

BIBOJEE GROUP



Quarterly Accounts
March 31, 2019
(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-ACCA

External Auditor

M/s BDO Ebrahim & Co.
Chartered Accountants
Islamabad

Legal Advisor

Corporare Consultant (Pvt) Ltd.	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
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 feel pleasure in presenting the Financial Statements of the Company for the nine months ended 31st March, 2019.

PERFORMANCE REVIEW

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

Particulars	July- March 2019 (Rupees)	July- March 2018 (Rupees)
Contract Income	115,902,512	357,853,772
Contract Expenditure	(105,641,188)	(335,420,948)
Net contract profit	10,261,324	22,432,824
Profit before taxation	6,807,365	20,736,562
Taxation	(943,077)	(8,530,512)
(Loss) /Profit after tax	5,864,288	12,206,050

Although the revenue from contracts has declined during the period but it is to be noted that your company has earned gross profit amounting Rs.10.26 million and Profit after tax Rs.5.864 million during the period. Overall revenue has been comparatively reduced by 68% due to slow pace of work at different projects in consequence of non availability of funds with various Govt. departments.

Progress at CPEC Sawan Bridge had improved after release of some funds by FWO and management is hopeful that the project will complete by the end of this year. Revenue booked from this project during the period under review is Rs.72.07 million.

Work at Old Bannu Road Project is in full swing but due to financial difficulties we are unable to mobilize all our resources. We are expecting some good payments from the client that will defiantly help us in boosting the project performance. The amount of revenue recognized from this project is Rs.18.937 million.

We are in the final stage of completion at Fateh Jang project but again cash flow constraint is a hurdle in timely completion. Work done booked from this project is Rs.21.208 million.

FUTURE PROSPECTS

As a result of overall economic slowdown in Public Sector Development Program (PSDP) the spending from the Govt. has reduced, Despite all these difficulties Company Management is striving hard to overcome this temporary slump.

DIVERSIFICATION

The company has taken a small project of Optical Fiber laying. It will give some profit. Similarly your company has got a trial order for installation of our in house developed instruments on Edotco towers. We believe that on successful completion of this trial we will get more business from the telecom sector.

We have also undertaken the activity of enrichment / value addition of some mining products. It is hoped that in future this activity will make some positive contribution in growth of the company.

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



Muhammad Salahuddin
Chief Executive Officer

گیمن پاکستان لمیٹڈ

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 31 مارچ 2019ء نو 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 نو ماہی کے مقابلے میں کمپنی کی مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہے:-

جولائی - مارچ 2019 جولائی - مارچ 2018

(روپے)

(روپے)

پراجیکٹس سے آمدن 115,902,512 357,853,772

پراجیکٹس کا خرچ (105,641,188) (335,420,948)

مجموعی منافع 10,261,324 22,432,824

قبل از ٹیکس منافع 6,807,365 20,736,562

ٹیکس (943,077) (8,530,512)

منافع بعد از ٹیکس 5,864,266 12,206,050

اگرچہ اس نو ماہی کے دوران کمپنی کی آمدن میں کمی واقع ہوئی ہے لیکن آپ کی کمپنی نے 1 کروڑ 26 لاکھ روپے کا مجموعی منافع حاصل کیا ہے جبکہ بعد از ٹیکس منافع 58 لاکھ 64 ہزار روپے رہا۔ اس نو ماہی کے دوران حکومت کے مختلف ڈیپارٹمنٹس سے فنڈز کی غیر دستیابی کے نتیجے میں مختلف منصوبوں پر کام کی سست روی کی وجہ سے مجموعی طور پر آمدن 68 فیصد کمی واقع ہوئی۔

اس نو ماہی کے دوران ایف۔ ڈبلیو۔ او سے فنڈز کے اجراء کی وجہ سے سی پیک سواں پل کے کام میں بہتری آئی ہے اور مینجمنٹ پر امید ہے کہ اس سال کے اختتام سے پہلے اس کام کو مکمل کر لیا جائے گا۔ اس نو ماہی کے دوران اس پراجیکٹ سے آمدن 7 کروڑ 20 لاکھ روپے ہے۔

مالی مشکلات کے باوجود اولڈ بنوں 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 لگی آمدنی کی رقم 1 کروڑ 89 لاکھ 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 2 کروڑ 12 لاکھ روپے ہے۔

مستقبل کے امکانات

مجموعی اقتصادی سست روی کے نتیجے میں گورنمنٹ نے پبلک سیکٹر ڈویلپمنٹ پروگرام کے اخراجات میں کمی کی ہے۔ ان تمام مشکلات کے باوجود کمپنی انتظامیہ کی جانب سے اس عارضی بحران سے نکلنے کی ہر ذور کوشش کی جارہی ہے

نئے کاروباری شعبے

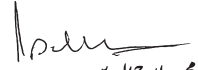
اس نو ماہی کے دوران کمپنی نے آپٹیکل فائبر کی کیبل بچھانے کا ایک چھوٹا سا پراجیکٹ لیا ہے جس سے کچھ منافع حاصل ہوگا۔ اسی طرح ٹیلی کام سیکٹر میں آپ کی کمپنی نے ای ڈاٹ کوٹاورز پر اپنے تیار کردہ آلات کی تنصیبات کا آزمائشی کام حاصل کیا ہے۔ امید کی جاتی ہے کہ اس کام میں تسلی بخش کامیابی کے بعد ہم ٹیلی کام سیکٹر میں چند بڑے پراجیکٹ حاصل کر پائیں گے۔

کمپنی انتظامیہ نے اس نو ماہی کے دوران کان کنی کے شعبے میں مختلف مصنوعات کی افزائش / قدر میں اضافے میں دلچسپی ظاہر کی ہے۔ ہم پر امید ہیں کہ مستقبل میں یہ شعبہ کمپنی کی ترقی میں اہم کردار ادا کرے گا۔

اعتراف

اس نو ماہی کے دوران کمپنی کی انتظامیہ، انجینئرز اور ملازمین کی محنت اور لگن قابلِ 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

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2019

		March 31, 2019 Rupees Un-audited	June 30, 2018 Rupees Audited
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets		142,270,755	144,697,293
Investment property		340,177,098	340,176,931
Long term investments		1,300,412	1,300,413
Long term security deposits		1,111,203	961,203
		<u>484,859,468</u>	<u>487,135,840</u>
CURRENT ASSETS			
Stores, spares and loose tools		28,087,931	29,735,381
Contract receivables		79,130,605	105,417,844
Contract assets	6	92,971,923	66,489,059
Loans and advances		21,363,836	15,698,223
Other receivables		2,140,154	64,467
Short term prepayments		487,174	287,184
Tax refunds due from Government		87,751,028	82,591,116
Taxation - net		2,340,988	5,159,912
Cash and bank balances		4,298,236	4,150,577
		<u>318,571,875</u>	<u>309,593,763</u>
TOTAL ASSETS		<u><u>803,431,343</u></u>	<u><u>796,729,603</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	7	282,662,310	282,662,310
Share premium reserve		15,380,330	15,380,330
Revaluation surplus on property, plant and equipment		266,885,335	268,108,095
		<u>282,265,665</u>	<u>283,488,425</u>
Accumulated profit		10,841,210	3,754,346
		<u>575,769,185</u>	<u>569,905,081</u>
NON-CURRENT LIABILITIES			
Deferred liability		8,758,444	8,777,786
Deferred taxation		9,787,318	10,293,023
		<u>18,545,762</u>	<u>19,070,809</u>
CURRENT LIABILITIES			
Trade and other payables	8	177,614,623	176,251,941
Unclaimed dividends		1,442,230	1,442,230
Joint venture partner's advances		30,059,542	30,059,542
		<u>209,116,395</u>	<u>207,753,713</u>
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>803,431,343</u></u>	<u><u>796,729,603</u></u>

The annexed notes form 1 to 15 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 NINE MONTHS AND THREE MONTHS ENDED MARCH 31, 2019

	Nine month ended March 31,		Quarter ended March 31,	
	2019	2018	2019	2018
	-----Rupees-----			
Contract income from:				
Own projects	115,902,512	357,853,772	54,105,479	63,865,937
Contract expenditure from:				
Own projects	(105,641,188)	(335,420,948)	(48,066,242)	(57,699,786)
Net contract profit	10,261,324	22,432,824	6,039,237	6,166,151
Operating expenses				
Depreciation	(1,213,734)	(1,193,533)	(404,578)	(404,602)
Administrative expenses	(18,131,886)	(25,403,216)	(5,267,544)	(7,834,315)
Operating (loss)/profit	(9,084,296)	(4,163,925)	-	(2,072,766)
Other income	15,954,357	23,617,016	5,183,147	7,861,683
Finance cost	(62,696)	(73,693)	(58,702)	(18,755)
Allocation of loss to joint venture partners	-	1,357,164	-	-
Profit before taxation	6,807,365	20,736,562	5,124,445	5,770,162
Taxation:				
Current	(1,448,781)	(8,913,163)	(678,027)	(2,359,875)
Prior		(207,844)	-	-
Deferred	505,705	590,495	176,305	196,832
	(943,077)	(8,530,512)	(501,723)	(2,163,043)
Profit after taxation	5,864,288	12,206,050	4,622,722	3,607,119
Other Comprehensive income	-	-	-	-
Total Comprehensive income/ loss for the period	5,864,288	12,206,050	4,622,722	3,607,119
	-----Rupees-----			
Earning per share - -basic and diluted	0.21	0.43	0.16	0.13

The annexed notes form 1 to 15 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 NINE MONTHS ENDED MARCH 31, 2019

	Nine months ended	
	March 31,	
	2019	2018
	Rupees	Rupees
Profit / (loss) before taxation	6,807,365	20,736,562
CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustment for non cash charges and other items :		
Depreciation	2,426,538	2,355,001
Loss on disposal of fixed assets	-	-
Staff retirement benefits - gratuity (net)	(19,342)	4,019
Allocation of loss to joint ventures	-	(1,357,164)
Finance cost	62,696	73,693
	<u>2,469,893</u>	<u>1,075,549</u>
Profit / (Loss) before working capital changes	9,277,258	21,812,111
Effect on cash flow due to working capital changes:		
Stock of materials, stores and spares	1,647,450	8,756,489
Contract receivables	26,287,239	(6,513,910)
Cost and estimated earnings in excess of billings	(26,482,864)	(2,326,203)
Loans and advances	(5,665,613)	890,284
Long term security deposits	(150,000)	-
Short term prepayments	(199,990)	2,804,224
Other receivables	(2,075,687)	884,615
Net Change in Current Assets	<u>(6,639,465)</u>	<u>4,495,499</u>
Increase / (decrease) in current liabilities		
Material received from customers / secured advances	-	(7,011,517)
Billing in excess of cost and estimated earnings	-	-
Trade and other payables	1,362,682	(5,023,486)
Net Change in Current Liabilities	<u>1,362,682</u>	<u>(12,035,003)</u>
Net cash inflow / (outflow) from operating activities:	4,000,475	14,272,607
Income tax paid	(3,790,119)	(14,879,913)
Net cash inflow / (outflow) after tax from operating activities	<u>210,356</u>	<u>(607,306)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(2,129,010)
Proceeds from sale of fixed assets	-	-
Net cash inflow / (outflow) from investing activities	<u>-</u>	<u>(2,129,010)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Financial charges paid	(62,696)	(73,693)
Net cash inflow / (outflow) from financing activities	<u>(62,696)</u>	<u>(73,693)</u>
Net (decrease) / increase in cash and cash equivalents	147,659	(2,810,009)
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	<u>4,298,236</u>	<u>4,328,007</u>

The annexed notes form an integral part of these condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

	Share capital	Reserves			Total
		Capital	Revenue	Accumulated loss	
	Issued, subscribed and paid-up capital	Share premium reserve	Revaluation surplus on property, plant and equipment		
-Rupees					
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	-	-	(1,314,327)	1,314,327	-
Balance as at March 31, 2018	282,662,310	15,380,330	268,233,617	(36,888,564)	529,387,694
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	-	-	-	5,864,288	5,864,288
Other comprehensive income for the period	-	-	-	-	-
Transfer from revaluation surplus on property, plant and equipment: on account of incremental depreciation-net of deferred tax	-	-	(1,222,576)	1,222,576	-
Balance as at March 31, 2019	282,662,310	15,380,330	266,885,519	10,841,210	575,769,185

The annexed notes form 1 to 15 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 MARCH 31, 2019

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 nine months ended March 31, 2019 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 nine months ended March 31, 2018.

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	92,971,923

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 nine months and quarter ended March 31, 2019 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.

	March 31, 2019 Rupees Unaudited	June 30, 2018 Rupees Audited
6 CONTRACT ASSETS		
Construction contracts	92,971,923	66,489,059
Sale of goods	-	-
	<u>92,971,923</u>	<u>66,489,059</u>
Less: allowance	-	-
	<u>92,971,923</u>	<u>66,489,059</u>
Analysed as:		
Current	92,971,923	66,489,059
Non-current	-	-
	<u>92,971,923</u>	<u>66,489,059</u>

- 6.1 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

	March 31, 2019 Rupees Unaudited	June 30, 2018 Rupees Audited
7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
7.1 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
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>

7.2 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).

- 7.3 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.

		March 31, 2019 Rupees Unaudited	June 30, 2018 Rupees Audited
8	TRADE AND OTHER PAYABLES		
	Sundry creditors	67,761,442	70,411,110
	Advance rent	3,367,106	4,704,676
	Due to sub-contractors	29,057,224	27,992,949
	Accrued expenses	20,873,144	26,662,269
	Due to employees and others	8.1 18,969,537	8,985,108
	Taxes payables	842,955	752,614
	Joint venture partner's share of profit	1,620,715	1,620,715
	Other provisions	8.2 35,122,500	35,122,500
		<u>177,614,623</u>	<u>176,251,941</u>

- 8.1 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 March 31, 2019.

- 8.2 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 9.2 (a) of these condensed interim financial statements).

9 CONTINGENCIES AND COMMITMENTS

9.1 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.

9.2 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.
- 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).

9.3 Commitments

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

	March 31, 2019 Rupees Unaudited	June 30, 2018 Rupees Audited
10 CONTRACT INCOME		
Continuing operations:		
Construction contracts	112,402,512	385,173,219
Sale of goods	3,500,000	-
	<u>115,902,512</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	112,402,512	385,173,219
	<u>115,902,512</u>	<u>385,173,219</u>
10.1 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.		
10.2 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.		
		March 31, 2019 Rupees
Continuing operations:		
Construction contracts		872,871,447
Sale of goods		-
		<u>872,871,447</u>
10.3 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.		

11 EARNING PER SHARE- BASIC AND DILUTED

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

	Nine Monnth Ended March 31,		Quarter Ended March 31,	
	2019	2018	2019	2018
Earning after taxation-(Rupees)	5,864,288	12,206,050	4,622,722	3,607,119
Weighted average number of ordinary shares	28,266,231	28,266,231	28,266,231	28,266,231
Earning per share - (Rupees)	0.21	0.43	0.16	0.13

12 TRANSACTIONS WITH RELATED PARTIES

- 12.1 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:

	Nine Month Ended		Quarter Ended	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees
Relation with the Company				
Nature of transaction				
Associated Company				
Gandhara Nissan Limited				
Rental income	2,250,000	2,250,000	750,000	750,000
Payment received	(3,000,000)	(3,000,000)	-	-
Gandhara Industries Limited				
Rental income	2,250,000	2,250,000	750,000	750,000
Payment received	(3,000,000)	(3,000,000)	-	-
Janana De Malucho Textile Mills Limited				
Rental income	150,000	150,000	-	-
Payment received	(150,000)	(150,000)	-	-
Rehman Cotton Mills Limited				
Rental income	150,000	150,000	50,000	50,000
Payment received	(150,000)	(150,000)	-	-
Bannu Wollen Mill Limited				
Rental income	3,830,000	12,071,250	1,260,000	4,023,750
Payment received	(2,050,000)	(16,272,750)	(300,000)	-
Chief Executive				
Salaries and other benefits	1,800,000	1,800,000	60,000	600,000

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

13 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).

14 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on April 30, 2019 by the Board of Directors of the Company.

15 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER