



Interim Financial Information
Three months period ended
September 30, 2017



PAKISTAN ENGINEERING COMPANY LIMITED

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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)
 Syed Kaukab Mohyuddin
 Mr. Muhammad Iqbal
 Mr. Rashid Ali Khan

CFO & Company Secretary

Mian Anwar Aziz

Auditors

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

Bankers

National Bank of Pakistan
 United Bank Limited
 Summit Bank

Legal Advisor

Sardar Zulfiqar Umar Khan Thahim

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>

Plant : Kot Lakhpat
 Lahore.

Shares Registrar

M/s. 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

I feel honored to present the Un-audited Accounts for the first quarter, of the year 2017-18, ended on September 30, 2017.

Overview

Presently, with the Grace of Allah the Company has orders in hand worth Rs.1,038 million besides orders in pipeline worth Rs. 209 million, the purchase orders of which are expected to be issued soon in favour of PECO. During the period under review 11 Kv, 132 Kv and 220 Kv orders were supplied to different DISCOs and NETRACON. In view of the Government priorities on electrification and electricity load management, there is a big potential in steel tower manufacturing business in Pakistan.

The business of steel towers manufacturing in Pakistan is becoming very competitive day by day, mainly due to entry of Chinese companies in this business. In order to meet the new challenges, your Company is actively managing such challenges through better pricing / marketing policies, extensive market research, product development and diversification, updating technical production capabilities and better working capital management.

Financial Performance

The sales during the period ended on September 30, 2017 were Rs.373.89 million, showing an increase of Rs.77.44 million, as against Rs.296.45 million during the corresponding period of last year. The Company earned a gross profit of Rs.37.99 million (10.16%) against gross profit of Rs.32.83 million (11.07%) compared with same period last year. The net profit before tax of Rs.17.93 million of first quarter of last year decreased to Rs.1.69 million during the first quarter of current year, mainly due to the reason that most of the sale during the period under review was on FCS (Free on Consignee' Site) basis compared with the Ex-Works basis of last year. Last year, Other Operating Income was also on the higher side compared with the period under review. There was a profit after tax of Rs.3.75 million, against profit after tax of Rs.14.78 million of the same period last year.

Future Outlook

At present the Company has orders in hand and in pipe line of worth Rs.1,247 million of transmission line towers which are at good margin and it is anticipated that performance of your Company during the rest of the year would be relatively better.

Acknowledgement

I take this opportunity to thank all of PECO's 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 to a much better future of the Company, In'sha'Allah.

ON BEHALF OF THE BOARD

Dated: October 27, 2017
Lahore

Mairaj Anees Ariff
Chief Executive Officer

اطلاعاتِ نظمہاء

معزز حصص یافتگان

اسلام علیکم!

میں مجلسِ نظمہاء کی جانب سے، ۳۰ ستمبر ۲۰۱۷ کو ختم ہونے والی پہلی سہ ماہی کی غیر محاسب شدہ مالی معلومات پیش کرتے ہوئے فخر کرتا ہوں۔

مجموعی جائزہ

اللہ کے فضل و کرم سے، اس وقت کمپنی کے پاس ۰.۳۸ ملین روپے کے دستی اور ۲۰۹.۲۵ ملین روپے کے متوقع ٹھیکے ہیں، جن کے خریداری آڈر جلد ہی پیکو کے حق میں جاری کر دیے جائیں گے۔ زیرِ جائزہ مدت کے دوران ڈسکوز اور نیٹر اکون کو ۱۱ کے دی، ۱۳۲ کے دی اور ۲۲۰ کے دی کے ترسیلی کھبے فراہم کیے گئے۔ بجلی اور بجلی کی لوڈ میجنٹ پر حکومتی ترجیحات کے پیش نظر، پاکستان میں ترسیلی کھبوں کا بہت کاروبار ہے۔

وقتِ حاضر میں ترسیلی کھبوں کے کاروبار میں چینی کمپنیوں کی آمد کی وجہ سے مسابقت بڑھتی جا رہی ہے۔ تاہم آپ کی کمپنی فروخت کاری کی بہتر پالیسی، وسیع بازاری تحقیق، مصنوعات کی ترقی اور تنوع، تکنیکی صلاحیت کی بہتری اور سرمائے کے بہتر انتظام کی بدولت ان چیلنجز سے نبھنے کی بھرپور کوشش کر رہی ہے۔

مالیاتی نتائج

۳۰ ستمبر ۲۰۱۷ کو ختم ہونے والے عرصے میں فروخت کاری ۳۷۳.۸۹ ملین روپے رہی جو پچھلے مالی سال (ای عرصے میں ۲۹۶.۴۵ ملین روپے تھی جو ۷۷.۴۳ ملین روپے زیادہ ہے۔ کمپنی کا خام منافع ۳۷۹.۹۹ ملین روپے (۱۰.۱۶%) رہا جو پچھلے مالی سال (ای عرصے میں ۳۲۰.۸۳ ملین روپے (۱۱.۰۷%) تھا۔ پچھلے مالی سال کی پہلی سہ ماہی کا مجموعی منافع سے پہلے کا خالص منافع ۹۳.۹۳ ملین روپے سے کم ہو کر رواں سال کی پہلی سہ ماہی میں ۱.۶۹ ملین روپے ہو گیا ہے، جس کی بنیادی وجہ زیرِ جائزہ مدت میں "کنسنائی کی جگہ پر مال کی مفت" ترسیل ہے۔ پچھلے مالی سال مالیاتی منافع، زیرِ جائزہ مدت کے منافع سے بہتر سطح پر تھا۔

مستقبل کا نقطہ نظر

اس وقت کمپنی کے پاس ترسیلی کھبوں کے ۲۲۷.۲۳ ملین روپے کے دستی اور متوقع ٹھیکے، بہتر شرح منافع پر ہیں اور اس کے پیش نظر توقع ہے کہ آپ کی کمپنی کی کارکردگی اچھے سال کے دوران بہتر رہے گی۔

اظہارِ تشکر

میں پیکو کے تمام قابلِ قدر صارفین، مہیا کار اور بینکاروں کا انجی مسلسل حمایت و اعتماد اور عملے کے ارکان کا ان کی لگن اور محنت پر شکریہ ادا کرنا چاہتا ہوں۔ میں کمپنی کے کاروبار اور کاروباری سادھ کی بہتری میں مسلسل حمایت پر مجلسِ نظمہاء کا بھی شکریہ ادا کرنا چاہتا ہوں۔

میں کمپنی کے بہت بہتر مستقبل کا منتظر ہوں، انشاء اللہ۔

۲۷ اکتوبر ۲۰۱۷

مجلسِ نظمہاء کی جانب سے

معراج انیس عارف

سربراہ اعلیٰ

**CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2017**
EQUITY AND LIABILITIES
SHARE CAPITAL AND RESERVES

	Un-audited September 30, 2017	Audited June 30, 2017
	----- Rupees in thousand -----	
Share capital	56,902	56,902
Revenue reserve - general	10,000	10,000
Accumulated loss	(824,818)	(832,934)
	(757,916)	(766,032)
Surplus on revaluation of fixed assets	14,493,764	14,498,128

NON - CURRENT LIABILITIES

Long term financing	24,374	29,250
Deferred liabilities - net	110,649	115,609
	135,023	144,859

CURRENT LIABILITIES

Trade and other payables	634,294	672,776
Short term borrowing - secured	74,889	74,919
Current portion of long term borrowings	19,503	19,503
Accrued mark-up	2,701	2,491
Provision for taxation	18,420	13,748
	749,807	783,437

Liabilities directly associated with free hold land - held for sale	4	1,790,848	1,790,848
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CONTINGENCIES AND COMMITMENTS

TOTAL EQUITY AND LIABILITIES	5	16,411,526	16,451,240
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ASSETS
NON - CURRENT ASSETS

Property, plant and equipment	6	14,548,098	14,555,168
Investment property		572	579
Long term investment		741	741
Long term deposits		2,053	2,053
		14,551,464	14,558,541

CURRENT ASSETS

Stores, spares and loose tools		162,109	170,463
Stock-in-trade		521,793	446,910
Trade debts-unsecured		672,498	781,691
Advances		6,797	6,191
Trade deposits, prepayments and other receivables		35,360	30,905
Tax refunds due from Government		115,717	104,912
Cash and bank balances		31,064	36,903
		1,545,338	1,577,975
Free hold land - held for sale		314,724	314,724
TOTAL ASSETS		16,411,526	16,451,240

The annexed notes from 01 to 15 form an integral part of this condensed interim financial information.

Mairaj Anees Ariff
Chief Executive Officer

Mian Anwar Aziz
Chief Financial Officer

Muhammad Iqbal
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	<u>Note</u>	Quarter ended	
		September 30,	September 30,
		2017	2016
		----- Rupees in thousand -----	
Sales - net		373,888	296,452
Cost of sales	7	<u>(335,889)</u>	<u>(263,627)</u>
Gross profit		37,999	32,825
Selling and distribution expenses		(2,841)	(1,810)
Freight and forwarding expenses		(10,342)	(2,003)
Administrative expenses		(18,941)	(17,199)
Other operating charges		(579)	(291)
		(32,703)	(21,303)
Other operating income		903	11,045
Operating profit		6,199	22,567
Finance cost		(4,511)	(4,639)
Profit before taxation		1,688	17,928
Taxation		2,064	(3,146)
Profit after taxation for the period		3,752	14,782
Earnings per share - Basic and diluted	8	0.66	2.60

The annexed notes from 01 to 15 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	Quarter ended	
	September 30, 2017	September 30, 2016
	----- Rupees in thousand -----	
Profit after taxation for the period	3,752	14,782
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>3,752</u>	<u>14,782</u>

The annexed notes from 01 to 15 form an integral part of this condensed interim financial information.

Mairaj Anees Ariff
Chief Executive Officer

Mian Anwar Aziz
Chief Financial Officer

Muhammad Iqbal
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter ended	
		September 30,	September 30,
		2017	2016
		----- Rupees in thousand -----	
Cash generated from operations	9	21,418	15,626
Finance cost paid		(3,539)	(3,956)
Gratuity paid		(138)	(168)
Income tax paid		(10,806)	(488)
Workers' profit participation fund		(5,645)	(7,192)
Net cash generated from operating activities		1,290	3,822
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(2,223)	(335)
Proceeds from disposal of Property, plant and equipment		-	18,151
Long term deposits		-	(421)
Net cash (used in)/ generated from investing activities		(2,223)	17,395
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - (repayments)		(30)	-
Long term borrowings - (repayments)		(4,876)	(4,876)
Net cash generated (used in) financing activities		(4,906)	(4,876)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,839)	16,341
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		36,903	21,936
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		31,064	38,277

The annexed notes from 01 to 15 form an integral part of this condensed interim financial information.

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

Issued, subscribed and paid-up capital	Revenue Reserve - General	Accumulated Loss	TOTAL
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----- Rupees in thousand -----

Balance as at June 30, 2016 - (Audited) **56,902 10,000 (925,610) (858,708)**

- Profit after tax for the year ended June 30, 2017	-	-	66,739	66,739
- Remeasurement of retirement benefit plan - net of tax	-	-	2,239	2,239

Total comprehensive income for the year - - 68,978 68,978

Surplus on revaluation of property, plant and
equipment realized during the year on account of:

- incremental depreciation - net off tax	-	-	18,375	18,375
- disposal of revalued machinery - net off tax	-	-	5,323	5,323

Balance as at June 30, 2017 - (Audited) **56,902 10,000 (832,934) (766,032)**

- Profit after tax for the period ended September 30, 2017	-	-	3,752	3,752
- Remeasurement of retirement benefit plan - net of tax	-	-	-	-

Total comprehensive income for the period - - 3,752 3,752

Surplus on revaluation of property, plant and
equipment realized during the period on account of:

- incremental depreciation - net off tax	-	-	4,364	4,364
- disposal of revalued machinery - net off tax	-	-	-	-

Balance as at September 30, 2017 - (Un-audited) **56,902 10,000 (824,818) (757,916)**

The annexed notes from 01 to 15 form an integral part of this condensed interim financial information.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 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 Act, 2017) as a public limited company. Its shares are quoted on Pakistan Stock Exchanges (PSX). The registered office of the Company is situated at 6/7, Sir Ganga Ram Trust Building, Shakra-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 un-audited and is being submitted to shareholders as required by section 237 of the Companies Act 2017. This condensed interim financial information of the Company for the quarter ended September 30, 2017 has been prepared in accordance with the requirements of 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 of or directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand except otherwise stated.

This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2017.

2.2 **Estimates, judgements and financial risk management**

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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, 2017.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted 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 as at and for the year ended June 30, 2017. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any significant impact on the accounting policies of the Company.

	Note	Un-audited September 30, 2017	Audited June 30, 2017
		----- Rupees in thousand -----	
4. LIABILITIES DIRECTLY ASSOCIATED WITH FREE HOLD LAND - HELD FOR SALE			
Loans from Government of Pakistan - unsecured	4.1	1,790,848	1,790,848
4.1 Loans from Government of Pakistan - unsecured			
Privatization Commission Loan		481,469	481,469
Government Escrow Account		112,937	112,937
Other Government Loan		100,000	100,000
Federal Government Loan for compulsory separation scheme		309,000	309,000
Federal Government Bonds		787,442	787,442
		1,309,379	1,309,379
		1,790,848	1,790,848

4.1.1 These represent funds provided by the Government of Pakistan (the Government), bank loans of the company taken over by the Government and amounts payable by the company to different Government departments like Customs, Railways and Karachi Port Trust. According to the Cabinet Committee Division decision dated 30th May 1994 and 2005 these liabilities will be settled against the proceeds from disposal of Land held for sale (Ref: Note 23) and surplus land of Kot Lakhpat, if needed. There is no fix repayment schedule or tenure for repayment of these liabilities. An exercise to reconcile the liabilities is in process and several meetings have been conducted in this regard, however, all these meetings concluded without any decision or agreement with respect to the reconciliation of the loan liabilities and calculation, payment or mode of payment of interest on Government of Pakistan loans due to which there is currently no fixed tenure for repayment of these liabilities nor the total amount of the liability is determinable. In the absence of the availability of a defined repayment schedule due to reasons explained above, the fair value of these loans is not determinable and hence they have been stated at cost.

4.1.2 The Board of Directors in its various meetings has resolved that amount due under the law to the Government of Pakistan (GoP) for any loan given to PECO shall be paid. The Board has agreed with GoP to adjust its liabilities by disposal of Badami Bagh Land as decided in E.C.C decision dated 02.03.1993, which according to the recent valuation amounts to Rupees 4,605.13 million and it is in excess of the amount being claimed by GoP from PECO. The BoD and the management of the Company believes that they are not liable to pay any interest on these loans in the absence of any agreement. 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.

5. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

5.1 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 2.912 million (June 30, 2017: Rupees 2.912 million).

5.2 Guarantees of Rupees 696.69 million (June 30, 2017: Rupees 617.85 million) issued by the banking and insurance companies to different parties on behalf of the company.

5.3 The Privatization Commission through its confirmation dated August 22, 2017 for the year ended June 30, 2017 has claimed additional loan liability and mark up of Rupees 131.454 million and Rupees.1,290.504 million respectively. The said confirmation from privatization Commission also states that initially there was no mention of specific interest rate on the loan amount, therefore, the mark up on the outstanding amount of loan to PECO was charged on the basis of annual rate of markup chargeable on cash development loans to Provincial Governments, corporations, local bodies etc and capital outlays of Federal Government in commercial departments. The management of the company already in a meeting held on October 7, 2010 at Ministry of Finance's

office to reconcile the principal and mark up amounts with respect to Govt. of Pakistan loans did 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 information in respect of the additional loan and markup claimed.

5.4 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 (June 30, 2017: Rupees 53.43 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 the year ended June 30, 2016. 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 which may result in further refund of Rupees 53.43 million.

COMMITMENTS

5.5 Capital expenditure commitments outstanding as at September 30, 2017 amounted to Rupees Nil (June 30, 2017: Nil).

	Un-audited September 30, 2017	Audited June 30, 2017
6. <u>PROPERTY, PLANT AND EQUIPMENT</u>		
	----- Rupees in thousand -----	
Operating fixed assets	6.1 14,506,479	14,499,770
Capital work-in-progress	2,982	2,982
Advances against capital assets	38,637	52,416
	<u>14,548,098</u>	<u>14,555,168</u>
6.1 Operating fixed assets		
Opening written down value	14,499,770	14,533,107
Add: Additions during the period/year	16,001	13,503
	<u>14,515,771</u>	<u>14,546,610</u>
Less: Disposals during the period/year (at book value)	-	(9,163)
	<u>14,515,771</u>	<u>14,537,447</u>
Less: Depreciation charged during the period/year	(9,292)	(37,677)
	<u>14,506,479</u>	<u>14,499,770</u>
Following is the detail of additions during the period/year:		
Plant and machinery	10,297	4,303
Office equipment	-	148
Computers	165	758
Furniture and fixtures	-	78
Vehicles	5,450	8,051
Electric equipment	63	165
Tools	26	-
	<u>16,001</u>	<u>13,503</u>

7. COST OF SALES

		Quarter ended	
		September 30, 2017	September 30, 2016
		----- Rupees in thousand -----	
Raw material consumed		271,303	233,422
Stores and spares consumed		44,308	30,778
Salaries and wages (including all benefits)	7.1	24,242	20,308
Fuel and power		4,407	5,162
Traveling and conveyance		456	266
Postage, telegrams and telephone		179	170
Printing stationery and office supplies		197	158
Inspection fee		3,398	1,086
Processing and fabrication charges		19,468	4,705
Services and security charges		1,292	1,130
Rent, rates and taxes		346	403
Repair and maintenance		431	561
Insurance		284	259
Vehicle running expenses		1,334	609
Other expenses		1,108	856
Depreciation		8,233	8,592
		<u>380,986</u>	<u>308,465</u>
(Increase) in work in process inventory		<u>(21,763)</u>	<u>(20,464)</u>
Cost of goods manufactured		<u>359,223</u>	<u>288,001</u>
(Increase) in finished goods inventory		<u>(23,334)</u>	<u>(24,374)</u>
		<u><u>335,889</u></u>	<u><u>263,627</u></u>

7.1 This includes amount paid to contractor for wages of workers on contract. This also includes retirement benefits amounting to Rupees 1.38 million (September 30, 2016: Rupees 1.82 million).

8. EARNINGS PER SHARE - BASIC AND DILUTED

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

		Quarter ended	
		September 30, 2017	September 30, 2016
Profit attributable to ordinary shareholders (Rupees in thousand)		3,752	14,782
Weighted average number of ordinary shares (Numbers)		5,690,200	5,690,200
Earnings per share (Rupees)		<u>0.60</u>	<u>2.60</u>

9. CASH GENERATED FROM OPERATIONS

		Quarter ended	
		September 30, 2017	September 30, 2016
		----- Rupees in thousand -----	
Profit before taxation		1,688	17,928
Adjustments for non-cash charges and other items:			
Depreciation		9,298	9,267
Financial charges		3,749	3,955
Interest on workers' profit participation fund		762	684
Provision for gratuity		1,917	2,443
Provision for WPPF		98	-
Provision for WWF		164	-
Gain on sale of property, plant and equipment		-	(9,452)
Working capital changes	9.1	<u>3,742</u>	<u>(9,199)</u>
		<u><u>21,418</u></u>	<u><u>15,626</u></u>

	Quarter ended	
	September 30, 2017	September 30, 2016
	----- Rupees in thousand -----	
9.1 Working capital changes		
(Increase)/decrease in current assets:		
- Stores, spares and loose tools	8,354	(1,720)
- Stock in trade	(74,883)	(37,167)
- Trade debts	109,193	273,274
- Advances	(606)	(615)
- Trade deposits, prepayments and other receivables	(4,455)	(2,664)
	37,603	231,108
(Decrease) in trade and other payables	(33,861)	(240,307)
	<u>3,742</u>	<u>(9,199)</u>

10. TRANSACTIONS WITH RELATED PARTIES

STATE ENGINEERING CORPORATION

Reimbursement of expenses payable	151	151
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PAKISTAN MACHINE TOOL FACTORY

Receivable at the end of the period	273	273
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11. FINANCIAL RISK MANAGEMENT

Company's risk management policies are consistent with those disclosed in the financial statements for the year ended June 30, 2017.

12. OPERATING SEGMENTS

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

12.1 Information about products and services

- Revenue from sales of electricity transmission and communication towers represents 96.61% (June 30, 2017: 91.73%) of total sales.

12.2 Information about geographical areas

- 100% (June 30, 2017: 100%) of the gross sales of the Company are made to customers located in Pakistan.

12.3 Information about major customers

- The Company's most significant customers are electric supply companies.
- Electricity transmission companies (IESCO, QESCO, MEPCO, HESCO and PESCO) and tower erection & installation company (NETRACON) accounts for more than 94.54% of the gross sales of the Company for the year.

13. DATE OF AUTHORIZATION FOR ISSUE

This financial information has been authorized for issue by board of directors on October 27, 2017.

14. CORRESPONDING FIGURES

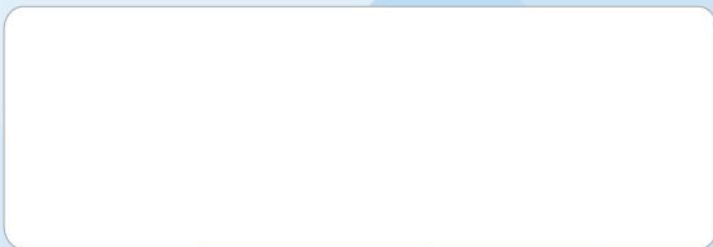
In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial 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.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

15. GENERAL

Figures have been rounded off to the nearest thousand rupees.

BOOK POST



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