

BIBOJEE GROUP



# Quarterly Accounts March 31, 2020 (Un-audited)



**GAMMON PAKISTAN LIMITED**



## **COMPANY INFORMATION**

### **President of Gammon Pakistan Limited**

Lt.Gen (Retd) Ali Kuli Khan Khattak

### **Board of Directors**

Saad Waheed  
Fazal-ur-Rehman Khan Burki  
Kamal Abdullah  
Khalid Kuli Khan Khattak  
A. Karim Khan  
Muhammad Kuli Khan Khattak  
Sikandar Kuli Khan Khattak

Chairman  
Independent Director  
Independent Director  
Director  
Director  
Director  
Director

### **Chief Executive Officer**

Muhammad Salahuddin-FCA

### **Audit Committee**

Fazal-ur-Rehman Khan Burki  
Kamal Abdullah  
Khalid Kuli Khan Khattak  
Sikandar Kuli Khan Khattak

Chairman  
Member  
Member  
Member

### **HRC Committee**

Khalid Kuli Khan Khattak  
Muhammad Salahuddin-FCA  
Kamal Abdullah  
Sikandar Kuli Khan Khattak

Chairman  
Member  
Member  
Member

### **Company Secretary**

Amin ur Rasheed

### **Chief Financial Officer**

Nadeem Ahmed

### **Internal Auditor**

Nasir Ali Khan-ACCA

### **External Auditor**

M/s BDO Ebrahim & Co.  
Chartered Accountants  
Islamabad

### **Legal Advisor**

Corporate Consultant (Pvt) Ltd.  
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: gammon1@dsl.net.pk

### **Share Registrar**

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

[www.gammonpakistan.com](http://www.gammonpakistan.com)

## **DIRECTOR'S REPORT**

The directors of your Company have pleasure in presenting the Financial Statements of the Company for the nine months ended 31st March, 2020.

## **PERFORMANCE REVIEW**

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

<b>Particulars</b>	<b>July- March 2020</b>	<b>July- March 2019</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
Contract Income	73,640,888	115,902,512
Contract Expenditure	(67,788,332)	(105,641,188)
Net contract profit	5,852,548	10,261,324
Profit before taxation	8,485,200	6,807,365
Taxation	(5,802,910)	(943,077)
(Loss)/Profit after tax	2,682,290	5,864,266

Revenue from contracts has decreased as compared to same period last year. We are expecting good recovery in coming quarter

Although billing of the Project of Old Bannu Road during nine months has improved but total workdone during the quarter is very low and revenue booked from this project is only Rs.6.2 million. Despite low quantum of work we are very much hopeful for increase in revenue/workdone.

After the completion of Fateh Jang project we have initiated demobilization of site

Final bills submitted to Army Housing Authorities are also at final stage of approval and we expect that funds will be released to us very soon.

After completion of fiber optic project final bill will be submitted to the client.

## **FUTURE PROSPECTS**

Uncertain economic conditions due to COVID-19 pandemic and consequently lockdown has hit Pakistan's economy hard like the rest of the world. It is a battle with an invisible enemy.

The virus that started in China has now affected almost all the world, and all major economies, including China, the United States, and many European nations, are under complete or partial lockdown. Similarly, Pakistan was also in complete lockdown, however recently the Govt. has eased the restrictions and has allowed several industries to restart their operations.

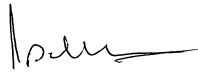
However, the impact of COVID-19 is devastating on the economy of Pakistan. According to the report of The Asian Development Bank, Pakistan's economic growth would slow down to 1.5 percent during current fiscal year due to ongoing stabilization efforts, slower growth in agriculture. The Govt. has taken necessary steps to support the people and industry of the country during the ongoing lockdown which include the Ehsaas Program, which is providing income support to poor families, reduction in the Policy rate by the State Bank of Pakistan (SBP) to 11% from 13.25%, which has been further decreased to 9% recently, and announcement of a Refinance Scheme for the industry by SBP to pay their wage bills during the extremely difficult times. The measures that the Govt. has taken in a bid to help people and businesses to combat the growing uncertainty amid the coronavirus pandemic are highly commendable. However, the ongoing last quarter of the financial year 2020 and the coming fiscal year are going to be financially very difficult for the people and all the industrial sectors of the country. Although Govt is committed to help the construction industry specifically to help poor labour. Step taken by the Prime Ministers to implement the smart lockdowns and allowing the construction sites to resume will defiantly help the labour.

#### **ACKNOWLEDGMENT**

We appreciate the hard work and dedication of the Company's Management, engineers and employees during the period under review.

We would also like to express our gratitude to our bankers, clients and suppliers for their co-operation, support and trust reposed in the Company.

For and on behalf of Board of Director's



**Muhammad Salahuddin**  
Chief Executive Officer



**Khalid Kuli Khan Khattak**  
**DIRECTOR**

## ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 31 مارچ 2020ء نو ماہی کو 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۔ سچھی نو ماہی کے مقابلے میں کمپنی کی مالیاتی نتائج کی اہم جھلکیاں مندرجہ ذیل ہے:-

جولائی۔ مارچ 2020	جولائی۔ مارچ 2019	
(روپے)	(روپے)	
73,640,888	115,902,512	پراجیکٹس سے آمدن
(67,788,332)	(105,641,188)	پراجیکٹس کا خرچ
5,852,548	10,261,324	مجموعی منافع
8,485,200	6,807,365	قبل از ٹیکس منافع
(5,802,910)	(943,077)	ٹیکس
2,682,290	5,864,266	منافع بعد از ٹیکس

پچھلے سال کے مقابلے میں اس سال نو ماہی کے دوران پراجیکٹس سے آمدن میں کمی واقع ہوئی ہے لیکن ہم آنے والی سہ ماہی میں بہتری کی توقع کر رہے ہیں۔

نو ماہی کے دوران اولڈ بنوں روڈ پراجیکٹس پر کیئے گئے کام کی لاگت میں بہتری آئی ہے اگرچہ اس سہ ماہی کے دوران ٹول کیئے گئے کام کی لاگت صرف 62 لاکھ روپے ہے جو کہ بہت ہی کم ہے۔ اس سہ ماہی کے دوران کیئے گئے کام کی مقدار کم ہونے کے باوجود ہم پر امید ہیں کہ آئندہ سال آمدن میں اضافہ ہوگا۔

فتح جنگ پراجیکٹ کی تکمیل کے بعد سائٹ کی ڈی موبلائزیشن شروع کر دی جائے گی۔

آری ہاؤسنگ اتھارٹی کو فائنل بلز جمع کرا دیئے گئے ہیں جو کہ اختتامی مراحل میں ہیں اور توقع کی جاتی ہے کہ بہت جلد فنڈز جاری کر دیئے جائیں گے۔

فاہر آہٹیکس پراجیکٹ کی تکمیل کے بعد محکمے کو فائنل بل جمع کرا دیا جائے گا۔

## مستقبل کے امکانات

کوویڈ-19 کی خطرناک وباء کے آنے کی وجہ سے پاکستانی معیشت دیگر ممالک کی طرح بہت متاثر ہوئی ہے۔ یہ ایک پوشیدہ دشمن کیسا تھ جنگ ہے۔ چین سے شروع ہونے والی یہ بیماری اب تقریباً پوری دنیا کو اپنی پلٹ میں لے چکی ہے اور تمام بڑی معیشتیں بشمول چین، ریاست ہائے متحدہ امریکہ اور بہت سے یورپی ممالک، مکمل یا جزوی طور پر لاک ڈاؤن کی زد میں ہیں۔ اسی طرح پاکستان بھی مکمل لاک ڈاؤن میں تھا۔ حال ہی میں حکومت نے ان پابندیوں کو ختم کیا ہے اور متعدد صنعتوں کو اپنے کام دوبارہ شروع کرنے کی اجازت دے دی ہے۔ تاہم کوویڈ-19 کا اثر پاکستان کی معیشت پر زیادہ بڑے گاموں کا جیسا کہ ایسٹین ڈیولپمنٹ بینک کی رپورٹ کے مطابق، استحکام کی جاری کوششوں، زراعت میں سست رفتار اور کوویڈ-19 کی وباء کے اثرات کی وجہ سے رواں مالی سال کے دوران پاکستان کی معاشی نمو 1.5% تک کم ہو جائے گی۔ حکومت جاری لاک ڈاؤن کے دوران ملک کے عوام اور صنعت کو سپورٹ کرنے کیلئے ضروری اقدامات کر رہے ہیں جس میں احساس پروگرام شامل ہے، جو غریب خاندانوں کو آمدنی میں مدد فراہم کر رہا ہے، اسٹیٹ بینک آف پاکستان (ایس بی پی) نے پالیسی شرح میں 11 فیصد تک کمی کی ہے جو مارچ کے مہینے میں 13.25% تھا، اب حال ہی میں کم ہو کر 9% رہ گیا ہے اور اس انتہائی مشکل وقت کے دوران اسٹیٹ بینک کے ذریعے انٹرنیشنل کیلئے ان کے مزدوروں کی اجرت کے بل ادا کرنے کیلئے ری فننس اسکیم کا اعلان کیا گیا ہے۔ کوویڈ بیماری کی وجہ سے حکومت نے لوگوں، کاروباری اداروں اور بڑھتی ہوئی غیر یقینی صورتحال کا مقابلہ کرنے کیلئے جو اقدامات لیے ہیں وہ قابل تعریف ہیں۔ تاہم مالیاتی سال 2020ء کی جاری آخری سہ ماہی آنے والے مالی سال عوام اور ملک کے تمام صنعتی اداروں کیلئے مشکل ترین ثابت ہو گی۔ اگرچہ حکومت غریب مزدوروں کی مدد کیلئے تعمیراتی صنعت کی مدد کیلئے پرعزم ہے۔ اسٹارٹ لاک ڈاؤن کو عملی جامہ پہنانے اور تعمیراتی صنعت کو دوبارہ شروع کرنے کے حوالے سے وزیراعظم کی طرف سے اٹھانے جانے والے اقدامات سے محنت کش کی مدد کی جاسکے گی۔

## اعتراف

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

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

محمد صالح الدین  
خالد علی خان خانک  
ڈائریکٹر

محمد صالح الدین  
چیف ایگزیکٹو آفیسر

**GAMMON PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020**

		<b>Un-audited March 31, 2020 Rupees</b>	<b>Audited June 30, 2019 Rupees</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
	<b>Note</b>		
Property, plant and equipment			
Operating fixed assets	<b>6</b>	263,369,934	266,279,731
Investment property	<b>7</b>	392,937,135	392,937,135
Long term investments		1,300,413	1,300,413
Long term security deposits		<u>1,861,203</u>	<u>1,861,203</u>
		659,468,685	662,378,482
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		28,069,471	28,580,718
Contract receivables	<b>8</b>	84,246,584	90,733,413
Contract assets	<b>9</b>	130,867,997	93,047,642
Loans and advances		20,245,945	22,440,793
Other receivables		1,182,479	3,270,046
Short term prepayments		484,934	319,723
Tax refunds due from Government		87,877,209	87,751,028
Cash and bank balances	<b>10</b>	<u>3,794,415</u>	<u>1,885,836</u>
		356,769,034	328,029,199
<b>TOTAL ASSETS</b>		<u><u>1,016,237,719</u></u>	<u><u>990,407,681</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	<b>11</b>	282,662,310	282,662,310
Capital reserves			
Share premium reserve		15,380,330	15,380,330
Revaluation surplus on property, plant and equipment		<u>387,392,436</u>	<u>388,777,707</u>
		402,772,766	404,158,037
Accumulated profit		<u>49,867,374</u>	<u>45,799,813</u>
		735,302,450	732,620,160
<b>NON-CURRENT LIABILITIES</b>			
Deferred liability		8,858,144	9,208,876
Deferred taxation		<u>21,610,744</u>	<u>18,236,325</u>
		30,468,888	27,445,201
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<b>12</b>	199,554,713	180,795,836
Unclaimed dividends		1,442,230	1,442,230
Taxation-Net		1,452,880	3,044,712
Joint venture partner's advances		30,059,542	30,059,542
Mobilization Advance		<u>17,957,016</u>	<u>15,000,000</u>
		250,466,381	230,342,320
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>13</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,016,237,719</u></u>	<u><u>990,407,681</u></u>

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

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



**GAMMON PAKISTAN LIMITED**  
**CONDENSED INTERIM PROFIT OR LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE NINE MONTHS AND THREE MONTHS ENDED MARCH 31, 2020**

	Nine month ended March 31,		Quarter ended March 31,	
	2020	2019	2020	2019
	-----Rupees-----			
<b>Contract income from:</b>				
Own projects	73,640,880	115,902,512	9,402,273	54,105,479
<b>Contract expenditure from:</b>				
Own projects	(67,788,332)	(105,641,188)	(7,320,569)	(48,066,242)
Net contract profit	5,852,548	10,261,324	2,081,704	6,039,237
Operating expenses				
Depreciation	(1,486,166)	(1,213,734)	(510,794)	(404,578)
Administrative expenses	(11,277,402)	(18,131,886)	(2,695,810)	(5,267,544)
Operating (loss)/profit	(6,911,020)	(9,084,296)	(1,124,900)	367,115
Other income	15,414,355	15,954,357	4,344,028	5,183,147
Finance cost	(18,135)	(62,696)	(8,825)	(58,702)
		-		-
Profit before taxation	8,485,200	6,807,365	3,210,303	5,491,560
Taxation:				
Current	(2,143,715)	(1,448,781)	(791,868)	(678,027)
Prior	(284,776)	-	-	-
Deferred	(3,374,419)	505,705	-	176,305
	(5,802,910)	(943,076)	(791,868)	(501,722)
Profit after taxation	2,682,290	5,864,289	2,418,435	4,989,838
Earning per share - -basic and diluted	15 0.09	0.21	0.09	0.18

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

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**GAMMON PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS AND THREE MONTHS ENDED MARCH 31, 2020**

	Reserves				Total
	Share capital	Capital		Revenue	
	Issued, subscribed and paid-up capital	Share premium reserve	Revaluation surplus on property, plant and equipment	Accumulated profits	
	Rupees				
Balance as at July 01, 2018	282,662,310	15,380,330	268,108,095	3,754,346	569,905,081
Total comprehensive income for the period	-	-	-	5,864,288	5,864,288
Profit for the period	-	-	-	-	-
Other comprehensive income for the period	-	-	-	5,864,288	5,864,288
Transfer from revaluation surplus on property, plant and equipment: - on account of incremental depreciation-net of deferred tax	-	-	(1,222,576)	1,222,576	-
Balance as at March 31, 2019	<u>282,662,310</u>	<u>15,380,330</u>	<u>266,885,519</u>	<u>10,841,210</u>	<u>575,769,369</u>
Balance as at July 01, 2019	282,662,310	15,380,330	388,777,707	45,799,813	732,620,160
Total comprehensive income for the period	-	-	-	2,682,290	2,682,290
Profit for the period	-	-	-	-	-
Other comprehensive income for the period	-	-	-	2,682,290	2,682,290
Transfer from revaluation surplus on property, plant and equipment: - on account of incremental depreciation-net of deferred tax	-	-	(1,385,271)	1,385,271	-
Balance as at March 31, 2020	<u>282,662,310</u>	<u>15,380,330</u>	<u>387,392,436</u>	<u>49,867,374</u>	<u>735,302,450</u>

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



**CHIEF FINANCIAL OFFICER**



**CHIEF EXECUTIVE**



**DIRECTOR**

**GAMMON PAKISTAN LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2020**

	<b>Nine months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>Rupees</b>	<b>Rupees</b>
Profit / (loss) before taxation	8,485,200	6,807,365
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Adjustment for non cash charges and other items :</b>		
Depreciation	2,926,797	2,426,538
Loss on disposal of fixed assets	-	-
Staff retirement benefits - gratuity (net)	(350,732)	(19,342)
Finance cost	18,135	62,696
	<u>2,594,200</u>	<u>2,469,892</u>
Profit / (Loss) before working capital changes	11,079,400	9,277,257
<b>Effect on cash flow due to working capital changes:</b>		
Stock of materials, stores and spares	511,247	1,647,450
Contract receivables	6,486,829	26,287,239
Cost and estimated earnings in excess of billings	(37,820,355)	(26,482,864)
Loans and advances	2,194,848	(5,665,613)
Long term security deposits	-	(150,000)
Short term prepayments	(165,211)	(199,990)
Other receivables	2,087,567	(2,075,687)
<b>Net Change in Current Assets</b>	(26,705,075)	(6,639,465)
Increase / (decrease) in current liabilities		
Material received from customers / secured advances	2,957,016	-
Billing in excess of cost and estimated earnings	-	-
Trade and other payables	18,758,877	1,362,682
<b>Net Change in Current Liabilities</b>	21,715,893	1,362,682
<b>Net cash inflow / (outflow) from operating activities:</b>	6,090,218	4,000,474
Income tax paid	(4,164,639)	(3,790,119)
<b>Net cash inflow / (outflow) after tax from operating activities</b>	1,925,579	210,355
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	-
Proceeds from sale of fixed assets	-	-
<b>Net cash inflow / (outflow) from investing activities</b>	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Financial charges paid	(17,000)	(62,696)
<b>Net cash inflow / (outflow) from financing activities</b>	(17,000)	(62,696)
<b>Net (decrease) / increase in cash and cash equivalents</b>	1,908,579	147,659
Cash and cash equivalents -At the beginning of the period	1,885,836	4,150,577
Cash and cash equivalents -At the end of the period	<u>3,794,415</u>	<u>4,298,236</u>

The annexed notes form an integral part of these condensed interim financial information.

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**GAMMON PAKISTAN LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2020**

**1 STATUS AND NATURE OF BUSINESS**

The Company was incorporated under the repealed Companies Act, 1913 (now the Companies Act, 2017) on August 12, 1947 as a Public Company Limited by shares. Its shares are quoted on Pakistan Stock Exchange Limited (Formerly Karachi Stock Exchange Limited in which Lahore and Islamabad stock exchanges have merged). It is principally engaged in the execution of civil construction works. The registered office of the Company is situated at Gammon House, 400/2 Peshawar Road, Rawalpindi. The Company is a subsidiary of Bibojee Services (Private) Limited.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These interim financial statements of the Company for the nine months ended March 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 have been followed.

These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2019 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un audited interim financial statements for the nine months ended March 31, 2020.

These interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

**2.2 Basis of measurement**

These interim financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount and staff retirement benefit at present value.

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

**2.3 Functional and presentation currency**

These interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

### **3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

- 3.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2019 except as explained in note 3.6 below.
- 3.2 The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.
- 3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2019. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial statements except as explained in note 3.6 below.
- 3.5 The Company's significant risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Company for the year ended June 30, 2019.
- 3.6 Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

#### **3.6.1 IFRS 16- Leases**

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

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

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

#### **4 TAXATION**

The provision for taxation for quarter and the nine months ended March 31, 2020, has been made using the estimated effective tax rate applicable to expected total annual earnings.

#### **5 ESTIMATES**

The preparation of condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2019.

### **3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN**

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#### **4 TAXATION**

The provision for taxation for the half year and quarter ended December 31, 2019 has been made using the estimated effective tax rate applicable to expected total annual earnings.

#### **5 ESTIMATES**

The preparation of condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2019.



		<b>March 31, 2020 Rupees Unaudited</b>	<b>June 30, 2019 Rupees Audited</b>
<b>6 OPERATING FIXED ASSETS</b>	<b>Note</b>		
Opening written down value		266,279,731	144,697,293
Add: Additions during the period / year	6.1	17,000	-
Add: Revaluation Surplus		-	124,931,830
Less: Disposals - net book value (NBV)	6.2	-	(110,500)
		17,000	124,821,330
Less: Depreciation charged during the period / year		(2,926,797)	(3,238,892)
Closing written down value		<u>263,369,934</u>	<u>266,279,731</u>

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

	<b>March 31, 2020 Rupees Unaudited</b>	<b>June 30, 2019 Rupees Audited</b>
Building	-	-
Plant and machinery	-	-
Furniture and fixtures	17,000	-
Computers and accessories	-	-
	<u>17,000</u>	<u>-</u>

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

	<b>March 31, 2020 Rupees Unaudited</b>	<b>June 30, 2019 Rupees Audited</b>
Furniture and fixtures	-	(110,500)
	<u>-</u>	<u>(110,500)</u>

## 7 INVESTMENT PROPERTY

Rural land	7.2	104,850,000	104,850,000
Gammon House - land and building	7.3	288,087,135	288,087,135
		<u>392,937,135</u>	<u>392,937,135</u>

7.1 The movement in this account is as follows:

Opening balance		392,937,135	340,176,931
Net fair value gain on revaluation shown in "profit and loss account"	7.4	-	52,760,204
		<u>392,937,135</u>	<u>392,937,135</u>

7.2 This represents investment in 209.70 kanals open land located at Mouza Haraka, Rawalpindi. This investment, effective from the financial year ended June 30, 2007, is being classified as "investment property" as the Company decided to hold this property for capital appreciation. The Company has adopted fair value model for valuation.

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- 7.3 This represents Gammon House (head office of the Company) which is held to earn rentals and for capital appreciation and shown under the head "Investment property". The Company has adopted fair value model for valuation.
- 7.4 As at June 30, 2019, this represents adjustment to fair value as a result of revaluation by the Company. The revaluation exercise was carried out by Impulse (Private) Limited as at June 30, 2018, and the revaluation resulted in Rs.52.760 million net adjustment to fair value.

	Note	March 31, 2020 Rupees Unaudited	June 30, 2019 Rupees Audited
<b>8 CONTRACT RECEIVABLES</b>			
Unsecured - considered good			
Against billings			
- work-in-progress		32,635,283	32,549,572
- completed contracts		<u>56,123,425</u>	<u>55,236,179</u>
		88,758,708	87,785,751
Provision for doubtful receivables	8.1	<u>(56,123,425)</u>	<u>(56,123,425)</u>
		32,635,283	31,662,326
Against retention money			
- work-in-progress		53,521,993	63,292,689
- completed contracts		<u>35,793,797</u>	<u>33,482,887</u>
		89,315,790	96,775,576
Provision for doubtful receivables	8.1	<u>(37,704,489)</u>	<u>(37,704,489)</u>
		51,611,301	59,071,087
Joint venture			
- against billings		17,054,553	17,054,553
- against retention money		<u>12,936,380</u>	<u>12,936,380</u>
		29,990,933	29,990,933
Provision for doubtful receivables	8.1	<u>(29,990,933)</u>	<u>(29,990,933)</u>
		-	-
		<u>84,246,584</u>	<u>90,733,413</u>

- 8.1 Management, in the previous years, carried out an exercise to identify long outstanding receivable balances comprising of progress billings and retention monies which are not likely to be received due to various reasons. Accordingly, during the nine month ended March 31, 2020, no further provision was charged (June 30, 2019: nil).

<b>9 CONTRACT ASSETS</b>	<b>March 31, 2020 Rupees Unaudited</b>	<b>June 30, 2019 Rupees Audited</b>
Construction contracts	130,867,997	93,047,642
Sale of goods	-	-
	<u>130,867,997</u>	<u>93,047,642</u>
Less: allowance	-	-
	<u>130,867,997</u>	<u>93,047,642</u>
Analysed as:		
Current	130,867,997	93,047,642
Non-current	-	-
	<u>130,867,997</u>	<u>93,047,642</u>

- 9.1 The Company receive payments from customers based on a billing schedule, as established in the contracts. Contract assets relate to the conditional right to consideration for completed performance obligations under the contract. Contract receivables are recognised when the right to consideration becomes unconditional. In addition, contract assets have been recognized in line with the initial application of IFRS -15.

<b>10 CASH AND BANK BALANCES</b>	<b>Note</b>	<b>March 31, 2020 Rupees Unaudited</b>	<b>June 30, 2019 Rupees Audited</b>
Cash in hand		2,869,564	78,529
Cash at bank - local currency			
Current accounts		31,619	55,926
PLS accounts	10.1	3,789	21,938
Deposit accounts	10.2	889,443	1,729,443
		<u>924,851</u>	<u>1,807,307</u>
		<u>3,794,415</u>	<u>1,885,836</u>

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

- 10.2 As at March 31, 2020 and June 30, 2019 the entire balance was under bank's lien.

## 11 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

### 11.1 Issued, subscribed and paid up capital

22,627,320 (June 30, 2019: 22,627,320) ordinary shares of Rs.10/- each fully paid in cash	226,273,200	226,273,200
	<b>March 31, 2020</b>	<b>June 30, 2019</b>
	<b>Rupees</b>	<b>Rupees</b>
	<b>Unaudited</b>	<b>Audited</b>
2,562,845 (June 30, 2019: 2,562,845) bonus shares of Rs.10/- each fully paid in cash	25,628,450	25,628,450
3,076,066 (June 30, 2019: 3,076,066) ordinary shares of Rs.10/- each fully paid in cash (against conversion of loans)	30,760,660	30,760,660
	<u>282,662,310</u>	<u>282,662,310</u>

### 11.2 Authorized share capital

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

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

		<b>March 31, 2020</b>	<b>June 30, 2019</b>
		<b>Rupees</b>	<b>Rupees</b>
	<b>Note</b>	<b>Unaudited</b>	<b>Audited</b>
<b>12 TRADE AND OTHER PAYABLES</b>			
Sundry creditors		67,581,983	67,796,863
Advance rent		626,606	2,366,207
Due to sub-contractors		30,877,773	30,546,579
Accrued expenses		53,510,912	33,763,682
Due to employees and others	12.1	9,124,699	8,729,298
Taxes payables		1,089,525	849,992
Joint venture partner's share of profit		1,620,715	1,620,715
Other provisions	12.2	35,122,500	35,122,500
		<u>199,554,713</u>	<u>180,795,836</u>

12.1 This balance includes amounts aggregating Rs. 1.563 million (June 30, 2019: Rs. 1.563 million) payable in respect of the loans obtained from the Company's Employees' Provident Fund (the Fund) during the period from 1995 to 1999. The SECP, during May 2008, had issued show-cause notices to some of the existing directors as well as ex-directors under various sections of the repealed Companies Ordinance, 1984 (the Ordinance), repealed with the enactment of Companies Act, 2017. The SECP, vide its three orders dated 25 June, 2009, had imposed penalties aggregating Rs. 1.005 million under various sections of the Ordinance on some of the existing directors and ex-directors in their personal capacity.

The SECP has also directed the Company's Chief Executive to distribute the amount of Rs. 9.153 million to members of the provident fund trust including the employees/directors/ex-directors of the Company at the time of closure of the Fund in the year 1987 as per their entitlement and to submit an Auditor's certificate confirming that all outstanding money of the fund has been paid to members in accordance with provisions of the section 227 of the Ordinance. The Company opened a separate bank account and transferred the entire amount into it. Furthermore, an amount of Rs. 7.589 million were paid to members up to December 31, 2019.

- 12.2 These represent provisions made for the potential liability, in respect of borrowings of Saudi Riyals 2.500 million and Saudi Riyals 5.000 million during the year 1986 for the Saudi Operations of the Company, that the Company may have to incur as a result of settlement of overseas dues of National Bank of Pakistan in accordance with the Incentive Scheme under the State Bank of Pakistan's Circular No.19 of 05 June,1997 (for further detail please refer note 13.2 (a) of these condensed interim financial statements).

### **13 CONTINGENCIES AND COMMITMENTS**

#### **13.1 Contingent assets**

The Company had lodged a claim with National Highway Authority amounting to Rs. 201.177 million against M/s Bayinder for recovery of losses suffered by the Company attributable to cessation of the work at Islamabad - Peshawar Motorway Project.

#### **13.2 Contingent liabilities**

- a) Recovery proceedings of two overseas borrowings from National Bank of Pakistan (NBP) led Consortium amounting Saudi Riyals (SR) 5.000 million and SR 2.500 million totaling SR 7.500 million (equivalent to Pak Rs. 276.714 million at the rate of Rs. 36.9/ SR) with the interest thereon of SR 21.650 million (equivalent to Rs. 798.780 million at the rate of Rs. 36.9.5/ SR) are being contested in the Sindh High Court.

The Honorable Sindh High Court, vide its order dated September 17, 2003, had decided for SR 5.000 million that "proceedings will remain suspended till disposal of the matter by the Ministry of Finance (MoF), Govt. of Pakistan" and directed both NBP and the MoF to follow BPRD Circular No. 19 dated 05 June, 1997 issued by the State Bank of Pakistan announcing an Incentive Scheme in this respect. NBP had filed an application during the year 2000 for execution of the decrees issued in its favor in both the above cases; however, the Company is contesting both the cases on legal grounds.

On December 15, 2008, the Banking Judge of the Sindh High Court, Karachi held that execution application was within time. Arguments on the execution application have been submitted on 28 January, 2011 and the Sindh High Court has reserved its judgment.

The Company's Board of Directors, elected on October 31, 2005, are of the considered opinion that subsequent to March 17, 2004, repayment of loan to NBP had become time barred. The management is also of the view that the second loan amounting SR 2.500 million will legally meet the same fate.

- b) In the ordinary course of business various parties have filed legal cases against the Company, which have not been admitted as liabilities, accordingly, no provision has been considered necessary against these claims till their final outcome. The legal advisor of the Company is of the opinion that these cases are expected to be decided in favor of the Company and therefore no provision has been made in these financial statements for any liability that may arise consequent upon the result of above law suits.
- c) Guarantees issued by a commercial bank and insurance companies in respect of financial and operational obligations of the Company to various institutions and corporate bodies, aggregate Rs. 63.777 million (June 30, 2019: Rs. 63.777 million).

### 13.3 Commitments

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

	<b>March 31, 2020 Rupees Unaudited</b>	<b>June 30, 2019 Rupees Audited</b>
<b>14 CONTRACT INCOME</b>		
Continuing operations:		
Construction contracts	73,640,880	58,297,033
Sale of goods	-	3,500,000
	<u>73,640,880</u>	<u>61,797,033</u>
Timing of revenue recognition		
At a point in time:		
Sale of goods	-	3,500,000
Over time:		
Construction contracts	<u>73,640,880</u>	<u>58,297,033</u>
	<u>73,640,880</u>	<u>61,797,033</u>

- 14.1 As the Company was already following cost to cost method of revenue recognition so there is no substantial effect on financial statement line items by the application of IFRS-15 as compared to IAS-11 and IAS-8.

	<b>Half Year Ended December 31,</b>		<b>Quarter Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Earning after taxation-(Rupees)	874,451	8,598,931	545,014	4,754,475
Weighted average number of ordinary shares (number)	28,266,231	28,266,231	28,266,231	28,266,231
Earning per share - (Rupees)	0.03	0.30	0.02	0.17

## 15 EARNING PER SHARE- BASIC AND DILUTED

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

	Nine Ended March 31,		Quarter Ended March 31,	
	2020	2019	2020	2019
Earning after taxation-(Rupees)	<u>2,682,290</u>	<u>5,864,289</u>	<u>2,418,435</u>	<u>4,989,838</u>
Weighted average number of ordinary shares	<u>28,266,231</u>	<u>28,266,231</u>	<u>28,266,231</u>	<u>28,266,231</u>
Earning per share - (Rupees)	<u>0.09</u>	<u>0.21</u>	<u>0.09</u>	<u>0.18</u>

## 16 TRANSACTIONS WITH RELATED PARTIES

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

Relation with the Company Nature of transaction	Nine Months Ended		Quarter Ended	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
<b>Associated Company</b>				
Gandhara Nissan Limited				
Rental income	2,250,000	2,250,000	750,000	750,000
Payment received	(2,250,000)	(3,000,000)	(750,000)	(2,250,000)
Gandhara Industries Limited				
Rental income	2,250,000	2,250,000	750,000	750,000
Payment received	(2,250,000)	(3,000,000)	(1,250,000)	(2,250,000)
Janana De Malucho Textile Mills Limited				
Rental income	150,000	150,000	-	-
Payment received	(150,000)	(150,000)	-	-
Rehman Cotton Mills Limited				
Rental income	150,000	150,000	50,000	50,000
Payment received	(150,000)	(150,000)	-	-
Bannu Wollen Mill Limited				
Rental income	3,182,720	2,570,000	612,720	1,310,000
Payment received	(5,500,000)	(1,750,000)	(1,000,000)	(1,750,000)
Babri Cotton Mills Limited				
Rental income	50,000	50,000	50,000	50,000
Payment received	(150,000)	(150,000)	(150,000)	(150,000)
Chief Executive				
Salaries and other benefits	1,800,000	1,800,000	600,000	600,000

16.2 Balances receivable/payable with related parties are disclosed in respective notes.

**17 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.

**18 DATE OF AUTHORIZATION**

This condensed interim financial information was authorized for issue on October,012020 by the Board of Directors of the Company.

**19 GENERAL**

Figures have been rounded off to the nearest rupee.

  
**CHIEF FINANCIAL OFFICER**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**





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