

COMPANY INFORMATION

QUARTERLY REPORT 2012

Board of Directors

Mrs. Rukhsana Saleem
(Chairperson)
Mr. Babar Hassan Bharwana
(Chief Executive)
Mr. Abdul Jabbar Ali
Mr. Muhammad Arif Habib
Mr. Rashid Ali Khan
Mr. Liaqat Mohammad
Mr. Muhammad Iqbal
Mirza Mahmood Ahmad
Mr. Muhammad Iqbal Awan

Board Audit Committee

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

Board Finance Committee

Mr. Rashid Ali Khan (Chairman)
Mr. Muhammad Arif Habib
Mr. Abdul Jabbar Ali

Board HR & Remuneration Committee

Mrs. Rukhsana Saleem
(Chairperson)
Mr. Muhammad Iqbal
Mr. Abdul Jabbar Ali
Mr. Muhammad Iqbal Awan

CFO & Company Secretary

Mian Anwar Aziz

Auditors

M/s. Fazal Mahmood & Co.
Chartered Accountants

Bankers

National Bank of Pakistan
United Bank Limited
Summit Bank

Legal Advisor

Mian Farzand Ali

Registered Office

6/7-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

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

Plants : Kot Lakhpat
Lahore

Share Registrar:

M/s. Scarlet IT System (Pvt) Ltd.
24-Ferozpur Road,
Near Mozang Chungi,
Lahore.

DIRECTOR'S REPORT

Dear Shareholders,

Assalam-o-Alakum

Over view

I feel honour to present the un audited Accounts & Report for the first quarter of the year 2012-13 ended on September 2012. The current financial year started with orders in hand of Rs. 1,006 Million. During the period under review transmission line towers were supplied to WAPDA and Telecommunication towers to Z.T.E.

Financial Results

The sale during the period ended on September 30, 2012 were Rs. 182.2 million as against Rs. 258.6 million during the corresponding period of last year, showing a decrease of Rs. 76.4 million. The cost of goods sold was high due to lesser production and high input cost. Resultantly the Company incurred a gross loss of Rs. 11.5 million against gross loss of Rs. 27.8 million compared with same period last year. The net loss before tax was Rs. 30.5 million against net loss of Rs. 50.0 million of same period last year.

Future Look

The current orders with WAPDA are on good prices and reasonable margins. The Management of your Company is working hard to increase production and minimize production cost. Keeping in view the orders in hand and prospective business of transmission line towers & telecommunication towers, it is anticipated that performance of your Company during rest of the year would have a significant change with a reasonable profit.

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 guidance and support for the improvement of Company's business and good will.

I look forward for better future of the Company.

On behalf of the Board

Dated: October 31, 2012
Lahore

Mrs. Rukhsana Saleem
(Chairperson)

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2012

	September 30, 2012	June 30, 2012
(Rupees in '000).....	
ASSETS		
NON - CURRENT ASSETS		
Property, plant and equipment	4,877,889	4,884,456
Long term deposits	963	663
	4,878,852	4,885,119
LAND HELD FOR SALE	314,724	314,724
CURRENT ASSETS		
Stores, spares and loose tools	127,924	133,052
Stock-in-trade	317,844	397,216
Trade debts	258,250	190,300
Advances	6,528	5,238
Trade deposits, prepayments & other receivables	43,505	39,554
Cash and bank balances	18,399	58,491
	772,450	823,851
TOTAL ASSETS	5,966,026	6,023,694
 EQUITY & LIABILITIES		
SHARE CAPITAL & RESERVES		
SHARE CAPITAL	56,902	56,902
REVENUE RESERVE - GENERAL	10,000	10,000
ACCUMULATED LOSS	(1,161,924)	(1,134,148)
	(1,095,022)	(1,067,246)
SURPLUS ON REVALUATION OF FIXED ASSETS	4,879,452	4,882,209
NON - CURRENT LIABILITIES		
GOVERNMENT OF PAKISTAN LOANS - SECURED	1,790,848	1,790,848
LONG TERM BORROWINGS - SECURED	-	-
DEFERRED TAX LIABILITY - NET	61,327	61,327
	1,852,175	1,852,175
CURRENT LIABILITIES		
Trade & other payables	205,634	230,723
Mark-up accrued - on short term borrowing	3,820	3,757
Short term borrowing - secured	108,638	108,638
Current maturity of long term borrowings	5,968	5,670
Provision for taxation - Net	5,361	7,768
	329,421	356,556
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	5,966,026	6,023,694

The annexed notes form an integral part of these financial statements.

BABAR HASSAN BHARWANA
(CHIEF EXECUTIVE)

MUHAMMAD IQBAL
DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)



FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Jul - Sep, 2012	Jul - Sep, 2011
(Rupees in '000).....	
Sales - net	182,226	258,560
Cost of sales	(193,742)	(286,366)
GROSS (LOSS)	(11,516)	(27,806)
Selling & distribution expenses	(1,250)	(1,706)
Freight and forwarding expenses	(397)	(2,372)
Administrative expenses	(12,517)	(11,936)
	(14,164)	(16,014)
OPERATING (LOSS)	(25,680)	(43,820)
Other operating charges	(200)	(116)
Finance cost	(6,187)	(7,807)
	(6,387)	(7,923)
	(32,067)	(51,743)
Other operating income	1,533	1,704
(LOSS) BEFORE TAXATION	(30,534)	(50,039)
Taxation	-	(2,586)
(LOSS) AFTER TAXATION FOR THE PERIOD	(30,534)	(52,625)
BASIC AND DILUTED (LOSS) PER SHARE	(5.37)	(9.25)

The annexed notes form an integral part of these financial statements.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

	Jul - Sep, 2012	Jul - Sep, 2011
(Rupees in '000).....	
(Loss) after taxation for the period	(30,534)	(52,625)
Other comprehensive income for the period	-	-
Total comprehensive (loss) for the period	(30,534)	(52,625)

Surplus on revaluation of fixed assets has been reported in accordance with the requirements of the Companies Ordinance, 1984, in a separate account below equity.

The annexed notes form an integral part of these financial statements.

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

	Jul - Sep, 2012	Jul - Sep, 2011
(Rupees in '000).....	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(30,534)	(50,039)
Adjustments for:		
Depreciation	7,071	7,358
Financial charges	4,286	6,213
Interest on workers' profit participation fund	1,603	1,594
Provision for gratuity	-	11
Amortization expense (Loan - NBP)	298	209
(Loss) before working capital changes	(17,276)	(34,654)
Movements in working capital		
Decrease (Increase) in current assets:	11,009	98,824
Increase / (decrease) in current liabilities:	(26,692)	(14,922)
Cash generated from / (used in) operations	(32,959)	49,248
Finance costs paid	(4,223)	(5,059)
Gratuity Paid	-	(7)
Income tax paid	(2,409)	(7,848)
Workers' Profit Participation Fund Paid	-	(687)
Net cash generated from / (utilized in) operating activities	(39,591)	35,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(501)	(2,407)
Capital work in progress	-	(5,247)
Net cash (out flow) from investing activities	(501)	(7,654)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(1)
Net cash (out flow) / in flow from financing activities	-	(1)
Net increase / (decrease) in cash and cash equivalents	(40,092)	27,992
Cash and cash equivalents at the beginning of the period	58,491	58,335
Cash and cash equivalents at the end of the period	18,399	86,327

The annexed notes form an integral part of these financial statements.

BABAR HASSAN BHARWANA
(CHIEF EXECUTIVE)

MUHAMMAD IQBAL
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

QUARTERLY REPORT 2012

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	Share Capital		Revenue Reserve General	Accumulated Loss	TOTAL
	Ordinary share capital	Bonus shares			
	(Rupees in '000)				
Balance as at June 30, 2011	31,621	25,281	10,000	(1,045,849)	(978,947)
Total comprehensive (Loss) for the year:					
- (Loss) after tax for the year ended June 30, 2012	-	-	-	(99,913)	(99,913)
- Other comprehensive income	-	-	-	-	-
	-	-	-	(99,913)	(99,913)
Surplus on revaluation of property, plant & equipment realized during the year on account of:					
- Incremental depreciation charged thereon - net of tax	-	-	-	11,614	11,614
	-	-	-	11,614	11,614
Balance as at June 30, 2012	31,621	25,281	10,000	(1,134,148)	(1,067,246)
Total comprehensive (Loss) for the Quarter:					
- (Loss) after tax for the quarter ended September 30, 2012	-	-	-	(30,534)	(30,534)
- Other comprehensive income	-	-	-	-	-
	-	-	-	(30,534)	(30,534)
Surplus on revaluation of property, plant & equipment realized during the period on account of:					
- Incremental depreciation charged thereon - net of tax	-	-	-	2,758	2,758
	-	-	-	2,758	2,758
	31,621	25,281	10,000	(1,161,924)	(1,095,022)

The annexed notes form an integral part of these financial statements.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

1. THE COMPANY AND ITS OPERATIONS

Pakistan Engineering Company Limited is incorporated in Pakistan and is listed on all Stock Exchanges of Pakistan. The address of its registered office is 6/7-Ganga Ram Trust Building, Shahrah-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. The company has closed down its all divisions, except structure (STR) division, and is principally engaged in the manufacturing and sale of electricity transmission and communication towers. With the approval of the Board of Directors of the Company, Pumps, Electric Motors and Foundry have been re-started and are in operation.

2. ACCOUNTING POLICIES

These financial statements have been prepared using the same accounting policies as are applied in the preparation of annual accounts.

3. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of International Accounting Standard-34: and the Code of Corporate Governance.

4. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

- 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 Rs. 2.517 million (June 30, 2011 Rs. 2.517 million).
- Guarantees of Rs. 293.091 million (June 2011 : Rs. 357.956 million) issued by the banking and insurance companies to different parties on behalf of the company.

COMMITMENTS

- Letter of credit for raw material and store items amounting to Rs.Nil (June 30, 2012 : Nil)

BABAR HASSAN BHARWANA
(CHIEF EXECUTIVE)

MUHAMMAD IQBAL
DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

	July - Sep 2012	July - Sep 2011
(Rupees in '000).....	
5. COST OF GOODS SOLD		
Raw material consumed	76,162	115,926
Stores & spares consumed	23,925	30,348
Salaries & Wages (including all benefits)	14,181	15,454
Fuel & power	2,901	10,064
Travelling and Conveyance	100	71
Postage, telegrams and Telephone	45	90
Printing stationery and office supplies	185	118
Inspection Fee	20	206
Service charges	5	26
Rent, Rate & Taxes	184	267
Repair & Maintenance	321	259
Insurance	110	110
Vehicle Running Expenses	542	339
Other expenses	206	131
Depreciation	5,943	6,475
	124,830	179,883
(Increase) / decrease in work in process inventory	81,485	103,649
Cost of goods manufactured	206,315	283,532
(Increase) / decrease in finished goods inventory	(12,573)	2,834
Cost of Goods Sold	193,742	286,366

6. ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT (AT COST)

	Sep 30, 2012	Jun 30, 2012
(Rupees in '000).....	
DESCRIPTION	ACQUISITION	DISPOSALS
OWNED ASSETS:		
Factory Building	-	8,381
Plant & Machinery	-	-
Furniture & Fixture	305	226
Vehicles	-	2,046
Electric Installation	-	158
Tools	197	-
Total	502	10,811

7. CAPITAL WORK IN PROGRESS

	Sep 30, 2012	Jun 30, 2012
(Rupees in '000).....	
Civil Works	6,323	6,323
Plant & Machinery	12,903	12,903
Advance to Suppliers	101	101
	19,227	19,227

8. TRANSACTIONS WITH RELATED PARTIES

	Sep 30, 2012	Jun 30, 2012
(Rupees in '000).....	
STATE ENGINEERING CORPORATION (SEC)		
Reimbursement of Expenses to SEC	-	483
Expenses Payable to SEC	232	221
Service Charges Payable to SEC	100	600
Outstanding SEC service Charges Paid	500	1,000
PAKISTAN MACHINE TOOL FACTORY (PMTF)		
Sale to Pakistan Machine Tool Factory	-	5,315
Receivable from Pakistan Machine Tool Factory	1,571	9,333

9. DATE OF AUTHORISATION

This financial information have been authorized for issue by board of directors on 31st Oct, 2012.

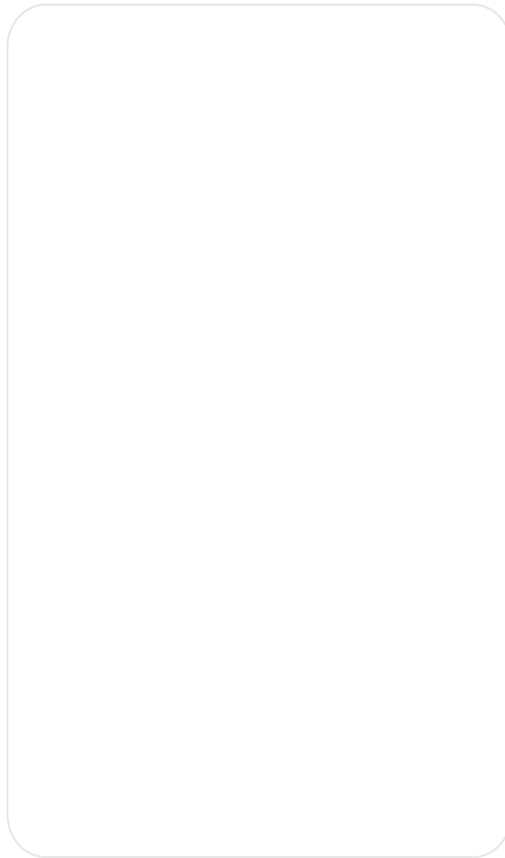
10. GENERAL

Figures have been rounded off to the nearest thousand rupees.

BABAR HASSAN BHARWANA
(CHIEF EXECUTIVE)

MUHAMMAD IQBAL
DIRECTOR

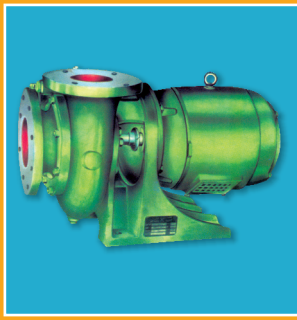
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2012



Quarterly
Report
Sept. 30, 2012



PAKISTAN ENGINEERING COMPANY LIMITED