

BIBOJEE GROUP



Half-Yearly Accounts

December 31, 2021
(Un-Audited)



GAMMON PAKISTAN LIMITED

COMPANY INFORMATION

Board of Directors

Lt Gen (Retd) Ali Kuli Khan Khattak	Chairman
Mr. Khalid Kuli Khan Khattak	Director
Mrs. Ayehsa 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. Ayehsa 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
Rawalpindi

Advocates

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: 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 half year ended December 31, 2021.

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., 2021 (Rupees)	July to Dec., 2020 (Rupees)
Contract Income	15,500,347	63,867,370
Contract Expenditure	(17,283,901)	(56,339,238)
Net Contract (Loss)/Profit	(1,783,554)	7,528,132
(Loss)/Profit before taxation	(2,563,584)	6,399,093
Taxation	(2,517,486)	61,008
Net (Loss)/Profit	(5,081,070)	6,460,101

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 bonding 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 where-ever a project is launched. Gammon Pakistan Limited is also striving hard to acquire Projects through joint ventures with financially strong parties and hopefully we may have success in the near future.

It gives me pleasure to report that the Maritime Technologies Complex Project at Fateh Jang near Islamabad is Completed and Handed Over, we are in process of final bill with the client. 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.

The Project of FBR Facility Center at Torkham has also been Left and Handed Over to NLC, due to certain mis-commitments from client side, final settlement in this regard is in process.

FUTURE PROSPECTS

New 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 your company in the near future.

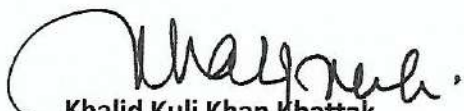
Efforts to get LG & RF facilities from different Banks have also been initiated that will definitely help us to boost our working capability and to acquire new Projects.

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 لیمنٹ

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2021ء کو 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 2021	جولائی - دسمبر 2020	
(روپے)	(روپے)	
15,500,347	63,867,370	پراجیکٹس سے آمدن
(17,283,901)	(56,339,238)	پراجیکٹس کا خرچ
(1,783,554)	7,528,132	مجموعی منافع
(2,563,584)	6,399,093	قبل از ٹیکس منافع
(2,517,486)	61,008	ٹیکس
(5,081,070)	6,460,101	بعد از ٹیکس منافع

اگرچہ پچھلے سال کی شش ماہی کے مقابلے میں اس سال کچھ پراجیکٹس کی تکمیل اور حوالے کرنے 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۔ بحر حال ہماری تمام تر کوششیں نئے پراجیکٹس کے حصول کیلئے گامزن ہیں اور جیسے ہی کوئی نیا پراجیکٹ شروع ہونے لگتا ہے تو ہم اس کی بڈنگ میں حصہ لیتے رہتے ہیں۔ گیمن پاکستان لیمنٹ 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۔

طورخم بارڈر پر کراسنگ کی سہولت سینٹرکام کلائنٹ کی طرف سے وعدہ خلافی کی وجہ سے چھوڑ دیا گیا ہے اور کلائنٹ کے حوالے کر دیا گیا ہے اسکی فائنل سیٹلمنٹ زیر تکمیل ہے۔

مستقبل کے امکانات

کمپنی کی نئی انتظامیہ بہت پر 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 شروع کر دی گئی ہیں جو یقینی طور پر نئے منصوبوں میں کامیابی کی صلاحیت کو بڑھانے میں مددگار ثابت ہوں گی۔

اعتراف

اس ششماہی کے دوران کمپنی کی انتظامیہ، انجینئرز اور ملازمین کی محنت اور لگن قابلِ تعریف ہے اور ہم تعاون، حمایت اور اعتماد کیلئے اپنے بینکرز، کسٹمرز، سپلائرز اور ذیلی کنٹریکٹرز کے تہہ دل سے مشکور ہیں۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے



خالد علی خان خٹک

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** as at December 31, 2021 and the related 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 together with the selected notes forming part thereof, for the six month period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of the interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures included in condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and 2020 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, 2021.

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 46.23 million, allowance of expected credit loss amounting to Rupees 142.845 million, net contract assets amounting to Rupees 103.62 million, as disclosed in notes 9, 9.1, 10 to the interim financial statements and joint ventures partner advances amounting to Rupees 30.059 million as disclosed in the 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 condensed interim financial statements.
- b) As fully explained in note 13.1 to the 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 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 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 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 draw attention to note 14.2 (a) of these interim financial statements whereby the National Bank of Pakistan has filed an execution application for the decrees issued in its favor for amounts mentioned in the aforesaid note. The liability determined of the Company is contingent upon the judgment of the case.
- b) we also draw attention to the Note 21.3 to the 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 report is **Rashid Iqbal FCA**.

Islamabad
Date:

28 FEB 2022

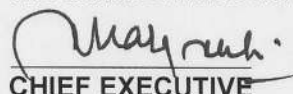

Rizwan & Company
Chartered Accountants 

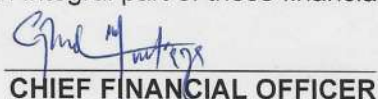
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GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT DECEMBER 31, 2021

		UN-AUDITED	AUDITED
		December 31, 2021	June 30, 2021
	NOTE	Rupees	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	292,478,326	293,153,336
Investment property	7	468,511,297	468,511,297
Long term investments	8	1,800,413	1,300,413
Long term security deposits		1,571,328	1,571,328
		<u>764,361,364</u>	<u>764,536,374</u>
CURRENT ASSETS			
Stores, spares and loose tools		12,963,307	15,047,134
Contract receivables	9	46,231,174	49,410,217
Contract asset	10	103,625,367	113,089,451
Loans and advances		38,853,387	20,648,103
Other receivables		346,087	1,696,210
Trade deposits and short term prepayments		89,502	318,306
Tax refunds due from Government		86,337,108	86,337,108
Cash and bank balances	11	1,419,969	5,643,697
		<u>289,865,901</u>	<u>292,190,226</u>
TOTAL ASSETS		<u><u>1,054,227,265</u></u>	<u><u>1,056,726,600</u></u>
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		419,456,649	420,072,719
		<u>434,836,979</u>	<u>435,453,049</u>
Revenue reserve			
Accumulated profit		69,777,303	74,239,623
		<u>787,276,592</u>	<u>792,354,982</u>
NON-CURRENT LIABILITIES			
Deferred liability		8,055,867	8,000,703
Deferred taxation		31,352,476	31,352,476
		<u>39,408,343</u>	<u>39,353,179</u>
CURRENT LIABILITIES			
Trade and other payables	13	195,858,302	181,040,636
Unclaimed dividends		1,442,230	1,442,230
Contract liability		-	12,476,031
Taxation		182,256	-
Joint venture partner's advances		30,059,542	30,059,542
		<u>227,542,330</u>	<u>225,018,439</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,054,227,265</u></u>	<u><u>1,056,726,600</u></u>

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


CHIEF EXECUTIVE

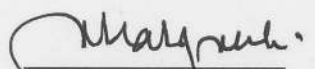

CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER MONTHS ENDED DECEMBER 31, 2021

		UN-AUDITED			
		HALF YEAR ENDED		QUARTER ENDED	
		December 31,		December 31,	
		2021	2020	2021	2020
NOTE		-----Rupees-----			
Contract income	15	15,500,347	63,867,370	7,856,666	12,975,226
Contract expenditure		(17,283,901)	(56,339,238)	(9,352,191)	(8,063,903)
Net contract (loss) / profit		(1,783,554)	7,528,132	(1,495,525)	4,911,323
Operating expenses					
Depreciation		(986,063)	(1,036,045)	(495,961)	(1,035,660)
Administrative expenses		(13,253,036)	(12,264,566)	(6,223,269)	(6,221,332)
Operating loss		(16,022,653)	(5,772,479)	(8,214,755)	(2,345,669)
Other income		13,477,635	12,181,924	8,040,281	7,476,910
Finance cost		(15,886)	(10,352)	(15,886)	(6,383)
(Loss) / profit before taxation		(2,560,904)	6,399,093	(190,360)	5,124,858
Taxation					
Current		(2,517,486)	(357,676)	(1,258,743)	(943,759)
Deferred		-	418,684	-	209,342
		(2,517,486)	61,008	(1,258,743)	(734,417)
(Loss) / profit after taxation		(5,078,390)	6,460,101	(1,449,103)	4,390,441
(Loss) / Earnings per share:					
(Loss) / earnings per share - basic	16	(0.18)	0.23	(0.05)	0.16

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

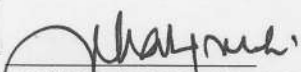

DIRECTOR

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS AND QUARTER MONTHS ENDED DECEMBER 31, 2021

UN-AUDITED			
HALF YEAR ENDED		QUARTER ENDED	
December 31,		December 31,	
2021	2020	2021	2020
NOTE -----Rupees-----			

(Loss) / profit after taxation	(5,078,390)	6,460,101	(1,449,103)	4,390,441
Other comprehensive income	-	-	-	-
Total other comprehensive (loss) / income for the year	<u>(5,078,390)</u>	<u>6,460,101</u>	<u>(1,449,103)</u>	<u>4,390,441</u>

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


CHIEF EXECUTIVE

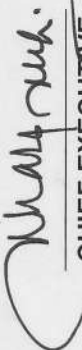

CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

Share capital	Reserves			Total
	Capital	Revenue	Accumulated Profits	
Issued, subscribed and paid-up capital	Share premium	Revaluation surplus on property, plant and equipment		
Rupees				
Balance as at July 1, 2020	15,380,330	412,774,639	74,960,044	785,777,323
Total comprehensive income for the period				
Profit for the period	-	-	6,460,101	6,460,101
Transfer from revaluation surplus on property, plant and equipment:				
- on account of incremental depreciation-net of deferred tax	-	(931,910)	931,910	-
Balance as at December 31, 2020	15,380,330	411,842,729	82,352,055	792,237,424
Balance as at July 1, 2021	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	15,380,330	419,456,649	69,777,303	787,276,592

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

UN-AUDITED	
HALF YEAR ENDED	
December 31, 2021	December 31, 2020
Rupees	

NOTE

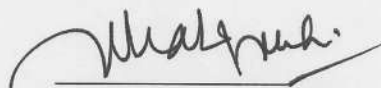
CASH FLOWS FROM OPERATING ACTIVITIES

(Loss) / profit before working capital changes	20	(1,661,349)	8,406,082
Changes in working capital:			
Decrease / (increase) in current assets			
Stores, spares and loose tools		2,083,827	390,766
Contract receivables		3,179,043	(1,462,755)
Contract asset		9,464,084	16,066,808
Loans and advances		(18,205,284)	(8,193,682)
Other receivables		1,350,123	1,299,044
Prepayments		228,804	116,850
(Decrease) / increase in current liabilities			
Trade & other payable		14,817,666	21,601,041
Current liability		(12,476,031)	-
		442,232	29,818,072
Net cash (used in) / generated from operating activities		(1,219,117)	38,224,154
Financial cost paid		(15,886)	(10,352)
Income tax paid		(2,335,230)	(4,846,497)
		(2,351,116)	(4,856,849)
Net cash (used in) / generated from operating activities		(3,570,233)	33,367,305

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	6	(315,400)	(109,940)
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)	(109,940)
Net (decrease) / increase in cash and cash equivalents		(4,223,728)	33,257,365
Cash and cash equivalents at the beginning of the period		5,643,697	1,204,501
Cash and cash equivalents at the end of the period	11	1,419,969	34,461,866

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

GAMMON PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2021

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 condensed interim financial statements of the Company for the half year ended December 31, 2021 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 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, 2021. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 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 unaudited interim financial statements for the six months ended December 31, 2020.

These 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 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 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 condensed interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2021 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, 2021.
- 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, 2021. 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 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, 2021.
- 3.6 The accounting policies applied in these 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, 2021.

4 TAXATION

The provision for taxation for the half year and quarter ended December 31, 2021 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, 2021.

NOTE

Unaudited	Audited
December 31, 2021	June 30, 2021
Rupees	

6 OPERATING FIXED ASSETS

Opening written down value	293,153,336	288,573,865
Add: Additions during the period / year	315,400	716,301
Add: Revaluation Surplus	-	14,994,978
Less: Disposals - net book value (NBV)	(4,347)	(7,708,059)
	311,053	8,003,220
Less: Depreciation charged during the period / year	(986,063)	(3,423,749)
Closing written down value	292,478,326	293,153,336

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

NOTE

Unaudited	Audited
December 31, 2021	June 30, 2021
Rupees	

Plant and machinery	30,000	338,452
Furniture and fixtures	-	143,309
Computers and accessories	110,400	186,340
Motor Vehicles	-	38,000
Construction Equipments	175,000	10,200
	315,400	716,301

7 INVESTMENT PROPERTY

Rural land	7.2	115,334,599	115,334,599
Gammon House - land and building	7.3	353,176,698	353,176,698
		468,511,297	468,511,297

7.1 The movement in this account is as follows:

Opening balance	468,511,297	445,280,201
Net fair value gain on revaluation shown in "profit and loss account"	7.4	23,231,096
	468,511,297	468,511,297

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, 2021, 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, 2021, and the revaluation resulted in Rs.23.231 million net adjustment to fair value.

8 LONG TERM INVESTMENTS

Unquoted

Subsidiaries

Gammon Pakistan Precast (Private) Limited (96% Holding)

50,000 ordinary shares (June 30, 2021: Nil) of Rs. 10 each

Others

Defense Saving Certificate

NOTE

Unaudited	Audited
December 31, 2021	June 30, 2021
Rupees	

500,000

-

1,300,413

1,300,413

1,800,413

1,300,413

- 8.1 It represents the shareholding of the Company in Gammon Pakistan Precast (Private) Limited making it a subsidiary effective from November 16, 2021 and it has not commenced its commercial activity till December 31, 2021.

NOTE

Unaudited	Audited
December 31, 2021	June 30, 2021
Rupees	

9 CONTRACT RECEIVABLES

Unsecured - considered good

Against billings

- work-in-progress

- completed contracts

20,018,318

32,552,116

56,123,425

56,089,247

76,141,743

88,641,363

written off during the year

-

(9,809,055)

Provision for expected credit loss

9.1

(75,150,387)

(75,150,387)

991,356

3,681,921

Against retention money

- work-in-progress

- completed contracts

42,856,445

51,677,631

40,087,862

36,564,635

82,944,307

88,242,266

written off during the year

-

(4,809,481)

Provision for expected credit loss

9.1

(37,704,489)

(37,704,489)

45,239,818

45,728,296

Joint venture

- against billings

- against retention money

17,054,553

17,054,553

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)

-

-

46,231,174

49,410,217

- 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, 2021, no further provision has been made (June 30, 2021: Nil).

		Unaudited	Audited
		December 31, 2021	June 30, 2021
		Rupees	
10	CONTRACT ASSETS	NOTE	
	Net Construction contracts		
	Analyzed as:		
	Current	10.1	
		103,625,367	100,613,420
		103,625,367	100,613,420

- 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, 2021	June 30, 2021
		Rupees	

NOTE

11 CASH AND BANK BALANCES

Cash in hand		151,132	146,144
Cash at bank - local currency			
Current accounts		15,403	3,958,672
PLS accounts	11.1	363,991	649,438
Deposit accounts	11.2	889,443	889,443
		1,268,837	5,497,553
		1,419,969	5,643,697

- 11.1 PLS accounts, during the current financial period, carried markup ranging from 5.5% to 11.25% (June 30, 2021 : 5.5% to 11.25%) per annum.

- 11.2 As at December 31, 2021 and June 30, 2021 the entire balance was under bank's lien.

Unaudited	Audited
December 31, 2021	June 30, 2021
Rupees	

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

12.1 Issued, subscribed and paid up capital

22,627,320 (June 30, 2021: 22,627,320) ordinary shares of Rs.10/- each fully paid in cash	226,273,200	226,273,200
2,562,845 (June 30, 2021: 2,562,845) bonus shares of Rs.10/- each fully paid in cash	25,628,450	25,628,450
3,076,066 (June 30, 2021: 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, 2021 : 30,000,000) ordinary shares of Rs. 10 each amounting to Rs.300,000,000 (June 30, 2021 : Rs. 300,000,000).

- 12.3 Bibojee Services (Private) Limited (the holding company) holds 20,369,056 (June 30, 2021: 20,369,056) shares, i.e. 72.06% of the Company's issued, subscribed and paid-up capital.

NOTE

Unaudited	Audited
December 31, 2021	June 30, 2021
Rupees	

13 TRADE AND OTHER PAYABLES

Sundry creditors		60,402,455	59,870,039
Advance rent		1,971,122	14,576
Due to sub-contractors		37,545,176	37,869,698
Accrued expenses		34,686,070	34,862,184
Due to employees and others	13.1	23,384,733	9,165,299
Taxes payables		1,125,531	2,515,625
Joint venture partner's share of profit		1,620,715	1,620,715
Other provisions	13.2	35,122,500	35,122,500
		195,858,302	181,040,636

- 13.1 This balance includes amounts aggregating Rs. 1.563 million (June 30, 2021: 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.

- 13.2 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 14.2 (a) of these 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, 2021: 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) Recovery proceedings of two overseas borrowings from National Bank of Pakistan (NBP) led Consortium amounting Saudi Riyals (SR) 5 million and SR 2.5 million totaling SR 7.5 million (equivalent to Pak Rs. 276.714 million at the rate of Rs. 36.9/ SR) with the interest thereon of SR 21.65 million (equivalent to Rs. 798.78 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 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.

The Company's Board of Directors are of the opinion that it falls within the ambit of SBP "Incentive Scheme" for the Recovery of Loan Defaults vide BPRD Circular no.19 and, as such, liable to pay only Rs. 35.122 million in full and final settlement of its outstanding liability.

- 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, 2021: Rs. 50.062 million).

14.3 Commitments

There were no commitment for capital expenditures as at the condensed interim statement of financial position date (June 30, 2021: Nil).

NOTE

Unaudited	
December 31, 2021	December 31, 2020
Rupees	

15 CONTRACT INCOME

Continuing operations:

Construction contracts

15,500,347	63,867,370
15,500,347	63,867,370

Timing of revenue recognition

Over time:

Construction contracts

15,500,347	63,867,370
15,500,347	63,867,370

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, 2021
Rupees

Continuing operations:

Construction contracts

507,359,587

15.3 As permitted under para C5(d) of IFRS-15, the transaction price allocated to (partially) unsatisfied performance obligation as of June 30, 2021 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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Earning after taxation-(Rupees)	(5,078,390)	6,460,101	(1,449,103)	4,390,441
Weighted average number of ordinary shares	28,266,231	28,266,231	28,266,231	28,266,231
Earning per share - (Rupees)	(0.18)	0.23	(0.05)	0.16

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:

	Unaudited Half Year Ended December 31,		Unaudited Quarter Ended December 31,	
	2021	2020	2021	2020
	-----Rupees-----			
Relation with the Company				
Nature of transaction				
Subsidiary Company				
Gammon Pakistan Precast (Private) Limited				
- Subscriber shares acquired	500,000	-	500,000	-
- Loan provided	16,463,517	-	14,351,192	-
Associated Companies				
Gandhara Nissan Limited				
Rental income	1,650,000	1,650,000	907,500	900,000
Payment received	(1,650,000)	(1,650,000)	(907,500)	(900,000)
Gandhara Industries Limited				
Rental income	1,650,000	1,500,000	825,000	750,000
Payment received	(1,650,000)	(1,500,000)	(825,000)	(750,000)
Janana De Malucho Textile Mills Limited				
Rental income	220,000	150,000	-	50,000
Payment received	(220,000)	(150,000)	-	-
Rehman Cotton Mills Limited				
Rental income	165,000	100,000	165,000	100,000
Payment received	(220,000)	(150,000)	-	(150,000)
Bannu Wollen Mill Limited				
Rental income	1,347,984	1,225,440	673,992	613,170
Payment received	(1,470,528)	(2,460,000)	(898,656)	(2,160,880)
Bibojee Services (Pvt) Ltd				
Purchases	30,000	-	-	-
Chief Executive				
Salaries and other benefits	-	1,200,000	-	600,000

- 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, 2021.

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.

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, 2021, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2021 and June 30, 2021 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, 2021 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, 2021	June 30, 2021
	Rupees	
NOTE		
Opening balance (level 2 recurring fair value)	468,511,297	445,280,201
Fair value gain recognized in profit and loss	-	23,231,096
Closing balance (level 2 recurring fair value)	468,511,297	468,511,297

- 19.2 The Company has revalued its freehold land, buildings, plant and machinery and other fixed assets on June 30, 2021 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 December 31, 2021	Audited June 30, 2021
	Rupees	
Freehold land	120,988	120,988
Buildings on freehold land	3,022,495	3,022,495
Plant and machinery	1,328,991	1,298,991
Furniture and fixture	957,105	957,105
Computers and accessories	690,056	579,656
Motor vehicles, cycles and boats	13,454	13,454
Construction equipments	273,403	98,403

NOTE

Unaudited Half year ended December 31,	
2021	2020
Rupees	

20 PROFIT BEFORE WORKING CAPITAL CHANGES

(Loss) / profit before taxation (2,560,904) 6,399,093

Adjustment for:

Depreciation

6

(Gain) on disposal of fixed assets

Staff retirement benefits - gratuity (net)

Finance cost

(Loss) / profit before working capital changes

986,063	1,971,023
(157,558)	-
55,164	25,614
15,886	10,352
899,555	2,006,989
(1,661,349)	8,406,082

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

The company during the period incorporated a new company named Gammon Pakistan Precast (Private) Limited. The company acquired 96% 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 2.561 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 47.1 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 is being investigated internally. Moreover, FIR has been lodged against him subsequent to June 30, 2021. The transactions mainly done 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

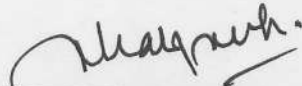
Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

23 DATE OF AUTHORIZATION

This condensed interim financial information was authorized for issue on 28 Feb 2022 by the Board of Directors of the Company.

24 GENERAL

Figures have been rounded off to the nearest rupee. *pld*


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