

BIBOJEE GROUP



Half Yearly Accounts
December 31, 2018
(Un-audited)



GAMMON PAKISTAN LIMITED

COMPANY INFORMATION

President of Gammon Pakistan Limited

Lt. Gen (Retd) Ali Kuli Khan Khattak

Board of Directors

Saad Waheed	Chairman
Fazal-ur-Rehman Khan Burki	Independent Director
Kamal Abdullah	Independent Director
Khalid Kuli Khan Khattak	Director
A. Karim Khan	Director
Muhammad Kuli Khan Khattak	Director
Sikandar Kuli Khan Khattak	Director

Chief Executive Officer

Muhammad Salahuddin-FCA

Audit Committee

Fazal-ur-Rehman Khan Burki	Chairman
Kamal Abdullah	Member
Khalid Kuli Khan Khattak	Member
Sikandar Kuli Khan Khattak	Member

HR Committee

Khalid Kuli Khan Khattak	Chairman
Muhammad Salahuddin-FCA	Member
Kamal Abdullah	Member
Sikandar Kuli Khan Khattak	Member

Company Secretary

Amin ur Rasheed

Chief Financial Officer

Nadeem Ahmed

Internal Auditor

Nasir Ali Khan

External Auditor

M/s BDO Ebrahim & Co.
Chartered Accountants
Islamabad

Legal Advisor

Chanda Law Associates	Advocates
Rawalpindi	

Stock Exchange

The Gammon Pakistan Limited is a listed Company and its Shares are traded on Pakistan Stock Exchange Limited

Bankers

Silk Bank Limited
Askari Bank Limited
National Bank of Pakistan
Bank of Punjab
Bank Alfalah Limited
Habib Bank Limited
Allied Bank Limited

Registered Office

Gammon House, 400/2
Peshawar Road, Rawalpindi
Tel: 051-5477326-7
Fax: 051-5477511
E-mail: gammon1@dsl.net.pk

Share Registrar

Management & Registration
Services (Pvt) Limited
Business Executive Centre,
F/17/3, Block 8, Clifton,
Karachi.
Tel: 021-35375127-29
Fax: 021-3582 0325
Email: registrationservices@live.co.uk

www.gammonpakistan.com

DIRECTOR'S REPORT

The directors of your Company have pleasure in presenting their report, together with the reviewed Financial Statements of the Company for the half year ended 31st December, 2018.

PERFORMANCE REVIEW

The principal activity of the Company is all type of construction specially Buildings and Bridges. The highlights of the Company's Half Year results as compared to the preceding period are as follows:

Particulars	July-Dec 2018, (Rupees)	July-Dec 2017 (Rupees)
Contract Income	61,797,033	293,987,835
Contract Expenditure	(57,574,946)	(277,721,162)
Net contract profit	4,222,087	16,266,673
Profit before taxation	1,315,805	14,966,400
Taxation	(441,354)	(6,367,469)
(Loss) /Profit after tax	(874,451)	8,598,931

Your company is facing a serious financial constraint due to slow working activity in the country. Revenue from contract has declined by 80%, main reason for low pace of work on ongoing projects is non disbursement of funds by the interim government and the situation could not been improved even after the new government came in to power.

Work on small bridges is almost complete and on sawan bridge is also near completion but we are waiting for release of funds from FWO. Revenue booked from this project during the period under review is amounting Rs.39.202 Million.

Despite the financial difficulties the Old Bannu Road Project is progressing well. We are expecting some good payments in coming quarter that will defiantly help us in boost the performance. The amount of revenue recognized from this project is Rs.3.75 Million.

We are in the final stage of completion at Fateh Jang project but again cash flow constrain is a hurdle in timely completion. Work done booked from this project is Rs.15.16 million.

Final bills for DHA Blocks is being processed.

The Company has decided to use its engineering skills in other fields related to construction industry which includes solarization and IT based solutions for telecom sector. Similarly the company is exploring the possibility of operating a material/ Metal testing laboratory coupled by blending/upgrading of certain minerals for export market.

FUTURE PROSPECTS

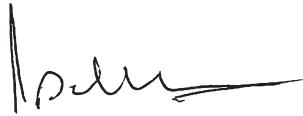
Despite of all these difficulties Company Management is confident that we will overcome this temporary slump. Further after acquiring project of Old Bannu Road from FWO the revenue will show upward trend.

ACKNOWLEDGMENT

We appreciate the hard work and dedication of the Company's Management, engineers and employees during the period under review.

We would also like to express our gratitude to our bankers, clients and suppliers for their co-operation, support and trust reposed in the Company.

For and on behalf of Board of Director's

A handwritten signature in black ink, appearing to read 'Muhammad Salahuddin', with a long horizontal flourish extending to the right.

Muhammad Salahuddin
Chief Executive Officer

گیمن پاکستان لمیٹڈ

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹر کی جانب سے 31 دسمبر 2018ء چھ ماہ کی ختم ہونے والی مدت پر کمپنی کے آڈیٹر کے ذریعہ نظر ثانی شدہ مالیاتی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی کارکردگی

کمپنی کی بنیادی سرگرمی تمام قسم کے تعمیراتی کام بالخصوص عمارتوں اور پلوں کی تعمیر ہے۔ پچھلی شش ماہی کے مقابلے میں کمپنی کی مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہے:-

جولائی - دسمبر 2018	جولائی - دسمبر 2017	
(روپے)	(روپے)	
61,797,033	293,987,835	پراجیکٹس سے آمدن
(57,574,946)	(277,721,162)	پراجیکٹس کا خرچ
4,222,087	16,266,673	مجموعی منافع
1,315,805	14,966,400	قبل از ٹیکس منافع
(441,354)	(6,367,469)	ٹیکس
(874,451)	8,598,931	منافع بعد از ٹیکس

ملک میں سست کام کرنے والی سرگرمی کی وجہ سے کمپنی کو مالیاتی بحران کا سامنا ہے۔ پچھلے سال کی شش ماہی کے مقابلے میں پراجیکٹس سے آمدن میں 80 فیصد کمی واقع ہوئی ہے جسکی بڑی وجہ انٹرم گورنمنٹ کی طرف سے فنڈز کی ادائیگیاں نہ کرنا تھا جبکہ نئی گورنمنٹ کے حکومت میں آنے کے باوجود ان معاملات میں کوئی خاطر خواہ پیش رفت نہیں ہوئی۔

سی پیک پراجیکٹ پر چھوٹے پلوں پر کام تقریباً مکمل ہو چکا ہے جبکہ بعد سواں پل پر کام بھی تکمیلی مراحل میں ہے۔ لیکن ہم FWO کی جانب سے ادائیگیوں کا انتظار کر رہے ہیں۔ اس مدت کے دوران اس منصوبے سے پراجیکٹ کی آمدن 3 کروڑ 92 لاکھ روپے ہے۔ مالی مشکلات کے باوجود اولڈ ہنوں روڈ پراجیکٹ کا کام ترقی کی راہ پر گامزن ہے۔ ہم آنے والی سہ ماہی میں کچھ اچھی ادائیگیوں کی توقع کرتے ہیں جس سے اس منصوبے کی کارکردگی کو بڑھانے میں مدد ملے گی۔ اس منصوبے سے لی گئی آمدنی کی رقم 30 لاکھ 75 ہزار روپے ہے۔ فتح جنگ پراجیکٹ کے تکمیلی مراحل میں ہیں لیکن مالیاتی بحران پراجیکٹ کی وقتی تکمیل میں رکاوٹ ہے۔ اس منصوبے سے کئے گئے کام کی لاگت 1 کروڑ 51 لاکھ روپے ہے۔

ڈی ایچ اے بلاکس کے پل کی پڑتال حتمی مراحل میں ہیں۔

کمپنی نے فیصلہ کیا ہے کہ تعمیراتی صنعت سے متعلق دیگر شعبوں میں انجینئرنگ کی مہارت کو استعمال کیا جائے جس میں سولر اور آئی ٹی سے متعلقہ

خدمات شامل ہیں۔ اسی طرح کمپنی میٹرل اور میٹل ٹیسٹنگ لیبارٹری کو چلانے کے امکانات کی تلاش میں ہے جہاں مختلف قسم کے معدنیات کو ایکسپورٹ مارکیٹ کیلئے تیار کیا جاسکے۔

مستقبل کے امکانات

ان تمام مشکلات کے باوجود کمپنی انتظامیہ پر اعتماد ہے کہ جلد اس عارضی بحران سے نکلا جاسکے۔ جبکہ FWO سے حاصل کئے گئے پرانے بنوں روڈ پراجیکٹ کے علاوہ مستقبل کی آمدن میں خاطر خواہ اضافہ ہوگا۔

اعتراف

اس نو ماہی کے دوران کمپنی کی انتظامیہ، انجینئرز اور ملازمین کی محنت اور لگن قابل تعریف ہے اور ہم تعاون، حمایت اور اعتماد کیلئے اپنے گاہکوں، سپلائرز اور چھوٹے ٹھیکیداروں کے تہہ دل سے مشکور ہیں۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے



محمد صلاح الدین

چیف ایگزیکٹو آفیسر



INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF GAMMON PAKISTAN LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **GAMMON PAKISTAN LIMITED** ("the Company") as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the interim financial statements for the six month period then ended (herein after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "*Review of Interim Financial Information performed by the Independent Auditor of the Entity*." A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2018 and December 31, 2017 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.



Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 13.2 (a) in the interim financial statements whereby the National Bank of Pakistan has filed an execution application for the decrees for amounts mentioned in the aforesaid note. The liability determined of the Company is contingent upon the judgment of these suits.

The engagement partner on the audit resulting in this independent auditors review report is Iffat Hussain.

ISLAMABAD

**DATED:
ACCOUNTANTS**

**BDO EBRAHIM & CO.
CHARTERED**

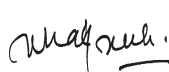
GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2018

		December 31, 2018 Rupees Un-audited	June 30, 2018 Rupees Audited
	Note		
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	143,079,601	144,697,293
Investment property	7	340,176,931	340,176,931
Long term investments		1,300,413	1,300,413
Long term security deposits		1,111,203	961,203
		<u>485,668,148</u>	<u>487,135,840</u>
CURRENT ASSETS			
Stores, spares and loose tools		28,618,294	29,735,381
Contract receivables	8	93,261,089	105,417,844
Contract assets	9	75,216,692	66,489,059
Loans and advances		15,243,752	15,698,223
Other receivables		1,202,404	64,467
Short term prepayments		89,489	287,184
Tax refunds due from Government		87,751,028	82,591,116
Taxation - net		2,015,082	5,159,912
Cash and bank balances	10	10,602,168	4,150,577
		<u>313,999,998</u>	<u>309,593,763</u>
		<u>799,668,146</u>	<u>796,729,603</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	11	282,662,310	282,662,310
Share premium reserve		15,380,330	15,380,330
Revaluation surplus on property, plant and equipment		267,301,630	268,108,095
		282,681,960	283,488,425
Accumulated profit		5,435,262	3,754,346
		<u>570,779,532</u>	<u>569,905,081</u>
NON-CURRENT LIABILITIES			
Deferred liability		8,893,498	8,777,786
Deferred taxation		9,963,623	10,293,023
		<u>18,857,121</u>	<u>19,070,809</u>
CURRENT LIABILITIES			
Trade and other payables	12	178,529,721	176,251,941
Unclaimed dividends		1,442,230	1,442,230
Joint venture partner's advances		30,059,542	30,059,542
		210,031,493	207,753,713
CONTINGENCIES AND COMMITMENTS			
	13	-	-
		<u>799,668,146</u>	<u>796,729,603</u>
TOTAL EQUITY AND LIABILITIES			

The annexed notes form 1 to 22 integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS ENDED DECEMBER 31, 2018

		Half year ended December 31,		Quarter ended December 31,	
		2018	2017	2018	2017
Note		-----Rupees-----			
Contract income from:					
Own projects	14	61,797,033	293,987,835	39,648,378	180,288,456
Contract expenditure from:					
Own projects		(57,574,946)	(277,721,162)	(38,168,068)	(171,576,948)
Net contract profit		4,222,087	16,266,673	1,480,310	8,711,508
Operating expenses					
Depreciation		(809,156)	(788,931)	(404,578)	(396,856)
Administrative expenses		(12,864,342)	(17,568,901)	(6,232,248)	(9,102,659)
Operating (loss)/profit		(9,451,411)	(2,091,159)	(5,156,516)	(788,007)
Other income		10,771,210	15,755,333	5,703,458	7,886,241
Finance cost		(3,994)	(54,938)	(1,928)	(25,442)
Allocation of loss to joint venture partners		-	1,357,164	-	1,357,164
Profit before taxation		1,315,805	14,966,400	545,014	8,429,956
Taxation:					
Current		(770,754)	(6,553,288)	(421,819)	(3,664,469)
Prior		-	(207,844)	-	(207,844)
Deferred		329,400	393,663	132,568	196,832
		(441,354)	(6,367,469)	(289,251)	(3,675,481)
Profit after taxation		874,451	8,598,931	255,763	4,754,475
Earning per share - -basic and diluted	15	0.03	0.30	0.01	0.17

The annexed notes form 1 to 22 integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS ENDED DECEMBER 31, 2018

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	-----Rupees-----			
Profit for the period	874,451	8,598,931	545,014	4,754,475
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>874,451</u>	<u>8,598,931</u>	<u>545,014</u>	<u>4,754,475</u>

The annexed notes form 1 to 22 integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

		Half year ended December 31,	
	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before working capital changes	19	3,053,204	17,998,296
Changes in working capital:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		1,117,087	7,581,803
Contract receivables		12,156,755	531,952
Cost and estimated earnings in excess of billings		(8,727,633)	(7,001,369)
Loans and advances		454,471	2,694,793
Other receivables		(1,137,937)	936,410
Prepayments		197,695	3,258,000
		4,060,438	8,001,589
Increase / (decrease) in current liabilities			
Material received from customers / secured advances		-	(5,206,904)
Trade and other payables		2,277,780	(9,416,438)
		2,277,780	(14,623,342)
Cash generated from operations		9,391,422	11,376,543
Financial charges paid		(3,994)	(54,938)
Income tax paid		(2,785,837)	(12,429,859)
		(2,789,831)	(12,484,797)
Net cash generated from / (used in) operating activities		6,601,591	(1,108,254)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		-	(1,419,210)
Long term security deposits		(150,000)	-
Net cash used in investing activities		(150,000)	(1,419,210)
Net increase / (decrease) in cash and cash equivalents		6,451,591	(2,527,464)
Cash and cash equivalents at the beginning of the period		4,150,577	7,138,016
Cash and cash equivalents at the end of the period		10,602,168	4,610,552

The annexed notes form 1 to 22 integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR



CHIEF FINANCIAL OFFICER

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Share capital	Reserves			Total
		Capital	Revenue	Accumulated loss	
	Issued, subscribed and paid-up capital	Share premium reserve	Revaluation surplus on property, plant and equipment		
Balance as at July 01, 2017 - as previously reported	282,662,310	15,380,330	-	(50,408,941)	247,633,699
Impact of changes in accounting policies (net of tax)	-	-	269,547,945	-	269,547,945
Balance as at July 01, 2017 (restated)	282,662,310	15,380,330	269,547,945	(50,408,941)	517,181,644
Total comprehensive income for the period	-	-	-	-	-
Profit for the period	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-
Transfer from revaluation surplus on property, plant and equipment: on account of incremental depreciation-net of deferred tax	-	-	(876,216)	876,216	-
Balance as at December 31, 2017 (restated)	282,662,310	15,380,330	268,671,729	(40,933,794)	525,780,575
Balance as at July 01, 2018	282,662,310	15,380,330	268,108,095	3,754,346	569,905,081
Total comprehensive income for the period	-	-	-	-	-
Profit for the period	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-
Transfer from revaluation surplus on property, plant and equipment: on account of incremental depreciation-net of deferred tax	-	-	(806,465)	806,465	-
Balance as at December 31, 2018	282,662,310	15,380,330	267,301,630	5,435,262	570,779,532

The annexed notes form 1 to 22 integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

GAMMON PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

1 STATUS AND NATURE OF BUSINESS

The Company was incorporated under the repealed Companies Act, 1913 (now the Companies Act, 2017) on August 12, 1947 as a Public Company Limited by shares. Its shares are quoted on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited in which Lahore and Islamabad stock exchanges have merged). It is principally engaged in the execution of civil construction works. The registered office of the Company is situated at Gammon House, 400/2 Peshawar Road, Rawalpindi. The Company is a subsidiary of Bibojee Services (Private) Limited.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim financial statements of the Company for the half year ended December 31, 2018 have been prepared in accordance with the requirements of the International Accounting Standard-34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 have been followed.

These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2018 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un audited interim financial statements for the six months ended December 31, 2017.

These interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount and staff retirement benefit at present value.

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

2.3 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

- 3.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2018 except as explained in note 3.5 below.
- 3.2 The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2018.
- 3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2018. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial statements except as disclosed in note 3.6 below.
- 3.5 The Company's significant risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Company for the year ended June 30, 2018.
- 3.6 Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2018.

a) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has applied the requirements of IFRS 15 relating to revenue recognition retrospectively, however, management has performed its assessment of the impact and confirmed that the application of IFRS 15 does not have significant effect on the Company's financial statements in the period of initial application, accordingly, comparative information has not been restated.

The Company has applied the requirements of IFRS 15 relating to revenue recognition retrospectively, however, management has performed its assessment of the impact and confirmed that the application of IFRS 15 does not have significant effect on the Company's financial statements in the period of initial application, accordingly, comparative information has not been restated.

However, the application of IFRS - 15 has resulted in following reclassification of the corresponding figures in the condensed interim statement of financial position.

Reclassification from	Reclassification to	Amount
Cost and estimated earnings in excess of billings	Contract assets	66,489,059

b) Applicability of IFRS 9 - Financial Instruments

On July 24, 2017, the International Accounting Standards Board (IASB) published IFRS 9 'Financial Instruments'. This standard was adopted locally by the Securities and Exchange Commission of Pakistan (SECP) through its S.R.O. 1007(I)/2017 dated October 04, 2017 and became effective for accounting periods beginning on or after July 1, 2018. Subsequent to the balance sheet date, SECP through its S.R.O. 229 (I)/2019 deferred the adoption of this standard and modified the effective date for applicability of this standard as reporting period / year ending on or after June 30, 2019. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

c) Change in accounting policy of revaluation surplus on property and equipment

The Company changed its accounting policy for the revaluation surplus on property and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Detailed impact of change in accounting policy has been provided in the annual financial statements for the year ended June 30, 2018.

Resultantly, the impact of restatement in comparative information has been provided in the condensed interim statement of changes in equity.

4 TAXATION

The provision for taxation for the half year and quarter ended December 31, 2018 has been made using the estimated effective tax rate applicable to expected total annual earnings.

5 ESTIMATES

The preparation of condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2018.

		December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
6	OPERATING FIXED ASSETS		
	Opening written down value	144,697,293	145,637,520
	Add: Additions during the period / year	6.1 -	2,289,009
	Less: Disposals - net book value (NBV)	6.2 -	(42,000)
		-	2,247,009
	Less: Depreciation charged during the period / year	(1,617,692)	(3,187,236)
	Closing written down value	<u>143,079,601</u>	<u>144,697,293</u>

6.1 Detail of additions (at cost) during the period / year are as follows:

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
Building	-	1,284,909
Plant and machinery	-	732,700
Furniture and fixtures	-	208,100
Computers and accessories	-	63,300
	<u>-</u>	<u>2,289,009</u>

6.2 Detail of disposal (at NBV) during the period / year is as follows:

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
Furniture and fixtures	-	(42,000)
	<u>-</u>	<u>(42,000)</u>

7 INVESTMENT PROPERTY

Rural land	7.2	92,268,000	92,268,000
Gammon House - land and building	7.3	<u>247,908,931</u>	<u>247,908,931</u>
		<u>340,176,931</u>	<u>340,176,931</u>

7.1 The movement in this account is as follows:

Opening balance		340,176,931	298,629,417
Net fair value gain on revaluation shown in "profit and loss account"	7.4	-	41,547,514
		<u>340,176,931</u>	<u>340,176,931</u>

- 7.2 This represents investment in 209.70 kanals open land located at Mouza Haraka, Rawalpindi. This investment, effective from the financial year ended June 30, 2007, is being classified as "investment property" as the Company decided to hold this property for capital appreciation. The Company has adopted fair value model for valuation.
- 7.3 This represents Gammon House (head office of the Company) which is held to earn rentals and for capital appreciation and shown under the head "Investment property". The Company has adopted fair value model for valuation.
- 7.4 As at June 30, 2018, this represents adjustment to fair value as a result of revaluation by the Company. The revaluation exercise was carried out by Impulse (Private) Limited as at June 30, 2018, and the revaluation resulted in Rs.41.547 million (June 30, 2017: Rs. 57.849 million) net adjustment to fair value.

		December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
8 CONTRACT RECEIVABLES	Note		
Unsecured - considered good			
Against billings			
- work-in-progress		27,028,161	40,169,825
- completed contracts		56,123,425	55,236,179
		83,151,586	95,406,004
Provision for doubtful receivables	8.1	(55,062,152)	(55,062,152)
		28,089,434	40,343,852
Against retention money			
- work-in-progress		56,191,080	57,201,262
- completed contracts		34,590,732	33,482,887
		90,781,812	90,684,149
Provision for doubtful receivables	8.1	(25,610,157)	(25,610,157)
		65,171,655	65,073,992
Joint venture			
- against billings		17,054,553	17,054,553
- against retention money		12,936,380	12,936,380
		29,990,933	29,990,933
Provision for doubtful receivables	8.1	(29,990,933)	(29,990,933)
		-	-
		<u>93,261,089</u>	<u>105,417,844</u>

- 8.1 Management, in the previous year, carried out an exercise to identify long outstanding receivable balances comprising of progress billings and retention monies which are not likely to be received due to various reasons. Accordingly, during the half year ended december 31, 2018 no further provision was charged (June 30, 2018: nil).

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
9 CONTRACT ASSETS		
Construction contracts	75,216,692	66,489,059
Sale of goods	-	-
	<u>75,216,692</u>	<u>66,489,059</u>
Less: allowance	-	-
	<u>75,216,692</u>	<u>66,489,059</u>
Analysed as:		
Current	75,216,692	66,489,059
Non-current	-	-
	<u>75,216,692</u>	<u>66,489,059</u>

- 9.1 The Company receive payments from customers based on a billing schedule, as established in the contracts. Contract assets relate to the conditional right to consideration for completed performance obligations under the contract. Contract receivables are recognised when the right to consideration becomes unconditional. In addition, contract assets have been recognized in line with the initial application of IFRS -15

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
10 CASH AND BANK BALANCES		
Cash in hand	554,080	15,019
Cash at bank - local currency		
Current accounts	57,597	55,926
PLS accounts	5,920,548	9,689
Deposit accounts	4,069,943	4,069,943
	<u>10,048,088</u>	<u>4,135,558</u>
	<u>10,602,168</u>	<u>4,150,577</u>

- 10.1 PLS accounts, during the current financial period, carried markup ranging from 3% to 8.5% (June 30, 2018: 3% to 8.5%) per annum.

- 10.2 As at December 31, 2018 and June 30, 2018 the entire balance was under bank's lien.

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
11.1 Issued, subscribed and paid up capital		
22,627,320 (June 30, 2018: 22,627,320) ordinary shares of Rs.10/- each fully paid in cash	226,273,200	226,273,200

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
2,562,845 (June 30, 2018: 2,562,845) bonus shares of Rs.10/- each fully paid in cash	25,628,450	25,628,450
3,076,066 (June 30, 2018: 3,076,066) ordinary shares of Rs.10/- each fully paid in cash (against conversion of loans)	30,760,660	30,760,660
	<u>282,662,310</u>	<u>282,662,310</u>

11.2 Authorized share capital

This represents 30,000,000 (June 30, 2018 : 30,000,000) ordinary shares of Rs. 10 each amounting to Rs.300,000,000 (June 30, 2018 : Rs. 300,000,000).

- 11.3 Bibojee Services (Private) Limited (the holding company) holds 20,369,056 (June 30, 2018: 20,369,056) shares, i.e. 72.06% of the Company's issued, subscribed and paid-up capital.

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
12 TRADE AND OTHER PAYABLES		
Sundry creditors	69,562,515	70,411,110
Advance rent	7,133,081	4,704,676
Due to sub-contractors	27,560,474	27,992,949
Accrued expenses	27,853,952	26,662,269
Due to employees and others	8,854,298	8,985,108
Taxes payables	822,186	752,614
Joint venture partner's share of profit	1,620,715	1,620,715
Other provisions	35,122,500	35,122,500
	<u>178,529,721</u>	<u>176,251,941</u>

- 12.1 This balance includes amounts aggregating Rs. 1.563 million (June 30, 2018: Rs. 1.563 million) payable in respect of the loans obtained from the Company's Employees' Provident Fund (the Fund) during the period from 1995 to 1999. The SECP, during May 2008, had issued show-cause notices to some of the existing directors as well as ex-directors under various sections of the repealed Companies Ordinance, 1984 (the Ordinance), repealed with the enactment of Companies Act, 2017. The SECP, vide its three orders dated 25 June, 2009, had imposed penalties aggregating Rs. 1.005 million under various sections of the Ordinance on some of the existing directors and ex-directors in their personal capacity.

The SECP has also directed the Company's Chief Executive to distribute the amount of Rs. 9.153 million to members of the provident fund trust including the employees/directors/ex-directors of the Company at the time of closure of the Fund in the year 1987 as per their entitlement and to submit an Auditor's certificate confirming that all outstanding money of the fund has been paid to members in accordance with provisions of the section 227 of the Ordinance. The Company opened a separate bank account and transferred the entire amount into it. Furthermore, an amount of Rs. 7.589 million were paid to members up to December 31, 2018.

- 12.2 These represent provisions made for the potential liability, in respect of borrowings of Saudi Riyals 2.500 million and Saudi Riyals 5.000 million during the year 1986 for the Saudi Operations of the Company, that the Company may have to incur as a result of settlement of overseas dues of National Bank of Pakistan in accordance with the Incentive Scheme under the State Bank of Pakistan's Circular No.19 of 05 June,1997 (for further detail please refer note 13.2 (a) of these condensed interim financial statements).

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingent assets

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

13.2 Contingent liabilities

- a) Recovery proceedings of two overseas borrowings from National Bank of Pakistan (NBP) led Consortium amounting Saudi Riyals (SR) 5.000 million and SR 2.500 million totaling SR 7.500 million (equivalent to Pak Rs. 276.714 million at the rate of Rs. 36.9/ SR) with the interest thereon of SR 21.650 million (equivalent to Rs. 798.780 million at the rate of Rs. 36.9.5/ SR) are being contested in the Sindh High Court.

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

On December 15, 2008, the Banking Judge of the Sindh High Court, Karachi held that execution application was within time. Arguments on the execution application have been submitted on 28 January, 2011 and the Sindh High Court has reserved its judgment.

The Company's Board of Directors, elected on October 31, 2005, are of the considered opinion that subsequent to March 17, 2004, repayment of loan to NBP had become time barred. The management is also of the view that the second loan amounting SR 2.500 million will legally meet the same fate.

- b) In the ordinary course of business various parties have filed legal cases against the Company, which have not been admitted as liabilities, accordingly, no provision has been considered necessary against these claims till their final outcome. The legal advisor of the Company is of the opinion that these cases are expected to be decided in favor of the Company and therefore no provision has been made in these financial statements for any liability that may arise consequent upon the result of above law suits.

In the ordinary course of business various parties have filed legal cases against the Company, which have not been admitted as liabilities, accordingly, no provision has been considered necessary against these claims till their final outcome. The legal advisor of the Company is of the opinion that these cases are expected to be decided in favor of the Company and therefore no provision has been made in these financial statements for any liability that may arise consequent upon the result of above law suits.

- c) Guarantees issued by a commercial bank and insurance companies in respect of financial and operational obligations of the Company to various institutions and corporate bodies, aggregate Rs. 63.777 million (June 30, 2018: Rs. 63.777 million).

13.3 Commitments

There were no commitment for capital expenditures as at the statement of financial position date (June 30, 2018: nil).

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
14 CONTRACT INCOME		
Continuing operations:		
Construction contracts	58,297,033	385,173,219
Sale of goods	3,500,000	-
	<u>61,797,033</u>	<u>385,173,219</u>
Timing of revenue recognition		
At a point in time:		
Sale of goods	3,500,000	-
Over time:		
Construction contracts	58,297,033	385,173,219
	<u>61,797,033</u>	<u>385,173,219</u>

- 14.1 As the Company was already following cost to cost method of revenue recognition so there is no substantial effect on financial statement line items by the application of IFRS-15 as compared to IAS-11 and IAS-8.

- 14.2 The following is the breakup of aggregate amount of the transaction price allocated to performance obligation that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	December 31, 2018 Rupees
Continuing operations:	
Construction contracts	926,976,926
Sale of goods	-
	<u>926,976,926</u>

- 14.3 As permitted under para C5(d) of IFRS-15, the transaction price allocated to (partially) unsatisfied performance obligation as of June 30, 2018 is not disclosed, using the transaction provisions of IFRS-15.

15 EARNING PER SHARE- BASIC AND DILUTED

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

	Half Year Ended December 31,		Quarter Ended December 31,	
	2018	2017	2018	2017
Earning after taxation-(Rupees)	874,451	8,598,931	545,014	4,754,475
Weighted average number of ordinary shares	28,266,231	28,266,231	28,266,231	28,266,231
Earning per share - (Rupees)	0.03	0.30	0.02	0.17

16 TRANSACTIONS WITH RELATED PARTIES

- 16.1 The related parties and associated undertakings of the Company comprise of group companies, other associate companies, directors and key management personnel. Transactions with related parties and associated undertakings during the period are as follows:

	Half Year Ended 2018 Rupees		Quarter Ended 2018 Rupees	
Relation with the Company Nature of transaction				
Associated Company				
Gandhara Nissan Limited				
Rental income	1,500,000	1,500,000	750,000	750,000
Payment received	(3,000,000)	(3,000,000)	(2,250,000)	(2,250,000)
Gandhara Industries Limited				
Rental income	1,500,000	1,500,000	750,000	750,000
Payment received	(3,000,000)	(3,000,000)	(2,250,000)	(2,250,000)
Janana De Malucho Textile Mills Limited				
Rental income	150,000	150,000	50,000	50,000
Payment received	(150,000)	(150,000)	(150,000)	-
Rehman Cotton Mills Limited				
Rental income	100,000	100,000	100,000	100,000
Payment received	(150,000)	(150,000)	(150,000)	(150,000)
Bannu Wollen Mill Limited				
Rental income	2,570,000	8,097,500	1,310,000	4,023,750
Payment received	(1,750,000)	(16,272,750)	(1,750,000)	(16,222,750)
Chief Executive				
Salaries and other benefits	1,200,000	1,200,000	600,000	600,000
Key management personnel				
Salaries and other benefits	-	1,200,000	-	690,330

- 16.2 Balances receivable/payable with related parties are disclosed in respective notes.

17 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2018.

18 FAIR VALUE MEASUREMENT

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

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.

Financial assets which are traded in an open market are revalued at the market prices prevailing at the close of trading on the reporting date. The estimated fair value of all other financial assets and liabilities is not considered to be significantly different from book values as the items are either short-term in nature or periodically repriced.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The 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 (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The management assessed that the carrying value of cash and short term deposits, trade debts, other receivables trade and other payables and other current liabilities approximate their fair values largely due to the short term maturities of these instruments. Fair value is determined on the basis of objective evidence at each reporting date.

Transfers during the period

During the six month period to December 31, 2018, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2018 and June 30, 2018 the Company held financial instruments carried at fair value which comprising investment property and operating fixed assets are measured at fair value.

- 18.1 The investment property was valued on June 30, 2018 carried out by external independent valuer M/s Impulse (Private) Limited. The fair value of investment property is categorized as level 2 recurring fair value measurement due to significant observable inputs used in the valuation. A reconciliation of the opening and closing balance is provided below:

	December 31, 2018 Rupees Unaudited	June 30, 2018 Rupees Audited
Opening balance (level 2 recurring fair value)	340,176,931	298,629,417
Fair value gain recognized in profit and loss	-	41,547,514
Closing balance (level 2 recurring fair value)	<u>340,176,931</u>	<u>340,176,931</u>

- 18.2 The Company has revalued its freehold land, buildings, plant and machinery and other fixed assets on June 30, 2018 by independent valuer M/s Impulse (Private) Limited on the basis of market value of similar properties. Fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation, while fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values - Land and building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 3 fair values-Plant and machinery and other fixed assets

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

	December 31, 2018 Unaudited	June 30, 2018 Audited
Freehold land	120,988	120,988
Buildings on freehold land	3,331,264	3,460,332
Plant and machinery	1,777,930	2,051,113
Furniture and fixture	766,750	820,606
Computers and accessories	435,650	478,375
Motor vehicles, cycles and boats	670,967	879,401
Construction equipments	115,860	152,011
	Half year ended December 31, 2018	2017
	Rupees	Rupees
19 PROFIT BEFORE WORKING CAPITAL CHANGES		
Profit before taxation	1,315,805	14,966,400
Adjustment for:		
Depreciation	1,617,692	1,558,231
Staff retirement benefits - gratuity (net)	115,713	61,563
Allocation of loss to joint ventures	-	1,357,164
Finance cost	3,994	54,938
	1,737,399	3,031,896
Profit before working capital changes	3,053,204	17,998,296

20 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period except as stated in note 3.6 (a).

21 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on April 2, 2019 by the Board of Directors of the Company.

22 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

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