

BIBOJEE GROUP



75th ANNUAL REPORT 2022



GAMMON PAKISTAN LIMITED

COMPANY INFORMATION

Chairman

Lt Gen Ali Kuli Khan Khattak (Retd) Chairman

Board of Directors

Mr. Khalid Kuli Khan Khattak Director
Mrs. Ayesha Alamzeb Durrani Director
Mr. Muhammad Kuli Khan Khattak Director
Mr. Sikandar Kuli Khan Khattak Director
Mr. Kamal Abdullah Malik Independent Director
Mr. Fazal-ur-Rehman Khan Burki Independent Director

Chief Executive Officer

Mr. Khalid Kuli Khan Khattak

Audit Committee

Mr. Kamal Abdullah Malik Chairman
Mr. Muhammad Kuli Khan Khattak Member
Mr. Sikandar Kuli Khan Khattak Member

HR Committee

Mr. Fazal-ur-Rehman Khan Burki
Mrs. Ayesha Alamzeb Durrani
Mr. Sikandar Kuli Khan Khattak

Company Secretary

Mr. Amin ur Rasheed

Chief Financial Officer

Mr. Ghulam Murtaza Khurshid

Internal Auditor

Mr. Salman Khan ACA

External Auditor

M/S Rizwan & Co.
Chartered Accountants
Islamabad

Legal Advisor

Chanda Law Associates 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: (i) gammon1@dsl.net.pk
(ii) Info@gammonpakistan.com

Share Registrar

Vision Consulting Limited
3-C, LDA Flats, 1st Floor
Lawrence Road, Lahore
Tel: +92-42-36283096-97
Email: share@vcl.com.pk
Web: www.vcl.com.pk

GAMMON PAKISTAN LIMITED

75th ANNUAL REPORT

JUNE 30, 2022

TABLE OF CONTENTS	PAGE
Mission Statement / Vision Statement	1
Notice of Annual General Meeting	2 - 6
Chairman Review	7 - 10
Directors Report	11 - 22
Code of Conduct	23 - 27
Pattern of Shareholding	28 – 30
Statement of Compliance for Listed Companies (Code of Corporate Governance) Regulations, 2019	31 -33
Review Report to the Members on Statement of compliances contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	34
Independent Auditor’s Report on Financial Statements for the year ended June 30, 2022	35 - 38
Gammon Pakistan Limited Financial Statements for the year ended June 30, 2022	39 – 80
Independent Auditor’s Report on Consolidated Financial Statements for the year ended June 30, 2022	81 - 84
Consolidated Financial Statements for the year ended June 30, 2022	85 – 129
Key Operating & Financial Data	130

MISSION STATEMENT

Regain for Gammon Pakistan Limited its 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 conforming 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 75th Annual General Meeting of Gammon Pakistan Limited (the Company) will be held at Gammon House, 400/2, Peshawar Road, Rawalpindi on Friday 28th October, 2022 at 11:00 A.M. to transact the following business.

ORDINARY BUSINESS

- 1 To confirm minutes of the 74th Annual General Meeting held on 28th October, 2021
- 2 To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended, June 30, 2022 together with the Director's and Auditor's reports thereon.
- 3 To appoint Auditors of the Company for the year to be ending on June 30, 2023 and to fix their remunerations.

SPECIAL BUSINESS

To consider and, if thought fit, pass with or without modification, the following resolution as special resolution:

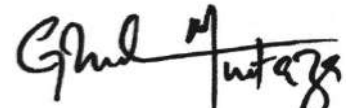
RESOLVED THAT the building situated at Gammon House, 400/2 Peshawar Road Rawalpindi be demolished and construct a multi-story high rise building at its place, that involve two main approvals

- (i) Initiate the process of approval of drawing from relevant Govt Authorities.
- (ii) Arrangement of Cashflows in this regard.

FURTHER RESOLVED THAT Mr. Khalid Kuli Khan Khattak, the Chief Executive Officer of the Company and/or Mr. Muhammad Shahbaz Anwer the Chief Operating Officer of the Company and/or Mr. Ghulam Murtaza Khurshid the Chief Financial Officer of the Company, be and are hereby authorized to do all acts, deeds and take all necessary actions, including to complete all legal formalities and file all documents as may be necessary, to implement the aforementioned resolutions, as well as carry out any other act which may be ancillary and/or incidental to the above and necessary to achieve the objective of the aforesaid resolutions.

A Statement of material facts as required under Section 134(3) of the Companies Act, 2017 will be sent to the shareholders along with the copy of Annual General Meeting Notice.

BY ORDER OF THE BOARD



Ghulam Murtaza Khurshid
For COMPANY SECRETARY

October 04, 2022

NOTES:

1. The share transfer books of the Company will be closed from October 21, 2022 to October 28, 2022, both days inclusive. Transfer of shares received at our Share Registration office i.e., Vision Consulting (Pvt.) Limited, Business Share Registrar, 3-C, LDA flats, Lawrence Road, Lahore at the close of business on October 20, 2022 will be treated in time for the purpose of entitlement.
2. Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio nos. provided any member holds more than one folio numbers.
3. Any member entitled to attend this meeting shall be entitled to appoint any other number as his/her proxy to attend in respect of him/her and the proxy instrument shall be received by the Company not later than two working days before the meeting.
4. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

For attending the meeting:

- i. In case of individuals, the account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original National Identity Card (NIC) or Original Passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Director's Resolution/Power of Attorney with certified specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxies:

- i. In case of individuals the account holder and/or person whose securities are in group account and their registration details are uploaded as per the regulations shall submit the proxy form as per the above requirements.
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the Form.
 - iii. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his original NIC or original Passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Director's Resolution/ Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
5. For COVID precautions to attend the AGM via electronic means through video link. Members can download the app/software through <https://zoom.us/download> and login via video link to participate in the AGM proceedings. Shareholders are requested to get themselves registered at least ten (10) working days before the AGM by email at gammon1@dsl.net.pk by providing the following details:

Name of Shareholder	CNIC Number	Folio Number	Cell Number	Email address

Video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time. Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process.

گیمن پاکستان لمیٹڈ

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ گیمن پاکستان لمیٹڈ (کمپنی) کا 75 واں سالانہ اجلاس عام، کمپنی کے رجسٹرڈ دفتر گیمن ہاؤس 400/2، پشاور روڈ راولپنڈی میں بروز جمعہ المبارک 28 اکتوبر 2022ء کو صبح 11 بجے مندرجہ ذیل کاروبار کے لین دین کیلئے منعقد ہوگا۔

عام کاروبار

- 1- 28 اکتوبر 2021ء کو منعقدہ 74 ویں سالانہ اجلاس عام کی کاروائی کی توثیق کرنا۔
- 2- ڈائریکٹر اور آڈیٹر کی رپورٹس کے ساتھ سالانہ آڈیٹڈ مالیاتی تفصیلات 30 جون 2022ء پر غور کرنا اور اس کا حصول اور منظوری۔
- 3- مالی سال 2021-22 کیلئے آڈیٹر کا تقرر اور معاوضہ طے کرنا۔

خصوصی کاروبار

غور کرنے کیلئے اور اگر مناسب سمجھا جائے تو گیمن پاکستان لمیٹڈ کے رجسٹرڈ دفتر کی جگہ بلند و بالا کثیر المنزلہ عمارت کی تعمیر کیلئے خصوصی قرارداد کے طور پر مندرجہ ذیل کو منظوری دیں:

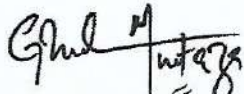
"یہ فیصلہ کیا گیا ہے کہ گیمن ہاؤس 400/2، پشاور روڈ راولپنڈی میں واقع رجسٹرڈ دفتر کی عمارت کو گرا کر اسکی جگہ ملٹی اسٹوری ہائی رازہ بلڈنگ کی تعمیر کی جائے، جس میں دو اہم منظوریاں شامل ہیں۔"

(i) متعلقہ سرکاری حکام سے ڈرائنگ کی منظوری کا عمل شروع کریں۔

(ii) اس سلسلے میں کیش فلو کے انتظامات پر غور۔

"مزید فیصلہ کیا گیا کہ کمپنی کے چیف ایگزیکٹو آفیسر جناب خالد قلی خان خٹک اور ای کامپنی کے چیف آپریٹنگ آفیسر جناب محمد شہباز انور اور ای کامپنی کے چیف فنانشل آفیسر جناب غلام مرتضیٰ خورشید اس کے ذریعے تمام کاروائیاں، اعمال کرنے اور تمام ضروری اقدامات کرنے کے مجاز ہیں، بشمول تمام قانونی رسمی کاروائیوں کو مکمل کرنا اور تمام ضروری دستاویزات فائل کرنا، مذکورہ قراردادوں پر عمل درآمد کرنے کے ساتھ ساتھ کسی دوسرے کام کو انجام دینا جو ذیلی اور/یا مذکورہ بالا سے متعلقہ اور مذکورہ قراردادوں کے مقصد کو حاصل کرنے کے لیے ضروری ہے۔"

شیئر ہولڈرز کو اس نوٹس کیساتھ منسلک مادی حقائق کا بیان بھیجا جائے گا جیکمینز ایکٹ 2017 کے سیکشن 134(3) کے تحت خصوصی کاروبار سے متعلق ہے۔


بجلم بورڈ

غلام مرتضیٰ خورشید
برائے کمپنی سیکرٹری

راولپنڈی

مورخہ: 14 اکتوبر 2022ء

نوٹس:

1- کمپنی کے حصص منتقلی کی کتابیں 21 اکتوبر 2022ء تا 28 اکتوبر 2022ء (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے حصص کی منتقلی بذریعہ شیئرز رجسٹرار میسرز ویشن کنسلٹنگ لمیٹڈ، C-3، ایل ڈی اے فلیٹس، فرسٹ فلور، لارنس روڈ، لاہور ہوگی۔ جس میں 20 اکتوبر 2022ء کو شام 5 بجے کاروبار بند ہونے تک وصول ہونے والے تبادلوں کو اندراج کیلئے بروقت تصور کیا جائے گا جو کہ سالانہ اجلاس عام میں شرکت اور ووٹنگ کیلئے اہل ہوں گے۔

2- ممبران سے درخواست ہے کہ اپنے پتہ میں تبدیلی اگر کوئی ہو تو کمپنی کو فی الفور مطلع کریں اور اگر ایک سے زیادہ فولیو نمبرز رکھتے ہوں تو اپنے فولیو نمبرز کو اکٹھا کریں۔

3- 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 تقرری اجلاس کے وقت سے کم از کم دو کاروباری ایام قبل کمپنی کو لازماً وصول ہو جانی چاہئے۔

4- سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری 2020ء میں دی گئی ہدایات پر عمل کرنا ہوگا۔

الف۔ اجلاس میں شرکت کیلئے:

i- 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۔

ii- بصورت کارپوریٹ اداروں کے نمائندے اس مقصد کیلئے درکار نمونوں کے دستخط بمع بورڈ کی قرارداد / پاور آف اٹارنی ساتھ لائیں۔

ب۔ پر کسی مقرر کرنے کیلئے:

i- ایسے افراد جو گروپ کی صورت میں اکاؤنٹ ہولڈر ہیں یا وہ شخص جو سیکورٹیز گروپ اکاؤنٹ میں ہے انکی رجسٹریشن کی تفصیلات ضابطوں کے مطابق اپ لوڈ کی گئی ہیں وہ مندرجہ بالا ضروریات کے مطابق پر کسی فارم جمع کرائیں گے۔

ii- پر کسی فارم کے گواہ دو افراد ہوں گے جن کا نام، پتہ اور شناختی کارڈ نمبر فارم میں درج ہوں گے۔

iii- مالکان کے شناختی کارڈ کی تصدیق شدہ کاپیاں یا پاسپورٹ پر کسی فارم کیساتھ پیش کیئے جائیں گے۔

iv- ممبران میٹنگ میں اصل شناختی کارڈ یا پاسپورٹ پیش کریں۔

v- بصورت کارپوریٹ اداروں کے نمائندے اس مقصد کیلئے درکار نمونوں کے دستخط بمع بورڈ کی قرارداد / پاور آف اٹارنی کمپنی کو پر کسی فارم کیساتھ پیش کریں۔

5- COVID احتیاط: ویڈیو لنک کے الیکٹرانک ذرائع کے ذریعے AGM میں شرکت کی سہولت میسر ہے۔ ویڈیو لنک کے ذریعے

شرکت کرنے کیلئے، اراکین ایپ / سافٹ ویئر کو <http://zoom.us/download> کے ذریعے ڈاؤن لوڈ کر سکتے ہیں اور AGM کی

کاروائی میں حصہ لینے کیلئے ویڈیو لنک کے ذریعے لاگ ان کر سکتے ہیں۔ شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ AGM سے کم از کم 2

(دو) کاروباری ایام قبل ای میل gammon1@dsl.net.pk پر درج ذیل معلومات فراہم کر کے خود کو رجسٹر کروائیں۔

ای میل ایڈریس	موبائل نمبر	فولیو نمبر	شناختی کارڈ نمبر	شیر ہولڈر کا نام

میٹنگ کا ویڈیو لنک ممبران کو ان کے فراہم کردہ ای میل ایڈریس پر بھیجا جائے گا تاکہ وہ دی گئی تاریخ اور وقت پر میٹنگ میں شرکت کر سکیں۔
لاگ ان کی سہولت میٹنگ کے وقت سے تیس (30) منٹ پہلے کھول دی جائے گی تاکہ شرکاء کو شناخت کے عمل کے بعد میٹنگ میں شامل ہونے کے قابل بنایا جاسکے۔

CHAIRMAN REVIEW

I am pleased to present the review for the year ended June 30, 2022, highlighting the Company's performance and role of the Board of Directors (the Board) of Gammon Pakistan Limited (GPL) 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 obligations, rights, responsibilities, and duties, as are specified and prescribed therein.

The Board provides strategic direction to the management and fulfills its fiduciary responsibilities with a sense of commitment. During the period, four Board meetings / four Audit committee meetings and one HR & Remuneration committee meeting were held during the year 2021-22.

The Board strictly monitored its own performance along with the performance of its sub-committees. In addition to it, the board also ensured the compliance with all applicable rules and best practices of the Company.

Best practices of corporate governance have been embedded into the Company's culture to maintain highest level of professionalism and business conduct. Risk management framework, effective internal controls and audit functions have been implemented to ensure that the day-to-day operations follow the overall strategy formulated by the Board.

Accordingly, the Board has completed its annual self-evaluation for the year 2021-22 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2021-22, remained satisfactory.

REVIEW OF BUSINESS PERFORMANCE

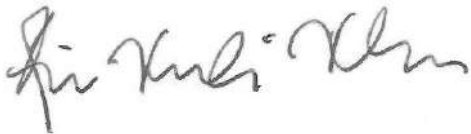
In view of the current economic and environmental uncertainties, GPL remains vigilant of the market dynamics and despite losses stands well-positioned to continue, focusing on improved service standards and expanding its footprint. Despite several waves of COVID-19, Pakistan is amongst the few countries that achieved notable success in containing the related health and economic challenges. Post-vaccine roll-out, the global economy is on track to make a strong recovery, and the Company is poised to reap the benefits for future growth.

Post COVID Crisis expectations were high about announcements of some good mega Public Sector Development Projects (PSDP), specially from arriving Government but unfortunately, we are facing extreme political and economic uncertainty along with a big disaster of heavy floods in the country for an overall favourable environment.

We are very much hopeful to acquire some mega projects at good rates that will definitely enhance our Company's financial performance.

ACKNOWLEDGMENT

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



Lt Gen Ali Kuli Khan Khattak (Retd)
Chairman

Dated: October 03, 2022

چیرمین کا جائزہ

مجھے 30 جون 2022 کو ختم ہونے والے سال کا جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے، جس میں کمپنی کی کارکردگی اور گیمین پاکستان لمیٹڈ (جی پی ایل) کے بورڈ آف ڈائریکٹرز (بورڈ) کے انتظامیہ کی رہنمائی میں کردار کو اجاگر کیا گیا ہے تاکہ انتظامیہ تمام اسٹیک ہولڈرز کے فائدے کے لیے اپنی ذمہ داری بخوبی نبھاسکے۔

بورڈ کی کارکردگی کا جائزہ:

بورڈ، کمپنی کے انتظام کا ذمہ دار ہونے کے ناطے، تمام اہم پالیسیاں اور حکمت عملی تیار کرتا ہے۔ بورڈ متعلقہ قوانین و ضوابط اور اس کی ذمہ داریوں، حقوق اور فرائض کے ذریعے چلایا جاتا ہے، جیسا کہ اس میں بیان اور تجویز کیا گیا ہے۔

بورڈ نہایت دیانت داری سے اپنی ذمہ داری کو پورا کرتے ہوئے، خلوص اور پر عزم طریقے سے انتظامیہ کو صحیح سمت اور حکمت عملی فراہم کرتا ہے۔ اس مدت کے دوران سال 2021-22 کے دوران چار بورڈ کے اجلاس، چار آڈٹ کمیٹی کے اجلاس اور انسانی وسائل اور معاوضے کی کمیٹی کا ایک اجلاس منعقد ہوئے۔

بورڈ نے اپنی ذیلی کمیٹیوں کی کارکردگی کے ساتھ ساتھ اپنی کارکردگی کی بھی سختی سے نگرانی کی۔ اس کے علاوہ، بورڈ نے کمپنی کے تمام قابل اطلاق قوانین اور بہترین طریقوں کی تعمیل کو بھی یقینی بنایا۔

کارپوریٹ گورننس کے بہترین طریقوں کو اعلیٰ درجے کی پیشہ وارانہ مہارت اور کاروباری طرز عمل کو برقرار رکھنے کیلئے کمپنی کے طریقہ کار میں شامل کیا گیا ہے۔ رسک مینجمنٹ فریم ورک، موثر اندرونی کنٹرول اور آڈٹ کے افعال کو نافذ کیا گیا ہے تاکہ یقینی بنایا جاسکے کہ یومیہ آپریشن بورڈ کے ذریعہ وضع کردہ مجموعی حکمت عملی پر عمل ہو سکے۔

اس کے مطابق، بورڈ نے سال 2021-22 کیلئے اپنی سالانہ خود تشخیص مکمل کر لی ہے اور مجھے یہ خوشی ہوئی ہے کہ سال 2021-22 کیلئے مقرر کردہ معیار کی بنیاد پر مجموعی کارکردگی کا معیار اطمینان بخش رہا۔

کاروباری معاملات کا جائزہ:

موجودہ معاشی اور ماحولیاتی غیر یقینی صورتحال کے پیش نظر، گیمین پاکستان لمیٹڈ مارکیٹ کے اتار چڑھاؤ کے مطابق سروس کے معیار کو بہتر بنانے اور اپنی ترقی کو برقرار رکھنے کیلئے بھرپور کوشش کر رہی ہے۔ کوویڈ-19 کی کئی لہروں کے باوجود، پاکستان ان چند ممالک میں سے ہے جنہوں نے صحت کے حوالے سے اور معاشی چیلنجز پر قابو پانے میں نمایاں کامیابی حاصل کی ہے، ویکسین کے بعد، عالمی

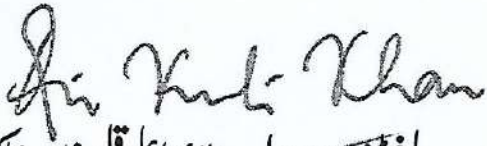
معیشت بحالی کی راہ پر گامزن ہے اور انشاء اللہ کمپنی مستقبل کی ترقی کے فوائد حاصل کرنے کیلئے تیار ہے۔

کوویڈ بحران کے بعد کچھ اچھے میگا پبلک سیکٹر ڈویلپمنٹ پراجیکٹس (PSDP) کے اعلانات کے بارے میں آنے والی نئی حکومت سے بہت زیادہ توقعات تھیں، لیکن بد قسمتی سے، ہمیں ملک میں بھاری سیلاب کی ایک بڑی تباہی کے ساتھ ساتھ انتہائی سیاسی اور اقتصادی غیر یقینی صورتحال کا سامنا ہے۔

ہم اچھے نرخوں پر کچھ میگا پروجیکٹس حاصل کرنے کے لیے بہت پر امید ہیں جو یقینی طور پر ہماری کمپنی کی مالی کارکردگی کو بہتر بنائیں گے۔

اعتراف

بورڈ آف ڈائریکٹرز کی طرف سے میں اپنے شیئر ہولڈر 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 کی شرکت، انتظامیہ اور کارکنوں کی کوششوں اور محنت کا شکریہ ادا کرتا ہوں۔


انوار خان
لیفٹیننٹ جنرل ریٹائرڈ علی قلی خان خٹک
چیئرمین

DIRECTORS REPORT

The directors of your Company have pleasure in presenting their report, together with the 75th Annual Report, containing Audit Report and the Audited Financial Statements of the Company for the year ended 30th June, 2022.

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	2022, (Rupees)	2021 (Rupees)
Contract Income	24,331,831	75,716,889
Contract Expenditure	(26,240,916)	(98,997,215)
Net contract profit/(Loss)	(1,909,085)	(23,280,326)
Profit/(Loss) before taxation	1,030,282	(1,904,841)
Taxation	(7,397,854)	(6,197,904)
(Loss)/Profit	(6,367,572)	(8,102,745)

Revenue from projects has decline by 68% as compared to last year, due to finishing works at ongoing projects we were expecting to complete these projects this year but unfortunately due to some design changes from client at Old Bannu Road Project (dualization Project) and heavy floods at sites, it could not become possible.

Our utmost efforts are in progress to acquire some mega projects to improve the company financial position.

The Project at Fateh Jang is complete and final bill along with winding up of site will be completed soon.

Old Bannu Road (dualization Project) is near completion and it is expected to be completed in next year.

The Project of Federal Board of Revenue (FBR) Facility center work at Torkham was left and returned to client due to unavoidable reasons and to evade any future loss therein.

DIVIDEND:

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

GENERAL ECONOMIC REVIEW:

Economic conditions are deteriorating due to rising commodity prices and a large fiscal deficit have inflated the import bill, putting the country on the verge of a balance of payments crisis. The currency has sunk to an all-time low, while international reserves have dwindled to barely two months import cover. The government faces a tricky balancing, on one hand, it needs to trim the budget deficit in order to gain access to IMF funds. This led it, as part of its new FY 2023 budget, to unveil new austerity measures in June, such as cuts to fuel subsidies. On the other hand, it wants to avoid exacerbating inflation, which could pull the rug out from under the economy or even the government itself: Protests recently broke out over the rising cost of living and blackouts caused by fuel shortages.

GDP growth is set to slow in FY 2023 (July 2022–June 2023) after two years of above-average growth. A key factor to watch is the drag on activity from higher commodity prices. Two other key factors are the speed of fiscal consolidation and the stability of the governing coalition. Both will be necessary for the IMF deal needed to avoid a balance of payments crisis. Focus Economics panelists project growth of 4.1% in FY 2023, which is down 0.3 percentage points from the previous month's forecast. In FY 2024, the forecasted GDP growth of 4.7% depends on political and consequently economic stability.

FUTURE PROSPECTS

Despite financial constraints our 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 compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Listed Companies (Code of Corporate Governance) Regulation, 2019 (CCG Regulations) 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 accounts.
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 CCG Regulations.
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2022, 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, 2022.

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 07

Male 06
 Female 01

Independent Directors 02

Other Non-executive Directors 04

Executive Directors 01

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 with 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.

The overall performance of the Board measured on the basis of above-mentioned parameters 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 has 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 time.

The names of committee members are as follows:

Mr. Kamal Abdullah Malik	- Independent Director	Chairman
Mr. Muhammad Kuli Khan Khattak	- Non-Executive Director	Member
Mr. Sikandar Kuli Khan Khattak	- Non-Executive Director	Member
Mr. Salman Khan - ACA	- Head of internal Audit	Secretary

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit function, 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 senior executives. The CEO of the Company attended the Human Resource and Remuneration Committee meeting held, as member of the committee. The Committee met once during 2021-22.

The names of committee members are as follows:

Mr. Fazal ur Rehman Khan Burki	- Chairman
Mrs. Ayesha Alamzeb Durrani	- Member
Mr. Sikandar Kuli Khan Khattak	- Member

MEETINGS OF BOARD AND ITS COMMITTEES IN 2021-22

During the year 2021-22, Board meetings (BOD), Audit committee (BAC) and HR & Remuneration committee (HR&R) 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 & RC	Board Meetings	Board Audit Committee	HR & RC
1	Lt Gen Ali Kuli Khan Khattak (Retd)	-	-	2/4	-	-
2	Mr. Khalid Kuli Khan Khattak	-	-	4/4	-	-
3	Mrs. Ayesha Alamzeb Durrani	-	✓	3/4	-	1
4	Mr. Sikandar Kuli Khan Khattak	✓	✓	3/4	3	1
5	Mr. Muhammad Kuli Khan Khattak	✓	-	4/4	4	-
6	Mr. Kamal Abdullah Malik	✓	-	4/4	4	-
7	Mr. Fazal ur Rehman Khan Burki	-	✓	2/4	-	1

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

Pursuant to the CCG Regulations, the Board recognized that it continually needs to monitor and improve its performance. This is achieved through the annual performance evaluation and ongoing Board development activities. During the year, the Board has appraised its performance of Board as a whole as well as individual director and its committees. The overall conclusion of this year's review based on availability feedback has been found satisfactory.

DIRECTORS REMUNERATION

For information on remuneration of Directors and CEO in the year 2021-22, please refer notes to the financial statements.

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, 2022 and additional information 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, 2022.

GOVERNMENT SECTOR

	(Rs. In Million)
Income Tax paid	6.85
Power & Fuel	1.43

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.

COMMENTS ON PARAGRAPH IN REVIEW REPORT ON STATEMENT OF COMPLIANCE (CODE OF CORPORATE GOVERNANCE) REGULATION 2019

The directors of the company are committed to ensure the compliance of CCG Regulation 2019. Therefore, the auditor's observation in review report regarding remaining directors training program will be complied with, in near future.

COMMENTS ON "QUALIFICATIONS" IN THE AUDITOR'S REPORT

a. The mentioned receivables are outstanding since long and company consistently making efforts to recover and settle these balances. As far as joint venture balance payable is concerned, its associated with the recovery of outstanding receivables from the contracts performed under the Joint Venture arrangements, therefore, on recovery/settlement of receivables the joint venture balance will be adjusted accordingly. Further, about direct confirmation from parties, it's totally at the discretion of parties to respond to the Auditors.

b. After consultation with the legal advisor such balances will be settled as per the applicable laws in due course of time.

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

The ex-CFO was involved in certain transactions with the parties of his own interest so after initial in-house internal audit the relevant FIR has been lodged and on completion of investigation and decision of the Court of Law, the matter will be concluded.

APPOINTMENT OF AUDITORS

The Company's Auditors M/s DFK Rizwan & Co Chartered Accountants, 114- A, Tipu Block, New Garden Town, Lahore, Punjab, 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.



Khalid Kuli Khan Khattak
Chief Executive Officer

گیمن پاکستان لمیٹڈ

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 75 ویں سال 30 جون 2022ء 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 ہے:-

30 جون 2021ء	30 جون 2022ء	
(روپے)	(روپے)	
75,716,889	24,331,831	پراجیکٹس سے آمدن
(98,997,215)	(26,240,916)	پراجیکٹس کا خرچ
23,280,326	(1,909,085)	مجموعی منافع
(1,904,841)	1,030,282	قبل از ٹیکس منافع
(6,197,904)	(7,397,854)	ٹیکس
(8,102,745)	(6,367,572)	منافع بعد از ٹیکس

پراجیکٹس سے ہونے والی آمدنی میں گزشتہ سال کے مقابلے میں 68 فیصد کمی آئی ہے، جس کی بنیادی وجہ منصوبوں پر کام کی تکمیل ہے اور ہم ان منصوبوں کو اس سال مکمل کرنے کی توقع کر رہے تھے لیکن بد قسمتی سے پرانے بنوں روڈ پراجیکٹ (ڈولائزیشن پروجیکٹ) کے کلائنٹ کی طرف سے ڈیزائن میں تبدیلیوں اور حالیہ سیلاب کی وجہ سے یہ ممکن نہیں ہو سکا۔

کمپنی کی مالی حالت کو بہتر بنانے کے لیے کچھ میگا پروجیکٹس کے حصول کے لیے ہماری بھرپور کوششیں جاری ہیں۔

فتح جنگ میں پراجیکٹ مکمل ہے اور سائٹ کو سمیٹنے کے ساتھ ساتھ حتمی بل بھی جلد مکمل کر لیا جائے گا۔

پرانے بنوں روڈ (ڈولائزیشن پروجیکٹ) تکمیل کے قریب ہے اور توقع ہے کہ یہ اگلے سال مکمل ہو جائے گا۔

طورخم میں فیڈرل بورڈ آف ریونیو (ایف بی آر) کے سہولتی مرکز کے منصوبے کا کام ناگزیر وجوہات کی بنا پر اور مستقبل میں ہونے والے کسی نقصان سے بچنے کے لیے کلائنٹ کو واپس کر دیا گیا۔

ڈیویڈنڈ

بورڈ نے مالی رکاوٹوں کی وجہ سے اس سال کسی قسم کا منافع نہ دینے کی سفارش کی ہے۔

عام اقتصادی جائزہ

اشیاء کی قیمتوں میں اضافے کی وجہ سے معاشی حالات خراب ہو رہے ہیں اور ایک بڑے مالیاتی خسارے نے درآمدی بل کو بڑھا دیا ہے، جس سے ملک ادا بیگیوں کے توازن کے بحران کے دہانے پر کھڑا ہے۔ کرنسی اب تک کی کم ترین سطح پر آگئی ہے، جبکہ بین الاقوامی ذخائر بمشکل دو ماہ کے درآمدی احاطہ تک کم ہو گئے ہیں۔ حکومت کو ایک مشکل توازن کا سامنا ہے، اور اسے آئی ایم ایف کے فنڈز تک رسائی حاصل کرنے کے لیے بجٹ خسارے کو

کم کرنے کی ضرورت ہے۔ حکومت نے اپنے نئے مالی سال 2023 کے بجٹ کے حصے کے طور پر، جون میں کفایت شعاری کے نئے اقدامات کی نقاب کشائی کی، جیسے ایندھن کی سبسڈی میں کٹوتی۔ دوسری طرف، حکومت افراط زر کو بڑھانے سے بچنا چاہتی ہے، جو معیشت یا خود حکومت کے گرنے کا باعث بن سکتی ہے حال ہی میں ایندھن کی قلت کی وجہ روزمرہ زندگی میں پیدا ہونے والی مشکلات اور بڑھتی ہوئی لوڈ شیڈنگ پر احتجاج شروع ہوئے ہیں۔

دو سال سے اوپر کی جی ڈی پی گروتھ کے بعد مالی سال 2023 (جولائی 2022 تا جون 2023) میں کمی ہونے والی ہے۔ دیکھنے کے لیے ایک اہم عنصر اجناس کی قیمتوں میں اضافے کی وجہ سے معاشی سرگرمی میں کمی ہے۔ دوسرا اہم عوامل مالیاتی استحکام کی رفتار اور حکومتی اتحاد کا استحکام ہیں۔ اس سلسلے میں ادائیگیوں کے توازن کے بحران سے بچنے کے لیے اور درکار آئی ایم ایف معاہدے کے لیے دونوں ضروری ہوں گے۔ مختلف معاشی ماہرین کی رائے کے مطابق مالی سال 2023 میں 4.1 فیصد کی ترقی کی توقع ہے، جو پچھلے مہینے کی پیش گوئی سے 0.3 فیصد کم ہے۔ مالی سال 2024 میں، معاشی ماہرین نے جی ڈی پی کی شرح نمو 4.7 فیصد کی پیش گوئی کی ہے جس کا انحصار سیاسی اور اس کے نتیجے میں معاشی استحکام پر ہے۔

مستقبل کا نقطہ نظر

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 حکموں کی جانب سے آپ کی کمپنی کو کچھ نئے کام دیئے جائیں گے۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک

ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور لسٹڈ کمپنیاں (کوڈ کارپوریٹ گورننس) ریگولیشنز، 2019 (سی سی جی ریگولیشنز) کے کارپوریٹ اور مالی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔

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

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

3- کمپنی نے حسابات کی کتابیں موثر طریقے سے رکھی ہیں۔

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

5- 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 کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ آگے بڑھتے ہوئے عملی طور پر جاری رہے گا۔

6- کمپنی کی قابلیت کے بارے میں کوئی تشویش یا شک و شبہ نہیں۔

7- لسٹڈ کمپنیوں (کارپوریٹ گورننس) کا ضابطوں، 2019 (سی سی جی ریگولیشنز) کے بہترین طریقوں کے مطابق ہیں۔

8- 30 جون 2021 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۔

9- 30 جون 2022 پر اس کمپنی کے ڈائریکٹرز، 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 نہیں کی ہے۔

بورڈ کی ساخت

بورڈ کی تشکیل سی سی جی قوانین کے مطابق ہے۔ کمپنی آزاد اور دوسرے غیر ایگزیکٹو ڈائریکٹرز کے ساتھ ساتھ اپنے بورڈ میں نمائندگی کی حوصلہ افزائی کرتی ہے۔

بورڈ کی حالیہ تشکیل کچھ اس طرح ہے۔

7	ڈائریکٹرز کی کل تعداد
6	مرد
1	خاتون
2	آزاد ڈائریکٹر
4	دوسرے غیر ایگزیکٹو ڈائریکٹر
1	ایگزیکٹو ڈائریکٹر

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 شراکت اور دلچسپی۔
- 9- غیر ضروری قانونی چارہ جوئی وغیرہ سے کمپنی کی حفاظت کرنا۔

اس سال کیلئے بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔ بورڈ کے ارکان نے مؤثر طریقے کیساتھ مل کر جن میں آزاد اور غیر ایگزیکٹو ڈائریکٹر شامل ہیں نے کام کیا اور بورڈ نے کمپنی کے کارپوریٹ اہداف کو تشکیل دینے میں مؤثر 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 2021-22 کے دوران 4 بار ملاقات کی ہے۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں:

- 1- جناب کمال عبداللہ آزاد ڈائریکٹر چیئرمین
- 2- جناب محمد قلی خان خٹک غیر ایگزیکٹو ڈائریکٹر رکن
- 3- جناب سکندر قلی خان خٹک غیر ایگزیکٹو ڈائریکٹر رکن
- 4- جناب سلمان خان کمیٹی سیکرٹری اندرونی آڈٹ کا سربراہ

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

کمیٹی نے سینئر ایگزیکٹوز کے معاوضے سے متعلق معاوضہ، تنظیم اور ملازم کی ترقی کی پالیسیوں کے تمام عناصر کا جائزہ لینے اور سفارش کرنے اور انتظامی کمیٹی کے ممبران اور مینجمنٹ کمیٹی کے ممبروں کے متعلق تمام معاملات کو منظور کرنے کیلئے ملاقات کی۔ کمیٹی 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 2021-22 کے دوران ایک بار ملاقات کی۔

کمیٹی کے ارکان کے نام مندرجہ ذیل ہیں:

- 1- جناب فضل الرحمن خان برکی چیئرمین
- 2- مسز عائشہ عالم زیب درانی رکن
- 3- جناب سکندر قلی خان خٹک رکن

سال 2021-22 کے دوران بورڈ اور اسکی کمیٹیوں کے اجلاس

سال 2021-22 کے متعلق، 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:

کمیٹی کے ممبران حاضری

نمبر شمار	ڈائریکٹر کے نام	آڈٹ کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی	بورڈ	آڈٹ کمیٹی	انسانی وسائل اور معاوضے کی کمیٹی
1-	لیفٹیننٹ جنرل علی قلی خان خٹک (ر)			2/4	-	-
2-	جناب خالد قلی خان خٹک			4/4	-	-
3-	مسز عائشہ عالم زیب درانی			3/4	1	-
4-	جناب سکندر قلی خان خٹک			3/4	3	1

-	4	4/4			جناب محمد قلی خان خٹک	-5
-	4	4/4			جناب کمال عبداللہ	-6
1	-	2/4			جناب فضل الرحمن برکی	-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 ڈائریکٹرز 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۔

ڈائریکٹرز کا معاوضہ

سال 2021-22 میں ڈائریکٹرز اور سی ای او کے معاوضے کے بارے میں معلومات کے لیے، براہ کرم اس سالانہ رپورٹ کا جائزہ کریں۔

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

شیئر ہولڈرز اور جملہ آپریٹنگ اور مالی اعداد و شمار اس کتاب میں موجود ہیں۔

شیئر ہولڈرز کا پیٹرن

30 جون 2022ء پر شیئر ہولڈنگ کے پیٹرن اور اس سے متعلق اضافی معلومات اس رپورٹ میں شامل کی گئی ہیں۔

حکومت اور سماجی شعبہ کی طرف سے ہماری کمپنی کی شراکت

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

رقم ملین میں

6.85

1.43

1- حکومتی اداروں کو ادا کیے

انکم ٹیکس کی مد میں

بجلی اور گیس کی مد میں

صحت، حفاظت اور ماحول

ہم اس پریقین 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۔

آڈیٹر کی کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 کی تعمیل سے متعلق بیان کی جائزہ رپورٹ کے پیرا گراف پرتمبرہ

کمپنی کے ڈائریکٹرز سی جی ریگولیشن 2019 کی تعمیل کو یقینی بنانے کے لیے پرعزم ہیں۔ لہذا، بقیہ ڈائریکٹرز کے تربیتی پروگرام کے بارے میں جائزہ رپورٹ میں آڈیٹر کے مشاہدے کی تعمیل مستقبل قریب میں کی جائے گی۔

آڈٹ رپورٹ کی کوالیفیکیشنز پرتمبرہ

الف۔ مذکورہ قابل وصول بقایا جاتس عرصہ دراز سے قابل وصول ہیں اور کمپنی ہمیشہ ان بقایا جات کی وصولی اور سٹلمنٹ کیلئے کوشاں رہی ہے۔ جہاں تک جو انٹ و پنچر کے قابل ادائیگی بیلنس کا تعلق ہے اس رقم کی ادائیگی جو انٹ و پنچر کے تحت کیئے گئے معاہدوں سے بقایا جات کی وصولی پر منحصر ہے۔ چنانچہ اس جو انٹ و پنچر کے بیلنس کی ایڈجسٹمنٹ مذکورہ معاہدوں سے وصولی کی بعد کی جائے گی۔ پارٹیز کی طرف سے آڈیٹرز کو براہ راست بیلنس کنفرمیشن کے بارے میں جواب دینا انکی صوابدید ہے۔

ب۔ اس سلسلے میں کمپنی کے قانونی مشیر سے مشاورت جاری ہے اور اس طرح کے تمام بیلنسز کو جلد موجودہ قوانین کی روشنی میں سٹل کر لیا جائے گا۔

آڈیٹر کی رپورٹ کے پیرا گراف پرتمبرہ

سابقہ چیف فنانس آفیسر اپنے ذاتی مفاد کیلئے کچھ پارٹیز کیساتھ لین دین میں ملوث تھا لہذا اندرونی آڈٹ کے بعد متعلقہ ایف آئی آر درج کی گئی ہے اور تحقیقات مکمل ہونے پر معاملہ ختم کیا جائے گا۔

آڈیٹر کی تقرری

کمپنی کے آڈیٹر میسرز ڈی ایف کے رضوان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، 114-A، ٹیپو بلاک، نیوگارڈن ٹاؤن، لاہور جو اس سال ریٹائر ہو گئے ہیں نے دوبارہ تقرری کے لیے خدمات پیش کی ہیں۔ کمیٹی 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۔



خالد قلی خان خٹک

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 ?rm'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 uphold 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 2019 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. Wherever, 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 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 affairs 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.



Khalid Kuli Khan Khattak
Chief Executive Officer

PATTERN OF SHAREHOLDING

1 CUIIN (Incorporation Number)

0	0	0	0	1	1	7
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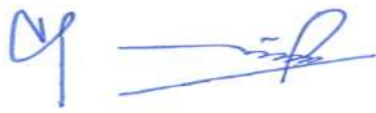
2 Name of Company

GAMMON PAKISTAN LIMITED

3 Pattern of holding of the shares held by the shareholders

3	0	0	6	2	0	2	2
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4. No. of Shareholders	Shareholdings	Total Share held
1386	Shareholding from 1 to 100 shares	56,064
514	Shareholding from 101 to 500 shares	138,506
155	Shareholding from 501 to 1000 shares	125,138
180	Shareholding from 1001 to 5000 shares	456,474
51	Shareholding from 5001 to 10000 shares	401,762
19	Shareholding from 10001 to 15000 shares	240,141
16	Shareholding from 15001 to 20000 shares	288,236
10	Shareholding from 20001 to 25000 shares	218,154
5	Shareholding from 25001 to 30000 shares	133,098
4	Shareholding from 30001 to 35000 shares	135,146
3	Shareholding from 35001 to 40000 shares	112,033
1	Shareholding from 40001 to 45000 shares	40,719
2	Shareholding from 45001 to 50000 shares	97,000
2	Shareholding from 55001 to 60000 shares	105,500
1	Shareholding from 60001 to 65000 shares	56,378
3	Shareholding from 75001 to 80000 shares	187,932
1	Shareholding from 80001 to 85000 shares	79,535
3	Shareholding from 85001 to 90000 shares	246,377
4	Shareholding from 95001 to 100000 shares	352,009
2	Shareholding from 120001 to 125000 shares	198,500
1	Shareholding from 135001 to 140000 shares	125,000
3	Shareholding from 320001 to 325000 shares	415,726
1	Shareholding from 620001 to 625000 shares	323,203
1	Shareholding from 805001 to 810000 shares	806,973
1	Shareholding from 2260001 to 2265000 shares	2,561,071
1	Shareholding from 20365001 to 20370000 shares	20,365,556
2370	TOTAL	28,266,231

5. Categories of Shareholders		Share held	Percentage %
5.1	Directors, CEO, & their spouses/minor children	81,638	0.29
5.2	Associated Companies/ Joint Stock Companies undertakings and related parties	20,380,657	72.10
5.3	Investmetn Corporation of Pakistan	11,401	0.04
5.4	Banks, DFIs, NBFIs, Modarabas, etc	551	0.00
5.5	Insurance Company	60	0.00
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	7,584,737	26.83
	b. Foreign	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 2 2	

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 PA M/S BIBOJEE SERVICES (PVT) LIMITED	20,369,056
2 DIRECTORS, CEO & THEIR SPOUSE AND MINOR CHILDREN: LT GEN (RETD) ALI KULI KHAN KHATTAK MR. FAZAL UR REHMAN KHAN BURKI MR. KAMAL ABDULLAH *MR. KHALID KULI KHAN KHATTAK *MRS AYESHA ALAMZEB DURRANI *MUHAMMAD KULI KHAN KHATTAK *MR. SIKANDAR KULI KHAN KHATTAK	81,438 100 100 - - - -
* Directors on behalf of Bibojee Services (Pvt) Limited	
3 EXECUTIVES	NIL
4 JOINT STOCK COMPANIES	11,601
5 N..I.T. & I.C.P M/S INVESTMENT CORPORATION OF PAKISTAN KARACHI INVESTMENT TRUST LIMITED	11,401
6 BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	551
7 INSURANCE COMPANY	60
8 FOREIGN SHAREHOLDERS	207,187
9 GENERAL PUBLIC AND OTHER SHAREHOLDERS	7,584,737
10 SHAREHOLDERS HOLDING 10% OR MORE: M/S BIBOJEE SERVICES (PVT) LINTIED MR. AHMED KULI KHAN KHATTAK	20,369,056 3,368,044

Statement of Compliance for Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: Gammon Pakistan Limited
Year ended: June 30, 2022

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are seven (7), as following:

- a. Male: 6
- b. Female: 1

2. The composition of the Board is as follows:

Category	Names
Executive Directors	Mr. Khalid Kuli Khan Khattak
Non-Executive Directors	Lt Gen Ali Kuli Khan Khattak (Retd) Mrs. Ayesha Alamzeb Durrani Mr. Sikandar Kuli Khan Khattak Mr. Muhammad Kuli Khan Khattak
Independent Directors	Mr. Kamal Abdullah Malik Mr. Fazal Ur Rehman Khan Burki

3. The Directors have confirmed that none of them is serving as a director with more than seven listed companies, including this company;
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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and the 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 Act and the Regulations with respect to frequency, recording and circulating minutes of the Board meeting;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;
9. The Board will arrange Directors' Training program for the following:

Name of Director
Mr. Kamal Abdullah Malik Mrs. Ayesha Alamzeb Durrani

Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program:

Names of Directors
Lt Gen Ali Kuli Khan Khattak (Retd)

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Kamal Abdullah Malik	Chairman
Mr. Muhammad Kuli Khan Khattak	Member
Mr. Sikandar Kuli Khan Khattak	Member

b) HR and Remuneration Committee

Names	Designation held
Mr. Fazal Ur Rehman Khan Burki	Chairman
Mrs. Ayesha Alamzeb Durrani	Member
Mr. Sikandar Kuli Khan Khattak	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

a) Audit Committee

four meetings were held during the financial year ended June 30, 2022.

b) HR Nomination and Remuneration Committee

One meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2022.

15. The board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial

Officer, Head of Internal Audit, Company Secretary or Director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute separate nomination committee after next election of directors.	29
2	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
4	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)
5	Directors' Training Companies are encouraged to arrange training for the remaining director under the Directors' Training Program from year July 2020.	The Company has planned to arrange Directors' Training Program certification for Remaining over the next few years.	19(3)

20. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.



Lt Gen Ali Kuli Khan Khattak (Retd)
Chairman

September _____, 2022, Rawalpindi

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gammon Pakistan Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Gammon Pakistan Limited** (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 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.

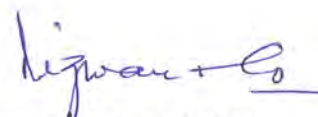
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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. 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.

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 30 June 2022.

Further, we would like to highlight that:

- As per paragraph 19.1 of (Code of Corporate Governance) Regulations, 2019 appropriate arrangements for orientation courses and training for two of the directors have not been carried out.



RIZWAN AND COMPANY
Chartered Accountants

ISLAMABAD

Date: October 3, 2022

UDIN: CR202210101O7vHwWdYA



INDEPENDENT AUDITORS' REPORT

To the members of Gammon Pakistan Limited

Report on the Audit of Financial Statements

Qualified 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, 2022, 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.

Except for the matters described in the Basis for Qualified Opinion section of our report, in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, 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, in the manner so required and respectively give a true and fair view of the state of the Company's affairs for the year ended June 30, 2022 and of the loss, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

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

- a) Contract receivables amounting to Rupees 45.92 million, allowance of expected loss amounting to Rupees 142.845 million, net contract assets amounting to Rupees 65.05 million, joint ventures partner advances amounting to Rupees 30.059 million as disclosed in notes 10, 10.1, 11 and 24 respectively could not be verified in absence of the direct confirmations from the involved parties. Further, there are no written efforts are available to recover/settle these old balances. The consequential cumulative effect of this matter has neither been determined nor adjusted in these financial statements.
- b) As fully explained in note 22.3 after lapse of considerable time the company could not make the arrangement to pay the provident fund amounting to Rupees 1.563 million to the relevant employees as instructed by the Securities and exchange Commission of Pakistan and unclaimed dividend as disclosed in note 23 amounting to Rupees 1,442,230 has not been kept in unpaid dividend account under Section 244 of the Companies Act, 2017. The effect of these matters has not been adjusted appropriately in these financial statements.

Emphasis of Matter

Without further qualifying our opinion:

- a) we also draw attention to the Note 46.2 to the financial statements which explains that certain financial transactions pertaining to the ex CFO of the Company are under investigation internally as well as by external agency and the impact of such investigation, if any, will be accounted for in the period during which such investigation is completed.

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 we do not provide a separate opinion on these matters. Following are the key audit matter(s):

Key audit matter	How our audit addressed the key audit matter
<p>a) Contingencies and Company's exposure to litigation risk</p> <p>In our judgment, the Company has significant litigation cases and other contingencies, details of which are disclosed in note 25.2 to the accompanying financial statements.</p> <p>Given the nature and amounts involved in such cases and contingencies, and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgment, which can change over time as new facts emerge and each legal case progresses and the contingency crystallizes, and therefore, we have identified this as key audit matter.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> - We obtained confirmations from legal advisors for current status on pending previous cases and any new cases filed during the year and assessing the advise given; - Checked orders by relevant authorities on previous lawsuits / cases appearing in the financial statements; - Reading correspondence of the Company with regulatory departments and the Company's external counsel, where available; - Discussing open matters and developments with the management of the Company; <p>We evaluated that appropriate disclosures and presentation have been made in these financial statements.</p>
<p>b) Revenue recognition</p> <p>The Company generates its revenue from long term projects. Revenue from such projects is recognized over a period of time by measuring progress towards complete satisfaction of the performance obligation. The extent of progress towards completion is measured by using the input method whereby actual cost incurred to date is compared with the total estimated cost of the project.</p> <p>During the year ended June 30, 2022, the Company recognized an amount of Rs. 24 million as revenue from such projects. The application of the input method requires significant management judgment when estimating the total cost to complete the project. This estimate is revalued at the end of each reporting date to reflect current circumstances.</p> <p>We considered revenue from projects as a key audit matter due to significant management judgment and estimation involved.</p> <p>Refer to note 4.17 & 26 to the financial statements</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> - Obtained understanding of the internal processes used to record actual cost incurred; - Obtained understanding of the cost estimation process and techniques adopted by the management for determination of estimated total cost to complete the project; - Assessed the reliability of management's estimates by comparing the actual results of delivered projects to previous estimates; - Performed test of detail procedures over actual cost incurred during the year; - Checked the extent of progress towards completion by comparing actual costs as per the Company's accounting records to the estimated total costs of the projects; and - Assessed the adequacy of related disclosures in the financial statements
<p>c) Control environment relating to the financial reporting process and related IT systems</p> <p>The IT control environment relating to the financial reporting process and the application controls of individual IT system shave an impact on the selected audit approach.</p> <p>As the financial statements are based on</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</p>



extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.

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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to



continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 auditor's 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

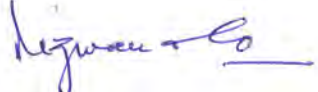
Based on our audit, except for the matters referred in paragraphs (a) & (b) of Basis for Qualified Opinion section above, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) 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 Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Rashid Iqbal FCA.

Islamabad:
Date: October 3, 2022

UDIN: AR202210101vMEKYxbuQ


Rizwan and Company
Chartered Accountants 

**GAMMON PAKISTAN LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

AS AT JUNE 30, 2022

ASSETS		2022	2021
NON CURRENT ASSETS	NOTE	Rupees	
Property, plant and equipment			
Operating fixed assets	5	299,085,009	293,153,336
Investment property	6	477,509,859	468,511,297
Long term investments	7	1,800,413	1,300,413
Long term security deposits	8	1,863,528	1,571,328
		<u>780,258,809</u>	<u>764,536,374</u>
CURRENT ASSETS			
Stores, spares and loose tools	9	12,266,142	15,047,134
Contract receivables	10	45,918,093	49,410,217
Contract asset	11	65,049,779	113,089,451
Loans and advances	12	56,340,235	20,648,103
Other receivables	13	1,321,918	1,696,210
Trade deposits and short term prepayments	14	325,701	318,306
Tax refunds due from Government	15	83,685,590	85,011,349
Taxation - net	16	1,586,462	1,325,759
Cash and bank balances	17	1,206,292	5,643,697
		<u>267,700,212</u>	<u>292,190,226</u>
TOTAL ASSETS		<u><u>1,047,959,021</u></u>	<u><u>1,056,726,600</u></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	426,804,439	420,072,719
		<u>442,184,769</u>	<u>435,453,049</u>
Revenue reserve			
Accumulated profit		69,022,574	74,239,623
		<u>793,869,653</u>	<u>792,354,982</u>
NON-CURRENT LIABILITIES			
Deferred liability	20	8,132,065	8,000,703
Deferred taxation	21	33,361,724	31,352,476
		<u>41,493,789</u>	<u>39,353,179</u>
CURRENT LIABILITIES			
Trade and other payables	22	181,093,807	181,040,636
Unclaimed dividends	23	1,442,230	1,442,230
Contract liability	11	-	12,476,031
Joint venture partner's advances	24	30,059,542	30,059,542
		<u>212,595,579</u>	<u>225,018,439</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,047,959,021</u></u>	<u><u>1,056,726,600</u></u>
CONTINGENCIES AND COMMITMENTS	25	-	-

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, 2022

	NOTE	2022	2021
		Rupees	
Contract income	26	24,331,831	75,716,889
Contract expenditure	27	(26,240,916)	(98,997,215)
Net contract (Loss)		(1,909,085)	(23,280,326)
Operating expenses			
General and administrative expenses	28	(29,269,201)	(44,843,008)
Other operating expenses	29	(39,260,713)	(17,595,966)
		(68,529,914)	(62,438,974)
Other income	30	62,497,421	60,609,945
Net operating (loss)		(7,941,578)	(25,109,355)
Bank charges	31	(26,702)	(26,582)
Fair value gain on investment property	32	8,998,562	23,231,096
Profit/(loss) before taxation		1,030,282	(1,904,841)
Taxation	33	(7,397,854)	(6,197,904)
Net (Loss) after taxation		(6,367,572)	(8,102,745)
(Loss) per share:			
(Loss) per share - basic and diluted	34	(0.23)	(0.29)

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, 2022

	NOTE	2022 Rupees	2021
(Loss) after taxation		(6,367,572)	(8,102,745)
Other comprehensive income			
Item that will not be reclassified to profit and loss:			
Revaluation surplus on property, plant and equipment	19	7,482,293	14,994,978
Related deferred tax impact	19	122,020	(285,265)
		7,604,313	14,709,713
Gain/(loss) on remeasurement of defined benefit liability	20.3	277,930	(29,309)
Total other comprehensive income for the year		7,882,243	14,680,404
Total comprehensive income for the year		1,514,671	6,577,659

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 CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022	2021
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before working capital changes	36	(5,591,172)	(53,663,627)
Changes in working capital:			
Decrease / (increase) in current assets			
Stores, spares and loose tools		2,780,992	10,425,185
Contract receivables		3,492,124	33,972,907
Contract asset		48,039,672	24,054,067
Loans and advances		(35,692,132)	1,588,300
Other receivables		374,292	237,797
Trade deposits and short term prepayments		(7,395)	455
(Decrease) in current liabilities			
Trade and other payables		53,171	(27,530,942)
Contract liability		(12,476,031)	(16,611,170)
		6,564,693	26,136,599
Cash generated from operations		973,521	(27,527,028)
Bank charges paid	31	(26,702)	(26,582)
Income tax paid		(4,201,530)	(6,513,507)
Gratuity paid		(91,450)	(1,355,371)
		(4,319,682)	(7,895,460)
Net cash (used in) operating activities		(3,346,161)	(35,422,488)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	5	(460,950)	(716,301)
Long term investments		(500,000)	-
Long term security deposits		(292,200)	289,875
Disposal of fixed assets/store, spares & loose tools as scrap		161,906	40,288,110
Net cash (used in)/generated from investing activities		(1,091,244)	39,861,684
Net (decrease)/increase in cash and cash equivalents		(4,437,405)	4,439,196
Cash and cash equivalents at the beginning of the year		5,643,697	1,204,501
Cash and cash equivalents at the end of the year	17	1,206,292	5,643,697

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, 2022

	Share capital		Reserves		Total
	Issued, subscribed and paid-up capital	Share premium reserve	Capital	Revenue	
			Revaluation surplus on property, plant and equipment	Accumulated Profits	
NOTE	Rupees				
Balance as at July 1, 2020	282,662,310	15,380,330	412,774,639	74,960,044	785,777,323
Total comprehensive income for the year ended June 30, 2021					
Profit for the year	-	-	-	(8,102,745)	(8,102,745)
Revaluation of property, plant and equipment - net of deferred tax	-	-	14,709,713	-	14,709,713
(Loss) on remeasurement of defined benefit liability	-	-	-	(29,309)	(29,309)
Transfer from revaluation surplus on property, plant and equipment:			14,709,713	(8,132,054)	6,577,659
- on account of incremental depreciation-net of deferred tax	20	-	(1,614,279)	1,614,279	-
- upon disposal of revalued property, plant and equipments		-	(5,797,354)	5,797,354	-
Balance as at June 30, 2021	282,662,310	15,380,330	420,072,719	74,239,623	792,354,982
Total comprehensive income for the year ended June 30, 2022					
(Loss) for the year	-	-	-	(6,367,572)	(6,367,572)
Revaluation of property, plant and equipment - net of deferred tax	-	-	7,604,313	-	7,604,313
Gain on remeasurement of defined benefit liability	-	-	-	277,930	277,930
Transfer from revaluation surplus on property, plant and equipment:			7,604,313	(6,089,642)	1,514,671
- on account of incremental depreciation-net of deferred tax	19	-	(870,368)	870,368	-
- upon disposal of revalued property, plant and equipment		-	(2,225)	2,225	-
Balance as at June 30, 2022	282,662,310	15,380,330	426,804,439	69,022,574	793,869,653

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, 2022

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), a private company incorporated in Pakistan.

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

Geographical locations and addresses of all business units are as follows:

Sr.No	Loacation	Address
1	Head office	Mouza Chuhr Harpal, Near Chuhr Chowk, Main Peshawar Road, Rawalpindi Cantt.
2	Rawalpindi	Mouza Chuhr Harpal, Near Chuhr Chowk, Main Peshawar Road, Rawalpindi Cantt.
3	Hayderabad	Plot no 23,24/1,27 and 28 Deh Sari, Qasimabad, Taluka Qasimabad, Distt. Hyderabad.

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, investment properties which have been stated at fair value, recognition of certain staff retirement benefits at present value and certain other items as disclosed in relevant accounting policies.

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 and revalued amounts of property, plant and equipment - Note 4.1 & 5
- Fair value of investment property - Note 4.2 & 6
- Allowance for expected credit loss (ECL) on contract receivables and loans and advances - Note 4.6, 4.7, 10 & 12
- Obligation of defined benefit obligation - Note 4.16 & 20
- Estimate of revenue and cost - Note 4.17
- Impairment of financial instruments based upon expected credit loss model - Note 4.19
- 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 - Note 4.15, 21 & 33

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

3.1 Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) - (effective for annual periods beginning on or after January 01, 2021). The amendments in Interest Rate Benchmark Reform (the "IBOR" or "Reform") - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the Reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the Reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) - (effective for annual periods beginning on or after April 01, 2021). The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

3.2 Amendments that are effective in current year and not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

3.3 **Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 ‘Presentation of Financial Statements’ and IFRS Practice Statement 2 ‘Making Materiality Judgement’) effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its ‘significant accounting policies’ in their financial statements. These amendments shall assist the entities to disclose their ‘material accounting policies’ in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 ‘Income taxes’) effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’) effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

There are number of other standards, amendments, improvements and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3.4 **Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company’s financial statements and are therefore not detailed in these financial statements.

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.

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 Company revalues its operating fixed assets on 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 represent the 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.

Leases

With regard to activities as a lessor, the Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases. 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 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 realizable 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 expected credit of the Company is based on the assessment as per IFRS 9 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, past collection history of each customer along with future indications and macro-economic factors of the industry, economy and country.

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 expected credit of the Company is based on the assessment as per IFRS 9 and management's continuous evaluation of the reliability 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 and half 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.

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'.

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.

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 occurred.

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

4.19.2 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 and joint operations.

The Company's share in transactions and balances related to joint 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. While equity method accounting is used for joint ventures.

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.

5 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and fixtures	Computers and accessories	Motor vehicles, cycles and boats	Construction equipments	Total
	Rupees							

Year ended June 30, 2022

Net carrying value basis

Opening book value	271,605,649	14,355,055	4,114,252	1,236,748	649,236	1,110,626	81,770	293,153,336
Additions	-	-	30,000	15,500	190,450	50,000	175,000	460,950
Revaluation surplus/(deficit)	7,903,052	(420,759)	-	-	-	-	-	7,482,293
Deletions - NBV	-	-	(4,347)	-	-	-	-	(4,347)
Depreciation charge	-	(342,856)	(760,098)	(212,678)	(161,949)	(475,662)	(53,980)	(2,007,223)
Closing net book value	279,508,701	13,591,440	3,379,807	1,039,570	677,737	684,964	202,790	299,085,009

Gross carrying value basis

Cost/revalued amount	279,508,701	13,934,296	7,342,012	2,084,188	1,430,644	3,221,078	418,200	307,939,119
Revaluation adjustments	-	(342,856)	-	-	-	-	-	(342,856)
	279,508,701	13,591,440	7,342,012	2,084,188	1,430,644	3,221,078	418,200	307,596,263
Accumulated depreciation	-	(342,856)	(3,962,206)	(1,044,616)	(752,908)	(2,536,114)	(215,410)	(8,854,110)
Revaluation adjustments	-	342,856	-	-	-	-	-	342,856
	-	-	(3,962,206)	(1,044,616)	(752,908)	(2,536,114)	(215,410)	(8,511,254)
	279,508,701	13,591,440	3,379,806	1,039,572	677,736	684,964	202,790	299,085,009

Year ended June 30, 2021

Net carrying value basis

Opening book value	257,594,345	13,714,237	9,245,560	1,305,817	603,666	5,515,965	594,275	288,573,865
Revaluation surplus	14,011,304	983,674	-	-	-	-	-	14,994,978
Additions	-	-	338,452	143,309	186,340	38,000	10,200	716,301
Deletions - NBV	-	-	(4,026,955)	(10,628)	-	(3,302,207)	(368,269)	(7,708,059)
Depreciation charge	-	(342,856)	(1,442,805)	(201,750)	(140,770)	(1,141,132)	(154,436)	(3,423,749)
Closing net book value	271,605,649	14,355,055	4,114,252	1,236,748	649,236	1,110,626	81,770	293,153,336

Gross carrying value basis

Cost/revalued amount	271,605,649	15,761,209	11,468,073	2,075,797	1,240,195	6,831,027	923,431	309,905,381
Revaluation adjustments	-	(1,406,154)	-	-	-	-	-	(1,406,154)
	271,605,649	14,355,055	11,468,073	2,075,797	1,240,195	6,831,027	923,431	308,499,227
Accumulated depreciation	-	(1,406,154)	(7,353,821)	(839,049)	(590,959)	(5,720,401)	(841,661)	(16,752,045)
Revaluation adjustments	-	1,406,154	-	-	-	-	-	1,406,154
	-	-	(7,353,821)	(839,049)	(590,959)	(5,720,401)	(841,661)	(15,345,891)
Net book value	271,605,649	14,355,055	4,114,252	1,236,748	649,236	1,110,626	81,770	293,153,336

Depreciation rate % per Annum - 2.5 to 2.8 6 to 30 9 to 18 12 to 15 9 to 18 6 to 24

5.1 Freehold land of the Company is located at Chakbeli road near Rawat and Peshawar road, District Rawalpindi, Punjab, and Taluka Qasimabad, Distt hyderabad, Sindh, with an area of 50.9 kanal, 5.1 kanal and 5.8 kanal respectively. Details of workshop and residential buildings of the company constructed on this land are as follows:

LOCATION	PARTICULAR	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

5.2 Depreciation has been allocated as follows:

NOTE	2022	2021
	Rupees	
Contract expenditure	814,078	1,597,241
General and administrative expenses	1,193,145	1,826,508
	2,007,223	3,423,749

- 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 Act, 2017.
- 5.4 This represents surplus on 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. Revaluation of land and buildings was based upon fair market value and valuation for other operating assets was conducted during 2019 which was based upon depreciated replacement costs to reflect the residual service potential of the assets taking account of age, condition and obsolescence. Details of revaluation are as follows:

Independent valuers

Revaluation dates

M/s Impulse (Private) Limited	June 30, 2022
M/s Impulse (Private) Limited	June 30, 2021
M/s Impulse (Private) Limited	June 30, 2020
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. 250,198,840.
- 5.6 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	2022
	Rupees
Freehold land	120,988
Buildings on freehold land	3,022,495
Plant and machinery	1,324,644
Furniture and fixture	972,605
Computers and accessories	770,106
Motor vehicles, cycles and boats	63,454
Construction equipment	273,403

		Rupees	
		2022	2021
6 INVESTMENT PROPERTY	NOTE		
Carrying amount as at June 30,			
Rural land	6.2	120,577,299	115,334,599
Gammon House - land and building	6.3	356,932,560	353,176,698
		477,509,859	468,511,297
6.1 The movement in this account is as follows:			
Opening balance		468,511,297	445,280,201
Net fair value gain on revaluation shown in profit and loss account	6.4	8,998,562	23,231,096
Carrying amount as at June 30		477,509,859	468,511,297

- 6.2 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.
- 6.3 This represents part of Gammon House 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 In 2013, management purchased and installed two billboards at Gammon House which had been treated as additions to investment properties.
- 6.4 The Company, as at June 30, 2022, 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. 8,998,562 (2021:Rs. 23,231,096) net adjustment to fair value.

Forced sale value of the investment property at date of statement of financial position is assessed at Rs. 408,219,160.

There are no non-cancellable fixed rate operating leases over the Company's investment property, land and buildings.

	NOTE	2022	2021
		Rupees	
7 LONG TERM INVESTMENTS			
Unquoted Subsidiaries			
Gammon Pakistan Precast (Private) Limited (96.2% Holding).	7.1	500,000	-
Amortized cost			
Defense Savings Certificates	7.2	500,000	500,000
Accrued interest		800,413	800,413
		1,800,413	1,300,413

7.1 It represents the shareholding of the Company in Gammon Pakistan Precast (Private) Limited making it a subsidiary effective from November 16, 2021.

7.2 This represents one certificate (2021: one) having face value of Rs. 500,000, having a maturity period of 10 years i.e. February 2017, carrying profit (effective rate) at 10.03 % per annum. The Company has deposited the certificate as 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, which matured during 2017, will be reinvested after release of the pledged certificate.

	NOTE	2022	2021
		Rupees	
8 LONG TERM SECURITY DEPOSITS			
Tender money deposit		353,928	353,928
Others security deposits:		1,509,600	1,515,675
Old security deposits Written off during the year		-	(298,275)
		1,509,600	1,217,400
		1,863,528	1,571,328

8.1 Long term security deposits represent deposits against receipt of non-financial services. These are carried at nominal value as effect by amortization is not material in respect of these financial statements.

9	STORES, SPARES AND LOOSE TOOLS	NOTE	2022	2021
			Rupees	
	Consumable materials		176,655	78,423
	Stores	9.1 & 9.2	11,299,851	14,179,075
	Spares		569,019	569,019
	Loose tools		20,575	20,575
	Other stocks		200,042	200,042
			12,266,142	15,047,134
9.1	Balance as at June 30		22,300,707	25,179,931
	Impairment - obsolete and slow moving item		(11,000,856)	(11,000,856)
			11,299,851	14,179,075

9.2 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.

10	CONTRACT RECEIVABLES	NOTE	2022	2021
			Rupees	
	Owned			
	Unsecured - considered good			
	Against billings:			
	- work-in-progress		2,629,467	32,552,116
	- completed contracts		73,478,098	56,089,247
			76,107,565	88,641,363
	Written off during the year		-	(9,809,055)
	Provision for expected credit loss	10.1	(75,150,387)	(75,150,387)
			(75,150,387)	(84,959,442)
			957,178	3,681,921
	Against retention money:			
	- work-in-progress		34,756,979	51,677,631
	- completed contracts		47,908,425	36,564,635
			82,665,404	88,242,266
	Written off during the year		-	(4,809,481)
	Provision for expected credit loss	10.1	(37,704,489)	(37,704,489)
			(37,704,489)	(42,513,970)
			44,960,915	45,728,296
	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)
			-	-
			45,918,093	49,410,217

10.1 Management, in the prior years, 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 ECL assessment and identified provision for expected credit loss as follows:

	NOTE	2022	2021
		Rupees	
Opening balance		142,845,809	142,845,809
Charge during the year		-	-
		<u>142,845,809</u>	<u>142,845,809</u>
11 CONTRACT ASSET			
Under the following captions:			
Contract asset on incomplete projects		103,625,367	113,089,451
Written off during the year		(38,575,588)	-
Contract liability on incomplete projects		-	(12,476,031)
Net contract asset	11.1	<u>65,049,779</u>	<u>100,613,420</u>
11.1 This comprises as follows:			
Cost incurred on incomplete projects		1,859,190,702	1,832,949,786
Estimated earnings		214,363,906	251,836,632
		<u>2,073,554,608</u>	<u>2,084,786,418</u>
Billings to date		(2,008,504,829)	(1,984,172,998)
		<u>65,049,779</u>	<u>100,613,420</u>
12 LOANS AND ADVANCES			
Unsecured - considered good			
To employees / project managers for expenses		11,741,897	10,735,857
To Gammon Pakistan Precast Limited	12.1	32,532,878	-
To suppliers		6,034,189	8,963,502
To sub - contractors		6,031,271	3,000,399
		<u>56,340,235</u>	<u>22,699,758</u>
Doubtful advances		27,409,210	27,575,850
		<u>83,749,445</u>	<u>50,275,608</u>
Written off during the year		-	(2,051,655)
Provision for expected credit loss	12.2	(27,409,210)	(27,575,850)
		<u>(27,409,210)</u>	<u>(29,627,505)</u>
		<u>56,340,235</u>	<u>20,648,103</u>
Due from joint venture partners		932,586	932,586
Provision for expected credit loss	12.2	(932,586)	(932,586)
		<u>-</u>	<u>-</u>
		<u>56,340,235</u>	<u>20,648,103</u>

12.1 This represent expenses paid on behalf of subsidiary to meet expenses of various on-going projects and is adjustable in due course of time.

12.2 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 assessment and identified provision for expected credit losses as follows:

	NOTE	2022	2021
		Rupees	
Opening balance		28,508,436	18,565,538
Reversed/charge during the year		(166,640)	9,942,898
		<u>28,341,796</u>	<u>28,508,436</u>
13 OTHER RECEIVABLES			
Unsecured:			
- Considered good			
Other receivables	13.1	<u>1,321,918</u>	<u>1,696,210</u>
13.1 This represents receivables in respect of rental income. It also includes receivables from related parties as follows:			
		2022	2021
		Rupees	
Janana De Maluchu Textile Limited		60,500	55,000
Gandhara Industry Limited		332,750	-
Bannu Woolen Mills Limited		830,789	342,444
		<u>1,224,039</u>	<u>397,444</u>
13.2 Aging of receivable from related parties:			
1-90 days		1,224,039	397,444
90-180 days		-	-
Over 180 days		-	-
		<u>1,224,039</u>	<u>397,444</u>
13.3 Maximum balance due from related party at end of any month during the year is Rs. 1,224,039 (2021: Rs. 1,547,710).			
		2022	2021
		Rupees	
14 TRADE DEPOSITS AND SHORT TERM			
Prepaid insurance		290,643	287,248
Prepayments		35,058	31,058
		<u>325,701</u>	<u>318,306</u>
15 TAX REFUNDS DUE FROM GOVERNMENT			
Considered good			
Balance as at July 01,		85,011,349	84,706,316
Advance income tax	16	(1,325,759)	305,033
		<u>83,685,590</u>	<u>85,011,349</u>
16 TAXATION - NET			
Balance as at July 01,		1,325,759	305,033
Transferred to tax refunds due from Government		-	(305,033)
		<u>1,325,759</u>	<u>-</u>
Provision for taxation		(5,266,586)	(5,187,748)
Advance income tax		5,527,289	6,513,507
		<u>1,586,462</u>	<u>1,325,759</u>

	NOTE	2022	2021
		Rupees	
17 CASH AND BANK BALANCES			
Cash in hand		252,574	146,144
Cash at bank: local currency			
- Current accounts	17.1	53,958	3,958,672
- Savings accounts	17.2	10,317	649,438
- Deposit accounts	17.3	889,443	889,443
		953,718	5,497,553
		1,206,292	5,643,697

17.1 It include Rupees 7,995/- (2021: RS. 7,999/-) attached under the instructions of Sindh Revenue Board in prior years against the order no 72 in 2018 for the departmental recovery of Rupees 51.696 million. On December 23, 2020 the Commissioner Appeals order in favor of the company and the company is under process to detach these bank accounts.

17.2 PLS accounts, during the current financial year, carried profit at the rates ranging from 5.5% to 12.5% (2021: 5.5% to 11.25%) per annum.

17.3 The entire balance as at June 30, 2022 and June 30, 2021 is under a bank's lien against guarantees issued by the bank.

18 SHARE CAPITAL

Issued, subscribed and paid up capital

Number of ordinary shares of Rs.10/- each		NOTE	2022	2021
2022	2021		Rupees	
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	30,760,660	30,760,660
28,266,231	28,266,231		282,662,310	282,662,310

18.1 This includes shares held by related parties

Bibojee Services (Private) Limited - Parent Company

20,369,056 (2021: 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 (2021: 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 (2021: 72.06% shares) in Gammon Pakistan Limited as at June 30, 2022.

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 (2021: 30,000,000) ordinary shares of Rs. 10/- each amounting to Rs. 300,000,000 (2021: Rs. 300,000,000).

19 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND

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

	NOTE	2022	2021
		Rupees	
Balance brought forward		428,744,197	424,188,138
Add: Revaluations during the year		7,482,293	14,994,978
Less:			
Transferred to equity in respect of incremental depreciation charged during the year - net of deferred tax		870,368	1,614,279
Realized on disposal of revalued assets - net of		2,225	5,797,354
Related deferred tax liability during the year transferred to profit and loss account		356,411	3,027,286
		1,229,004	10,438,919
		434,997,486	428,744,197
Less: Related deferred tax effect :			
Opening balance - as previously reported		8,671,478	11,413,499
Revaluation during the year		(122,020)	285,265
Adjustment on account of disposal		(909)	(2,367,933)
Incremental depreciation charged during the year transferred to profit and loss account		(355,502)	(659,353)
		8,193,047	8,671,478
		426,804,439	420,072,719

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, 2022 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	2022	2021
		Rupees	
Present value of the defined benefit obligation		3,030,550	4,319,738
Benefits due but not paid during the year		5,101,515	3,680,965
		8,132,065	8,000,703

	NOTE	2022	2021
		Rupees	
20.3 Reconciliation of net defined benefit liability			
Present value of defined benefit obligations		4,319,738	5,532,839
Benefits due but not paid as at June 30		3,680,965	3,191,896
Service cost		139,796	210,127
Interest on defined benefit obligations		360,946	391,903
Benefit due but not paid at the year end		(5,101,515)	(3,680,965)
Actuarial (gain) / loss		(277,930)	29,309
Benefits paid during the year		(91,450)	(1,355,371)
		3,030,550	4,319,738
20.4 Remeasurement chargeable to statement of other comprehensive income			
Remeasurement (gain) / loss on defined			
Actuarial (gain) / loss due to Change in financial assumptions		-	2,821
Actuarial (gain) / loss due to experience adjustment		(277,930)	26,488
		(277,930)	29,309
20.5 The amounts recognised in the statement of profit or loss:			
Current service costs		139,796	210,127
Interest cost		360,946	391,903
		500,742	602,030
20.6 Changes in the present value of the defined benefit obligation are as follows:			
Opening defined benefit obligation		8,000,703	8,724,735
Service cost		139,796	210,127
Interest cost		360,946	391,903
Actuarial (gains) / losses		(277,930)	29,309
Benefits paid		(91,450)	(1,355,371)
		8,132,065	8,000,703
20.7 Principal actuarial assumptions (financial and demographic) at the end of the reporting period (expressed as weighted averages) are as follows:			
Discount rate as at June 30, 2022			13.25%
Future salary increases			12.25%
Proportion of employees opting for early retirement			0.56% to 14.344%
Inflation rate			12.00%
Mortality rate			SLIC (2001-5) Mortality table
Average expected remaining working lifetime of members			6 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:

	2022	2021	2020	2019	2018
	Rupees				

Present value of defined benefit obligation	3,030,550	4,319,738	5,532,839	5,959,980	5,459,690
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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, 2023 is estimated to be Rs. 575,699.

20.11 Sensitivity analysis

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

	2022	
	1 % increase in assumption	1 % decrease in assumption
	Rupees	
Discount rate	2,854,950	3,217,022
Salary increase	3,216,950	2,854,915

20.12 Expected future payments

Within one year	735,624
More than one year but less than five years	4,321,175
Above five years	8,295,748
	<u>13,352,547</u>

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	2022	2021
		Rupees	
Deferred tax liability-net	21.1	<u>33,361,724</u>	<u>31,352,476</u>
Tax rate		29%	29%

21.1 Deferred tax liability-net

21.1.1 Analysis of change in deferred tax

The gross movement in the deferred tax liability during the year is as follows:

	NOTE	2022	2021
		Rupees	
Opening balance		31,352,476	30,057,055
Charged to statement of profit or loss	33	2,131,268	1,010,156
Charged to other comprehensive income	19	(122,020)	285,265
		<u>33,361,724</u>	<u>31,352,476</u>

	NOTE	2022	2021
		Rupees	
21.1.2 Net deferred tax liability is comprised of as			
Deferred tax liabilities			
Accelerated tax depreciation allowed		97,551,262	95,150,003
Surplus on revaluation of PPE		8,193,045	8,671,476
Provision for gratuity		2,358,299	2,320,204
Deferred tax asset			
Provision for doubtful receivables		(41,425,285)	(41,425,285)
Provision for doubtful loan and advances		(8,219,121)	(8,267,446)
Deferred tax asset on brought forward losses		(14,910,951)	(14,910,951)
Provision for overseas loan		(10,185,525)	(10,185,525)
		33,361,724	31,352,476

21.2 Deferred tax asset of Rs. 14,910,951 due to brought forward losses has been recognized in the current financial statements, as in the opinion of the management there is certainty regarding realisability of the amount (2021: Rs. 14,910,951 due to brought forward losses was not recognized based upon management judgement for unrealisability of the amount).

	NOTE	2022	2021
		Rupees	
22 TRADE AND OTHER PAYABLES			
Sundry creditors	22.1	56,727,498	59,870,039
Advance rent		2,058,626	14,576
Due to sub-contractors		37,086,273	37,869,698
Accrued expenses	22.2	37,150,652	34,862,184
Due to employees and others	22.3	9,865,033	9,165,299
Taxes payable		1,462,510	2,515,625
Joint venture partners' share of profit		1,620,715	1,620,715
Other provisions	22.4	35,122,500	35,122,500
		181,093,807	181,040,636
22.1 Balance written back during the year			
Payable as		89,887,235	63,370,039
Written back		(33,159,737)	(3,500,000)
		56,727,498	59,870,039
22.2 Balance written back during the year			
Payable as		-	35,633,051
Written		-	(770,867)
		-	34,862,184

22.3 This balance includes amounts aggregating Rs. 1.563 million (2021: 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. Furthermore, an amount of Rs. 7.589 million were paid to members up to December 31, 2019.

- 22.4 These represent provisions made for the potential liability, in respect of borrowings of Saudi Riyals 2.50 million and Saudi Riyals 5 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).

	NOTE	2022	2021
		Rupees	
23 UNCLAIMED DIVIDENDS			
Unclaimed		1,442,230	1,442,230
23.1 The reconciliation of carrying amount is as follows:			
Opening balance		1,442,230	1,442,230
Dividends declared		-	-
Interest on dividend		-	-
Less: Dividends paid		-	-
		1,442,230	1,442,230

24 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.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingent assets

The Company had lodged a claim with National Highway Authority amounting Rs. 201.177 million (2021: 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) The NBP vide its letter number NBP/CORP/2022/107 has categorically confirmed that the company does not owe any amount in this regard and e-CIB portal has not reported any overdue amount. Therefore, outcome of the case before Sindh High Court cannot be determined at this stage being pending since 2000.

In view of the above and since the company has made provision in the accounts to meet any contingency, there is no further requirement for any provision, therefore, there will be no adverse effect expected. The same has been endorsed by the Company Board of directors (BOD) and Lawyer in his opinion. Furthermore, Company BOD has agreed to settle any resulting contingency raised therein.

- (b) Regarding tax year 2015 Best judgment assessment was made against the company under section 121 of the Income Tax Ordinance, 2001 determining tax chargeable at Rupees 46,282,156/- and tax payable of Rupees. 22,636,470/- The Commissioner Inland Revenue (Appeals) who upheld the assessment order of Deputy Commission Inland Revenue. Later on, the Appellate Tribunal Inland Revenue remanded back the case to the assessing officers which is yet to set for hearing. Legal counsel of the company is confident to have a favorable decision in due course of time.

Punjab Revenue Authority completed its proceedings against the company for nonpayment of Rupees 68,290,380/- as provincial tax during the tax periods from June 2013 to March 2018. The case is pending before the Appellate Tribunal Punjab Revenue Authority. Legal counsel of the company is confident to have a favorable decision in due course of time.

Proceedings under section 161/205 of the Income Tax Ordinance, 2001 were initiated and completed against the company for the tax year 2016 and 2018 by determining tax payable of Rupees 1,677,422/- and Rupees 16,764,436/- respectively. The cases have been heard by the Commissioner Inland Revenue (Appeals) whose decision is awaited. Legal counsel of the company is confident to have a favorable decision in due course of time.

- (c) 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 (2021: Rs. 50.062 million).
- (b) There were no commitments for capital expenditures as at the balance sheet date (2021: Nil).

	NOTE	2022	2021
		Rupees	
26 CONTRACT INCOME			
Own projects		24,331,831	75,716,889
27 CONTRACT EXPENDITURE			
Materials		5,094,327	62,180,265
Salaries and wages		14,523,435	16,766,002
Maintenance and hiring of plants		1,377,495	1,461,149
Project insurance		455,846	454,332
Cartage, traveling and conveyance		770,390	1,285,964
Site auxiliary works and temporary hutting		309,470	328,900
Electricity		16,025	-
Depreciation	5.2	814,078	1,597,240
Petrol, oil and lubricants		1,614,990	2,863,310
Impairment - stores, spares and loose tools		-	11,000,856
Sundry expenses		1,264,860	1,059,197
		26,240,916	98,997,215

	NOTE	2022	2021
		Rupees	
28 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and benefits		16,140,135	13,581,054
Staff retirement benefits - gratuity		500,742	602,030
Repair and maintenance		684,979	1,633,836
Rent, rates and taxes		2,456,525	4,993,623
Telephone and fax		173,445	186,640
Advertisement and publicity		43,331	70,630
Legal and professional charges		1,884,500	1,889,768
Power and electricity		1,439,905	1,013,030
Travelling and conveyance		1,339,864	1,910,363
Works in view		104,000	220,589
Provision for loans and advances		-	9,942,898
Fee and subscription		609,536	1,363,353
Depreciation	5.2	1,193,145	1,826,508
Other sundry expenses		2,699,094	5,608,686
		29,269,201	44,843,008
29 OTHER OPERATING EXPENSES			
Auditor remuneration	29.1	685,125	627,500
Contract asset written off during the year	11	38,575,588	-
Bills receivable written off during the year	10	-	9,809,055
Loan and advances written off during the year	12	-	2,051,655
Retention money written off during the year	10	-	4,809,481
Security deposits written off during the year	8	-	298,275
		39,260,713	17,595,966
29.1 Auditor remuneration			
Statutory audit		498,750	450,000
Half yearly review		165,375	157,500
Fee for other certifications		21,000	20,000
		685,125	627,500
30 OTHER INCOME			
Income from financial assets:			
Profit on deposit and PLS accounts		63,803	51,502
Income from non-financial assets:			
Sundry creditors written back during the year	22.1	33,159,737	3,500,000
Reversal of provision against loan and advances		166,640	-
Accrued expenses written back during the year	22.2	-	770,867
Rental income on investment property		25,771,458	23,707,525
Gain on sale of obsolete fixed assets/stores & spares		3,335,783	32,580,051
		62,497,421	60,609,945
31 BANK CHARGES			
Bank charges		26,702	26,582

32 FAIR VALUE GAIN ON INVESTMENT PROPERTY

The Company, as at June 30, 2022, 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. 8,998,562 (2021: Rs. 23,231,096).

	NOTE	2022	2021
		Rupees	
33 TAXATION			
Current year		5,266,586	5,187,748
Deferred tax		2,131,268	1,010,156
		7,397,854	6,197,904

33.1 No numeric tax rate reconciliation is presented in these financial statements for the year ended June 30, 2022 as the Company's income was taxable under separate taxation regime of the Income Tax Ordinance, 2001.

33.2 The applicable income tax rate for the Tax Year 2021 and beyond is 29% on account of changes made to Income Tax Ordinance, 2001 through Finance Act 2020. Therefore, deferred tax is computed at the rate of 29% applicable to the period when temporary differences are expected to be reversed / utilised.

34 (LOSS) PER SHARE - BASIC AND DILUTED

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

		2022	2021
(Loss) after tax	RUPEES	(6,367,572)	(8,102,745)
Weighted average number of ordinary shares at the end of the year	NUMBERS	28,266,231	28,266,231
Basic and diluted (loss) per share	RUPEES	(0.23)	(0.29)
34.1 (Loss) per share comprises as follows:			
Distributable loss		(0.54)	(1.11)
Undistributable - unrealised fair value gains		0.32	0.82
		(0.23)	(0.29)

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, subsidiaries, 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 relevant notes. Remuneration of directors and executives are disclosed in note 38 whereas other significant transactions with related parties are disclosed here.

Name of the Related Party	Relationship	Transaction during the year	2022	2021
			Rupees	

a) Subsidiary

Gammon Pakistan Precast (Private) Limited	Shareholder	shares acquired	500,000	-
		Loan Provided	32,532,878	-

b) Associated Companies

Ghandhara Nissan Limited	Common Directorship	Rental income	3,690,500	3,000,000
		Rental received	(3,690,500)	(3,000,000)
Ghandhara Industries Limited	Common Directorship	Rental income	3,357,750	3,000,000
		Rental received	(3,025,000)	(3,000,000)
Janana De Malucho Mills Limited	Common Directorship	Rental income	225,500	205,000
		Rental received	(220,000)	(150,000)
Baberi Mills Limited	Common Directorship	Rental income	-	150,000
		Rental received	-	(150,000)
Rehman Mills Limited	Common Directorship	Rental income	220,000	150,000
		Rental received	(220,000)	(150,000)
Bannu Mills Limited	Common Directorship	Rental income	3,072,766	2,843,424
		Rental received	(2,364,520)	(2,500,980)
Bibojee Services (Private) Limited	Common Directorship	Generator Purchased	30,000	-
		Amount Paid	(30,000)	-
The Tyre & Rubber Company Limited	Common Directorship	Purchases	40,638	-
		Amount Paid	(40,638)	-

35.1 The status of outstanding balances of related parties as at June 30, 2022 are included in other receivable (note 13.1) and trade and other payables (note 22).

	NOTE	2022	2021
		Rupees	
36	PROFIT BEFORE WORKING CAPITAL CHANGES		
	Profit/(loss) before taxation	1,030,282	(1,904,841)
	Adjustment for:		
	Depreciation	5	3,423,749
	Staff retirement benefits - gratuity	20.5	602,030
	Disposal of fixed assets/store, spares & loose tools as scrap		(32,580,051)
	Fair value gain on investment property	6	(23,231,096)
	Finance cost	31	26,582
		(6,621,455)	(51,758,786)
		(5,591,172)	(53,663,627)

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:

	2022				2021			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	----- Rupees -----				----- Rupees -----			
Managerial remuneration	-	-	3,714,974	3,714,974	600,000	-	1,736,280	2,336,280
House rent	-	-	743,003	743,003	180,000	-	347,260	527,260
Medical	-	-	743,003	743,003	120,000	-	347,260	467,260
Utilities	-	-	743,003	743,003	120,000	-	347,260	467,260
Others	-	-	1,485,936	1,485,936	180,000	-	694,487	874,487
Total	-	-	7,429,920	7,429,920	1,200,000	-	3,472,547	4,672,547
Number of persons	1	7	2	10	1	7	2	10

- b) No remuneration was paid to the chief executive during the year and 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.

38 FINANCIAL ASSETS AND LIABILITIES

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

	2022				
	Total	Interest/mark up bearing			Non interest / mark up bearing
		Maturity upto one year	Maturity after one year Rupees	Sub-total	
Financial assets					
Financial assets carried at amortized cost					
Long term investments	1,800,413	-	1,300,413	1,300,413	500,000
Long term security deposits	1,863,528	-	-	-	1,863,528
Contract receivables	45,918,093	-	-	-	45,918,093
Other receivables	1,321,918	-	-	-	1,321,918
Contract asset	65,049,779	-	-	-	65,049,779
Cash and bank balances	1,206,292	899,760	-	899,760	306,532
	117,160,023	899,760	1,300,413	2,200,173	114,959,850
Financial liabilities					
Financial liabilities carried at amortized cost					
Trade and other payables	181,093,807	-	-	-	181,093,807
Unclaimed dividends	1,442,230	-	-	-	1,442,230
Deferred liability	8,132,065	-	-	-	8,132,065
Joint venture partner's advances	30,059,542	-	-	-	30,059,542
	220,727,644	-	-	-	220,727,644
On balance sheet gap	(103,567,621)	899,760	1,300,413	2,200,173	(105,767,794)
Off Balance sheet Items					
Financial contingencies and commitments	(85,184,000)	-	-	-	(85,184,000)
Total Gap	(188,751,621)	899,760	1,300,413	2,200,173	(190,951,794)
2021					
	Total	Interest/mark up bearing			Non interest / mark up bearing
		Maturity upto one year	Maturity after one year Rupees	Sub-total	
Financial assets					
Financial assets carried at amortized cost					
Long term investments	1,300,413	-	1,300,413	1,300,413	-
Long term security deposits	1,571,328	-	-	-	1,571,328
Contract receivables	49,410,217	-	-	-	49,410,217
Other receivables	1,696,210	-	-	-	1,696,210
Contract asset	113,089,451	-	-	-	113,089,451
Cash and bank balances	5,643,697	1,538,881	-	1,538,881	4,104,816.00
	172,711,316	1,538,881	1,300,413	2,839,294	169,872,022
Financial liabilities					
Financial liabilities carried at amortized cost					
Trade and other payables	181,040,636	-	-	-	181,040,636
Unclaimed dividends	1,442,230	-	-	-	1,442,230
Deferred liability	8,000,703	-	-	-	8,000,703
Joint venture partner's advances	30,059,542	-	-	-	30,059,542
	220,543,111	-	-	-	220,543,111
On balance sheet gap	(47,831,795)	1,538,881	1,300,413	2,839,294	(50,671,089)
Off Balance sheet Items					
Financial contingencies and commitments	(85,184,000)	-	-	-	(85,184,000)
Total Gap	(133,015,795)	1,538,881	1,300,413	2,839,294	(135,855,089)

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. 115,107,036 (2021: Rs. 171,264,759). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	NOTE	2022 Rupees	2021
Long term security deposits	8	1,863,528	1,571,328
Contract receivables	10	45,918,093	49,410,217
Other receivables	13	1,321,918	1,696,210
Contract asset	11	65,049,779	113,089,451
Bank balances	17	953,718	5,497,553
		<u>115,107,036</u>	<u>171,264,759</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	45,918,093	49,410,217
	<u>45,918,093</u>	<u>49,410,217</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

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 risk.

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 followings are the contractual maturities of financial liabilities, including interest payments if any and excluding the impact of netting agreements, if any:

2022						
Carrying Amount	Contractual Cash Flow	Six Month or Less	Six to Twelve Month	One to Two Year	Two to Five Year	Over Five Year
-----Rupees-----						
Trade and Other Payable	181,093,807	181,093,807	181,093,807	-	-	-
Unclaimed Dividend	1,442,230	1,442,230	-	-	1,442,230	-
Deferred Liability	8,132,065	-	-	-	8,132,065	-
Joint Venture partner's advance	30,059,542	30,059,542	30,059,542	-	-	-
	220,727,644	212,595,579	211,153,349	-	1,442,230	8,132,065
-----Rupees-----						
2021						
Carrying Amount	Contractual Cash Flow	Six Month or Less	Six to Twelve Month	One to Two Year	Two to Five Year	Over Five Year
-----Rupees-----						
Trade and Other Payable	181,040,636	181,040,636	181,040,636	-	-	-
Unclaimed Dividend	1,442,230	1,442,230	-	-	1,442,230	-
Deferred Liability	8,000,703	-	-	-	8,000,703	-
Joint Venture partner's advance	30,059,542	30,059,542	30,059,542	-	-	-
	220,543,111	212,542,408	211,100,178	-	1,442,230	8,000,703

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. The Company is not exposed to any material interest rate risk, except fixed rate financial instrument (long term investment- note 7) which has a fixed rate of interest, therefore, no sensitivity analysis has been presented.

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.

	June 30,2022		June 30,2021	
	Carrying Amount	Fair value	Carrying Amount	Fair Value
Rupees				
Assets Carried at Amortized Cost				
Contract receivables	45,918,093	45,918,093	49,410,217	49,410,217
Contract asset	65,049,779	65,049,779	113,089,451	113,089,451
Loans and advances	56,340,235	56,340,235	20,648,103	20,648,103
Other receivables	1,321,918	1,321,918	1,696,210	1,696,210
Cash and bank balances	1,206,292	1,206,292	5,643,697	5,643,697
	169,836,317	169,836,317	190,487,678	190,487,678

June 30,2022		June 30,2021	
Carrying Amount	Fair value	Carrying Amount	Fair Value
Rupees			

Liabilities Carried at Amortized Cost

Trade and Other Payable	181,093,807	181,093,807	181,040,636	181,040,636
Unclaimed Dividend	1,442,230	1,442,230	1,442,230	1,442,230
Joint Venture partner's advance	30,059,542	30,059,542	30,059,542	30,059,542
	212,595,579	212,595,579	212,542,408	212,542,408

As at June 30, 2022 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 and freehold land and building in operating fixed assets were valued on June 30, 2022 carried out by external independent valuer M/s Impulse (Private) Limited.

As at June 30,2022			
Level 1	Level 2	Level 3	Total
Rupees			

Assets

Investment Property Carried at Fair Value	-	477,509,859	477,509,859
Freehold Land and Building	-	293,100,141	293,100,141
	-	770,610,000	770,610,000

As at June 30,2021			
Level 1	Level 2	Level 3	Total
Rupees			

Assets

Investment Property Carried at Fair Value	-	468,511,297	468,511,297
Freehold Land and Building	-	285,960,703	285,960,703
	-	754,472,000	754,472,000

NOTE	2022	2021
	Rupees	

Reconciliation of net increase in level 3 fair values:

Fair value at beginning of the year		754,472,000	716,588,782
Depreciation charged during the year	5	(342,856)	(342,856)
Remeasurement recognized in profit or		8,998,562	23,231,096
Remeasurement recognized in OCI		7,482,294	14,994,978
Fair value at end of the year		770,610,000	754,472,000

The Company has revalued its freehold land, buildings on June 30, 2022 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.

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 analysis 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. However, there is no transfers between levels during the year.

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.

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.

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.

The capital structure of the Company is as follows:

	NOTE	2022 Rupees	2021
Equity		<u>793,869,653</u>	<u>792,354,982</u>
Gearing ratio		<u>-</u>	<u>-</u>

43 JOINT VENTURES

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

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

	Project value Rs. in million	Profit sharing ratio Investor
Khalifa Gul Nawaz Medical Complex, Bannu	402.36	50%
Durrani Public School, Bannu - Phase II	295	50%
Hawad / Nurar Bridges, Bannu	176.42	50%

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.

45 NUMBER OF EMPLOYEES

	2022	2021
Number of employees as at June 30,	22	20
Average number of employees during the year	21	21

46 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

46.1 MANAGEMENT ASSESSMENT OF GOING CONCERN

The Company has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity under COVID. The lockdowns have caused disruptions in the supply chain including completion of projects and transportation of labour at site resulting in a decline in revenue. It is also expected that the outbreak may result in lower demand in future due to continuing COVID crisis. Due to the expectation that there may be lower business activity in future, the management has assessed the going concern assumption used for the preparation of these financial statements.

Although the company has suffered operational loss of Rupees 7.942 million due to non-availability of profitable contracts/projects during the year, it has managed to meet the day to day working capital requirements and to repay all the administrative cost through the rental income earned from investment properties. However, the management is confident of the Company's ability to continue as a going concern based on its concentrated effort to re-profile the operational activities and utilization of improved liquidity in cost efficient operational levels of machinery and related projects. The Company undertook following significant operational measures in order to generate liquidity and profitable projects/ventures:

- New Chief Operating officer, Project Director and Chief Financial Officer hired in place of ineffective predecessors;
- The Company going to develop thier own housing and commercial projects for which necessary approvals are in process.
- On 01 September 2020 the company entered into a joint venture agreement for 15 years with Rajcon- a construction and engineering company having expertise in pre-fabricated buildings and construction for future projects. The Owner of Rajcon also appointed as Chief Operating Officer of the company to develop, acquire and manage the future projects for the Company;

46.2 INVESTIGATION AGAINST EX-CFO

Based on in-house internal audit report the EX-CFO of the company during the period from 01 January 2018 to 29 December 2020 was involved in certain financial transactions amounting to Rs 26.804 million, which is being investigated internally. Moreover, FIR has been lodged against him subsequent to June 30, 2021. The transactions mainly done out of books and the impact of such investigation/FIR, if any, will be accounted for in the period during which such case is completed.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 03, 2022 by the Board of Directors of the Company.

47.1 GENERAL

Amounts printed in the financial statements have been rounded off to the nearest of rupee, unless otherwise stated.

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and better presentation. However, no significant reclassification has been made.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

INDEPENDENT AUDITORS' REPORT

To the members of Gammon Pakistan Limited

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

We have audited the annexed consolidated financial statements of **Gammon Pakistan Limited and its subsidiary company Gammon Pakistan Precast (Pvt) Limited** ("the Group"), which comprise the consolidated statement of financial position as at June 30, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

Except for the matters described in the Basis for Qualified Opinion section of our report, in our opinion the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as on June 30, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 qualified opinion and after due verification we report that:

- a) Contract receivables amounting to Rupees 45.92 million, allowance of expected loss amounting to Rupees 142.845 million, net contract assets amounting to Rupees 65.05 million, joint ventures partner advances amounting to Rupees 30.059 million as disclosed in notes 12, 12.1, 13 and 27 respectively could not be verified in absence of the direct confirmations from the involved parties. Further, there are no written efforts are available to recover/settle these old balances. The consequential cumulative effect of this matter has neither been determined nor adjusted in these consolidated financial statements.
- b) As fully explained in note 25.4 after lapse of considerable time the holding company could not make the arrangement to pay the provident fund amounting to Rupees 1.563 million to the relevant employees as instructed by the Securities and exchange Commission of Pakistan and unclaimed dividend as disclosed in note 26 amounting to Rupees 1,442,230 has not been kept in unpaid dividend account under Section 244 of the Companies Act, 2017. The effect of these matters has not been adjusted appropriately in these consolidated financial statements.

Emphasis of Matter

Without further qualifying our opinion:

- a) we also draw attention to the Note 49.2 to the consolidated financial statements which explains that certain financial transactions pertaining to the ex CFO of the holding company are under investigation internally as well as by external agency and the impact of such investigation, if any, will be accounted for in the period during which such investigation is completed.

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 consolidated financial statements as a whole and, in forming our opinion thereon we do not provide a separate opinion on these matters. Following are the key audit matter(s):

Key audit matter	How our audit addressed the key audit matter
<p>a) Contingencies and Group's exposure to litigation risk</p> <p>In our judgment, the Group has significant litigation cases and other contingencies, details of which are disclosed in note 28.2 to the accompanying consolidated financial statements.</p> <p>Given the nature and amounts involved in such cases and contingencies, and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgment, which can change over time as new facts emerge and each legal case progresses and the contingency crystallizes, and therefore, we have identified this as key audit matter.</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> - We obtained confirmations from legal advisors for current status on pending previous cases and any new cases filed during the year and assessing the advise given; - Checked orders by relevant authorities on previous lawsuits / cases appearing in the consolidated financial statements; - Reading correspondence of the Group with regulatory departments and the Group's external counsel, where available; - Discussing open matters and developments with the management of the Holding Company and its subsidiary; <p>We evaluated that appropriate disclosures and presentation have been made in these consolidated financial statements.</p>
<p>b) Revenue recognition</p> <p>The Holding Company generates its revenue from long term projects. Revenue from such projects is recognized over a period of time by measuring progress towards complete satisfaction of the performance obligation. The extent of progress towards completion is measured by using the input method whereby actual cost incurred to date is compared with the total estimated cost of the project.</p> <p>During the year ended June 30, 2022, the Holding Company recognized an amount of Rs. 24 million as revenue from such projects. The application of the input method requires significant management judgment when estimating the total cost to complete the project. This estimate is revalued at the end of each reporting date to reflect current circumstances.</p> <p>We considered revenue from projects as a key audit matter due to significant management judgment and estimation involved.</p> <p>Refer to note 5.17 & 29 to the consolidated financial statements</p>	<p>Our audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> - Obtained understanding of the internal processes used to record actual cost incurred; - Obtained understanding of the cost estimation process and techniques adopted by the management for determination of estimated total cost to complete the project; - Assessed the reliability of management's estimates by comparing the actual results of delivered projects to previous estimates; - Performed test of detail procedures over actual cost incurred during the year; - Checked the extent of progress towards completion by comparing actual costs as per the Holding Company's accounting records to the estimated total costs of the projects; and - Assessed the adequacy of related disclosures in the consolidated financial statements



c) Control environment relating to the financial reporting process and related IT systems

The IT control environment relating to the Group's financial reporting process and the application controls of individual IT system shave an impact on the selected audit approach.

As the Consolidated financial statements are based on extensive number of data flows from multiple IT systems, consequently the Group's financial reporting control environment is determined as a key audit matter.

Our audit procedures included evaluation of the Group's 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.

Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the consolidated statement of profit or loss and consolidated statement of financial position.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Rashid Iqbal FCA.

Rizwan and Company
Chartered Accountants

Islamabad:

Date: October 3, 2022

UDIN: AR2022101012x1SIZNhV

**GAMMON PAKISTAN LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

GAMMON PAKISTAN LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

ASSETS		2022	2021
NON CURRENT ASSETS	NOTE	Rupees	
Property, plant and equipment			
Operating fixed assets	6	309,139,235	293,153,336
Investment property	7	477,509,859	468,511,297
Precommencement expenditure	8	6,925,300	-
Long term investments	9	1,300,413	1,300,413
Long term security deposits	10	1,863,528	1,571,328
		796,738,335	764,536,374
CURRENT ASSETS			
Stores, spares and loose tools	11	16,234,411	15,047,134
Contract receivables	12	45,918,093	49,410,217
Contract asset	13	65,049,779	113,089,451
Loans and advances	14	29,193,221	20,648,103
Other receivables	15	1,369,228	1,696,210
Trade deposits and short term prepayments	16	325,701	318,306
Tax refunds due from Government	17	83,685,590	85,011,349
Taxation - net	18	1,713,004	1,325,759
Cash and bank balances	19	2,168,146	5,643,697
		245,657,173	292,190,226
TOTAL ASSETS		1,042,395,508	1,056,726,600
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	20	282,662,310	282,662,310
Capital reserves			
Share premium reserve		15,380,330	15,380,330
Revaluation surplus on property, plant and equipment	21	426,804,439	420,072,719
		442,184,769	435,453,049
Revenue reserve-Accumulated profit		53,329,441	74,239,623
Equity attributable to owners of the holding company		778,176,520	792,354,982
Non-controlling interest	22	(577,116)	-
		777,599,404	792,354,982
NON-CURRENT LIABILITIES			
Deferred liability	23	8,132,065	8,000,703
Deferred taxation	24	34,124,936	31,352,476
		42,257,001	39,353,179
CURRENT LIABILITIES			
Trade and other payables	25	191,037,331	181,040,636
Unclaimed dividends	26	1,442,230	1,442,230
Contract liability	13	-	12,476,031
Joint venture partner's advances	27	30,059,542	30,059,542
		222,539,103	225,018,439
TOTAL EQUITY AND LIABILITIES		1,042,395,508	1,056,726,600

CONTINGENCIES AND COMMITMENTS

28

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The annexed notes from 1 to 50 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022	2021
		Rupees	
Revenue	29	32,260,703	75,716,889
Contract expenditure/cost of good sold	30	(35,783,014)	(98,997,215)
Gross (loss)		(3,522,311)	(23,280,326)
Operating expenses			
General and administrative expenses	31	(43,172,730)	(44,843,008)
Other operating expenses	32	(39,530,713)	(17,595,966)
		(82,703,443)	(62,438,974)
Other income	33	62,630,597	60,609,945
Net operating (loss)		(23,595,157)	(25,109,355)
Bank charges	34	(26,703)	(26,582)
Fair value gain on investment property	35	8,998,562	23,231,096
(Loss) before taxation		(14,623,297)	(1,904,841)
Taxation	36	(8,034,524)	(6,197,904)
(Loss) after taxation		(22,657,821)	(8,102,745)
Profit or loss attributable to:			
Equity holders of the holding company		(22,060,705)	(8,102,745)
Non-controlling interests	22	(597,116)	-
		(22,657,821)	(8,102,745)
Earnings per share:			
Earnings per share - basic and diluted	37	(0.78)	(0.29)

The annexed notes from 1 to 50 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 Rupees	2021
(Loss) after taxation		(22,657,821)	(8,102,745)
Other comprehensive income			
Item that will not be reclassified to profit and loss:			
Revaluation surplus on property, plant and equipment	21	7,482,293	14,994,978
Related deferred tax impact	21	122,020	(285,265)
		7,604,313	14,709,713
(Loss)/gain on remeasurement of defined benefit liability	23.3	277,930	(29,309)
Total other comprehensive income for the year		7,882,243	14,680,404
Total comprehensive (loss)/income for the year		(14,775,579)	6,577,659
Total comprehensive (loss)/income attributable to:			
Equity holders of the holding company		(14,178,463)	6,577,659
Non-controlling interests		(597,116)	-
		(14,775,579)	6,577,659

The annexed notes from 1 to 50 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

Share capital	Reserves			Non-controlling interest	Total	
	Capital	Revenue				
Issued, subscribed and paid-up capital	Share premium reserve	Revaluation surplus on property, plant and equipment	Accumulated Profits			
NOTE -----Rupees-----						
Balance as at July 1, 2020	282,662,310	15,380,330	412,774,639	74,960,044	-	785,777,323
Total comprehensive income for the year ended June 30, 2021						
Profit for the year	-	-	-	(8,102,745)	-	(8,102,745)
Revaluation of property, plant and equipment - net of deferred tax	-	-	14,709,713	-	-	14,709,713
(Loss) on remeasurement of defined benefit liability	-	-	-	(29,309)	-	(29,309)
	-	-	14,709,713	(8,132,054)	-	6,577,659
Transfer from revaluation surplus on property, plant and equipment:						
- on account of incremental depreciation-net of deferred tax	20	-	(1,614,279)	1,614,279	-	-
- upon disposal of revalued property, plant and equipments	-	-	(5,797,354)	5,797,354	-	-
Balance as at June 30, 2021	282,662,310	15,380,330	420,072,719	74,239,623	-	792,354,982
Total comprehensive income for the year ended June 30, 2022						
(Loss) for the year	-	-	-	(22,060,705)	-	(22,060,705)
Revaluation of property, plant and equipment - net of deferred tax	-	-	7,604,313	-	-	7,604,313
Gain on remeasurement of defined benefit liability	-	-	-	277,930	-	277,930
	-	-	7,604,313	(21,782,775)	-	(14,178,462)
Transfer from revaluation surplus on property, plant and equipment:						
- on account of incremental depreciation-net of deferred tax	21	-	(870,368)	870,368	-	-
- upon disposal of revalued property, plant and equipment	-	-	(2,225)	2,225	-	-
	-	-	(872,593)	872,593	-	-
Non-controlling interest:						
Share of net assets	-	-	-	-	20,000	20,000
Share of (loss) (3.8%)	-	-	-	-	(597,116)	(597,116)
	-	-	-	-	(577,116)	(577,116)
Balance as at June 30, 2022	282,662,310	15,380,330	426,804,439	53,329,441	(577,116)	777,599,404

The annexed notes from 1 to 50 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

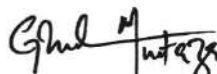
GAMMON PAKISTAN LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022	2021
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before working capital changes	39	(20,092,801)	(53,663,627)
Changes in working capital:			
Decrease / (increase) in current assets			
Stores, spares and loose tools		(1,187,277)	10,425,185
Contract receivables		3,492,124	33,972,907
Contract asset		48,039,672	24,054,067
Loans and advances		(8,545,118)	1,588,300
Other receivables		326,982	237,797
Trade deposits and short term prepayments		(7,395)	455
Increase/(decrease) in current liabilities			
Trade and other payables		9,996,695	(27,530,942)
Contract liability		(12,476,031)	(16,611,170)
		39,639,652	26,136,599
Cash generated from operations		19,546,851	(27,527,028)
Bank charges paid	34	(26,703)	(26,582)
Income tax paid		(4,201,530)	(6,513,507)
Gratuity paid		(91,450)	(1,355,371)
		(4,319,683)	(7,895,460)
Net cash (used in) operating activities		15,227,168	(35,422,488)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	6	(11,302,636)	(716,301)
Precommencement expenditure	8	(7,289,790)	-
Investment in subsidiary		(500,000)	-
Long term security deposits		(292,200)	289,875
Disposal of fixed assets/store, spares & loose tools as scrap		161,907	40,288,110
Net cash generated / (used in) investing activities		(19,222,719)	39,861,684
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued by subsidiary		520,000	-
Net cash generated from financing activities		520,000	-
Net (decrease)/increase in cash and cash equivalents		(3,475,551)	4,439,196
Cash and cash equivalents at the beginning of the year		5,643,697	1,204,501
Cash and cash equivalents at the end of the year	19	2,168,146	5,643,697

The annexed notes from 1 to 50 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1 THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

Holding Company

- Gammon Pakistan Limited

Subsidiary Company

- Gammon Pakistan Precast (Private) Limited

GAMMON PAKISTAN LIMITED

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

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

Geographical locations and addresses of all business units are as follows:

Sr.No	Loacation	Address
1	Head office	Mouza Chuhr Harpal, Near Chuhr Chowk, Main Peshawar Road, Rawalpindi Cantt.
2	Rawalpindi	Mouza Chuhr Harpal, Near Chuhr Chowk, Main Peshawar Road, Rawalpindi Cantt.
3	Hayderabad	Plot no 23,24/1,27 and 28 Deh Sari, Qasimabad, Taluka Qasimabad, Distt. Hyderabad.

GAMMON PAKISTAN PRECAST (PRIVATE) LIMITED

The Company was incorporated under the Companies Act, 2017 on November 16, 2021 as a Private Company Limited by shares. The principal activity of the Company is to carry on the business of all kind of cement, concrete precast products, its manufacturing/trade/installation on site work and all kind of construction business. The registered office of the Company is situated at Gammon House, 400/2 Peshawar Road, Rawalpindi. Gammon Pakistan Limited has 96.2% ownership in the share capital of Gammon Pakistan Precast (Private) Limited.

Geographical locations and addresses of all business units are as follows:

Sr.No	Loacation	Address
1	Head office	Mouza Chuhr Harpal, Near Chuhr Chowk, Main Peshawar Road,
2	Rawalpindi	Mouza Chuhr Harpal, Near Chuhr Chowk, Main Peshawar Road,

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Companies Act, 2017. However, provisions of and the directives issued under the Companies Act, 2017 have been followed where those provisions are not consistent with the requirements of the IFRSs as notified under the Companies Act, 2017.

2.2 **Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount, investment properties which have been stated at fair value, recognition of certain staff retirement benefits at present value and certain other items as disclosed in relevant accounting policies.

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

2.3 **Functional and presentation currency**

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

2.4 **Key judgments and estimates**

The preparation of consolidated 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 Consolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method and revalued amounts of property, plant and equipment - Note 5.1 & 6
- Fair value of investment property - Note 5.2 & 7
- Allowance for expected credit loss (ECL) on contract receivables and loans and advances - Note 5.6, 5.7, 12 & 14
- Obligation of defined benefit obligation - Note 5.16 & 23
- Estimate of revenue and cost - Note 5.17
- Impairment of financial instruments based upon expected credit loss model - Note 5.19
- Estimation of provisions - Note 5.21
- Estimation of contingent liabilities - Note 5.22
- Current income tax expense, provision for current tax and recognition of deferred tax asset - Note 5.15, 24 & 36.

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

3.1 **Amendments to published approved accounting standards that are effective in current year and are relevant to the Group**

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make adjustments as a result of adopting the following standards:

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) - (effective for annual periods beginning on or after January 01, 2021). The amendments in Interest Rate Benchmark Reform (the "IBOR" or "Reform") - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the Reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the Reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) - (effective for annual periods beginning on or after April 01, 2021). The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

There are other amendments to published approved accounting and reporting standards and interpretations that are applicable for the financial year beginning on July 01, 2021 but are considered not to be relevant or do not have any significant effect on the Group's financial reporting and operations and, therefore, have not been presented in these Consolidated financial statements.

3.2 **Amendments that are effective in current year and not relevant to the Group**

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Group's Consolidated financial statements and are therefore not detailed in these Consolidated financial statements.

3.3 **Amendments to published approved accounting standards that are not yet effective but relevant to the Group**

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Consolidated financial statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Consolidated financial statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the Consolidated financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Consolidated financial statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their Consolidated financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their Consolidated financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their Consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

There are number of other standards, amendments, improvements and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Group and therefore, have not been presented here.

3.4 **Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Group**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Group's Consolidated financial statements and are therefore not detailed in these Consolidated financial statements.

4 **BASIS OF CONSOLIDATION**

These consolidated financial statements include the financial statements of Gammon Pakistan Limited ("the Holding Company") and its subsidiary company, Gammon Pakistan Precast (Private) Limited ("the Subsidiary Company"), which is 96.2%.

The Subsidiary Company

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. A subsidiary company is fully consolidated from the date on which control is transferred to the Group and is derecognized from the date the control ceases. These consolidated financial statements include the Holding Company and the Subsidiary Company in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of the directors of the Subsidiary Company.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of the subsidiary company is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gain or losses arising from such measurement are recognized in consolidated profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss and is not reversed in future periods.

Any contingent considerations to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified an equity is not re-measured, and its subsequent settlement is accounted for within equity.

The assets, liabilities, income and expenses of subsidiary company is consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary's shareholders' equity in the consolidated financial statements.

Inter-company transactions, balances and unrealized gains on transactions between the Group companies, are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by the Subsidiary have been adjusted to conform with the Group's accounting policies.

The Subsidiary has same reporting period as that of the Holding Company. The accounting policies of subsidiary have been changed to confirm with accounting policies of the Group, wherever needed.

Changes in ownership interests in subsidiary without change of control

Transactions with non - controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the Subsidiary Company is recorded in equity. Gains or losses on disposals to non - controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is premeasured to its fair value, with the change in carrying amount recognized in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This mean that amounts previously recognized in other comprehensive income are reclassified to consolidated statement of profit or loss.

5 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.

5.1 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 Group'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.

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 Group revalues its operating fixed assets on regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

5.2 Investment properties

Recognition and measurement

Investment properties represent the 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.

Leases

With regard to activities as a lessor, the Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases. 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 33.

5.3 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 Group 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 Group 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.

5.4 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 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.

5.5 **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

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 realizable value and an allowance is recorded against the inventory balances for any such decline.

5.6 **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 Group 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 expected credit of the Group is based on the assessment as per IFRS 9 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, past collection history of each customer along with future indications and macro-economic factors of the industry, economy and country.

5.7 **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 Group 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 expected credit of the Group is based on the assessment as per IFRS 9 and management's continuous evaluation of the reliability of the advances.

5.8 Other receivables

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

5.9 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.

5.10 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.

5.11 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

5.12 Dividend distribution

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

5.13 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.

5.14 Dividend and appropriation to reserves

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

5.15 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 and half 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 Group 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.

5.16 Defined benefit plan (gratuity)

The Group 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.

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.

5.17 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'.

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.

5.18 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.

5.19 Financial Instruments

5.19.1 Financial assets

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

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

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

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

5.19.2 Financial liabilities

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

5.19.3 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.

5.19.4 **Derecognition**

The financial assets are de-recognized when the Group 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.

5.20 **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 Group intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

5.21 **Provisions**

Provisions are recognized when the Group 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 Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

5.22 **Contingent liabilities**

A contingent liability is disclosed when the Group 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 Group; or the Group 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.

5.23 **Contract asset / liability**

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

5.24 **Segment reporting**

An operating segment is a component of the Group 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 Group's other components. The Group has only one reportable segment.

5.25 **Joint ventures and joint operations.**

The Group's share in transactions and balances related to joint operations, in which the Group has a working interest, are combined on a line by line basis with similar items in the Group's consolidated financial statements. While equity method accounting is used for joint ventures.

5.26 **Earnings per share**

The Group 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 Group 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.

5.27 **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.

6 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land	Buildings on freehold land	Plant and machinery	Furniture and fixtures	Computers and accessories	Motor vehicles, cycles and boats	Construction equipments	Total
Rupees								

Year ended June 30, 2022

Net carrying value basis

Opening book value	271,605,649	14,355,055	4,114,252	1,236,748	649,236	1,110,626	81,770	293,153,336
Revaluation surplus/(deficit)	7,903,052	(420,759)	-	-	-	-	-	7,482,293
Additions	-	3,955,154	6,790,622	30,400	252,460	99,000	175,000	11,302,636
Deletions - NBV	-	-	(4,347)	-	-	-	-	(4,347)
Depreciation charge	-	(441,735)	(1,436,160)	(214,913)	(168,150)	(479,745)	(53,980)	(2,794,683)
Closing net book value	279,508,701	17,447,715	9,464,367	1,052,235	733,546	729,881	202,790	309,139,235

Gross carrying value basis

Cost/revalued amount	279,508,701	17,889,450	14,102,634	2,099,088	1,492,655	3,270,078	418,200	318,780,806
Revaluation adjustments	-	(441,735)	-	-	-	-	-	(441,735)
	279,508,701	17,447,715	14,102,634	2,099,088	1,492,655	3,270,078	418,200	318,339,071
Accumulated depreciation	-	(441,735)	(4,638,267)	(1,046,853)	(759,109)	(2,540,197)	(215,410)	(9,641,571)
Revaluation adjustments	-	441,735	-	-	-	-	-	441,735
	-	-	(4,638,267)	(1,046,853)	(759,109)	(2,540,197)	(215,410)	(9,199,836)
	279,508,701	17,447,715	9,464,367	1,052,235	733,546	729,881	202,790	309,139,235

Year ended June 30, 2021

Net carrying value basis

Opening book value	257,594,345	13,714,237	9,245,560	1,305,817	603,666	5,515,965	594,275	288,573,865
Revaluation surplus	14,011,304	983,674	-	-	-	-	-	14,994,978
Additions	-	-	338,452	143,309	186,340	38,000	10,200	716,301
Deletions - NBV	-	-	(4,026,955)	(10,628)	-	(3,302,207)	(368,269)	(7,708,059)
Depreciation charge	-	(342,856)	(1,442,805)	(201,750)	(140,770)	(1,141,132)	(154,436)	(3,423,749)
Closing net book value	271,605,649	14,355,055	4,114,252	1,236,748	649,236	1,110,626	81,770	293,153,336

Gross carrying value basis

Cost/revalued amount	271,605,649	15,761,209	11,468,073	2,075,797	1,240,195	6,831,027	923,431	309,905,381
Revaluation adjustments	-	(1,406,154)	-	-	-	-	-	(1,406,154)
	271,605,649	14,355,055	11,468,073	2,075,797	1,240,195	6,831,027	923,431	308,499,227
Accumulated depreciation	-	(1,406,154)	(7,353,821)	(839,049)	(590,959)	(5,720,401)	(841,661)	(16,752,045)
Revaluation adjustments	-	1,406,154	-	-	-	-	-	1,406,154
	-	-	(7,353,821)	(839,049)	(590,959)	(5,720,401)	(841,661)	(15,345,891)
Net book value	271,605,649	14,355,055	4,114,252	1,236,748	649,236	1,110,626	81,770	293,153,336

Depreciation rate % per Annum - 2.5 to 2.8 6 to 30 9 to 18 12 to 15 9 to 18 6 to 24

- 6.1 Freehold land of the Company is located at Chakbeli road near Rawat and Peshawar road, District Rawalpindi, Punjab, and Taluka Qasimabad, Distt hyderabad, Sindh, with an area of 50.9 kanal, 5.1 kanal and 5.8 kanal respectively. Details of workshop and residential buildings of the company constructed on this land are as follows:

LOCATION	PARTICULAR	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

- 6.2 Depreciation has been allocated as follows:

NOTE	2022	2021
	Rupees	
Contract expenditure	1,490,140	1,597,241
General and administrative expenses	1,304,543	1,826,508
	2,794,683	3,423,749

- 6.3 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 Act, 2017.
- 6.4 This represents surplus on 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. Revaluation of land and buildings was based upon fair market value and valuation for other operating assets was conducted during 2019 which was based upon depreciated replacement costs to reflect the residual service potential of the assets taking account of age, condition and obsolescence. Details of revaluation are as follows:

Independent valuers	Revaluation dates
M/s Impulse (Private) Limited	June 30, 2022
M/s Impulse (Private) Limited	June 30, 2021
M/s Impulse (Private) Limited	June 30, 2020
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

- 6.5 The forced sale value of the revalued freehold land and buildings at date of statement of financial position has been assessed at Rs. 250,198,840.
- 6.6 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	2022
	Rupees
Freehold land	120,988
Buildings on freehold land	<u>6,977,649</u>
Plant and machinery	<u>8,085,266</u>
Furniture and fixture	<u>987,505</u>
Computers and accessories	<u>832,116</u>
Motor vehicles, cycles and boats	<u>112,454</u>
Construction equipment	<u>273,403</u>

		2022	2021
		Rupees	
7 INVESTMENT PROPERTY	NOTE		
Carrying amount as at June 30,			
Rural land	7.2	120,577,299	115,334,599
Gammon House - land and building	7.3	356,932,560	353,176,698
		<u>477,509,859</u>	<u>468,511,297</u>
7.1 The movement in this account is as follows:			
Opening balance		468,511,297	445,280,201
Net fair value gain on revaluation shown in profit and loss account	7.4	8,998,562	23,231,096
Carrying amount as at June 30		<u>477,509,859</u>	<u>468,511,297</u>

- 7.2 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 Holding Company decided to hold this property for capital appreciation. The Holding Company has adopted fair value model for valuation.
- 7.3 This represents part of Gammon House which is held to earn rentals and for capital appreciation and shown under the head "Investment property". The Holding Company has adopted fair value model for In 2013, management purchased and installed two billboards at Gammon House which had been treated as additions to investment properties.
- 7.4 The Holding Company, as at June 30, 2022, 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. 8,998,562 (2021: Rs. 23,231,096) net adjustment to fair value.

Forced sale value of the investment property at date of statement of financial position is assessed at Rs. 408,219,160.

There are no non-cancellable fixed rate operating leases over the Group's investment property, land and buildings.

	NOTE	2022	2021
		Rupees	
8 PRE-COMMENCEMENT EXPENDITURES			
Opening balance		-	-
Add: Additon during the year		7,289,790	-
		7,289,790	-
Less: Amortization		(364,490)	
		6,925,300	

- 8.1 It represents pre-comencement expenditures of subsidiary company that is amortized over the period of twenty year using straight line method.

	NOTE	2022	2021
		Rupees	
9 LONG TERM INVESTMENTS			
Amortized cost			
Defense Savings Certificates	9.1	500,000	500,000
Accrued interest		800,413	800,413
		1,300,413	1,300,413

- 9.1 This represents one certificate (2021: one) having face value of Rs. 500,000, having a maturity period of 10 years i.e. February 2017, carrying profit (effective rate) at 10.03 % per annum. The Holding Company has deposited the certificate as 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, which matured during 2017, will be reinvested after release of the pledged certificate.

		2022	2021
	NOTE	Rupees	
10 LONG TERM SECURITY DEPOSITS			
Tender money deposit		353,928	353,928
Others security deposits		1,509,600	1,515,675
Old security deposits Written off during the year		-	(298,275)
		1,509,600	1,217,400
		1,863,528	1,571,328
10.1	Long term security deposits represent deposits against receipt of non-financial services. These are carried at nominal value as effect by amortization is not material in respect of these financial statements.		
		2022	2021
11 STORES, SPARES AND LOOSE TOOLS	NOTE	Rupees	
Consumable materials		176,655	78,423
Stores	11.1 & 11.2	15,268,120	14,179,075
Spares		569,019	569,019
Loose tools		20,575	20,575
Other stocks		200,042	200,042
		16,234,411	15,047,134
11.1	Balance as at June 30	26,268,976	25,179,931
	Impairment - obsolete and slow moving item	(11,000,856)	(11,000,856)
		15,268,120	14,179,075
11.2	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.		
		2022	2021
12 CONTRACT RECEIVABLES	NOTE	Rupees	
Owned			
Unsecured - considered good			
Against billings:			
- work-in-progress		2,629,467	32,552,116
- completed contracts		73,478,098	56,089,247
		76,107,565	88,641,363
Written off during the year		-	(9,809,055)
Provision for expected credit loss	12.1	(75,150,387)	(75,150,387)
		(75,150,387)	(84,959,442)
		957,178	3,681,921
Against retention money:			
- work-in-progress		34,756,979	51,677,631
- completed contracts		47,908,425	36,564,635
		82,665,404	88,242,266
Written off during the year		-	(4,809,481)
Provision for expected credit loss	12.1	(37,704,489)	(37,704,489)
		(37,704,489)	(42,513,970)
		44,960,915	45,728,296

		2022	2021
	NOTE	Rupees	
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	12.1	(29,990,933)	(29,990,933)
		-	-
		45,918,093	49,410,217
12.1 Management, in the prior years, 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 ECL assessment and identified provision for expected credit loss as follows:			
		2022	2021
	NOTE	Rupees	
Opening balance		142,845,809	142,845,809
Charge during the year		-	-
		142,845,809	142,845,809
13 CONTRACT ASSET			
Under the following captions:			
Contract asset on incomplete projects		103,625,367	113,089,451
Written off during the year		(38,575,588)	-
Contract liability on incomplete projects		-	(12,476,031)
Net contract asset	13.1	65,049,779	100,613,420
13.1 This comprises as follows:			
Cost incurred on incomplete projects		1,859,190,702	1,832,949,786
Estimated earnings		214,363,906	251,836,632
		2,073,554,608	2,084,786,418
Billings to date		(2,008,504,829)	(1,984,172,998)
		65,049,779	100,613,420
14 LOANS AND ADVANCES			
Unsecured - considered good			
To employees / project managers for expenses		15,770,551	10,735,857
To suppliers		7,391,399	8,963,502
To sub - contractors		6,031,271	3,000,399
		29,193,221	22,699,758
Doubtful advances		27,409,210	27,575,850
		56,602,431	50,275,608
Written off during the year		-	(2,051,655)
Provision for expected credit loss	14.1	(27,409,210)	(27,575,850)
		(27,409,210)	(29,627,505)
		29,193,221	20,648,103
Due from joint venture partners		932,586	932,586
Provision for expected credit loss	14.1	(932,586)	(932,586)
		-	-
		29,193,221	20,648,103

14.1 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 assessment and identified provision for expected credit losses as follows:

	NOTE	2022	2021
		Rupees	
Opening balance		28,508,436	18,565,538
Reversed/charged during the year		(166,640)	9,942,898
		<u>28,341,796</u>	<u>28,508,436</u>

15 OTHER RECEIVABLES

Unsecured:

- Considered good

Other receivables

15.1

1,369,228

1,696,210

15.1 This represents receivables in respect of rental income. It also includes receivables from related parties as follows:

	2022	2021
	Rupees	
Janana De Maluchu Textile Limited	60,500	55,000
Gandhara Industry Limited	332,750	-
Bannu Woolen Mills Limited	830,789	342,444
	<u>1,224,039</u>	<u>397,444</u>

15.2 Aging of receivable from related parties:

1-90 days

90-180 days

Over 180 days

1,224,039

397,444

-

-

-

-

1,224,039

397,444

15.3 Maximum balance due from related party at end of any month during the year is Rs. 1,224,039 (2021: Rs. 1,547,710).

	NOTE	2022	2021
		Rupees	
16 TRADE DEPOSITS AND SHORT TERM			
Prepaid insurance		290,643	287,248
Prepayments		35,058	31,058
		<u>325,701</u>	<u>318,306</u>

17 TAX REFUNDS DUE FROM GOVERNMENT

Considered good

Balance as at July 01,

Advance income tax

18

85,011,349

84,706,316

(1,325,759)

305,033

83,685,590

85,011,349

18 TAXATION - NET

Balance as at July 01,

Transferred to tax refunds due from Government

1,325,759

305,033

-

(305,033)

1,325,759

-

Provision for taxation

Advance income tax

(5,140,044)

(5,187,748)

5,527,289

6,513,507

1,713,004

1,325,759

	NOTE	2022	2021
		Rupees	
19 CASH AND BANK BALANCES			
Cash in hand		1,214,428	146,144
Cash at bank: local currency			
- Current accounts	19.1	53,958	3,958,672
- Savings accounts	19.2	10,317	649,438
- Deposit accounts	19.3	889,443	889,443
		953,718	5,497,553
		2,168,146	5,643,697

19.1 It include Rupees 7,995/- (2021: RS. 7,999/-) attached under the instructions of Sindh Revenue Board in prior years against the order no 72 in 2018 for the departmental recovery of Rupees 51.696 million. On December 23, 2020 the Commissioner Appeals order in favor of the Holding company and the holding company is under process to detach these bank accounts.

19.2 PLS accounts, during the current financial year, carried profit at the rates ranging from 5.5% to 12.5% (2021: 5.5% to 11.25%) per annum.

19.3 The entire balance as at June 30, 2022 and June 30, 2021 is under a bank's lien against guarantees issued by the bank.

20 SHARE CAPITAL

Issued, subscribed and paid up capital

Number of ordinary shares of Rs.10/- each		NOTE	2022	2021
2022	2021		Rupees	
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	30,760,660	30,760,660
28,266,231	28,266,231		282,662,310	282,662,310

20.1 This includes shares held by related parties as follows:

Bibojee Services (Private) Limited - Parent of Holding Company				
20,369,056 (2021: 20,369,056) ordinary shares of Rs 10 each	20.2		203,690,560	203,690,560
Directors and their spouses / minor children				
95,855 (2021: 95,855) ordinary shares of Rs 10 each			958,550	958,550
			204,649,110	204,649,110

20.2 The parent of holding company Bibojee Services (Private) Limited held 72.06% shares (2021: 72.06% shares) in Gammon Pakistan Limited as at June 30, 2022.

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

20.4 Authorized share capital:

This represents 30,000,000 (2021: 30,000,000) ordinary shares of Rs. 10/- each amounting to Rs. 300,000,000 (2021: Rs. 300,000,000).

21 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	2022 Rupees	2021
Balance brought forward		428,744,197	424,188,138
Add: Revaluations during the year		7,482,293	14,994,978
Less:			
Transferred to equity in respect of incremental depreciation charged during the year - net of deferred tax		870,368	1,614,279
Realized on disposal of revalued assets - net of		2,225	5,797,354
Related deferred tax liability during the year transferred to profit and loss account		356,411	3,027,286
		1,229,004	10,438,919
		434,997,486	428,744,197
Less: Related deferred tax effect :			
Opening balance - as previously reported		8,671,478	11,413,499
Revaluation during the year		(122,020)	285,265
Adjustment on account of disposal		(909)	(2,367,933)
Incremental depreciation charged during the year transferred to profit and loss account		(355,502)	(659,353)
		8,193,047	8,671,478
		426,804,439	420,072,719

22 NON-CONTROLLING INTEREST

22.1 Summary of non-controlling interest

Opening balance	-	-
Share of net asset	20,000	-
(Loss) for the year	(597,116)	-
	(577,116)	-

23 DEFERRED LIABILITY

23.1 Gratuity

The Holding 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, 2022 using Projected Unit Credit Method.

The Holding 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 Holding Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

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

	NOTE	2022	2021
		Rupees	
Present value of the defined benefit obligation		3,030,550	4,319,738
Benefits due but not paid during the year		5,101,515	3,680,965
		<u>8,132,065</u>	<u>8,000,703</u>
23.3 Reconciliation of net defined benefit liability			
Present value of defined benefit obligations		4,319,738	5,532,839
Benefits due but not paid as at June 30		3,680,965	3,191,896
Service cost		139,796	210,127
Interest on defined benefit obligations		360,946	391,903
Benefit due but not paid at the year end		(5,101,515)	(3,680,965)
Actuarial (gain) / loss		(277,930)	29,309
Benefits paid during the year		(91,450)	(1,355,371)
		<u>3,030,550</u>	<u>4,319,738</u>
23.4 Remeasurement chargeable to statement of other comprehensive income			
Remeasurement (gain) / loss on defined			
Actuarial (gain) / loss due to Change in financial assumptions		-	2,821
Actuarial (gain) / loss due to experience adjustment		(277,930)	26,488
		<u>(277,930)</u>	<u>29,309</u>
23.5 The amounts recognised in the statement of profit or loss:			
Current service costs		139,796	210,127
Interest cost		360,946	391,903
		<u>500,742</u>	<u>602,030</u>
23.6 Changes in the present value of the defined benefit obligation are as follows:			
Opening defined benefit obligation		8,000,703	8,724,735
Service cost		139,796	210,127
Interest cost		360,946	391,903
Actuarial (gains) / losses		(277,930)	29,309
Benefits paid		(91,450)	(1,355,371)
		<u>8,132,065</u>	<u>8,000,703</u>
23.7 Principal actuarial assumptions (financial and demographic) at the end of the reporting period (expressed as weighted averages) are as follows:			
Discount rate as at June 30, 2022			13.25%
Future salary increases			12.25%
Proportion of employees opting for early retirement			0.56% to 14.344%
Inflation rate			12.00%
Mortality rate			SLIC (2001-5) Mortality table
Average expected remaining working lifetime of members			6 Years
Average duration of liability			6 years

23.8 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:

	2022	2021	2020	2019	2018
	Rupees				

Present value of defined benefit obligation	3,030,550	4,319,738	5,532,839	5,959,980	5,459,690
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23.9 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.

23.10 The charge in respect of defined benefit plan for the year ending June 30, 2023 is estimated to be Rs. 575,699.

23.11 Sensitivity analysis

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

	2022	
	1 % increase in assumption	1 % decrease in assumption
	Rupees	
Discount rate	2,854,950	3,217,022
Salary increase	3,216,950	2,854,915

23.12 Expected future payments

Within one year	735,624
More than one year but less than five years	4,321,175
Above five years	8,295,748
	13,352,547

24 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	2022	2021
		Rupees	
Deferred tax liability-net	24.1	34,124,936	31,352,476
Tax rate		29%	29%

24.1 Deferred tax liability-net

24.1.1 Analysis of change in deferred tax

The gross movement in the deferred tax liability during the year is as follows:

	NOTE	2022	2021
		Rupees	
Opening balance		31,352,476	30,057,055
Charged to statement of profit or loss	36	2,894,480	1,010,156
Charged to other comprehensive income	21	(122,020)	285,265
		34,124,936	31,352,476

	NOTE	2022	2021
		Rupees	
24.1.2 Net deferred tax liability is comprised of as			
Deferred tax liabilities			
Accelerated tax depreciation allowed		98,314,474	95,150,003
Surplus on revaluation of PPE		8,193,045	8,671,476
Provision for gratuity		2,358,299	2,320,204
Deferred tax asset			
Provision for doubtful receivables		(41,425,285)	(41,425,285)
Provision for doubtful loan and advances		(8,219,121)	(8,267,446)
Deferred tax asset on brought forward losses		(14,910,951)	(14,910,951)
Provision for overseas loan		(10,185,525)	(10,185,525)
		<u>34,124,936</u>	<u>31,352,476</u>

24.2 Deferred tax asset of Rs. 14,910,951 due to brought forward losses has been recognized in the current financial statements, as in the opinion of the management there is certainty regarding realisability of the amount (2021: Rs. 14,910,951 due to brought forward losses was not recognized based upon management judgement for unrealisability of the amount).

	NOTE	2022	2021
		Rupees	
25 TRADE AND OTHER PAYABLES			
Sundry creditors	25.2	57,234,112	59,870,039
Advance rent		2,058,626	14,576
Due to sub-contractors		37,086,273	37,869,698
Accrued expenses	25.3	37,501,677	34,862,184
Due to employees and others	25.4	9,865,033	9,165,299
Advance from customers		3,085,885	-
Advance from directors	25.1	6,000,000	-
Taxes payable		1,462,510	2,515,625
Joint venture partners' share of profit		1,620,715	1,620,715
Other provisions	25.5	35,122,500	35,122,500
		<u>191,037,331</u>	<u>181,040,636</u>

25.1 These represent payments made by the directors of the subsidiary company to meet the initial working capital requirements of the subsidiary company. These advances are interest free and will be settled in due course of time.

	NOTE	2022	2021
		Rupees	
25.2 Balance written back during the year			
Payable as		90,393,849	63,370,039
Written back		(33,159,737)	(3,500,000)
		<u>57,234,112</u>	<u>59,870,039</u>
25.3 Balance written back during the year			
Payable as		-	35,633,051
Written		-	(770,867)
		<u>-</u>	<u>34,862,184</u>

25.4 This balance includes amounts aggregating Rs. 1.563 million (2021: Rs. 1.563 million) payable in respect of the loans obtained from the Holding 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 Holding 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 Holding 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 Holding Company opened a separate bank account and transferred the entire amount into it. Furthermore, an amount of Rs. 7.589 million were paid to members up to December 31, 2019.

25.5 These represent provisions made for the potential liability, in respect of borrowings of Saudi Riyals 2.50 million and Saudi Riyals 5 million during the year 1986 for the Saudi Operations of the Holding Company, that the Holding 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

NOTE	2022	2021
	Rupees	
26 UNCLAIMED DIVIDENDS		
Unclaimed	1,442,230	1,442,230
26.1 The reconciliation of carrying amount is as follows:		
Opening balance	1,442,230	1,442,230
Dividends	-	-
Interest on	-	-
Less: Dividends	-	-
	1,442,230	1,442,230

27 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.

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingent assets

The Holding Company had lodged a claim with National Highway Authority amounting Rs. 201.177 million (2021: Rs. 201.177 million) against M/s Bayinder for recovery of losses suffered by the Holding Company attributable to the cessation of work at Islamabad - Peshawar Motorway Project.

28.2 Contingent liabilities

(a) The NBP vide its letter number NBP/CORP/2022/107 has categorically confirmed that the Holding Company does not owe any amount in this regard and e-CIB portal has not reported any overdue amount. Therefore, outcome of the case before Sindh High Court cannot be determined at this stage being pending since 2000.

In view of the above and since the holding company has made provision in the accounts to meet any contingency, there is no further requirement for any provision, therefore, there will be no adverse effect expected. The same has been endorsed by the holding company's Board of directors (BOD) and Lawyer in his opinion. Furthermore, holding company's BOD has agreed to settle any resulting contingency raised therein.

- (b) Regarding tax year 2015 Best judgment assessment was made against the holding company under section 121 of the Income Tax Ordinance, 2001 determining tax chargeable at Rupees 46,282,156/- and tax payable of Rupees. 22,636,470/- The Commissioner Inland Revenue (Appeals) who upheld the assessment order of Deputy Commission Inland Revenue. Later on, the Appellate Tribunal Inland Revenue remanded back the case to the assessing officers which is yet to set for hearing. Legal counsel of the company is confident to have a favorable decision in due course of time.

Punjab Revenue Authority completed its proceedings against the holding company for nonpayment of Rupees 68,290,380/- as provincial tax during the tax periods from June 2013 to March 2018. The case is pending before the Appellate Tribunal Punjab Revenue Authority. Legal counsel of the holding company is confident to have a favorable decision in due course of time.

Proceedings under section 161/205 of the Income Tax Ordinance, 2001 were initiated and completed against the holding Holding Company for the tax year 2016 and 2018 by determining tax payable of Rupees 1,677,422/- and Rupees 16,764,436/- respectively. The cases have been heard by the Commissioner Inland Revenue (Appeals) whose decision is awaited. Legal counsel of the Holding Company is confident to have a favorable decision in due course of time.

- (c) In the ordinary course of business various parties have filed legal cases against the Holding 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 Holding Company is of the opinion that these cases are expected to be decided in favor of the Holding 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.

28.3 Commitments

The Group'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 Group to various institutions and corporate bodies, aggregate Rs. 50.062 million (2021: Rs. 50.062 million).
- (b) There were no commitments for capital expenditures as at the balance sheet date (2021: Nil).

	NOTE	2022	2021
		Rupees	
29 REVENUE			
Contract income-Own projects		24,331,831	75,716,889
Sale		7,928,872	-
		<u>32,260,703</u>	<u>75,716,889</u>

	NOTE	2022	2021
		Rupees	
30	CONTRACT EXPENDITURE/COST OF GOOD SOLD		
Materials		11,215,833	62,180,265
Salaries and wages		15,637,057	16,766,002
Maintenance and hiring of plants		1,617,127	1,461,149
Project insurance		455,846	454,332
Cartage, traveling and conveyance		1,092,339	1,285,964
Site auxiliary works and temporary hutting		309,470	328,900
Electricity		550,988	-
Depreciation	6.2	1,490,140	1,597,240
Petrol, oil and lubricants		2,133,008	2,863,310
Impairment - stores, spares and loose tools		-	11,000,856
Sundry expenses		1,281,206	1,059,197
		35,783,014	98,997,215
31	GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and benefits		23,393,174	13,581,054
Staff retirement benefits - gratuity		500,742	602,030
Repair and maintenance		1,331,430	1,633,836
Rent, rates and taxes		2,892,878	4,993,623
Telephone and fax		220,045	186,640
Advertisement and publicity		180,531	70,630
Petrol, oil and lubricants		1,801,383	-
Legal and professional charges		1,862,000	1,889,768
Power and electricity		1,439,905	1,013,030
Travelling and conveyance		2,054,104	1,910,363
Hiring of Machinery		170,200	-
Works in view		104,000	220,589
Provision for loans and advances		-	9,942,898
Fee and subscription		1,100,921	1,363,353
Precommencement expenditure		364,490	-
Depreciation	6.2	1,304,543	1,826,508
Other sundry expenses		4,452,384	5,608,686
		43,172,730	44,843,008
32	OTHER OPERATING EXPENSES		
Auditor remuneration	32.1 & 32.2	955,125	627,500
Contract asset written off during the year	13	38,575,588	-
Bills receivable written off during the year	12	-	9,809,055
Loan and advances written off during the year	14	-	2,051,655
Retention money written off during the year	12	-	4,809,481
Security deposits written off during the year	10	-	298,275
		39,530,713	17,595,966

	NOTE	2022	2021
		Rupees	
32.1 Auditor remuneration			
Gammon Pakistan Limited			
Statutory audit		603,750	450,000
Half yearly review		165,375	157,500
Fee for other certification		21,000	20,000
		<u>790,125</u>	<u>627,500</u>
32.2 Gammon Pakistan Precast (Private) Limited			
Statutory audit		157,500	-
Out of pocket expenses		7,500	-
		<u>165,000</u>	<u>-</u>
33 OTHER INCOME			
Income from financial assets:			
Profit on deposit and PLS accounts		63,803	51,502
Income from non-financial assets:			
Sundry creditors written back during the year	25.2	33,159,737	3,500,000
Accrued expenses written back during the year	25.3	-	770,867
Reverse provision against loan and advances	14.1	166,640	-
Rental income on investment property		25,771,458	23,707,525
Gain on sale of obsolete fixed assets/stores & spares		3,468,959	32,580,051
		<u>62,630,597</u>	<u>60,609,945</u>
34 BANK CHARGES			
Bank charges		26,703	26,582
35 FAIR VALUE GAIN ON INVESTMENT PROPERTY			

The Holding Company, as at June 30, 2022, 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. 8,998,562 (2021:Rs.23,231,096).

	NOTE	2022	2021
		Rupees	
36 TAXATION			
Current year		5,140,044	5,187,748
Deferred tax		2,894,480	1,010,156
		<u>8,034,524</u>	<u>6,197,904</u>

36.1 No numeric tax rate reconciliation is presented in these consolidated financial statements for the year ended June 30, 2022 as the income of the Group is subject to separate taxation regime under the Income Tax Ordinance, 2001.

36.2 The applicable income tax rate for the Tax Year 2021 and beyond is 29% on account of changes made to Income Tax Ordinance, 2001 through Finance Act 2020. Therefore, deferred tax is computed at the rate of 29% applicable to the period when temporary differences are expected to be reversed / utilised.

37 EARNINGS PER SHARE - BASIC AND DILUTED

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

		<u>2022</u>	<u>2021</u>
(Loss) attributable to shareholders of holding com	RUPEES	(22,060,705)	(8,102,745)
Weighted average number of ordinary shares at the end of the year	NUMBERS	28,266,231	28,266,231
Basic and diluted (loss) per share	RUPEES	(0.78)	(0.29)

37.1 **Earnings per share comprises as follows:**

Distributable loss	(1.10)	(1.11)
Undistributable - unrealised fair value gains	0.32	0.82
	(0.78)	(0.29)

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

38 RELATED PARTY TRANSACTIONS

Related parties comprise of the holding company, subsidiaries, associated companies, directors and executives. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under relevant notes. Remuneration of directors and executives are disclosed in note 38 whereas other significant transactions with related parties are disclosed here.

Name of the Related Party	Relationship	Transaction during the year	2022	2021
			Rupees	
Associated Companies				
Gandhara	Common	Rental income	3,690,500	3,000,000
Nissan Limited	Directorship	Rental received	(3,690,500)	(3,000,000)
Gandhara	Common	Rental income	3,357,750	3,000,000
Industries Limited	Directorship	Rental received	(3,025,000)	(3,000,000)
Janana De	Common	Rental income	225,500	205,000
Malucho Textile Mills Limited	Directorship	Rental received	(220,000)	(150,000)
Baberi Cotton Mills Limited	Common Directorship	Rental income	-	150,000
		Rental received	-	(150,000)
Rehman Cotton Mills Limited	Common Directorship	Rental income	220,000	150,000
		Rental received	(220,000)	(150,000)
Bannu Woollen Mills Limited	Common Directorship	Rental income	3,072,766	2,843,424
		Rental received	(2,364,520)	(2,500,980)
Bibojee Services (Private) Limited	Common Directorship	Generator Purchased	30,000	-
		Amount Paid	(30,000)	-
The Gandhara Tyre & Rubber Company Limited	Common Directorship	Purchases	40,638	-
		Amount Paid	(40,638)	-

38.1 The status of outstanding balances of related parties as at June 30, 2022 are included in other receivable (note 15.1) and trade and other payables (note 25).

	NOTE	2022	2021
		Rupees	
39 PROFIT BEFORE WORKING CAPITAL CHANGES			
(Loss) before taxation		(14,623,297)	(1,904,841)
Adjustment for:			
Depreciation	6	2,794,683	3,423,749
Precommencement expenditure		364,490	-
Staff retirement benefits - gratuity		500,742	602,030
Disposal of fixed assets/store, spares & loose tools as scrap		(157,560)	(32,580,051)
Fair value gain on investment property	7	(8,998,562)	(23,231,096)
Finance cost	34	26,703	26,582
		(5,469,504)	(51,758,786)
		(20,092,801)	(53,663,627)

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022				2021			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	----- Rupees -----				----- Rupees -----			
Managerial remuneration	-	-	3,714,974	3,714,974	600,000	-	1,736,280	2,336,280
House rent	-	-	743,003	743,003	180,000	-	347,260	527,260
Medical	-	-	743,003	743,003	120,000	-	347,260	467,260
Utilities	-	-	743,003	743,003	120,000	-	347,260	467,260
Others	-	-	1,485,936	1,485,936	180,000	-	694,487	874,487
Total	-	-	7,429,919	7,429,919	1,200,000	-	3,472,547	4,672,547
Number of persons	1	7	2	10	1	7	2	10

- b) No remuneration was paid to the chief executive during the year and 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 Holding Company's car scheme.

41 FINANCIAL ASSETS AND LIABILITIES

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

	2022				
	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity upto one year	Maturity after one year Rupees	Sub-total	
Financial assets					
Financial assets carried at amortized cost					
Long term investments	1,300,413	-	1,300,413	1,300,413	-
Long term security deposits	1,863,528	-	-	-	1,863,528
Contract receivables	45,918,093	-	-	-	45,918,093
Other receivables	1,369,228	-	-	-	1,369,228
Contract asset	65,049,779	-	-	-	65,049,779
Cash and bank balances	2,168,146	899,760	-	899,760	1,268,386
	117,669,187	899,760	1,300,413	2,200,173	115,469,014
Financial liabilities					
Financial liabilities carried at amortized cost					
Trade and other payables	191,037,331	-	-	-	191,037,331
Unclaimed dividends	1,442,230	-	-	-	1,442,230
Deferred liability	8,132,065	-	-	-	8,132,065
Joint venture partner's advances	30,059,542	-	-	-	30,059,542
	230,671,168	-	-	-	230,671,168
On balance sheet gap	(113,001,981)	899,760	1,300,413	2,200,173	(115,202,154)
Off Balance sheet Items					
Financial contingencies and commitments	(85,184,000)	-	-	-	(85,184,000)
Total Gap	(198,185,981)	899,760	1,300,413	2,200,173	(200,386,154)
2021					
	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity upto one year	Maturity after one year Rupees	Sub-total	
Financial assets					
Financial assets carried at amortized cost					
Long term investments	1,300,413	-	1,300,413	1,300,413	-
Long term security deposits	1,571,328	-	-	-	1,571,328
Contract receivables	49,410,217	-	-	-	49,410,217
Other receivables	1,696,210	-	-	-	1,696,210
Contract asset	113,089,451	-	-	-	113,089,451
Cash and bank balances	5,643,697	1,538,881	-	1,538,881	4,104,816.00
	172,711,316	1,538,881	1,300,413	2,839,294	169,872,022
Financial liabilities					
Financial liabilities carried at amortized cost					
Trade and other payables	181,040,636	-	-	-	181,040,636
Unclaimed dividends	1,442,230	-	-	-	1,442,230
Deferred liability	8,000,703	-	-	-	8,000,703
Joint venture partner's advances	30,059,542	-	-	-	30,059,542
	220,543,111	-	-	-	220,543,111
On balance sheet gap	(47,831,795)	1,538,881	1,300,413	2,839,294	(50,671,089)
Off Balance sheet Items					
Financial contingencies and commitments	(85,184,000)	-	-	-	(85,184,000)
Total Gap	(133,015,795)	1,538,881	1,300,413	2,839,294	(135,855,089)

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

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

42.1 Risk management policies

The Group's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Group'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 Group's continuing profitability. The Group 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 Group 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.

42.2 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 Group'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. 144,347,567 (2021: Rs. 191,912,862). The carrying amounts of Group's financial assets exposed to credit risk at reporting date are as under:

	NOTE	2022 Rupees	2021
Long term security deposits	10	1,863,528	1,571,328
Contract receivables	12	45,918,093	49,410,217
Loans and advances	14	29,193,221	20,648,103
Other receivables	15	1,369,228	1,696,210
Contract asset	13	65,049,779	113,089,451
Bank balances	19	953,718	5,497,553
		<u>144,347,567</u>	<u>191,912,862</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	45,918,093	49,410,217
	<u>45,918,093</u>	<u>49,410,217</u>

All the Group's 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 Group's management believes that it is not exposed to any major concentration of credit risk.

42.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group'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 Group's reputation. The followings are the contractual maturities of financial liabilities, including interest payments if any and excluding the impact of netting agreements, if any:

2022						
Carrying Amount	Contractual Cash Flow	Six Month or Less	Six to Twelve Month	One to Two Year	Two to Five Year	Over Five Year
Rupees						
Trade and Other Payable	191,037,331	191,037,331	191,037,331	-	-	-
Unclaimed Dividend	1,442,230	1,442,230	-	-	1,442,230	-
Deferred Liability	8,132,065	-	-	-	8,132,065	-
Joint Venture partner's advance	30,059,542	30,059,542	30,059,542	-	-	-
	230,671,168	222,539,103	221,096,873	-	1,442,230	8,132,065
2021						
Carrying Amount	Contractual Cash Flow	Six Month or Less	Six to Twelve Month	One to Two Year	Two to Five Year	Over Five Year
Rupees						
Trade and Other Payable	181,040,636	181,040,636	181,040,636	-	-	-
Unclaimed Dividend	1,442,230	1,442,230	-	-	1,442,230	-
Deferred Liability	8,000,703	-	-	-	8,000,703	-
Joint Venture partner's advance	30,059,542	30,059,542	30,059,542	-	-	-
	220,543,111	212,542,408	211,100,178	-	1,442,230	8,000,703

42.4 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 Group'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 Group is not exposed to foreign currency risk except contingencies as disclosed in note 28.2 to these consolidated 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 Group believes that it is not exposed to any significant interest rate risk.

The Group is not exposed to any material interest rate risk, except fixed rate financial instrument (long term investment- note 9) which has a fixed rate of interest, therefore, no sensitivity analysis has been presented.

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 Group 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.

43 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 Group for similar financial instruments, if relevant.

	June 30,2022		June 30,2021	
	Carrying Amount	Fair value	Carrying Amount	Fair Value
Rupees				
Assets Carried at Amortized Cost				
Contract receivables	45,918,093	45,918,093	49,410,217	49,410,217
Contract asset	65,049,779	65,049,779	113,089,451	113,089,451
Loans and advances	29,193,221	29,193,221	20,648,103	20,648,103
Other receivables	1,369,228	1,369,228	1,696,210	1,696,210
Cash and bank balances	2,168,146	2,168,146	5,643,697	5,643,697
	143,698,467	143,698,467	190,487,678	190,487,678
	June 30,2022		June 30,2021	
	Carrying Amount	Fair value	Carrying Amount	Fair Value

	Rupees			
Liabilities Carried at Amortized Cost				
Trade and Other Payable	191,037,331	191,037,331	181,040,636	181,040,636
Unclaimed Dividend	1,442,230	1,442,230	1,442,230	1,442,230
Joint Venture partner's advance	30,059,542	30,059,542	30,059,542	30,059,542
	222,539,103	222,539,103	212,542,408	212,542,408

As at June 30, 2022 the Group 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 and freehold land and building in operating fixed assets were valued on June 30, 2022 carried out by external independent valuer M/s Impulse (Private) Limited.

	As at June 30,2022			
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Investment Property Carried at Fair Value		-	477,509,859	477,509,859
Freehold Land and Building	-	-	296,956,416	296,956,416
	-	-	774,466,275	774,466,275

	As at June 30,2021			
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Investment Property Carried at Fair Value		-	468,511,297	468,511,297
Freehold Land and Building	-	-	285,960,704	285,960,704
	-	-	754,472,001	754,472,001

	NOTE	2022	2021
		Rupees	
Reconciliation of net increase in level 3 fair values:			
Fair value at beginning of the year		754,472,000	716,588,782
Depreciation charged during the year		(441,734)	(342,856)
Additions		3,955,154	-
Remeasurement recognized in profit or		8,998,562	23,231,096
Remeasurement recognized in OCI		7,482,293	14,994,978
Fair value at end of the year		774,466,275	754,472,000

The Holding Company has revalued its freehold land, buildings on June 30, 2022 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.

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 Group 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 analysis 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. However, there is no transfers between levels during the year.

43.1 Determination of fair values

A number of the Group'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.

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.

44 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 Group 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.

45 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 Group 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 Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

The capital structure of the Group is as follows:

	NOTE	2022	2021
		Rupees	
Equity		<u>777,599,404</u>	<u>792,354,982</u>
Gearing ratio		<u>-</u>	<u>-</u>

46 JOINT VENTURES

46.1 The Joint Venture for execution of Bong Canal Bridge, Mangla with Sarwar Construction (Private) Limited was in the ratio of 60:40 and the Holding Company recognized its own share i.e. 60% of income and expenses in the preceding years' financial statements.

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

	Project value	Profit sharing ratio
	Rs. in million	Investor
Khalifa Gul Nawaz Medical Complex, Bannu	402.36	50%
Durrani Public School, Bannu - Phase II	295	50%
Hawad / Nurar Bridges, Bannu	176.42	50%

47 INFORMATION ABOUT BUSINESS SEGMENTS

For management purposes, the activities of the Group have been divided into own projects and joint ventures. The Group 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 Group's operations are confined to Pakistan in terms of customers; accordingly, the figures reported in these financial statements relate to the Group's business segments relating to Pakistan.

48 NUMBER OF EMPLOYEES

	2022	2021
	Numbers	
As at June 30	<u>22</u>	<u>20</u>
Average during the year	<u>21</u>	<u>21</u>

49 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

49.1 MANAGEMENT ASSESSMENT OF GOING CONCERN

The Group has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity under COVID. The lockdowns have caused disruptions in the supply chain including completion of projects and transportation of labour at site resulting in a decline in revenue. It is also expected that the outbreak may result in lower demand in future due to continuing COVID crisis. Due to the expectation that there may be lower business activity in future, the management has assessed the going concern assumption used for the preparation of these consolidated financial statements.

Although the Group has suffered operational loss of Rupees 23.595 million due to non-availability of profitable contracts/projects during the past year, it has managed to meet the day to day working capital requirements and to repay all the administrative cost through the rental income earned from investment properties. However, the management is confident of the Group's ability to continue as a going concern based on its concentrated effort to re-profile the operational activities and utilization of improved liquidity in cost efficient operational levels of machinery and related projects. The Group undertook following significant operational measures in order to generate liquidity and profitable projects/ventures:

- New Chief Operating officer, Project Director and Chief Financial Officer hired in place of ineffective predecessors in the preceding financial year;
- The company going to develop their own housing and commercial projects for which necessary approvals are in process.
- On 01 September 2020 the Company entered into a joint venture agreement for 15 years with Rajcon- a construction and engineering company having expertise in pre-fabricated buildings and construction for future projects. The Owner of Rajcon also appointed as Chief Operating Officer of the company to develop, acquire and manage the future projects for the company.

49.2 INVESTIGATION AGAINST EX-CFO

Based on in-house internal audit report the EX-CFO of the company during the period from 01 January 2018 to 29 December 2020 was involved in certain financial transactions amounting to Rs 26.804 million, which is being investigated internally. Moreover, FIR has been lodged against him subsequent to June 30, 2021. The transactions mainly done out of books and the impact of such investigation/FIR, if any, will be accounted for in the period during which such case is completed.

50 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 03, 2022 by the Board of Directors of the Company.

50.1 GENERAL

Amounts printed in the consolidated financial statements have been rounded off to the nearest of rupee, unless otherwise stated.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

SUMMARY OF KEY OPERATING DATA

PROFIT AND LOSS ACCOUNT		2017	2018	2019	2020	2121	2122
Contract income	Rupees in Million	413.3	318.17	201.388	184.639	75.716	24.331
Net Contract profit /loss	Rupees in Million	19.59	52	22.006	11.124	(23.21)	(1.91)
Balance Sheet							
Shareholders equity	Rupees in Million	517.181	569.905	732.62	785.77	792.354	793.869
Operating Fixed Assets	Rupees in Million	145.64	144.7	266.279	288.573	293.153	299.085
Current Assets	Rupees in Million	336.532	310.68	328.029	356.703	292.19	267.7
Current Liabilities	Rupees in Million	219.772	207.753	230.342	269.16	225.018	212.595
Cash and Cash Equivalents at year end	Rupees in Million	7.14	4.15	1.885	1.204	5.543	1.206

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



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


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