



ANNUAL REPORT **2019**

Sialkot International Airport Limited



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VISION & MISSION

Vision —

Sialkot International Airport, a **World class airport**, to become world's number one for services to airlines and passengers; an international gateway; and airport of choice for customers.

Mission —

“To build, own and operate a business oriented airport in a safe, efficient, and fiscally responsible manner and provide superior standards of customer service and excellence, while maintaining the highest levels of safety, convenience and efficiency”



VALUES & GOALS



To comply with federal, provincial, and local regulations, with special emphasis on safety, environmental protection, public service, community involvement and equity.



To empower every member of the team to provide value to processes, products and services.



To embrace and nurture quality culture in order to achieve continuous improvement.



To maximize level of proficiency, performance and productivity of the organization.



To identify opportunities in augmenting fiscal options to enhance capital investment, operating and maintenance projects through public-private partnerships.



To develop and maintain a world class airport that will serve as a gateway to Pakistan and a hub of commercial activity for the local community.

CHAIRMAN'S MESSAGE



In the field of aviation, Sialkot International Airport Limited (SIAL) is actually a subtle delivery of a far sighted notion of Sialkot's business community. Generally speaking, today's SIAL is being recognized globally as a role model and a great example in aviation sector.

Taking great interest in facilitating our customers and giving care to their problems is the traditional attribute of SIAL. Plug and play of its substantive role towards the benefaction of public and state growth is noteworthy. Ongoing development of infrastructural means around the SIAL (i.e. Sialkot-Lahore Motorway, construction of Shahbazpur Bridge on the River Chenab etc.) is a positive sign from the government side.

I admirably tribute the enviable conceptual approach of the founders of this unique project. Applauding the pivotal role of management and staff, I proffer my vote of confidence before the valued shareholders that SIAL is rightfully moving towards more success.

Nadeem Anwar Qureshi
Chairman

CEO'S MESSAGE

Year 2018–19 has witnessed enhanced development, administrative and operational activities. The results achieved have been highly commendable. Working within the obtaining economic and security environment, the Company continued to move forward with highly appreciable efficiency to achieve desired level of excellence in all especially in operational, administrative and financial fields.



Despite airport closure for 46 days due to Pakistan – India stand off and repair of existing runway, enhancement in the size and scope of operations especially start of direct flights to Barcelona – Paris and London – SIAL is vivid indicator resolve and robustness of SIAL management. All targets set have been achieved and results are the best to date. This is reflective of SIAL personnel's sense of duty and dedication to strive towards realization of the vision and mission of SIAL.

Amongst all the stakeholders of aviation sector in Pakistan, SIAL is the youngest, thus smaller, but we intend to be the smarter. May Allah be our guide and protector.



Maj Gen Muhammad Abid Nazir (R)
Chief Executive Officer

پاسپورٹ کنٹرول
PASSENGER



FF:05.0073

5

6

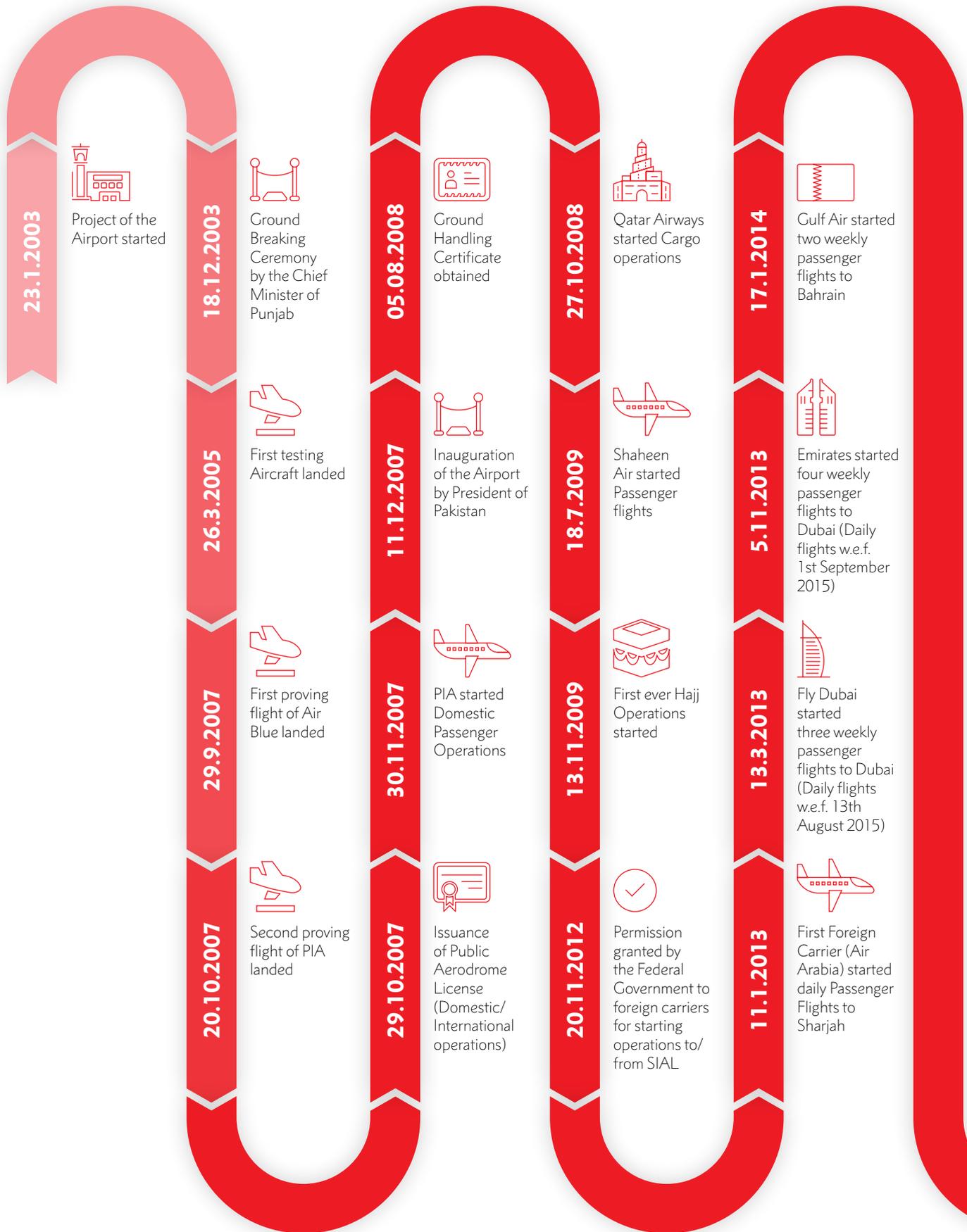
خروج

Counter For Ladies
and Families

FF.05.00.72



MILESTONES



13.6.2015



RA3 validation from European Union for movement of Cargo to European countries (First organization in the Country to obtain this certification)

16.7.2016



Qatar Airways started 4 weekly passenger flights to Doha

20.3.2017



2nd largest Russian Cargo Aircraft, AN-124, landed at SIAL

21.4.2017



Installation of Common User Terminal Equipment and Baggage Reconciliation System (CUTE & BRS)

17.5.2017



Salam Air Passenger Flights started with 03 weekly flights

30.6.2017



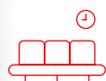
Installation of most modern Flight Information Display System (FIDS)

30.6.2017



Approval of land acquisition (for enhancement of security perimeter) under section 4 of the land acquisition act 1894 was given

08.01.2018



Inauguration of International Passenger Terminal Building by Prime Minister of Pakistan

11.9.2019



Start of PIA direct flight from/to London (Heathrow-Sialkot-Heathrow)

12.02.2019



Finalization and Award of contract of Perimeter Intrusion Detection System. After Lahore, it will be the first Airport having this Intruder Alarm System

20.01.2019



Start of PIA flight from/to Europe (Paris-Barcelona-Sialkot-Paris-Barcelona)

19.11.2018



New development project of construction of Link Taxiway No. 02, New Dumbbell at 22-End and repair of Existing Runway started on 19-11-2018, presently it is in progress

COMPANY'S PROFILE

By the grace of Allah Almighty, Sialkot International Airport Limited (SIAL) is now a vibrant Company and a well-known name domestically and internationally. In the 12th year of its operations, it has graduated from limited passenger and cargo operations to become the sixth busiest international airport of the Country and growing.



COMPANY'S PROFILE

This venture in the field of aviation, first of its kind by the private sector was the premier initiative of members of the Sialkot Chamber of Commerce and Industries (SCCI). The need of the hour was to build an airport within the district of Sialkot to serve the interests of business, trade, commerce and travelling passengers of the area. The airport now addresses the requirements of the third largest exporting zone of Pakistan and that of a large number of travelling passengers and expatriate Pakistanis. Located ideally within the "Triangle of Technology", Sialkot – Gujranwala – Gujrat, SIAL provides a high quality of aviation services to businessmen, traders, shippers, exporters/importers, travelling passengers, Hujjaj and Zaireen.

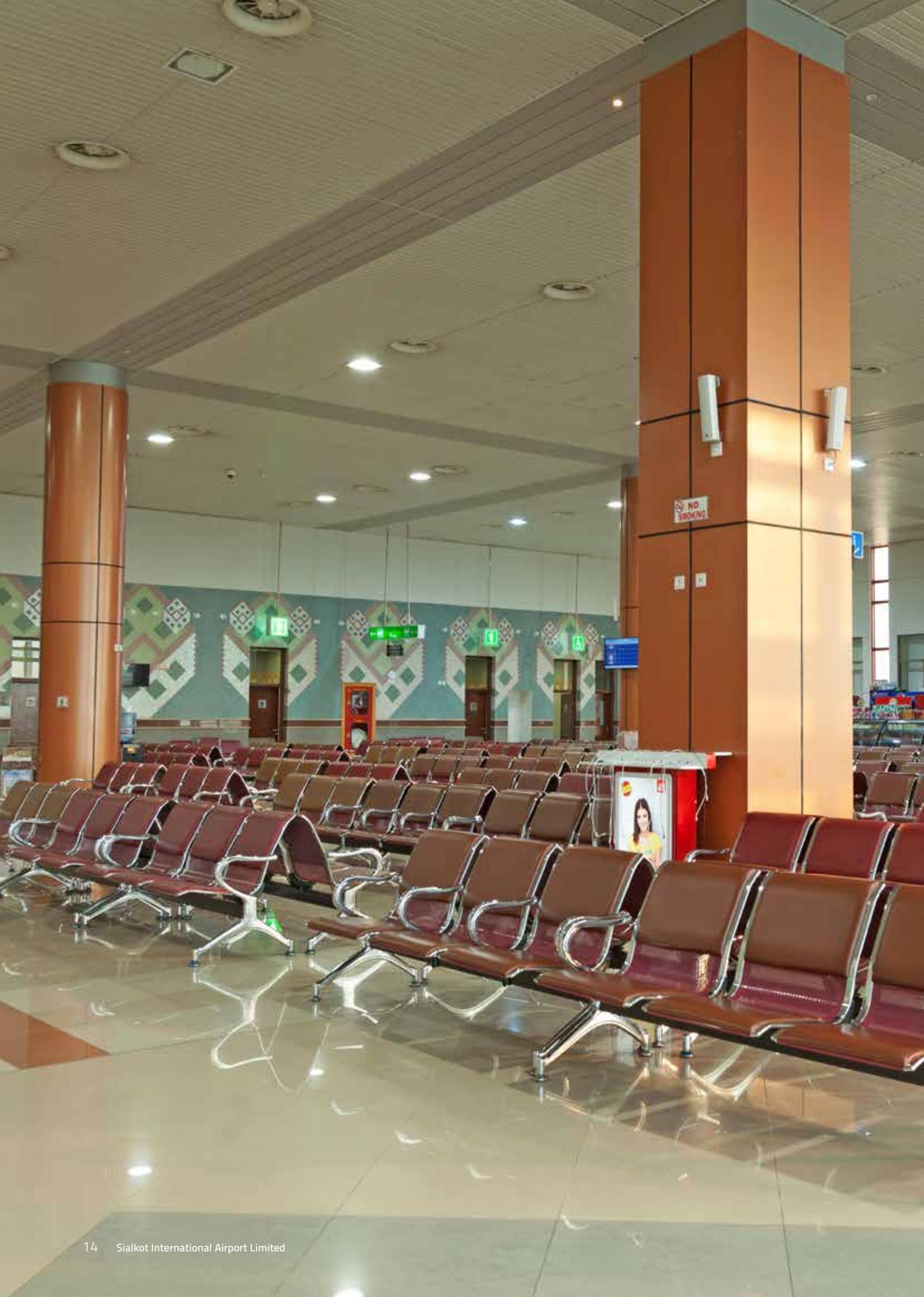
SIAL has thus linked the area to the rest of the Country and to the most desired international destinations. The Company's contribution towards economic uplift of the area and towards the national economy is visibly felt in various quarters.

Salient of Company's history are being highlighted to provide a brief overview of the distance we have travelled since our inception.

Ground breaking took place in December 2003 and the first proving sortie landed on 26 March, 2005. The first passenger flight (PIA) arrived on 30 November 2007 and the first cargo flight (Qatar Airways) on 27 October, 2008. Today 8 carriers fly to one domestic and ten international destinations with about 58 frequencies per week. Within the next few months presently flying air carriers will be adding more frequencies and new carriers will commence operation for SIAL. Currently under one million passengers travel through SIAL both ways and numbers are rising.

Development of new and extensive communication network within the zone by the Government will provide better quality and shorter road linkages to a greater number of surrounding districts. The main ones are; the motorway





COMPANY'S PROFILE

being built from Lahore to Sambrial and a bridge being built on the Chenab River at Shahbazpur to link Gujrat with Sambrial. This will shorten the distances substantially and will open up links with Mirpur, AJK also.

Keeping in view the above developments, SIAL is positioning itself to handle a much greater passenger and cargo movement. The Capacity Building includes development of airside and land side Infrastructure, induction of additional Ground Handling Equipment and state of the art IT based technology and induction and training of the Human Resource. Moving in this direction a high quality new Departure Lounge has been completed on Level II of the International Terminal Building (PTB) which is connected to Avio Bridges for ease of passenger movement. State of the art, high-tech Common User Terminal Equipment and Baggage Reconciliation System (CUTE – BRS) and Flight

Information Display System (FIDS) have been installed. The Company lays great emphasis on enhancement of the technical and operational proficiency of its Human Resource. We also give due importance towards the welfare of our personnel, who are the backbone of our Company.

SIAL continues to strive ahead towards increasing and enhancing the services that we provide, to the best of international standards to all those who use our airport – from the exporters/importers, travelling passengers to the airlines that carry them or their goods.

With Directors, who are experienced entrepreneurs; the Management, which is professional and dedicated; and Shareholders and investors, who have confidence in our abilities; the Company looks forward to Allah's guidance and protection towards the realization of a bright future.

COMPANY'S INFORMATION



Mr. Nadeem Anwar Qureshi

Chairman

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Mr. Muhammad Afzal Shaheen

Vice Chairman

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Maj Gen Muhammad Abid Nazir (R)

Chief Executive Officer

ceo@sial.com.pk

Mr. Muhammad Jahangir Khan

BA (LLB), MBA, DTL, FCIS

Company Secretary

cs@sial.com.pk

Mr. Bashir Ahmed

FCMA

Chief Financial Officer

cfo@sial.com.pk

Brig Muhammad Nawaz (R)

General Manager

gm@sial.com.pk

Mr. Nisar Ahmed

Airport Manager

apm@sial.com.pk

LEGAL ADVISOR

Cornelius Lane and Mufti (CL&M)

Lahore

AUDITORS

Deloitte Yousuf Adil,
Chartered Accountants
Lahore

BANKERS

The Bank of Punjab
Habib Bank Limited
Meezan Bank Limited
National Bank of Pakistan

**CORPORATE & REGISTERED
OFFICE**

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info@sial.com.pk

NOTICE OF 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of Sialkot International Airport, Limited is scheduled to be held on Tuesday, October 29, 2019 at 6:00 p.m. in The Heritage Club, Aziz Shaheed Road, Sialkot Cantt Sialkot to deal with the following matters:

Ordinary Business

1. To confirm the minutes of last AGM held on 30-10-2018.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2019 together with the reports of directors and auditors thereon.
3. To consider and approve final cash dividend @ 27% (i.e. Rs270/-per ordinary share of Rs. 1,000/ each) and Bonus shares @ 4%, as recommended by the Board of Directors for those shareholders who hold shares on October 23, 2019.
4. To reappoint auditors for the year ending June 30, 2020 and to fix their remuneration. Being eligible, present auditors (M/S Deloitte Yousuf Adil, Chartered Accountants) have consented to continue as auditor of the company for the year 2019-20.

BY ORDER OF THE BOARD
Sialkot: October 08, 2019



Muhammad Jahangir Khan
Company Secretary

Notes

1. A member entitled to attend the meeting may appoint another member as his/her proxy to attend the meeting of him/her behalf. Names of Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
2. Requests for shares transfers received by the close of business hours (05 PM) on October 22, 2019 will be considered in order. Any change in address, alongside valid copy of CNIC be sent to Company Secretary at registered office, Sambrial, Sialkot. Tel. 052-6633090 or email at cs@sial.com.pk. This information is necessary for filing of statutory returns of the Company with SECP.
3. To comply with the legal obligations, Members are requested to provide either by email or TCS, copy of their valid CNIC. Please also note that rate of withholding tax in terms of section 150 of the ITO, 2001 would be charged as per prevailing Tax Laws.
4. The Company will also place the audited financial statements for the year ended 30-6-2019 alongside directors and Auditor's report on its website www.sial.com.pk
5. **BOOK CLOSURE**
The Member's Register will remain close from October 23, 2019 to October 29, 2019 (both days inclusive).



DIRECTOR'S REPORT

To get heightened and to make the impossible possible in any business, adroitness at all levels is the most prerequisite for its leading stay in the market. Rising graph of aeronautical and non-aeronautical operation during 2018 – 2019 is evidencing the profitable run of SIAL. Despite the numerous disruptions like 46 days closure of runway due to escalating tension between India & Pakistan and emergence of repair requirement of the runway, operating efficiency of SIAL by grace of Allah Almighty is tremendously remarkable. I have pleasure in presenting the 18th Annual Report of the Company together with Audited Statement of Accounts and the Auditors' Report for the financial year ended 30-06-2019. This report has been prepared under Section 227 of the Companies Act, 2017 and will be placed at the 18th Annual General Meeting scheduled on October 29, 2019.

PERFORMANCE REVIEW 2018-19

Under guidance and vision of BOD coupled with dynamic role contributed by its professional management, SIAL is making progress towards more development and success. Likewise the assurance around the supply of quality services to both of the passengers and flights has also been recognized as the appanage of SIAL. We largely thanks to Allah Almighty with the infinite benevolence of which SIAL has been able to maintain its stream of achievements and attainment of set goals:

- Infrastructure development to handle major growth in passenger movement and successful completion of runway repair to sooth the operation of increasing number of flights simultaneously.
- Development of Linked taxiway, rehabilitation of Dumbbell @ 22 end and installation of Airfield Lightening System has been kicked off.
- Noteworthy projects including establishment of MRO Facility at SIAL, Construction of 4 – 5 star

hotel and installation of Solar Energy System are ahead of us. Soonest commencement of work on these projects of chief importance is highly desirable during the fiscal year 2019- 20.

- Absorption of technology for the security and undistorted monitoring of SIAL.
 - a. Installation of Parameter Intrusion Detection System alongside the parameters of SIAL
 - b. Replacement of analogue CCTV system with Digital CCTV system in PTB
- Start of direct PIA flights to Barcelona – Paris and London.

OPERATIONAL REVIEW

Unavoidable suspension of flight operation for about 46 days is a financial crunch for any company dealing in aeronautics services. Contrary thereto, SIAL has been accredited with positive influence on its financial statements. Accordingly the total revenue earned during the year under review is Rs. 2913 million as compared to Rs. 2,742.82 million for the corresponding period. Salient features are highlighted below:

1. Passenger Operations:

During the period under review, slight decrease in total no. of Passengers embarked and passenger flights operated during 2018 – 19 is being detected as the result of the inevitable 46-days closure of airport. However, seat factor with normal circumstances is adequate as well as the regular consent of passengers of the Gujranwala division to travel via SIAL is satisfactory. The number of passengers is expected to rise further.

As another healthy sign, International operation at SIAL has been increased by 04 flights weekly. Saudi Gulf for Dammam while PIA has started its direct flights for Paris - Barcelona & London - Heathrow. Currently eight (8) air carriers are



operating regular flights – 3 domestic and more than 55 international flights weekly.

Presently PIA, Emirates, Fly Dubai, Air Arabia, Gulf Air, Qatar Airways Salam Air and Saudi Gulf operate flights to Karachi, Jeddah, Dammam, Riyadh, Sharjah, Muscat, Dubai, Bahrain, Doha, Barcelona, Paris and London.

Moreover Saudi Airline is also planning to start operations in near future. While induction oriented meetings held with country heads of Turkish Airline, Air Malindo, Air China, Thai Air, Air Asia and other airlines are being responded favorably.

2. Cargo Operations:

Cargo movement is directly proportional to the national economy. Prevalent recession in the overall market alongside the 46 days closure of air space both have dented the export cargo at national level during the year 2018-19. Consequently the annual volume of Cargo handled by SIAL is also influenced vertically up to some extent. Through proper marketing techniques and by conducting a more proactive approach with both of the importers and exporters, maximum efforts are there to boost up the cargo operation to possible macro level. DHL has made SIAL as its hub for cargo operation and resultantly transporting a sizable cargo quantum daily. Likewise, discussion with different freight carriers is underway. Hopefully the operation of weekly freighters will also be increased accordingly.

ECONOMIC SURVEY 2018-19

Although domestically the Government was following stabilization policies, however globally, rising trade tensions posed a risk to the global growth outlook in FY 2019. The provisional GDP growth rate for FY 2019 is estimated at 3.29 percent. Services sector was affected by the decline in commodity production sector and registered a less than expected growth of 4.7 percent. Transport, storage and communication sector has registered a growth of 3.34 percent due to positive contribution of railways (38.93 percent), air transport (3.38 percent) and road transport (3.85 percent). PIA is in the process of implementing its strategic business plan 2019-23 to improve its performance by acquiring new aircrafts for its fleet.

Growth is projected to decelerate in FY 2020, as the Government tightens fiscal and monetary policies. As microeconomic conditions improve, and a package of structural reforms in fiscal management and competitiveness is implemented, growth is expected to recover from FY 21 onwards.

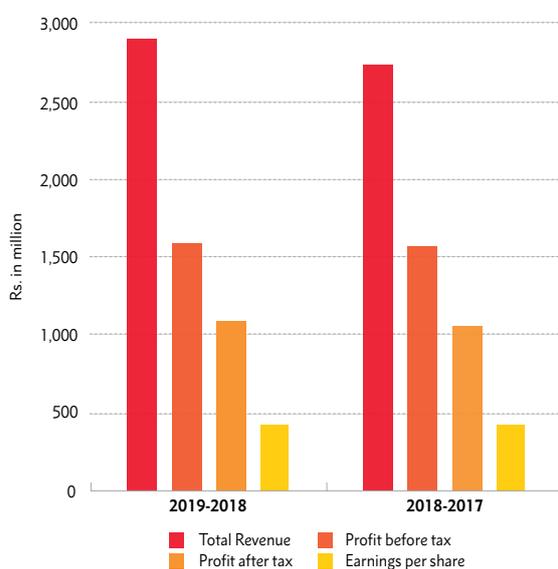
DIRECTOR'S REPORT

PERFORMANCE ANALYSIS 2018-19

SIAL is a brand name in aviation, domestically as well as internationally. Since start of its operations, SIAL has graduated from limited passenger and cargo operations to become the sixth busiest International Airport of the country and growing at a steady pace. Presently more than 58 flights per week are operating to/from SIAL. Foreign carriers are approaching Aviation Division to get permit to deploy new flights to SIAL.

During the year Company earned before and after tax profit of Rs. 1,590.70 million and Rs.1,102.14 million respectively as against Rs. 1,576.86 million and Rs. 1,060.40 million respectively for the previous year.

The operating results of the Company for the year ended 30-06-2019 are summarized as under:

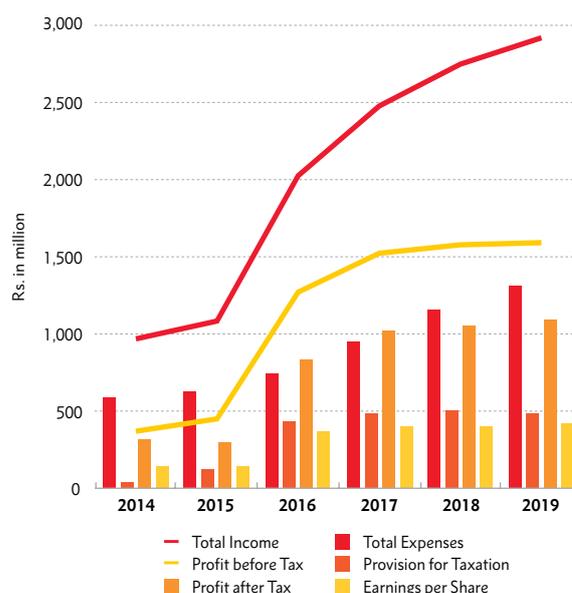


Dividend

During the year company distributed cash dividend @ 27% and bonus shares (stock dividend) at the rate of 04% of the paid up capital among its shareholders for the year ended June 30, 2018.

HISTORICAL REVIEW

Despite a large no. of challenges we faced in the past, we achieved a number of important aeronautical, non-aeronautical and technical milestones with exemplary team work. SIAL management under the prodigious guidance of BOD has worked tirelessly to minimize the disruption and meet the objectives. Among its consequences is the highly encouraging and noteworthy financial health of the company. Following chart of financial highlights of last six years are self-indicators:



DEVELOPMENT PLAN

Airside development to cater the ongoing expansion in flights operation and landside development to elevate the non-aeronautical avenues is of central preference. Going forward according to master plan for infrastructural developments is the primary point of focus. During materialization of subject plan in the past, ICAO and PCAA rules and directions have been strictly adhered to. Procurement of state-of-art equipment and operational systems is also on the card. To finance the money intensive

DIRECTOR'S REPORT

projects and instant disbursement of payments under various heads of the company, appropriate priorities have been determined and adequate funds have been allocated. Based on detailed analysis and to address the short, medium and long term requirements of infrastructure development, induction of equipment and development of the human resource, Rs.1,085 million have been kept for development for the FY 2019-20.

Major projects completed are:

- 2nd Departure Lounge on Level II of the International Terminal Building was formally inaugurated by Prime Minister of Pakistan
- Construction of 2nd floor over Amenities Building
- Completion of additional ASF Barracks
- Additional Cargo Shed
- Emergency Access Road

Major projects to be Completed in the FY 2019-20 are:

- Extension of SIAL Secretariat
- Construction of new Dumbbell, Link Taxiway and repair of Runway
- Extension of Arrival Hall in International Terminal Building
- Installation of Perimeter Intrusion Detection System
- Acquisition of Land for extending the security perimeter and operations needs under section 4 of the Land Acquisition Act, 1894

FUTURE OUTLOOK

We look to the future with faith in Allah Almighty and with confidence in our ability to take the Company to the next higher level. We firmly understand that the more the challenges are faced on the way of progress, the higher will be the probability of futuristic development. Leading towards secure & shining future, SIAL is there in the world of aviation with the ambition to universally render quality services for both of passengers and air carriers. We have adequately been equipped with strategic planning and ambidextrously

doers to respond to the exciting new challenges across the materialization of dreams. The Development Plan has been designed to cater for the required enhancement and up-gradation of the capability and capacity to handle increasing intensity of operations. Major component of the plan is infrastructure development. Repair/maintenance of the runway is being completed without any hassle. Furthermore after the establishment of another taxiway, a new dumbbell and completion of AFL system, the ability to handle more flights efficiently will increase manifold. Enhancement of landside infrastructure and induction of additional ground handling equipment would increase the capability to handle several aircrafts simultaneously.

Establishment of IT based systems would enhance command and control abilities from all aspects – operational, administrative and financial. Up-gradation of security systems and ongoing installation of intruder alarm system would facilitate better protection of this highly sensitive installation.

Enhancement of revenues through non-aeronautical sources is being vigorously pursued. It includes a 4–5 star hotel, MRO facility, flight kitchen, Flying Club and various shopping, food and other services outlets of well-known brands.

We will strive towards improvement in the overall standards and performance of the Company through ensuring application of best industry standards, corporate best practices, effective cost control measures and increased revenues through both, aeronautical and non-aeronautical sources.

CORPORATE SOCIAL RESPONSIBILITY

As a policy, SIAL is committed to play its part in contributing towards Corporate Social Responsibility. In this regard the Company lays great emphasis on improving the quality of life of personnel and their families. SIAL's contribution towards benefits of the

DIRECTOR'S REPORT

local community is always active; so is our participation in improvement of the environment. During the year your Company by disbursing a sum of Rs.47.456 million during the year undertook the following:

- Employees' welfare through loans, grants and medical aid.
- Employment opportunities to local communities and handicapped.
- Environment protection through tree plantation, road repairs and flood mitigation measures.
- Contributed Rs.25 Million towards construction of Diamer-Bhasha Dam Fund.
- Donations to numerous charitable hospitals and various educational & welfare organizations throughout the Sialkot District.

APPOINTMENT OF AUDITORS

The existing Auditors of the Company (M/S Deloitte Yousaf Adil Chartered Accountants) will retire and being eligible for reappointment in the forthcoming AGM; have offered themselves for reappointment as auditors of the Company for the year 2019-20.

BOARD MEETINGS

Five meetings of the BOD were held during the year 2018-19. Having a large number of directors fixed by the BOD (365) detail of attendance by each of the directors is not being given here. The Board granted leave of absence to those directors who could not attend the Board meetings.

BOARD COMMITTEES

All (10) Committees of the Board of Directors have been constituted and are carrying out their assigned responsibilities diligently.

ACKNOWLEDGEMENT

The Board of Directors of the Company wishes to place on record our gratitude to the Federal Government, Provincial Government (Punjab), Different Quarters at district level, Aviation Division, Federal Board of Revenue, Civil Aviation Authority, FIA (Immigration), ASF, ANF, Customs, Metrological Department, related Banks and Financial Institutions for their continued support and cooperation to the Company. The Board also appreciates the Company's business partners, the Airlines, Exporters and Importers, Freight Forwarders and related parties for their valuable association with our operations.

The Directors sincerely thank the shareholders for posing trust and confidence in the Company. Finally, we would like to express our whole hearted appreciation to the Executives, Officers and staff of the Company for their dedication, zeal and enthusiasm for the continued progress and development of SIAL. These results have been made possible through their untiring efforts. We pray to Allah Almighty to continue to shower his blessings and guidance for the prosperity of our Company and our Nation.

For and on behalf of Board of Directors
Sialkot: September 30, 2019



Maj Gen Muhammad Abid Nazir (R)
Chief Executive Officer

ڈائریکٹرز رپورٹ

کاروباری سماجی ذمہ داری

پالیسی کے مطابق، SIAL کاروباری و سماجی ذمہ داری میں اپنا کردار ادا کرنے کے لئے پرعزم ہے۔ اس تناظر میں، کمپنی عملہ اور ان کے خاندان کے معیارِ زندگی کو بہترین کرنے پر زور دیتے ہے۔ مقامی آبادی کو فائدہ پہنچانے کی غرض سے SIAL ہمیشہ فعال رہا ہے۔ اور اس طرح ماحول میں بہتری کے لئے بھی اپنا کردار ادا کر رہا ہے۔ سال بھر میں آپ کی کمپنی مندرجہ ذیل کاموں کے لئے 47.456 ملین روپے کی رقم عطیہ کی ہے:

- قرضہ جات، گرانٹ اور طبی امداد کے ذریعے ملازمین کی فلاح و بہبود
- مقامی آبادی اور معذور افراد کے لئے ملازمت کے مواقع
- شجر کاری، سڑکوں کی مرمت اور سیلاب کے تدارک کے اقدامات کے ذریعے ماحول کا تحفظ
- دیامیر بھاشا ڈیم فنڈ کی تعمیر میں 25 ملین روپے کا عطیہ
- ضلع سیالکوٹ میں رفاعی ہسپتالوں اور متعدد تعلیمی و فلاحی اداروں کے لئے عطیات

آڈیٹرز کی تقرری

کمپنی کے موجودہ آڈیٹرز (میسرز ڈیلوائٹ یوسف عادل چارٹرڈ اکاؤنٹنٹس ریٹائر ہو جائیں گے اور اہل ہونے پر آئندہ سالانہ اجلاس عام میں 2019-20 کے لئے کمپنی کے آڈیٹرز کی حیثیت سے اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔

بورڈ کے اجلاس

سال 2018-19 میں بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ بورڈ آف ڈائریکٹرز میں کثیر تعداد میں (365) ڈائریکٹرز ہونے کی وجہ سے ہر ڈائریکٹرز کی حاضری کی تفصیلات درج نہ کی گئی ہیں۔ بورڈ نے ان ڈائریکٹرز کو غیر حاضری کی رخصت عنایت کی جو بورڈ اجلاس میں مصروفیت کی بنا پر شرکت نہ کر سکے۔

بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز کی تشکیل کردہ تمام (10) کمیٹیاں اپنی تفویض کردہ ذمہ داریاں خوش اسلوبی سے ادا کر رہی ہیں۔

اعتراف

کمپنی کے بورڈ آف ڈائریکٹرز وفاقی و صوبائی حکومت (پنجاب)، ضلعی سطح پر مختلف اداروں، ایوی ایشن ڈیویژن، فیڈرل بورڈ آف ریونیو، سول ایوی ایشن اتھارٹی، ایف آئی اے (امیگریشن)، اے ایس ایف، اے این ایف، کسٹمز، میٹروولوجیکل ڈیپارٹمنٹ، متعلقہ بینک اور مالیاتی اداروں کی مسلسل حمایت اور تعاون کے شکر گزار ہیں۔ بورڈ کمپنی کے کاروباری شراکت داروں، ایئر لائنز، برآمد اور درآمد کنندگان، فریٹ فارورڈرز اور متعلقہ فریقین کے گراں قدر وابستگی کے بھی مشکور ہیں۔

ڈائریکٹرز حصص داران کی جانب سے کمپنی میں اعتماد اور بھروسہ کے بھی شکر گزار ہیں۔ آخر میں، ہم ایگزیکٹوز، آفیسرز اور کمپنی کے عملہ کے جذبہ اور انتھک محنت کے بھی مشکور ہیں جن کی وجہ سے SIAL ترقی کی منازل طے کر رہا ہے۔ یہ نتائج ان کی انتھک محنت کی وجہ سے ہی ممکن ہوئے ہیں۔ ہم اللہ تعالیٰ سے دعاگو ہیں کہ وہ اپنی نعمتیں اسی طرح ہم پر نچھاور کرتا رہے اور ہماری کمپنی اور قوم کی خوشحالی میں رہنمائی کرتا رہے۔

منجانب/برائے بورڈ آف ڈائریکٹرز
سیالکوٹ: 30 ستمبر 2019ء

میجر جنرل محمد عابد نذیر (ر)
چیف ایگزیکٹو آفیسر

ڈائریکٹرز رپورٹ

- بنگامی صورت حال میں خارجی راستہ
- مالی سال 2019-20 میں زیر غور بڑے منصوبے:
- SIAL سیکریٹریٹ کی توسیع
- نئے ڈمبیل، لنک ٹیکسی وے کی تعمیر اور رن وے کی مرمت
- انٹرنیشنل ٹرمینل بلڈنگ میں ارائیول ہال کی توسیع
- پیری میٹر انٹروژن ڈیٹیکشن سسٹم کی تنصیب
- لینڈ ایکوزیشن ایکٹ 1894ء سیکشن 4 کے تحت سیکوریٹی
- پیری میٹر کی توسیع اور آپریشنز کے لئے زمین کا حصول

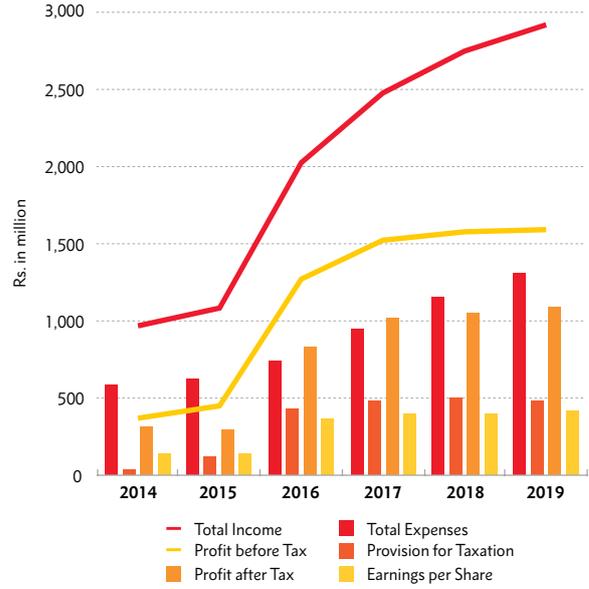
مستقبل کا منظر نامہ

ہم اللہ تعالیٰ پر کامل یقین اور اپنی صلاحیت پر بھروسہ رکھتے ہوئے روشن مستقبل کی امید رکھتے ہیں اور اپنی کمپنی کو اعلیٰ سطح پر دیکھتے ہیں۔ ہمیں قوی یقین ہے کہ ترقی کی راہ میں ہم جتنی بھی مشکلات کا سامنا کریں گے مستقبل میں ترقی بھی اتنی ہی مستحکم ہونے کے امکانات ہیں۔ محفوظ اور روشن مستقبل کی جانب قدم رکھتے ہوئے SIAL مسافروں اور ایئر کیریئرز کے لئے ایوی ایشن کی دنیا میں عالمی سطح پر معیاری خدمات فراہم کرنے کے لئے پیش پیش ہے۔ ہم اپنے خواب کی تعبیر میں درپیش موجود رکاوٹوں سے نبرد آزما ہو کر سٹریٹجک منصوبہ بندی اور محنت کے جذبہ سے سرشار ہیں۔ آپریشنز میں اضافہ سے نیٹے کے لئے صلاحیت میں مطلوب اضافہ اور تجدید کے لئے ترقیاتی منصوبہ مرتب کیا گیا ہے۔ منصوبہ کا اہم جزو انفراسٹرکچر ڈیولپمنٹ ہے اور رن وے کی مرمت/بحالی کا کام بغیر کسی تاخیر کے مکمل ہو چکا ہے۔ مزید برآں، ایک اور ٹیکسی وے کے قیام کے بعد ایک نیا ڈمبیل اور AFL سسٹم کی تکمیل اور پروازوں کارکردگی میں بہتری لانے کی صلاحیت ہماری طاقت میں اضافہ کرے گی۔ لینڈ سائڈ انفراسٹرکچر میں توسیع اور زمینی سطح پر بینڈنگ کے اضافی سامان کا استعمال ایک ہی وقت میں متعدد طیاروں کو بینڈ ل کرنے میں مدد دے گا۔

IT سے ایس سسٹم کی توسیع فعالی، انتظامی اور مالیاتی تمام پہلوؤں میں کمانڈ اور کنٹرول کو بڑھائے گا۔ سیکوریٹی سسٹمز کی تجدید اور انٹروڈر الارم سسٹم کی تنصیب اس انتہائی حساس تنصیب کے تحفظ میں مدد دے گا۔

غیر فضائی/ زمینی وسائل سے آمدنی میں اضافہ کو بہت اہمیت دی جارہی ہے۔ اس میں 4-5 سٹار ہوٹل، MRO سہولت، فلائٹ کچن، فلائنگ کلب اور متعدد شاپنگ، فوڈ اور دیگر خدمات کے مشہور مراکز کا قیام شامل ہے۔

ہم بہترین صنعتی معیارات، بہترین کاروباری عمل داری، لاگت پر ضبط کے مؤثر اقدار اور فضائی اور زمینی وسائل سے اضافی آمدنی کے اطلاق سے کمپنی کے مجموعی معیارات اور کارکردگی میں بہتری کے لئے کوشاں ہیں۔



ترقیاتی منصوبہ

فلائٹ آپریشنز میں جاری توسیع سے مطابقت کے لئے ایئر سائڈ ڈیولپمنٹ اور غیر ہوائی مقامات کی ترقی کے لئے ان سائڈ ڈیولپمنٹ بنیادی ترجیح ہے۔ مزید یہ کہ، بنیادی ڈھانچہ کی ترقی ماسٹر پلان کے تحت توجہ کا مرکزی نقطہ ہے۔ ماضی میں مرکزی منصوبہ پر عمل درآمد کے دوران ICAO اور PCAA قواعد اور ہدایات پر سختی سے عمل کیا گیا۔ عالمی معیار کے سامان اور آپریشنل سسٹم کا حصول بھی منصوبہ بندی کا حصہ ہے۔ رقوم پر انحصار کرنے والے منصوبے اور کمپنی کے متعدد شعبوں میں رقوم کی فوری ادائیگی کی مد میں ترجیحات کا تعین کیا گیا ہے اور مناسب رقوم تفویض کی گئی ہیں۔ تفصیلی جائزہ کی بنیاد پر اور انفراسٹرکچر ڈیولپمنٹ، سامان کی فراہمی اور انسانی وسائل کی بہتری کے قلیل، درمیانے اور طویل مدتی معیارات کو پورا کرنے کے لئے مالیاتی سال 2019-20 میں 1,085 ملین روپے کی بھاری رقم تفویض کی گئی ہے۔

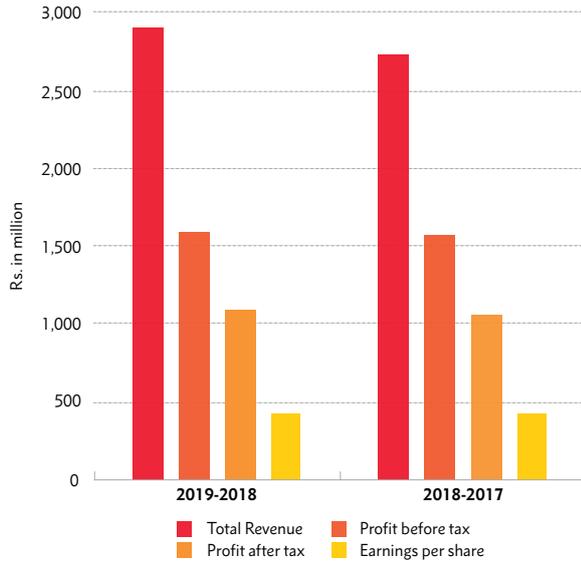
تکمیل شدہ بڑے منصوبے حسب ذیل ہیں:

انٹرنیشنل ٹرمینل بلڈنگ کے لیول اپر دوسرے ڈیپارچر لاؤنج کا افتتاح وزیر اعظم پاکستان نے کیا:

- امینٹیز بلڈنگ پر دوسرے فلور کی تعمیر
- اضافی ASF بیرکوں کی تکمیل
- اضافی کارگو شیڈ

ڈائریکٹرز رپورٹ

اقتصادی سروے 2018-19



منافع منقسمہ

30 جون 2018ء کو اختتام پذیر سال کے لئے کمپنی نے 34 فی صد کی شرح سے منافع منقسمہ اور بونس حصص (سٹاک منافع منقسمہ) بحساب ادا شدہ سرمایہ کا 05 فی صد اپنے حصص داران میں تقسیم کیا۔

تاریخی پس منظر

ماضی میں شدید مشکلات کا سامنا کرنے کے باوجود ہم نے مثالی اجتماعی کاوشوں سے فضائی، زمینی اور تکنیکی اہداف حاصل کئے ہیں۔ بورڈ آف ڈائریکٹرز کی زیر نگرانی SIAL انتظامیہ نے انتھک محنت کی ہے تاکہ رکاوٹوں کو کم کیا جا سکے اور اپنے مقاصد و اہداف بروقت حاصل کئے جا سکیں۔ اس کی بہترین مثال کمپنی کی بہتری مالیاتی پوزیشن ہے۔ گذشتہ چھ برسوں کے لئے مالیاتی جھلکیوں کا چارٹ حسب ذیل ہے:

اگرچہ حکومت نے ملکی سطح پر جامع پالیسیوں کا اہتمام کیا ہے۔ تاہم عالمی سطح پر تجارتی تناؤ نے مالیاتی سال 2019ء میں عالمی نمو کو خطرات سے دوچار کر دیا ہے۔ مالیاتی سال 2019ء کے لئے ممکنہ شرح نمو 3.29 فی صد مقرر کی گئی ہے۔ خدمات کا شعبہ ایشیا کے پیداواری شعبہ میں تنزلی کی وجہ سے متاثر ہوا ہے اور ممکنہ نمو سے 4.7 فی صد کم نمو متوقع ہے۔ ریلوے (38.93 فی صد)، ایئر ٹرانسپورٹ (3.38 فی صد) اور روڈ ٹرانسپورٹ (3.85 فی صد) کے مثبت کردار کی وجہ سے ٹرانسپورٹ، سٹوریج اور رابطہ سازی میں 3.34 فی صد کی نمو واقع ہوئی ہے۔ پی آئی اے -2019 2023 سٹریٹجک کاروباری منصوبہ کی تیاری کے مراحل میں ہے تاکہ اپنے مجموعہ میں نئے طیاروں کے حصول کے ذریعے کارکردگی میں اضافہ کیا جا سکے۔

مالیاتی سال 2020ء میں نمو میں کمی واقع ہو گی کیونکہ حکومت نے مالیاتی اور مانیٹری پالیسیوں میں سخت اصلاحات کی ہیں۔ جونہی معاشی حالات بہتر ہو س گے اور مالیاتی انتظام کی اصلاحات اور مقابلہ سازی کی فضا ہموار ہو گی تو مالیاتی سال 2021ء سے شرح نمو میں بحالی کی توقع ہے۔

کارکردگی کا جائزہ 2018-19

SIAL قومی اور بین الاقوامی سطح پر ہوا بازی میں ایک معروف نام ہے۔ اپنے آپریشنز کے آغاز سے SIAL نے محدود پسنجر اور کارگو آپریشنز پر خصوصی توجہ دی ہے جس کے نتیجے میں SIAL ملک کا چھٹا مصروف ترین بین الاقوامی ہوائی اڈہ ہے۔ اور یہ مسلسل ترقی کر رہا ہے۔ حال ہی میں SIAL سے آمد / روانگی آپریشنز کی مد میں 58 سے زائد پروازیں ہفتہ وار چلتی ہیں۔ فریٹ کیریئرز SIAL میں نئی پروازوں کو فعال کرنے کا پرمٹ حاصل کرنے کے لئے ایوی ایشن ڈویژن سے رابطہ کر رہے ہیں۔

زیر جائزہ سال کے دوران کمپنی نے گذشتہ برس 1102.14 ملین روپے کا خالص منافع حاصل کیا ہے جبکہ پچھلے سال یہ منافع اور 1060.40 ملین روپے تھا۔ 30 جون 2019ء کو اختتام پذیر سال کے لئے کمپنی کی کارکردگی کا خلاصہ حسب ذیل ہے:

ڈائریکٹرز رپورٹ

آپریشنل کارکردگی (تیاروں) کا جائزہ:

فلائیٹ آپریشن کی چھالیس روزہ ناگزیر معطلی کسی بھی ہوائی خدمات فراہم کرنے والی کمپنی کے لئے مالی بحران سے کم نہیں۔ اس کے باوجود، سیال کی مالیاتی حالت پر مثبت اثرات عائد ہوئے ہیں۔ اسی طرح گزشتہ سال میں 2,748 ملین روپے کے مقابلے میں رواں سال حاصل کردہ آمدن 2,913 ملین روپے رہی ہے۔

پسنجر آپریشنز

زیر جائزہ مدت کے دوران، مسافروں کی کل تعداد میں کمی واقع ہوئی اور فلائیٹ آپریشنز کی 46 روزہ ناگزیر بندش کے نتیجہ میں 2018-19 کے دوران پسنجر فلائیٹ آپریشنز متاثر ہوئے۔ تاہم، عمومی حالات میں سیٹ فیکٹر بہتر رہا اور بزرگ سیال سفر کے خواہشمند گوجرانوالہ ڈیویژن کے مسافروں کی دلچسپی تسلی بخش ہے۔ مسافروں کی تعداد میں مزید اضافہ کی توقع ہے۔

SIAL میں بین الاقوامی پروازوں میں ہفتہ وار 04 پروازوں کا اضافہ ہونا مزید حوصلہ افزا ہے۔ سعودی گلف برائے دمام۔ جب کہ پی آئی اے نے پیرس، بارسلونا اور لندن۔ بیتھرو کے لئے براہ راست پروازوں کا آغاز کر دیا ہے۔ اس وقت 8 ایئر لائنیں باقاعدہ آپریٹ کر رہی ہیں۔ جس میں ہفتہ وار تین قومی اور 58 سے زائد بین الاقوامی پروازیں شامل ہیں۔ اس وقت پی آئی اے، ایمیرٹس، فلائی دبئی، ایئر اریبیہ، قطر ایئر ویز، سلام ایئر اور سعودی گلف کی پروازیں کراچی، جدہ، دمام، ریاض، شارجہ، مسقط، دبئی، بحرین، دوبا، بارسلونا، پیرس اور لندن کے لئے جاری ہیں۔

مزید برآں، سعودی ایئر لائن مستقبل قریب میں اپنے آپریشنز کے آغاز کا ارادہ رکھتا ہے۔ جب کہ ترکش ایئر لائن، ایئر ملنڈو، ایئر چائنا، تھائی ایئر، ایئر ایشیا اور دیگر ایئر لائنز کے اعلیٰ سطحی وفود سے ملاقاتیں ہوئی ہیں اور ان کی جانب سے مثبت جواب آیا ہے۔

کارگو آپریشنز

کارگو آپریشنز قومی معیشت میں اتار چڑھاؤ سے نسبت رکھتا ہے۔ ایئر سپیس / ایئر پورٹ کی 46 روزہ بندش سے مجموعی طور پر سال 2018-19 کے دوران قومی سطح پر برآمد کردہ کارگو کا حجم بھی شدید متاثر ہوا ہے۔ نتیجتاً SIAL میں کارگو کا سالانہ حجم بھی قدرے کم ہوا ہے۔ اگرچہ باقاعدہ تشہیری مہم اور درآمد اور برآمد کنندگان کے ساتھ زیادہ جامع حکمت عملی کے ذریعے کارگو آپریشنز کی ہر ممکن حد تک بحالی کے لئے کوششیں جاری ہیں۔ DHL نے کارگو آپریشنز کے لئے SIAL کو اپنا مرکز بنایا ہے۔ اور نتیجتاً روزانہ کی بنیاد پر کارگو کے حجم میں نمایاں اضافہ ہوا ہے۔ اسی طرح سے، مختلف فریٹ کیئررز کے ساتھ بھی مذاکرات جاری ہیں۔ امید کی جاتی ہے کہ ہفتہ وار فریٹرز کے آپریشن میں بھی اضافہ ہوگا۔

سال 2018-2019 کے دوران فضائی اور زمینی کاروبار کا بڑھتا ہوا گراف سیال کے منافع بخش کاروبار پر دلالت کرتا ہے۔ پاکستان اور بھارت کے مابین بڑھتی ہوئی کشیدگی اور رن وے کی ناگزیر مرمت کے پیش نظر ائرپورٹ کی چھالیس روزہ بندش جیسے کئی مسائل کے باوجود سیال کی کارکردگی الحمد للہ نہایت شاندار رہی۔ میں کمپنی کی اٹھارہویں سالانہ رپورٹ برائے مالی سال 2018-19 کے ہمراہ کھاتوں کی پڑتال شدہ اسٹیٹمنٹ اور آڈیٹرز رپورٹ ازراہ مسرت پیش کرتا ہوں۔ یہ رپورٹ کمپنیز ایکٹ 2017ء کے سیکشن 227 کے تحت تیار کی گئی ہے اور 29 اکتوبر 2019ء کو منعقد ہونے والے اٹھارہویں سالانہ اجلاس عام میں پیش کی جائے گی۔

کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز کی رہنمائی کے مطابق اور انتظامیہ کے کلیدی کردار کی بدولت سیال مزید ترقی اور کامیابی کی طرف رواں دواں ہے۔ اسی طرح مسافروں اور پروازوں کے لئے معیاری خدمات کی یقینی فراہمی سیال کا خاصہ بن چکا ہے۔ ہم اللہ تعالیٰ کے نہایت شکر گزار ہیں جس کے کرم کی بدولت کامیابیاں سمیٹنا اور طے شدہ اہداف کے حصول میں سیال کامیاب رہا ہے۔

- انفراسٹرکچر کی مزید بہتری اور رن وے کی تسلی بخش مرمت مسافروں اور پروازوں کی بڑھتی ہوئی آمدورفت اور بروقت ہینڈلنگ کارگر ثابت ہوئی ہے۔
- مستقبل کے انتہائی اہمیت کے حامل منصوبہ جات میں MRO کا قیام، 4-5 سٹار ہوٹل کی تعمیر اور سولر انرجی سسٹم کی تنصیب شامل ہے۔ مالی سال 2019-20 میں مذکورہ کام کا آغاز انتہائی مطلوب ہے۔
- سیال کا تحفظ اور بلا تعطل نگرانی بذریعہ ٹیکنالوجی حسب ذیل ہے۔
- 1. SIAL کی حدود میں ممنوعہ مداخلت کو جانچنے والے نظام (انٹروڈرالارم سسٹم) کی تنصیب، اور
- 2. ٹرمینل عمارت میں نسب کمپیرہ سسٹم کی تجدید کر دی گئی ہے۔
- بارسلونا، پیرس اور لندن کے لئے (پی۔آئی۔اے) کی براہ راست پروازوں کا آغاز ہو چکا ہے۔

FORM 34

THE COMPANIES ACT, 2017 THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018 [Section 227(2) (f)]

Incorporation Number	L 10674 of 2000-2001 / 0042545
Name of the Company	SIALKOT INTERNATIONAL AIRPORT LIMITED
Pattern of holding of the shares held by the shareholders as at	30.06.2019

No of shareholders	Shareholdings	Total shares held
112	shareholding from 1 to 100 shares	3,854
166	shareholding from 101 to 500 shares	28,093
56	shareholding from 501 to 1000 shares	39,574
126	shareholding from 1001 to 5000	300,230
286	shareholding from 5001 to 10000	1,826,775
13		376,772
	(Add appropriate slabs of shareholdings)	
759	TOTAL	2,575,298

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	2,390,649	92.83
Associated Companies, undertakings and related parties	NIL	NIL
NIT and ICP	NIL	NIL
Banks Development Financial Institutions, Non Banking Financial Institutions	NIL	NIL
Insurance Companies	NIL	NIL
Modarabas and Mutual Funds	NIL	NIL
Share holders holding 10%	NIL	NIL
General Public		
a. Local	160,184	6.22
b. Foreign	24,465	0.95
Others (to be specified)	-	-
Total	2,575,298	100%

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

Financial Statements

For the year ended June 30, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE SIALKOT INTERNATIONAL AIRPORT LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Sialkot International Airport Limited

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

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

Basis for Opinion

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

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

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion 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 the Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (a) 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) 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.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.



Chartered Accountants

Engagement Partner:

Rana M. Usman Khan

Dated: September 30, 2019
Lahore

STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON - CURRENT ASSETS			
Property and equipment	4	3,080,256,374	3,072,113,927
Long term security deposits		4,319,305	4,319,305
Long term advances		222,671,150	-
		3,307,246,829	3,076,433,232
CURRENT ASSETS			
Stores and spares		18,266,349	17,201,945
Trade debts	5	380,452,781	343,867,124
Advances, prepayments and other receivables	6	613,627,536	610,133,919
Income tax refunds due from Government		3,000,565	6,000,000
Cash and bank balances	7	1,260,887,241	1,305,563,165
		2,276,234,472	2,282,766,153
TOTAL ASSETS		5,583,481,301	5,359,199,385
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	8	3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	8	2,575,298,000	2,454,439,000
Share premium		21,274,800	21,274,800
General reserve	9	1,004,051,853	728,516,116
Unappropriated profit		816,098,362	962,523,530
		4,416,723,015	4,166,753,446
NON - CURRENT LIABILITIES			
Long term loans	10	11,500,000	23,000,000
Liabilities against assets subject to finance lease	11	58,240,839	13,475,076
Deferred liabilities	12	190,000,118	209,894,456
Deferred income	13	213,895,701	235,982,992
		473,636,658	482,352,524
CURRENT LIABILITIES			
Trade and other payables	14	98,557,827	89,476,669
Unclaimed dividend		8,271,731	10,617,912
Accrued markup		-	1,260,457
Current portion of non-current liabilities	15	82,092,530	99,457,743
Provision for taxation		504,199,540	509,280,634
		693,121,628	710,093,415
CONTINGENCIES AND COMMITMENTS	16	-	-
TOTAL EQUITY AND LIABILITIES		5,583,481,301	5,359,199,385

The annexed notes from 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director

STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Revenue	17	2,609,106,455	2,473,877,268
Other income	18	303,896,976	268,941,741
Total income		2,913,003,431	2,742,819,009
Administrative and operational expenses	19	(946,438,174)	(794,544,091)
Depreciation	4	(315,031,583)	(330,764,338)
Impairment loss on financial assets	5.2	(47,828,689)	(27,435,997)
		(1,309,298,446)	(1,152,744,426)
Earnings before interest and taxes		1,603,704,985	1,590,074,583
Finance cost	20	(13,004,292)	(13,218,661)
Profit before taxation		1,590,700,693	1,576,855,922
Provision for taxation	21	(488,557,745)	(516,453,835)
Profit for the year		1,102,142,948	1,060,402,087
Earnings per share - Basic and Diluted	23	427.97	411.76

The annexed notes from 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Profit for the year		1,102,142,948	1,060,402,087
Other comprehensive income:			
Items that will never be reclassified through statement of profit or loss subsequently			
Remeasurement of post retirement benefits obligation		(9,999,824)	(18,714,016)
Related deferred tax		(5,801,345)	3,888,064
Total other comprehensive income		(15,801,169)	(14,825,952)
Total comprehensive income for the year		1,086,341,779	1,045,576,135

The annexed notes from 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Share Capital	Share Premium	General Reserve	Unappropri- ated Profit	Total
	----- Rupees -----				
Balance at July 01, 2017	2,233,227,000	21,274,800	463,415,594	963,677,367	3,681,594,761
Profit for the year	-	-	-	1,060,402,087	1,060,402,087
Other comprehensive loss for the year	-	-	-	(14,825,952)	(14,825,952)
Total comprehensive income for the year	-	-	-	1,045,576,135	1,045,576,135
Transfer to general reserve (note 9)	-	-	265,100,522	(265,100,522)	-
Transaction with owners:					
Dividend for the year ended June 30, 2017 at the rate of Rs. 250 per share	-	-	-	(558,306,750)	(558,306,750)
Dividend for fractional bonus shares	-	-	-	(2,110,700)	(2,110,700)
Issue of bonus shares	221,212,000	-	-	(221,212,000)	-
	221,212,000	-	-	(781,629,450)	(560,417,450)
Balance at June 30, 2018	2,454,439,000	21,274,800	728,516,116	962,523,530	4,166,753,446
Profit for the year	-	-	-	1,102,142,948	1,102,142,948
Other comprehensive loss for the year	-	-	-	(15,801,169)	(15,801,169)
Total comprehensive income for the year	-	-	-	1,086,341,779	1,086,341,779
Transfer to general reserve (note 9)	-	-	275,535,737	(275,535,737)	-
Transaction with owners:					
Dividend for the year ended June 30, 2018 at the rate of Rs. 340 per share	-	-	-	(834,509,260)	(834,509,260)
Dividend for fractional bonus shares	-	-	-	(1,862,950)	(1,862,950)
Issue of bonus shares	120,859,000	-	-	(120,859,000)	-
	120,859,000	-	-	(957,231,210)	(836,372,210)
Balance at June 30, 2019	2,575,298,000	21,274,800	1,004,051,853	816,098,362	4,416,723,015

The annexed notes from 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,590,700,693	1,576,855,922
Adjustments for:			
Depreciation on property and equipment		315,031,583	330,764,338
Provision for gratuity		30,956,364	19,318,168
Amortisation of grants		(22,087,291)	(22,087,291)
Finance cost		13,004,292	13,218,661
Impairment loss on financial assets		47,828,689	27,435,997
Property and equipment - written off		797,410	215,710
Gain on sale of property and equipment		(3,619,614)	(1,575,000)
Return on bank deposits		(100,164,282)	(62,301,652)
Operating cash flows before movement in working capital		281,747,151	304,988,931
(Increase)/decrease in current assets			
Stores and spares		(1,064,404)	(7,653,901)
Trade debts		(84,414,346)	(109,005,306)
Advances, prepayments and other receivables		(47,878,879)	4,720,237
(Decrease)/increase in current liabilities			
Trade and other payables		9,081,158	10,695,593
		(124,276,471)	(101,243,377)
Cash generated from operations		1,748,171,373	1,780,601,476
Income tax paid		(473,857,730)	(577,966,473)
Finance cost paid		(14,264,749)	(15,616,334)
Gratuity paid		(50,146,268)	(21,211,773)
Net cash from operating activities		1,209,902,626	1,165,806,896
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(192,778,793)	(280,670,418)
Proceeds from disposal of property and equipment		4,664,974	1,575,000
Long term security deposits		-	(100,000)
Long term advances		(222,671,150)	-
Return on bank deposits		102,072,187	56,925,390
Net cash used in investing activities		(308,712,782)	(222,270,028)
C. CASH FLOWS FROM FINANCING ACTIVITIES	22		
Long term loan - repaid		(58,089,436)	(169,833,332)
Lease rentals paid		(49,057,941)	(22,047,831)
Dividend paid		(838,718,391)	(554,712,904)
Net cash used in financing activities		(945,865,768)	(746,594,067)
Net (decrease)/increase in cash and cash equivalents (A+B+C)		(44,675,924)	196,942,801
Cash and cash equivalents at beginning of the year		1,305,563,165	1,108,620,364
Cash and cash equivalents at end of the year	7	1,260,887,241	1,305,563,165

Non-cash financing activities

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The annexed notes from 1 to 33 form an integral part of these financial statements.



Chief Executive Officer



Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

1. GENERAL INFORMATION

Sialkot International Airport Limited (the Company) was incorporated on June 12, 2001 under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) in Pakistan as a public limited Company to construct Sialkot Airport in District Sialkot on build, own and operate basis. Sialkot Airport is spread over an area measuring more than 1,032 acres. The Company's operations include providing all airport related facilities to local and foreign airlines, providing handling services to aircrafts and to provide cargo related facilities. The airport and the registered office of the Company is situated 6 km from Sambrial, Sialkot in the province of Punjab.

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

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 Standards) 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (accounting period beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the Classification and Measurement of Share-based Payments Transactions.	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on Transfers of Property to or from Investment Property.	January 01, 2018
Certain annual improvements have also been made to a number of IFRSs.	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

Effective date
(accounting period
beginning on or after)

The following new standards become applicable for the year ended June 30, 2019 which have required changes to the Company's accounting policies:

IFRS 9 'Financial Instruments' - This standard supersedes IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue from Contracts with Customers' - This standard supersedes IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	January 01, 2018

The impact of adoption of these new standards is disclosed in note 2.4.

2.3 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following amendments are only effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the Definition of Business.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding Prepayment Features with Negative Compensation and Modifications of Financial Liabilities.	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the Definition of Material.	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding Plan Amendments, Curtailments or Settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding Long-term Interests in an Associate or Joint Venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

The management anticipates that, except as stated below, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. The management is in the process of assessing the impact of changes laid down by the IFRS 16 on its financial statements.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.4 Adoption of new accounting standards with impact on the financial statements

The following changes in standards have taken place effective from July 01, 2018:

2.4.1 IFRS 9 - Financial Instruments

IFRS 9 replaces certain provisions of IAS 39 - "Financial Instruments: Recognition and Measurement" that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Under IFRS 9 the financial instruments, excluding derivatives, are accounted for at amortised cost, fair value through other comprehensive income or fair value through profit or loss depending on the nature of the relevant contractual cash flows and the business model in which it is held.

The adoption of IFRS 9 from July 01, 2018 has resulted in changes in relevant accounting policies and adjustment to the trade debts amounts recognised in the financial statements. IFRS 9 requires implementation of a new impairment model based on expected credit losses (ECL), resulting in transition adjustment summarised below. In accordance with the transition provisions of IFRS 9, the Company has followed modified retrospective transitional method, taking into consideration the exemption allowing it not to restate comparative information of prior periods.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Trade debts	Loans and receivables	At amortized cost	343,867,124	343,867,124
Advances and other receivables	Loans and receivables	At amortized cost	54,564,804	54,564,804
Cash and bank balances	Loans and receivables	At amortized cost	1,305,563,165	1,305,563,165

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial liabilities				
Long term loans	At amortized cost	At amortized cost	81,089,436	81,089,436
Liabilities against assets subject to finance lease	At amortized cost	At amortized cost	27,059,900	27,059,900
Trade and other payables	At amortized cost	At amortized cost	87,057,909	89,476,669
Unclaimed dividend	At amortized cost	At amortized cost	10,617,912	10,617,912
Accrued markup	At amortized cost	At amortized cost	1,260,457	1,260,457

As a result of adoption of IFRS 9, opening retained earnings of the Company as of July 1, 2018 are not restated as there is no material impact. Had this policy not been changed, the profit after tax for the year and retained earnings would have been higher by Rs 21.65 million.

2.4.2 IFRS-15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers (IFRS 15) replaced IAS 18 - Revenue, IAS 11 - Construction Contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, the adoption of IFRS 15 does not have any material impact on the reported revenue of the Company for the year ended June 30, 2019 and June 30, 2018.

3. BASIS OF MEASUREMENT

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention. The financial statements except for cash flow information have been prepared under the accrual basis of accounting.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

3.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies and reported amounts of assets, liabilities, incomes and expenses. Estimates and judgments are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, employee retirement benefits, impairment of financial assets and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.3 Staff retirement benefits - gratuity

The Company operates a funded gratuity scheme covering all its employees who have completed minimum qualifying period. The cost of providing benefit is determined using the projected unit credit method, with actuarial recommendation as of reporting date. The projected unit credit method is based on assumptions stated in note 12.1.

3.4 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, under provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized by using the balance sheet liability method, on all major temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences. Deferred tax assets is recognized for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

3.5 Property and equipment

Property and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work in progress are stated at cost less any identified impairment loss.

Depreciation is charged using the straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the rates given in note 4.1

Depreciation on additions to property and equipment is charged from the date the asset is available for use while no depreciation is to be charged from the date the asset is disposed-off.

The assets' residual values and useful lives are reviewed at each financial year end, adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that an item of property and equipment may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to statement of profit or loss. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying value over their estimated remaining useful lives.

Major renewals and improvements are capitalized. Gains and losses on disposal of assets are recognized as income or expense respectively.

3.6 Borrowings

Loans and borrowings are recorded at the proceeds received, net of transaction cost. Finance cost is accounted for on an accrual basis and is included in long term loans to the extent of the amount remaining unpaid. All mark-up, interest and other charges relating to long term loans are capitalized in accordance with International Accounting Standard (IAS) 23 "Borrowing Cost" and when the asset is substantially completed the company ceases to capitalize finance cost.

3.7 Stores and spares

Stores and spares in the closing stock includes aqua foam used in fire fighting equipment, diesel and other stock items in the stationery. Stores and spares are valued at lower of cost or net realizable value.

Cost of stores and spares is determined by First in First out (FIFO) method.

3.8 Trade debts and other receivables

Trade debts and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less allowance for ECL.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

3.9 Foreign currency translation

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange differences are charged to statement of profit or loss.

3.10 Trade and other payables

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

3.11 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.11.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries trade debts, Advances, prepayments and other receivables and cash and bank balances at amortized cost.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI). As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. As at reporting date, the Company does not hold any equity instruments designated as at FVTOCI.

d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). As at reporting date, the Company does not possess any financial assets classified as at FVTPL.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade debts, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Write-off policy

The Company writes off financial assets when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.11.2 Financial liabilities

Subsequent measurement of financial liabilities

Financial liabilities that are not contingent consideration of an acquirer in a business combination, held-for-trading or designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.12 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to it and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis.

3.13 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and at bank, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.14 Accrued and other liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.15 Government Grants

Government grants are recognized at their fair values, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate the Company for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

3.16 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate can be made for the amount of obligation. Provisions are adjusted to reflect the current best estimate at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

3.17 Revenue recognition

Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Company, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

The Company has applied IFRS 15 Revenue from contracts with customers for accounting of revenue. The core principle of the IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company's recognition of revenue is as follows:

- Revenue from rendering of services is recognized as the services are rendered to the customers /once the services are rendered to the customers and invoiced at each month end.
- Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.
- Rental income is recognized on a time proportionate basis.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profits for the year for the effects of all dilutive potential ordinary shares.

	Note	2019 Rupees	2018 Rupees
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	2,920,246,848	3,021,056,311
Capital work in progress	4.2	160,009,526	51,057,616
		3,080,256,374	3,072,113,927

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

4.1 Operating fixed assets for the year ended June 30, 2019

Particulars	At July 01, 2018		Cost		At July 01, 2018	Accumulated depreciation		Net book value as at June 30, 2019	Rate %
	At July 01, 2018	Additions / (disposal) during the year	Written off during the year	At June 30, 2019		At July 01, 2018	For the year / (on disposal) during the year		
Owned									
Freehold land	166,759,906	-	-	166,759,906	-	-	-	166,759,906	-
Buildings and roads	1,776,144,006	45,198,410	(122,090)	1,821,220,326	470,051,079	90,521,887	(20,287)	560,552,679	1,260,667,647
Runway, taxiway and apron	1,032,298,937	287,655,4	-	1,035,175,491	485,829,829	51,688,688	-	537,518,517	497,656,974
External electrical works	189,816,911	-	-	189,816,911	75,608,190	9,490,846	-	85,099,036	104,717,875
Apron lighting and air side electrical works	284,288,152	-	-	284,288,152	218,869,844	11,145,507	-	230,015,351	54,272,801
Furniture and fixture	92,776,981	5,696,557	(484,765)	97,988,773	29,317,525	9,470,542	(445,113)	38,342,954	59,645,819
Leveling and grading	66,770,443	-	-	66,770,443	59,481,889	6,677,044	-	66,158,933	611,510
Machinery and equipment	1,218,800,267	17,672,777	(215,300)	1,235,846,744	663,153,293	87,709,439	(20,873)	750,430,859	485,415,885
		(411,000)				(411,000)			
Office and electric equipment	119,446,312	11,283,356	(817,203)	129,912,465	25,925,949	11,541,549	(355,675)	37,111,823	92,800,642
Electricity installation	63,417,808	-	-	63,417,808	42,249,275	5,421,332	-	47,670,607	15,747,201
Vehicles	28,218,794	241,000	-	22,133,364	23,697,382	2,370,606	-	19,741,558	2,391,806
		(6,326,430)				(6,326,430)			
Computers	10,774,030	858,228	(52,650)	11,579,608	5,631,276	3,192,958	(52,650)	8,771,584	2,808,024
	5,049,512,547	83,826,882	(1,692,008)	5,124,909,991	2,099,815,531	289,230,398	(894,598)	2,381,413,901	2,743,496,090
		(6,326,430)				(6,326,430)			
Leased									
Vehicles	48,725,772	31,729,940	-	78,435,642	23,168,977	13,426,151	-	35,620,417	42,815,225
		(2,020,070)				(974,711)			
Equipment	46,986,824	100,508,067	-	147,494,891	1,184,324	12,375,034	-	13,559,358	133,935,533
	95,712,596	132,238,007	-	225,930,533	24,353,301	25,801,185	-	49,179,775	176,750,758
	-	(2,020,070)				(974,711)			
	5,145,225,143	216,064,889	(1,692,008)	5,350,840,524	2,124,168,832	315,031,583	(894,598)	2,430,593,676	2,920,246,848
		(8,346,500)				(7,301,141)			

The cost of fully depreciated assets that are still in use is Rs. 690,292,838 (2018: Rs. 546,912,561)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

4.1.1 For the year ended June 30, 2018

Particulars	Cost			At July 01, 2017	At June 30, 2018	Accumulated depreciation		Net book value as at June 30, 2018	Rate
	At July 01, 2017	Additions / (disposal) during the year	Written off during the year			For the year / (on disposal) during the year	Written off during the year		
	----- Rupees ----- %								
Owned									
Freehold land	166,759,906	-	-	-	166,759,906	-	-	166,759,906	-
Buildings and roads	1,689,178,140	87,087,956	(122,090)	384,572,882	1,776,144,006	85,492,380	(14,183)	1,306,092,927	5
Runway, taxiway and apron	1,004,043,250	28,255,687	-	434,881,443	1,032,298,937	50,948,386	-	546,469,108	5
External electrical works	188,975,940	840,971	-	66,121,837	189,816,911	9,486,353	-	114,208,721	5
Apron lighting and air side electrical works	283,019,893	1,268,259	-	190,694,864	284,288,152	28,174,980	-	65,418,308	10
Furniture and fixture	82,746,005	10,620,608	(589,632)	19,733,248	92,776,981	10,109,462	(525,185)	63,459,456	10 - 33
Leveling and grading	66,770,443	-	-	52,804,845	66,770,443	6,677,044	-	7,288,554	10
Machinery and equipment	1,121,218,256	98,090,011	-	555,878,393	1,218,800,267	107,782,900	-	555,646,974	10
		(508,000)				(508,000)			
Office and electric equipment	98,357,617	2,163,695	(75,000)	15,549,328	119,446,312	10,408,265	(31,644)	93,520,363	10
Electricity installation	63,417,808	-	-	36,827,945	63,417,808	5,421,330	-	21,168,533	10
Vehicles	32,783,176	201,200	-	25,907,312	28,218,794	2,555,652	-	4,521,412	20
		(4,765,582)				(4,765,582)			
Computers	8,161,622	2,612,408	-	2,715,781	10,774,030	2,915,495	-	5,142,754	33
	4,805,432,056	250,140,795	(786,722)	1,785,687,878	5,049,512,547	319,972,247	(571,012)	2,099,815,531	
		(5,273,582)				(5,273,582)			
Leased									
Vehicles	44,300,452	4,425,320	-	13,561,210	48,725,772	9,607,767	-	23,168,977	20
Equipment	-	46,986,824	-	-	46,986,824	1,184,324	-	45,802,500	10
	44,300,452	51,412,144	-	13,561,210	95,712,596	10,792,091	-	71,359,295	
	4,849,732,508	301,552,939	(786,722)	1,799,249,088	5,145,225,143	330,764,338	(571,012)	3,021,056,311	
		(5,273,582)				(5,273,582)			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	At July 01, 2018	Additions	Capitalization	At June 30, 2019
	----- Rupees -----			
4.2 Capital work in progress				
Medium level workshop-specialist vehicles	1,425,981	2,729,900	-	4,155,881
Link Taxiway and Dumbbel of Runway	-	97,844,311	-	97,844,311
Amenities building	14,932,886	6,592,174	(21,525,060)	-
Lower deck loader	2,366,852	4,478,574	(6,845,426)	-
Supply and installation of cold storage for cargo shed	2,202,600	1,875,000	(4,077,600)	-
Prefeb TGS shed	6,665,514	11,022,033	-	17,687,547
Check post (11) at air side	457,529	1,328,138	(1,785,667)	-
Paver work in front of cargo shed	-	380,950	(380,950)	-
Pipe culvert near check post no. 12 at air side	1,017,904	233,663	(1,251,567)	-
Up-raising of fence 8 to 12 feet separating land side/ airside	1,117,556	286,015	(1,403,571)	-
Guard Room at Airside	-	523,393	(523,393)	-
Culvert at Main Gate	-	3,559,424	(3,559,424)	-
Electrical Room in Prefeb Export Shed	-	174,904	(174,904)	-
Tuff pavers at MDS	-	396,092	(396,092)	-
Scanning Room at Cargo Shed	-	1,538,406	-	1,538,406
Perimeter Intrusion Detection System	-	8,586,413	-	8,586,413
Airfield lighting and Associated Works	-	6,556,364	-	6,556,364
Accommodation for ASF personnel	-	524,586	(524,586)	-
Un-allocated capital expenditure	20,870,794	18,236,929	(15,467,119)	23,640,604
	51,057,616	166,867,269	(57,915,359)	160,009,526

	At July 01, 2017	Additions	Capitalization	At June 30, 2018
	----- Rupees -----			
Passenger lifts and escalators	16,814,659	5,160,275	(21,974,934)	-
Emergency access road and bridges at runway	13,177,816	15,077,871	(28,255,687)	-
Medium level workshop-specialist vehicles	1,425,981	-	-	1,425,981
Installation of parameter fiber optic cable	3,017,300	2,631,044	(5,648,344)	-
Engineering and passenger terminal services office	6,780,800	6,298,617	(13,079,417)	-
Battery charging / tyre changing room	529,336	270,315	(799,651)	-
Extension of fire garage	1,871,387	782,478	(2,653,865)	-
Fire training room	401,758	2,709,230	(3,110,988)	-
Prefeb cargo shed	-	31,776,577	(31,776,577)	-
Amenities building	-	14,932,886	-	14,932,886
Lower deck loader	-	2,366,852	-	2,366,852
Supply and installation of cold storage for cargo shed	-	2,202,600	-	2,202,600
Prefeb TGS shed	-	6,665,514	-	6,665,514
Check post (11) at air side	-	457,529	-	457,529
Paver work in front of cargo shed	-	3,525,646	(3,525,646)	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	At July 01, 2017	Additions	Capitalization	At June 30, 2018
	----- Rupees -----			
Pipe culvert near check post no. 12 at air side	-	1,017,904	-	1,017,904
Up-raising of fence 8 to 12 feet separating land side/ airside	-	1,117,556	-	1,117,556
Power supply for ASF containers	-	840,971	(840,971)	-
Fixing of barbed wire mesh at existing fence	-	3,142,508	(3,142,508)	-
Sheds at cargo gate and E-Gate/ASF	-	257,400	(257,400)	-
Fiber optic ring at landside	-	3,605,511	(3,605,511)	-
Watch tower for security purpose at airside	-	2,881,406	(2,881,406)	-
Garbage room	-	665,252	(665,252)	-
Parking for fixed and movable dollies	-	1,780,691	(1,780,691)	-
Accommodation for ASF personnel	-	21,624,280	(21,624,280)	-
Un-allocated capital expenditure	-	20,870,794	-	20,870,794
	44,019,037	152,661,707	(145,623,128)	51,057,616

	Note	2019 Rupees	2018 Rupees
5. TRADE DEBTS			
Considered goods - unsecured			
Receivable from airlines	5.1	451,460,177	365,608,611
Receivable against bonded trucking		142,530	1,364,334
Airport development fee receivable		2,323,446	2,607,646
Receivable from PSO		1,468,978	1,535,767
Receivable against CIP lounge		143,179	162,561
		455,538,310	371,278,919
Less: Allowance for expected credit losses	5.2	(75,085,529)	(27,411,795)
		380,452,781	343,867,124

5.1 These receivables are non-interest bearing and are generally on 15 to 60 days terms.

5.2 Allowance for expected credit losses

Opening balance as at July 1	27,411,795	-
Charge for the year	47,673,734	27,435,997
	75,085,529	27,435,997
Write offs during the year	-	(24,202)
Closing balance as at June 30	75,085,529	27,411,795

5.3 The aging of trade debts is as follows:

One month	205,788,531	195,672,063
Two to six months	99,476,867	169,189,504
More than six months	150,272,912	6,417,352
	455,538,310	371,278,919

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees - considered good		13,970,072	8,663,000
Advances to suppliers - considered good		18,218,180	22,875,381
Advance income tax		478,607,835	521,085,192
Advance payments against letters of credit		45,716,964	8,977,671
Prepayments		1,508,674	2,630,871
Accrued income		3,859,807	5,767,712
Other receivables		38,250,976	26,102,409
Punjab sales tax - receivable from airlines		13,495,028	14,031,683
		613,627,536	610,133,919
7. CASH AND BANK BALANCES			
Cash in hand		500,000	500,000
Cash at banks in			
- current accounts		20,176,442	14,802,057
- saving accounts	7.1	740,210,799	490,261,108
- term deposit receipts	7.2	500,000,000	800,000,000
		1,260,887,241	1,305,563,165

7.1 These carry mark up at the rate of 11.39% to 11.36% (2018: 5.50% to 6.15%) per annum.

7.2	Term deposit receipts	Maturity upto		
	- Meezan Bank Limited	July 11, 2019	200,000,000	200,000,000
	- The Bank of Punjab	July 14, 2019	150,000,000	600,000,000
	- Habib Bank Limited	July 10, 2019	150,000,000	-
			500,000,000	800,000,000

7.2.1 These deposits carry mark up at the rate of 11.63% to 11.75% (2018: 6.10% to 6.15%) per annum.

8. SHARE CAPITAL					
	2019 Number of shares	2018 Number of shares	Authorized	2019 Rupees	2018 Rupees
	3,500,000	3,500,000	Ordinary shares of Rs. 1,000/- each	3,500,000,000	3,500,000,000
			Issued, subscribed and paid up		
			Ordinary shares of Rs. 1,000/- each		
	2,067,738	2,067,738	- fully paid in cash	2,067,738,000	2,067,738,000
	18,729	18,729	- fully paid other than in cash	18,729,000	18,729,000
	488,831	367,972	- fully paid bonus shares	488,831,000	367,972,000
	2,575,298	2,454,439		2,575,298,000	2,454,439,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

2019	2018		2019	2018
Number of shares			Rupees	Rupees
		Movement in issued, subscribed and paid up capital		
2,454,439	2,233,227	Opening balance	2,454,439,000	2,233,227,000
120,859	221,212	Bonus Shares issued during the year	120,859,000	221,212,000
2,575,298	2,454,439		2,575,298,000	2,454,439,000

Shareholders are entitled to cast vote proportionate to the paid up value of shares carrying voting rights. All shares rank equally with regard to the Company's residual assets.

9. GENERAL RESERVES

This reserve is created as per the decision of the Board. It is credited with an amount equivalent to 25% of net profit for the year from unappropriated profits at each reporting date.

10. LONG TERM LOANS

- Civil Aviation Authority (CAA) - secured	10.1	20,000,000	30,000,000
- The National Bank of Pakistan (NBP) - secured	10.2	-	15,339,436
- The Bank of Punjab (BOP) - secured	10.3	-	31,250,000
		20,000,000	76,589,436
- Deferred mark-up on loan from CAA	10.1	3,000,000	4,500,000
		23,000,000	81,089,436
Current portions of long term loans:			
- From CAA		10,000,000	10,000,000
- From NBP		-	15,339,436
- From BOP		-	31,250,000
		10,000,000	56,589,436
- Deferred mark-up on loan from CAA		1,500,000	1,500,000
		11,500,000	58,089,436
Long term portion		11,500,000	23,000,000

10.1 The Chief Executive of Pakistan vide his secretarial letter number 1803-DS (A-2)/2001 dated February 3, 2001, accorded approval to construct airport on build, own and operate (BOO) basis and a loan of Rs. 230 million at the rate of 3% per annum was approved by the Government of Pakistan for acquisition of land etc.

Accordingly, the loan agreement has been entered into with Civil Aviation Authority, a statutory body under the Government of Pakistan established through Pakistan Civil Aviation Authority Ordinance, 1982. As per the terms and conditions of agreement, loan is payable in ten years after the grace period of 5 years. Loan is secured through pari passu charge on assets of the Company.

The Company, through the Government of Punjab made payments to landowners of the acquired land out of the amount of loan. Out of the total loan amount of Rs. 230 million, payments of Rs. 133 million was made to land owners directly and the remaining balance was disbursed to the Company, which was utilized for acquisition / construction of other assets.

The loan is repayable by Company in annual installments by June 30, 2021. In case of default, penalty on the defaulted amount will be charged at the rate of 1% over the mark up rate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

10.2 This facility was obtained from National Bank of Pakistan against a sanctioned limit of Rs.100 million to finance the balancing, modernization and replacement (BMR) plans and retirement of L/Cs.

It carried mark-up at the rate of 3 months KIBOR plus 1.00% per annum. The effective rate of mark-up charged during the year is 9.76% (2018: 7.24%) per annum.

The loan was repayable in 12 quarterly installments and secured through pari passu charge on all present and future current and fixed assets of the Company. The Company repaid the outstanding amount on November 3, 2018.

10.3 The Government of Punjab arranged a soft loan amounting to Rs. 250 million through The Bank of Punjab for the Company. The loan carried mark-up at the rate of 3 month KIBOR plus 150bps. However, the markup to be paid by the Company was at the rate of 6% (2018: 6%) per annum and the balance was to be paid by the Government of Punjab.

The loan was secured through pari passu charge on current and fixed assets of the Company. The Company repaid the outstanding amount on September 12, 2018.

	Note	2019 Rupees	2018 Rupees
11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	11.1	110,239,966	27,059,900
Less: current portion		(51,999,127)	(13,584,824)
		58,240,839	13,475,076

11.1 Finance lease liabilities are payable as follows.

	2019		2018	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	-----Rupees-----		-----Rupees-----	
Not later than one year	59,276,819	51,999,127	15,265,942	13,584,824
Later than one year but not later than five years	63,679,471	58,240,839	14,406,465	13,475,076
	122,956,290	110,239,966	29,672,407	27,059,900
Less: finance costs allocated to future periods	(12,654,042)	-	(2,612,507)	-
	110,302,248	110,239,966	27,059,900	27,059,900

11.2 These represent liabilities against vehicles and equipment acquired under finance lease arrangements from Al Baraka Bank (Pakistan) Limited, Meezan Bank Limited, The Bank of Punjab, Habib Bank Limited and Bank Al Habib Limited. The leases are priced at one year KIBOR plus 2% (2018: one year KIBOR plus 2% per annum), three month KIBOR plus 0.70% to 1.5% (2018: three month KIBOR plus 0.70% to 1.5% per annum), three months KIBOR plus 0.6% (2018: three months KIBOR plus 0.6% per annum), three months KIBOR plus 0.5% and three month KIBOR plus 0.75% (2018: three month KIBOR plus 0.75% per annum) spread per annum respectively. Lease rentals are payable in 36 monthly installments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

- 11.3 The Company intends to exercise its option to purchase the above assets on completion of lease period.

	Notes	2019 Rupees	2018 Rupees
12. DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	12.1	18,593,403	27,783,483
Less: current portion	15	(18,593,403)	(27,783,483)
		-	-
Deferred taxation	12.2	190,000,118	209,894,456
		190,000,118	209,894,456
12.1 Staff retirement benefits - gratuity			
a) The amounts recognized in the balance sheet are as follows:			
Present value of defined benefit obligation		136,231,995	111,928,518
Fair value of plan assets		(117,638,592)	(84,145,035)
Liability recognized		18,593,403	27,783,483
b) Amount charged to the statement of profit or loss account during the year:			
Current service cost		29,706,108	18,893,349
Interest expense		9,099,299	5,879,156
Interest income		(7,849,043)	(5,454,337)
		30,956,364	19,318,168
c) Total remeasurments chargeable to the other comprehensive income:			
Remeasurement of plan obligation and assets:			
Experience adjustments			
- defined benefit obligation		7,860,855	16,849,398
- plan assets		2,138,969	1,864,618
		9,999,824	18,714,016
d) Changes in net liability			
Balance at the beginning of the year		27,783,483	10,963,072
Charge for the year		30,956,364	19,318,168
Employer contributions		(49,433,868)	(20,353,542)
Benefits payable transferred to current liability		(712,400)	(858,231)
Remeasurement changes chargeable to other comprehensive income - net		9,999,824	18,714,016
		18,593,403	27,783,483

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Notes	2019 Rupees	2018 Rupees
e) Movement in the defined benefit obligation:			
Opening liability		111,928,518	80,555,316
Current service cost		29,706,108	18,893,349
Interest expense		9,099,299	5,879,156
Benefits paid		(21,650,385)	(9,390,470)
Benefits payable transferred to current liability		(712,400)	(858,231)
Remeasurement changes chargeable to other comprehensive income		7,860,855	16,849,398
		136,231,995	111,928,518

f) Movement in the fair value of plan assets			
Opening assets		84,145,035	69,592,244
Employer contributions		49,433,868	20,353,542
Benefits paid		(21,650,385)	(9,390,470)
Interest income		7,849,043	5,454,337
Remeasurement changes chargeable to other comprehensive income		(2,138,969)	(1,864,618)
		117,638,592	84,145,035

- g) The latest actuarial valuation was carried out at June 30, 2019 by Anwar Associates using projected unit credit (PUC) method. The following significant assumptions have been used for calculation of liability:

	2019	2018
Discount rate used for interest cost in statement of profit or loss charge	9%	7.75%
Discount rate used for year end obligation	14.25%	9.00%
Expected rate of salary increase in future years	13.25%	8.00%
Expected return on plan assets - per annum	9.00%	7.75%
The average duration of the defined benefit obligation is	8.38 Years	9.72 Years

- h) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

	Change in assumptions	Increase in assumptions Rupees	Decrease in assumptions Rupees
Discount rate	100 bps	125,621,614	148,619,019
Salary growth rate	100 bps	148,881,971	125,203,435

- i) The expected contribution to defined benefit obligation for the year ending June 30, 2020 will be Rs. 28.39million.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	2019 Rupees	2018 Rupees
12.2 Deferred taxation		
Opening balance	209,894,456	203,571,267
Charged to statement of profit or loss	(25,695,683)	10,211,253
Charged to comprehensive income	5,801,345	(3,888,064)
	190,000,118	209,894,456

Deferred tax liability comprise of:	At July 01, 2018	Recognized in profit or loss	Recognized in other com- prehensive income	At June 30, 2019
	----- Rupees -----			
Deferred tax liability due to				
Accelerated tax depreciation	210,460,645	(17,888,106)	-	192,572,539
Leased assets and related liabilities	13,732,812	6,220,425	-	19,953,237
	224,193,457	(11,667,681)	-	212,525,776
Deferred tax asset due to				
Provision for doubtful debts	(8,497,656)	(14,028,002)	-	(22,525,658)
Staff retirement benefits - gratuity	(5,801,345)	-	5,801,345	-
	(14,299,001)	(14,028,002)	5,801,345	(22,525,658)
Net deferred tax liability	209,894,456	(25,695,683)	5,801,345	190,000,118

Deferred tax liability comprise of:	At July 01, 2017	Recognized in profit or loss	Recognized in other com- prehensive income	At June 30, 2018
	----- Rupees -----			
Deferred tax liability due to				
Accelerated tax depreciation	202,127,906	8,332,739	-	210,460,645
Leased assets and related liabilities	3,356,642	10,376,170	-	13,732,812
	205,484,548	18,708,909	-	224,193,457
Deferred tax asset due to				
Provision for doubtful debts	-	(8,497,656)	-	(8,497,656)
Staff retirement benefits - gratuity	(1,913,281)	-	(3,888,064)	(5,801,345)
	(1,913,281)	(8,497,656)	(3,888,064)	(14,299,001)
Net deferred tax liability	203,571,267	10,211,253	(3,888,064)	209,894,456

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Notes	2019 Rupees	2018 Rupees
13 DEFERRED INCOME			
Government grant	13.1	204,499,050	225,999,050
Other grant	13.2	9,396,651	9,983,942
		213,895,701	235,982,992
13.1 Government grant			
Balance at beginning of the year	13.3	225,999,050	247,499,050
Transferred to statement of profit or loss		(21,500,000)	(21,500,000)
Balance at end of the year		204,499,050	225,999,050
13.2 Other grant			
Balance at beginning of the year	13.4	9,983,942	10,571,233
Transferred to statement of profit or loss		(587,291)	(587,291)
Balance at end of the year		9,396,651	9,983,942
13.3	The Company has received a grant from Export Development Fund (EDF) amounting to Rs.180 million and from Prime Minister of Pakistan Rs.250 million for the purpose of construction of airport. These grants have been deferred and are being amortized over 20 years i.e. the useful life of assets.		
13.4	The Company has received a grant aggregating to Rs. 11.745 million for the purpose of construction of Masjid at the airport. This amount has been deferred and is being amortized over 20 years i.e. the useful life of the asset.		
14. TRADE AND OTHER PAYABLE			
Payable to suppliers and contractors		634,402	1,664,374
Due to related party	14.1	123,200	991,444
Accrued expenses		45,176,178	40,365,249
Retention money payable		14,473,943	12,833,789
Advance rent received		1,884,049	2,418,760
Other payable		36,266,055	31,203,053
		98,557,827	89,476,669
14.1	This amount is payable to Sialkot Dry Port Trust.		
15. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of:			
Long term loans	10	11,500,000	58,089,436
Staff retirement benefits	12	18,593,403	27,783,483
Liabilities against assets subject to finance lease	11	51,999,127	13,584,824
		82,092,530	99,457,743

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Notes	2019 Rupees	2018 Rupees
16. CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies			
Letters of guarantee issued in favour of Collector of Customs		25,039,316	41,124,071
16.2 Commitments			
Letters of credit for machinery and equipments		55,547,378	65,437,282
For civil works and equipment		502,314,569	15,595,683
17. REVENUE			
Landing income		335,136,372	323,557,769
Infrastructure development income		514,371,865	451,260,704
Security charges income		515,710,016	453,335,598
Embarkation fee		606,032,259	646,872,718
Handling income	17.1	285,921,682	281,762,472
Cargo income	17.2	129,937,937	125,778,909
Fire and rescue facility income		33,513,678	32,347,743
Passenger and cargo related services		60,376,367	47,650,758
Housing income		29,362,545	25,594,684
Alternate airport facility income		262,097	1,020,000
Cute facility income		63,390,864	50,534,399
Avio bridge income		35,090,773	34,161,514
		2,609,106,455	2,473,877,268
17.1 Handling income			
Aircraft handling income		253,306,712	260,610,532
Ground handling income		32,614,970	21,151,940
		285,921,682	281,762,472
17.2 Cargo income			
Cargo handling income		129,347,034	124,486,058
Cargo bonded trucking income:		7,318,537	14,943,975
Bonded trucking freight and loading/unloading charges		(6,727,634)	(13,651,124)
		590,903	1,292,851
		129,937,937	125,778,909

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Notes	2019 Rupees	2018 Rupees
18. OTHER INCOME			
Rental income	18.1	144,371,481	152,411,372
Return on bank deposits		100,164,282	62,301,652
Amortization of grant		22,087,291	22,087,291
Advertisement income		10,088,445	13,323,411
Gain on sale of property and equipment		3,619,614	1,575,000
Recovery from written off investment	18.2	-	10,000,000
Exchange gain		18,314,105	3,146,755
Miscellaneous income		5,251,758	4,096,260
		303,896,976	268,941,741
18.1 RENTAL INCOME			
Car parking income		67,659,073	73,040,120
Tuck shop income		27,795,826	31,549,992
Buildings and space rent		34,453,386	31,236,380
Fuel throughput income		9,086,961	9,505,732
Canteen income		4,216,663	6,024,996
Metro radio cab income		1,159,572	1,054,152
		144,371,481	152,411,372
18.2	In last year, the Company received Rs. 10 million on liquidation of the Innovative Housing Finance Limited, a fully written off investment.		
19. ADMINISTRATIVE AND OPERATIONAL EXPENSES			
Staff salaries and allowances	19.1	423,922,383	372,123,569
General repairs and maintenance	19.2	126,220,995	108,793,773
Utilities		102,115,219	80,747,091
Directors meeting fee		97,450,000	67,800,000
Vehicles and operational equipment's fuel		17,791,422	15,178,410
Vehicles and operational equipment's repair and maintenance		11,988,890	14,870,829
Calibration charges		7,504,677	5,933,235
Insurance		8,295,957	8,089,015
Cleaning and sweeping		8,939,193	8,977,005
Entertainment and Functions		6,617,620	9,573,430
Advertisement and business development		9,231,390	7,735,211
Fee and subscription		11,132,589	6,990,986
Printing and stationery		4,161,060	3,389,651
Communication		3,827,735	3,328,259
Corporate social responsibility	19.3	47,456,146	15,914,259
Legal and professional	19.4	3,426,616	1,588,014
Travelling and conveyance		3,374,720	3,632,012
Loss on written off operating fixed assets		797,410	215,710
SITA cute charges		31,446,872	43,943,129
Security expenses		9,075,926	8,975,142
Miscellaneous		11,661,354	6,745,361
		946,438,174	794,544,091

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

19.1 This includes Rs. 26.64 million (2018: Rs 19.3 million) in respect of post retirement benefits.

19.2 This includes repair work of runway amounting to Rs. 65.6 million and Fair Weather Strip amounting to Rs. 1.6 million.

19.3 This includes donation of Rs. 25 million deposited into Diamer Bhasha Dam Fund.

	Notes	2019 Rupees	2018 Rupees
19.4	This includes auditor's remuneration as detailed below:		
	- Statutory audit	1,050,000	850,000
	- Taxation services	685,000	611,750
	- Out of pocket expenses	100,000	85,000
		1,835,000	1,546,750
20.	FINANCE COST		
	Mark up on		
	- Long term loans	1,585,526	9,730,487
	- Liabilities against assets subject to finance lease	10,785,916	2,766,479
	Bank charges	632,850	721,695
		13,004,292	13,218,661
21.	TAXATION		
	Current		
	- for the year	504,199,540	509,280,634
	- prior years	10,053,888	(3,038,052)
		514,253,428	506,242,582
	Deferred	12.2	
		(25,695,683)	10,211,253
		488,557,745	516,453,835

21.1 The income tax assessment of the Company has been finalized up to and including tax year 2018 under deemed assessment of Income Tax Ordinance, 2001 and is subject to minimum tax and alternate corporate tax.

21.2 Reconciliation between accounting profit and tax expense

Accounting profit before tax		1,590,700,693	1,576,855,922
Corporate tax rate		29%	30%
Tax on accounting profit		461,303,201	473,056,776
Impact of income chargeable at lower rate		(3,922,276)	(4,191,931)
Impact of super tax		32,999,663	43,060,512
Prior year adjustment		10,053,888	(3,038,052)
Others		(11,876,731)	7,566,530
Tax expense		488,557,745	516,453,835

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

22 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

For June 30, 2019	Cash flows			
	Opening	Availed during the period	Repaid during the period	Closing
	----- Rupees -----			
Long term loans - secured	81,089,436	-	(58,089,436)	23,000,000
Liabilities against assets subject to finance lease	27,059,900	132,238,007	(49,057,941)	110,239,966
	108,149,336	132,238,007	(107,147,377)	133,239,966
For June 30, 2018				
Long term loans - secured	250,922,768	-	(169,833,332)	81,089,436
Liabilities against assets subject to finance lease	21,186,631	27,921,100	(22,047,831)	27,059,900
	272,109,399	27,921,100	(191,881,163)	108,149,336

	Notes	2019 Rupees	2018 Rupees
23. EARNINGS PER SHARE			
Profit after taxation for the year		1,102,142,948	1,060,402,087
Weighted average number of ordinary shares outstanding		2,575,298	2,575,298
Earnings per share (Basic and diluted)		427.97	411.76

23.1 There is no dilutive effect on the basic earnings per share of the Company.

23.2 Prior year earnings per share have been restated due to issuance of bonus shares during the year.

24. REMUNERATION AND OTHER BENEFITS TO KEY MANAGEMENT PERSONNEL

	2019			2018		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees -----					
Remuneration	7,482,668	-	33,463,708	9,102,768	-	30,648,344
Meeting fee	350,000	97,100,000	-	250,000	67,550,000	-
Leave encashment	245,000	-	632,618	303,333	-	1,000,276
Gratuity	-	-	9,863,493	4,500,000	-	7,351,560
Total	8,077,668	97,100,000	43,959,819	14,156,101	67,550,000	39,000,180
Number	1	277	24	1	345	16

24.1 The Chief Executive Officer has also been provided with Company maintained car and furnished accommodation.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

25. RELATED PARTY TRANSACTIONS

Related parties comprise associated undertaking, sponsors, directors of the Company and key management personnel of the Company. Detail of balances and transactions with related parties have been disclosed in the relevant notes of the financial statements, whereas major transactions executed with related parties during the year are as follows:

Name of related parties	Nature of relationship	Nature of transaction	2019 Rupees	2018 Rupees
Daddy D Pro	"Common directorship / partner"	Advertisement income	369,252	492,336
Padana Gloves	"Common directorship / partner"	Advertisement income	-	69,432
Sialkot Dry Port Trust	"Common directorship / partner"	Bonded trucking services	6,165,733	22,084,446
Crown Foam industries	"Common directorship / partner"	Advertisement income	-	48,600
Crown Housing Scheme	"Common directorship / partner"	Advertisement income	-	158,600
United Leather Industries	"Common directorship / partner"	Advertisement income	277,728	601,744
Candino Group of Industries	"Common directorship / partner"	Advertisement income	241,962	72,588
Buraq Surgical	"Common directorship / partner"	Advertisement income	265,104	-
Dr. Frigz International (Pvt.) Limited	"Common directorship / partner"	Advertisement income	407,124	-
F.S Candino Industries	"Common directorship / partner"	Advertisement income	145,176	-
Eltek Instruments (Pvt.) Limited	"Common directorship / partner"	Advertisement income	159,904	161,084
"Mecca Tennaries (Pvt.) Limited"	"Common directorship / partner"	Advertisement income	462,800	302,976
Elmed Instruments (Pvt.) Limited	"Common directorship / partner"	Advertisement income	271,416	734,684
M.A Arain brothers (Pvt.) Limited	"Common directorship / partner"	Advertisement income	265,104	265,104
Ennoble International (Pvt.) Limited	"Common directorship / partner"	Advertisement income	-	391,344
Yousaf Leather Wear (Pvt) Limited	"Common directorship / partner"	Advertisement income	267,188	151,488
Pakistan Cargo services (Pvt.) Limited	"Common directorship / partner"	Advertisement income	147,270	3,670,769
Muhammad Afzal Khan	Director	Advertisement income	-	34,800
Sialkot International Airport - Gratuity Fund	Retirement benefit plan	Contribution to provident fund	49,433,868	20,353,542

All transactions with related parties have been carried out on mutually agreed terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

26. FINANCIAL RISK MANAGEMENT

26.1 The Company's principal financial liabilities comprise long-term financing, short-term borrowings, interest/mark-up accrued on loans and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has trade debts, loans and advances, cash and bank balances and long-term deposits that arrive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and price risk), credit risk and liquidity risk.

26.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

26.2.1 Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Weighted Average effective rate of interest	Less than 1 Year	1 - 5 years	More than 5 years	Total
----- Rupees -----					
2019					
Long term loans	3%	11,500,000	11,500,000	-	23,000,000
Trade and other payables		96,673,778	-	-	96,673,778
Liabilities against assets subject to finance lease		51,999,127	58,240,839	-	110,239,966
Unclaimed dividend		8,271,731	-	-	8,271,731
		168,444,636	69,740,839	-	238,185,475

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

	Weighted Average effective rate of interest	Less than 1 Year	1 - 5 years	More than 5 years	Total
----- Rupees -----					
2018					
Long term loans	5.21%	58,089,436	23,000,000	-	81,089,436
Trade and other payables		87,057,909	-	-	87,057,909
Markup accrued on loans		1,260,457	-	-	1,260,457
Liabilities against assets subject to finance lease		13,584,824	13,475,076	-	27,059,900
Unclaimed dividend		10,617,912	-	-	10,617,912
		170,610,538	36,475,076	-	207,085,614

26.3 Interest rate risk

Interest rate risk arises in situation where interest rates rise due to inflationary trends and result in a negative impact on projected income. The implication of increase in interest cost are more severe where large portion of the project cost is financed through debt. The Company has financed a major portion through equity and grant. Moreover, major portion of borrowed funds carries fixed interest rates as such the risk is minimized as shown in the table below.

As at June 30, 2019	Amount (Rupees)	Interest rate	Maturity period (years)	Percentage of portfolio
Floating Interest rate:				
Liabilities against assets subject to finance lease				
Habib Bank Limited	10,434,455	One year KIBOR + 0.5%	2	7.8%
Meezan Bank Limited	47,949,661	Three month KIBOR + 0.70% to 1.5%	2	36%
The Bank of Punjab	49,063,490	Three month KIBOR + 0.60%	3	37%
Bank Al Habib Limited	2,854,643	Three month KIBOR + 0.75%	2	2%
Fixed Interest Rate				
Long term loan from: Civil Aviation Authority	23,000,000	3%	2	17%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 1,333,022 (2018: Rs. 268,157). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

As at June 30, 2018	Amount (Rupees)	Interest rate	Maturity period (years)	Percentage of portfolio
Floating Interest rate:				
Liabilities against assets subject to finance lease				
Al Baraka Bank (Pakistan) Limited	394,916	One year KIBOR + 2%	1	0.4%
Meezan Bank Limited	19,739,960	Three month KIBOR + 0.70% to 1.5%	2	19%
Bank Al Habib Limited	6,925,024	Three month KIBOR + .75%	2	7%
Long term laon from:				
National Bank of Pakistan	15,339,436	Three month KIBOR + 1%	1	15%
Fixed Interest Rate				
Long term laon from:				
Civil Aviation Authority	30,000,000	3%	3	29%
The Bank of Punjab	31,250,000	6%	1	30%

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 268,157 (2017: Rs. 698,594). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

26.4 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge an obligation.

Expected Credit Loss on financial assets are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

The maximum exposure to credit risk at the reporting date is as follows:

	2019 Rupees	2018 Rupees
Trade debts	380,452,781	343,867,124
Advances and other receivables	69,575,883	36,907,064
Bank balances	1,260,387,241	1,305,063,165
	1,710,415,905	1,685,837,353

This risk is limited because the counter parties are banks and majorly airlines with reasonably high credibility.

Bank Balances

As at June 30, 2019	Credit rating	Maturity period (years)	2019 Rupees	2018 Rupees
Interest / mark-up bearing financial assets				
The Bank of Punjab	A1+	0 to 1	560,031,419	857,841,965
Bank Alfalah Limited	A1+	0 to 1	258,729,208	218,061,120
Meezan Bank Limited	A1+	0 to 1	212,017,324	201,550,368
Habib Bank Limited	A1+	0 to 1	221,494,518	19,354,454
National Bank Of Pakistan	A1+	0 to 1	6,079,233	6,486,634
Bank Al Habib Limited	A1+	0 to 1	2,030,660	1,658,100
Others	-	0 to 1	138,879	110,524
			1,260,521,241	1,305,063,165
The aging of trade debts is as follows:				
One month			205,788,531	195,672,063
Two to six months			99,476,867	169,189,504
More than six months			150,272,912	6,417,352
			455,538,310	371,278,919

26.5 Foreign exchange risk management

Foreign exchange risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However, the Company is not materially exposed to foreign currency risk on assets and liabilities as the Company does not have any financial assets and liabilities in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

26.6 Fair value measurement of financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

International Financial Reporting Standard 13, 'Fair Value Measurement: Disclosure' 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 fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

26.7 Financial instruments by category

The accounting policies for financial instrument have been applied for the items below:

	2019 Rupees	2018 Rupees
Assets as per balance sheet - at amortized cost		
Bank balances	1,260,387,241	1,305,063,165
Trade debts	380,452,781	343,867,124
Advances and other receivables	69,575,883	36,907,064
	1,710,415,905	1,685,837,353
Liabilities as per balance sheet - at amortized cost		
Long term loans	23,000,000	81,089,436
Liabilities against assets subject to finance lease	110,239,966	27,059,900
Trade and other payables	96,673,778	87,057,909
Markup accrued on loans	-	1,260,457
Unclaimed dividend	8,271,731	10,617,912
	238,185,475	207,085,614

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

27. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Capital comprises of all components of equity (i.e. share capital, share premium, general reserve and unappropriated profit). In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

	2019	2018
28. NUMBER OF EMPLOYEES		
Total number of permanent employees at year end	771	683
Average number of permanent employees during the year	735	670

29. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 30, 2019 proposed a final cash dividend of Rs 270 per share (2018: Rs. 340 per share) and bonus shares at the rate of 4% (2018 at the rate of 5%) of the paid up capital for the year ended June 30, 2019, for approval of the members at the annual general meeting to be held on October 29, 2019. These financial statements do not reflect these appropriations and the proposed dividend payable.

30. NON-CASH FINANCING ACTIVITIES

	Note	2019 Rupees	2018 Rupees
Acquisition of vehicles and equipments through finance lease	11	132,238,007	27,921,100
Issuance of bonus shares	8	120,859,000	221,212,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

31. RECLASSIFICATION AND COMPARATIVE FIGURES

Reclassifications have been made to the comparative figures in these financial statements to enhance comparability with the current year's financial statements. As a result, following line items have been amended in the statement of financial position and related note to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The item is reclassified as follows:

From	To	Reason	Rupees
Statement of profit or loss			
Administrative and operational expenses - Provision for doubtful debts	Impairment loss on financial assets	Required by IAS - 1	27,435,997

32. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 30, 2019 by the Board of Directors of the Company.

33. GENERAL

Figures in these financial statements have been rounded off to the nearest Rupee.



Chief Executive Officer



Director

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