

BIBOJEE GROUP



Half-Yearly Accounts

December 31, 2022
(Un-Audited)



GAMMON PAKISTAN LIMITED

COMPANY INFORMATION

Chairman

Lt Gen Ali Kuli Khan Khattak (Retd) Chairman

Board of Directors

Mr. Khalid Kuli Khan Khattak	Director
Mrs. Ayesha Alamzeb Durrani	Director
Mr. Muhammad Kuli Khan Khattak	Director
Mr. Sikandar Kuli Khan Khattak	Director
Mr. Kamal Abdullah Malik	Independent Director
Mr. Fazal-ur-Rehman Khan Burki	Independent Director

Chief Executive Officer

Mr. Khalid Kuli Khan Khattak

Audit Committee

Mr. Kamal Abdullah Malik	Chairman
Mr. Muhammad Kuli Khan Khattak	Member
Mr. Sikandar Kuli Khan Khattak	Member

HR Committee

Mr. Fazal-ur-Rehman Khan Burki
Mrs. Ayesha Alamzeb Durrani
Mr. Sikandar Kuli Khan Khattak

Company Secretary

Mr. Amin ur Rasheed

Chief Financial Officer

Mr. Ghulam Murtaza Khurshid

Internal Auditor

Mr. Salman Khan ACA

External Auditor

M/S Rizwan & 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

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

Registered Office

Gammon House
400/2, Peshawar Road, Rawalpindi
Tel: 051-5477326-7
Fax: 051-5477511
E-mail: (i) gammon1@dsl.net.pk
(ii) Info@gammonpakistan.com

Share Registrar

Vision Consulting Limited
3-C, LDA Flats, 1st Floor,
Lawrence Road, Lahore
Tel: +92-42-36283096-97
Email: share@vcl.com.pk
Web: www.vcl.com.pk

DIRECTOR'S REPORT

The Directors of your Company have pleasure in presenting their report, together with reviewed Financial Statements for the period ended December 31, 2022.

PERFORMANCE REVIEW

The principal activity of the Company is all types of Construction Specially Bridges and Buildings. The highlights of the Company's Financial results as compared to the preceding year are as follows: -

Particulars	July to Dec, 2022 (Rupees)	July to Dec, 2021 (Rupees)
Contract Income	5,619,649	15,500,347
Contract Expenditure	(7,801,709)	(17,283,901)
Net Contract (Loss)/Profit	(2,182,252)	(1,783,554)
(Loss)/Profit before taxation	(4,736,899)	(2,560,904)
Taxation	(2,778,234)	(2,517,486)
Net (Loss)/Profit	(7,515,133)	(5,078,390)

The revenue from the contracts has decreased as compared to the same period last year (SPLY) due to Completion and Handing Over of certain Projects. Unfortunately, in spite of our best efforts, we have not been able to get any new Projects. The main problem is the difficulty in arranging the BG facilities, this has adversely affected the revival of the Company. Nonetheless, all our efforts are still being made to acquire new Projects as we continue to participate in the bidding process wherever a project is launched. Gammon Pakistan Limited (GPL) is also striving hard to acquire Projects through joint ventures with financially strong parties and hopefully we may have success in the near future.

Maritime Technologies Complex Project at Fateh Jang near Islamabad is in the process of final bill with the client, however, due to certain differences in work completion, it's under arbitration for resolving the differences and may take more time for final bill to be done. Although there are some complications in getting our balance with the client, due to the Risk & Cost element. New Management is very much hopeful and capable of overcoming the hurdles.

FUTURE PROSPECTS

Management of the Company is very much hopeful that despite financial constraints and cash flow problems we will succeed to uplift the company by resolving long outstanding matters. We are tendering for some Mega Projects as well, since Government policy for the Construction industry is supportive. It is expected that some new works will be awarded to the company in the near future.

Efforts are being made to get LG & RF facilities from different Banks, that will definitely help us to boost our working capacity and to acquire new Projects.

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 cooperation, support and trust reposed in the Company.

For and on behalf of Board of Directors



Khalid Kuli Khan Khattak
Chief Executive Officer

گیمن پاکستان لمیٹڈ

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2022ء کو چھ ماہ کی ختم ہونے والی مدت پر کمپنی کے آڈیٹر کی 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 کے مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہیں:-

جولائی۔ دسمبر 2021	جولائی۔ دسمبر 2022	
(روپے)	(روپے)	
15,500,347	5,619,649	پراجیکٹس سے آمدن
(17,283,901)	(7,801,709)	پراجیکٹس کا خرچ
(1,783,554)	(2,182,252)	مجموعی منافع / (نقصان)
(2,560,904)	(4,736,899)	قبل از ٹیکس منافع / (نقصان)
(2,517,486)	(2,778,234)	ٹیکس
(5,078,390)	(7,515,133)	بعد از ٹیکس منافع / (نقصان)

اگرچہ پچھلے سال کی شش ماہی کے مقابلے میں اس سال کچھ پراجیکٹس کی تکمیل اور منتقلی کی وجہ سے آمدن میں قدرے کمی واقع ہوئی ہے۔ بد قسمتی سے ہماری پوری کوشش کے باوجود، ہم کوئی نیا پراجیکٹ حاصل کرنے میں کامیاب نہیں ہو سکے۔ بنیادی مسئلہ بانڈنگ سہولیات کو حاصل کرنے میں دشواری ہے، جس نے کمپنی کی بحالی کو بری طرح متاثر کیا ہے۔ بحریہ ہماری تمام تر کوششیں نئے پراجیکٹس کے حصول کیلئے گامزن ہیں، مزید جیسے ہی کوئی نیا پراجیکٹ شروع ہونے لگتا ہے تو ہم اس کی بڈنگ میں حصہ لیتے ہیں۔ گیمن پاکستان لمیٹڈ مالی طور پر مضبوط پارٹیوں کے ساتھ مشترکہ منصوبوں کے ذریعے پراجیکٹس حاصل کرنے کی بھرپور کوشش کر رہی ہے اور امید ہے کہ ہمیں کامیابی حاصل ہوگی۔

اسلام آباد کے قریب فتح جنگ میں واقع میری ٹائم ٹیکنالوجی کمپلیکس کا پراجیکٹ محکمے کے ساتھ فائنل بل کے عمل میں ہے، تاہم کام کی تکمیل کے حوالے سے بعض اختلافات ہیں اور ان اختلافات کو حل کرنے کیلئے یہ معاملہ آرہیٹریشن کے سپرد کیا گیا ہے جس کی وجہ سے فائنل بل کی تکمیل میں مزید وقت لگ سکتا ہے۔ اگرچہ رسک اینڈ کاسٹ کے عنصر کی وجہ سے محکمے سے لقیہ رقم کے حصول میں کچھ دشواریوں کا سامنا ہے لیکن انتظامیہ پر امید ہے کہ وہ ان رکاوٹوں پر قابو پالے گی۔

مستقبل کے امکانات

کمپنی کی انتظامیہ بہت پُر امید ہے کہ مالی رکاوٹوں اور کیش فلو میں دشواریوں کے باوجود ہم طویل عرصے سے درپیش مشکلات کو حل کر کے کمپنی کی ترقی میں کامیاب ہوں گے۔ ہم کچھ میگا پراجیکٹس کیلئے ٹینڈرز میں حصہ لے رہے ہیں کیونکہ تعمیراتی صنعت کیلئے حکومتی پالیسی معاون ہے اور توقع ہے کہ

مستقبل قریب میں کمپنی کچھ نئے کام حاصل کرنے میں کامیاب ہو جائے گی۔
اس کے ساتھ ساتھ مختلف بینکوں سے LG اور RF کی سہولیات حاصل کرنے کیلئے کوششیں بھی جاری ہیں جو یقینی طور پر نئے منصوبوں میں کامیابی کی
صلاحیت کو بڑھانے میں مددگار ثابت ہوں گی۔

اظہارِ تشکر

ہم اس ششماہی کے دوران کمپنی کی انتظامیہ، انجینئرز اور ملازمین کی محنت اور لگن کی قدر کرتے ہیں اور اپنے مینجرز، کسٹمرز، سپلائرز اور ذیلی
کنٹریکٹرز کے تعاون، حمایت اور اعتماد کیلئے انکے تہہ دل سے مشکور ہیں۔
کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

خالد قلی خان خٹک

خالد قلی خان خٹک

چیف ایگزیکٹو آفیسر

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Gammon Pakistan Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Gammon Pakistan Limited** as at December 31, 2022 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows together with the notes to the unconsolidated condensed interim financial statements for the six month period then ended (hereinafter referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of the unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

The figures included in unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and 2021 and the notes forming part thereof have not been reviewed by us and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months period ended December 31, 2022.

Scope of Review

We conducted our review in accordance with the International Standard 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 inquiries, 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.

Basis for Qualified Conclusion

We believe that the procedures we have performed are sufficient and appropriate to provide a basis for our qualified conclusion and we report that:

- a) Contract receivables amounting to Rupees 46.311 million, allowance of expected credit loss amounting to Rupees 142.845 million, net contract assets amounting to Rupees 68.81 million, as disclosed in notes 9, 9.1, 10 to the unconsolidated condensed interim financial statements and joint venture partner's advances amounting to Rupees 30.059 million as disclosed in the unconsolidated condensed interim statement of financial position respectively could not be verified in absence of the direct confirmations from the involved parties. Further, there are no written efforts available to recover/settle these old balances. The consequential cumulative effect of this matter has neither been determined nor adjusted in these unconsolidated



condensed interim financial statements.

- b) As fully explained in note 13.2 to the unconsolidated condensed interim financial statements, after lapse of considerable time the company could not make the arrangement to pay the provident fund amounting to Rupees 1.563 million to the relevant employees as instructed by the Securities and exchange Commission of Pakistan, and unclaimed dividend as disclosed in the unconsolidated condensed interim statement of financial position amounting to Rupees 1,442,230 has not been kept in unpaid dividend account under Section 244 of the Companies Act, 2017. The effect of these matters has not been adjusted appropriately in these unconsolidated condensed interim financial statements.

Qualified Conclusion

Based on our review, except for the effect of matters discussed in paragraphs (a) & (b) of Basis for Qualified Conclusion above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

Without further qualifying our conclusion:

- a) we also draw attention to the Note 21.3 to the unconsolidated condensed interim financial statements which explains that certain financial transactions pertaining to the ex CFO of the Company are under investigation internally as well as by external agency and the impact of such investigation, if any, will be accounted for in the period during which such investigation is completed.

The engagement partner on the review resulting in this independent auditor's review report is **Rashid Iqbal FCA**.

Islamabad
Date:

27 FEB 2023

UDIN: RR202210101wRcHbII7s

Rizwan & Company
Chartered Accountants

**GAMMON PAKISTAN LIMITED
UN-CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
31 DECEMBER 2022
(UN-AUDITED)**

GAMMON PAKISTAN LIMITED
UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2022

		UN-AUDITED	AUDITED
		December 31, 2022	June 30, 2022
NOTE	Rupees		
ASSETS			
NON CURRENT ASSETS			
	Property, plant and equipment		
	Operating fixed assets	6 298,067,440	299,085,009
	Investment property	7 477,509,859	477,509,859
	Long term investments	8 1,800,413	1,800,413
	Long term security deposits	1,863,528	1,863,528
		<u>779,241,240</u>	<u>780,258,809</u>
CURRENT ASSETS			
	Stores, spares and loose tools	12,259,854	12,266,142
	Contract receivables	9 46,311,495	45,918,093
	Contract asset	10 68,806,168	65,049,779
	Loans and advances	55,313,354	56,340,235
	Other receivables	430,630	1,321,918
	Trade deposits and short term prepayments	209,947	325,701
	Tax refunds due from Government	84,799,109	85,272,052
	Cash and bank balances	11 3,457,812	1,206,292
		<u>271,588,369</u>	<u>267,700,212</u>
		<u>1,050,829,609</u>	<u>1,047,959,021</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	Share capital	12 282,662,310	282,662,310
	Capital reserves		
	Share premium reserve	15,380,330	15,380,330
	Revaluation surplus on property, plant and equipment	426,237,791	426,804,439
		441,618,121	442,184,769
	Revenue reserve		
	Accumulated profit	62,074,089	69,022,574
		<u>786,354,520</u>	<u>793,869,653</u>
NON-CURRENT LIABILITIES			
	Deferred liability	7,953,040	8,132,065
	Deferred taxation	33,361,724	33,361,724
		41,314,764	41,493,789
CURRENT LIABILITIES			
	Trade and other payables	13 191,658,553	181,093,807
	Unclaimed dividends	1,442,230	1,442,230
	Joint venture partner's advances	30,059,542	30,059,542
		<u>223,160,325</u>	<u>212,595,579</u>
		<u>1,050,829,609</u>	<u>1,047,959,021</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
		14 -	-

The annexed notes from 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED

UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER MONTHS ENDED DECEMBER 31, 2022

					UN-AUDITED				
					HALF YEAR ENDED		QUARTER ENDED		
					December 31,		December 31,		
					2022	2021	2022	2021	
NOTE					-----Rupees-----				
Contract income	15	5,619,649	15,500,347	4,149,591	7,856,666				
Contract expenditure		(7,801,901)	(17,283,901)	(1,046,442)	(9,352,191)				
Net contract profit/(loss)		(2,182,252)	(1,783,554)	3,103,149	(1,495,525)				
Operating expenses									
Depreciation	6	(1,017,569)	(986,063)	(501,284)	(495,961)				
Administrative expenses		(13,528,163)	(13,253,036)	(7,712,008)	(6,223,269)				
Operating profit/(loss)		(16,727,984)	(16,022,653)	(5,110,143)	(8,214,755)				
Other income		11,991,086	13,477,635	5,998,941	8,040,281				
Finance cost		-	(15,886)	-	(15,886)				
Profit/(loss) before taxation		(4,736,899)	(2,560,904)	888,797	(190,360)				
Taxation-current		(2,778,234)	(2,517,486)	(1,389,117)	(1,258,743)				
Profit/(loss) after taxation		(7,515,133)	(5,078,390)	(500,320)	(1,449,103)				
Earnings per share:									
Earnings per share - basic and diluted	16	(0.27)	(0.18)	(0.02)	(0.05)				

The annexed notes from 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER MONTHS ENDED DECEMBER 31, 2022

	UN-AUDITED			
	HALF YEAR ENDED		QUARTER ENDED	
	December 31,		December 31,	
	2022	2021	2022	2021
NOTE	-----Rupees-----			
(Loss) / profit after taxation	(7,515,133)	(5,078,390)	(500,320)	(1,449,103)
Other comprehensive income	-	-	-	-
Total other comprehensive (loss) / income for the year	<u>(7,515,133)</u>	<u>(5,078,390)</u>	<u>(500,320)</u>	<u>(1,449,103)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

Share capital	Reserves			Total	
	Capital	Revenue			
Issued, subscribed and paid-up capital	Share premium	Revaluation surplus on property, plant and equipment	Accumulated Profits		
Rupees					
Balance as at July 1, 2021	282,662,310	15,380,330	420,072,719	74,239,623	792,354,982
Total comprehensive income for the period					
Loss for the period	-	-	-	(5,078,390)	(5,078,390)
Transfer from revaluation surplus on property, plant and equipment:					
- on account of incremental depreciation-net of deferred tax	-	-	(612,936)	612,936	-
- upon disposal of revalued property, plant and equipment	-	-	(3,134)	3,134	-
Balance as at December 31, 2021	282,662,310	15,380,330	419,456,649	69,777,303	787,276,592
Balance as at July 1, 2022	282,662,310	15,380,330	426,804,439	69,022,574	793,869,653
Total comprehensive income for the period					
Loss for the period	-	-	-	(7,515,133)	(7,515,133)
Transfer from revaluation surplus on property, plant and equipment:					
- on account of incremental depreciation-net of deferred tax	-	-	(566,648)	566,648	-
Balance as at December 31, 2022	282,662,310	15,380,330	426,237,791	62,074,089	786,354,520

The annexed notes from 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
UN-CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

UN-AUDITED	
HALF YEAR ENDED	
December 31, 2022	December 31, 2021
NOTE	Rupees

CASH FLOWS FROM OPERATING ACTIVITIES

Profit/(Loss) before working capital changes	20	(3,898,355)	(1,661,349)
Changes in working capital:			
Decrease / (increase) in current assets			
Stores, spares and loose tools		6,288	2,083,827
Contract receivables		(393,402)	3,179,043
Contract asset		(3,756,389)	9,464,084
Loans and advances		1,026,881	(18,205,284)
Other receivables		891,288	1,350,123
Prepayments		115,754	228,804
Increase/(Decrease) in current liabilities			
Trade & other payable		10,564,746	14,817,666
Contract liabilities		-	(12,476,031)
		8,455,166	442,232
Net cash generated/(used in) operating activities		4,556,811	(1,219,117)
Financial cost paid		-	(15,886)
Income tax paid		(2,305,291)	(2,335,230)
		(2,305,291)	(2,351,116)
Net cash generated/(used in) operating activities		2,251,520	(3,570,233)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets	6	-	(315,400)
Proceeds from sale of fixed assets		-	161,905
Long term investments made during the period		-	(500,000)
Net cash (used in) investing activities		-	(653,495)
Net increase/(decrease) in cash and cash equivalents		2,251,520	(4,223,728)
Cash and cash equivalents at the beginning of the period		1,206,292	5,643,697
Cash and cash equivalents at the end of the period	11	3,457,812	1,419,969

The annexed notes from 1 to 24 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GAMMON PAKISTAN LIMITED
NOTES TO THE UN-CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

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 unconsolidated condensed interim financial statements of the Company for the half year ended December 31, 2022 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 unconsolidated condensed 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, 2022. Comparative unconsolidated condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2022 and comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows are extracted from unaudited interim financial statements for the six months ended December 31, 2021.

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

2.3 Functional and presentation currency

These condensed 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 unconsolidated condensed interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2022 except as explained in note
- 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, 2022.
- 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, 2022. 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 unconsolidated condensed 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, 2022.
- 3.6 The accounting policies applied in these unconsolidated condensed 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, 2022.

4 TAXATION

The provision for taxation for the half year and quarter ended December 31, 2022 has been made using the estimated effective tax rate applicable to expected total annual earnings.

5 ESTIMATES

The preparation of unconsolidated 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, 2022.

	NOTE	Unaudited	Audited
		December 31, 2022	June 30, 2022
		Rupees	
6 OPERATING FIXED ASSETS			
Opening written down value		299,085,009	293,153,336
Add: Additions during the period / year	6.1	-	460,950
Add: Revaluation Surplus		-	7,482,293
Less: Disposals - net book value (NBV)		-	(4,347)
		-	7,938,896
Less: Depreciation charged during the period / year		(1,017,569)	(2,007,223)
		298,067,440	299,085,009

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

	NOTE	Unaudited	Audited
		December 31, 2022	June 30, 2022
		Rupees	
Plant and machinery		-	30,000
Furniture and fixtures		-	15,500
Computers and accessories		-	190,450
Motor Vehicles		-	50,000
Construction Equipments		-	175,000
		-	460,950

7 INVESTMENT PROPERTY

Rural land	7.2	120,577,299	120,577,299
Gammon House - land and building	7.3	356,932,560	356,932,560
		477,509,859	477,509,859

7.1 The movement in this account is as follows:

Opening balance		477,509,859	468,511,297
Net fair value gain on revaluation shown in "profit and loss account"	7.4	-	8,998,562
		477,509,859	477,509,859

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. The shareholders in the AGM has approved the resolution of the company that the Gammon House be demolished and a multi-storey high rise building be constructed at its place.

7.4 As at June 30, 2022, 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, 2022, and the revaluation resulted in Rs.8.998 million net adjustment to fair value.

	NOTE	Unaudited	Audited
		December 31, 2022	June 30, 2022
		Rupees	
8 LONG TERM INVESTMENTS			
Unquoted Subsidiaries			
Gammon Pakistan Precast (Private) Limited (96.2% Holding)	8.1	500,000	500,000
50,000 ordinary shares (June 30, 2022: 50,000) of Rs. 10 each			
Others			
Defense Saving Certificate		1,300,413	1,300,413
		1,800,413	1,800,413

8.1 It represents the shareholding of the Company in Gammon Pakistan Precast (Private) Limited making it a subsidiary effective from November 16, 2021.

	NOTE	Unaudited	Audited
		December 31, 2022	June 30, 2022
		Rupees	
9 CONTRACT RECEIVABLES			
Unsecured - considered good			
Against billings			
- work-in-progress		2,629,466	2,629,467
- completed contracts		73,478,099	73,478,098
		76,107,565	76,107,565
Provision for expected credit loss	9.1	(75,150,387)	(75,150,387)
		957,178	957,178
Against retention money			
- work-in-progress		34,756,979	34,756,979
- completed contracts		48,301,827	47,908,425
		83,058,806	82,665,404
Provision for expected credit loss	9.1	(37,704,489)	(37,704,489)
		45,354,317	44,960,915
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 expected credit loss	9.1	(29,990,933)	(29,990,933)
		-	-
		46,311,495	45,918,093

9.1 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. There is no change in the management's assessment of expected credit loss of Rs.142.845 million and accordingly, during the half year ended December 31, 2022, no further provision has been made (June 30, 2022: Nil).

		Unaudited	Audited
		December 31, 2022	June 30, 2022
		Rupees	
10 CONTRACT ASSETS	NOTE		
Net Construction contracts-analyzed as current	10.1	68,806,168	65,049,779

10.1 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.

		Unaudited	Audited
		December 31, 2022	June 30, 2022
		Rupees	
11 CASH AND BANK BALANCES	NOTE		
Cash in hand		198,949	252,574
Cash at bank - local currency			
Current accounts		392,506	53,958
PLS accounts	11.1	1,976,914	10,317
Deposit accounts	11.2	889,443	889,443
		3,258,863	953,718
		3,457,812	1,206,292

11.1 PLS accounts, during the current financial period, carried markup ranging from 5.5% to 11.25% (June 30, 2022 : 5.5% to 12.5%) per annum.

11.2 As at December 31, 2022 and June 30, 2022 the entire balance was under bank's lien against guarantees issued.

	Unaudited	Audited
	December 31, 2022	June 30, 2022
Rupees		

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

12.1 Issued, subscribed and paid up capital

22,627,320 (June 30, 2022: 22,627,320) ordinary shares of Rs.10/- each fully paid in cash	226,273,200	226,273,200
2,562,845 (June 30, 2022: 2,562,845) bonus shares of Rs.10/- each fully paid in cash	25,628,450	25,628,450
3,076,066 (June 30, 2022: 3,076,066) ordinary shares of Rs.10/- each fully paid in cash (against conversion of loans)	30,760,660	30,760,660
	282,662,310	282,662,310

12.2 Authorized share capital

This represents 30,000,000 (June 30, 2022: 30,000,000) ordinary shares of Rs. 10 each amounting to Rs.300,000,000 (June 30, 2022: Rs. 300,000,000).

12.3 Bibojee Services (Private) Limited (the holding company) holds 20,369,056 (June 30, 2022: 20,369,056) shares, i.e. 72.06% of the Company's issued, subscribed and paid-up capital.

Unaudited	Audited
December 31, 2022	June 30, 2022
Rupees	

NOTE

13 TRADE AND OTHER PAYABLES

Sundry creditors	13.1	63,444,470	56,727,498
Advance rent		4,280,126	2,058,626
Due to sub-contractors		36,988,037	37,086,273
Accrued expenses		40,012,628	37,150,652
Due to employees and others	13.2	9,014,092	9,865,033
Taxes payables		1,175,984	1,462,510
Joint venture partner's share of profit		1,620,715	1,620,715
Other provisions	13.3	35,122,500	35,122,500
		191,658,553	181,093,807

13.1 This includes amount payable to directors for payments made to pay the creditors of the company and is interest free and repayable on demand.

13.2 This balance includes amounts aggregating Rs. 1.563 million (June 30, 2022: 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.

13.3 These represent provisions made for the potential liability, in respect of borrowings of Saudi Riyals 2.5 million and Saudi Riyals 5 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 14.2 (a) of these unconsolidated condensed interim financial statements).

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingent assets

The Company had lodged a claim with National Highway Authority amounting to Rs. 201.177 million (June 30, 2022: 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.

14.2 Contingent liabilities

- a) The NBP vide its letter number NBP/CORP/2022/107 has categorically confirmed that the company does not owe any amount in this regard and e-CIB portal has not reported any overdue amount. Therefore, outcome of the case before Sindh High Court cannot be determined at this stage being pending since 2000.

In view of the above and since the company has made provision in the accounts to meet any contingency, there is no further requirement for any provision, therefore, there will be no adverse effect expected. The same has been endorsed by the Company Board of directors (BOD) and Lawyer in his opinion. Furthermore, Company BOD has agreed to settle any resulting contingency raised therein.

- b) Regarding tax year 2015 Best judgment assessment was made against the company under section 121 of the Income Tax Ordinance, 2001 determining tax chargeable at Rupees 46,282,156/- and tax payable of Rupees. 22,636,470/- The Commissioner Inland Revenue (Appeals) who upheld the assessment order of Deputy Commission Inland Revenue. Later on, the Appellate Tribunal Inland Revenue remanded back the case to the assessing officers which is yet to set for hearing. Legal counsel of the company is confident to have a favorable decision in due course of time.

Punjab Revenue Authority completed its proceedings against the company for nonpayment of Rupees 68,290,380/- as provincial tax during the tax periods from June 2013 to March 2018. The case is pending before the Appellate Tribunal Punjab Revenue Authority. Legal counsel of the company is confident to have a favorable decision in due course of time.

Proceedings under section 161/205 of the Income Tax Ordinance, 2001 were initiated and completed against the company for the tax year 2016 and 2018 by determining tax payable of Rupees 1,677,422/- and Rupees 16,764,436/- respectively. The cases have been heard by the Commissioner Inland Revenue (Appeals) whose decision is awaited. Legal counsel of the company is confident to have a favorable decision in due course of time.

- c) 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.
- d) 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. 50.062 million (June 30, 2022: Rs. 50.062 million).

14.3 Commitments

There were no commitment for capital expenditures as at the unconsolidated condensed interim statement of financial position date (June 30, 2022: Nil).

Unaudited	
December 31, 2022	December 31, 2021
Rupees	

NOTE

15 CONTRACT INCOME

Continuing operations:

Construction contracts	5,619,649	15,500,347
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Timing of revenue recognition

Over time:

Construction contracts	5,619,649	15,500,347
------------------------	------------------	------------

- 15.1 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.
- 15.2 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.

Unaudited
December
31, 2022
Rupees

Continuing operations:

Construction contracts 245,555,611

- 15.3 As permitted under para C5(d) of IFRS-15, the transaction price allocated to (partially) unsatisfied performance obligation as of June 30, 2022 is not disclosed, using the transaction provisions of IFRS-15.

16 EARNING PER SHARE- BASIC AND DILUTED

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

	UN-AUDITED			
	HALF YEAR ENDED		QUARTER ENDED	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Earning after taxation-(Rupees)	<u><u>(7,515,133)</u></u>	<u><u>(5,078,390)</u></u>	<u><u>(500,320)</u></u>	<u><u>(1,449,103)</u></u>
Weighted average number of ordinary shares	<u><u>28,266,231</u></u>	<u><u>28,266,231</u></u>	<u><u>28,266,231</u></u>	<u><u>28,266,231</u></u>
Earning per share - (Rupees)	<u><u>(0.27)</u></u>	<u><u>(0.18)</u></u>	<u><u>(0.02)</u></u>	<u><u>(0.05)</u></u>

17 TRANSACTIONS WITH RELATED PARTIES

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

UN-AUDITED			
HALF YEAR ENDED		QUARTER ENDED	
December 31,		December 31,	
2022	2021	2022	2021
-----Rupees-----			

Relation with the Company**Nature of transaction****Subsidiary Company**

Gammon Pakistan Precast
(Private) Limited

Subscriber shares acquired	-	500,000	-	500,000
Expenses paid	1,166,729	16,463,517	734,906	14,351,192

Associated Companies

Ghandhara Nissan Limited

Rental income	1,996,500	1,650,000	998,250	907,500
Payment received	(1,996,500)	(1,650,000)	(998,250)	(907,500)

Gandhara Industries Limited

Rental income	1,996,500	1,650,000	998,250	825,000
Payment received	(1,996,500)	(1,650,000)	(1,331,000)	(825,000)

Janana De Malucho Textile
Mills Limited

Rental income	181,500	220,000	181,500	-
Payment received	(242,000)	(220,000)	(242,000)	-

Rehman Cotton Mills Limited

Rental income	181,500	165,000	-	165,000
Payment received	(242,000)	(220,000)	-	-

Bannu Wollen Mill Limited

Rental income	1,482,780	1,347,984	741,390	673,992
Payment received	(2,313,568)	(1,470,528)	-	(898,656)

Bibojee Services (Pvt) Ltd

Purchases	-	30,000		
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17.2 Balances receivable / payable with related parties are disclosed in respective notes.

18 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the unconsolidated financial statements for the year ended June 30, 2022.

19 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, 2022, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2022 and June 30, 2022 the Company held financial instruments carried at fair value which comprising investment property and operating fixed assets are measured at fair value.

- 19.1 The investment property was valued on June 30, 2022 carried out by external independent valuers 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:

Unaudited	Audited
December 31, 2022	June 30, 2022
Rupees	

NOTE

Opening balance (level 2 recurring fair value)	477,509,859	468,511,297
Fair value gain recognized in profit and loss	-	8,998,562
Closing balance (level 2 recurring fair value)	<u>477,509,859</u>	<u>477,509,859</u>

- 19.2 The Company has revalued its freehold land, buildings, plant and machinery and other fixed assets on June 30, 2022 by independent valuers 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:

	Unaudited	Audited
	December 31, 2022	June 30, 2022
Rupees		
Freehold land	120,988	120,988
Buildings on freehold land	3,022,495	3,022,495
Plant and machinery	1,324,644	1,324,644
Furniture and fixture	972,605	972,605
Computers and accessories	770,106	770,106
Motor vehicles, cycles and boats	63,454	63,454
Construction equipments	273,403	273,403

Unaudited Half year ended December 31,	
2022	2021
Rupees	

NOTES

20 PROFIT BEFORE WORKING CAPITAL CHANGES

Profit/(Loss) before taxation (4,736,899) (2,560,904)

Adjustment for:

Depreciation	6	1,017,569	986,063
(Gain) on disposal of fixed assets		-	(157,558)
Staff retirement benefits - gratuity (net)		(179,025)	55,164
Finance cost		-	15,886
		838,544	899,555

Profit/(Loss) before working capital changes **(3,898,355)** (1,661,349)

21 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS**21.1 Investment in Subsidiary**

The company during the period ended December 31, 2021 incorporated a new company named Gammon Pakistan Precast (Private) Limited. The company acquired 96.2% shareholding with subscriber share capital of Rs.500,000 comprising of 50,000 subscriber shares of Rs.10/- each. The investment in Gammon Pakistan Precast (Private) Limited has been accounted for in these condensed interim financial statements on equity basis.

21.2 Management Assessment of Going Concern

Although the company has suffered operational loss of Rupees 4.737 million due to non-availability of profitable contracts/projects during the period, it has managed to meet the day to day working capital requirements and to repay all the administrative cost through the rental income earned from investment properties. However, the management is confident of the Company's ability to continue as a going concern based on its concentrated effort to re-profile the operational activities and utilization of improved liquidity in cost efficient operational levels of machinery and related projects. The Company undertook significant operational measures in order to generate liquidity and profitable projects/ventures which are amply disclosed in note 46.1 to the audited financial statements.

21.3 Investigation against EX-CFO

Based on in-house internal audit report the EX-CFO of the company during the period from 01 January 2018 to 29 December 2020 was involved in certain financial transactions, which are being investigated internally. FIR was lodged against the ex-cfo during previous financial year. The transactions were mainly made out of books and the impact of such investigation/FIR, if any, will be accounted for in the period during which such case is completed.

22 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.

23 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on 27 Feb 2023 by the Board of Directors of the Company.

24 GENERAL

Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

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



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


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