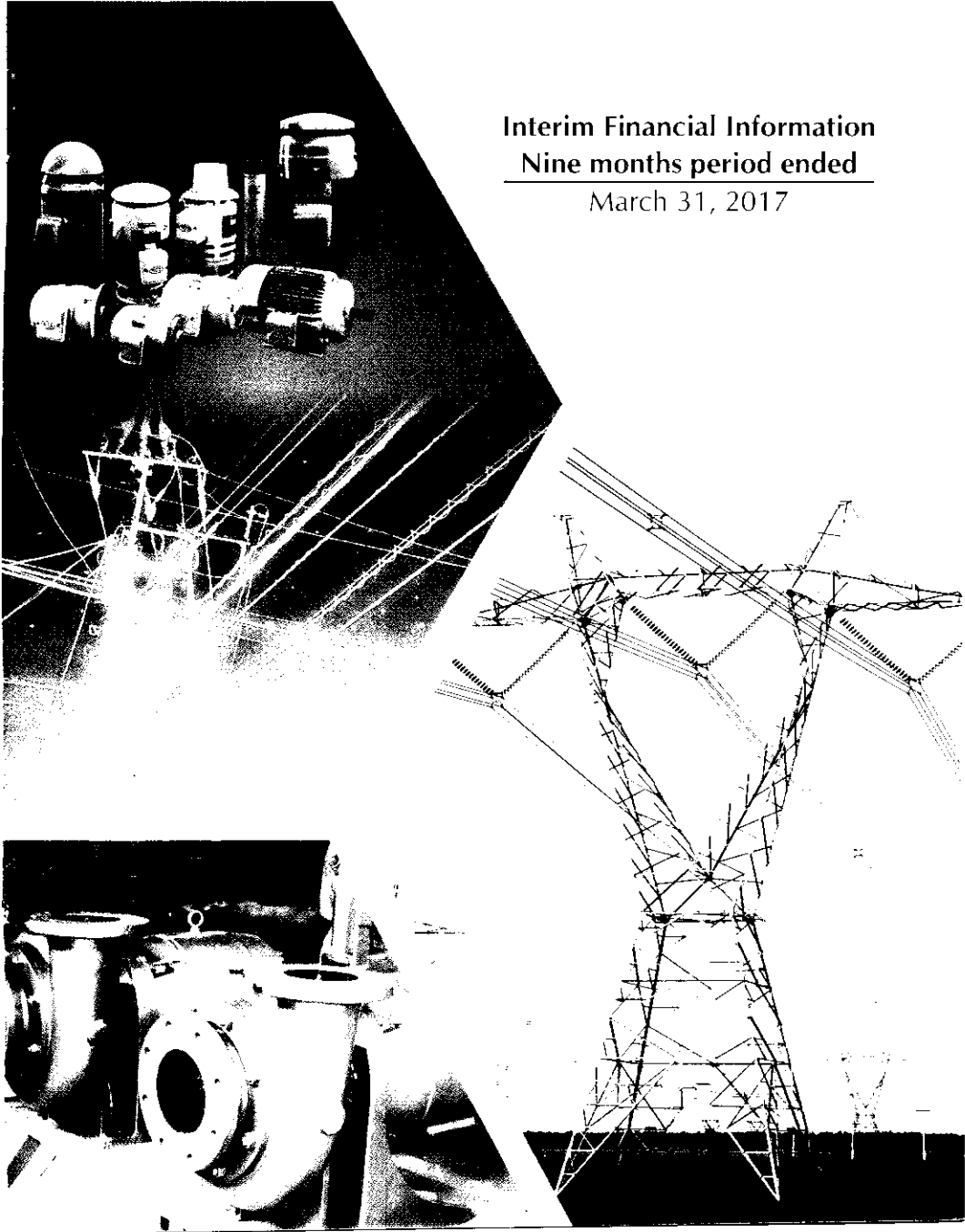




Interim Financial Information
Nine months period ended
March 31, 2017



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أردو ترجمہ

COMPANY INFORMATION

Board of Directors

Syed Kaukab Mohyuddin (Chairman)
Mr. Mairaj Anees Ariff
(Chief Executive)
Mr. Arif Ibrahim
Mr. Muhammad Arif Habib
Mr. Rashid Ali Khan
Mr. Liaqat Mohammad
Mr. Muhammad Iqbal
Mirza Mahmood Ahmad
Mr. Ansar Javed

Board Audit & Risk Management Committee

Mirza Mahmood Ahmad (Chairman)
Mr. Liaqat Mohammad
Mr. Muhammad Iqbal
Mr. Ansar Javed

Board Finance Committee

Mr. Rashid Ali Khan (Chairman)
Mr. Arif Ibrahim
Mr. Liaqat Mohammad

Board HR & Remuneration Committee

Mr. Arif Ibrahim (Chairman)
Mr. Muhammad Iqbal
Mr. Rashid Ali Khan

CFO & Company Secretary

Mian Anwar Aziz

Auditors

M/s. Tariq Abdul Ghani
Maqbool & Company
Chartered Accountants

Bankers

National Bank of Pakistan
United Bank Limited
Summit Bank

Legal Advisor

Sardar Zulfiqar Umar KhanThahim

Registered Office

6/7-Sir Ganga Ram Trust Building,
Shahrah-e-Quaid-e-Azam, Lahore.

Phones: 042 37 32 0225-7

Fax No : 042 37 32 3108

E-Mail : info@peco.com.pk

Web : <http://www.peco.com.pk>

Plants : Kot Lakhpat
Lahore.

Shares Registrar

Central Depository Company of
Pakistan Limited
2nd Floor, 307-Upper Mall, Opposite Lahore
Gymkhana Near Mian Mir Bridge
Lahore. 54000

DIRECTORS' REPORT

Dear Shareholders

Assalam-o-Alaikum

On behalf of, Directors of Pakistan Engineering Company Limited ("the Company"), I am pleased to present the Directors' Report together with the financial information for the nine months period ended March 31, 2017.

Performance Outlook

The current financial year started with orders in hand of Rupees 798.71 million and presently the Company has orders in hand worth Rupees 507.80 million besides order in pipeline worth Rupees 1,064.14 million, the Purchase Orders (PO) of which are expected to be issued soon in favor of PECO and we are expecting reasonable business in next quarter. During the period under review transmission line towers were supplied to IESCO, QESCO, GEPCO, LESCO, HESCO, NTDC and NETRACON. Government priorities, on electrification and electricity load management, depict a big potential of transmission line towers business in Pakistan.

However, along with the potential opportunities, the business of electricity transmission towers, in Pakistan, has also become significantly competitive due to challenges posed by foreign companies in this business. However, your Company is gearing up to meet such competition through better marketing policies, extensive market research, product development, product diversification, updating production capabilities and better working capital management.

During the period under review, the Company has captured reasonable market share to meet the challenges by its foreign competitors. Management of your Company is striving hard to achieve better turn over/profitability during the current financial year.

Financial Performance

The sales revenue for nine months period ended on March 31, 2017 was Rupees 962.92 million against Rupees 1,459.98 million of the corresponding period last year, a decrease of Rupees 497.06 million (34.05%). There was a gross profit of Rupees 130.74 million, against gross profit of Rupees 268.07 million of the corresponding period of last year, a decrease of Rupees 137.34 million (51.23%). Decrease in Sales/Gross Profit was mainly due to intense competition, low margins in new orders and increase in raw material prices.

Operating expenses during the period were Rupees 77.11 million against Rupees 54.36 million of the same period last year, an increase of Rupees 22.75 million due to high Freight and Forwarding expenses as most of the orders were on FCS (Free on Consignee' Site) basis.

There was a profit after tax of Rupees 52.53 million, against profit after tax of Rupees 120.87 million of the same period last year.

Future Outlook

At present the company has orders in hand and in pipe line worth Rupees 1.57 billion of transmission line towers. It is therefore, anticipated that performance of the company during rest of the year would be better than the first half.

Keeping the narrow working capital of the Company in view, potential Joint Venture (JV) arrangements are in process with various multinational companies to enhance operational capacities of PECO on a fast track.

Acknowledgement

I take this opportunity to thank all our valued customers, suppliers and bankers for their confidence and continued support, staff members for their dedication and hard work. I would also like to thank our Board of Directors for their continued support in improvement of Company's business and good will. I am looking forward to a much better future from the Company, in'sha'Allah.

For and on behalf of the Board

Mairaj Anees Ariff
Chief Executive
April 27, 2017
Lahore

اظہار تشکر

اس موقع پر میں اپنے تمام قابل قدر صارفین، مہیا کار بینکاروں کا اُنکی مسلسل حمایت و اعتماد اور عملے کے ارکان کا اُنکی لگن اور محنت پر شکریہ ادا کرنا چاہتا ہوں۔ میں کمپنی کے کاروبار اور کاروباری سہولتوں کی بہتری میں مسلسل حمایت پر مجلسِ نظاماء کا بھی شکریہ ادا کرنا چاہتا ہوں۔ میں، انشاء اللہ، کمپنی کے بہت بہتر مستقبل کا منتظر ہوں۔

مجلسِ نظاماء کی جانب

معراج انیس عارف

سربراہ اعلیٰ

۲۰۱۷ اپریل ۲۷

لاہور

PAKISTAN ENGINEERING COMPANY LIMITED

اطلاعاتِ نظماً

معزز حصص یافتگان

اسلام و ملیکم!

مجھے، مجلسِ نظماً کی جانب سے، ۳۱ مارچ ۲۰۱۷ کو ختم ہونے والی نہ ماہی غیر محاسب شدہ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

کارکردگی کا جائزہ

رواں مالی سال ۲۰۱۷-۱۸ء میں ۹۸ ملین روپے کے ٹھیکوں سے شروع ہوا جبکہ اس وقت کمپنی کے پاس ۸۰-۵۰ ملین روپے کے ٹھیکے ہیں جنکے خریداری آڈر جلد ہی پکیو کے حق میں جاری کر دیے جائیں گے اور ہمیں اگلی نہ ماہی میں مناسبتاً کاروبار متوقع ہے۔ زیر جائزہ مدت کے دوران آئیکسکو، کیسکو، جیکو، لیسکو، جیسکو، این ٹی ڈی سی ایل اور نیٹرا کون کو ترسیلی کھبے فراہم کیے گئے۔ بجلی اور بجلی کی لوڈ منیجمنٹ پر حکومتی ترجیحات کے پیش نظر، پاکستان میں ترسیلی کھبوں کا بہت کاروبار ہے۔

تاہم، ممکنہ مواقع کے ساتھ ساتھ، غیر ملکی کمپنیوں کی ترسیلی کھبوں کے کاروبار میں آمد کی وجہ سے مسابقت بڑھتی جا رہی ہے۔ آپ کی کمپنی فروخت کاری کی بہتر پالیسی، وسیع بازاری تحقیق، مصنوعات کی ترقی، مصنوعات کے تنوع، تکنیکی صلاحیت کی بہتری اور سرمائے کے بہتر انتظام کی بدولت اس مسابقت سے نپٹنے کی بھرپور کوشش کر رہی ہے۔

زیر جائزہ مدت کے دوران، کمپنی کی کارکردگی بہتر تھی اور کمپنی نے اپنے خارجہ حریفوں کی طرف سے چیلنجوں کا سامنا کرنے کے لیے معقول بازاری حصے پر قبضہ کیا ہے۔

مالیاتی کارکردگی

۳۱ مارچ ۲۰۱۷ کو ختم ہونے والے نہ ماہی عرصے میں فروخت کاری ۹۲.۹۲ ملین روپے رہی جو پچھلے مالی سال اسی عرصے میں ۹۸.۹۸ ملین روپے تھی، جو کہ ۶.۶۰ ملین (۳.۳۴.۵۰٪) روپے کم ہے۔ کمپنی کی کل آمدنی ۳۰.۷۳ ملین روپے رہی جو پچھلے مالی سال اسی عرصے میں ۲۶۸.۰۷ ملین روپے تھی، جو کہ ۳۳.۳۳ ملین (۱۲.۴۳٪) روپے کم ہے۔ فروخت کاری/کل آمدنی میں کمی کی بنیادی وجہ شدید مسابقت، نئے ٹھیکوں میں کم منافع اور خام مال کی قیمتوں میں اضافہ ہے۔

کاروبار چلانے کے اخراجات ۷۱.۱۱ ملین روپے رہے جو پچھلے مالی سال اسی عرصے میں ۷۵.۷۳ ملین روپے تھے۔ خالص منافع ۵۳.۵۳ ملین روپے رہا جو پچھلے مالی سال اسی عرصے میں ۱۲۰.۸۷ ملین روپے تھا۔

مستقبل کا اندازہ

موجودہ وقت میں کمپنی کے پاس ترسیلی کھبوں کے ۱۱.۵۷ ارب روپے کے ٹھیکے ہیں۔ اس وجہ سے توقع ہے کہ باقی مالی سال کے دوران کمپنی کی کارکردگی پہلے نہ ماہی عرصے کے مقابلے میں بہتر رہے گی۔ کمپنی کے کام چلانے والے سرمائے کی کمی کے پیش نظر، پکیو کی عملیاتی صلاحیتوں کو بڑھانے کے لیے بیشتر کثیر القومی کمپنیوں کے ساتھ ممکنہ مشترکہ مہمات زیر عمل ہیں۔

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2017**

	(Un-audited) March 31, 2017	(Audited) June 30, 2016
-----Rupees in thousand-----		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	56,902	56,902
Revenue reserve - general	10,000	10,000
Accumulated loss	<u>(854,173)</u>	<u>(925,610)</u>
	(787,271)	(858,708)
Surplus on revaluation of fixed assets	14,497,596	14,516,504
NON - CURRENT LIABILITIES		
Long term financing	4 1,824,974	1,839,601
Deferred liabilities - net	134,362	133,662
	1,959,336	1,973,263
CURRENT LIABILITIES		
Trade and other payables	5 537,748	812,842
Short term borrowing - secured	49,233	49,984
Current portion of long term borrowings	19,503	19,503
Accrued mark-up	2,293	2,541
Provision for taxation	11,758	56,123
	620,535	940,993
CONTINGENCIES AND COMMITMENTS	6	
TOTAL EQUITY AND LIABILITIES	<u>16,290,196</u>	<u>16,572,052</u>
ASSETS		
NON - CURRENT ASSETS		
Property, plant and equipment	7 14,559,789	14,564,505
Investment property	587	610
Long term investment	725	725
Long term deposits	2,053	1,832
	14,563,154	14,567,672
Free hold land - held for sale	314,724	314,724
CURRENT ASSETS		
Stores, spares and loose tools	146,876	121,271
Stock in trade	464,955	256,813
Trade debts-unsecured	585,260	1,119,940
Advances	14,380	6,687
Trade deposits, prepayments and other receivables	45,188	25,881
Advance income tax	86,805	137,128
Cash and bank balances	68,854	21,936
	1,412,318	1,689,656
TOTAL ASSETS	<u>16,290,196</u>	<u>16,572,052</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Mairaj Anees Ariff
Chief Executive

Muhammad Iqbal
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER PERIOD ENDED
MARCH 31, 2017**

	Note	Nine months ended		Quarter ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- Rupees in thousand -----					
Sales - net		962,917	1,459,977	416,420	746,903
Cost of sales	8	(832,181)	(1,191,903)	(360,867)	(588,787)
Gross profit		130,736	268,074	55,553	158,116
Selling and distribution expenses		(6,926)	(4,211)	(2,946)	(1,487)
Freight and forwarding expenses		(16,957)	(11,010)	(4,003)	(2,967)
Administrative expenses		(53,229)	(39,142)	(19,201)	(11,193)
Other operating charges		(5,853)	(36,223)	(2,911)	(30,772)
		(82,965)	(90,586)	(29,061)	(46,419)
Other operating income		23,321	4,284	10,581	2,264
Operating profit		71,092	181,772	37,073	113,961
Finance cost		(12,988)	(11,329)	(4,182)	(3,638)
Profit before taxation for the period		58,104	170,443	32,891	110,323
Taxation		(10,572)	(28,975)	(6,112)	(18,755)
- Current		(1,186)	(1,256)	-	-
- Prior		6,184	(19,341)	(3,268)	(11,724)
- Deferred		(5,574)	(49,572)	(9,380)	(30,479)
Profit after taxation for the period		52,530	120,871	23,511	79,844
Earnings per share - Basic and diluted	9	9.23	21.24	4.13	14.03

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Mairaj Anees Ariff
Chief Executive

Muhammad Iqbal
Director

**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER PERIOD ENDED
MARCH 31, 2017**

	Nine months ended		Quarter ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	----- Rupees in thousand -----			
Profit after taxation for the period	52,530	120,871	23,511	79,844
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	52,530	120,871	23,511	79,844

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Mairaj Anees Ariff
Chief Executive

Muhammad Iqbal
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

Note	March 31, 2017	March 31, 2016
	----- Rupees in thousand -----	
Cash generated from operations	98,698	165,365
Finance cost paid	(11,179)	(10,960)
Gratuity paid	(508)	(281)
Income tax paid	(5,729)	(75,089)
Workers' profit participation fund paid	(7,564)	-
Workers' welfare fund paid	-	(36)
(Increase) in long term deposits	(221)	(1,211)
Net cash generated from operating activities	73,497	77,788
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	(32,654)	(7,594)
Proceeds from disposal of Property, plant and equipment	21,471	5,797
Net cash (used in) from investing activities	(11,183)	(1,797)
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	(751)	(5)
Long term borrowings - (repayments)	(14,627)	(14,628)
Dividend paid	(18)	-
Net cash (used in) financing activities	(15,396)	(14,633)
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,918	61,358
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	21,936	22,500
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	68,854	83,858

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Mairaj Anees Ariff
Chief Executive

Muhammad Iqbal
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017**

	Issued, subscribed and paid-up capital	Revenue reserve- General	Accumulated loss	Total
----- Rupees in thousand -----				
Balance as at July 01, 2015 (Audited)	56,902	10,000	(1,165,358)	(1,098,456)
Total comprehensive profit for the period				
- Profit for the period ended March 31, 2016	-	-	120,871	120,871
- Other comprehensive income	-	-	-	-
			120,871	120,871
Surplus on revaluation of fixed assets realized during the period on account of:				
- incremental depreciation charged thereon - net of tax	-	-	12,723	12,723
- disposal of revalued machinery - net of tax	-	-	2,243	2,243
Balance as at March 31, 2016 (Un-audited)	56,902	10,000	(1,029,521)	(962,619)
Total comprehensive profit for the period				
- Profit for the period ended June 30, 2016	-	-	98,615	98,615
- Other comprehensive income	-	-	-	-
			98,615	98,615
Surplus on revaluation of fixed assets realized during the period on account of:				
- incremental depreciation charged thereon - net of tax	-	-	5,296	5,296
- disposal of revalued machinery - net of tax	-	-	-	-
Balance as at June 30, 2016 (Audited)	56,902	10,000	(925,610)	(858,708)
Total comprehensive profit for the period				
- Profit for the period ended March 31, 2017	-	-	52,530	52,530
- Other comprehensive income	-	-	-	-
			52,530	52,530
Surplus on revaluation of fixed assets realized during the period on account of:				
- incremental depreciation charged thereon - net of tax	-	-	13,585	13,585
- disposal of revalued machinery - net of tax	-	-	5,322	5,322
Balance as at March 31, 2017 (Un-audited)	56,902	10,000	(854,173)	(787,271)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Mairaj Anees Ariff
Chief Executive

Muhammad Iqbal
Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017

1 THE COMPANY AND ITS OPERATIONS

Pakistan Engineering Company Limited was incorporated in Pakistan on February 15, 1950 under the Companies Act, 1913 (Now Companies Ordinance, 1984) as a public limited company. Its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at 6/7 Ganga Ram Trust Building, Shahra-e-Quaid-e-Azam, Lahore. The company is principally engaged in the manufacturing and sale of engineering products. The major products of the company are electricity transmission and communication towers, electric motors, pumps and steel rolled products etc.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34- "Interim Financial Reporting" and provisions of and directives issued under the companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 has been followed.

These condensed interim financial information is presented in Pakistan Rupee which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

2.2 Estimates, judgments and financial risk management

The preparation of interim financial information requires management to make judgments, estimates and assumption that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates.

In preparing these condensed interim financial information, the significant judgments made by the management is applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended June 30, 2016.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company for the preceding year June 30, 2016.

This condensed interim financial information does not include all the information and disclosures required for full financial statements, and should be read in conjunction with the company's audited annual financial Statements for the year ended June 30, 2016.

	(Un-audited) March 31, 2017	(Audited) June 30, 2016
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-----Rupees in thousand-----

4 LONG TERM FINANCING

Loan from banking company - secured	4.1	34,126	48,753
Government of Pakistan - unsecured		1,790,848	1,790,848
		<u>1,824,974</u>	<u>1,839,601</u>

4.1 Movement of long term finances - from National Bank of Pakistan

Opening balance		68,256	87,759
Finance availed during the period		-	-
		<u>68,256</u>	<u>87,759</u>
Less: repayment during the period		(14,627)	(19,503)
		<u>53,629</u>	<u>68,256</u>
Less: Current maturity shown under current liabilities		(19,503)	(19,503)
		<u>34,126</u>	<u>48,753</u>

The financing forms part of total credit facility available to the extent of Rupees 108.351 million. The loan carries markup @ 3 months KIBOR plus 2.50%. The credit facility of the Company will be expired on December 31, 2019. This is secured against first charge of Rupees 180.585 over movable fixed assets [excluding land and building] of the company.

	(Un-audited) March 31, 2017	(Audited) June 30, 2016		
	----- Rupees in thousand -----			
5	SHORT TERM BORROWING - SECURED			
	From NBP Bank under mark-up arrangements - Secured:			
	Cash finance	5.1	<u>49,233</u>	<u>49,984</u>
5.1	This running finance facility was availed from National Bank of Pakistan to meet working capital requirement of Company. This is secured against first charge of Rupees 66.67 million over current and movable fixed assets (excluding land and building) of the company. The loan carries markup @ 3 months KIBOR plus 2.50% . This facility is renewed on January 27, 2017.			
6	CONTINGENCIES			
6.1	Claims not acknowledged as debts in respect of various sub judice cases filed against the company for which the maximum possible liabilities could be approximately Rupees 2.517 million (June 30, 2016: Rupees 2.517 million).			
6.2	Guarantees of Rupees 668.67 million (June 30, 2016: Rupees 292.17 million) issued by the banks and insurance companies to different parties on behalf of the company.			
6.3	The Privatization Commission has claimed additional loan liability amounting to Rupees 131.454 million and mark up amounting to Rupees 1,295.45 million. The management of the company in the minutes of the meeting held on October 7, 2010 at Ministry of Finance to reconcile the principal and mark up amounts with respect to Govt. of Pakistan loans does not agree with the stance of Privatization Commission in respect of additional loan and mark up claimed. Privatization Commission has been instructed by the Ministry of Finance to review the calculation / treatment of a loan amounting Rupees 131.454 million and has been asked to come up with firm stance on the foregoing loan amounting to Rupees 131.454 million. Further, Privatization Commission has been instructed to sort out the issue of charging interest on VSS loan and Privatization Commission has been asked to come up with sound reason and logic for charging interest on the above loan. The legal advisor of the company is also of the firm opinion that since there is no mention of any markup to be charged on this loan nor is there any markup agreement, therefore, no markup is payable by the company in respect of this loan. The management is confident that the ultimate outcome of the matter will result in favor of the company and hence no provision has been made in these financial statements in respect of the additional loan and markup claimed.			
6.4	The Finance Division vide its letter dated August 11, 2015, for the year ended June 30, 2015 has claimed an amount of Rupees 2,801.41 million in respect of markup payable on remaining Government of Pakistan Loans. However, the management of the company is of the opinion that no markup is payable in the absence of any agreement for markup. The matter was taken up by the Ministry of Finance, in meeting held on October 7, 2010, to reconcile the principal and mark up amounts with respect to Govt. of Pakistan loans, which has instructed the Finance Division to re-examine the issue relating to Rupees 100.00 million loan and interest thereof, to confirm the contention of PECO. Decision on this account would be conveyed to company at the earliest. Till the issue of annual accounts no such decision has been received by company. Furthermore, the company has also obtained the opinion from the legal advisor, who is also of opinion that no markup is payable. The management is confident that the ultimate outcome of the matter will result in favor of the company and hence no provision has been made in these financial statements in respect of the markup claimed.			
6.5	The Additional Commissioner Inland Revenue (ACIR) has passed an order under section 122 (5A) of the Income Tax Ordinance, 2001 for tax years 2009 and 2010 whereby a demand of Rupees 53.43 million (2016: Rupees 108.43 million) has been raised. No provision against the demand has been made in these financial statements as the Company is able to get refund of Rupees 55.00 million from Federal Board of Revenue in current financial year. The Appellate Tribunal Income Tax (ATIR) has passed an order under section 122 (5A) of Income Tax Ordinance, 2001, whereby brought forward losses of Rupees 170.644 million is allowed by ATIR. As on reporting date, appeal effect decision was pending before ACIR which will result in further refund of Rupees 53.43 million			
7	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets	7.1	<u>14,505,387</u>	14,533,107
	Capital work-in-progress		<u>2,379</u>	2,239
	Advances against capital assets		<u>52,023</u>	29,159
			<u>14,559,789</u>	<u>14,564,505</u>

		(Un-audited) March 31, 2017	(Audited) June 30, 2016
----- Rupees in thousand -----			
7.1 Operating fixed assets			
Opening written down value		14,533,107	8,570,860
Add: Additions during the period/year	7.1.1	9,580	10,101
Add: Surplus during the period/year	7.1.2	-	5,991,610
		14,542,687	14,572,571
Less: Disposals during the period/year (at book value)		(9,162)	(2,870)
		14,533,525	14,569,701
Less: Depreciation charged during the period/year		(28,138)	(36,594)
		14,505,387	14,533,107

7.1.1 Following is the detail of additions during the period/year

Factory building	-	571
Plant and machinery	552	2,312
Office equipment	104	35
Computers	620	265
Furniture and fixtures	78	-
Vehicles	8,061	6,852
Electric equipment	165	66
	9,580	10,101

7.1.2 Following is the detail of surplus during the period/year

Free hold land	-	5,929,500
Factory building on freehold land	-	12,684
Plant and machinery	-	49,426
	-	5,991,610

Nine months ended		Quarter ended	
March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
----- Rupees in thousand -----			

8 COST OF SALES

Raw material consumed	786,628	984,788	343,045	365,017
Stores and spares consumed	89,671	129,032	27,217	50,964
Salaries and wages and other benefits	62,573	59,806	21,344	20,490
Fuel and power	13,340	27,292	4,098	9,724
Traveling and conveyance	618	773	236	363
Postage, telegram and telephone	657	504	309	164
Printing and stationery	555	429	177	224
Inspection fee	5,039	5,783	2,404	2,600
Processing and fabrication charges	12,086	20,234	2,545	13,724
Service charges	3,612	2,992	1,234	816
Rent, rates and taxes	1,091	1,464	344	464
Repair and maintenance	3,254	1,278	1,880	367
Insurance	781	772	262	253
Vehicle running expenses	1,643	1,836	532	688
Other expenses	2,422	1,791	514	871
Depreciation	25,571	24,815	8,385	8,277
	1,009,541	1,263,589	414,526	475,006
(Increase)/decrease in work in process inventory	(166,051)	(74,790)	(90,893)	15,174
Cost of goods manufactured	843,490	1,188,799	323,633	490,180
(Increase)/decrease in finished goods inventory	(11,309)	3,104	37,234	98,607
Cost of sales	832,181	1,191,903	360,867	588,787

Nine months ended		Quarter ended	
March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016

----- Rupees in thousand -----

9 EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit attributable to ordinary shareholders - Rupees in thousand	52,530	120,871	23,511	79,844
Weighted average number of ordinary shares - Numbers	5,690,200	5,690,200	5,690,200	5,690,200
Earnings per share - Rupees	9.23	21.24	4.13	14.03

March 31, 2017	March 31, 2016
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----- Rupees in thousand -----

10 CASH GENERATED FROM OPERATIONS

Profit before taxation	58,104	170,443
Adjustments for non cash charges and other items:		
Depreciation	28,160	26,840
Financial charges	10,931	10,061
Interest on workers' profit participation fund	2,057	1,268
Interest on bank deposit	-	(21)
Provision for gratuity	7,392	3,492
Provision for WPPF	3,157	10,298
Provision for WWF	1,865	3,913
Balances written back	(6,757)	-
Gain on sale of property, plant and equipment	(12,309)	(2,928)
	34,496	52,923
	92,600	223,366

Profit before working capital changes

Effect on cash flow due to working capital changes:

(Increase)/decrease in current assets:

- Stores, spares and loose tools	(25,605)	5,390
- Stock in trade	(208,142)	(132,543)
- Trade debts	534,680	(377,054)
- Advances	(7,693)	1,320
- Trade deposits, prepayments and other receivables	(19,307)	2,012
Increase/(decrease) in current liabilities:		
- Trade and other payables	(267,835)	442,874
	6,098	(58,001)
	98,698	165,365

(Un-audited) March 31, 2017	(Audited) June 30, 2016
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----- Rupees in thousand -----

11 TRANSACTION WITH RELATED PARTIES

State Engineering Corporation (SEC)

Outstanding SEC Service Charges paid	-	1,500
Reimbursement of Expenses payable	151	151

Pakistan Machine Tool Factory

Receivable at the end of the period	273	273
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12 FINANCIAL RISK MANAGEMENT

Company's risk management policies are consistent with those disclosed in the financial statements for the year ended June 30, 2016.

13 OPERATING SEGMENTS

This condensed interim financial information has been prepared on the basis of a single reportable segment i.e. "Engineering".

13.1 Information about products and services

- Revenue from sales of electricity transmission and communication towers represents 92.18% (March 31, 2016: 96.81%) of total sales.

13.2 Information about geographical areas

- 100% (March 31, 2016: 100%) of the gross sales of the Company are made to customers located in Pakistan.

13.3 Information about major customers

- The Company's most significant customers are electric supply companies.
- Electricity transmission company (NTDCL), Distribution companies (DISCOs) and tower erection/installation company (NETRACON) accounts for more than 92.18% of the gross sales of the Company for the period.

14. DATE OF AUTHORIZATION

This condensed interim financial information have been authorized for issue by **Board of Directors** on **April 27, 2017**.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

16. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Mairaj Anees Ariff
Chief Executive

Muhammad Iqbal
Director