

BIBOJEE GROUP



74th ANNUAL REPORT 2021



GAMMON PAKISTAN LIMITED

ANNUAL REPORT

JUNE 30, 2021

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MISSION STATEMENT

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

VISION STATEMENT

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

GAMMON PAKISTAN LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 74th Annual General Meeting of Gammon Pakistan Limited (the Company) will be held at Gammon House, 400/2, Peshawar Road, Rawalpindi on Thursday 28th October, 2021 at 11:00 A.M. to transact the following business.

ORDINARY BUSINESS

- 1 To confirm minutes of the 73rd Annual General Meeting held on 28th October 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended, 30th June 2021 together with the Director's and Auditor's reports thereon.
3. To appoint Auditors of the Company for the year to be ending on 30th June 2022 and to fix their remuneration.

To consider any other business with the permission of the Chair.

BY ORDER OF THE BOARD



Ghulam Murtaza Khurshid
for COMPANY SECRETARY

Rawalpindi
Dated: 6 October 2021

NOTES:

BOOK CLOSURE:

The share transfer books of the Company will be closed from 21st October, 2021 to 28th October, 2021, 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 20th October, 2021 will be treated in time for the purpose of entitlement.

CHANGE IN ADDRESSES AND CONSOLIDATION OF FOLIOS:

Members of the Company are requested to immediately notify the change of address, if any, and ask for consolidation of their folio number provided any member holds more than one folio numbers.

PARTICIPATION IN ANNUAL GENERAL MEETING:

Any member entitled to attend this meeting shall be entitled to appoint any other members as his/her proxy to attend in respect of him/her and the proxy instrument shall be received by the Company not later than 48 hours before the meeting.

INSTRUCTIONS FOR CDC ACCOUNT HOLDERS:

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).

a. 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.

b. 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.

گیمن پاکستان لمیٹڈ

نوٹس برائے سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ گیمن پاکستان لمیٹڈ (کمپنی) کا 74 واں سالانہ اجلاس عام، کمپنی کے رجسٹرڈ دفتر گیمن ہاؤس 400/2، پشاور روڈ راولپنڈی میں بروز جمعرات 21 اکتوبر 2021ء کو صبح 11 بجے مندرجہ ذیل کاروبار کے لین دین کیلئے منعقد ہوگا۔

- 1- 28 اکتوبر 2020ء کو منعقدہ 73 ویں سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔
- 2- ڈائریکٹرز اور آڈیٹر کی رپورٹس کے ساتھ سالانہ آڈیٹڈ مالیاتی تفصیلات 30 جون 2021ء پر غور کرنا اور اس کا حصول اور منظوری۔
- 3- مالی سال 2020-21 کیلئے آڈیٹر کا تقرر اور معاوضہ طے کرنا۔
- 4- صاحب صدر کی اجازت سے کسی دیگر امور پر غور و خوض۔

بحکم بورڈ



غلام مرتضیٰ خورشید
منجانب کمپنی سیکرٹری

راولپنڈی

مورخہ: 6 اکتوبر 2021ء

نوٹس:

کمپنی کے حصص منتقلی کی کتابیں 21 اکتوبر 2021ء تا 28 اکتوبر 2021ء (بشمول دونوں ایام) بند رہیں گی۔ کمپنی کے حصص کی منتقلی بذریعہ شیئر رجسٹرار میسرز ویشن کنسلٹنگ لمیٹڈ، 3-C، ایل ڈی اے فلیٹس، فرسٹ فلور، لارنس روڈ، لاہور ہوگی۔ جس میں 20 اکتوبر 2021ء 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۔

ایڈریسز میں تبدیلی اور فلیوٹز کا حل:

ممبران سے درخواست ہے کہ اپنے پتوں میں تبدیلی اگر کوئی ہو تو کمپنی کو فی الفور مطلع کریں اور اگر ایک سے زیادہ فلیوٹ نمبرز رکھتے ہوں تو اپنے فلیوٹ نمبرز کو مضبوط کریں۔

سالانہ اجلاس میں شرکت:

اجلاس میں شرکت کا مستحق کوئی رکن اپنی بجائے شرکت کیلئے کسی دیگر رکن کو اپنا/اپنی پراکسی مقرر کر سکتا/سکتی ہے۔ پراکسی کی تقرری اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کو لازماً وصول ہو جانی چاہئے۔

سی ڈی سی اکاؤنٹ ہولڈرز کیلئے ہدایات:

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 2001ء میں دی گئی ہدایات پر عمل کرنا ہوگا۔

الف۔ اجلاس میں شرکت کیلئے:

1۔ 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۔

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

ب۔ پراکسی مقرر کرنے کیلئے:

1۔ 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 پراکسی فارم جمع کرائیں گے۔

2۔ پراکسی فارم کے گواہ دو افراد ہوں گے جن کا نام، پتہ اور شناختی کارڈ نمبر فارم میں درج ہوں گے۔

3۔ مالکان کے شناختی کارڈ کی تصدیق شدہ کاپیاں یا پاسپورٹ پراکسی فارم کیساتھ پیش کیئے جائیں گے۔

4۔ ممبران میٹنگ میں اصل شناختی کارڈ یا پاسپورٹ پیش کریں۔

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

CHAIRMAN REVIEW

I am pleased to present the review for the year ended June 30, 2021, 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 responsibilities for the benefit of all its stakeholders.

REVIEW OF BOARD'S PERFORMANCE

During the period four Board meetings / four Audit Committee and one HR & Remuneration Committee meetings were held during the year 2020-21.

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 2020-21 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2020-21, remained satisfactory.

REVIEW OF BUSINESS PERFORMANCE

In view of the current economic and environmental uncertainties, GPL remains vigilant of the market dynamics and stands well-positioned to continue its existing growth momentum, 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, Insha'Allah.

Although Prime Minister's incentive and packages for construction industry specially for "Naya Pakistan Housing Scheme & CPEC Package III" are encouraging but your company is striving hard to get some direct projects at favorable rates.

Overall economic conditions during the year 2020-21 were expected to be good but unfortunately economy all over the world is still under great stress. No doubt Prime Minister's smart lockdown policy has preserved the economy from ultra disaster but the coming waves speculations are still affecting the economic conditions specially demand and supply factor across the Globe.

I am pleased to inform that Gammon has acquired a Flyover project at Torkham Border Crossing Facility from NLC at positive rates and hoping best for pavers of the same facility.

The work on all the 6 bridges of OBR is progressing well, management has made efforts and succeeded in following:-

- a. Obtained advance from FWO.
- b. The escalated material i.e. PT Wire got eliminated from Gammons contract and included in store provided by FWO.

We are hopeful to get contract of following society development:-

- a. 640 Kanals in Peshawar at Charsada Road.
- b. 4000 Kanals Society at Kharian.

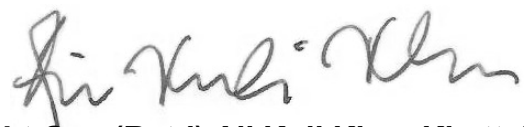
Gammon Pakistan Precast Limited (GPPL)

I am pleased to see the Gammons Pakistan Precast Limited installation at fastest paces and feel elevated while announcing that in January 2022 our GPPL will start production. GPPL will not only share the open market but will play major role in own development projects.

I also feel amuse to say that the model we are going to introduce in the market for precast products in the courtyard of Client will bring good results.

ACKNOWLEDGMENT

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



Lt Gen (Retd) Ali Kuli Khan Khattak

چیئرمین کا جائزہ

میں 30 جون 2021ء تک ختم ہونے والے سال کیلئے جائزہ لینے کیلئے خوش ہوں کہ کمپنی کی کارکردگی اور بورڈ آف ڈائریکٹرز کی کارکردگی کو نمایاں کیا جا رہا ہے۔

بورڈ کی کارکردگی کا جائزہ:

بورڈ کمپنی کی انتظامات کا ذمہ دار ہے تمام اہم پالیسیاں اور حکمت عملی تیار کرتا ہے۔ بورڈ پر متعلقہ قوانین و ضوابط اور اسکی ذمہ داری، حقوق و فرائض کے تحت کام کیا جاتا ہے۔

سال 2020-21 کے دوران بورڈ کے چار اجلاس، آڈٹ کمیٹی کے اجلاس چار اور انسانی وسائل اور معاوضے کی کمیٹی کے ایک ایک اجلاس منعقد ہوئے۔

بورڈ نے اپنی ذیلی کمیٹیوں کی کارکردگی کے ساتھ ساتھ اپنی کارکردگی پر بھی سختی سے نگرانی کی۔ اسکے 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 طریقہ کار کو برقرار رکھنے کیلئے کمپنی کے طریقہ کار میں تبدیلی کر لی گئی 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 2020-21 کیلئے اپنی سالانہ خود تفتیش مکمل کر لی ہے اور مجھے یہ خوشی ہوئی ہے کہ سال 2020-21 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، گیمن پاکستان لمیٹیڈ 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۔

اگرچہ تعمیراتی صنعت کیلئے وزیراعظم کے منظور کئے گئے پیکیج خاص طور پر "نیا پاکستان اور سی پیک پیکیج" - III "حوصلہ افزا ہیں لیکن آپ کی کمپنی مناسب ریٹس پر ڈائریکٹ منصوبے حاصل کرنے کیلئے بھرپور کوشش کر رہی ہے۔

مجموعی طور پر سال 2020-21 کے دوران معاشی حالات اچھے ہونے کی توقع کی جا رہی تھی لیکن بد قسمتی سے پوری دنیا کی معیشت انتہائی تناؤ کا شکار ہے۔ اگرچہ وزیراعظم کی سمارٹ لاک ڈاؤن پالیسی نے معیشت کو بڑی تباہی سے بچالیا ہے لیکن آنے والی لہروں کی قیاس آرائیوں نے معاشی حالات بالخصوص دیمانڈ اور سپلائی فیکٹر کو اب تک متاثر کر رکھا ہے۔

مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ گیمن پاکستان لمیٹیڈ نے این ایل سی کی جانب سے طورخم بارڈر کراسنگ کی سہولت کیلئے

ایک فلائی اوور پراجیکٹ اچھے ریٹس پر حاصل کیا ہے اور اسی سہولت پر پیورز کا کام حاصل کرنے کی بھرپور کوشش جاری ہے۔
اولڈ بنوں روڈ پراجیکٹ پر کام زور و شور سے جاری ہے اور انتظامیہ کی کوشش سے درج ذیل کامیابی حاصل ہوئی:-

الف - ایف ڈبلیو او سے ایڈوانس حاصل کر لیا گیا۔

ب - HT Wire جو کہ گیمن پاکستان لمیٹیڈ کے سکوپ میں شامل تھا جسکے ریٹس دن بدن بڑھ رہے تھے گیمن کے ٹھیکے سے خارج کر کے ایف ڈبلیو او کے فراہم کردہ سٹور میں شامل کیا گیا۔

ہم پر امید ہیں کہ درج ذیل ہاؤسنگ سوسائٹی کے ڈیولپمنٹ کے کام حاصل کر لیے جائیں گے:-

الف - پشاور میں چار سید روڈ پر 640 کنال۔

ب - کھاریاں میں 4000 کنال کی سوسائٹی۔

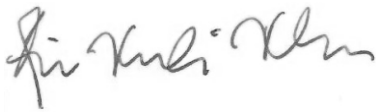
گیمن پاکستان پری کاسٹ لمیٹیڈ (جی پی پی ایل)

مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی کہ گیمن پری کاسٹ پاکستان لمیٹیڈ کی تنصیب کا کام تیزی سے جاری ہے اور انشاء اللہ جنوری 2022ء میں گیمن پری کاسٹ پاکستان لمیٹیڈ اپنی پیداوار شروع کرے گا۔ یہ گیمن پری کاسٹ پاکستان لمیٹیڈ نہ صرف اوپن مارکیٹ میں شرکت کرے گا بلکہ اپنے ترقیاتی منصوبوں میں اہم کردار ادا کرے گا۔

مجھے یہ بتاتے ہوئے بھی خوشی محسوس ہو رہی ہے کہ ہم کلائنٹ کیلئے اور مارکیٹ میں پری کاسٹ مصنوعات کا جو نمونہ متعارف کرانے جا رہے ہیں انشاء اللہ اچھے نتائج لائے گا۔

اعتراف

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



لیفٹیننٹ جنرل ریٹائرڈ علی قلی خان خٹک

چیئر مین

04 اکتوبر 2021ء

DIRECTOR'S REPORT

The directors of your Company have pleasure in presenting their report, together with the 74th Annual Report, containing Audit Report and the Audited Financial Statements of the Company for the year ended 30th June, 2021.

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	2021 (Rupees)	2020 (Rupees)
Contract Income	75,716,889	184,639,178
Contract Expenditure	(98,997,215)	(173,514,623)
Net contract profit/loss	(23,280,326)	11,124,555
(Loss)/Profit before taxation	(1,904,841)	45,946,075
Taxation	(6,197,904)	(19,634,021)
(Loss)/Profit	(8,102,745)	26,312,054

We are striving hard to acquire some mega projects to improve the Company's financial position. After the Management change, your Company is in restructuring mode and our vigorous efforts are continued in favour of the Company.

The Project at Fateh Jang is complete and we are winding up the site that will be completed soon.

Project of Bridges on Old Bannu Road (Dualization Project) is progressing and it is expected to be completed in next year.

We have recently acquired a Federal Board of Revenue (FBR) Facility Center work at Torkham on labour rates. The work at that project is also progressing well.

DIVIDEND

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

GENERAL ECONOMIC REVIEW

Expectations were high that the construction industry will expand in 2021, a downside risk to the industry's outlook in the short term could arise from the rise in COVID-19 cases and a subsequent tightening of restrictions to control the outbreaks. The financial weakness of the country could further dampen growth in the industry's output. According to the Ministry of Finance, the country's debt-to-GDP ratio increased from 86.1% at the end of June 2019 to 87.2% at the end of June 2020. However, the Government plans to reduce the debt-to-GDP ratio to 78% by 2024, by increasing revenue mobilization and reducing expenditure

The government had initially restricted activity in the construction industry amid the lockdown restrictions imposed to contain the pandemic, however, in mid-April 2020, it allowed the industry to resume operations. The construction industry in Pakistan is expected to expand by 3% in real terms in 2021, following a decline of 6.2% in 2019.

Industry growth is expected to improve, registering annual growth in the range of 4.8-5.3% between 2022-2025, supported by investment in China-Pakistan Economic Corridor (CPEC) infrastructure projects. Growth will also be supported by investments in transport, electricity, housing, telecommunication, and industrial infrastructure projects. To support industrialization, the Government of Pakistan is creating Special Economic Zones in the country. Moreover, to address the housing shortage, the Government aims to build five million housing units during 2019-2023.

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 (the 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 account.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.

5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.
6. There are no doubts about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of CCG Regulations.
8. There are no statutory payments on account of taxes, duties levy and charges which are outstanding as at June 30, 2021, except for those disclosed in the financial statements.
9. No trade in the shares of the Company were carried-out by the Directors, CEO, CFO, Company Secretary, their spouses and minor children during the year ended 30 June, 2021.

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 Director 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.

- i.
- ii. Contribution and interest with regard to improving health safety and environment, employment and other policies and practices in the Company.
- iii. 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 shareholders, 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	- Independent Director	Chairman
Mr. Muhammad Kuli Khan Khattak	- Non Executive Director	Member
Mr. Sikandar Kuli Khan Khattak	- Non Executive Director	Member
Mr. Nasir Ali Khan	- Head of internal Audit	Secretary

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendations of the internal audit department.

In addition to above meetings, Audit Committee met with external auditors without Chief Financial Officer (CFO) and Head of Internal Audit (HIA). Audit Committee also met the head of internal audit and other members of the internal audit function without the CFO and the external auditors being present

HR AND REMUNERATION COMMITTEE

The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the senior executives'. The CEO of the Company attended the Human Resource and Remuneration Committee meeting held during the as member of the committee. The Committee met once during 2020-21.

The names of committee members are as follows:

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

MEETINGS OF BOARD AND ITS COMMITTEES IN 2020-21

During the year 2020-21 four Board (BOD) meetings, four Board Audit Committee (BAC) meetings and one HR & Remuneration Committee (HR&R) meeting 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 (Retd) Ali Kuli Khan Khattak	-	-	4/4	-	-
2.	Mr. Khalid Kuli Khan Khattak	-	-	4/4	-	-
3.	Mrs. Ayesha Alamzeb Durrani	-	○	2/4	-	1
4.	Mr. Sikandar Kuli Khan Khattak	○	○	4/4	4	1
5.	Mr. Mohammad Kuli Khan Khattak	○	-	4/4	4	-
6.	Mr. Kamal Abdullah	○	-	4/4	4	-
7.	Mr. Fazal ur Rehman Khan Burki	-	○	4/4	-	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 directors 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 2020-21, 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, 2021 and additional information about it, 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, 2021.

GOVERNMENT SECTOR

(Rs. In Million)

Income Tax paid	6.50
Power & Fuel	1.01

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 QUALIFICATIONS IN STATEMENT OF COMPLIANCE

- a. The main reason for delay in meeting for second quarter /half year ended December 31, 2021 was communicated to the Security & Exchange Commission of Pakistan and same was posted on PSX portal (vide our letter No. CFO-0053/2021/SECP/EXT dated February 22,2021) for information of all stakeholder "That due to change of auditors at the time of half year closing, the newly appointed auditors will take some time for review and there is delay in finalization of its half yearly accounts for the period ended December 31, 2020. Resultantly, we will not be able to conduct the board meeting in time".
- b. The compliance of paragraph 19.1 of Code of Corporate Governance Regulation 2019 will ensured in subsequent year.

COMMENTS ON QUALIFICATIONS AUDIT REPORT

- a. The mentioned receivables outstanding since long and company always in efforts to recover and settle these balances. As far as joint venture balance payable is concern it's also associated with the recovery of outstanding receivables from the contracts performed under the Joint Venture arrangements. So on recovery/settlement of receivables this joint venture balance will be adjusted accordingly. Regarding direct confirmation to auditors by the parties its totally their discretion to respond to the auditors'.

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:

- a. The Company's Board of Directors are of the opinion that the case falls within the ambit of SBP “Incentive Scheme” for the recovery of loan defaults vide BPRD Circular no. 19 and, as such, liable to pay only Rs.35.122 Million in full and final settlement of its outstanding liability and provision for the same has already made in financial statement.
- b. 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 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, Tipu Block, New Garden Town Shakir Ali Ln, Tipu Block 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

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹر کی جانب سے 74 ویں سال 30 جون 2021ء 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۔ پچھلی سال کے مقابلے میں کمپنی کے مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہے:-

30 جون 2020ء	30 جون 2021ء	
(روپے)	(روپے)	
184,639,178	75,716,889	پریکٹس سے آمدن
(173,514,623)	(98,997,215)	پریکٹس سے خرچ
11,124,555	(23,280,326)	مجموعی (نقصان) منافع
45,946,075	(1,904,841)	قبل از ٹیکس (نقصان) منافع
(19,634,021)	(6,197,904)	ٹیکس
26,312,054	(8,102,745)	(نقصان) / منافع بعد از ٹیکس

ہم کمپنی کی مالی پوزیشن کو بہتر بنانے کیلئے میگا پراجیکٹس کے حصول کیلئے بھرپور کوشش کر رہے ہیں۔ مینجمنٹ کی تبدیلی کے بعد آپ کی کمپنی کے استحکام کیلئے بھرپور کوششیں جاری ہیں۔

فتح جنگ پراجیکٹ کی تکمیل کے بعد سائٹ کلوزنگ کا کام جلد ہی مکمل کر لیا جائے گا۔

اولڈ بنوں روڈ پر پلوں کے پراجیکٹ کا کام زور و شور سے جاری ہے اور توقع ہے کہ اگلے سال مکمل کر لیا جائے گا۔

ہم نے حال ہی میں طورخم بارڈر پر فیڈرل بورڈ آف ریونیو (ایف بی آر) کے سہولت سینٹر کا کام لیبر ریٹ پر حاصل کیا ہے۔ اس پراجیکٹ پر بھی کام زور و شور سے جاری ہے۔

ڈیویڈنڈ

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

عام اقتصادی جائزہ

یہ توقع کی جاتی تھی کہ سال 2021ء میں تعمیراتی صنعت بھرپور ترقی کرے گی، اس مختصر سی مدت میں انڈسٹری کے نقطہ نظر کو کوویڈ-19 کے پھیلاؤ اور اس کی روک تھام کے حوالے سے پابندیوں کو سخت کرنے سے منفی خطرہ پیدا ہو سکتا ہے۔ ملک کی مالی کمزوری صنعت کی پیداوار میں اضافہ کو متاثر کر سکتی ہے۔ وزارت خزانہ کے مطابق، ملک کے قرض سے جون 2019ء کے آخر تک جی ڈی پی کا تناسب 86.1 فیصد سے بڑھ کر جون 2020ء کے

آخر تک 87.2 فیصد ہو گیا ہے۔ تاہم حکومت 2024ء تک قرض میں کمی اور آمدنی میں اضافہ سے اخراجات کو 78 فیصد تک کم کرنے کا ارادہ رکھتی ہے۔

حکومت نے وبائی امراض پر قابو پانے کیلئے لاک ڈاؤن کی پابندیوں کے درمیان ابتدائی طور پر تعمیراتی صنعت میں سرکاری کو محدود کر دیا تھا، تاہم اپریل 2020ء کے وسط میں، اس نے صنعت کو دوبارہ کام شروع کرنے کی اجازت دے دی ہے۔ 2019ء میں پاکستان میں تعمیراتی صنعت میں 6.2 فیصد کمی کے بعد 2021ء میں 3 فیصد بڑھنے کی توقع ہے۔

سال 2020-2025 کے درمیان انڈسٹری کی ترقی میں بہتری کی توقع ہے اور سی پیک پراجیکٹس میں سرمایہ کاری کی مدد سے 4.8 سے 5.3 فیصد سالانہ ترقی کا امکان ہے۔ ٹرانسپورٹ، بجلی، رہائش، ٹیلی کمیونیکیشن اور صنعتی ادارے جیسے منصوبوں میں سرمایہ کاری کر کے ترقی کی جاسکتی ہے۔ انڈسٹریل انزیشن کو تحفظ دینے کیلئے حکومت پاکستان ملک میں خصوصی اقتصادی زون بنارہی ہے۔ مزید یہ کہ مکانات کی کمی کو دور کرنے کیلئے حکومت کا مقصد 2019ء سے 2023ء کے دوران 50 لاکھ ہاؤسنگ یونٹس کو تعمیر کرنا 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 محکموں 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 آف 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 2021ء 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 2021 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 ڈائریکٹر 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 ذریعے 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 2020-21 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 ناصر علی 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 او آئی اے) کے ساتھ بھی ملاقات کی ہے۔

انسانی وسائل اور معاوضے کی کمیٹی

کمپنی 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 مینیجمنٹ کمیٹی کے ممبروں کے متعلق تمام معاملات کو منظور کرنے کیلئے ملاقات کی۔ کمپنی کے سی ای او نے کمیٹی کے رکن کے طور پر منعقد ہونے والے انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں شرکت کی۔ کمیٹی نے 2020-21 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 2020-21 کے دوران بورڈ اور اسکی کمیٹیوں کے اجلاس

سال 2020-21 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:

کمپنی 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 (ر) علی قلی خان خٹک			4/4	-	-
2-	جناب خالد قلی خان خٹک			4/4	-	-
3-	مسز عائشہ عالم زیب درانی		✓	2/4	-	1
4-	جناب سکندر قلی خان خٹک	✓	✓	4/4	4	1
5-	جناب محمد قلی خان خٹک	✓		4/4	4	-
6-	جناب کمال عبداللہ	✓		4/4	4	-
7-	جناب فضل الرحمن برکی		✓	4/4	-	1

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

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

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

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

شیئر ہولڈر کا پیٹرن

30 جون 2021ء 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

6.5

1.01

۱۔ حکومتی اداروں کو ادا کیے

انکم ٹیکس کی مد میں

بجلی اور گیس کی مد میں

صحت، حفاظت اور ماحول

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

بعد میں آنے والے واقعات

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

اسٹیٹمنٹ آف کمپلائنس میں کوالیفیکیشنز پر تبصرہ

الف۔ 31 دسمبر 2021ء کو ختم ہونے والی دوسری سہ ماہی / ششماہی کے اجلاس میں تاخیر کی بنیادی وجہ سیکورٹی اینڈ ایکنج کمیشن آف پاکستان کو بتائی گئی تھی اور اسے (ہمارے لیٹر نمبر CFO-0053/2021/SECP/EXT مورخہ 22 فروری 2021ء) کے تحت تمام اسٹیک ہولڈرز کی معلومات کیلئے پی ایس ایکس پورٹل پر بھی پوسٹ کیا گیا تھا کہ آدھے سال میں آڈیٹرز کی تبدیلی کی وجہ سے نئے مقرر کردہ آڈیٹرز جائزہ لینے کیلئے کچھ وقت لیں گے اور اسی وجہ سے 31 دسمبر 2021ء کو ختم ہونے والے ششماہی اکاؤنٹس کو حتمی شکل دینے میں تاخیر ہو رہی ہے۔ جس کے نتیجے میں ہم بورڈ کی میٹنگ وقت پر نہیں کر سکیں گے۔

ب۔ کوڈ آف کارپوریٹ گورننس ریگولیشن 2019ء کے پیرامبر 19.1 کی تعمیل اگلے سال میں یقینی بنائی جائے گی۔

آڈٹ رپورٹ کی کوالیفیکیشنز پر تبصرہ

الف۔ مذکورہ قابل وصول بقایا جات عرصہ دراز سے قابل وصول ہیں اور کمپنی ہمیشہ ان بقایا جات کی وصولی اور سٹلمنٹ کیلئے کوشاں رہی ہے۔ جہاں تک جوائنٹ ونچر کے قابل ادائیگی بیلنس کا تعلق ہے اس رقم کی ادائیگی جوائنٹ ونچر کے تحت کیئے گئے معاہدوں سے بقایا جات کی وصولی پر منحصر ہے۔ چنانچہ اس جوائنٹ ونچر 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۔

آڈیٹ کی رپورٹ کے پیرا گراف پر تبصرہ

الف۔ کمپنی کے بورڈ آف ڈائریکٹرز کی رائے میں یہ کیس اسٹیت بینک کی انسٹیٹیوٹ سیکم بحوالہ اسٹیت بینک سوکر نمبر 19 BPRD تاریخ 5 جون 1997ء کے دائرہ کار میں آتا ہے۔ جس کے مطابق کمپنی مکمل اور فائنل سٹیمنٹ کے طور پر 3 کروڑ 51 لاکھ روپے دینے کی پابند ہے۔ لہذا مذکورہ رقم کی ذمہ داری پہلے ہی کمپنی کی کتابوں میں جمع کر دی گئی ہے۔

ب۔ 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۔ کمپنی کی بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کے لیے سفارش کی ہے۔

اعتراف

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



خالد 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 Firm's business. The Code is based on our fundamental understanding that no one at Gammon Pakistan Limited should sacrifice integrity.

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

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

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

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

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

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

DEFINITION AND INTERPRETATION.

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

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

“Whole-time Directors” or “Executive Director” shall mean the Board Members who are in whole-time employment of the Company.

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

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

CORPORATE RESPONSIBILITY.

The key to corporate integrity lies with all of us. Everyone has a responsibility to 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

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

FORM 34

PATTERN OF SHAREHOLDING


- 1 CUIIN (Incorporation Number)

0	0	0	0	1	1	7
---	---	---	---	---	---	---
- 2 Name of Company

GAMMON PAKISTAN LIMITED																			
--------------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
- 3 Pattern of holding of the shares held by the shareholders

3	0	0	6	2	0	2	1
---	---	---	---	---	---	---	---

4. No. of Shareholders	Shareholdings	Total Share held
1383	Shareholding from 1 to 100 shares	56,111
501	Shareholding from 101 to 500 shares	131,770
163	Shareholding from 501 to 1000 shares	133,551
183	Shareholding from 1001 to 5000 shares	466,250
47	Shareholding from 5001 to 10000 shares	378,262
21	Shareholding from 10001 to 15000 shares	268,641
14	Shareholding from 15001 to 20000 shares	243,736
8	Shareholding from 20001 to 25000 shares	179,154
6	Shareholding from 25001 to 30000 shares	161,098
3	Shareholding from 30001 to 35000 shares	100,146
3	Shareholding from 35001 to 40000 shares	114,533
1	Shareholding from 40001 to 45000 shares	40,719
2	Shareholding from 45001 to 50000 shares	97,000
1	Shareholding from 55001 to 60000 shares	56,378
2	Shareholding from 60001 to 65000 shares	122,932
1	Shareholding from 65001 to 70000 shares	66,500
1	Shareholding from 75001 to 80000 shares	79,535
2	Shareholding from 80001 to 85000 shares	165,377
4	Shareholding from 85001 to 90000 shares	351,009
1	Shareholding from 95001 to 100000 shares	98,500
1	Shareholding from 130001 to 135000 shares	135,000
1	Shareholding from 135001 to 140000 shares	138,226
1	Shareholding from 320001 to 325000 shares	323,203
1	Shareholding from 620001 to 625000 shares	625,000
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
2354	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	20,466,991	72.41
5.3	Investmetn Corporation of Pakistan	11,450	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 b. Foreign	4,133,910	14.62
		207,187	0.73
6	Signature of Chief Executive / Company Secretary		
7	Name of Signatory	Ghulam Murtaza Khurshid	
8	Designation	for 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 1	

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	97,935
5	N. I.T. & I.C.P M/S INVESTMENT CORPORATION OF PAKISTAN KARACHI INVESTMENT TRUST LIMITED	11,450
6	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE, INSTITUTIONS, INSURANCE COMPANIES, MODARBAS & MUTUAL FUNDS	551
7	INSURANCE COMPANY	60
8	FOREIGN SHAREHOLDERS	207,187
9	GENERAL PUBLIC AND OTHER SHAREHOLDERS	4,133,910
10	SHAREHOLDERS HOLDING 10% OR MORE: M/S BIBOJEE SERVICES (PVT) LMITIED MR. AHMED KULI KHAN KHATTAK	20,369,056 3,368,044

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

Name of Company: Gammon Pakistan Limited
Year ended: June 30, 2021

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

1. The total number of Directors are eight (7) as per the following:

NB Male: 6
 NB Female: 1

2. The composition of the Board is as follows:

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

3. The Directors have confirmed that none of them is serving as a Director on 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 these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program for the following:

Name of Director
Mr. Fazal Ur Rehman Khan Burki Mr. Sikandar Kuli Khan Khattak Mr. Muhammad Kuli Khan Khattak Mr. Khalid Kuli Khan Khattak

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 (Retd) Ali Kuli Khan Khattak

1. 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;
2. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
3. The Board has formed committees comprising of members given below:

a) Audit Committee

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

4. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
5. 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, 2021.

b) HR Nomination and Remuneration Committee

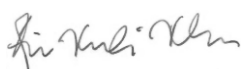
One meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2021.

6. 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.

1. 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;
2. 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;
3. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
4. 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 July 2021.	The Company has planned to arrange Directors' Training Program certification for Remaining over the next few years.	19(3)

5. 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 (Retd) Ali Kuli Khan Khattak
Chairman

4 October 2021
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, 2021 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 2021.

Further, we would like to highlight that:

- the board of a public company shall meet at least once in each quarter of a year as per Companies Act, 2017. However, we noted that board meetings were held late and not within each quarter;
- 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: 04 October 2021

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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, 2021, 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, 2021 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 49.41 million, provision of expected loss amounting to Rupees 142.845 million, net contract assets amounting to Rupees 100.61 million, joint ventures partner advances amounting to Rupees 30.059 million as disclosed in notes 11, 11.1, 12 and 25 respectively could not be verified in absence of the direct confirmations allowance 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 23.3 the company 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 24 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 draw attention to note 26.2 of these financial statements whereby the National Bank of Pakistan has filed an execution application for the decrees issued in its favor for amounts mentioned in the aforesaid note. The liability determined of the Company is contingent upon the judgment of the case.
- b) we also draw attention to the Note 47.2 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

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- c) 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 26.2 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, 2021, the Company recognized an amount of Rs. 76 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 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</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</p>

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reporting process and the application controls of individual IT system have an impact on the selected audit approach.

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

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 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 incurred 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.

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- 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- No zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended June 30, 2020 were audited by another firm of chartered accountants whose audit report dated October 5, 2020 expressed unqualified opinion on those statements.

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

Islamabad:

Date: 4-10-2021


Rizwan and Company
Chartered Accountants

GAMMON PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

ASSETS		2021	2020
NON CURRENT ASSETS		Note	Rupees
Property, plant and equipment			
Operating fixed assets	6	293,153,336	288,573,865
Investment property	7	468,511,297	445,280,201
Long term investments	8	1,300,413	1,300,413
Long term security deposits	9	1,571,328	1,861,203
		764,536,374	737,015,682
CURRENT ASSETS			
Stores, spares and loose tools	10	15,047,134	25,472,319
Contract receivables	11	49,410,217	83,383,124
Contract asset	12	113,089,451	137,143,518
Loans and advances	13	20,648,103	22,236,403
Other receivables	14	1,696,210	1,934,007
Trade deposits and short term prepayments	15	318,306	318,761
Tax refunds due from Government	16	85,011,349	84,706,316
Taxation - net	17	1,325,759	305,033
Cash and bank balances	18	5,643,697	1,204,501
		292,190,226	356,703,982
TOTAL ASSETS		1,056,726,600	1,093,719,664
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	19	282,662,310	282,662,310
Capital reserves			
Share premium reserve		15,380,330	15,380,330
Revaluation surplus on property, plant and equipment	20	420,072,719	412,774,639
		435,453,049	428,154,969
Revenue reserve			
Accumulated profit		74,239,623	74,960,044
		792,354,982	785,777,323
NON-CURRENT LIABILITIES			
Deferred liability	21	8,000,703	8,724,735
Deferred taxation	22	31,352,476	30,057,055
		39,353,179	38,781,790
CURRENT LIABILITIES			
Trade and other payables	23	181,040,636	208,571,578
Unclaimed dividends	24	1,442,230	1,442,230
Contract liability	12	12,476,031	29,087,201
Joint venture partner's advances	25	30,059,542	30,059,542
		225,018,439	269,160,551
TOTAL EQUITY AND LIABILITIES		1,056,726,600	1,093,719,664
CONTINGENCIES AND COMMITMENTS		26	-

The annexed notes from 1 to 48 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, 2021

		2021	2020
	Note	Rupees	
Contract income	27	75,716,889	184,639,178
Contract expenditure	28	<u>(98,997,215)</u>	<u>(173,514,623)</u>
Net contract (Loss) / profit	75.71 23.28	(23,280,326)	11,124,555
Operating expenses			
General and administrative expenses	29	<u>(44,843,008)</u>	<u>(37,561,779)</u>
Other operating expenses	30	<u>(17,595,966)</u>	<u>(620,000)</u>
		(62,438,974)	(38,181,779)
Other income	31	<u>60,609,945</u>	20,684,464
Net operating (loss)		(25,109,355)	(6,372,760)
Bank charges	32	<u>(26,582)</u>	<u>(24,230)</u>
Fair value gain on investment property	33	<u>23,231,096</u>	52,343,065
(Loss)/Profit before taxation		(1,904,841)	45,946,075
Taxation	34	<u>(6,197,904)</u>	<u>(19,634,021)</u>
(Loss) / Profit after taxation		<u>(8,102,745)</u>	<u>26,312,054</u>
Earnings per share:			
Earnings per share - basic and diluted	35	<u>(0.29)</u>	<u>0.93</u>

The annexed notes from 1 to 48 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, 2021

		2021	2020
	Note	Rupees	
(Loss) / Profit after taxation		(8,102,745)	26,312,054
Other comprehensive income			
Item that will not be reclassified to profit and loss:			
Revaluation surplus on property, plant and equipment	20	14,994,978	26,179,815
Related deferred tax impact	20	(285,265)	(282,318)
		14,709,713	25,897,497
(Loss)/gain on remeasurement of defined benefit liability	21.3	(29,309)	947,612
Total other comprehensive income for the year		14,680,404	26,845,109
Total comprehensive income for the year		6,577,659	53,157,163

The annexed notes from 1 to 48 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, 2021

	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, 2019	282,662,310	15,380,330	388,777,707	45,799,813	732,620,160
Total comprehensive income for the year ended June 30, 2020					
Profit for the year	-	-	-	26,312,054	26,312,054
Revaluation of property, plant and equipment - net of deferred tax	-	-	25,897,497	-	25,897,497
Gain on remeasurement of defined benefit liability	-	-	-	947,612	947,612
Transfer from revaluation surplus on property, plant and equipment: - on account of incremental depreciation-net of deferred tax	-	-	25,897,497	27,259,666	53,157,163
20	-	-	(1,900,565)	1,900,565	-
Balance as at June 30, 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					
Loss 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: - on account of incremental depreciation-net of deferred tax	-	-	14,709,713	(8,132,054)	6,577,659
- upon disposal of revalued property, plant and equipment	-	-	(1,614,279)	1,614,279	-
20	-	-	(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

The annexed notes from 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before working capital changes	37	(53,663,627)	17,593,004
Changes in working capital:			
Decrease / (increase) in current assets			
Stores, spares and loose tools		10,425,185	3,108,399
Contract receivables		33,972,907	(11,676,674)
Contract asset		24,054,067	(44,095,876)
Loans and advances		1,588,300	204,390
Other receivables		237,797	1,336,039
Trade deposits and short term prepayments		455	962
Long term security deposits		289,875	-
Increase / (decrease) in current liabilities			
Trade and other payables		(27,530,942)	27,775,742
Contract liability		(16,611,170)	29,087,201
Mobilization advance		-	(15,000,000)
		<u>26,426,474</u>	<u>(9,259,817)</u>
Cash generated from operations		(27,237,153)	8,333,187
Bank charges paid	32	(26,582)	(24,230)
Income tax paid		(6,513,507)	(8,400,642)
Gratuity paid		(1,355,371)	(572,650)
		<u>(7,895,460)</u>	<u>(8,997,522)</u>
Net cash used in operating activities		(35,132,613)	(664,335)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	6	(716,301)	(17,000)
Disposal of fixed assets/store, spares & loose tools as scrap		40,288,110	-
Net cash generated (used in) / from investing activities		<u>39,571,809</u>	<u>(17,000)</u>
Net decrease in cash and cash equivalents		4,439,196	(681,335)
Cash and cash equivalents at the beginning of the year		<u>1,204,501</u>	<u>1,885,836</u>
Cash and cash equivalents at the end of the year	18	<u>5,643,697</u>	<u>1,204,501</u>

The annexed notes from 1 to 48 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, 2021

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	Location	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 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, 11 & 13
- Obligation of defined benefit obligation - Note 5.16 & 21
- 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, 22 & 34.

3 ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 from date of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessee. However, the Company has lease contracts acting as a lessor on its investment properties.

IFRS 16 provides with a choice between two transition approaches i.e, full retrospective approach and modified retrospective approach. The Company has adopted the modified retrospective approach. There is no significant impact of adoption of IFRS 16 on accounting and financial reporting policies of the Company except certain additional disclosures requirements which have been provided in respective notes to these financial statements.

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

4.1 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 2020:

IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors'

International Accounting Standards Board's revised Conceptual Framework – March 2018

IFRS 16 (Amendments) 'Leases'

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

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.

4.2 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 2020 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.

4.3 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 July 2021 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.

GAMMON PAKISTAN LIMITED

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.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements do not have a material impact on the financial statements.

4.4 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 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.

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 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.

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 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 31.

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 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.

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 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.

GAMMON PAKISTAN LIMITED

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 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.

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 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.

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.

GAMMON PAKISTAN LIMITED**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 Company.

5.12 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.

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 Company'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 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.

5.16 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.

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 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

GAMMON PAKISTAN LIMITED

- 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.

5.19.2 Financial liabilities

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

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 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.

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 Company 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 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.

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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 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.

5.23 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.

5.24 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.

5.25 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.

5.26 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.

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.

OPERATING FIXED ASSETS

GAMMON PAKISTAN LIMITED

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, 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	(7,353,821)	(839,049)	(590,959)	(5,720,401)	(841,661)	(15,345,891)
	271,605,649	14,355,055	4,114,252	1,236,748	649,236	1,110,626	81,770	293,153,336
Year ended June 30, 2020								
Net carrying value basis								
Opening book value	232,388,039	13,085,829	10,914,367	1,488,046	737,396	6,879,554	786,500	266,279,731
Revaluation surplus	25,206,306	973,509	-	-	-	-	-	26,179,815
Additions	-	-	-	17,000	-	-	-	17,000
Depreciation charge	-	(345,101)	(1,668,807)	(199,229)	(133,730)	(1,363,589)	(192,225)	(3,902,681)
Closing net book value	257,594,345	13,714,237	9,245,560	1,305,817	603,666	5,515,965	594,275	288,573,865
Gross carrying value basis								
Cost/revalued amount	257,594,345	14,777,535	15,156,576	1,943,116	1,053,855	10,095,234	1,281,500	301,902,161
Revaluation adjustments	-	(1,063,298)	-	-	-	-	-	(1,063,298)
	257,594,345	13,714,237	15,156,576	1,943,116	1,053,855	10,095,234	1,281,500	300,838,863
Accumulated depreciation	-	(1,063,298)	(5,911,016)	(637,299)	(450,189)	(4,579,269)	(687,225)	(13,328,296)
Revaluation adjustments	-	1,063,298	-	-	-	-	-	1,063,298
	257,594,345	13,714,237	9,245,560	1,305,817	603,666	5,515,965	594,275	288,573,865
Net book value	-	-	(5,911,016)	(637,299)	(450,189)	(4,579,269)	(687,225)	(12,264,998)
Depreciation rate % per Annum	-	2.5 to 2.8	6 to 30	9 to 18	12 to 15	9 to 18	6 to 24	

GAMMON PAKISTAN LIMITED

6.1 Detail of Operating Fixed assets. Disposed of during the year is as follow.

Description	Quantity / No	Cost	Accumulated Depreciation	Net Book value	Sale Proceed	Gain / (Loss)	Mode of Disposal	Particular of Purchases
Plant and Machinery								
Miscellaneous items		8,178,668	4,151,713	4,026,955	See Note 6.2	See Note 6.2	Negotiation	Shah Wali
Furniture and fixtures								
General Air Conditioner	1	17,738	7,110	10,628	10,628	-	Negotiation	kamran
Motor Vehicles, Cycles and Boats								
Miscellaneous items		5,589,305	2,804,732	2,785,173	See Note 6.2	See Note 6.2	Negotiation	Shah Wali
Toyota Corolla	1	124,750	77,747	47,003	200,000	152,997	Negotiation	Kashif
Toyota Sprinter	1	187,125	116,620	70,505	250,000	179,495	Negotiation	Noor Khan
Suzuki Baleno	1	249,500	155,494	94,006	425,000	330,994	Negotiation	Ghulam Asghar
Suzuki Liana	1	810,875	505,355	305,520	600,000	294,480	Negotiation	Ghulam Asghar
Construction equipments								
Miscellaneous items		1,048,500	680,231	368,269	See Note 6.2	See Note 6.2	Negotiation	Shah Wali

6.2 During the year company disposed off operating fixed assets alongwith store items as mentioned in note 10 on "as is where is" basis as obsolete/scrap in bulk under the agreement after negotiation. Therefore, sale value and gain, asset-wise, cannot be distinguished.

6.3 Operating fixed assets include fully depreciated assets of Rs. 36,245 (2020:Nil), which are still in use of the company.

6.4 Freehold land of the Company is located at Chakbell 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 Chakbell 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

6.5 Depreciation has been allocated as follows:

Note	2021	2020
Ruppees		
Contract expenditure	1,597,241	1,615,372
General and administrative expenses	1,826,508	1,623,520
	<u>3,423,749</u>	<u>3,238,892</u>

- 6.6** 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.
- 6.7** 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, 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

- 6.8** The forced sale value of the revalued freehold land and buildings at date of statement of financial position has been assessed at Rs. 243,066,598.
- 6.9** Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	2021
	Rupees
Freehold land	120,988
Buildings on freehold land	3,022,495
Plant and machinery	1,298,991
Furniture and fixture	957,105
Computers and accessories	579,656
Motor vehicles, cycles and boats	13,454
Construction equipment	98,403

		2021	2020
	Note	Rupees	
7 INVESTMENT PROPERTY			
Carrying amount as at June 30,			
Rural land	7.2	115,334,599	110,092,701
Gammon House - land and building	7.3	353,176,698	335,187,500
		468,511,297	445,280,201
7.1 The movement in this account is as follows:			
Opening balance		445,280,201	392,937,136
Net fair value gain on revaluation shown in profit and loss account	7.4	23,231,096	52,343,065
Carrying amount as at June 30		468,511,297	445,280,201

10.2 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.

11 CONTRACT RECEIVABLES

	Note	2021	2020
		Rupees	
Owned			
Unsecured - considered good			
Against billings			
- work-in-progress		32,552,116	44,108,286
- completed contracts		56,089,247	56,123,425
		88,641,363	100,231,711
Written off during the year		(9,809,055)	
Provision for expected credit loss	11.1	(75,150,387)	(75,150,387)
		(84,959,442)	(75,150,387)
		3,681,921	25,081,324
Against retention money			
- work-in-progress		51,677,631	60,212,492
- completed contracts		36,564,635	35,793,797
		88,242,266	96,006,289
Written off during the year		(4,809,481)	
Provision for expected credit loss	11.1	(37,704,489)	(37,704,489)
		(42,513,970)	(37,704,489)
		45,728,296	58,301,800
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	11.1	(29,990,933)	(29,990,933)
		-	-
		49,410,217	83,383,124

11.1 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	2021	2020
		Rupees	
Opening balance		142,845,809	123,818,847
Charge during the year		-	19,026,962
		142,845,809	142,845,809

12 CONTRACT ASSET

Under the following captions:

Contract asset on incomplete projects		113,089,451	137,143,518
Contract liability on incomplete projects		(12,476,031)	(29,087,201)
Net contract asset	12.1	100,613,420	108,056,317

12.1 This comprises as follows:

Cost incurred on incomplete projects		1,832,949,786	1,746,258,405
Estimated earnings		251,836,632	262,365,266
		2,084,786,418	2,008,623,671
Billings to date		(1,984,172,998)	(1,900,567,354)
		100,613,420	108,056,317

13 LOANS AND ADVANCES	Note	2021	2020
		<u>Rupees</u>	
Unsecured - considered good			
To employees / project managers for expenses		10,735,857	2,342,695
To suppliers		8,963,502	15,044,623
To sub - contractors		<u>3,000,399</u>	<u>4,849,085</u>
		22,699,758	22,236,403
Doubtful advances		<u>27,575,850</u>	<u>17,632,952</u>
		50,275,608	39,869,355
Written off during the year		(2,051,655)	-
Provision for expected credit loss	13.2	<u>(27,575,850)</u>	<u>(17,632,952)</u>
		(29,627,505)	(17,632,952)
		20,648,103	22,236,403
Due from joint venture partners		932,586	932,586
Provision for expected credit loss	13.2	<u>(932,586)</u>	<u>(932,586)</u>
		-	-
		<u>20,648,103</u>	<u>22,236,403</u>

13.1

This includes advance paid to Chief Operating Officer of Rs.10.456 million, which is maximum aggregate balance at close of any month, to meet expenses of various on-going projects and is adjustable in due course of time.

13.2 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	2021	2020
		<u>Rupees</u>	
Opening balance		18,565,538	18,565,538
Charge during the year		<u>9,942,898</u>	-
		<u>28,508,436</u>	<u>18,565,538</u>

14 OTHER RECEIVABLES

Unsecured:

- Considered good

Other receivables

14.1 1,696,210 1,934,007

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

	2021	2020
	<u>Rupees</u>	
Janana De Maluchu Textile Ltd.	55,000	-
Bannu Woolen Mills	<u>342,444</u>	<u>1,335,440</u>
	<u>397,444</u>	<u>1,335,440</u>

14.2 Aging of receivable from related parties:

1-90 days	397,444	712,720
90-180 days	-	612,720
Over 180 days	-	10,000
	<u>397,444</u>	<u>1,335,440</u>

14.3 Maximum balance due from related party at end of any month during the year is Rs 1,547,710 (2020: 1,335,440).

		2021	2020
		Rupees	
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note		
Prepaid insurance		287,248	287,703
Prepayments		31,058	31,058
		<u>318,306</u>	<u>318,761</u>
16 TAX REFUNDS DUE FROM GOVERNMENT			
Considered good			
Balance as at July 01,		84,706,316	87,751,028
Refundable assessed during the year		305,033	(3,044,712)
		<u>85,011,349</u>	<u>84,706,316</u>
17 TAXATION - NET			
Balance as at July 01,		305,033	(3,044,712)
Transferred to tax refunds due from Government		(305,033)	3,044,712
		-	-
Prior year adjustment		-	(284,776)
Provision for tax on		(5,187,748)	(7,810,833)
Advance income tax		6,513,507	8,400,642
		<u>1,325,759</u>	<u>305,033</u>
18 CASH AND BANK BALANCES			
Cash in hand		146,144	45,633
Cash at bank: local currency			
- Current accounts	18.1	3,958,672	13,171
- Savings accounts	18.2	649,438	256,254
- Deposit accounts	18.3	889,443	889,443
		<u>5,497,553</u>	<u>1,158,868</u>
		<u>5,643,697</u>	<u>1,204,501</u>

18.1 It include Rupees 7,999/- (2020: Rupees 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 23 December 2020 the Commissioner Appeals order in favor of the company and the company is under process to detach these bank accounts.

18.2 PLS accounts, during the current financial year, carried profit at the rates ranging from 5.5% to 11.25% (2020: 6.5% to 11.25%) per annum.

18.3 The entire balance as at June 30, 2021 and June 30, 2020 is under a bank's lien against guarantees issued by the bank.

19 SHARE CAPITAL

Issued, subscribed and paid up capital

Number of ordinary shares of Rs.10/- each		Note	2021	2020
2021	2020		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
<u>28,266,231</u>	<u>28,266,231</u>		<u>282,662,310</u>	<u>282,662,310</u>

		2021	2020
		Rupees	
15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note		
Prepaid insurance		287,248	287,703
Prepayments		31,058	31,058
		<u>318,306</u>	<u>318,761</u>
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Considered good			
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Refundable assessed during the year		305,033	(3,044,712)
		<u>85,011,349</u>	<u>84,706,316</u>
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Balance as at July 01,		305,033	(3,044,712)
Transferred to tax refunds due from Government		(305,033)	3,044,712
		-	-
Prior year adjustment		-	(284,776)
Provision for taxat on		(5,187,748)	(7,810,833)
Advance income tax		6,513,507	8,400,642
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		<u>5,497,553</u>	<u>1,158,868</u>
		<u>5,643,697</u>	<u>1,204,501</u>

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<u>28,266,231</u>	<u>28,266,231</u>		<u>282,662,310</u>	<u>282,662,310</u>

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.

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

	Note	2021	2020
		Rupees	
Present value of the defined benefit obligation		4,319,738	5,532,839
Benefits due but not paid during the year		3,680,965	3,191,896
		<u>8,000,703</u>	<u>8,724,735</u>

21.3 Reconciliation of net defined benefit liability

Present value of defined benefit obligations	5,532,839	5,959,980
Benefits due but not paid as at June 30,	3,191,896	3,248,896
Service cost	210,127	326,914
Interest on defined benefit obligations	391,903	709,207
Benefit due but not paid at the year end	(3,680,965)	(3,191,896)
Actuarial (gain) / loss	29,309	(947,612)
Benefits paid during the year	(1,355,371)	(572,650)
	<u>4,319,738</u>	<u>5,532,839</u>

21.4 Remeasurement chargeable to statement of other comprehensive income

Remeasurement (gain) / loss on defined obligation due to:

Change in demographic assumptions	-	-
Change in financial assumptions	-	-
Actuarial (gain) / loss due to experience adjustment	29,309	(947,612)
	<u>29,309</u>	<u>(947,612)</u>

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

Current service costs	210,127	326,914
Interest cost	391,903	709,207
	<u>602,030</u>	<u>1,036,121</u>

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

Opening defined benefit obligation	8,724,735	9,208,876
Service cost	210,127	326,914
Interest cost	391,903	709,207
Actuarial (gains) / losses	29,309	(947,612)
Benefits paid	(1,355,371)	(572,650)
	<u>8,000,703</u>	<u>8,724,735</u>

21.7 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, 2021	10.00%
Future salary increases	9.00%
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

21.8 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:

	2021	2020	2019	2018	2017
	Rupees				
Present value of defined benefit obligation	4,319,738	5,532,839	5,959,980	5,459,690	5,511,508

21.9 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.

21.10 The charge in respect of defined benefit plan for the year ending June 30, 2022 is estimated to be Rs. 682,761.

21.11 Sensitivity analysis

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

	2021	
	1 % increase in assumption	1 % decrease in assumption
	Rupees	
Discount rate	4,069,439	4,585,433
Salary increase	4,585,534	4,069,388

21.12 Expected future payments

Within one year	612,530
More than one year but less than five years	3,254,915
Above five years	7,844,075
	<u>11,711,520</u>

22 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	2021	2020
		Rupees	
Deferred tax liability-net	22.1	31,352,476	30,057,055
Tax rate		29%	29%

22.1 Deferred tax liability-net**22.1.1 Analysis of change in deferred tax**

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

	Note	2021	2020
		Rupees	
Opening balance		30,057,055	18,236,325
Charged to statement of profit or loss		1,010,156	11,538,412
Charged to other comprehensive income		285,265	282,318
		<u>31,352,476</u>	<u>30,057,055</u>

22.1.2 Net deferred tax liability is comprised of as follows:	Note	2021	2020
		Rupees	
Deferred tax liabilities			
Accelerated tax depreciation allowed		95,150,003	88,135,093
Surplus on revaluation of PPE		8,671,476	11,413,497
Provision for gratuity		2,320,204	
Deferred tax asset			
Provision for doubtful receivables		(41,425,285)	(41,425,285)
Provision for doubtful loan and advances		(8,267,446)	(5,384,006)
Deferred tax asset on brought forward losses		(14,910,951)	(12,496,719)
Provision for overseas loan		(10,185,525)	(10,185,525)
		31,352,476	30,057,055

- 22.2** Deferred tax asset of Rs. 14.910 million 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 (2020: Rs. 12.496 million due to brought forward losses was not recognized based upon management judgement for unrealisability of the amount).

23	TRADE AND OTHER PAYABLES	Note	2021	2020
			Rupees	
	Sundry creditors	23.1	59,870,039	70,641,342
	Advance rent		14,576	14,374
	Due to sub-contractors		37,869,698	36,170,091
	Accrued expenses	23.2	34,862,184	54,866,860
	Due to employees and others	23.3	9,165,299	8,966,299
	Taxes payable		2,515,625	1,169,397
	Joint venture partners' share of profit		1,620,715	1,620,715
	Other provisions	23.4	35,122,500	35,122,500
			181,040,636	208,571,578
23.1	Balance written back during the year			
	Payable as at June30		63,370,039	70,641,342
	Written back during the		(3,500,000)	-
			59,870,039	70,641,342
23.2	Balance written back during the year			
	Payable as at June30		35,633,051	54,866,860
	Written back during the period		(770,867)	-
			34,862,184	54,866,860

- 23.3** This balance includes amounts aggregating Rs. 1.563 million (2020: 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.

- 23.4** These represent provisions made for the potential liability, in respect of borrowings of Saudi Riyals 2.500 million and Saudi Riyals 5.000 million during the year 1986 for the Saudi Operations of the Company, that the Company may have to incur as a result of settlement of overseas dues of National Bank of Pakistan in accordance with the Incentive Scheme under the State Bank of Pakistan's Circular No.19 of 05 June,1997 (For further detail please refer note 27.2(a) of these financial statements).

24 UNCLAIMED DIVIDENDS	Note	2021	2020
		Rupees	
Unclaimed dividend		1,442,230	1,442,230
24.1 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

25 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.

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingent assets

The Company had lodged a claim with National Highway Authority amounting Rs. 201.177 million (2020: 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.

26.2 Contingent liabilities

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

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

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

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

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

- (b) 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.

26.3 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 (2020: Rs. 50.062 million).
- (b) There were no commitments for capital expenditures as at the balance sheet date (2020: nil).

	Note	2021	2020
		Rupees	
27 CONTRACT INCOME			
Own projects		<u>75,716,889</u>	<u>184,639,178</u>
28 CONTRACT EXPENDITURE			
Materials		62,180,265	103,259,179
Salaries and wages		16,766,002	55,240,853
Maintenance and hiring of plants		1,461,149	1,696,295
Project insurance		454,332	454,838
Cartage, traveling and conveyance		1,285,964	1,589,781
Site auxiliary works and temporary hutting		328,900	255,500
Electricity		-	247,084
Depreciation	6.3	1,597,240	1,905,888
Petrol, oil and lubricants		2,863,310	3,229,170
Impairment - stores, spares and loose tools		11,000,856	2,645,725
Sundry expenses		<u>1,059,197</u>	<u>2,990,310</u>
		<u>98,997,215</u>	<u>173,514,623</u>
29 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and benefits		13,581,054	8,483,142
Staff retirement benefits - gratuity		602,030	1,036,121
Repair and maintenance		1,633,836	368,794
Rent, rates and taxes		4,993,623	1,183,034
Telephone and fax		186,640	140,520
Advertisement and publicity		70,630	80,340
Legal and professional charges		1,889,768	1,564,450
Power and electricity		1,013,030	1,032,453
Travelling and conveyance		1,910,363	1,176,934
Works in view		220,589	15,010
Provision for loans and advances		9,942,898	-
Provision for ECL on contract receivables		-	19,026,962
Loss on disposal of stores		-	36,100
Fee and subscription		1,363,353	76,464
Depreciation		1,826,508	1,996,793
Other sundry expenses		<u>5,608,686</u>	<u>1,344,662</u>
		<u>44,843,008</u>	<u>37,561,779</u>

30 OTHER OPERATING EXPENSES

Auditor remuneration	30.1	627,500	620,000
Bills receivable written off during the year	11	9,809,055	-
Loan and advances written off during the year	13	2,051,655	-
Retention money written off during the year	11	4,809,481	-
Security deposits written off during the year	9	298,275	-
		<u>17,595,966</u>	<u>620,000</u>

30.1 Auditor remuneration

Statutory audit	450,000	450,000
Half yearly review	157,500	150,000
Fee for other certification	20,000	20,000
	<u>627,500</u>	<u>620,000</u>

31 OTHER INCOME**Income from financial assets:**

Profit on deposit and PLS accounts	51,502	11,427
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Income from non-financial assets:

Sundry creditors written back during the year	23	3,500,000	-
Accrued expenses written back during the year	23	770,867	-
Rental income on investment property		23,707,525	20,673,037
Gain on sale of obsolete fixed assets/stores & spares		<u>32,580,051</u>	<u>-</u>
		<u>60,609,945</u>	<u>20,684,464</u>

32 BANK CHARGES

Bank charges	<u>26,582</u>	<u>24,230</u>
	<u>26,582</u>	<u>24,230</u>

33 FAIR VALUE GAIN ON INVESTMENT PROPERTY

The Company, as at June 30, 2021, 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.23.23 million (2020: Rs. 52.34 million).

34 TAXATION	Note	2021	2020
		Rupees	
Current year		5,187,748	7,810,833
Prior year		-	284,776
Deferred tax		<u>1,010,156</u>	<u>11,538,412</u>
		<u>6,197,904</u>	<u>19,634,021</u>

34.1 No numeric tax rate reconciliation is presented in these financial statements for the year ended June 30, 2021 as the Company was liable to pay minimum tax under section 113 of Income Tax Ordinance, 2001.

34.2 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.

35 EARNINGS PER SHARE - BASIC AND DILUTED

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

	Note	2021	2020
(Loss)/Profit after tax (Rupees)		<u>(8,102,745)</u>	<u>26,312,054</u>
Weighted average number of ordinary shares at the end of the year (Numbers)		<u>28,266,231</u>	<u>28,266,231</u>
Basic and diluted earnings per share (Rupees)		<u>(0.29)</u>	<u>0.93</u>

35.1 Earnings per share comprises as follows:

Distributable loss	(1.11)	(0.92)
Undistributable - unrealised fair value gains	<u>0.82</u>	<u>1.85</u>
	<u>(0.29)</u>	<u>0.93</u>

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

36 RELATED PARTY TRANSACTIONS

Related parties comprise of the holding company, associated companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under 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	2021' Rupees	2020'
Ghandhara Nissan Limited	Common Directorship	Rental income	3,300,000	3,000,000
		Rental received during the year	(3,300,000)	(3,000,000)
Ghandhara Industries Limited	Common Directorship	Rental income	3,000,000	3,000,000
		Rental received	(3,000,000)	(3,000,000)
Janana De Malucho Textile Mills	Common Directorship	Rental income	205,000	150,000
		Rental received during the year	(150,000)	(150,000)
Baberi Cotton Mills	Common Directorship	Rental income	-	150,000
		Rental received during the year	-	(150,000)
Rehman Cotton Mills	Common Directorship	Rental income	150,000	150,000
		Rental received during the year	(150,000)	(150,000)
Bannu Woollen Mills	Common Directorship	Rental income	2,843,424	3,895,440
		Rental received during the year	(2,500,980)	(5,500,000)

36.1 The status of outstanding balances of related parties as at June 30, 2021 are included in "other receivable" (note 14.1) and "trade and other payables" (note 23).

37 PROFIT BEFORE WORKING CAPITAL CHANGES	Note	2021 Rupees	2020
Profit before taxation		(1,904,841)	45,946,075
Adjustment for:			
Depreciation	6	3,423,749	3,902,681
Staff retirement benefits - gratuity	21.5	602,030	1,036,121
Provision for expected credit loss	29	-	19,026,962
Disposal of fixed assets/store, spares & loose tools as scrap	31	(32,580,051)	-
Fair value gain on investment property	7	(23,231,096)	(52,343,065)
Finance cost	32	26,582	24,230
		<u>(51,758,786)</u>	<u>(28,353,071)</u>
		<u>(53,663,627)</u>	<u>17,593,004</u>

GAMMON PAKISTAN LIMITED

39 FINANCIAL ASSETS AND LIABILITIES

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

2021					
Total	Interest/mark up bearing			Sub-total	Not interest / mark up bearing
	Maturity upto one year	Maturity after one year Rupees			
Financial assets					
Financial assets carried at amortized cost					
Long term investments	1,300,413	-	1,300,413	1,300,413	-
Long term security deposits	1,571,328	-	-	-	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
	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)
2020					
Total	Interest/mark up bearing			Sub-total	Not interest / mark up bearing
	Maturity upto one year	Maturity after one year			

GAMMON PAKISTAN LIMITED

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

40.1 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.

40.2 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. 171.265 million (2020: Rs. 225.480 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2021	2020
	Rupees	
Long term security deposits	1,571,328	1,861,203
Contract receivables	49,410,217	83,383,124
Other receivables	1,696,210	1,934,007
Contract asset	113,089,451	137,143,518
Bank balances	5,497,553	1,158,868
	<u>171,264,759</u>	<u>225,480,720</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	49,410,217	83,383,124
	<u>49,410,217</u>	<u>83,383,124</u>

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

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

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

Concentration of credit risk

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

40.3 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:

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						

2021

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	-

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						

2020

Trade and Other Payable	208,571,578	208,571,578	208,571,578	-	-	-	-
Unclaimed Dividend	1,442,230	-	-	1,442,230	-	-	-
Deferred Liability	8,724,735	-	-	-	-	8,724,735	-
Joint Venture partner's advance	30,059,542	30,059,542	30,059,542	-	-	-	-
	248,798,085	238,631,120	238,631,120	1,442,230	-	8,724,735	-

40.4 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 than the functional currency in which they are measured.

Presently the Company is not exposed to foreign currency risk except contingencies as disclosed in note 26.2 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 8) 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.

41 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, 2021		June 30, 2020	
Carrying Amount	Fair value	Carrying Amount	Fair Value
Rupees			

Assets Carried at Amortized Cost

Contract receivables	49,410,217	49,410,217	83,383,124	83,383,124
Contract asset	113,089,451	113,089,451	137,143,518	137,143,518
Loans and advances	20,648,103	20,648,103	22,236,403	22,236,403
Other receivables	1,696,210	1,696,210	1,934,007	1,934,007
Cash and bank balances	5,643,697	5,643,697	1,204,501	1,204,501
	<u>190,487,678</u>	<u>190,487,678</u>	<u>245,901,553</u>	<u>245,901,553</u>

Liabilities Carried at Amortized Cost

Trade and Other Payable	181,040,636	181,040,636	208,571,578	208,571,578
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
	<u>212,542,408</u>	<u>212,542,408</u>	<u>240,073,350</u>	<u>240,073,350</u>

As at June 30, 2021 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, 2021 carried out by external independent valuer M/s Impulse (Private) Limited.

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	-	-	270,965,726	270,965,726
	-	-	<u>739,477,023</u>	<u>739,477,023</u>

	As at June 30, 2020			
	Level 1	Level 2	Level 3	Total
	Rupees			
Assets				
Investment Property Carried at Fair Value	-	-	445,280,201	445,280,201
Freehold Land and Building	-	-	271,308,582	271,308,582
	-	-	716,588,783	716,588,783

Reconciliation of net increase in level 3 fair values:	Note	2021	2020
		Rupees	
Fair value at beginning of the year		716,588,782	638,411,003
Depreciation charged during the year		(342,856)	(345,101)
Remeasurement recognized in profit or loss		23,231,096	52,343,065
Remeasurement recognized in OCI		14,994,978	26,179,815
Fair value at end of the year		754,472,000	716,588,782

The Company has revalued its freehold land, buildings on June 30, 2021 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.

41.1 Determination of fair values

A number of the Company's accounting policies 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.

42 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

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

43 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	2021 Rupees	2020 Rupees
Equity		792,354,982	785,777,323
Borrowings		-	-
		<u>792,354,982</u>	<u>785,777,323</u>
Gearing ratio		-	-

44 JOINT VENTURES

44.1 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.

44.2 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%

45 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.

46 NUMBER OF EMPLOYEES

	2021 Numbers	2020 Numbers
As at June 30	<u>20</u>	<u>21</u>
Average during the year	<u>21</u>	<u>23</u>

47 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

47.1 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 25.109 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 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;
- On 25 June 2021 the company entered into a memorandum of understanding under the new management with the Karachi Shipyard and Engineering Works Limited to jointly undertake projects of mutual interests in Pakistan and outside Pakistan;
- 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;

47.2 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.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 4, 2021** by the Board of Directors of the Company.

48.1 GENERAL

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

SUMMARY OF KEY OPERATING AND FINANCIAL -DATA

PROFIT AND LOSS ACCOUNT

		2015	2016	2017	2018	2019	2020	2021
		PAK RUPEES						
Contract Income	Rupees in Million	344.643	495.088	413.30	385.17	201.388	184.639	75.716
Net Contract Profit /loss	Rupees in Million	23.222	33.529	19.59	52.00	22.006	11.124	(23.208)

BALANCE SHEET

Shareholders equity (Including surplus on revaluation of fixed assets)	Rupees in Million	429.881	479.256	517.181	569.905	732.62	785.777	792.354
OperatingFixed Assets	Rupees in Million	99.654	129.563	145.64	144.70	266.279	288.573	293.153
Current Assets	Rupees in Million	332.196	336.532	310.68	309.59	328.029	356.703	292.190
Current Liabilities	Rupees in Million	212.380	211.232	219.77249	207.7537	230.342	269.16	225.018
Cash and Cash Equivalents at year end	Rupees in Million	17.516	38.358	7.14	4.15	1.885	1.204	5.543

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