

**GAMMON PAKISTAN LIMITED NOTES TO THE UN-CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2025 (UN-AUDITED)**

**DISCLOSURES RELATING TO SHARIAH-COMPLIANT AND NON-COMPLIANT ACTIVITIES**

*(In terms of S.R.O. 1278(I)/2024 [Fourth Schedule to the Companies Act, 2017 - Item VII])*

The Company is principally engaged in the execution of civil construction works, which does not fall under the definition of Shariah non-permissible business activities as defined in the Explanation to the aforementioned SRO. The requisite disclosures, cross-referenced with the relevant notes to the financial statements, are presented below:

**A. DISCLOSURES REQUIRED IN RELATIONS TO THE STATEMENT OF FINANCIAL POSITION, LIABILITY SIDE:**

(i) Financing (long-term, short-term, or lease financing) obtained as per Islamic mode:

- Nil [Refer Statement of Financial Position]. The Company has not obtained any financing (long-term, short-term, or lease) during the current or preceding period.

(ii) Interest or mark-up accrued on any conventional loan or advance:

- Nil [Refer Statement of Financial Position]. The Company has no conventional borrowings; hence, no interest or mark-up has been accrued.

**B. DISCLOSURES REQUIRED IN THE STATEMENT OF FINANCIAL POSITION, ASSET SIDE:**

(iii) Long-term and short-term Shariah compliant Investments:

- Long-term: Rs. 365,339,500 [Refer Statement of Financial Position]. This represents the Company's property, the Gammon House and the Bill Board, investment for the rental income.
- Long-term: Rs. 189,340,000 [Refer Note 9]. This represents the investment in the Company's subsidiary, Gammon Pakistan Precast (Private) Limited, which is engaged in the Shariah-compliant business of precast civil construction.
- Short-term: Nil.

(iv) Shariah-compliant bank deposits, bank balances, and TDRs:

- Rs. 10,505 [Refer Note 12.1]. This represents the balance maintained in Profit and Loss Sharing (PLS) accounts, which are based on Islamic modes of financing.
- *Exclusion:* The amount of Rs. 889,443 in Deposit Accounts [Refer Note 12.2] has not been included herein as these are held under a commercial bank's lien against guarantees and are treated as conventional deposits. Cash in hand (Rs. 1,547,918) and Current Accounts (Rs. 51,153) are neutral and do not yield Shariah-compliant profit.

**C. DISCLOSURES REQUIRED IN RELATION TO THE STATEMENT OF COMPREHENSIVE INCOME:**

(v) Revenue earned from a Shariah-compliant business segment:

- Nil [Refer Statement of Profit or Loss]. The Company had nil contract income during the half-year ended December 31, 2025.

(vi) Break-up of late payments or liquidated damages:

- Nil. No late payments or liquidated damages have been charged or recognized during the period.

(vii) Gain or loss or dividend earned on Shariah compliant investments or share of profit from Shariah-compliant associates:

- Nil [Refer Statement of Comprehensive Income and Note 9]. No dividend or gain against shareholding was recognized from the subsidiary during the current half-year.

(viii) Profit earned from Shariah-compliant bank deposits, bank balances, or TDRs:

- Nil [Refer Note 12.1]. The PLS accounts remained dormant during the financial period; consequently, no profit was accrued or credited to these accounts.

(ix) Exchange gain earned from actual currency:

- Nil. No exchange gains were earned on actual currency transactions during the period.

(x) Exchange gains earned using conventional derivative financial instruments:

- Nil. The Company does not use any conventional derivative financial instruments.

(xi) Profit paid on Islamic mode of financing:

- Nil. The Company has no outstanding Islamic financing facilities.

(xii) Shariah-Compliant Activities, the Shariah-compliant income of the Company for the period ended December 31, 2025, primarily comprises rental income, gain on sale of assets, and other miscellaneous income. The breakup of Shariah-compliant income is as follows:

- Rental Income: PKR 21,541,104
  - *Received from Associated Parties*: PKR 11,399,352 (comprising income from Ghandhara Nissan Limited, Ghandhara Industries Limited, B.W. Mills, and Kisa Khani Kabab (Pvt) Limited).
  - *Received from Other Parties*: PKR 10,141,752.
- Gain on Sale of Assets: PKR 6,020,600
- Other Income: PKR 267,851
  - (Comprising Scrape Sale and Other Misc. Income).

The total Shariah-compliant income for the period amounts to PKR 27,829,555.

(xiii) **Non-Shariah-Compliant Activities. The non-Shariah-compliant income of the Company for the period** consists entirely of markup charged on advances to associates. The details are as follows:

- **Markup on advances to associates: PKR 4,083,695**

**The total non-Shariah-compliant income amounts to PKR 4,083,695**, which constitutes approximately 12.79% of the Company's total income for the period.

#### **D. OTHER DISCLOSURE REQUIREMENTS:**

(xii) Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc.:

- The Company maintains a Profit and Loss Sharing (PLS) account [Refer Note 12.1] which operates on an Islamic banking window/platform basis.
- Apart from the aforementioned PLS account, the Company does not maintain any active banking, borrowing, or Takaful relationships with dedicated Shariah-compliant financial institutions. Conventional banking relationships are maintained solely for routine operational current accounts and lien-based deposit accounts [Refer Note 12.2].



**Chief Executive Officer**



**Chief Financial Officer**



**Director**