



**Sialkot  
International  
Airport  
Limited**



**ANNUAL REPORT**

**2021**





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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



**Being one of the most challenging year when world has seen the economy slashing terribly because of the Covid-19 pandemic, 2020-21 was particularly difficult in different ways for aviation industry.**

Mass vaccination and emergence of multiple safety measures has become the basis to foresee the short haul in international traffic recovering faster than long haul and so is the leisure against business. In order to prepare for this exciting future, we are improving the groundwork with latest installations like AFL System to keep the runway light-up as per requirements. Medical labs for facilitating the UAE bound passengers were also set up at SIAL on war-footing basis. Likewise, passengers and cargo operations are showing upward trend & probability of more progress is in sight.

Superlative services are being provided at SIAL to the flyers and exporters of 3rd largest export hub (Sialkot, Gujrat and Gujranwala) of Pakistan. Renowned Airlines i.e. Emirates Airline, Gulf Air, Qatar Airways, Fly Dubai, Air Arabia, Saudi Gulf, Salam Air and PIA entrusted SIAL and benefiting from the best handling services at SIAL. Other potential Airlines like Turkish Air, British Airways, Sri Lankan Airline, Jazeera Airways and Saudi Airline are also contacting to start their flight operation to/from SIAL.

By the grace of Allah Almighty, I can very humbly state that SIAL is an established brand but we continue to strive for improvement in every aspect of our operations. I also want to commend every member of SIAL for their hard work and every segment of the company that has been instrumental in building the world-over image of SIAL.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Chairman

# CEO'S MESSAGE



**The Annual Audit (FY2020-21) assessed the SIAL's Management System; validating its effective approach to managing cost, risk, and performance against best industry practices.**

Whereas the COVID-19 pandemic has continued to have a severe impact on the aviation industry and airport community, SIAL remains committed to keeping the airport open as an essential service, with our operational response guided by the principles to protect our people and the business whilst continuing 'to make SIAL proud every day'.

We are hopeful that with the unflinching support of our customers, dedication of our staff and continued support of Government of Pakistan, we will emerge stronger for the better times ahead.



**Amjad Ali Toor**  
Chief Executive Officer

Sialkot: September 24, 2021

# MILESTONES

- **02-02-2001:** - Approval by President of Islamic Republic of Pakistan.
- **26-02-2001:** - MOU signed between PCAA and SCCI.
- **12-06-2001:** - SIAL was incorporated as a non-listed Public Ltd Company.
- **23-1-2003:** - Project of the Airport started.
- **18-12-2003:** - Ground Breaking Ceremony by the Chief Minister of Punjab.
- **26-3-2005:** - First testing Aircraft landed.
- **29-9-2007:** - First proving flight of Air Blue landed.
- **20-10-2007:** - Second proving flight of PIA landed.
- **29-10-2007:** - Issuance of Public Aerodrome License (Domestic/International operations).
- **30-11-2007:** - PIA started Domestic Passenger Operations.
- **11-12-2007 :-** Inauguration of the Airport by President of Pakistan.
- **05-08-2008:** - Ground Handling Certificate obtained.
- **27-10-2008:** - Qatar Airways started Cargo operations.
- **18-7-2009:** - Shaheen Air started Passenger flights.
- **13-11-2009:** - Hajj Operation started.
- **20-11-2012:** - Permission granted by the Federal Government to foreign carriers for starting operations to/from SIAL.
- **11-1-2013:** - First Foreign Carrier (Air Arabia) started daily Passenger Flight to Sharjah.
- **13-3-2013:** - Fly Dubai started three weekly passenger flights to Dubai (Daily flight w.e.f. 13th August 2015).
- **5-11-2013:** - Emirates started four weekly passenger flights to Dubai (Daily flight w.e.f. 1st September 2015).
- **17-1-2014:** - Gulf Air started two weekly passenger flights to Bahrain.
- **13-6-2014:** - RA3 validation from European Union for movement of Cargo to European countries.
- **16-7-2015:** - Qatar Airways started 4 weekly passenger flights to Doha.

# MILESTONES

- **20-3-2016:-** 2nd largest Russian Cargo Aircraft, Antonov-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).
- **08-01-2018:-** Inauguration of International Passenger Terminal Building by Prime Minister of Pakistan.
- **19-11-2018:-** Project of construction of Link Taxiway No. 02, New Dumbbell at 22-End and repair of Existing Runway started.
- **20-01-2019:-** Start of PIA flight from/to Europe (Paris-Barcelona-Sialkot-Paris-Barcelona).
- **12-02-2019:-** Finalization and Award of contract of Perimeter Intrusion Detection System. After Lahore, SIAL will be the first Airport having this Intruder Alarm System. It was completed on 06-15-2020.
- **11.09.2019 :-** Start of PIA direct flight from/to London (Heathrow-Sialkot-Heathrow)
- **05-12-2019:-** Start of PIA direct flight from / to Milan (Sialkot-Paris-Milan)
- **11-06-2020:-** Repair of existing runway completed.
- **12-06-2020:-** Construction of New Dumbbell at 22 end completed.
- **15-07-2020: -** Communication, Navigation Surveillance (CNS) Engineering Manual prepared as Per Requirement of PCCA Regulatory.
- **15-07-2020: -** State of the art CUTE Check-in/Boarding & BRS System renewed by SITA for next 5 years.
- **23-12-2020:-** 1 MW Solar Power Plant made operational.
- **16-01-2021: -** Construction of a fully mechanized Block for Main Store of SIAL.
- **14-06-2021: -** Ground Breaking Ceremony of Constructing 4/5 Star Hotel held at SIAL by Ramada Plaza (Multinational Hotel Chain).

# 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 14th year of its operations, it has graduated from limited passenger and cargo operations to become one of busiest international airport of the Country and growing.**

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 (SCC&I). 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.

Groundbreaking 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. Before Covid-19 pandemic, 8 carriers operating to one domestic and 10 international destinations with about 60 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 from Lahore to Sambrial has already been opened for traffic. To extend it up to Kharian, Government has accorded the approval and work is being started. Moreover, 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

# COMPANY'S PROFILE

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.

Exporters of the 3rd largest exporting hub of Pakistan (Gujranwala, Gujrat and Sialkot) sincerely want to export their products to almost all over the world via SIAL. Although sufficient arrangements for checking the cargo have been provided to meet the international standards but Customs department at SIAL is not equipped with the state of the art CT Explosive Detection System (EDS- HI-SCAN 100800 XCT HEIMANN X-Ray Inspection system). Placement of subject system through assistance of government is under process which will address the security concern and helpful in maintaining the quantum of export

via Sialkot International Airport. This equipment will enhance the security standard required by the EU for exports and enable exporters to send their cargo without any hindrance directly to Europe. It will also be helpful in eliminating narcotics and drug trafficking. Currently it is being done through K9 unit and physical checking of cargo which cause delay and damages to the exports. We are struggling to place the subject detection system.

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

**Khawaja Masood Akhtar**  
(Sitara-e-Imtiaz)

*Chairman*  
cm@sial.com.pk

**Mr. Sarfraz Ahmed Bhatti**

*Vice Chairman*  
vcm@sial.com.pk

**Mr. Amjad Ali Toor**

*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

**Mr. Nisar Ahmed**

*Airport Manager*  
apm@sial.com.pk

**LEGAL ADVISOR**

Cornelius Lane and Mufti (CL&M)  
Lahore

**AUDITORS**

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 20TH ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of Sialkot International Airport Limited (SIAL) is scheduled to be held on Thursday, October 28, 2021 at 3:00 afternoon at Sialkot International Airport Limited, to deal with the following matters:-

## Ordinary Business

1. To confirm the minutes of last AGM held on 28-10-2020
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2021 together with the reports of directors and auditors thereon.
3. To consider and approve 5% bonus shares for all shareholders of SIAL, as recommended by the Board of Directors for the year ended 30-6-2021.
4. To reappoint auditors for the year ending June 30, 2022 and to fix their remuneration. Being eligible, present auditors (M/S Yousuf Adil, Chartered Accountants) have consented to continue as auditors of the company for the year 2021-22.
5. To elect 365 directors of the Company as fixed by the BOD for the next term of three years commencing from October 30, 2021 in accordance with the provisions of section 159(1) of the Companies Act, 2017. Total number of retiring directors is 337.

## BY ORDER OF THE BOARD



**Muhammad Jahangir Khan**  
Company Secretary

Sialkot: October 07, 2021

## Notes

1. A member entitled to attend the meeting may appoint another member as his/her proxy to attend the meeting on his/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. Under the ongoing situation of Covid-19 Pandemic, Members may also attend the AGM via video link i.e. **ZOOM MEETING ID 786 100 7860 – password = sial**
3. Requests for shares transfers received by the close of business hours (05 PM) on October 21, 2021 will be considered in order. Any change in address / NTN, 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.
4. 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 withholding tax, if any, (for filer and non-filer) will be deducted as per prevailing Tax Laws.
5. The Company will also place the audited financial statements for the year ended 30-6-2021 alongside directors and Auditor's report on its website [www.sial.com.pk](http://www.sial.com.pk)

## 6. BOOK CLOSURE

The Member's Register will remain close from October 22, 2021 to October 28, 2021 (both days inclusive).

# DIRECTOR'S REPORT

We are pleased to present the 20th Annual Report of the Company together with Audited Financial Statement for the financial year ended 30-06-2021. This report has been prepared under Section 227 of the Companies Act, 2017 and will be placed at the 20th Annual General Meeting scheduled on October 28, 2021.

It is appreciable that unlike most of the other companies (specially in aviation sector) yielding no profit, and even have gone bankrupt in COVID time, SIAL by the grace of Allah the Almighty has posted a profit before taxation of Rs.320 million for the year ended 30-06-2021.

## PERFORMANCE REVIEW 2020-21

Having honour of gateway to the world SIAL has been charged with the power of fascinating customer experience. By showcasing its compliance with international aviation guidelines to preserve the health and safety of its staff and passengers, SIAL has elevated the airport experience and served passengers across the globe despite the challenges of the COVID-19 pandemic.

At the present time, management continues to closely monitor the impacts of the COVID-19 pandemic on passenger numbers, revenue, operating expenses, capital expenditures and interest rates. The figures at hand encourage the management to consider that the incidents like COVID-19 pandemic will not impact the ability of SIAL to remain solvent or to continue to operate as a going concern.

## OPERATIONAL REVIEW

### 1. Passenger Operations:-

Under the pandemic containment measures, the number of aircraft handled by SIAL declined by 33.49% as compared to figures registered for the year 2019-20. This reflects the impact of the suspension of scheduled passenger flights at SIAL in the year 2020-21. Besides the said cut in frequency of flights, sequel waves of COVID-19 leading to strict border closure / quarantine conditions have also reduced passengers' willingness to travel. Resultantly the total no. of Passengers embarked relatively remained down to 157352 (2019-20 = 337388).

On the other hand, the introduction of vaccine and practice of various precautionary measures to contain the pandemic is leading to positive developments in both domestic and international markets. Presently the flight operation has been started partially and is under process of improvement. The same is expected to embrace the normalcy in the fiscal year 2021-22 onwards.

SIAL continues to collaborate with airlines, Governments and agencies both domestically & internationally to develop a safe and sustainable pathway for the full resumption of domestic and international travel.

### 2. Cargo Operation –

Generally speaking, the untiring struggles amalgamated by business community of Sialkot around the smooth flow of air cargo have been rewarded in shape of an AFU mechanism at SIAL. Being sufficiently equipped with a variety of allied facilities, the unit has been accredited with RA-3 validation to handle the Europe Bound Cargo. The commendable historic coordination with the government has provided us with an approval for soonest placement of Explosive Detection System (EDS- HI-SCAN 100800 XCT HEIMANN X-Ray Inspection system) at SIAL that will definitely be beneficial to all the exporters of the 3rd largest exporting hub of Pakistan

# DIRECTOR'S REPORT

(Gujranwala, Gujrat and Sialkot). Likewise the necessary approvals have also been granted by FBR for loading and unloading of special goods.

Under the COVID based shrinking of markets, the adverse impact on cargo operation is being witnessed in the overall air cargo market over the year. Being affectee of the same, the export and import cargo handled by SIAL declined by 33.41% to 3039 tons and 34.94 % to 145 tons respectively. However with an increase in no. of cargo flights (from 23 to 52) cargo revenue of SIAL has been registered at Rs.78.268 million for FY 2020-21 as compared to Rs.119.373 million during corresponding period of last year.

## PERFORMANCE ANALYSIS 2020-21

SIAL has grown tremendously to become one of the busiest International Airport of the country. Due to extremely challenging environment on account of COVID-19, SIAL has attained an abatement in flight operation and revenue thereof during the year 2020-21.

Subject to requisite vaccination and compliance with measures to prevent COVID-19, the air travel advisories are being reviewed by most of the countries of the world. Accordingly the flight operation and other aeronautical activities are limping towards normalization. As per IATA slow air travel recovery continued in June 2021 amidst modest improvements in both domestic and international travel.

Under the above said testing circumstances but with profound guideline of BOD SIAL and great blessing of Allah (SWT), the Company earned before and after tax profit of Rs.320.736 million and Rs.224.833 million respectively during 2020-21 as against Rs.1369.562 million and Rs.973.872 million respectively for the previous year.

## DIVIDEND

During the year company distributed cash dividend @ 7% and bonus shares (stock dividend) at the rate of 20% (i.e. 10 % interim + 10 % final) of the paid up capital among its shareholders for the year ending June 30, 2020.

The operating results of the Company for the year ending 30-06-2021 are summarized as under:-

Items	2020-21 (Rupees in million)	2019-20 (Rupees in million)
Total Revenue	<b>1603.206</b>	2807.821
Profit before tax	<b>320.736</b>	1369.562
Profit after tax	<b>224.833</b>	973.872
Earnings per share	<b>69.40</b>	300.59

## HISTORICAL REVIEW

The balance sheet of the company has remained cogent especially over the years prior to outbreak of COVID-19. The continued cost discipline across the operations and impact of a wide range of cost savings initiatives implemented specially during the period of pandemic is exemplary.

# DIRECTOR'S REPORT

Following table of financial highlights of last six years are self-indicators: -

Heads	(Rupees are in millions)					
	2021	2020	2019	2018	2017	2016
Total Income	<b>1603.206</b>	2807.821	2913	2742.82	2472.63	2022.47
Total Expenses	<b>1282.470</b>	1438.259	1322.3	1165.96	950.34	751.23
Profit before Tax	<b>320.736</b>	1369.562	1590.7	1576.85	1522.29	1271.24
Provision for Taxation	<b>95.903</b>	395.69	488.56	516.45	501.55	438.32
Profit after Tax	<b>224.833</b>	973.872	1102.14	1,060.40	1,020.74	832.92
Earnings per Share	<b>69.4</b>	300.59	427.97	432.03	415.87	372.97

## DEVELOPMENT PLAN

Other than the restoration and expansion in flights operation, non-aeronautical avenues are also considered as an ancillary mean of business development. 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 already among the standing characteristics of SIAL. For the sake of capacity building, SIAL Staff is always kept updated on all the regulatory and administrative trainings. To ensure advance level of security, SIAL Parameters are continuously monitored through CCTV & Intrusion detection system – the first ever security system at airports in Pakistan. Likewise the placement of an advance inspection system “EDS” is under process. Whereas the business building through quality services and standard facilitation to both customers and carriers is a target of supreme importance. Formal procedure of Acquiring Land for extending the fence and construction of secondary runway in future has been completed and pending with DC Sialkot for issuance of notification under section 4 of the Land Acquisition Act, 1894. Signing of MOU and Ground Breaking Ceremony of a 04-05 Star Hotel has been done with Ramada Plaza (Hotel Chain). Construction Work will be kicked-off soon. Whereas State of the Art “SIAL (5) Elevation Plan” is in process of final vetting. Also it will address the manifold requirements like establishment of food courts by renowned chains, hassle free flow of vehicular traffic and much more.

### Major projects completed / Kicked-off are-

- After Complete installation and successful commissioning of under process 1 MW Grid Connected Solar PV Plant, SIAL will be the 1st ever airport of Pakistan which is partially being energized with Solar Energy System.
- Airfield Lightening & Associated Works (Phase-I) For Link Taxiway and Dumbbell at 22 End.
- Extension of Main gate and entrance road 2nd phase (One lane & 2nd lane)
- Construction of Main Store to control the inventory
- Extended Block of SIAL Secretariat
- Medium Level Workshop for instant repair of vehicles and Ground Handling equipment.

### Major projects to be undertaken in the Coming years are-

- Up-gradation of CCTV system into IP cameras at Departure area of level- 1 level-2
- Installation of under Vehicle Search System for the extended main entrance gate and roads.
- Extension of Arrival Hall in International Terminal Building
- High-Tech IT system to have Live Feed Back of passengers
- Consolidated Online Job Portal of SIAL

# DIRECTOR'S REPORT

## FUTURE OUTLOOK

The global economy is now looking for paths to recovery from the COVID-19 crisis. Likewise the GDP growth in Pakistan is set to ease in FY 2022. Slow recovery of Int'l Trade is being deemed fit as it will build pressure on domestic demand. However the prevalent risk of new variants of the virus is causing rising debt and geopolitical tensions almost everywhere.

To make SIAL the first choice of different airlines to resume / start their operation, we shall put the best in practice.

## 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 local community is always active; so is our participation in improvement of the environment. During the year on account of Charity & donation and Community Welfare under the subject initiative, an amount of Rs.9.473 million and Rs.801,962/- was donated respectively.

## APPOINTMENT OF AUDITORS

The existing Auditors of the Company (M/S 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 2021-22.

## BOARD MEETINGS

Five meetings of the BOD were held during the year 2020-21. 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 Committees (2019-20 = 14 and 2020-21 = 15) 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, especially in mitigating the devastating outcomes of the outbreak of COVID-19. 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 wholehearted 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



**Amjad Ali Toor**  
Chief Executive Officer

Sialkot: September 24, 2021

# ڈائریکٹرز رپورٹ

## کاروباری و سماجی ذمہ داری

پالیسی کے تحت SIAL کاروباری و سماجی ذمہ داری نبھانے میں اپنا کردار ادا کر رہا ہے۔ اس تناظر میں، کمپنی عملہ اور ان کے گھر والوں کے معیار زندگی کو بہتر بنانے پر بھرپور توجہ دیتا ہے۔ مقامی کمیونٹی کے لئے مراعات کی جانب SIAL فعال کردار ادا کرتا رہا ہے اور اسی طرح ہم ماحولیاتی بہتری میں بھی اپنا کردار ادا کرتے ہیں۔ خیرات و عطیات اور معاشرتی فلاح کی مدد میں سال بھر کے دوران بالترتیب 9.473 ملین روپے اور 801,862 روپے عطیہ کئے گئے ہیں۔

## آڈیٹرز کی تقرری

کمپنی کے موجودہ آڈیٹرز میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس ریٹائر ہو جائیں گے اور آئندہ سالانہ اجلاس عام میں اہلیت کی بنا پر 2021-22 کے لئے کمپنی کے آڈیٹرز کی حیثیت سے اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔

## بورڈ اجلاس

مالیاتی سال 2020-21 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ بورڈ آف ڈائریکٹرز میں ڈائریکٹرز کی زیادہ تعداد (365) ہونے کے باعث ان کی حاضری کی تفصیلات یہاں بیان نہیں کی گئی ہیں۔ مصروفیت کی بنا پر بورڈ اجلاسوں میں غیر حاضر رہنے والے ڈائریکٹرز کو رخصت عنایت کی گئی۔

## بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز کی تمام کمیٹیاں (2019-20: 14 اور 2020-21: 15) تشکیل دی گئی ہیں اور اپنی مقررہ ذمہ داریاں انتہائی خوش اصولی سے سرانجام دے رہی ہیں۔

## اعتراف

کمپنی کے بورڈ آف ڈائریکٹرز وفاقی و صوبائی حکومت (پنجاب)، ضلعی سطح پر مختلف محکموں، ہوابازی ڈویژن، فیڈرل بورڈ آف ریونیو، سول ایوی ایشن اتھارٹی، ایف آئی اے (ایئر لائن)، اے ایس ایف، اے این ایف، کسٹمز، میٹروپولیٹن ڈیپارٹمنٹ، متعلقہ بینک اور مالیاتی اداروں کی خصوصاً کرونا وائرس حملہ کے نتائج سے بحالی کے لئے مسلسل حمایت اور تعاون کا شکریہ ادا کرتے ہیں۔ بورڈ کمپنی کے کاروباری شراکت داروں، ایئر لائنز، برآمد اور درآمد کنندگان، فریٹ فارورڈرز اور متعلقہ فریقین کی ہمارے آپریشنز کے ساتھ گراں قدر ایسوسی ایشن کی بھی حوصلہ افزائی کرتا ہے۔

ڈائریکٹرز کمپنی پر اعتماد اور بھروسہ کے لئے اپنے شیئر ہولڈرز کا بھی تہہ دل سے شکریہ ادا کرتے ہیں۔ آخر میں، ہم کمپنی کے ایگزیکٹوز، افسران اور عملہ کے جذبہ اور عزم کے ساتھ SIAL کی تعمیر و ترقی میں کردار پر تہہ دل سے شکریہ ادا کرتے ہیں۔ یہ نتائج ان کی ان تھک محنت کی وجہ سے ہی ممکن ہوئے ہیں۔ ہم اللہ تعالیٰ سے دعا کرتے ہیں کہ ہماری کمپنی اور وطن کی خوشحالی کے لئے نعمتیں بھراور ہوتی رہیں۔

برائے/مخائب بورڈ آف ڈائریکٹرز

امجد علی طور

چیف ایگزیکٹو آفیسر

سیالکوٹ: 24 ستمبر 2021ء

# ڈائریکٹرز رپورٹ

## ترقیاتی منصوبہ

فلائٹ آپریشنز کی بحالی اور توسیع کے علاوہ غیر ہوائی ایوی ایشنز کا روباری ترقی کے اہم ذرائع شمار کئے جاتے ہیں۔ بنیادی ڈھانچہ میں ترقی کے لئے ماسٹر پلان توجہ کا مرکز نگاہ ہے۔ ماضی میں مذکورہ منصوبہ پر عمل درآمد کے دوران ICAO اور PCAA قواعد اور ہدایات عالمی معیار کے ایکویومنٹ اور آپریشنل سسٹم کا حصول SIAL کی بہترین خصوصیات میں سے ایک ہے۔ صلاحیت میں اضافہ کی غرض سے SIAL کا عملہ تمام ریگولیشنز اور انتظامی تربیت سے لیس ہے۔ تحفظ کی اعلیٰ سطح کو یقینی بنانے کے لئے SIAL پیرامیٹرز کو CCTV اور انٹروژن سرخ رساں نظام کے ذریعے مسلسل نگرانی میں رکھا جاتا ہے۔ یہ پاکستان کے ہوائی اڈوں میں سب سے پہلا سیکورٹی سسٹم ہے۔ اسی طرح سے قبل از وقت معائنہ کا نظام "EDS" تیسری کے مراحل میں ہے۔ معیاری خدمات اور سہولیات کے ذریعے کاروباری ترقی صارفین اور کیریئرز کے لئے انتہائی اہمیت کی حامل ہے۔ حفاظتی باڑ میں توسیع کے لئے اراضی کے حصول اور مستقبل میں ثانوی رن وے کی تعمیر کا باقاعدہ طریقہ کار وضع کر لیا گیا ہے اور حصول اراضی ایکٹ 1984ء کے سیکشن 4 کے تحت DC سیالکوٹ سے نوٹیفیکیشن کا اجراء ہوا ہے۔ رما داپلازہ ہوٹل کے ساتھ 04/05 سٹار ہوٹل کی تعمیر کیلئے گراؤنڈ بریکنگ مکمل ہو چکی ہے اور MOU پر دستخط کر لئے گئے ہیں۔ تعمیراتی کام کا جلد آغاز ہو جائے گا۔ جب کہ عالمی معیار کا "SIAL ایلیوشن پلان" حتمی منظوری کے عمل میں ہے۔ اس کی مدد سے کئی سہولیات فراہم کی جائیں گی جیسا کہ معروف فوڈ کورٹس کا قیام اور گاڑیوں کے بے ہنگم رز سے بچاؤ وغیرہ شامل ہیں۔

## مکمل / زیر تعمیر کئی منصوبے مندرجہ ذیل ہیں:

- 1 میگا واٹ گرڈ سے منسلک سولر PV پلانٹ کی مکمل تنصیب اور کامیاب کمیشننگ۔ SIAL کو پاکستان کا اولین ایئر پورٹ بننے کا اعزاز حاصل ہے جسے جزوی طور پر سولر انرجی سسٹم سے توانائی مہیا کی جاتی ہے۔
- لنک ٹیکسی ویز اور ڈیمیل واقع 22 END کے لئے ایئر فیلڈ لائٹنگ اور متعلقہ کام (فیئر-آئی) کی تکمیل
- مرکزی دروازہ اور استقبال روڈ دوسرا مرحلہ توسیعی (ایک اور دورویہ)
- انونیشنز کنٹرول کے لئے مرکزی سٹور کی تعمیر
- SIAL سیکریٹریٹ کا توسیعی بلاک
- گاڑیوں کی فوری مرمت کے لئے درمیانے درجے کی ورک شاپ اور گراؤنڈ ہینڈلنگ سامان وغیرہ

## زیر غور اہم منصوبے

- لیول 1 اور لیول 2 پر روانگی کے مقام میں CCTV سسٹم کی IP کیمروں میں توسیع
- مرکزی استقبال روڈ کے دروازے اور سڑکوں پر گاڑیوں کے نیچے تلاشی کے لئے نظام کا قیام
- بین الاقوامی ٹرمینل عمارت میں آمد ہال کی توسیع
- مسافروں کے بروقت تبصرہ کے لئے ہائی ٹیک آئی ٹی سسٹم
- SIAL کا جامع آن لائن جاب پورٹل

## مستقبل کا منظر نامہ

عالمی معیشت کرونا وائرس بحران سے بحالی کی جانب گامزن ہے۔ اسی طرح سے پاکستان کی شرح نمو مالیاتی سال 2022ء میں بہتر ہونے کا امکان ہے۔ بین الاقوامی تجارت کی سست بحالی بہتر قراوردی جاری ہے اور اس طرح ملکی طلب پر دباؤ میں اضافہ ہوگا۔ تاہم وائرس کی نئی اقسام کا متوقع حملہ قرضوں کو بڑھانے اور جیو پالیٹیکل اضطراب بڑھانے کا باعث بنیں گی۔

مختلف ایئر لائنز کے آپریشنز کی بحالی/آغاز میں SIAL کو پہلا انتخاب بنانے کے لئے ہم ہر ممکن کوشش کریں گے۔

# ڈائریکٹرز رپورٹ

## کارکردگی کا جائزہ - 2020-21

SIAL ملک کا ایک اہم اور مصروف بین الاقوامی ہوائی اڈہ بن چکا ہے۔ کرونا وائرس کی وجہ سے انتہائی مشکل حالت کے باعث SIAL نے سال 2020-21 کے دوران فلائٹ آپریشنز اور آمدنی میں کمی دیکھی ہے۔

لازمی ویکسی نیشن اور کرونا وائرس کے تدارک کے لئے احتیاطی تدابیر پر عمل درآمد کے باعث ایئر ٹریول ایڈوائزر یز پر دنیا کے اکثر ممالک نے نظر ثانی کی ہے۔ اسی طرح سے فلائٹ آپریشن اور دیگر ہوائی سرگرمیاں آہستہ آہستہ بحالی کی جانب گامزن ہیں۔ IATA کے مطابق ملکی و غیر ملکی سفر میں نمایاں بہتری کے دوران جون 2021ء میں کسی حد تک ہوائی سفر کی بحالی ہوئی ہے۔

مذکورہ بالا نامساعد حالات کے باعث SIAL کے بورڈ آف ڈائریکٹرز کی ہدایات اور اللہ سبحانہ و تعالیٰ کے فضل و کرم سے کمپنی نے مالیاتی سال 2020-21 کے دوران نفع بمعہ اور علاوہ ٹیکس بالترتیب 320.736 ملین روپے اور 224.833 ملین روپے رہا جو گذشتہ برس کی اسی مدت کے دوران 1369.52 ملین روپے اور 973.872 ملین روپے تھا۔

سال بھر میں کمپنی نے 30 جون 2020ء کو اختتام پذیر سال کے لئے اپنے شیئر ہولڈرز کو 7 فی صد کی شرح سے نقد منافع منقسمہ اور ادا شدہ سرمایہ 20 فی صد (یعنی 10 فی صد عبوری + 10 فی صد حتمی) کی شرح سے بونس حصص (سٹاک منافع منقسمہ) تقسیم کیا ہے۔

30 جون 2021ء کو اختتام پذیر سال کے لئے کمپنی کے آپریٹنگ نتائج کا خلاصہ حسب ذیل ہے:

2019-20	2020-21	آئینہ
(ملین روپوں میں)		
2807.821	1603.206	کل آمدنی
1369.562	320.736	نفع بمعہ ٹیکس
973.872	224.833	نفع علاوہ ٹیکس
300.59	69.40	فی حصص آمدنی (روپے)

## ماضی پر ایک نظر

کمپنی کی بیلنس شیٹ کرونا وائرس کے حملہ سے قبل انتہائی موثر رہی۔ آپریشنز کے دوران لاگت کنٹرول اور خصوصاً وبا کے دوران کئے گئے لاگت کو بچانے کے اقدامات کا نفاذ بے مثال ہے۔ مندرجہ ذیل جدول میں گذشتہ چھ برس کے مالیاتی اعداد و شمار کا خلاصہ اس کی عکاسی کرتا ہے:

2016	2017	2018	2019	2020	2021	ہیڈز
(ملین روپوں میں)						
2022.47	2472.63	2742.82	2913	2807.821	1603.206	کل آمدنی
751.23	950.34	1165.96	1322.3	1438.259	1282.470	کل اخراجات
1271.24	1522.29	1576.85	1590.70	1369.562	320.736	نفع بمعہ ٹیکس
438.32	501.55	516.45	488.56	395.69	95.903	ٹیکسیشن
832.92	1020.74	1060.40	1102.14	973.872	224.833	نفع علاوہ ٹیکس
372.97	415.87	432.03	427.97	300.59	69.4	فی حصص آمدنی

# ڈائریکٹرز رپورٹ

30 جون 2021ء کو اختتام پذیر مالیاتی سال کے لئے 20 ویں سالانہ رپورٹ اور کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس اور آڈیٹرز رپورٹ ازراہ مسرت پیش کرتے ہیں۔ رپورٹ ہذا کمپنیز ایکٹ 2017ء کے سیکشن نمبر 227 کے تحت تیار کی گئی ہے اور اسے 28 اکتوبر 2021ء کو منعقد ہونے والے 20 ویں سالانہ اجلاس عام میں سامنے رکھا جائے گا۔ یہ قابل تحسین امر ہے کہ خسارہ کا شکار اور کرونا وبا کے دور میں دیوالیہ ہونے والی دیگر کمپنیوں (خصوصاً ہوابازی کے شعبہ میں) کے برعکس SIAL نے اللہ کے فضل و کرم سے 30 جون 2021ء کو اختتام پذیر سال کے لئے 320 ملین روپے کا منافع جمع (علاوہ ٹیکس) کمایا ہے۔

## کارکردگی کا جائزہ-2020-21

دنیا بھر کے لئے ایک عظیم در کے اعزاز کے طور پر SIAL عمدہ صارف تجربہ کی حامل ہے۔ بین الاقوامی ہوابازی ہدایات کی تعمیل میں اپنے عملہ اور مسافروں کی صحت اور تحفظ کو یقینی بنانے کے لئے SIAL نے ایئر پورٹ کی سہولیات میں اضافہ کیا ہے اور کرونا وائرس کی عالمگیر وبائی مسئلہ کے باوجود پوری دنیا میں مسافروں کی خدمت میں پیش پیش ہے۔ اس وقت انتظامیہ مسافروں کی تعداد، آمدنی، آپریشننگ اخراجات، سرمایہ داری اور شرح سود پر کرونا وائرس کے اثرات کی مربوط نگرانی کر رہی ہے۔ حالیہ اعداد و شمار انتظامیہ کو یہ سوچنے پر مجبور کرتے ہیں کہ کرونا وائرس کی عالمگیر وبائیہ واقعات SIAL کو اپنی حیثیت برقرار رکھنے اور کاروبار جاری رکھنے کی صلاحیت پر اثر انداز نہیں ہوتی۔

## آپریٹیشنل جائزہ

### 1. پینچر آپریشنز

وبا سے نپٹنے کے اقدامات کے تحت SIAL کے ذریعے طیاروں کو ہینڈل کرنے کی تعداد سال 2019-20 کے مقابلہ میں 33.49 فی صد تک کم رہی۔ پروازوں کی تعداد میں مذکورہ کمی کے علاوہ کرونا وائرس کی وجہ سے کرونا وائرس کی متواتر لہروں کے باعث سرحدوں کی بندش/قرنطینہ شرائط کے باعث مسافروں کی جانب سے سفر میں عدم دلچسپی پیدا ہوئی۔ نتیجتاً سیال کے ذریعے بیرون ملک جانے والے مسافروں کل تعداد 157352 تک پہنچ گئی (2019-20)؛ میں یہ تعداد 337388 تھی)

دوسری جانب ویکسین کا تعارف اور وبا کو روکنے کے لئے متعدد احتیاطی تدابیر پر عمل درآمد سے مقامی اور بین الاقوامی منڈیوں پر مثبت اثرات مرتب ہوئے ہیں۔ فی الوقت جزوی طور پر فلائٹ آپریشنز کا آغاز کیا گیا ہے اور یہ بہتری کے عمل میں ہے۔ مالیاتی سال 2021-22 اور آئندہ برسوں میں یہ عمل معمول پر آنے کی توقع کی جاتی ہے۔

SIAL ملکی و غیر ملکی سفر کی مکمل بحالی کی غرض سے محفوظ اور پائیدار راہوں کے قیام کے لئے قومی و بین الاقوامی سطح پر ایئر لائنز، حکومتوں اور ایجنسیوں سے مسلسل رابطہ میں ہے۔

### 2. کارگو آپریشنز

ایئر کارگو کی روانی کے لئے سیالکوٹ کی کاروباری برادری کی جانب سے ان تھک محنت کے باعث سیال کو AFU نظام کی صورت میں نوازا گیا ہے۔ یورپ ہاؤنڈ کارگو ہینڈل کرنے کے لئے متعدد مشترکہ سہولیات سے لیس ہونے پر پونٹ کو-3 RA درجہ دیا گیا ہے۔ حکومت کے ساتھ قابل تائید تاریخی تعاون سے ہم SIAL میں دھماکہ خیز مواد کا سراغ لگانے کے نظام (EDS-HI-SCAN 100800 XCT HEIMANN X-Ray) انسپیکشن سسٹم) کی تنصیب کے لئے منظوری بھی حاصل کر چکے ہیں جو پاکستان کی تیسری بڑی برآمدی ہب (گو جرانوالہ، گجرات اور سیالکوٹ) کے برآمد کنندگان کے لئے سود مند ثابت ہوگی۔ اسی طرح سے خصوصی مال کی لوڈنگ اور ان لوڈنگ کے لئے FBR نے بھی لازمی منظوری دے دی ہے۔

سال بھر میں ایئر کارگو کے تمام شعبوں میں کرونا کے باعث منڈیوں کے سکڑنے اور کارگو آپریشن کے متاثر ہونے کے اثرات ملتے ہیں۔ اس وجہ سے SIAL کی جانب سے درآمدی و برآمدی کارگو کی ہینڈلنگ 33.41 فی صد یعنی 3039 ٹن اور 34.94 فی صد یعنی 145 ٹن تک کم ہوئی۔ تاہم، کارگو پروازوں میں (23 سے 52) اضافہ کی مدد سے SIAL کی کارگو آمدنی مالیاتی سال 2020-21 میں گزشتہ مالیاتی سال میں 119.373 ملین روپے کے مقابلہ میں 78.68 ملین روپے رہی۔

# FORM 34

## THE COMPANIES ACT, 2017 THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2020 [Section 227(2) (f)]

### PATTERN OF SHAREHOLDING

#### PART-I

(Please complete in typescript or in bold block capitals.)

#### 1.1 Name of the Company

SIALKOT INTERNATIONAL AIRPORT  
LIMITED

#### PART-II

#### 2.1 Pattern of holding of the shares held by the shareholders as at

30.06.2021

2.2. No of shareholders	Shareholdings	Total shares held
123	shareholding from 1 to 100 shares	4,912
171	shareholding from 101 to 500 shares	34,403
68	shareholding from 501 to 1000 shares	50,239
162	shareholding from 1001 to 5000	422,666
272	shareholding from 5001 to 10000	2,041,277
22	shareholding from 10001 to 15000	242,621
7	shareholding from 15001 to 20000	111,173
1	shareholding from 20001 to 25000	23,348
1	shareholding from 25001 to 30000	25,900
1	shareholding from 50001 to 55000	54,483
1	shareholding from 225001 to 230000	228,845
	(Add appropriate slabs of shareholdings)	
<b>829</b>	<b>TOAL</b>	<b>32,39,815</b>

Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children.	2,925,553	90.30
2.3.2 Associated Companies, undertakings and related parties.	NIL	NIL
2.3.3 NIT and ICP	NIL	NIL
2.3.4 Banks Development Financial Institutions, Non-Banking Financial Institutions.	NIL	NIL
2.3.5 Insurance Companies	NIL	NIL
2.3.6 Modarabas and Mutual Funds	NIL	NIL
2.3.7 Share holders holding 10%	NIL	NIL
2.3.8 General Public		
a. Local	282,836	8.73
b. Foreign	31,426	0.97
2.3.9 Others (to be specified)	-	-

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SIALKOT INTERNATIONAL

## 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, 2021, 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, 2021 and of the profit 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SIALKOT INTERNATIONAL

## 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

Dated: September 24, 2021  
Lahore

# STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	4	12,024,882,434	11,826,971,748
Long term security deposits		4,333,105	4,333,105
Long term advances		44,081,308	129,272,653
Post retirement benefit	5	13,632,371	33,140,770
		<b>12,086,929,218</b>	<b>11,993,718,276</b>
<b>CURRENT ASSETS</b>			
Stores and spares		20,898,964	17,771,555
Trade debts	6	165,834,144	197,140,190
Advances, prepayments and other receivables	7	56,770,547	101,934,980
Advance income tax		141,482,156	475,365,545
Income tax refunds due from Government		75,067,414	3,000,565
Cash and bank balances	8	1,439,275,321	1,438,413,042
		<b>1,899,328,546</b>	<b>2,233,625,877</b>
<b>TOTAL ASSETS</b>		<b>13,986,257,764</b>	<b>14,227,344,153</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	9	5,000,000,000	3,500,000,000
Issued, subscribed and paid-up capital	9	3,239,815,000	2,945,588,000
Surplus on revaluation of property and equipment		8,301,011,094	8,301,011,094
General reserve	10	1,303,728,380	1,247,519,890
Unappropriated profit		182,295,640	516,749,001
		<b>13,026,850,114</b>	<b>13,010,867,985</b>
<b>NON - CURRENT LIABILITIES</b>			
Long term loans	11	82,608,810	58,160,037
Lease liabilities	12	61,166,487	59,210,636
Deferred liabilities	13	183,388,849	172,834,542
Deferred income	14	190,671,543	197,743,840
		<b>517,835,689</b>	<b>487,949,055</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	142,587,471	185,315,590
Unclaimed dividend		24,223,357	20,858,184
Accrued markup		1,708,976	205,585
Current portion of non-current liabilities	16	182,402,273	113,651,035
Provision for taxation		90,649,884	408,496,719
		<b>441,571,961</b>	<b>728,527,113</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	17	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,986,257,764</b>	<b>14,227,344,153</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.



Chief Executive Officer



Director

# STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
Revenue	18	1,378,109,492	2,475,655,053
Other income	19	225,097,431	332,166,368
<b>Total income</b>		<b>1,603,206,923</b>	<b>2,807,821,421</b>
Administrative and operational expenses	20	(858,810,378)	(1,037,008,894)
Depreciation on property and equipment	4.1	(320,877,584)	(279,532,610)
Depreciation on right of use asset	4.1	(52,442,331)	(39,654,482)
Impairment loss on financial assets	6.2	(15,806,576)	(59,691,797)
		<b>(1,247,936,869)</b>	<b>(1,415,887,783)</b>
<b>Earnings before interest and taxes</b>		<b>355,270,054</b>	<b>1,391,933,638</b>
Finance cost	21	(34,533,070)	(22,371,034)
<b>Profit before taxation</b>		<b>320,736,984</b>	<b>1,369,562,604</b>
Provision for taxation	22	(95,903,026)	(395,690,456)
<b>Profit for the year</b>		<b>224,833,958</b>	<b>973,872,148</b>
Earnings per share - Basic and Diluted	24	69.40	300.59

The annexed notes from 1 to 35 form an integral part of these financial statements.



Chief Executive Officer



Director

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>Profit for the year</b>		<b>224,833,958</b>	973,872,148
<b>Other comprehensive income:</b>			
Items that will not be reclassified through statement of profit or loss subsequently:			
Surplus on revaluation of property and equipment		-	8,301,011,094
Remeasurement of post retirement benefits obligation		(3,279,984)	11,718,997
Related deferred tax		951,195	3,398,509
Total other comprehensive income		(2,328,789)	8,316,128,600
<b>Total comprehensive income for the year</b>		<b>222,505,169</b>	9,290,000,748

The annexed notes from 1 to 35 form an integral part of these financial statements.



Chief Executive Officer



Director

# STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Share Capital	Share Premium	Surplus on revaluation of property and equipment	General Reserve	Unappropriated Profit	Total
----- Rupees -----						
<b>Balance at July 01, 2019</b>	2,575,298,000	21,274,800	-	1,004,051,853	816,098,362	4,416,723,015
Profit for the year	-	-	-	-	973,872,148	973,872,148
Other comprehensive income for the year	-	-	8,301,011,094	-	15,117,506	8,316,128,600
Total comprehensive income for the year	-	-	8,301,011,094	-	988,989,654	9,290,000,748
Transfer to general reserve (note 10)	-	-	-	243,468,037	(243,468,037)	-
<b>Transaction with owners:</b>						
Dividend for the year ended June 30, 2019 at the rate of Rs. 270 per share	-	-	-	-	(695,330,460)	(695,330,460)
Dividend for fractional bonus shares	-	-	-	-	(525,318)	(525,318)
Issue of bonus shares	370,290,000	(21,274,800)	-	-	(349,015,200)	-
	370,290,000	(21,274,800)	-	-	(1,044,870,978)	(695,855,778)
<b>Balance at June 30, 2020</b>	2,945,588,000	-	8,301,011,094	1,247,519,890	516,749,001	13,010,867,985
Profit for the year	-	-	-	-	224,833,958	224,833,958
Other comprehensive income for the year	-	-	-	-	(2,328,789)	(2,328,789)
Total comprehensive income for the year	-	-	-	-	222,505,169	222,505,169
Transfer to general reserve (note 10)	-	-	-	56,208,490	(56,208,490)	-
<b>Transaction with owners:</b>						
Dividend for the year ended June 30, 2020 at the rate of Rs. 70 per share	-	-	-	-	(206,191,160)	(206,191,160)
Dividend for fractional bonus shares	-	-	-	-	(331,880)	(331,880)
Issue of bonus shares	294,227,000	-	-	-	(294,227,000)	-
	294,227,000	-	-	-	(500,750,040)	(206,523,040)
<b>Balance at June 30, 2021</b>	3,239,815,000	-	8,301,011,094	1,303,728,380	182,295,640	13,026,850,114

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Chief Executive Officer

  
Director

# STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		320,736,984	1,369,562,604
<b>Adjustments for:</b>			
Depreciation on property and equipment		320,877,584	279,532,610
Depreciation on right of use assets		52,442,331	39,654,482
Provision for gratuity		16,621,326	29,769,203
Amortisation of grants		(29,266,101)	(22,428,937)
Finance cost		34,533,070	22,371,034
Impairment loss on financial assets		15,806,576	59,691,797
Gain on sale of property and equipment		(1,023,529)	(3,696,068)
Return on bank deposits		(83,086,197)	(152,541,582)
<b>Operating cash flows before movement in working capital</b>		<b>326,905,060</b>	<b>252,352,539</b>
<b>Decrease / (increase) in current assets</b>			
Stores and spares		(3,127,409)	494,794
Trade debts		31,306,046	123,620,794
Advances, prepayments and other receivables		36,336,124	36,887,033
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		(42,728,119)	86,757,763
		<b>21,786,642</b>	<b>247,760,384</b>
<b>Cash generated from operations</b>		<b>669,428,686</b>	<b>1,869,675,527</b>
Income tax paid		(140,427,819)	(501,918,054)
Finance cost paid		(33,029,679)	(22,165,449)
Gratuity withdrawl / (contribution)		1,625,955	(69,610,374)
<b>Net cash from operating activities</b>		<b>497,597,143</b>	<b>1,275,981,650</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment		(435,774,885)	(653,230,679)
Proceeds from disposal of property and equipment		13,618,475	11,189,856
Long term security deposits		-	(13,800)
Long term advances		85,191,345	93,398,497
Return on bank deposits		88,339,090	152,314,685
<b>Net cash used in investing activities</b>		<b>(248,625,975)</b>	<b>(396,341,441)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loan - obtained		139,968,026	79,525,195
Long term loan - paid		(43,946,386)	(11,500,000)
Lease rentals paid		(140,972,662)	(86,870,278)
Dividend paid		(203,157,867)	(683,269,325)
<b>Net cash used in financing activities</b>		<b>(248,108,889)</b>	<b>(702,114,408)</b>
Net increase in cash and cash equivalents (A+B+C)		862,279	177,525,801
Cash and cash equivalents at beginning of the year		1,438,413,042	1,260,887,241
<b>Cash and cash equivalents at end of the year</b>	8	<b>1,439,275,321</b>	<b>1,438,413,042</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.



Chief Executive Officer



Director

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 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, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. 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)
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Effective date  
(accounting period  
beginning on or after)

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. 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.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

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

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 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

## 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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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.

## 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 5.1.

## 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, 2021

## 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 is stated at revalued amount and capital work in progress is 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 asset's 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, 2021

## 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.

Amortised cost and effective interest method

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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, 2021

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 statement 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 statement of 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, 2021

## 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 statement of 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 Deferred grant

This represents deferred grant on subsidized rate loan obtained under the Refinance Scheme from State Bank of Pakistan. The loan carries markup at a rate of 3%. Loan obtained under the Refinance Scheme is recognized at its fair value which would be the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. The differential between the loan proceeds and fair value of the loan is recorded as deferred grant. The deferred grant is amortized over the term of the loan.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 3.17 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.

## 3.18 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.

## 3.19 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.

## 3.20 Leases

As a lessee, the Company recognises right of use asset and lease liability at the lease commencement date.

### 3.20.1 Right-of-use asset

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of the property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for the certain remeasurement of the lease liability.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 3.20.2 Lease Liability

The lease liability is initially measured at present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;
- the exercise under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

	Note	2021 Rupees	2020 Rupees
<b>4. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	4.1	11,373,270,147	10,898,848,394
Right of use asset	4.1	365,839,357	270,578,629
Capital work in progress	4.3	285,772,930	657,544,725
		<b>12,024,882,434</b>	<b>11,826,971,748</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 4.1 Operating fixed assets for the year ended June 30, 2021

Particulars	Cost			Accumulated depreciation			Net book value as at June 30, 2021	Rate
	At July 01, 2020	Revaluation Adjustment	Additions / (disposal) during the year	Written off during the year	At June 30, 2021	For the year / (on disposal)		
								%
								----- Rupees -----
Freehold land	8,467,771,000	-	-	-	-	-	-	-
Buildings and roads	1,829,037,637	-	74,701,835	(41,489)	1,903,697,983	649,900,701	93,072,749	(24,905)
Runway, taxiway and apron	1,035,175,491	-	666,217,787	(42,980,403)	1,658,412,875	589,277,205	69,147,141	(30,412,827)
External electrical works	189,816,911	-	-	-	189,816,911	94,583,744	9,490,846	-
Apron lighting and air side electrical works	284,288,152	-	-	-	284,288,152	239,423,633	9,264,317	-
Furniture and fixture	132,223,721	-	37,734,413	-	169,962,482	45,157,063	15,300,044	(89,863)
Furniture and fixture (China)	5,390,983	-	406,466	(95,652)	5,494,684	4,407,086	676,410	(299,711)
Leveling and grading	66,770,443	-	-	(302,765)	66,770,443	66,770,443	-	-
Machinery and equipment	1,221,348,980	-	2,229,861	-	1,216,655,930	822,883,130	78,172,445	(37,000)
			(6,885,911)	(37,000)			(2,810,216)	
Office and electric equipment	144,347,701	-	28,986,460	(613,317)	172,720,844	54,023,068	16,833,918	(450,846)
Electricity installation	67,444,808	-	3,632,661	-	71,077,469	53,154,550	4,186,716	-
Vehicles	14,982,837	-	-	-	9,132,877	14,068,081	713,992	-
			(5,849,960)	(120,700)			(5,849,960)	
Computers	87,779,887	-	733,214	(120,700)	88,324,401	13,881,452	26,528,893	(120,700)
			(68,000)				(65,695)	
	13,546,378,551	-	814,642,697	(44,191,326)	14,304,026,051	2,647,530,156	323,387,471	(31,435,852)
			(12,803,871)				(8,725,871)	
								2,990,755,904
								11,373,270,147

The cost of full depreciated assets that are still in use is Rs. 769,291,550 (2020: 768,098,858)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 4.1.1 Operating fixed assets for the year ended June 30, 2020

Particulars	Cost				Accumulated depreciation			Net book value as at June 30, 2020	Rate	
	At July 01, 2019	Revaluation Adjustment	Additions / (disposal) during the year	Written off during the year	At June 30, 2020	At July 01, 2019	For the year / (on disposal)			Written off during the year
										%
										----- Rupees -----
Freehold land	166,759,906	8,301,011,094	-	-	8,467,771,000	-	-	-	-	-
Buildings and roads	1,821,220,326	-	12,129,210	(4,311,899)	1,829,037,637	560,552,679	91,294,303	(1,946,281)	649,900,701	5
Runway, taxiway and apron	1,035,175,491	-	-	-	1,035,175,491	537,518,517	51,758,688	-	589,277,205	5
External electrical works	189,816,911	-	-	-	189,816,911	85,099,036	9,484,708	-	94,583,744	5
Apron lighting and air side electrical works	284,288,152	-	-	-	284,288,152	230,015,351	9,408,282	-	239,423,633	10
Furniture and fixture	97,988,773	-	40,838,400	(1,212,466)	137,614,707	38,342,954	12,254,122	(1,032,923)	49,564,153	10-33
Leveling and grading	66,770,443	-	-	-	66,770,443	66,158,933	611,510	-	66,770,443	10
Machinery and equipment	1,235,846,744	-	4,136,950	(976,716)	1,221,348,980	750,430,859	73,068,545	(616,274)	822,883,130	10
Office and electric equipment	129,912,465	-	17,394,421	(2,946,285)	144,347,701	37,111,823	18,668,232	(1,744,087)	54,023,068	10 - 33
Electricity installation			(12,900)				(12,900)			10
Vehicles	63,417,808	-	4,027,000	-	67,444,808	47,670,607	5,483,943	-	53,154,550	20
	22,133,364	-	-	(56,200)	14,982,837	19,741,558	1,463,184	(56,200)	14,068,081	
Computers			(7,094,327)				(7,080,461)			33
	11,579,608	-	77,127,504	(927,225)	87,779,887	8,771,584	6,037,093	(927,225)	13,881,452	
	5,124,909,991	8,301,011,094	155,653,485	(10,430,791)	13,546,378,554	2,381,413,901	279,532,610	(6,322,990)	2,647,530,160	10,898,848,394
			(24,765,225)				(7,093,361)			

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 4.2 Right of use asset for the year ended June 30, 2021

Particulars	At July 01, 2020		Cost		At June 30, 2021	Accumulated depreciation			As at June 30, 2021	Rate	
	At July 01, 2020	At July 01, 2020	Additions / (disposal) during the year	Written off during the year		For the year / (on disposal)	Written off during the year	At June 30, 2021			
Vehicles	104,452,650	13,438,766	-	-	103,040,001	47,342,114	17,042,087	-	54,143,982	48,896,019	20
		(14,851,415)				(10,240,219)					
Equipment	249,692,815	139,385,925	-	-	388,419,938	36,224,722	35,400,244	-	71,476,600	316,943,338	10
		(658,802)				(148,366)					
	354,145,465	152,824,691	-	-	491,459,939	83,566,836	52,442,331	-	125,620,582	365,839,357	
	(15,510,217)					(10,388,585)					

## 4.2.1 Right of use asset for the year ended June 30, 2020

Particulars	At July 01, 2020		Cost		At June 30, 2021	Accumulated depreciation			As at June 30, 2021	Rate	
	At July 01, 2020	At July 01, 2020	Additions / (disposal) during the year	Written off during the year		For the year / (on disposal)	Written off during the year	At June 30, 2021			
Vehicles	78,435,642	34,656,550	-	-	104,452,650	35,620,417	16,989,118	-	47,342,114	57,110,536	20
		(8,639,542)				(5,267,421)					
Equipment	147,494,891	102,197,924	-	-	249,692,815	13,559,358	22,665,364	-	36,224,722	213,468,093	10
	225,930,533	136,854,474	-	-	354,145,465	49,179,775	39,654,482	-	83,566,836	270,578,629	
	(8,639,542)					(5,267,421)					

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	At July 01, 2020	Additions	Capitalization/ Transfer	At June 30, 2021
	----- Rupees -----			
<b>4.3 Capital work in progress</b>				
Link taxiway and dumbbel of runway	519,294,247	145,800,818	(665,095,065)	-
Airfield lighting and associated works	<b>30,465,463</b>	<b>118,647,376</b>	-	<b>149,112,839</b>
Main entrance road	<b>13,654,374</b>	<b>8,342,235</b>	<b>(21,996,609)</b>	-
Extention of PTB	<b>176,575</b>	-	<b>(176,575)</b>	-
Installation of GHE shed	<b>25,583,569</b>	<b>4,851,527</b>	<b>(30,435,096)</b>	-
Public wash room near car parking	<b>5,257,917</b>	<b>9,512,344</b>	<b>(14,770,261)</b>	-
Removal & refixing of GHE shed.	<b>1,601,050</b>	-	<b>(1,601,050)</b>	-
Main store at SIAL	<b>18,895,287</b>	<b>15,430,962</b>	<b>(34,326,249)</b>	-
HT rooms at main entrance gate	<b>1,724,842</b>	<b>145,479</b>	<b>(1,870,321)</b>	-
Extention of SIAL secretariat	<b>11,403,522</b>	<b>36,058,035</b>	-	<b>47,461,557</b>
Supply, installation & commissioning of solar plant	-	<b>66,193,962</b>	-	<b>66,193,962</b>
AVR rooms at main gate	-	<b>1,782,564</b>	<b>(1,782,564)</b>	-
Donar wall at passenger terminal building	-	<b>190,000</b>	-	<b>190,000</b>
Up-gradation of power supply network for NAV AIDS	-	<b>464,428</b>	-	<b>464,428</b>
Augmentation of power supply MDS 2 & 3	-	<b>9,076,537</b>	-	<b>9,076,537</b>
Construction of 2nd departure lounge on level-2 of PTB	-	<b>148,660</b>	-	<b>148,660</b>
Extension of passenger terminal building	-	<b>9,721,947</b>	-	<b>9,721,947</b>
Leased vehicle and equipments	-	<b>3,403,000</b>	-	<b>3,403,000</b>
Un-allocated capital expenditure	<b>29,487,879</b>	<b>12,909,677</b>	<b>(42,397,556)</b>	-
	<b>657,544,725</b>	<b>442,679,551</b>	<b>(814,451,346)</b>	<b>285,772,930</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	At July 01, 2019	Additions	Capitalization/ Transfer	At June 30, 2020
	----- Rupees -----			
<b>4.3.1 Capital work in progress</b>				
Medium level workshop-specialist vehicles	4,155,881	12,423	(4,168,304)	-
Link taxiway and dumbbell of runway	97,844,311	421,449,936	-	519,294,247
Prefab TGS shed	17,687,547	-	(17,687,547)	-
Scanning room at cargo shed	1,538,406	316,580	(1,854,986)	-
Perimeter Intrusion detection system	8,586,413	67,392,091	(75,978,504)	-
Airfield lighting and associated works	6,556,364	23,909,099	-	30,465,463
Car parking entrance booth	-	748,435	(748,435)	-
Main entrance Road	-	13,654,374	-	13,654,374
Supply & installation of upgradation of CCTV system	-	6,654,397	(6,654,397)	-
Culvert at main entrance	-	3,938,749	(3,938,749)	-
GHE Shed at cargo (Footings)	-	908,435	(908,435)	-
Extension of PTB	-	176,575	-	176,575
Installation of GHE Shed	-	25,583,569	-	25,583,569
Public Wash Room near car parking	-	5,257,917	-	5,257,917
Removal & refixing of GHE shed.	-	1,601,050	-	1,601,050
Renovation of Amenities building (Ground and 1st Floor)	-	2,635,198	(2,635,198)	-
Main store at SIAL	-	18,895,287	-	18,895,287
HT rooms at main entrance gate	-	1,724,842	-	1,724,842
Extension of SIAL secretariat	-	11,403,522	-	11,403,522
Renovation of mess & rooms at ASF camp	-	890,110	(890,110)	-
Rectification work of apron	-	27,061,683	(27,061,683)	-
Renovation of offices , ASF camp & washrooms	-	268,667	(268,667)	-
Un-allocated capital expenditure	23,640,604	24,723,447	(18,876,172)	29,487,879
	160,009,526	659,206,386	(161,671,187)	657,544,725

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

#### 4.4 Detail of disposals of property and equipment

Asset	Cost	Book value	Sale price	Gain / (loss) on disposal	Particulars of the purchaser	Mode of disposal	Relationship with the purchaser
----- Rupees -----							
Suzuki Mehran LE-16-1464	699,583	-	685,000	685,000	Mr.Ijaz Hussain	Auctioned	None
Suzuki Mehran LE-16-1465	699,583	-	695,000	695,000	Mr.Ijaz Hussain	Auctioned	None
Suzuki Mehran LE-16-1466	699,583	23,191	350,300	327,109	Ghulam Buhadur Naeem	As per approval	Employee
Suzuki Cultus LEF-15-4371	1,063,688	-	639,621	639,621	Muhammad Tariq	As per approval	Employee
Suzuki Cultus LEB-16-1070	1,119,522	2,707	829,617	826,910	Hidayat Ullah	As per approval	Employee
Suzuki Mehran LEC-17A-1019	763,800	283,338	634,400	351,062	Suleman Mehfooz	As per approval	Employee
Suzuki Cultus LEA-8030	1,377,161	802,149	1,060,863	258,714	Tahir Awan	As per approval	Employee
Honda Civic LE-7017	3,297,876	2,296,767	2,635,085	338,318	Abid Nazir	As per approval	Employee
Toyota XLI-LE-2875	1,684,880	-	2,200,000	2,200,000	Ziaullah Cheema	Auctioned	None
Toyota Corola XLI-LEH-16-1101	1,699,209	56,795	830,500	773,705	Jahangir Khan	As per approval	Employee
Suzuki Cultus LE-19A-7485	1,746,530	1,146,249	1,339,500	193,251	Ghias ud din	As per approval	Employee
Toyota Altis Car (LEA-7842)	2,400,480	-	2,670,000	2,670,000	Mian Tariq	Auctioned	None
Toyota Altis Car (LEA-7843)	2,400,480	-	2,650,000	2,650,000	Irfan Ijaz	Auctioned	None
Suzuki Wagon-VXR ST-336	1,049,000	-	1,170,000	1,170,000	Mian Tariq	Auctioned	None
Laptop Ci5	68,000	2,304	68,000	65,696	Nawaz	As per approval	Employee
Passenger Baggage Trolleys	448,695	-	480,000	480,000	Ismail Avaition	As per approval	None
<b>Total</b>	<b>21,218,070</b>	<b>4,613,500</b>	<b>18,937,886</b>	<b>14,324,386</b>			

There was derecognition in right of use asset ( 3 Vehicles) due to expiry of lease agreement during the year.

	Note	2021 Rupees	2020 Rupees
<b>5. POST RETIREMENT BENEFIT</b>			
Staff retirement benefits - gratuity	5.1	<b>13,632,371</b>	33,140,770
		<b>13,632,371</b>	33,140,770
<b>5.1 Staff retirement benefits - gratuity</b>			
<b>a) The amounts recognized in the Statement of financial position are as follows:</b>			
Present value of defined benefit obligation		<b>113,301,148</b>	115,295,068
Fair value of plan assets		<b>(126,933,519)</b>	(148,435,838)
Liability/(asset) recognized		<b>(13,632,371)</b>	(33,140,770)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>b) Amount charged to the statement of profit or loss during the year:</b>			
Current service cost		23,911,229	28,444,424
Interest expense		9,207,234	15,778,100
Interest income		(16,497,137)	(14,453,320)
		<b>16,621,326</b>	<b>29,769,204</b>
<b>c) Total remeasurments chargeable to the other comprehensive income:</b>			
Remeasurement of plan obligation and assets:			
Experience adjustments			
- defined benefit obligation		(1,578,703)	(13,968,474)
- plan assets		4,858,687	2,249,477
		<b>3,279,984</b>	<b>(11,718,997)</b>
<b>d) Changes in net liability / (asset) :</b>			
Balance at the beginning of the year		(33,140,770)	18,593,403
Charge for the year		16,621,326	29,769,204
Employer withdrawal/(contributions)		1,625,955	(69,610,374)
Benefits payable transferred to current liability		(2,018,866)	(174,006)
Remeasurement changes chargeable to other comprehensive income - net		3,279,984	(11,718,997)
		<b>(13,632,371)</b>	<b>(33,140,770)</b>
<b>e) Movement in the defined benefit obligation:</b>			
Balance at the beginning of the year		115,295,068	136,231,995
Current service cost		23,911,229	28,444,424
Interest expense		9,207,234	15,778,100
Benefits paid		(31,514,814)	(51,016,971)
Benefits payable transferred to current liability		(2,018,866)	(174,006)
Remeasurement changes chargeable to other comprehensive income		(1,578,703)	(13,968,474)
		<b>113,301,148</b>	<b>115,295,068</b>
<b>f) Movement in the fair value of plan assets</b>			
Opening assets		148,435,838	117,638,592
Employer contributions/ withdrawal		(1,625,955)	69,610,374
Benefits paid		(31,514,814)	(51,016,971)
Interest income		16,497,137	14,453,320
Remeasurement changes chargeable to other comprehensive income		(4,858,687)	(2,249,477)
		<b>126,933,519</b>	<b>148,435,838</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- g) The latest actuarial valuation was carried out at June 30, 2021 by Anwar Associates using projected unit credit (PUC) method. The following significant assumptions have been used for calculation of liability:

	2021	2021
Discount rate used for interest cost in statement of profit or loss charge	9.25%	14.25%
Discount rate used for year end obligation	10.25%	9.25%
Expected rate of salary increase in future years	9.25%	8.25%
Expected return on plan assets - per annum	9.25%	9.25%
The average duration of the defined benefit obligation is	11 Years	14 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	102,040,696	126,789,570
Salary growth rate	100 bps	126,975,890	101,682,273

	Note	2021 Rupees	2020 Rupees
<b>6. TRADE DEBTS</b>			
<b>Considered goods - unsecured</b>			
Receivable from airlines	6.1 & 6.3	311,280,266	324,165,413
Airport development fee receivable		286,869	2,067,393
Receivable from PSO		1,442,553	2,198,292
Receivable against CIP lounge		47,036	130,034
		313,056,724	328,561,132
Less: Allowance for expected credit losses	6.2	(147,222,580)	(131,420,942)
		165,834,144	197,140,190

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

- 6.2 Allowance for expected credit losses

Opening balance	131,420,942	75,085,529
Charge for the year	15,806,576	59,691,797
	147,227,518	134,777,326
Write offs during the year	4,938	3,356,384
Closing balance as at June 30	147,222,580	131,420,942

- 6.3 Trade debts include receivables from Air Sial Limited (a related party) amounting to Rs 133,396 (2020: Nil)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>6.4</b>	The aging of trade debts is as follows:		
	One month	59,543,062	65,116,896
	Two to six months	40,582,236	88,938,129
	More than six months	212,931,426	174,506,107
		<b>313,056,724</b>	<b>328,561,132</b>
<b>7.</b>	<b>ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Advances to employees - considered good	6,336,162	7,925,789
	Advances to suppliers - considered good	16,862,228	26,044,176
	Advance payments against letters of credit	-	16,589,132
	Prepayments	9,128,083	7,587,271
	Accrued income	2,409,226	7,662,119
	Other receivables	17,207,169	30,566,796
	Punjab sales tax - receivable from airlines	4,827,679	5,559,697
		<b>56,770,547</b>	<b>101,934,980</b>
<b>8.</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	500,000	500,000
	Cash at banks in		
	- current accounts	11,284,044	24,401,755
	- saving accounts	8.1 627,491,277	613,511,287
	- term deposit receipts	8.2 800,000,000	800,000,000
		<b>1,439,275,321</b>	<b>1,438,413,042</b>

**8.1** These carry mark up at the rate of 6.45% to 6.65% (2020: 7.5% to 7.60%) per annum.

	2021 Maturity upto	2020 Maturity upto		
<b>8.2</b>	<b>Term deposit receipts</b>			
	- The Bank of Punjab	July 14, 2021	July 14, 2020	700,000,000
	- Habib Bank Limited	July 15, 2021	July 28, 2020	50,000,000
	- Bank Islami	July 22, 2021	-	50,000,000
				<b>800,000,000</b>

**8.2.1** These deposits carry mark up at the rate of 6.60% to 7.00% (2020: 7.50% to 9.72%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 9. SHARE CAPITAL

2021	2020		2021 Rupees	2020 Rupees
<b>5,000,000</b>	3,500,000	Authorized Ordinary shares of Rs. 1,000/- each	<b>5,000,000,000</b>	3,500,000,000
		<b>Issued, subscribed and paid up</b> Ordinary shares of Rs. 1,000/- each		
<b>2,067,738</b>	2,067,738	- fully paid in cash	<b>2,067,738,000</b>	2,067,738,000
<b>18,729</b>	18,729	- fully paid other than in cash	<b>18,729,000</b>	18,729,000
<b>1,153,348</b>	859,121	- fully paid bonus shares	<b>1,153,348,000</b>	859,121,000
<b>3,239,815</b>	2,945,588		<b>3,239,815,000</b>	2,945,588,000
		<b>Movement in issued, subscribed and paid up capital</b>		
<b>2,945,588</b>	2,575,298	Opening balance	<b>2,945,588,000</b>	2,575,298,000
<b>294,227</b>	370,290	Bonus Shares issued during the year	<b>294,227,000</b>	370,290,000
<b>3,239,815</b>	2,945,588		<b>3,239,815,000</b>	2,945,588,000

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.

## 10. 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.

## 11. LONG TERM LOANS

- Civil Aviation Authority (CAA) - secured	11.1	-	10,000,000
- The Bank of Punjab (BOP) - secured - salary	11.2	<b>121,575,339</b>	79,525,195
- The Bank of Punjab (BOP) - secured - solar	11.3	<b>53,946,455</b>	-
		<b>175,521,794</b>	89,525,195
- Deferred mark-up on loan from CAA	10.1	-	1,500,000
		<b>175,521,794</b>	91,025,195
<b>Current portions of long term loans:</b>			
- From CAA		-	10,000,000
- From BOP - salary		<b>79,339,280</b>	21,365,158
- From BOP - solar		<b>13,573,704</b>	-
		<b>92,912,984</b>	31,365,158
- Deferred mark-up on loan from CAA		-	1,500,000
		<b>92,912,984</b>	32,865,158
Long term portion		<b>82,608,810</b>	58,160,037

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 11.1** 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.

- 11.2** This represents long term financing facility availed from The Bank of Punjab, under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'), with the approval of SBP. The total facility available amounts to Rs 158.7 million. The interest rate applicable is SBP rate + 3.00% (i.e., 0% + 3% = 3%). As per the terms and conditions of agreement, loan is payable in 5 years including the grace period of 3 months. Loan is secured through pari passu charge on assets of the Company.

- 11.3** This represents long term financing facility availed from The Bank of Punjab, under State Bank of Pakistan's (SBP) Scheme for Renewable Energy, with the approval of SBP. The total facility available amounts to Rs 91 million. The interest rate applicable is SBP rate + 1% (i.e., 2% + 1% = 3%). As per the terms and conditions of agreement, loan is payable in 2 years after the grace period of 6 months. Loan is secured through pari passu charge on assets of the Company.

	Note	2021 Rupees	2020 Rupees
<b>12. LEASE LIABILITIES</b>			
Present value of minimum lease payments	12.1	150,655,777	139,996,513
Less: current portion		(89,489,289)	(80,785,877)
		<b>61,166,488</b>	59,210,636

- 12.1** These represent liabilities against vehicles and equipment acquired under finance lease arrangements from Meezan Bank Limited, The Bank of Punjab and Habib Bank Limited. The leases are priced at three month KIBOR plus 0.70% to 1.5% (2020: three month KIBOR plus 0.70% to 1.5%), three months KIBOR plus 0.45% (2020: three month KIBOR plus 0.45%) and three month KIBOR plus 0.5% (2020: three month KIBOR plus 0.5%) spread per annum respectively. Lease rentals are payable in 36 monthly installments.

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

<b>13. DEFERRED LIABILITIES</b>			
Deferred taxation	13.1	183,388,849	172,834,542
		<b>183,388,849</b>	172,834,542

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021 Rupees	2020 Rupees
<b>13.1 Deferred taxation</b>		
Opening balance	172,834,542	190,000,118
Charged/(credited) to statement of profit or loss	11,505,502	(13,767,067)
Charged/(credited) to comprehensive income	(951,195)	(3,398,509)
	<b>183,388,849</b>	<b>172,834,542</b>

Deferred tax liability comprise of:	At July 01, 2020	Recognized in profit or loss	Recognized in other com- prehensive income	At June 30, 2021
	----- Rupees -----			
Accelerated tax depreciation	176,476,310	(15,798,344)	-	160,677,966
Leased assets and related liabilities	37,868,813	24,534,425	-	62,403,238
Provision for doubtful debts	(38,112,072)	(4,582,476)	-	(42,694,548)
Staff retirement benefits - gratuity	(3,398,509)	7,351,897	(951,195)	3,002,193
Net deferred tax liability	<b>172,834,542</b>	<b>11,505,502</b>	<b>(951,195)</b>	<b>183,388,849</b>

Deferred tax liability comprise of:	At July 01, 2018	Recognized in profit or loss	Recognized in other com- prehensive income	At June 30, 2020
	----- Rupees -----			
Accelerated tax depreciation	192,572,539	(16,096,229)	-	176,476,310
Leased assets and related liabilities	19,953,237	17,915,576	-	37,868,813
Provision for doubtful debts	(22,525,658)	(15,586,414)	-	(38,112,072)
Staff retirement benefits - gratuity	-	-	(3,398,509)	(3,398,509)
Net deferred tax liability	<b>190,000,118</b>	<b>(13,767,067)</b>	<b>(3,398,509)</b>	<b>172,834,542</b>

		2021 Rupees	2020 Rupees
<b>14 DEFERRED INCOME</b>			
Government grant	14.1	161,499,050	182,999,050
Deferred grant	14.2	20,950,424	5,935,430
Other grant	14.3	8,222,069	8,809,360
		<b>190,671,543</b>	<b>197,743,840</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

		2021 Rupees	2020 Rupees
<b>14.1 Government grant</b>			
Balance at beginning of the year	14.4	182,999,050	204,499,050
Transferred to statement of profit or loss		(21,500,000)	(21,500,000)
Balance at end of the year		161,499,050	182,999,050
<b>14.2 Deferred grant</b>			
Balance at beginning of the year		5,935,430	-
Deferred grant recognized on		-	-
subsidized rate long term loan	14.5	22,193,804	6,277,076
Transferred to statement of profit or loss		(7,178,810)	(341,646)
Balance at end of the year		20,950,424	5,935,430
<b>14.3 Other grant</b>			
Balance at beginning of the year	14.6	8,809,360	9,396,651
Transferred to statement of profit or loss		(587,291)	(587,291)
Balance at end of the year		8,222,069	8,809,360
<b>14.4</b>	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.		
<b>14.5</b>	This represents deferred grant on subsidized rate loan obtained under the Refinance Scheme from State Bank of Pakistan. The loan carries markup at a rate of 3%. Loan obtained under the Refinance Scheme is recognized at its fair value which would be the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. The differential between the loan proceeds and fair value of the loan is recorded as deferred grant. The deferred grant is amortized over the term of the loan.		
<b>14.6</b>	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.		
<b>15. TRADE AND OTHER PAYABLE</b>			
Payable to suppliers and contractors		10,885,615	40,584,917
Accrued expenses		59,851,634	47,731,969
Retention money payable		33,310,647	41,819,557
Advance rent received		7,142,392	2,250,624
Payable against retirement of LC		-	10,724,400
Other payable		31,397,183	42,204,123
		142,587,471	185,315,590

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

		2021 Rupees	2020 Rupees
<b>16.</b>	<b>CURRENT PORTION OF NON-CURRENT LIABILITIES</b>		
	Long term loans	11	92,912,984
	Lease liabilities	12	32,865,158
			80,785,877
			<b>182,402,273</b>
			113,651,035

## 17. CONTINGENCIES AND COMMITMENTS

### 17.1 Contingencies

The Company has filed appeals in respect of certain assessment years mainly on account of the following:

#### Income Tax

- a) Additional Commissioner Inland Revenue (DCIR), LTO, Lahore, initiated proceedings u/s 122(9) of the Income Tax Ordinance, 2001 ("the Ordinance") on September 07, 2020. Subsequently the DCIR issued an order against the Company dated December 31, 2020 u/s 122(5A) of the Ordinance creating an impugned demand of Rs 36,709,310. Being aggrieved with the order of DCIR, appeal was filed before Commissioner Inland Revenue (Appeals) whereby partial relief was allowed through order dated July 26, 2021 by reducing the impugned demand from 36,709,310 to Rs. 29,725,151. The Company filed a request for revision of order based on the ground that few grounds have not been appraised/discussed by the CIR(A). The Company is also in process of filing an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the decision of CIR (A). The management of the Company and tax advisors are of the opinion that the Company has strong case and the matters will be settled in favour of the Company. Hence, no provision has been recorded in these financial statements.
- b) Assistant/Deputy Commissioner Inland Revenue (DCIR), RTO, Sialkot, initiated proceedings u/s 122(9) of the Income Tax Ordinance, 2001 ("the Ordinance") on February 13, 2020. Subsequently the DCIR issued an order against the Company dated January 25, 2021 u/s 122(1) of the Ordinance creating an impugned demand of Rs 114,462,033. Being aggrieved with the order of DCIR, appeal was filed before Commissioner Inland Revenue (Appeals) whereby partial relief was allowed through order dated July 26, 2021 by reducing the impugned demand from Rs 114,462,033 to Rs 226,383. The Company filed a request for revision of order through their legal advisors based on the ground that few grounds have not been appraised/discussed by the CIR(A). The Company is also in process of filing an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the decision of CIR (A). The management of the Company and tax advisors are of the opinion that the Company has strong cases and the matters will be settled in favour of the Company. Hence, no provision has been recorded in these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- c) Deputy Commissioner Inland Revenue (DCIR), RTO, Sialkot, initiated proceedings u/s 205/147 of the Income Tax Ordinance, 2001 ("the Ordinance") on August 21, 2017. Subsequently the DCIR issued an order against the Company dated August 31, 2017 u/s 147/205 of the Ordinance creating an impugned demand of Rs 7,519,451. Being aggrieved with the order of DCIR, appeal was filed before Commissioner Inland Revenue (Appeals) whereby partial relief was allowed through order dated November 02, 2017 by reducing the impugned demand from Rs. 7,519,451 to Rs. 5,683,128. The Company preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the decision of CIR (A), hearing of this appeal has been conducted and ATIR has decided the case against the company and confirmed the demand by passing order dated July 16, 2019. The Company filed a request for revision of order through their legal advisors based on the ground that few facts have not been considered by the ATIR. After hearing, ATIR annulled the demand and remanded the case back to assessing officer. However, department preferred appeal against the order of ATIR in Lahore High Court. The management of the Company and tax advisors are of the opinion that the Company has strong cases and the matters will be settled in favour of the Company. Hence, no provision has been recorded in these financial statements.
- d) Deputy Commissioner Inland Revenue (DCIR), RTO, Sialkot, initiated proceedings u/s 122(9) of the Income Tax Ordinance, 2001 ("the Ordinance") on February 13, 2020. Subsequently the DCIR issued an order against the Company dated January 25, 2021 u/s 122(1) of the Ordinance creating an impugned demand of Rs 6,153,985. Being aggrieved with the order of DCIR, appeal was filed before Commissioner Inland Revenue (Appeals) whereby no relief was allowed through order dated July 26, 2021 thereby the impugned demand is still Rs 6,153,985. The Company filed a request for revision of order through their legal advisors based on the ground that few facts have not been appraised/discussed by the CIR(A). The Company is also in process of filing an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the decision of CIR (A). The management of the Company and tax advisors are of the opinion that the Company has strong cases and the matters will be settled in favour of the Company. Hence, no provision has been recorded in these financial statements.

## Sales Tax

Deputy Commissioner PRA issued order u/s 24 and 52(1) of Punjab Sales Tax on Services Act, 2012 against SIAL and created payable Punjab Sales Tax (PST) amounting to Rs. 355.35 million. Being aggrieved, SIAL filed appeal before Commissioner PRA (Appeal) on March 17, 2020. The management of the Company and tax/ legal advisors are of the opinion that the Company has strong cases and the matters will be settled in favour of the Company. Hence, no provision has been recorded in these financial statements.

## Others

- a) The Company has issued letter of guarantees in the favour of Collector of Customs amounting to Rs 11,988,874 (2020: Rs 11,988,874).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>17.2 Commitments</b>			
Letters of credit for machinery and equipments		-	111,375,780
For civil works and equipments		<b>122,903,619</b>	355,450,058
<b>18. REVENUE</b>			
Landing fee		<b>253,314,436</b>	351,265,789
Infrastructure development and security fee income		<b>412,537,755</b>	902,506,080
Embarkation fee		<b>296,457,175</b>	580,266,375
Handling income	18.1	<b>165,699,464</b>	260,178,789
Cargo income	18.2	<b>85,807,837</b>	129,256,485
Fire and rescue facility income		<b>25,331,445</b>	35,126,616
Passenger and cargo related services		<b>39,994,286</b>	78,398,986
Housing income		<b>31,966,358</b>	31,205,698
Cute facility income		<b>28,459,633</b>	61,632,566
Avio bridge income		<b>38,541,103</b>	45,817,669
		<b>1,378,109,492</b>	2,475,655,053
<b>18.1 Handling income</b>			
Aircraft handling income		<b>149,649,215</b>	230,675,662
Ground handling income		<b>16,050,249</b>	29,503,127
		<b>165,699,464</b>	260,178,789
<b>18.2 Cargo income</b>			
Cargo handling income		<b>85,807,837</b>	119,395,446
Cargo bonded trucking income		-	430,851
Bonded trucking freight and loading/unloading charges		-	(453,006)
		-	(22,155)
		<b>85,807,837</b>	119,373,291
<b>18.3</b>	Revenue is exclusive of punjab sales tax of Rs 44.96 million (2020: Rs 78.55 million).		
<b>19. OTHER INCOME</b>			
Rental income	19.1	<b>83,428,957</b>	124,939,119
Return on bank deposits		<b>83,086,197</b>	152,541,582
Amortization of grant		<b>29,266,101</b>	22,428,937
Advertisement income		<b>9,602,391</b>	6,932,365
Gain on sale of property and equipment		<b>1,023,529</b>	3,696,068
Recovery from written off investment	19.2	<b>12,000,000</b>	11,000,000
Exchange gain		-	1,538,536
Miscellaneous income		<b>6,690,256</b>	9,089,761
		<b>225,097,431</b>	332,166,368

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>19.1 RENTAL INCOME</b>			
Car parking income		26,553,566	54,300,455
Tuck shop income		313,333	21,512,363
Buildings and space rent		51,540,192	37,535,047
Fuel throughput income		2,693,113	9,383,190
Canteen income		2,328,753	2,208,064
		<b>83,428,957</b>	<b>124,939,119</b>
<b>19.2</b>	The Company received Rs. 12 million (2020: Rs 11 million) on liquidation of Innovative Housing Finance Limited , a fully written off investment.		
<b>20. ADMINISTRATIVE AND OPERATIONAL EXPENSES</b>			
Staff salaries and allowances	20.1	407,018,073	504,423,283
General repairs and maintenance	20.2	90,481,597	123,763,786
Utilities		90,555,196	104,500,249
Directors' meeting fee	25	119,000,000	114,400,000
Vehicles and operational equipment's fuel		15,294,152	19,355,782
Vehicles and operational equipment's repair and maintenance		8,180,728	11,950,433
Calibration charges		8,555,977	2,540,131
Cargo charges		7,539,165	9,883,194
CIP lounge expenses		532,723	2,963,277
Insurance		11,078,627	9,730,750
Cleaning and sweeping		5,058,431	8,224,017
Entertainment and functions		6,713,464	7,105,042
Advertisement		981,705	9,184,199
Business development		1,276,280	5,485,851
Fee and subscription	20.3	11,809,226	7,702,064
Printing and stationery	20.4	2,637,349	4,464,517
Communication		4,514,696	3,222,078
Corporate social responsibility		8,796,445	23,902,822
Legal and professional		2,194,471	3,019,182
Travelling and conveyance		1,147,669	4,319,362
Exchange loss		1,823,733	-
SITA cute charges		41,367,578	39,086,182
Gardening and plantation		2,295,973	1,865,523
Security expenses		4,707,041	8,166,063
Miscellaneous		5,250,079	7,751,107
		<b>858,810,378</b>	<b>1,037,008,894</b>

**20.1** This includes Rs. 16.59 million (2020: Rs 29.76 million) in respect of post retirement benefits.

**20.2** This includes repair work of runway amounting to Rs. 33.68 million (2020: Rs 4.46 million).

**20.3** Donations made to parties exceeding Rs 500,000 Rs. includes following

- Healthcare Radiology Centre
- Sialkot Medical Complex

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>20.4</b>	This includes auditor's remuneration as detailed below:		
	- Statutory audit	1,100,000	1,100,000
	- Out of pocket expenses	110,000	110,000
	- Sales tax on services	55,000	55,000
		<b>1,265,000</b>	<b>1,265,000</b>
<b>21.</b>	<b>FINANCE COST</b>		
	Mark up on		
	- Long term loans	17,501,488	1,147,231
	- Lease liabilities	16,871,973	20,227,649
	Bank charges	159,609	996,154
		<b>34,533,070</b>	<b>22,371,034</b>
<b>22.</b>	<b>TAXATION</b>		
	Current		
	- for the year	90,649,884	408,496,719
	- prior years	(6,252,360)	960,804
		<b>84,397,524</b>	<b>409,457,523</b>
	Deferred	13.1	
		<b>11,505,502</b>	<b>(13,767,067)</b>
		<b>95,903,026</b>	<b>395,690,456</b>
<b>22.1</b>	The income tax assessment of the Company has been finalized up to and including tax year 2020 under deemed assessment of Income Tax Ordinance, 2001 and is subject to minimum tax and alternate corporate tax.		
<b>22.2</b>	<b>Reconciliation between accounting profit and tax expense</b>		
	Accounting profit before tax	320,736,984	1,369,562,604
	Corporate tax rate	29%	29%
	Tax on accounting profit	93,013,725	397,173,155
	Impact of income chargeable at lower rate	(4,838,880)	(7,246,469)
	Prior year adjustment	(6,252,360)	960,804
	Others	13,980,541	4,802,966
	Tax expense	<b>95,903,026</b>	<b>395,690,456</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 23. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

For June 30, 2021	Cash flows				
	Opening	Availed / recognized during the year	Repaid during the year	PV adjustment on Grant loan	Closing
	----- Rupees -----				
Long term loans - secured	91,025,195	139,968,026	(43,946,386)	(11,525,041)	175,521,794
Lease liabilities	160,224,162	152,824,691	(140,972,662)	-	172,076,191
	251,249,357	292,792,717	(184,919,048)	(11,525,041)	347,597,985
<b>For June 30, 2020</b>					
Long term loans - secured	23,000,000	85,802,271	(11,500,000)	(6,277,076)	91,025,195
Lease liabilities	110,239,966	136,854,474	(86,870,278)	-	160,224,162
	133,239,966	222,656,745	(98,370,278)	(6,277,076)	251,249,357

	2021 Rupees	2020 Rupees
<b>24. EARNINGS PER SHARE</b>		
Profit after taxation for the year	224,833,958	973,872,148
Weighted average number of ordinary shares outstanding	3,239,815	3,239,815
Earnings per share (Basic and diluted)	69.40	300.59

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

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

## 25. REMUNERATION AND OTHER BENEFITS TO KEY MANAGEMENT PERSONNEL

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees -----					
Remuneration	4,002,552	-	34,848,587	8,493,384	-	33,899,304
Meeting fee	200,000	118,800,000	-	400,000	114,000,000	-
Leave encashment	113,155	-	315,596	259,704	-	460,695
Gratuity	1,566,762	-	8,441,805	1,566,762	-	6,547,222
Total	5,882,469	118,800,000	43,605,988	10,719,850	114,000,000	40,907,221
Number	1	297	18	1	285	18

25.1 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, 2021

## 26. 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	2021 Rupees	2020 Rupees
Daddy D Pro	"Common directorship / partner"	Advertisement income	-	123,084
Beauty & Beauty Worldwide	"Common directorship / partner"	Advertisement income	-	81,004
Sialkot Dry Port Trust	"Common directorship / partner"	Bonded trucking services	22,910	2,881,127
Infenity	"Common directorship / partner"	Advertisement income	-	30,259
Kent Housing Society	"Common directorship / partner"	Advertisement income	230,642	412,384
United Leather Industries	"Common directorship / partner"	Advertisement income	684,596	555,456
Candino Group of Industries	"Common directorship / partner"	Advertisement income	128,135	-
Buraq Surgical	"Common directorship / partner"	Advertisement income	249,861	265,104
Dr. Frigz International (Pvt.) Limited	"Common directorship / partner"	Advertisement income	511,619	542,832
F.S Candino Industries	"Common directorship / partner"	Advertisement income	328,570	473,398
Eltek Instruments (Pvt.) Limited	"Common directorship / partner"	Advertisement income	171,151	104,147
Sacred International	"Common directorship / partner"	Advertisement income	10,000	-
Elmed Instruments (Pvt.) Limited	"Common directorship / partner"	Advertisement income	669,040	407,123
M.A Arain brothers (Pvt.) Limited	"Common directorship / partner"	Advertisement income	333,147	353,472
Ennoble International (Pvt.) Limited	"Common directorship / partner"	Advertisement income	130,881	138,865
Yousaf Leather Wear (Pvt) Limited	"Common directorship / partner"	Advertisement income	-	201,983
Pakistan Cargo services (Pvt.) Limited	"Common directorship / partner"	Advertisement income	187,358	265,098
Muhammad Afzal Shaheen	"Common directorship / partner"	Advertisement income	11,600	-
Muskan Advertisement Co.	"Common directorship / partner"	Advertisement income	-	144,000
Towne Brother	"Common directorship / partner"	Advertisement income	405,315	324,016
Sigma Shoes	"Common directorship / partner"	Advertisement income	116,352	127,981
Taj Mazhar Welfare Trust	"Common directorship / partner"	Donations	-	7,100,000

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, 2021

## 27. FINANCIAL RISK MANAGEMENT

27.1 The Company's principal financial liabilities comprise long-term financing, 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.

### 27.2 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.

### 27.3 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 -----					
<b>2021</b>					
Long term loans	3%	92,912,984	82,608,810	-	175,521,794
Trade and other payables		135,445,079	-	-	135,445,079
Lease Liabilities		89,489,289	61,166,488	-	150,655,777
Unclaimed dividend		24,223,357	-	-	24,223,357
		342,070,709	143,775,298	-	485,846,007

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Weighted Average effective rate of interest	Less than 1 Year	1 - 5 years	More than 5 years	Total
----- Rupees -----					
<b>2020</b>					
Long term loans	3%	32,865,158	58,160,037	-	91,025,195
Trade and other payables		183,064,966	-	-	183,064,966
Lease Liabilities		80,785,877	59,210,636	-	139,996,513
Unclaimed dividend		20,858,184	-	-	20,858,184
		317,574,185	117,370,673	-	434,944,858

## 27.4 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 variable interest rates as such the risk is minimized as shown in the table below.

As at June 30, 2021	Amount (Rupees)	Interest rate	Maturity period (years)	Percentage of portfolio
<b>Floating Interest rate:</b>				
Liabilities against assets subject to finance lease				
Habib Bank Limited	16,824,962	Three month KIBOR + 0.5%	3	4.9%
Meezan Bank Limited	3,682,960	Three month KIBOR + 0.70%	3	13%
The Bank of Punjab	130,147,855	Three month KIBOR + 0.45%	3	38.0%
<b>Fixed Interest Rate</b>				
Long term loan from:				
Bank of Punjab	191,482,265	3%	2	56%

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 3,421,380 (2020: Rs. 2,476,815). 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

As at June 30, 2020	Amount (Rupees)	Interest rate	Maturity period (years)	Percentage of portfolio
<b>Floating Interest rate:</b>				
Liabilities against assets subject to finance lease				
Habib Bank Limited	31,681,901	Three month KIBOR + 0.5%	3	12.8%
Meezan Bank Limited	24,816,214	Three month KIBOR + 0.70%	3	13%
The Bank of Punjab	94,113,762	Three month KIBOR + 0.45%	3	38%
Bank Al Habib Limited	109,037	Three month KIBOR + 0.75%	3	0%
<b>Fixed Interest Rate</b>				
Long term loan from:				
Civil Aviation Authority	11,500,000	3%	1	5%
Bank of Punjab	85,460,625	3%	2	35%

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 2,476,815 (2019: Rs. 1,333,022). 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.

## 27.5 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.

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

	2021 Rupees	2020 Rupees
Trade debts	165,834,144	197,140,190
Advances and other receivables	30,780,236	48,138,986
Bank balances	1,438,775,321	1,437,913,042
	<b>1,635,389,701</b>	<b>1,683,192,218</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

## Bank Balances

As at June 30, 2021	Credit rating	Maturity period (years)	2021 Rupees	2020 Rupees
<b>Interest / mark-up bearing financial assets</b>				
The Bank of Punjab	A1+	0 to 1	1,139,965,902	984,335,512
Bank Alfalah Limited	A1+	0 to 1	127,889,264	202,037,444
Meezan Bank Limited	A1+	0 to 1	5,995,661	7,306,290
Habib Bank Limited	A1+	0 to 1	102,720,174	183,172,523
National Bank Of Pakistan	A1+	0 to 1	4,653,710	7,840,315
Bank Al Habib Limited	A1+	0 to 1	4,497,281	3,073,657
Bank Islami Pakistan Limited	A1	0 to 1	52,903,547	50,001,000
Others	-	0 to 1	149,782	146,301
			<b>1,438,775,321</b>	<b>1,437,913,042</b>
The aging of trade debts is as follows:				
One month			59,543,062	65,116,896
Two to six months			40,582,236	88,938,129
More than six months			212,931,426	174,506,107
			<b>313,056,724</b>	<b>328,561,132</b>

## 27.6 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.

## 27.7 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 27.8 Financial instruments by category

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

	2021	2020
	Rupees	Rupees
<b>Assets as per statement of financial position - at amortized cost</b>		
Bank balances	1,438,775,321	1,437,913,042
Trade debts	165,834,144	197,140,190
Advances and other receivables	30,780,236	48,138,986
	<b>1,635,389,701</b>	<b>1,683,192,218</b>
<b>Liabilities as per statement of financial position- at amortized cost</b>		
Long term loans	175,521,794	91,025,195
Lease Liabilities	150,655,777	139,996,513
Trade and other payables	135,445,079	183,064,966
Unclaimed dividend	24,223,357	20,858,184
	<b>485,846,007</b>	<b>434,944,858</b>

## 28. 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.

	2021	2020
<b>29. NUMBER OF EMPLOYEES</b>		
Total number of permanent employees at year end	720	815
Average number of permanent employees during the year	766	799

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 30. CORRESPONDING FIGURES

Corresponding figures have been reclassified, wherever necessary for the purpose of comparison and better presentation. Significant re-classifications made during the year are:

Reclassified from	Reclassified to	Rupees	Reason
Advances, prepayments and other receivables	Advance income tax	475,365,545	For better presentation
Other financial assets	Advances, prepayments and other receivables	3,575,415	For better presentation
Revenue; - Cargo charges - CIP lounge expenses"	Administrative and operational expenses; - Cargo charges - CIP lounge expenses"	12,846,471	For better presentation
Administrative and operational expenses; - Loss on scrap sale"	Other income; - Gain on sale of property and equipment	4,107,801	For better presentation

## 31. IMPACT OF COVID-19

The outbreak of COVID-19 resulted in challenging operational environment for all businesses around the globe. Aviation industry is one of the worst hit factors as lockdowns and virtual closure of borders with strict quarantine conditions are still affecting air travel significantly. The Company is also no exception in this scenario in facing challenges due to dip in revenues.

It was assumed that after introduction of vaccine, operations will start to normalize by the end of first quarter of 2021, however third wave of COVID-19 and strict borders closurers/quarantine conditions have put the aviation industry into more jeopardy. As per IATA forecast, aviation industry is expected to recover to its pre-COVID levels gradually by 2024. Accordingly, SIAL is also under strain with limited operations as compare to pre COVID levels. All the key airlines including Emirates, PIA, Saudi Gulf Air, Fly Dubai and Air Arabia have been affected.

## 32. NON ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on 24-09-2021 proposed 05% bonus shares (2020: Dividend 70 per share and bonus share 20%) of the paid up capital for the year ended June 30, 2021, for approval of the members at the annual general meeting to be held on 28-10-2021. These financial statements do not reflect this appropriation and the proposed bonus shares payable.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 33. NON-CASH FINANCING ACTIVITIES

	Note	2021 Rupees	2020 Rupees
Acquisition of right of use asset - vehicles and equipments	4.2	152,824,691	136,854,474
Issuance of bonus shares	9	294,227,000	370,290,000

## 34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 24, 2021 by the Board of Directors of the Company.

## 35. GENERAL

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



Chief Executive Officer



Director

# FORM OF PROXY

## Form of Proxy – 20th Annual General Meeting

**The Company Secretary**

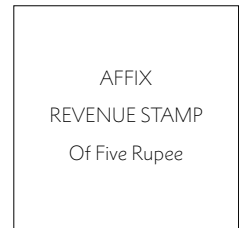
Sialkot International Airport Limited  
Sambrial, Sialkot.

Folio # \_\_\_\_\_

No. of shares held \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member (s) of Sialkot International Airport Limited hold \_\_\_\_\_ ordinary shares hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my /our Proxy to attend and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on Thursday, October 28, 2021 at 3:00 p.m. at **Sialkot International Airport Limited** (SIAL) at every adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021 .



\_\_\_\_\_  
(Signature of witness 1)

Name of Witness:

CNIC No:

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Address: \_\_\_\_\_

\_\_\_\_\_  
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\_\_\_\_\_

\_\_\_\_\_  
(Signature of witness 2)

Name of Witness:

CNIC No:

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Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IMPORTANT**

This Form of proxy, duly completed and signed, must be received at the registered office of the company, at Sambrial, Sialkot Pakistan, not less than 48 hours before the time of holding the meeting.

If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.

**Signature of the shareholder**

(Signature appended above should agree with the specimen signatures registered with the Company)







sial.com.pk



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