company constructed on this land are as follows:

Location	Particulars	Covered Area (In sq.ft)
Mouza Harka, Main Chakbeli road Tehsil and District Rawalpindi	Stores and godowns for stores and spares.	7,056
Mouza Chuhr Harpal, Near Chuhr Chowk, main Peshawar Road, Rawalpindi Cantt.	Gammon house Head office	4,004

	2019 Rupees	2018 Rupees
5.2 Depreciation has been allocated as follows:		
Contract expenditure	1,615,372	1,591,235
General and administrative expenses	1,623,520	1,596,001
	<u>3,238,892</u>	<u>3,187,236</u>

- 5.3 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies
- 5.4 This represents surplus over book values resulted from revaluations of operating fixed assets based on fair value / market value estimated by independent valuers adjusted only by surplus realized on disposal of revalued assets and incremental depreciation arising out of revaluation and treated as per the policy explained under note 6.1. Details of revaluation are as follows:

Independent valuers	Revaluation dates
M/s Impulse (Private) Limited	June 30, 2019
M/s Impulse (Private) Limited	June 30, 2017
M/s Impulse (Private) Limited	June 30, 2016
M/s Ideal Group of Consultant, Larkana	June 20, 2013 and June 30, 2013
M/s Engineering Pakistan International (Pvt.) Ltd.	June 30, 2009
M/s Hamid Mukhtar & Co.	March 30, 2008
Independent valuer	June 30, 2006
Independent valuer	July 01, 1992
Independent valuer	March 31, 1977

- 5.5 The forced sale value of the revalued freehold land and buildings at date of statement of financial position has been assessed at Rs. 203,993,640.
- 5.6 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

		2019	
		Rupees	
	Freehold land		120,988
	Buildings on freehold land		3,365,351
	Plant and machinery		2,153,502
	Furniture and fixture		1,023,662
	Computers and accessories		534,086
	Motor vehicles, cycles and boats		959,706
	Construction equipments		184,016
		2019	2018
		Rupees	Rupees
6	INVESTMENT PROPERTY - AT FAIR VALUE	Note	
	Carrying amount as at July 1		
	Rural land	6.1	104,850,000
	Gammon House - land and building	6.2	247,908,931
			<u>392,937,135</u>
	The movement in this account is as follows:		
	Opening balance		340,176,931
	Net fair value gain on revaluation shown in profit and loss account	6.3	52,760,204
	Carrying amount as at June 30		<u>392,937,135</u>

6.1 This represents investment in 209.70 kanals open land located at Mouza Haraka, Rawalpindi. This investment, effective from the financial year ended June 30, 2007, is being classified as 'investment property' as the Company decided to hold this property for capital appreciation. The Company has adopted fair value model for valuation.

6.2 This represents Gammon House (Head office of the Company) which is held to earn rentals and for capital appreciation and shown under the head "Investment property". The Company has adopted fair value model for valuation.

In 2013 management purchased and installed two billboards at Gammon House which have been treated as additions to investment properties.

6.3 The Company, as at June 30, 2019, revalued all of its investment property. The revaluation exercise was carried out by an independent valuer, Impulse (Private) Limited, and the revaluation resulted in Rs. 52.760 million (2018: Rs. 41.547 million) net adjustment to fair value.

Forced sale value of the investment property at date of statement of financial position is assessed at Rs. 333,997,288

The non-cancellable fixed rate operating leases over the Company's investment property, land and buildings were entered into at market rates with independent third parties.

	2020	2021-2023	After 2024
The minimum lease payments receivable under non-cancellable operating leases	22,311,131	71,248,842	25,320,769

	Note	2019 Rupees	2018 Rupees
7 LONG TERM INVESTMENTS			
Amortized cost:			
Defense Savings Certificates	7.1	500,000	500,000
Accrued interest	7.2	800,413	800,413
		<u>1,300,413</u>	<u>1,300,413</u>

- 7.1 This represents one certificate (2018: one) having face value of Rs. 500,000, having a maturity period of 10 years i.e. February 2017 carrying markup (effective rate) at 10.03 % per annum. The Company has deposited the certificate as a security, and is pledged in favour of Director of Works and Chief Engineer, Pakistan Navy, Islamabad for provisional enlistment against construction of sailors' barracks at PNS Qasim, Manora, Karachi. The Defense Saving Certificate was matured during the 2017, however, will be reinvested on release of the pledged certificate subsequently.

	Note	2019 Rupees	2018 Rupees
7.2 Accrued interest			
Opening		800,413	800,413
Accrued during the year		-	-
		<u>800,413</u>	<u>800,413</u>

8 LONG TERM SECURITY DEPOSITS

Tender money deposit		353,928	353,928
Others	8.1	1,507,275	607,275
		<u>1,861,203</u>	<u>961,203</u>
8.1 Other deposits comprises of amounts as follows:			
WAPDA		25,600	25,600
Main power division		100,000	100,000
Sui Northern Gas Limited		52,675	52,675
Sindh High Court		120,000	120,000
Al Emran International		300,000	300,000
Masha Allah Estate		4,000	4,000
Student Inn Boys Hostel		5,000	5,000
FWO		900,000	-
		<u>1,507,275</u>	<u>607,275</u>

	Note	2019 Rupees	2018 Rupees
9 STORES, SPARES AND LOOSE TOOLS			
Consumable materials		774,321	989,146
Stores	9.1	26,978,285	27,896,529
Spares		578,826	580,888
Loose tools		20,575	20,575
Other stocks		228,711	248,243
		<u>28,580,718</u>	<u>29,735,381</u>

9.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

	Note	2019 Rupees	2018 Rupees
10 CONTRACT RECEIVABLES			
Owned			
Unsecured - considered good			
Against billings			
- work-in-progress		32,549,572	40,169,825
- completed contracts		55,236,179	55,236,179
		87,785,751	95,406,004
Provision for expected credit loss	10.1	(56,123,425)	(55,062,152)
		31,662,326	40,343,852
Against retention money			
- work-in-progress		63,292,689	57,201,262
- completed contracts		33,482,887	33,482,887
		96,775,576	90,684,149
Provision for expected credit loss	10.1	(37,704,489)	(25,610,157)
		59,071,087	65,073,992
Joint venture			
- against billings		17,054,553	17,054,553
- against retention money		12,936,380	12,936,380
		29,990,933	29,990,933
Provision for expected credit loss	10.1	(29,990,933)	(29,990,933)
		-	-
		<u>90,733,413</u>	<u>105,417,844</u>

10.1 Management, in the previous year, carried out an exercise to identify long outstanding receivable balances comprising of progress billings and retention money which are not likely to be received due to various reasons. Similarly during the year, management carried out the same exercise and identified provision for expected credit loss as follows.

	Note	2019 Rupees	2018 Rupees
Opening balance		110,663,242	110,663,242
Charge during the year		13,155,605	-
Closing balance		<u>123,818,847</u>	<u>110,663,242</u>
11 CONTRACT ASSET / (LIABILITY)			
Under the following captions:			
Contract asset on incomplete projects		93,047,642	66,489,059
Contract liability on incomplete projects		-	-
Net contract asset/(liability)	11.1	<u>93,047,642</u>	<u>66,489,059</u>
11.1 This comprises of amounts as follows:			
Cost incurred on incomplete projects		1,651,804,199	2,016,467,539
Estimated earnings		226,235,595	176,586,969
		<u>1,878,039,794</u>	<u>2,193,054,508</u>
Billings to date		<u>(1,784,992,152)</u>	<u>(2,126,565,449)</u>
		<u>93,047,642</u>	<u>66,489,059</u>
12 LOANS AND ADVANCES			
Unsecured - considered good			
To employees / project managers		2,376,814	3,835,197
To suppliers		15,827,016	6,155,727
To sub-contractors		4,236,963	5,707,299
		<u>22,440,793</u>	<u>15,698,223</u>
Doubtful advances		17,632,952	15,015,727
		<u>40,073,745</u>	<u>30,713,950</u>
Provision for expected credit loss	12.1	<u>(17,632,952)</u>	<u>(15,015,727)</u>
		<u>22,440,793</u>	<u>15,698,223</u>
Due from joint venture partners		932,586	932,586
Provision for expected credit loss	12.1	<u>(932,586)</u>	<u>(932,586)</u>
		<u>-</u>	<u>-</u>
		<u>22,440,793</u>	<u>15,698,223</u>

12.1 Management, in the previous years, carried out an exercise to identify long outstanding receivable balances comprising of advances to staff and suppliers, which are not likely to be received due to various reasons. Similarly during the year, management carried out the same exercise and identified provision for expected credit losses as follows:

	Note	2019 Rupees	2018 Rupees
Opening balance		15,948,313	15,948,313
Charge during the year		2,617,225	-
Closing balance		<u>18,565,538</u>	<u>15,948,313</u>

13 OTHER RECEIVABLES

Unsecured:

- Considered good

Other receivables

13.1	<u>3,270,046</u>	<u>64,467</u>
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13.1 This represents receivables in respect of rental income. This includes receivables from related parties as follows:

	2019 Rupees	2018 Rupees
Bamu Woolen Mills	<u>2,990,000</u>	<u>-</u>

13.2 Agging of receivable from related parties:

1-90 days	1,260,000	-
90-180 days	1,260,000	-
Over 180 days	470,000	-
	<u>2,990,000</u>	<u>-</u>

13.3 Maximum balance due from related party at end of any month during the year is Rs. 2,990,000 (2018 Nil).

	Note	2019 Rupees	2018 Rupees
14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Prepaid insurance		288,665	287,184
Prepayments		31,058	-
		<u>319,723</u>	<u>287,184</u>
15 TAX REFUNDS DUE FROM GOVERNMENT			
Considered good			
Balance as at July 01,		82,591,116	71,655,635
Refundable assessed during the year		5,159,912	10,935,481
		<u>87,751,028</u>	<u>82,591,116</u>
16 TAXATION - NET			
Balance as at July 01,		5,159,912	10,935,481
Transfer to tax refund due from government		(5,159,912)	(10,935,481)
Prior year adjustment		-	(234,117)
Provision for taxation		(9,414,616)	(10,547,065)
Advance income tax		6,369,904	15,941,094
		<u>(3,044,712)</u>	<u>5,159,912</u>
17 CASH AND BANK BALANCES			
Cash in hand		78,529	15,019
Cash at bank: local currency			
- Current accounts		55,926	55,926
- Savings accounts	17.1	21,938	9,689
- Deposit accounts	17.2	1,729,443	4,069,943
		<u>1,807,307</u>	<u>4,135,558</u>
		<u>1,885,836</u>	<u>4,150,577</u>
17.1 PLS accounts, during the current financial year, carried profit at the rates ranging from 3% to 8.5% (2018: 3% to 8.5%) per annum.			
17.2 The entire balance as at June 30, 2019 and June 30, 2018 is under a bank's lien against guarantees issued by the bank.			

18 SHARE CAPITAL	Note	2019 Rupees	2018 Rupees
Issued, subscribed and paid up capital			
Number of ordinary shares of Rs.10/- each			
		2019	2018
22,627,320		22,627,320	Fully paid in cash
		226,273,200	226,273,200
2,562,845		2,562,845	Issued as fully paid bonus shares
		25,628,450	25,628,450
3,076,066		3,076,066	Issued against conversion of loans
28,266,231	18.1	282,662,310	30,760,660 282,662,310

18.1 This includes shares held by related parties as follows:

Bibojee Services (Private) Limited - Parent Company
20,369,056 (2018: 20,369,056)
ordinary shares of Rs 10 each

18.2 203,690,560 203,690,560

Directors and their spouses / minor children
95,855 (2018: 95,855) ordinary shares
of Rs 10 each

958,550 958,550
204,649,110 204,649,110

18.2 The parent company Bibojee Services (Private) Limited held 72.06% shares (2018: 72.06% shares) in Gammon Pakistan Limited as at June 30, 2019.

18.3 All ordinary shareholders have same rights regarding voting, board selection, right of first refusal and block voting.

18.4 Authorized share capital:

This represents 30,000,000 (2018: 30,000,000) ordinary shares of Rs. 10/- each amounting to Rs. 300,000,000 (2018: Rs. 300,000,000).

19 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

The revaluation surplus on property, plant and equipment is restated and now presented as a separate capital reserve in the financial statements (note 4.28).

	2019 Rupees	2018 Rupees
Balance brought forward	278,401,119	280,965,093
Add: Revaluations during the year	124,931,830	-
Less: Transferred to equity in respect of incremental depreciation charged during the year - net of deferred tax	1,788,410	1,802,647
Realized on disposal of revalued assets - net of deferred tax	91,510	17,775
Related deferred tax liability during the year transferred to profit and loss account	767,854	743,552
	<u>2,647,774</u>	<u>2,563,974</u>
	400,685,175	278,401,119
Less: Related deferred tax effect :		
Opening balance - as previously reported	10,293,024	11,417,148
Effect of change in rate	-	(380,572)
Revaluation during the year	2,382,298	-
Adjustment on account of disposal	(37,377)	(7,260)
Incremental depreciation charged during the year transferred to profit and loss account	(730,477)	(736,292)
	<u>11,907,468</u>	<u>10,293,024</u>
	<u>388,777,707</u>	<u>268,108,095</u>

20 DEFERRED LIABILITY

20.1 Gratuity

The company operates an unfunded gratuity scheme. The scheme provides for terminal benefits for all its permanent employees whose period of service exceeds six months. Employees are entitled to gratuity on the basis of one gross salary for each completed one year of service after the minimum qualifying period. Annual charge is based on actuarial valuation carried out as at June 30, 2019 using Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

20.2 The amounts recognised in the statement of financial position are determined as follows:

	Note	2019 Rupees	2018 Rupees
Present value of the defined benefit obligation	20.3	5,959,980	5,459,690
Benefits due but not paid during the year		<u>3,248,896</u>	<u>3,318,096</u>
	20.6	<u>9,208,876</u>	<u>8,777,786</u>

20.3 Reconciliation of net defined benefit liability

Present value of defined benefit obligations	5,459,690	5,511,508
Benefits due but not paid as at 30-June	3,318,096	3,323,125
Service cost	346,914	376,000
Interest on defined benefit obligations	414,024	382,321
Benefit due but not paid at the year end	(3,248,896)	(3,318,096)
Actuarial gain/(loss)	238,927	(338,939)
Benefits paid during the year	(568,775)	(476,229)
	<u>5,959,980</u>	<u>5,459,690</u>

20.4 Remeasurement chargeable to statement of other comprehensive income

Remeasurement loss / (gain) on defined obligation due to:		
Change in demographic assumptions	-	-
Change in financial assumptions	-	-
Actuarial gain/(loss) due to experience adjustment	238,927	(338,939)
	<u>238,927</u>	<u>(338,939)</u>

20.5 The amounts recognised in the statement of profit or loss:

Current service costs	346,914	376,000
Interest cost	414,024	382,321
	<u>760,938</u>	<u>758,321</u>

20.6 Changes in the present value of the defined benefit obligation are as follows:

	2019 Rupees	2018 Rupees
Opening defined benefit obligation	8,777,786	8,834,633
Service cost	346,914	376,000
Interest cost	414,024	382,321
Actuarial losses / (gains)	238,927	(338,939)
Benefits paid	(568,775)	(476,229)
	<u>9,208,876</u>	<u>8,777,786</u>

20.7 Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) are as follows:

Discount rate as at June 30, 2019	12.50%
Future salary increases	11.50%
Proportion of employees opting for early retirement	0.335% to
Inflation rate	12.00%
Mortality rate	SLIC (2001-5) Mortality table
Average expected remaining working lifetime of members	7 Years
Average duration of liability	6 years

20.8 Comparison of five years

Comparison of present value of defined benefit obligation and experience adjustment on obligation for the current and preceding four years is as follows:

	2019	2018	2017	2016	2015
	----- Rupees -----				
Present value of defined benefit obligation	5,959,980	5,459,690	5,511,508	5,040,201	4,743,493

20.9 There are no plan assets, therefore, disclosure in respect to plan assets required as per IAS 19 "Employee Benefits" has not been made in these financial statements.

20.10 The charge in respect of defined benefit plan for the year ending June 30, 2020 is estimated to be Rs. 1.252 million.

20.11 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	2019	
	1% increase in assumption	1% decrease in assumption
	----- Rupees -----	
Discount rate	5,630,969	6,327,515
Salary increase	6,327,515	5,625,339

21 DEFERRED TAXATION

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement.

	Note	2019 Rupees	2018 Rupees
Deferred tax liability-net	21.1	18,236,325	10,293,023
Deferred tax asset on carried forward losses	21.2	-	-
		<u>18,236,325</u>	<u>10,293,023</u>
Tax rates		29%	29%

21.1 Deferred tax liability-net**21.1.1 Analysis of change in deferred tax**

	2019	2018
	Rupees	Rupees
The gross movement in the deferred tax liability during the year is as follows:		
Opening balance	10,293,024	11,417,148
Charged to statement of profit or loss	5,561,005	(743,552)
Effect of adjustment in revaluation surplus due to change in tax rate	-	(380,572)
Charged to other comprehensive income	2,382,298	-
	<u>18,236,327</u>	<u>10,293,024</u>

21.1.2 Net deferred tax liability is comprised of as follows:**Deferred tax liabilities**

Accelerated tax depreciation allowed	57,805,855	-
Surplus on revaluation of PPE	11,907,468	10,293,024

Deferred tax asset

Provision for doubtful receivables	(35,907,466)	-
Provision for doubtful loan and advances	(5,384,006)	-
Provision for overseas loan	(10,185,525)	-
	<u>18,236,326</u>	<u>10,293,024</u>

21.2 Deferred tax asset of Rs. 10.897 million due to brought forward losses(2018: Rs. 0.474 million due to brought forward and provision for doubtful receivables, loans and advances) has not been recognized in the current financial statements, as in the opinion of the management there is no certainty regarding realisability of the amount. This comprises as follows:

	2019	2018
	Rupees	Rupees
Net deferred tax Liability / (Asset)		
Deferred tax liabilities		
Accelerated tax depreciation allowance	-	57,507,794
Deferred tax assets		
Provision for doubtful receivables	-	(32,092,340)
Tax losses carried forward	(10,897,339)	(11,079,333)
Provision for doubtful loans and advances	-	(4,625,011)
Provision for overseas loans	-	(10,185,525)
	<u>(10,897,339)</u>	<u>(474,415)</u>

	Note	2019 Rupees	2018 Rupees
22 TRADE AND OTHER PAYABLES			
Sundry creditors	22.1	67,796,863	70,411,110
Advance rent	22.2	2,366,207	4,704,676
Due to sub-contractors		30,546,579	27,992,949
Accrued expenses		33,763,682	26,662,269
Due to employees and others	22.3	8,729,298	8,985,108
Taxes payable		849,992	752,614
Joint venture partners' share of profit		1,620,715	1,620,715
Other provisions	22.4	35,122,500	35,122,500
		<u>180,795,836</u>	<u>176,251,941</u>

22.1 This includes balance of related parties as follows:

The General Tyre and rubber company
pakistan limited

31,800 -

22.2 This includes balance of related parties as follows:

Bannu Woolen Mills

27,750 27,750

22.3 This balance includes amounts aggregating Rs. 1.563 million (2018: Rs. 1.563 million) payable in respect of the loans obtained from the Company's Employees' Provident Fund (the Fund) during the period from 1995 to 1999. The SECP, during May 2008, had issued show-cause notices to some of the existing directors as well as ex-directors under various sections of the repealed Companies Ordinance, 1984 (the Ordinance). The SECP, vide its three orders dated 25 June, 2009, had imposed penalties aggregating Rs. 1.005 million under various sections of the Ordinance on some of the existing directors and ex-directors in their personal capacity.

The SECP has also directed the Company's Chief Executive to distribute the amount of Rs. 9.153 million to members of the provident fund trust including the employees / directors / ex-directors of the Company at the time of closure of provident fund trust in the year 1987 as per their entitlement and to submit an Auditors' certificate confirming that all outstanding money of the fund has been paid to the members in accordance with the provisions of section 227 of the repealed Ordinance. The Company opened a separate bank account and transferred the entire amount into it. Subsequently no further amount has been paid to members of the Fund.

22.4 These represent provisions made for the potential liability, in respect of borrowings of Saudi Riyals 2.500 million and Saudi Riyals 5.000 million during the year 1986 for the Saudi Operations of the Company, that the Company may have to incur as a result of settlement of overseas dues of National Bank of Pakistan in accordance with the Incentive Scheme under the State Bank of Pakistan's Circular No.19 of 05 June, 1997 (For further detail please refer note 25.2(a) of these financial statements).

23 JOINT VENTURE PARTNER'S ADVANCES

These advance have been obtained under various Joint Venture agreements to finance the ongoing projects. The joint venture partner is entitled to share 50% of the projects' profit financed out of these advances.

2019	2018
Rupees	Rupees

24 MOBILIZATION ADVANCE

Old Banmu Road Project	15,000,000	-
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25 CONTINGENCIES AND COMMITMENTS**25.1 Contingent assets**

The Company had lodged a claim with National Highway Authority amounting Rs. 201.177 million (2018: Rs. 201.177 million) against M/s Bayinder for recovery of losses suffered by the Company attributable to the cessation of work at Islamabad - Peshawar Motorway Project.

25.2 Contingent liabilities

- (a) During early 80's, GPL requested USD 2.2 million which was not honored by SBP which created a chaotic situation. At this stage GoP intervened and arranged two loans of Saudi Riyals 5 million and Saudi Riyals 2.5 million aggregating to Saudi Riyals 7.5 million (equivalent to Pak Rs. 207.750 million at the rate of Rs. 27.7/ SR) through consortium of banks led by National Bank of Pakistan (NBP) during 1986. Recovery proceedings of the loans of SR 7.5 million with the interest thereon of SR 21.650 million (equivalent to Rs. 599.705 million at the rate of Rs. 27.7/ SR) are being contested in the Sindh High Court.

During 1988, NBP filed Suit no. 1102 of 1998 before Banking Judge of the High Court of Sindh (HCS) for recovery of loan against GPL. During 1990, SHC passed the judgment and decree in favour of NBP. Appeal of GPL was dismissed by Divisional Bench (DB) of SHC and thereafter by Supreme Court. During 1998, NBP filed the execution application in the SHC. On November 02, 1999, office of the SHC raised the objection that the execution application was time barred by limitation, having not been filed within three years. On May 01, 2000, SHC dismissed the execution application as being barred by time. NBP filed the review application to DB of SHC against the order and DB restored the execution application.

Further SBP issued a circular no. 19 dated June 05, 1997 for giving guidelines for making the repayment of stuck off loans and announced an "Incentive Scheme" under the said circular. GPL applied for the scheme and offered to pay Pak Rupees 35.122 Million (at the exchange rate of disbursement of loan) however controversy started regarding the application of rate of exchange applicable in case of foreign currency loans.

The Honourable Sindh High Court, vide its order dated September 17, 2003, had decided for SR 5.000 million that "proceedings will remain suspended till disposal of the matter by the Ministry of Finance (MoF), Govt. of Pakistan" and directed both NBP and the MoF to follow BPRD Circular No. 19 dated 05 June, 1997 issued by the State Bank of Pakistan announcing an Incentive Scheme in this respect. NBP had filed an application during the year 2000 for execution of the decrees issued in its favor in both the above cases; however, the Company is contesting both the cases on legal grounds.

On December 15, 2008, the Banking Judge of the Sindh High Court, Karachi held that execution application was within time. Arguments on the execution application have been submitted on 28 January, 2011 and which is pending.

The Company's Board of Directors are of the opinion that it falls within the ambit of SBP "Incentive Scheme" for the Recovery of Loan Defaults vide BPRD Circular no. 19 and, as such, liable to pay only Rs. 35.122 million in full and final settlement of its outstanding liability.

- (b) In the ordinary course of business various parties have filed legal cases against the Company, which have not been admitted as liabilities; accordingly, no provision has been considered necessary against these claims till their final outcome. The legal advisor of the Company is of the opinion that these cases are expected to be decided in favor of the Company and therefore no provision has been made in these financial statements for any liability that may arise consequent upon the result of above law suits.

25.3 Commitments

The Company's commitments as at balance sheet date are as follows:

- (a) Guarantees issued by a commercial bank and insurance companies in respect of financial and operational obligations of the Company to various institutions and corporate bodies, aggregate Rs. 50.062 million (2018: Rs. 63.777 million).
- (b) There were no commitment for capital expenditures as at the balance sheet date (2018: nil).

	Note	2019 Rupees	2018 Rupees
26 CONTRACT INCOME			
Own projects		201,388,164	385,173,219
27 CONTRACT EXPENDITURE			
Materials		124,505,181	273,825,662
Salaries and wages		36,689,808	62,382,585
Sub-contracts and joint ventures		1,384,874	4,787,216
Maintenance and hiring of plants		2,418,247	7,170,333
Project insurance		454,635	166,592
Cartage, traveling and conveyance		1,567,807	1,266,864
Site auxiliary works and temporary hutting		427,790	474,180
Electricity		706,594	708,378
Depreciation	5.2	1,615,372	1,591,235
Petrol, oil and lubricants		6,099,539	9,021,451
Sundry expenses		3,511,854	2,290,672
		<u>179,381,701</u>	<u>363,685,168</u>
28 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and benefits		14,565,930	21,741,578
Staff retirement benefits - gratuity		760,938	758,321
Repair and maintenance		688,972	1,566,675
Rent, rates and taxes		1,955,635	1,079,428
Telephone and fax		255,397	417,880
Advertisement and publicity		30,000	115,694
Legal and professional charges		1,643,802	689,725
Power and electricity		805,182	1,127,981
Travelling and conveyance		789,420	1,480,563
Works in view		11,030	208,544
Provision for loans and advances		2,617,225	-
Provision for doubtful contract receivables		13,155,605	-
Fee and subscription		695,594	347,543
Depreciation	5.2	1,623,520	1,596,001
Other sundry expenses		1,345,575	2,341,298
		<u>40,943,825</u>	<u>33,471,231</u>
29 OTHER OPERATING EXPENSES			
Auditor remuneration			
Statutory audit		400,000	287,500
Half yearly review		133,000	121,000
Fee for other certification		20,000	42,500
		<u>553,000</u>	<u>451,000</u>

	2019 Rupees	2018 Rupees
30 OTHER INCOME		
Income from financial assets:		
Profit on deposit and PLS accounts	25,284	22,550
Income from non-financial assets:		
Rental income on investment property	21,771,806	31,475,205
Gain on disposal of operating fixed assets	5,100	118,000
Scrap sales	323,354	12,741
Miscellaneous income	-	20,000
	<u>22,125,544</u>	<u>31,648,496</u>
31 FINANCE COST		
Bank charges	15,291	77,438
	<u>15,291</u>	<u>77,438</u>

32 FAIR VALUE GAIN ON INVESTMENT PROPERTY

The Company, as at June 30, 2019, revalued all of its investment property. The revaluation exercise was carried out by Impulse (Private) Limited and the revaluation resulted in fair value gain amounting to Rs. 52.760 million (2018: Rs. 41.547 million).

	Note	2019 Rupees	2018 Rupees
33 TAXATION			
Current year	16	9,414,616	10,547,065
Prior year		-	234,117
Deferred tax		5,561,005	(743,552)
		<u>14,975,621</u>	<u>10,037,630</u>

- 33.1 No numeric tax rate reconciliation is presented in these financial statements for the year ended June 30, 2018 and June 30, 2019 as the Company was liable to pay alternate corporate tax under the section 113C of Income Tax Ordinance, 2001.
- 33.2 The applicable income tax rate for the Tax Year 2019 and beyond is 29% on account of changes made to Income Tax Ordinance, 2001 through Finance Act 2019. Therefore, deferred tax is computed at the rate of 29% applicable to the period when temporary differences are expected to be reversed / utilised.

34 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share of the Company, which is based on:

	Note	2019	2018
Profit after tax (Rupees)		<u>40,404,474</u>	<u>52,003,926</u>
Weighted average number of ordinary shares at the end of the year (Numbers)		<u>28,266,231</u>	<u>28,266,231</u>
Basic and diluted earnings per share (Rupees)		<u>1.43</u>	<u>1.84</u>

34.1 Earnings per share comprises as follows:

Distributable profit		(0.45)	0.37
Undistributable - unrealised fair value gains	34.2	<u>1.87</u>	<u>1.47</u>
		<u>1.43</u>	<u>1.84</u>

34.2 Under the provisions of Companies Act, 2017 unrealized gain on fair value of investment property is not distributable as dividend.

35 RELATED PARTY TRANSACTIONS

Related parties comprise of the Holding Company, Associated Companies, directors and executives. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables. Remuneration of directors and executives are disclosed in note 37 whereas other significant transactions with related parties are disclosed here.

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2019 Rupees	2018 Rupees
Ghandhara Nissan Limited	Common directorship	Rental income	3,000,000	3,000,000
Ghandhara Industries Limited	Common directorship	Rentals received during the year	(3,000,000)	(3,000,000)
Janana De Malucho Textile Mills Limited	Common directorship	Rental income	3,000,000	3,000,000
Baberi Cotton Mills	Common directorship	Rentals received during the year	(3,000,000)	(3,250,000)
Rehman Cotton Mills	Common directorship	Rental income	150,000	150,000
Bannu Woollen Mills Limited	Common directorship	Rentals received during the year	(150,000)	(150,000)
General Tyer & Ruber Co.	Common directorship	Rental income	150,000	150,000
		Rentals received during the year	(150,000)	(150,000)
		Rental income	5,190,000	16,245,000
		Rentals received during the year	(2,200,000)	(17,085,000)
		Tyre Purchase	31,800	-

35.1 The status of outstanding balances of related parties as at June 30, 2019 are included in "other receivable" (note 13.2) and "trade and other payables" (note 22.3).

	Note	2019 Rupees	2018 Rupees
36 PROFIT BEFORE WORKING CAPITAL CHANGES			
Profit before taxation		55,380,095	62,041,556
Adjustment for:			
Depreciation	5.2	3,238,892	3,187,236
(Gain)/ loss on disposal of fixed assets		(5,100)	(118,000)
Staff retirement benefits - gratuity	20.5	760,938	758,321
Provision for doubtful contract receivable		-	-
Allocation of loss to joint venture - net		-	(1,357,164)
Fair value gain on investment property	6	(52,760,204)	(41,547,514)
Finance cost	31	15,291	77,438
		<u>(48,750,183)</u>	<u>(38,999,683)</u>
Profit before working capital changes		<u>6,629,912</u>	<u>23,041,873</u>

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

- a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees			Rupees		
Managerial remuneration	1,200,000	-	-	1,200,000	-	1,945,000
House rent	360,000	-	-	360,000	-	508,000
Medical	240,000	-	-	240,000	-	393,000
Utilities	240,000	-	-	240,000	-	464,500
Others	360,000	-	-	360,000	-	579,500
Total	2,400,000	-	-	2,400,000	-	3,890,000
Number of persons	1	7	0	1	7	5
						13

- b) No remuneration / benefits were paid to the Directors during the current year and preceding financial years.

- c) The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.

	2019		2018	
	Executive Directors	Non Executive Directors	Executive Directors	Non Executive Directors
	Rupees		Rupees	
Managerial remuneration	-	-	-	-
Number of persons	0	7	0	7
				7

- d) No remuneration / benefits were paid to the one Executive director during the current year and preceding financial year.

38 FINANCIAL ASSETS AND LIABILITIES

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

	2019				
	Total	Maturity upto one year	Interest/mark up bearing Maturity after one year	Sub-total	Not interest / mark up bearing
	Rupees				
Financial assets					
Financial assets carried at amortized cost					
Long term investments	1,300,413	-	1,300,413	1,300,413	-
Long term security deposits	1,861,203	-	-	-	1,861,203
Contract receivables	90,733,413	-	-	-	90,733,413
Other receivables	3,270,046	-	-	-	3,270,046
Cost and estimated earnings in excess of billings	93,047,642	-	-	-	93,047,642
Cash and bank balances	1,885,836	1,729,443	-	1,729,443	156,393
	192,098,553	1,729,443	1,300,413	3,029,856	189,068,697
Financial liabilities					
Financial liabilities carried at amortized cost					
Trade and other payables	177,579,637	-	-	-	177,579,637
Unclaimed dividends	1,442,230	-	-	-	1,442,230
Deferred liability	9,208,876	-	-	-	9,208,876
Joint venture partner's advances	30,059,542	-	-	-	30,059,542
	(218,290,285)	-	-	-	(218,290,285)
On balance sheet gap	(26,191,732)	1,729,443	1,300,413	3,029,856	(29,221,588)
Off Balance sheet Items					
Financial contingencies:	-	-	-	-	-
Total Gap	(26,191,732)	1,729,443	1,300,413	3,029,856	(29,221,588)

	2018			
	Interest/mark up bearing			Not interest / mark up bearing
	Maturity upto one year	Maturity after one year	Sub-total	
Total	Rupees			
Financial assets				
Financial assets carried at amortized cost				
Long term investments	1,300,413	1,300,413	1,300,413	-
Long term security deposits	961,203	-	-	961,203
Contract receivables	105,417,844	-	-	105,417,844
Other receivables	64,467	-	-	64,467
Cost and estimated earnings in excess of billings	66,489,059	-	-	66,489,059
Cash and bank balances	4,150,577	4,069,943	4,069,943	80,634
	178,383,563	4,069,943	1,300,413	5,370,356
Financial liabilities				
Financial liabilities carried at amortized cost				
Trade and other payables	176,251,941	-	-	176,251,941
Unclaimed dividends	1,442,230	-	-	1,442,230
Deferred liability	8,777,786	-	-	8,777,786
Joint venture partner's advances	30,059,542	-	-	30,059,542
	(216,531,499)	-	-	(216,531,499)
On balance sheet gap	(38,147,936)	4,069,943	1,300,413	5,370,356
Off Balance sheet Items				
Financial contingencies:	-	-	-	-
Total Gap	(38,147,936)	4,069,943	1,300,413	5,370,356

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

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

39.1 Risk management policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

39.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets, the financial assets which are subject to credit risk amounted to Rs. 203.177 million (2018: Rs. 177.068 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2019 Rupees	2018 Rupees
Long term security deposits	1,861,203	961,203
Contract receivables	90,733,413	105,417,844
Other receivables	3,270,046	64,467
Cost and estimated earnings in excess of billings	93,047,642	66,489,059
Bank balances	1,807,307	4,135,558
	<u>190,719,611</u>	<u>177,068,131</u>

The aging of contract receivables at the reporting date is:

Not past due	-	-
Past due 1-30 days	-	-
Past due 30-90 days	-	-
Past due 90 days	90,733,413	105,417,844
	<u>90,733,413</u>	<u>105,417,844</u>

All the trade contract receivables at balance sheet date represent domestic parties.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with major bank and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to any major concentration of credit

39.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting 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 stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments if any and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
Rupees							
2019							
Trade and other payables	180,795,836	180,795,836	180,795,836	-	-	-	-
Unclaimed dividends	1,442,230	1,442,230	-	1,442,230	-	-	-
Deferred liability	9,208,876	-	-	-	-	9,208,876	-
Joint venture partner's advances	30,059,542	30,059,542	30,059,542	-	-	-	-
	221,506,484	212,297,608	210,855,378	1,442,230	-	9,208,876	-
Rupees							
2018							
Trade and other payables	176,251,941	176,251,941	176,251,941	-	-	-	-
Unclaimed dividends	1,442,230	1,442,230	-	1,442,230	-	-	-
Deferred liability	8,777,786	-	-	-	-	8,777,786	-
Joint venture partner's advances	30,059,542	30,059,542	30,059,542	30,059,542	-	-	-
	216,531,499	207,753,713	206,311,483	31,501,772	-	8,777,786	-

39.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arise in financial instruments that are denominated in foreign currencies i.e. in a currency other then the functional currency in which they are measured.

Presently the Company is not exposed to foreign currency risk except contingencies as disclosed in note 25.2 to these financial statements.

b) 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 the interest rate exposure arises from long term loans and short borrowings. The Company believes that it is not exposed to any significant interest rate risk.

Interest rate of the Company's financial assets and financial liabilities as at June 30, 2019 can be evaluated from the schedule given in note 39 to these financial statements.

The Company is not exposed to any material interest rate risk, except fixed rate financial instrument (long term investment) which has a fixed rate of interest, therefore, no sensitivity

c) Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

40 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transactions.

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 financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9. The carrying amount of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, if relevant.

Assets carried at amortized cost	June 30, 2019		June 30, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees			
Contract receivables	90,733,413	90,733,413	105,417,844	105,417,844
Cost and estimated earnings in excess of billings	93,047,642	93,047,642	66,489,059	66,489,059
Loans and advances	22,440,793	22,440,793	15,698,223	15,698,223
Other receivables	3,270,046	3,270,046	64,467	64,467
Cash and bank	1,885,836	1,885,836	4,150,577	4,150,577
	<u>211,377,730</u>	<u>211,377,730</u>	<u>191,820,170</u>	<u>191,820,170</u>

Liabilities carried at amortized cost

Trade and other payables	180,795,836	180,795,836	176,251,941	176,251,941
Unclaimed dividends	1,442,230	1,442,230	1,442,230	1,442,230
Joint venture partner's advances	30,059,542	30,059,542	30,059,542	30,059,542
	<u>212,297,608</u>	<u>212,297,608</u>	<u>207,753,713</u>	<u>207,753,713</u>

As at June 30, 2019 the Company did not hold any financial instruments carried at fair value. Moreover, investment property and operating fixed assets are measured at fair value. The investment property was valued on June 30, 2019 carried out by external independent valuer M/s Impulse (Private) Limited.

	As at June 30, 2019			
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Investment property carried at fair value	-	-	392,937,135	392,937,135

As at June 30, 2018			
Level 1	Level 2	Level 3	Total
Rupees			

Assets

Investment property carried at fair value

-	-	340,176,931	340,176,931
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The Company has revalued its freehold land, buildings and plant and machinery on June 30, 2019 by independent valuer M/s Impulse (Private) Limited on the basis of market values of similar properties. The fair value of free hold land, buildings and plant and machinery is a level 3 recurring fair value measurement.

Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	June 30, 2019 Rupees	June 30, 2018 Rupees
Freehold land	120,988	120,988
Buildings on freehold land	2,252,334	3,460,332
Plant and machinery	2,371,161	2,051,113
Furniture and fixture	1,138,143	820,606
Computers and accessories	648,857	478,375
Motor vehicles, cycles and boats	1,328,313	879,401
Construction equipments	271,020	152,011

Interest rate used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by valuation method. The different values have been defined as follows:

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

Level 2: input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change the occurred.

40.1 Determination of fair values

A number of the Company's accounting polices and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined of measurement and / or disclosure purposes based on the following methods.

Investment in fair value through

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Available for sale investments

The fair value of available for sale investment is determined by reference to their quoted closing repurchase price at the reporting date and where applicable it is estimated as the present value of future cash flows, discounted current PKRV rates applicable to similar instruments having similar maturities.

Investment in associates and

The fair value of investment in listed associates and subsidiaries is determined by reference to their quoted closing repurchase price at the reporting date.

Non-derivate financial asset

The fair value of non-derivate financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

Non-derivate financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

41 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

With reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index", the Company does not have investment, bank balance or other operations having Islamic mode therefore, individual items required by circular no. 14 of 2016 have not been disclosed.

42 CAPITAL MANAGEMENT

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

43 JOINT VENTURES

43.1 The Joint Venture for execution of Bong Canal Bridge, Mangla with Sarwar Construction (Private) Limited. is in the ratio of 60:40 and the Company has recognized its own share i.e. 60% of income and expenses in the preceding years' financial statements. Further, the Company has successfully completed its share of work whereas the work of Joint Venture Partner is in progress.

43.2 Gammon Pakistan Limited (GPL) project of Blue Area Underpass, Islamabad was secured through a joint venture with Matracon Pakistan (Private) Limited. (MPL) named as Gammon Matracon Joint Venture. The estimated value of the project is Rs. 359 million. GPL, during the financial year ended 30 June, 2007, had an agreement with MPL of sharing 2% of fixed percentage of the project billing to the Joint Venture Partner and the total project would be controlled by GPL itself. The consideration agreed between AIV and GPL was 25% share in profits earned by the said project after deducting share of MPL. Separate books of account are being maintained and results have been merged in the financial statements of GPL as per policy stated in note 4.24.

43.3 As approved by the Board of Directors, the management had entered into Joint Venture arrangements for the execution of the following Projects:

Khalifa Gul Nawaz Medical Complex, Bannu
Durrani Public School, Bannu - Phase II
Hawad / Nurar Bridges, Bannu

Project value	Profit sharing ratio
Rs. in million	Investor
402.36	50%
295	50%
176.42	50%

The above projects were awarded to Gammon Pakistan Limited with full operational responsibilities and control. Accordingly, the income and expenses relating to these projects have been classified as 'own contracts' in the books of account. The profit and loss has been distributed in accordance with the agreed profit sharing percentages.

The actual amount invested by the Joint Venture Partner has been shown under Joint Venture Partner's advances in these financial statements (note 23).

The Company, during the financial year ended June 30, 2007, had entered into a Joint Venture agreement with M/s Surrani Construction for various construction works at Bannu University of Science and Technology. As per terms of the agreement, M/s Surrani Construction will complete the construction work and the Company is entitled to receive 3% of the contract value.

44 INFORMATION ABOUT BUSINESS SEGMENTS

For management purposes, the activities of the Company have been divided into own projects and joint ventures. The Company operates in these business segments based on risk and return, organizational and management structure and internal financial reporting systems. Operating results of joint ventures have not been separately disclosed in these financial statements as these do not meet the minimum thresholds prescribed by IFRS 8 (Operating Segments).

The Company's operations are confined to Pakistan in terms of customers; accordingly, the figures reported in these financial statements relate to the Company's business segments relating to Pakistan.

The Company has two (2018: two) customers having contract income of 10% or more during the year.

45 NUMBER OF EMPLOYEES

	2019 Numbers	2018 Numbers
Total number of employees		
At June 30,	29	42
Average during the year	<u>36</u>	<u>41</u>

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on December 04, 2019 by the Board of Directors of the Company.

47 GENERAL

Figures have been rounded off to the nearest of rupee.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

SUMMARY OF KEY OPERATING AND FINANCIAL -DATA

PROFIT AND LOSS ACCOUNT

2014	2015	2016	2017	2018	2019
*****PAK RUPEES*****					

Contract Income	Rupees in Million	320.762	344.643	495.088	413.30	385.17	201.388
Net Contract Profit /loss	Rupees in Million	44.406	23.222	33.529	19.59	52.00	22.006
BALANCE SHEET							
Shareholders equity (Including surplus on revaluation of fixed assets)	Rupees in Million	425.353	429.881	479.256	517.181	569.905	732.62
Operating Fixed Assets	Rupees in Million	102.415	99.654	129.563	145.64	144.70	266.279
Current Assets	Rupees in Million	353.255	332.196	336.532	310.68	309.59	328.029
Current Liabilities	Rupees in Million	221.104	212.380	211.232	219.77249	207.7537	230.342
Cash and Cash Equivalents at year end	Rupees in Million	27.171	17.516	38.358	7.14	4.15	1.885

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