

**GAMMON PAKISTAN LIMITED**  
**Quarterly Progress Report**  
**Q4 – Ended June 30, 2026**

In compliance with Clause 5.11.3(b) of the Rule Book of the Pakistan Stock Exchange Limited

### **1. Introduction**

The Board of Directors of the Company hereby presents the Progress Report for the fourth quarter ended June 30, 2026, for dissemination to the shareholders. This report provides an update on the Company's efforts towards the commencement and resumption of business operations during the quarter under review.

### **2. Status of Operations**

During the quarter under review, the Company did not secure or undertake any new construction project and, accordingly, no operating revenue was generated from contract activities. Management, however, continued to actively pursue business opportunities in both the public and private sectors through participation in tendering activities, liaison with prospective clients and exploration of potential collaborations. Despite these continued efforts, prevailing market conditions and limited availability of viable projects did not result in the award of any new business during the quarter.

### **3. Operating Environment**

The overall business environment for the construction and infrastructure sector remained challenging during the quarter. Although the Government announced a national development budget of approximately **Rs. 3.669 trillion** for FY 2026-27, including a Federal Public Sector Development Programme (PSDP) allocation of **Rs. 1 trillion**, the practical impact of these allocations is expected to materialize gradually over the coming financial year.

During the period, the State Bank of Pakistan maintained the policy rate at **11.5 percent** while noting that inflationary pressures had re-emerged and economic activity continued to reflect the effects of higher prices, fiscal restraint and prevailing economic uncertainty. Headline inflation increased to **11.1 percent in June 2026** on a year-on-year basis. These factors continued to influence investment decisions, delayed project awards and resulted in cautious spending by both public and private sector clients.

### **4. Business Development Activities**

Notwithstanding the prevailing market conditions, the Company remained focused on business development throughout the quarter. Management continued to maintain liaison with the Government Departments, public sector organizations and private sector clients, and evaluate potential projects with emphasis on commercial viability, financial prudence and effective risk management. Efforts also continued towards resolving outstanding contractual matters and strengthening the Company's position for participation in future opportunities as market conditions improve.

## **5. Financial Discipline and Recoveries**

The Company continued to exercise strict financial discipline during the quarter. Administrative and operating expenditures were carefully controlled to preserve liquidity and optimize available resources. Management also continued its efforts for recovery of outstanding receivables, retention monies and contractual claims relating to completed projects, with the objective of strengthening the Company's financial position and supporting future business operations.

## **6. Outlook**

While the Company did not secure any new business during the quarter, the Board remains optimistic regarding the medium-term prospects of the construction sector. The planned increase in development spending under the national budget, together with continued investment in infrastructure and logistics, is expected to gradually improve opportunities for contractors. The Company remains committed to pursuing commercially viable projects, maintaining financial discipline and positioning itself to capitalize on emerging opportunities as market activity gains momentum.

## **7. Conclusion**

The absence of new project awards during the quarter primarily reflects prevailing market conditions rather than any reduction in the Company's business development efforts. The Board remains confident that the Company's continued focus on prudent financial management, recovery of outstanding claims and active pursuit of suitable business opportunities will strengthen its operational and financial position and support the resumption of sustainable business activity as economic conditions improve.

Yours sincerely,

For and on behalf of  
**Gammon Pakistan Limited**



**Ghulam Murtaza Khurshid**  
Chief Financial Officer