

KARACHI INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED

**FINANCIAL STATEMENTS WITH
ACCOMPANYING INFORMATION**

**FOR THE YEAR ENDED
30 JUNE 2018**

DIRECTORS' REPORT

The Board of Directors of your company is hereby pleased to present the audited financial statements together with the Auditor's Report thereon of your Company for the year ended 30 June 2018.

THE COMPANY AND ITS OPERATIONS

The principal object of the Company is to carry on the business of infrastructure and development, expansion and for planning, designing, implementation, construction and execution of infrastructure and developments in Karachi and any other areas.

The Prime Minister of Pakistan, during a high-level meeting in Karachi on July 10, 2014, announced to provide infrastructure component to launch the BRT Green Line project on modern lines to alleviate the serve traffic congestion problems in the city and to improve the quality of life of the daily commuters by improving the existing transport system.

The project is to be undertaken by Government of Pakistan / Ministry of Communications as a high priority project as determined by Japan International Cooperation Agency (JICA) in their Feasibility Study conducted for Karachi Transportation Improvement Project (KTIP, 2030) in December, 2012.

For execution of the priority PSDP project on fast track basis, Karachi Infrastructure Development Company Limited (KIDCL) was incorporated under Companies Ordinance, 1984 on 2nd June 2015.

Further, Government of Pakistan has assigned Karachi Package that is to be executed by KIDCL on behalf of Government of Pakistan. KIDCL has started execution three (03) Schemes under Karachi Package.

OPERATING RESULTS

The summarized financial result for the year ended 30th June 2018 are as under:

Financial result

Particulars	For the Financial Year ended 30 th June 2018
Net Loss For The Period	(7,603,302)
Loss per share - basic & diluted	(3.80)

During the year, the company has a net loss of Rs. 7,603,302. Total service revenues for the period ended 30th June 2018 are Rs. 62,140,647 and profit earned from bank deposits are 25,889,340.

GENERAL

The Board of Directors wishes to express its pleasure and gratefulness to the shareholders for their continued support and to all the employees for their ongoing dedication and commitment to the Company.

CODE OF CORPORATE GOVERNANCE

The Directors of KIDCL are fully aware of their responsibilities under the Code of Corporate Governance under instructions from the Securities & Exchange Commission of Pakistan. We are taking all the necessary steps to ensure Good Corporate Governance in our Company as required by the Code.

As a part of the compliance of the Code, we confirm the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and is being effectively implemented and monitored.
- f) The Company has the ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) We have an Internal Audit Committee, the members of which are amongst from the Board of Directors.
- i) We have prepared and circulated, a Statement of Ethics and Business Strategy, among directors and employees.
- j) The Board of Directors have prepared and adopted a mission statement and a statement of overall corporate strategy.
- k) As required by the Code of Corporate Governance, we have included the following information in this report:
- Statement of pattern of shareholding has been given separately.
 - Statement of shares held by associated undertakings and related persons.
 - Statement of the Board meetings held during the year and attendance by each director has been given separately.
 - Key operating and financial statistics for the last year 2017-18 in summarized form is given below.

KEY FINANCIAL DATA

Particular	For the year 2017-18
Share Capital	200,000,000
Reserve	31,998,728
Accumulated loss	(7,603,302)
Long term liabilities	4,953,452
Current Liability	1,163,717,159
Total Equity & Liability	1,400,669,339
Operating Fixed Assets	23,864,573
Current assets	1,376,804,776
Total Assets	1,400,669,339
Service Revenue	62,140,647
Administrative Expense	(95,633,289)
Other Income	25,889,340
Loss Before Taxation	(7,603,302)
Loss After Taxation	(7,603,302)

PATTERN OF SHAREHOLDING

The Pattern of shareholding as at 30 June 2018 is as follows:

Name of Share Holder	Occupation (Directorship of Company if any)	Shares held (with distinctive Nos) or percentage of interest held
Government of Pakistan through Dr. Waqar Masood	Federal Government / Ministry of Communications	1,999,993 (One Million Nine Hundred Ninety Nine Thousand Ninety Three Only)
Dr. Shahid Mehmood	Government Servant / Non-Executive Director	1 (One)
Mr. Muhammad Siddique Memon	Government Servant / Non-Executive Director	1 (One)
Mr. Salueh Ahmed Faruqui	Government Servant / Chief Executive Officer	1 (One)
Lt. Gen® Shahid Niaz	Independent Director	1 (One)
Dr. Sarosh Hashmat Lodhi	Prof. NED University / Non-Executive Director	1 (One)
Mr. Arif Hassan	Architect / Independent Director	1 (One)
Dr. Noman Ahmed	Professor/ Chairmen, Dept. of Architecture & Planning, NED University Karachi / Non-Executive Director	1 (One)

DIRECTORS MEETING

During the year 5 meetings of the Board of Directors including Annual General Meeting were held, Attendance by each director is as follows:

Name of Share Holder	Designation	No of meetings Attend	No of meetings Attend Through Proxies
Mr. Muhammad Siddique Memon	Ex Secretary Communications / Chairman BOD	3	0
Mr. Furqan Bahadur Khan	Ex Secretary Communications / Chairman BOD	2	0
Mr. Arif Ahmed Khan	Secretary Finance / Non-Executive Director	1	4
Mr. Rizwan Memon	The Chief Secretary, Government of Sindh/ Non-Executive Director	4	0
Mr. Salueh Ahmed Faruqui	Chief Executive Officer / Executive Director	5	0
Mr. Ejaz Ahmed Khan	Ex-Commissioner, Karachi Division / Non-Executive Director	1	1
Mr. Shoaib Ahmad Siddiqui	The Secretary, Ministry of Planning, Development and Reforms / Non-Executive Director	2	2
Lt. Gen (R) Shahid Niaz	Independent Director	5	0
Mr. Saeed Ahmed Awan	Secretary Transport, Sindh / Non-Executive Director	4	1
Mr. Arif Hasan	Independent Director	4	0
Dr. Sarosh Hashmat Lodhi	Dean & Prof. NED University / Non-Executive Director	5	0

Dr. Noman Ahmed	Chairman Dep of Architecture & Planning NED University / Non-Executive Director	5	0
Syed Shakeel Shah	Joint Secretary, Prime Ministers Office / Non-Executive Director	1	1

MAJOR PROCURMENTS

For Execution of Green Line BRTS project and Karachi Package, major contracts have been awarded during the financial year 2016-17 and 2018-19, under strict compliance to Public Procurement Rules, 2004 of Public Procurement Regulatory Authority (PPRA), which has been verified by Technical and Bid Evolution Committee and approved through recommendations of Procurement Committee. Both committees have been formed under the supervision of BODs and subsequently all the procurements have been approved through Board of Directors. Major Contracts awarded during the financial year 2016-17 & 2017-18 under Green Line BRTS project are as follows:

Contractor Name	Contract Packages No.	Amount of Contract (Rs.)
M/s. USMANI RELIABLE (JV)	KAR/BRTS/GL-04	1,978,097,725
M/s NPI Construction Engineering	KAR/BRTS/GL-05	1,945,186,801
M/s. USMANI RELIABLE (JV)	KAR/BRTS/GL-06	1,991,560,000
M/s Zahir Khan & Brothers	KAR/BRTS/GL-07	1,480,740,000
M/s Shams & Zain Meo Rajpoot Construction Company	KAR/BRTS/GL-08	599,710,000
M/s SMK Construction Co	KAR/BRTS/GL-09	235,070,000
M/s Greeves Pakistan (Pvt) Ltd	KAR/BRTS/GL-10	401,740,000
M/s National Logistic Cell (NLC)	KAR/BRTS/GL-11	1,071,120,000
M/s Qaim Khani Brothers-Package-01	KAR/BRTS/GL-14	100,000,000
M/s GQS Contractor-Package-02	KAR/BRTS/GL-14	100,000,000
M/s Kamran & Kampany	KAR/BRTS/GL-13	489,658,890
M/s Zahir Khan & Brothers	KAR/BRTS/GL-16	3,129,459,679

Major Contract awarded during the Financial Year 2017-18 under Karachi Package are as follows

Contractor Name	Contract Packages Name.	Amount of Contract (Rs.)
Kaim Khani & Niaz Muhammad JV	Re-Construction of Nishter Road from Teen Hatti to Napier Road	444,444,436
Fazal & Brothers	Re-Construction of Mango Pir Road from Banaras Chowk to Nishter Road	738,179,160
National Logistic Cell- South	Providing & Lying 66' & 48' Dia Ms Pipe along Mangopir Road	1,670,478,079
Zahir Khan & Brothers	Construction of 3 flyovers	2,125,577,851

Furthermore, contract packages KAR/BRTS/GL-17 under Green Line BRTS & Provision of Fire Tender to KMC under Karachi Package is in the process of evaluation.

KARACHI PACKAGE

Prime Minister of Pakistan has announced Karachi Package that include many schemes for development of Karachi. KIDCL has given responsibility to execute many schemes that include Re-construction of Nishtar Road from Teen Hatti to Napier Road, Re-Construction of Mangopir Road from Banaras Chowk to Nishtar Road, Providing & Laying 66' & 48' dia Ms Pipe Line along with Mangopir Road and Construction of three (03) Flyovers at Sakhi Hasan Chowrangi, Five Star Chowrangi and KDA Roundabout with the consultation of several stakeholders that include but not limited to Government of Sindh, KMC, Independent Architects, Civil Society, Project Consultants etc.

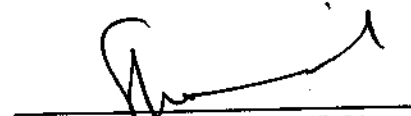
ACKNOWLEDGEMENT

Your Directors record with appreciation, the efforts of the Company's managers and employees who have worked to meet the target of business plans. Your Directors also extend their appreciation to the Company's bankers, Government of Pakistan, regulators and others for the cooperation extended by them during the year.

For and on behalf of the Board



Chief Financial Officer



Chairman BOD KIDCL

Karachi: Dated: 24 October, 2018

INDEPENDENT AUDITOR'S REPORT

To the members of Karachi Infrastructure Development Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Karachi Infrastructure Development Company Limited ("the Company"), which comprise the statement of financial position as at 30 June 2018, 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 30 June 2018 and of the 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

The directors of the Company are responsible for the other information. The other information

comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

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

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company for 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors 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

Riaz Ahmad & Company

Chartered Accountants

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

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

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 and 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Waqas



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

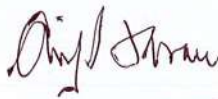
Date: 29 OCT 2018

KARACHI INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	3	23,864,573	22,845,858
CURRENT ASSETS			
Deposits, prepayments and other receivables	4	3,980,933	5,605,735
Accrued interest on bank deposits		11,826,872	27,687,820
Cash and bank balances	5	1,360,996,961	1,266,823,710
		1,376,804,766	1,300,117,265
TOTAL ASSETS		<u>1,400,669,339</u>	<u>1,322,963,123</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
3,000,000 ordinary shares of Rupees 100 each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid-up share capital	6	200,000,000	200,000,000
Revenue reserves		31,998,728	39,602,030
TOTAL EQUITY		<u>231,998,728</u>	<u>239,602,030</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Staff retirement benefit	7	4,953,452	2,357,068
CURRENT LIABILITIES			
Trade and other payables	8	643,347,439	360,771,251
Government development fund	9	520,369,720	720,232,774
		1,163,717,159	1,081,004,025
TOTAL LIABILITIES		<u>1,168,670,611</u>	<u>1,083,361,093</u>
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u>1,400,669,339</u>	<u>1,322,963,123</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

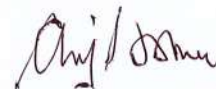
KARACHI INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
Service revenue		62,140,647	35,091,467
Administrative expenses	11	(95,633,289)	(58,130,684)
Operating loss		(33,492,642)	(23,039,217)
Other income	12	25,889,340	66,198,387
(Loss) / profit before taxation		(7,603,302)	43,159,170
Taxation	13	-	-
(Loss) / profit after taxation		(7,603,302)	43,159,170
(Loss) / earnings per share - basic and diluted	14	(3.80)	21.58

The annexed notes from 1 to 20 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

KARACHI INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	2018 Rupees	2017 Rupees
(LOSS) / PROFIT AFTER TAXATION	(7,603,302)	43,159,170
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(7,603,302)	43,159,170

The annexed notes from 1 to 20 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

KARACHI INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued, subscribed and paid-up capital	Revenue reserves Unappropriated profit / (loss)	Total equity
	Rupees	Rupees	Rupees
Balance as at 30 June 2016	200,000,000	(3,557,140)	196,442,860
Comprehensive income for the year			
Profit for the year	-	43,159,170	43,159,170
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	43,159,170	43,159,170
Balance as at 30 June 2017	200,000,000	39,602,030	239,602,030
Comprehensive loss for the year			
Loss for the year	-	(7,603,302)	(7,603,302)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(7,603,302)	(7,603,302)
Balance as at 30 June 2018	200,000,000	31,998,728	231,998,728

The annexed notes from 1 to 20 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

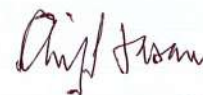
KARACHI INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(7,603,302)	43,159,170
Adjustments for non-cash items:			
Depreciation	3	5,521,069	3,643,146
Interest income from saving account	12	(24,194,340)	(65,401,387)
Loss on disposal of office equipment	11	71,888	-
Cash used in operations before working capital changes		(26,204,685)	(18,599,071)
Working capital changes			
Decrease / (increase) in current assets			
Deposits, prepayments and other receivables		1,624,802	(4,154,445)
Increase / (decrease) in current liabilities			
Trade and other payables		282,576,187	303,236,016
Government fund for development		(199,863,054)	(402,497,635)
		82,713,133	(99,261,619)
Cash flow from / (used in) operations after working capital changes		58,133,250	(122,015,135)
Net increase in staff retirement benefit		2,596,384	1,601,224
Net cash flow from / (used in) operating activities		60,729,634	(120,413,911)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	3	(6,641,671)	(6,835,214)
Sale consideration on disposal of property and equipment		30,000	-
Interest income received during the year		40,055,288	62,677,637
Net cash flow from investing activities		33,443,617	55,842,423
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase / (decrease) in cash and cash equivalents		94,173,251	(64,571,488)
Cash and cash equivalents at the beginning of the year		1,266,823,710	1,331,395,198
Cash and cash equivalents at the end of the year	5	1,360,996,961	1,266,823,710

The annexed notes from 1 to 20 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR

KARACHI INFRASTRUCTURE DEVELOPMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. THE COMPANY AND ITS OPERATIONS

The Karachi Infrastructure Development Company Limited ("the Company") is a public unlisted company incorporated under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) on 02 June 2015. The Company has obtained certificate for commencement of business under section 146(2) of the repealed Companies Ordinance, 1984 on 23 November 2015. The principal object of the Company is to carry on the business of infrastructure and development, expansion and for planning, designing, implementation, construction and execution of infrastructure and development projects in Karachi and any other areas.

1.1 Geographical location and addresses of all business units are as follows:

Sr. No.	Office	Address
i.	Registered office	6th Floor, Extension Block, Bahria Complex IV, Gizri, Karachi
ii.	Site office - 1	Deputy Commissioner Office, North Nazimabad, Karachi
iii.	Site office - 2	Governor House, Karachi

1.2 Transfer of assets, liabilities along with business operations from SPMU to the Company

During the year ended 30 June 2016, Government of Pakistan (GoP) Ministry of Communications issued instructions regarding transfer of Special Project Management Unit (SPMU) into the Company. The instructions required transferring of assets, liabilities, employees and business operations of the unit to the Company with the objective to takeover and execute the 'Bus Rapid Transport System (BRTS)' project of Government of Pakistan.

1.3 Summary of significant transactions and events affecting the Company's financial position and performance

During the year, Honorable Prime Minister of Pakistan, during his visit to Karachi on 12 August 2017, announced Karachi Package that includes the following projects:

- a) Reconstruction of Mangopir Road from Jam Chakro to Banaras 8.10 KM;
- b) Reconstruction of Mango Pir Road from Banaras Chowk to Nishtar Road;
- c) Reconstruction of Nishtar Road from Tin Hatti to Napier Road;
- d) Rehabilitation / upgradation of existing fire station of Karachi Metropolitan Corporation (KMC); and
- e) Construction of Flyover at Sakhi Hassan, Five Star and KDA Roundabout along Shershah Suri Road.

Government of Pakistan has entrusted the Company with the responsibility to execute these projects of Karachi Package through PSDP allocation on behalf of the Government of Pakistan. These projects detail and the Company establishment charges in respect of these projects have been disclosed in Note 9.1 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

a) 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.

b) Preparation of financial statements under the Companies Act, 2017

The fifth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of the financial statements. The Companies Act, 2017 (including its Fifth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

c) Accounting Convention

These financial statements comprise statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows together with explanatory notes and have been prepared under the historical cost convention except for certain financial assets and liabilities which are stated at fair value or amortized cost as applicable.

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

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan and the Companies Act, 2017, requires management 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. Estimates and judgments are

continuously evaluated and are based on historical experience including expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The areas where required assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- a) Depreciation on property and equipments {Note 2.3(c)}
- b) Recoverable amount of the assets {Note 2.3(m)}
- c) Provision for doubtful debts / bad debts {Note 2.3(j)}

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.

2.2 New and Amended Standards and Interpretations

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

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

International Accounting Standard ('IAS') 7, 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after 01 January 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. There is no impact of this amendment on these financial statements.

b) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2017 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

IFRS 9, 'Financial instruments': (effective for periods beginning on or after 01 January 2018). This standard has been notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after 01 July 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of the standard.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after 01 July 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company is yet to assess the full impact of the standard.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.3 Significant Accounting Policies

a) Employee benefit

The Company operates an unfunded provident fund scheme covering all its employees who are eligible. Equal monthly contributions are made both by the Company and employees at the rate of 3 percent of the basic salary to the fund. The Company's contributions to the fund are charged to statement of profit or loss.

b) Income tax

The Company has been allotted Free Tax Number from Federal Board of Revenue (FBR) whereby the income of the Company is exempt from tax under Section 49 of the Income Tax Ordinance, 2001. Therefore, no provision for taxation has been made in these financial statements and as a result temporary differences do not arise and deferred tax is not recorded.

c) Property and equipments

Recognition

These are stated at cost less accumulated depreciation and impairments, if any. Cost of property and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Major renewals and improvements are capitalized while normal replacements, repairs and maintenance are charged to statement of profit or loss.

Depreciation

Depreciation on property and equipment is charged to statement of profit or loss applying the straight line method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 3. Depreciation on additions and disposals during the year is charged from the month of addition to the month of disposal. When parts of an item of asset have different useful lives, they are accounted for as separate item in property and equipment. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss on disposal of property and equipment are determined by comparing proceeds with the carrying amount. These are taken to the statement of profit or loss currently.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

e) Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

f) Share capital

Ordinary shares are classified as share capital.

g) Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

h) Government Development Fund

Receipts in excess of cost incurred and advances to contractors on government projects, assigned to the Company for execution and recognized service revenue on government projects are classified as due to government under current liabilities.

i) Revenue recognition

Service revenue in respect of execution of government projects is recognized by reference to the stage of completion of the respective project using the percentage of completion method. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract.

Other revenue

- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.
- Tender fee is recognized on receipt basis.

j) Provisions

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

k) Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the statement of profit or loss.

l) Financial instruments

Financial instruments carried on the statement of financial position include deposits and other receivables, accrued interest on bank deposits, cash and bank balances, trade and other payables and Government development Fund etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the statement of profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

m) Impairment

i) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

n) Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

o) Earnings per share - Basic and Diluted

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated if there is any potential dilutive effect on the Company's reported net profit or loss.

p) Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

q) Related party transactions

All related party transactions are made on terms equivalent to those that prevail in arm's length transactions.

3. PROPERTY AND EQUIPMENT

2018					
	Furniture, fixture & fittings	Computer equipment	Vehicles	Office equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2017					
Cost	2,108,436	2,118,332	24,433,188	885,880	29,545,836
Accumulated depreciation	(469,151)	(925,502)	(5,109,278)	(196,047)	(6,699,978)
Net book value	1,639,285	1,192,830	19,323,910	689,833	22,845,858
Year ended 30 June 2018					
Opening net book value	1,639,285	1,192,830	19,323,910	689,833	22,845,858
Additions - at cost	1,002,500	687,671	4,200,000	751,500	6,641,671
Deletions					
Cost	-	(370,500)	-	-	(370,500)
Accumulated depreciation	-	268,613	-	-	268,613
	-	(101,887)	-	-	(101,887)
Depreciation charge	(403,865)	(662,219)	(4,242,478)	(212,507)	(5,521,069)
Closing net book value	2,237,920	1,116,395	19,281,432	1,228,826	23,864,573
As at 30 June 2018					
Cost	3,110,936	2,435,503	28,633,188	1,637,380	35,817,007
Accumulated depreciation	(873,016)	(1,319,108)	(9,351,756)	(408,554)	(11,952,434)
Net book value	2,237,920	1,116,395	19,281,432	1,228,826	23,864,573
Depreciation rate per annum	15%	30%	15%	15%	

2017					
	Furniture, fixture & fittings	Computer equipment	Vehicles	Office equipment	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
As at 01 July 2016					
Cost	1,818,996	1,817,058	18,188,688	885,880	22,710,622
Accumulated depreciation	(166,872)	(452,772)	(2,374,023)	(63,165)	(3,056,832)
Net book value	1,652,124	1,364,286	15,814,665	822,715	19,653,790
Year ended 30 June 2017					
Opening net book value	1,652,124	1,364,286	15,814,665	822,715	19,653,790
Additions - at cost	289,440	301,274	6,244,500	-	6,835,214
Depreciation charge	(302,279)	(472,730)	(2,735,255)	(132,882)	(3,643,146)
Closing net book value	1,639,285	1,192,830	19,323,910	689,833	22,845,858
As at 30 June 2017					
Cost	2,108,436	2,118,332	24,433,188	885,880	29,545,836
Accumulated depreciation	(469,151)	(925,502)	(5,109,278)	(196,047)	(6,699,978)
Net book value	1,639,285	1,192,830	19,323,910	689,833	22,845,858
Depreciation rate per annum	15%	30%	15%	15%	

3.1 Property and equipment includes assets transferred from Special Project Management Unit (SPMU) accounted for at Rupee 1.

4. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2018 Rupees	2017 Rupees
Security deposit	4.1	400,000	200,000
Prepayments		1,453,807	5,405,735
Tender fee due from government		2,127,126	-
		<u>3,980,933</u>	<u>5,605,735</u>

4.1 It represents an amount paid as security deposit to Pakistan State Oil Company Limited for issuance of fuel cards.

5. CASH AND BANK BALANCES

Cash in hand		38,238	-
Cash at bank - current accounts		881,355,765	677,331,959
Cash at bank - saving accounts	5.1 & 5.2	479,602,958	589,491,751
		<u>1,360,996,961</u>	<u>1,266,823,710</u>

5.1 It includes an amount of Rupees 4.880 million (2017: Rupees 2.324 million) deposited in a separate bank account maintained against provident fund.

5.2 These bank accounts carry profit at rates ranging from 4.75% to 5.50% (2016: 4.75% to 5.50%) per annum.

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2,000,000 (2017: 2,000,000) ordinary shares of Rupees 10 each fully paid in cash	6.1	<u>200,000,000</u>	<u>200,000,000</u>
--	-----	--------------------	--------------------

6.1 These ordinary shares are beneficially owned by Government of Pakistan through Secretary Ministry of Finance and by nominee directors.

7. STAFF RETIREMENT BENEFIT

Provident fund balance	7.1	<u>4,953,452</u>	<u>2,357,068</u>
------------------------	-----	------------------	------------------

7.1 Movement in provident fund balance:

Balance as at 01 July		2,357,068	755,844
Company's contribution		1,264,503	784,305
Employees' contribution		1,264,503	784,305
Interest on bank deposit accrued during the year		120,505	59,136
		2,649,511	1,627,746
Less: payment made during the year		(53,127)	(26,522)
	7.1.1	<u>4,953,452</u>	<u>2,357,068</u>

7.1.1 This represents the balance of provident fund maintained in a separate bank account.

8. TRADE AND OTHER PAYABLES	Note	2018 Rupees	2017 Rupees
Accrued expenses		921,540	929,469
Retention money	8.1	606,187,555	330,380,886
Withholding income tax payable		36,191,454	29,361,945
Withholding general sales tax payable		46,890	98,951
		<u>643,347,439</u>	<u>360,771,251</u>

8.1 Retention money represents the amounts retained from progress billings of contractors which will be paid on satisfaction of conditions specified.

9. GOVERNMENT DEVELOPMENT FUND

Balance as at 01 July		720,232,774	1,122,730,409
Fund received during the year - net		7,978,600,567	4,767,678,542
Less: Development cost incurred during the year	9.1	(7,756,598,611)	(4,428,841,704)
Less: Service revenue recognized during the year		(62,140,647)	(35,091,467)
Less: Advance to contractors during the year		(359,724,363)	(706,243,006)
Balance as at 30 June		<u>520,369,720</u>	<u>720,232,774</u>

Represented by:

Funds received		15,122,773,526	7,144,172,959
Less: Projects' development cost incurred		(12,991,456,572)	(5,234,857,961)
Less: Company's establishment cost recognized		(104,078,806)	(41,938,159)
Less: Advance to contractors		(1,506,868,428)	(1,147,144,065)
		<u>520,369,720</u>	<u>720,232,774</u>

9.1 Government development fund represents the balance of government projects being executed by the Company on behalf of Government of Pakistan. As at the reporting date, the Company has been entrusted to execute the following projects of the Government of Pakistan:

- (a) Green Line Bus Rapid Transport System {Project 1};
- (b) Reconstruction of Mangopir Road from Jam Chakro to Banaras 8.10 KM {Project 2};
- (c) Reconstruction of Mango Pir Road from Banaras Chowk to Nishtar Road {Project 3};
- (d) Reconstruction of Nishtar Road from Tin Hatti to Napier Road {Project 4};
- (d) Rehabilitation / upgradation of existing fire station of Karachi Metropolitan Corporation (KMC) {Project 5}; and
- (e) Construction of Flyover at Sakhi Hassan, Five Star and KDA Roundabout along Shershah Suri Road {Project 6}.

9.2 The projects current status and details are as undars:

Description	2018						
	Government Development Projects						
	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Project development cost as per PC-I	24,408,512,255	2,558,000,000	1,156,000,000	858,000,000	1,876,000,000	2,950,950,000	33,807,462,255
KIDCL establishment charges as per PC-I	195,544,572	43,060,000	37,800,000	27,670,000	17,290,000	39,503,446	360,868,018
Total project development cost as per PC-I	<u>24,604,056,827</u>	<u>2,601,060,000</u>	<u>1,193,800,000</u>	<u>885,670,000</u>	<u>1,893,290,000</u>	<u>2,990,453,446</u>	<u>34,168,330,273</u>
Development contract cost incurred to date:							
Design & supervision	398,894,893	-	-	-	-	-	398,894,893
Utilities relocation	613,987,745	-	-	-	-	-	613,987,745
Track work & infrastructure development	11,949,102,982	-	-	-	-	-	11,949,102,982
Land acquisition for project	29,470,952	-	-	-	-	-	29,470,952
	<u>12,991,456,572</u>	-	-	-	-	-	<u>12,991,456,572</u>
KIDCL establishment charges recognized to date	104,078,806	-	-	-	-	-	62,140,647
Advance to contractors	794,866,499	172,373,462	374,234,928	60,666,665	-	104,726,874	1,506,868,428
Stage of completion (%)	53.23%	0%	0%	0%	0%	0%	0%
Method of stage of completion	<i>Cost incurred to date</i>						

Description	2017						
	Government Development Projects						
	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Project development cost as per PC-I	24,408,512,255	-	-	-	-	-	24,408,512,255
KIDCL establishment charges as per PC-I	195,544,572	-	-	-	-	-	195,544,572
Total project development cost as per PC-I	<u>24,604,056,827</u>	-	-	-	-	-	<u>24,604,056,827</u>
Development contract cost incurred to date:							
Design & supervision	231,880,688	-	-	-	-	-	231,880,688
Utilities relocation	460,959,123	-	-	-	-	-	460,959,123
Track work & infrastructure development	4,531,674,598	-	-	-	-	-	4,531,674,598
Land acquisition for project	10,343,552	-	-	-	-	-	10,343,552
	<u>5,234,857,961</u>	-	-	-	-	-	<u>5,234,857,961</u>
KIDCL establishment charges recognized to date	41,938,159	-	-	-	-	-	41,938,159
Advance to contractors	1,147,144,065	-	-	-	-	-	1,147,144,065
Stage of completion (%)	21.45%	0%	0%	0%	0%	0%	0%
Method of stage of completion	<i>Cost incurred to date</i>						

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Al-Noor Builders & Construction HUB (Private) Limited and Gul Construction Company (Joint Venture) ('Plaintiff') has filed an appeal against the Company vide Suit No. 1056 dated 11 May 2018 in the Honorable High Court of Sindh against disqualification from the tender process at the stage of technical evaluation. The tender was issued for construction of BRT common corridor and underground facility at Numaish M.A Jinnah Road, contract package No. KAR/BRTS/GL16. The Plaintiff is seeking an injunction against the opening of finance bid of the successful bidder. No injunction has been granted by the honorable court till the reporting date and the suit is currently ending at the stage of hearing of applications. The Plaintiff has also prayed for damages amounting to Rupees 50 million. The Company in consultation with its legal advisor is confident of favorable outcome on this matter. The Company is indirectly involved in this litigation as it is executing projects on behalf of the Government of Pakistan. Any adverse consequences thereof have to be borne by the Government of Pakistan.

10.2 Commitments	Note	2018 Rupees	2017 Rupees
Commitments to contractors		<u>11,554,774,809</u>	<u>8,473,895,479</u>

11. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	11.1	64,894,114	37,817,842
Stationery, printing and publication		611,274	357,404
Newspapers and periodicals		24,274	16,672
Depreciation	3.1	5,521,069	3,643,146
Auditors' remuneration	11.2	654,000	654,000
Communication charges		714,529	1,170,549
Travelling and conveyance		2,863,936	2,150,497
Advertisement		4,666,209	3,079,393
Utilities expense		1,896,946	1,405,184
Repairs and maintenance		3,920,585	2,063,803
Rent expense		4,085,634	3,804,745
Insurance		1,333,432	1,088,717
Conveyance charges		610	14,000
Law charges		1,840,050	-
Loss on disposal of office equipment		71,888	-
Bank charges		1,750	3,848
Miscellaneous expenses		2,532,989	860,884
		<u>95,633,289</u>	<u>58,130,684</u>

11.1 This includes an amount of Rupees 1.265 million (2017: Rupees 0.784 million) representing the contribution made by the Company to the Staff Provident Fund.

11.2 Auditors' remuneration	2018 Rupees	2017 Rupees
Audit fee	500,000	500,000
Out of pocket expenses	55,556	60,000
Sindh sales tax	44,444	40,000
	600,000	600,000
Tax services	54,000	54,000
	654,000	654,000

12. OTHER INCOME

Income from financial assets

Interest income from saving account	24,194,340	65,401,387
-------------------------------------	-------------------	------------

Income from assets other than financial assets

Tender fee income	1,695,000	797,000
	25,889,340	66,198,387

13. TAXATION

The Federal Board of Revenue (FBR) has allotted Free Tax Number (FTN) to the Company under Section 49 of the Income Tax Ordinance, 2001 whereby the income of the Company is exempt from tax. Therefore, no provision for taxation has been made in these financial statements and as a result temporary differences do not arise and deferred tax is not recorded.

14. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on basic (loss) / earnings per share which is based on:

(Loss) / profit for the year (Rupees)	(7,603,302)	43,159,170
Weighted average number of ordinary shares (Number)	2,000,000	2,000,000
(Loss) / earnings per share basic and diluted (Rupees)	(3.80)	21.58

16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of principal shareholder (Government of Pakistan), directors, key management personnel, entities over which the directors are able to exercise influence. Transactions with related parties other than those disclosed in Note 15 and the balances outstanding at the year end are given below:

Relationship with the Company	Nature of transaction		
i. Principal shareholder	Fund received during the year - net	7,978,600,567	4,767,678,542
	Tender fee paid to government	2,127,126	-
	Receivable / (payable) balance		
ii. Principal shareholder	Government development fund	(520,369,720)	(720,232,774)
	Tender fee due from government	2,127,126	-
	Name of party	Basis of relationship	Percentage of shareholding
	Government of Pakistan	Shareholding	100%

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

17.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date.

No foreign currency transactions were carried out during the year. Therefore, no currency risk exist at the statement of financial position.

Sensitivity analysis

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and liabilities at the reporting date.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to this risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. As there is no borrowings of the Company so there is no interest rate exposure to the Company.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2018	2017
	Rupees	Rupees
Fixed rate instruments :		
Financial assets	-	-
Floating rate instruments :		
Financial assets		
Cash at bank - saving account	479,602,958	589,491,751
Financial liabilities	-	-

Fair value sensitivity analysis for variable rate instruments

As at 30 June 2018, if market interest rates had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been higher / lower by Rupees 4,796,030 (2017: Rupees 5,894,918).

(b) 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. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Deposits and other receivables	2,527,126	200,000
Accrued interest on bank deposits	11,826,872	27,687,820
Bank balances	1,360,958,723	1,266,823,710
	<u>1,375,312,721</u>	<u>1,294,711,530</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating			2018	2017
	Short Term	Long Term	Agency	Rupees	Rupees
National Bank of Pakistan	A1+	AAA	JCR-VIS	1,360,958,723	1,266,823,710

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient bank balance. At 30 June 2018, the Company had cash and bank balances of Rupees 1,360,996,961 (2017: Rupees 1,266,823,710). Following are the contractual maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2018

	Trade and other payables	Government development fund	Total
Carrying Amount	607,109,095	520,369,720	1,127,478,815
Contractual Cash Flows			
6 month or less	608,410,331	2,027,238,148	2,635,648,479
6 months to 12 months	-	-	-
More than 1 year	-	-	-
	608,410,331	2,027,238,148	2,635,648,479

Contractual maturities of financial liabilities as at 30 June 2017

	Trade and other payables	Government development fund	Total
Carrying Amount	331,310,355	1,867,376,839	2,198,687,194
Contractual Cash Flows			
6 month or less	331,310,355	1,867,376,839	2,198,687,194
6 months to 12 months	-	-	-
More than 1 year	-	-	-
	331,310,355	1,867,376,839	2,198,687,194

17.2 Recognized fair value measurements

(a) Financial Assets

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no financial asset and financial liability to be reported under above levels as the carrying amounts of all financial assets and financial liabilities presented in these financial statements are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

(b) Non-Financial Assets

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

17.3 Financial instruments by categories

As at 30 June 2018

Assets as per reporting

Deposits and other receivables
Accrued interest on bank deposits
Cash and bank balances

Loans and receivables	Total
Rupees	Rupees
2,527,126	2,527,126
11,826,872	11,826,872
1,360,996,961	1,360,996,961
1,375,350,959	1,375,350,959

Financial liabilities at amortized cost

Trade and other payables
Government development fund

Rupees
607,109,095
520,369,720
1,127,478,815

As at 30 June 2017

Assets as per reporting

Deposits and other receivables
Accrued interest on bank deposits
Cash and bank balances

Loans and receivables	Total
Rupees	Rupees
200,000	200,000
27,687,820	27,687,820
1,266,823,710	1,266,823,710
1,294,511,530	1,294,511,530

Financial liabilities at amortized cost

Trade and other payables
Government development fund

Rupees
331,310,355
720,232,774
1,051,543,129

17.4 Off setting financial assets and liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

18. NUMBER OF EMPLOYEES

The number of employees during the year is as follows:

	2018		2017	
	At year end	Average	At year end	Average
Number of employees				
- Permanent	2	2	2	2
- Contractual	47	41	36	34

19. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on 29 OCT 2018 by the Board of Directors of the Company.

20. GENERAL

20.1 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made, except for the following:

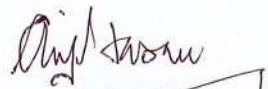
From	To	Rupees
Advances to sub contractors	Government development fund	<u>1,147,144,065</u>

During the year, the nomenclature of "Due to customer for contract work" has been changed to "Government development fund".

20.2 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER


DIRECTOR