

BIBOJEE GROUP



Quarterly Accounts December 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 |

HRC 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
Corporate 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

Vision Consultant Limited
Share Registrar
3-CLDA Flats, 1st Floor
Lawrence Road, Lahore
Tel: +9242-36283096-97
Email: share@vcl.com.pk
Web: www.vcl.com.pk

www.gammonpakistan.com

DIRECTOR'S REPORT

The directors of your Company have pleasure in presenting their report, together with reviewed financial statements for the half year ended December 31, 2019.

PERFORMANCE REVIEW

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

| Particulars | July to Dec., 2019, (Rupees) | July to Dec., 2018 (Rupees) |
|------------------------|------------------------------------|-----------------------------------|
| Contract Income | 64,238,607 | 61,797,033 |
| Contract Expenditure | (60,467,763) | (57,574,946) |
| Net contract profit | 3,770,844 | 4,222,087 |
| Profit before taxation | 5,274,897 | 1,315,805 |
| Taxation | (5,011,042) | (441,354) |
| Net Profit | 263,855 | 874,451 |

Revenue from contracts has slightly increased as compared to same period last year. We are pursuing various departments to get the withheld bills and retentions released that will definitely boost our cash flow position and help us in future projects.

Project of Bridges at Old Bannu Road is in full swing, despite blockage of funds by FWO we are making all of efforts to continue the work. Revenue booked from this project during the year is Rs.51million.

Finishing works at Fateh Jang Project are in hand and completion of the project is expected during the year. Billing from this project during period is Rs.12.78 Million.

FUTURE PROSPECTS

Despite off financial constraints our vigorous efforts are in process to get further business. It is expected that some more work will be awarded to your company by some clients in the near future.

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



Khalid Kuli Khan Khattak
Director

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹر کی جانب سے 31 دسمبر 2019ء 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۔

کارکردگی کا جائزہ

کمپنی کی بنیادی سرگرمی ہر 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 2019 جولائی - دسمبر 2018

| (روپے) | (روپے) | |
|--------------|--------------|-------------------|
| 61,797,033 | 64,238,607 | پراجیکٹس سے آمدن |
| (57,574,946) | (60,467,763) | پراجیکٹس کا خرچ |
| 4,222,087 | 3,770,844 | مجموعی منافع |
| 1,315,805 | 5,274,897 | قبل از ٹیکس منافع |
| (441,354) | (5,011,042) | ٹیکس |
| 874,451 | 263,855 | منافع بعد از ٹیکس |

پچھلے سال کی شش ماہی کے مقابلے میں اس سال پراجیکٹس سے آمدن میں قدرے اضافہ ہوا ہے۔ ہم مختلف محکموں سے بلز کی ادائیگیوں اور رٹینشن کی رقم ریلیز کروانے کی بھرپور کوشش کر رہے ہیں جس سے ہمارے کیش فلو تقویت ملے گی اور آئندہ کے منصوبوں میں مددگار ثابت ہو گی۔

داؤلڈ بنوں روڈ پر پراجیکٹ کا کام زور و شور سے جاری ہے۔ ایف ڈبلیو او کی جانب سے فنڈز میں رکاوٹ کے باوجود ہم کام کو جاری رکھنے کی بھرپور کوشش کر رہے ہیں۔ اس مدت کے دوران اس منصوبے سے پراجیکٹ کی آمدن 5 کروڑ 1 لاکھ روپے رہی۔ فتح جنگ پراجیکٹ کا کام تکمیلی مراحل میں ہے اور توقع کی جاتی ہے کہ سال کے دوران کام مکمل کر لیا جائے گا۔ اس منصوبے سے کئے گئے کام کی لاگت 1 کروڑ 27 لاکھ روپے ہے۔

مستقبل کے امکانات

مالی مشکلات کے باوجود مزید کاروبار کے حصول کیلئے ہماری بھرپور کوشش جاری ہے۔ امید کی جاتی ہے کہ مستقبل میں کچھ محکموں کی جانب سے آپ کی کمپنی کو کچھ نئے کام دیئے جائیں گے۔

اعتراف

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

کمپنی کے بورڈ آف ڈائریکٹر کی جانب سے

محمد صلاح الدین
چیف ایگزیکٹو آفیسر

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, 2019 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, 2019 and December 31, 2018 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: Sep, 30 2020

BDO Ebrahim & Co.

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

| | | Un-audited December 31, 2019 Rupees | Audited June 30, 2019 Rupees |
|--|-------------|--|---|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| | Note | | |
| Property, plant and equipment | | | |
| Operating fixed assets | 6 | 264,345,985 | 266,279,731 |
| Investment property | 7 | 392,937,135 | 392,937,135 |
| Long term investments | | 1,300,413 | 1,300,413 |
| Long term security deposits | | 1,861,203 | 1,861,203 |
| | | <u>660,444,736</u> | <u>662,378,482</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 30,119,906 | 28,580,718 |
| Contract receivables | 8 | 78,482,771 | 90,733,413 |
| Contract assets | 9 | 138,746,466 | 93,047,642 |
| Loans and advances | | 20,828,352 | 22,440,793 |
| Other receivables | | 2,338,800 | 3,270,046 |
| Short term prepayments | | 89,791 | 319,723 |
| Tax refunds due from Government | | 87,751,028 | 87,751,028 |
| Cash and bank balances | 10 | 1,074,311 | 1,885,836 |
| | | <u>359,431,425</u> | <u>328,029,199</u> |
| TOTAL ASSETS | | <u><u>1,019,876,161</u></u> | <u><u>990,407,681</u></u> |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 11 | 282,662,310 | 282,662,310 |
| Capital reserves | | | |
| Share premium reserve | | 15,380,330 | 15,380,330 |
| Revaluation surplus on property, plant and equipment | | 387,439,281 | 388,777,707 |
| | | <u>402,819,611</u> | <u>404,158,037</u> |
| Accumulated profit | | 47,402,094 | 45,799,813 |
| | | <u>732,884,015</u> | <u>732,620,160</u> |
| NON-CURRENT LIABILITIES | | | |
| Deferred liability | | 8,942,838 | 9,208,876 |
| Deferred taxation | | 21,610,744 | 18,236,325 |
| | | <u>30,553,582</u> | <u>27,445,201</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 203,792,485 | 180,795,836 |
| Unclaimed dividends | | 1,442,230 | 1,442,230 |
| Taxation - net | | 2,194,307 | 3,044,712 |
| Joint venture partner's advances | | 30,059,542 | 30,059,542 |
| Mobilization Advance | | 18,950,000 | 15,000,000 |
| | | <u>256,438,564</u> | <u>230,342,320</u> |
| CONTINGENCIES AND COMMITMENTS | 13 | - | - |
| TOTAL EQUITY AND LIABILITIES | | <u><u>1,019,876,161</u></u> | <u><u>990,407,681</u></u> |

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


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE


DIRECTOR

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS ENDED DECEMBER 31, 2019

| | | Half year ended December 31, | | Quarter ended December 31, | |
|---|----|---------------------------------|--------------|-------------------------------|--------------|
| | | 2019 | 2018 | 2019 | 2018 |
| Note | | -----Rupees----- | | | |
| Contract income from: | | | | | |
| Own projects | 14 | 64,238,607 | 61,797,033 | 47,602,334 | 39,648,378 |
| Contract expenditure from: | | | | | |
| Own projects | | (60,467,763) | (57,574,946) | (41,704,025) | (38,168,068) |
| Net contract profit | | 3,770,844 | 4,222,087 | 5,898,309 | 1,480,310 |
| Operating expenses | | | | | |
| Depreciation | | (975,372) | (809,156) | (975,375) | (404,578) |
| Administrative expenses | | (8,581,592) | (12,864,342) | (4,945,626) | (6,232,248) |
| Operating loss | | (5,786,120) | (9,451,411) | (22,692) | (5,156,516) |
| Other income | | 11,070,327 | 10,771,210 | 5,498,206 | 5,703,458 |
| Finance cost | | (9,310) | (3,994) | (6,839) | (1,928) |
| Allocation of loss to joint venture partners | | - | - | - | - |
| Profit before taxation | | 5,274,897 | 1,315,805 | 5,468,675 | 545,014 |
| Taxation: | | | | | |
| Current | | (1,351,847) | (770,754) | (194,622) | (421,819) |
| Prior | | (284,776) | - | - | - |
| Deferred | | (3,374,419) | 329,400 | (3,166,963) | 132,568 |
| | | (5,011,042) | (441,354) | (3,361,585) | (289,251) |
| Profit after taxation | | 263,855 | 874,451 | 2,107,090 | 255,763 |
| Earning per share - -basic and diluted | 15 | 0.01 | 0.03 | 0.07 | 0.01 |

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS AND THREE MONTHS ENDED DECEMBER 31, 2019

| Half year ended December 31, | | Quarter ended December 31, | |
|---------------------------------|--|-------------------------------|--|
| 2019 | | 2019 | |
| -----Rupees----- | | | |

| | | | | |
|---|---------|---------|-----------|---------|
| Profit for the period | 263,855 | 874,451 | 2,107,090 | 545,014 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 263,855 | 874,451 | 2,107,090 | 545,014 |

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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

| | Reserves | | Share premium reserve | Revenue | | Total |
|---|---------------|------------|-----------------------|--|---------------------|---------|
| | Share capital | Capital | | Revaluation surplus on property, plant and equipment | Accumulated profits | |
| | | | | | | |
| 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 | - | - | - | 874,451 | 874,451 | 874,451 |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Transfer from revaluation surplus on property, plant and equipment: on account of depreciation and amortisation | - | - | (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 | |
| Balance as at July 01, 2019 | 282,662,310 | 15,380,330 | 388,777,707 | 45,799,813 | 732,620,160 | |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | 263,855 | 263,855 | 263,855 |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Transfer from revaluation surplus on property, plant and equipment: on account of depreciation and amortisation | - | - | (1,338,426) | 1,338,426 | - | - |
| Balance as at December 31, 2019 | 282,662,310 | 15,380,330 | 387,439,281 | 47,402,094 | 732,884,015 | |

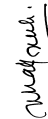
The annexed notes form 1 to 22 integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2019

| | | Half year ended December 31, | |
|--|------|---------------------------------|----------------|
| | Note | 2019 Rupees | 2018 Rupees |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before working capital changes | 19 | 6,968,915 | 3,053,204 |
| Changes in working capital: | | | |
| (Increase) / decrease in current assets | | | |
| Stores, spares and loose tools | | (1,539,188) | 1,117,087 |
| Contract receivables | | 12,250,642 | 12,156,755 |
| Cost and estimated earnings in excess of billings | | (45,698,824) | (8,727,633) |
| Loans and advances | | 1,612,441 | 454,471 |
| Other receivables | | 931,246 | (1,137,937) |
| Prepayments | | 229,932 | 197,695 |
| | | (32,213,751) | 4,060,438 |
| Increase / (decrease) in current liabilities | | | |
| Material received from customers / secured advances | | 3,950,000 | - |
| Trade and other payables | | 22,996,649 | 2,277,780 |
| | | 26,946,649 | 2,277,780 |
| Cash generated from operations | | 1,701,813 | 9,391,422 |
| Financial charges paid | | (9,310) | (3,994) |
| Income tax paid | | (2,487,028) | (2,785,837) |
| | | (2,496,338) | (2,789,831) |
| Net cash (used in) / generated from operating activities | | (794,525) | 6,601,591 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | | (17,000) | - |
| Long term security deposits | | - | (150,000) |
| Net cash used in investing activities | | (17,000) | (150,000) |
| Net (decrease) / increase in cash and cash equivalents | | (811,525) | 6,451,591 |
| Cash and cash equivalents at the beginning of the period | | 1,885,836 | 4,150,577 |
| Cash and cash equivalents at the end of the period | | 1,074,311 | 10,602,168 |

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 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 half year ended December 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, 2019. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019 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, 2019.

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, 2019 except as explained in note 3.6 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, 2019.
- 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, 2019. 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 explained 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, 2019.
- 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, 2019.

3.6.1 IFRS 16- Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of January 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value, a lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing the its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessee.

With regard to activities as a lessor, the Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases. Therefore, there is not significant impact of adoption of IFRS 16 on accounting and financial reporting policies of the Company except certain additional disclosures requirements which have been provided in respective notes to these financial statements.

4 TAXATION

The provision for taxation for the half year and quarter ended December 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, 2019.

| | | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|---|-------------|---|---|
| 6 OPERATING FIXED ASSETS | Note | | |
| Opening written down value | | 266,279,731 | 144,697,293 |
| Add: Additions during the period / year | 6.1 | 17,000 | - |
| Add: Revaluation Surplus | | - | 124,931,830 |
| Less: Disposals - net book value (NBV) | 6.2 | - | (110,500) |
| | | 17,000 | 124,821,330 |
| Less: Depreciation charged during the period / year | | (1,950,746) | (3,238,892) |
| Closing written down value | | <u>264,345,985</u> | <u>266,279,731</u> |

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

| | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|---------------------------|---|---|
| Building | - | - |
| Plant and machinery | - | - |
| Furniture and fixtures | 17,000 | - |
| Computers and accessories | - | - |
| | <u>17,000</u> | <u>-</u> |

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

| | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|------------------------|---|---|
| Furniture and fixtures | - | (110,500) |
| | <u>-</u> | <u>(110,500)</u> |

7 INVESTMENT PROPERTY

| | | | |
|---|-----|--------------------|--------------------|
| Rural land | 7.2 | 104,850,000 | 104,850,000 |
| Gammon House - land and building | 7.3 | <u>288,087,135</u> | <u>288,087,135</u> |
| | | <u>392,937,135</u> | <u>392,937,135</u> |
| 7.1 The movement in this account is as follows: | | | |
| Opening balance | | 392,937,135 | 340,176,931 |
| Net fair value gain on revaluation shown in "profit and loss account" | 7.4 | - | 52,760,204 |
| | | <u>392,937,135</u> | <u>392,937,135</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, 2019, 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.52.760 million net adjustment to fair value.

| | | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|------------------------------------|-------------|---|---------------------------------------|
| 8 CONTRACT RECEIVABLES | Note | | |
| Unsecured - considered good | | | |
| Against billings | | | |
| - work-in-progress | | 27,497,821 | 32,549,572 |
| - completed contracts | | 56,123,425 | 55,236,179 |
| | | <u>83,621,246</u> | <u>87,785,751</u> |
| Provision for doubtful receivables | 8.1 | <u>(56,123,425)</u> | <u>(56,123,425)</u> |
| | | 27,497,821 | 31,662,326 |
| Against retention money | | | |
| - work-in-progress | | 52,789,701 | 63,292,689 |
| - completed contracts | | 35,899,738 | 33,482,887 |
| | | <u>88,689,439</u> | <u>96,775,576</u> |
| Provision for doubtful receivables | 8.1 | <u>(37,704,489)</u> | <u>(37,704,489)</u> |
| | | 50,984,950 | 59,071,087 |
| Joint venture | | | |
| - against billings | | 17,054,553 | 17,054,553 |
| - against retention money | | 12,936,380 | 12,936,380 |
| | | <u>29,990,933</u> | <u>29,990,933</u> |
| Provision for doubtful receivables | 8.1 | <u>(29,990,933)</u> | <u>(29,990,933)</u> |
| | | - | - |
| | | <u>78,482,771</u> | <u>90,733,413</u> |

- 8.1 Management, in the previous years, 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, 2019, no further provision was charged (June 30, 2018: nil).

| | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|--------------------------|---|---------------------------------------|
| 9 CONTRACT ASSETS | | |
| Construction contracts | 138,746,466 | 93,047,642 |
| Sale of goods | - | - |
| | <u>138,746,466</u> | <u>93,047,642</u> |
| Less: allowance | - | - |
| | <u>138,746,466</u> | <u>93,047,642</u> |
| Analysed as: | | |
| Current | 138,746,466 | 93,047,642 |
| Non-current | - | - |
| | <u>138,746,466</u> | <u>93,047,642</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.

| | Note | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|----------------------------------|------|---|---------------------------------------|
| 10 CASH AND BANK BALANCES | | | |
| Cash in hand | | 81,668 | 78,529 |
| Cash at bank - local currency | | | |
| Current accounts | | 57,967 | 55,926 |
| PLS accounts | 10.1 | 9,948 | 21,938 |
| Deposit accounts | 10.2 | 924,728 | 1,729,443 |
| | | <u>992,643</u> | <u>1,807,307</u> |
| | | <u>1,074,311</u> | <u>1,885,836</u> |

- 10.1 PLS accounts, during the current financial period, carried markup ranging from 6.5% to 11.25% (June 30, 2019: 3% to 8.5%) per annum.

- 10.2 As at December 31, 2019 and June 30, 2019 the entire balance was under bank's lien.

| | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|---|---|---------------------------------------|
| 11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL | | |
| 11.1 Issued, subscribed and paid up capital | | |
| 22,627,320 (June 30, 2019: 22,627,320) ordinary shares of Rs.10/- each fully paid in cash | 226,273,200 | 226,273,200 |

| | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|---|---|---|
| 2,562,845 (June 30, 2019: 2,562,845) bonus shares of Rs.10/- each fully paid in cash | 25,628,450 | 25,628,450 |
| 3,076,066 (June 30, 2019: 3,076,066) ordinary shares of Rs.10/- each fully paid in cash (against conversion of loans) | <u>30,760,660</u> | <u>30,760,660</u> |
| | <u>282,662,310</u> | <u>282,662,310</u> |

11.2 Authorized share capital

This represents 30,000,000 (June 30, 2019 : 30,000,000) ordinary shares of Rs. 10 each amounting to Rs.300,000,000 (June 30, 2019 : Rs. 300,000,000).

- 11.3 Bibojee Services (Private) Limited (the holding company) holds 20,369,056 (June 30, 2019: 20,369,056) shares, i.e. 72.06% of the Company's issued, subscribed and paid-up capital.

| | | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|---|-------------|---|---|
| 12 TRADE AND OTHER PAYABLES | Note | | |
| Sundry creditors | | 69,511,864 | 67,796,863 |
| Advance rent | | 263,080 | 2,366,207 |
| Due to sub-contractors | | 29,406,489 | 30,546,579 |
| Accrued expenses | | 57,673,886 | 33,763,682 |
| Due to employees and others | 12.1 | 9,184,298 | 8,729,298 |
| Taxes payables | | 1,009,653 | 849,992 |
| Joint venture partner's share of profit | | 1,620,715 | 1,620,715 |
| Other provisions | 12.2 | <u>35,122,500</u> | <u>35,122,500</u> |
| | | <u>203,792,485</u> | <u>180,795,836</u> |

- 12.1 This balance includes amounts aggregating Rs. 1.563 million (June 30, 2019: 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, 2019.

- 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, 2019: Rs. 63.777 million).

13.3 Commitments

There were no commitment for capital expenditures as at the statement of financial position date (June 30, 2019: nil).

| | December 31, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|-------------------------------|---|---|
| 14 CONTRACT INCOME | | |
| Continuing operations: | | |
| Construction contracts | 64,238,607 | 58,297,033 |
| Sale of goods | - | 3,500,000 |
| | <u>64,238,607</u> | <u>61,797,033</u> |
| Timing of revenue recognition | | |
| At a point in time: | | |
| Sale of goods | - | 3,500,000 |
| Over time: | | |
| Construction contracts | <u>64,238,607</u> | <u>58,297,033</u> |
| | <u>64,238,607</u> | <u>61,797,033</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, 2019 Rupees |
|------------------------|---|
| Continuing operations: | |
| Construction contracts | 735,830,635 |
| Sale of goods | - |
| | <u>735,830,635</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, 2019 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, | |
|---|---------------------------------|------------|-------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Earning after taxation-(Rupees) | 263,855 | 874,451 | 2,107,090 | 255,763 |
| Weighted average number of ordinary shares | 28,266,231 | 28,266,231 | 28,266,231 | 28,266,231 |
| Earning per share - (Rupees) | 0.01 | 0.03 | 0.07 | 0.01 |

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 | | Quarter Ended | |
|---|-----------------|-------------|---------------|-------------|
| | 2019 | 2018 | 2019 | 2018 |
| | Rupees | Rupees | Rupees | 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 | (1,500,000) | (3,000,000) | (750,000) | (2,250,000) |
| Gandhara Industries Limited | | | | |
| Rental income | 1,500,000 | 1,500,000 | 750,000 | 750,000 |
| Payment received | (1,500,000) | (3,000,000) | (750,000) | (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 | 2,570,000 | 1,260,000 | 1,310,000 |
| Payment received | (4,500,000) | (1,750,000) | (4,500,000) | (1,750,000) |
| Chief Executive | | | | |
| Salaries and other benefits | 1,200,000 | 1,200,000 | 600,000 | 600,000 |

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, 2019.

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, 2019, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2019 and June 30, 2019 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, 2019 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, 2019 Rupees Unaudited | June 30, 2019 Rupees Audited |
|--|---|---|
| Opening balance (level 2 recurring fair value) | 392,937,135 | 340,176,931 |
| Fair value gain recognized in profit and loss | - | 52,760,204 |
| Closing balance (level 2 recurring fair value) | <u>392,937,135</u> | <u>392,937,135</u> |

- 18.2 The Company has revalued its freehold land, buildings, plant and machinery and other fixed assets on June 30, 2019 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, 2019 Unaudited | June 30, 2019 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, 2019 Rupees | |
|---|---|-----------|
| 19 PROFIT BEFORE WORKING CAPITAL CHANGES | | |
| Profit before taxation | 5,274,897 | 1,315,805 |
| Adjustment for: | | |
| Depreciation | 1,950,746 | 1,617,692 |
| Staff retirement benefits - gratuity (net) | (266,038) | 115,713 |
| Allocation of loss to joint ventures | - | - |
| Finance cost | 9,310 | 3,994 |
| | 1,694,018 | 1,737,399 |
| Profit before working capital changes | 6,968,915 | 3,053,204 |

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.

21 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on Sep,30 2020 by the Board of Directors of the Company.

22 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

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