



Interim Financial Information
Nine Months Period ended
MARCH 31, 2016



PAKISTAN ENGINEERING
COMPANY LIMITED

COMPANY INFORMATION

QUARTERLY REPORT 2016

Board of Directors

Mr. 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 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

Website: <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 the Board, I feel immense pleasure to present the review of the Company's performance and the un-audited financial statements for the nine months period ending March 31, 2016.

Performance Out Look

During the period under review operational performance, in terms of sales, production and profitability was much better. The Company executed its orders well in time due to uninterrupted supply of raw material and better financial management. Presently Company has orders in hand worth Rupees 1.429 billion which are at good margins. During this quarter National Bank of Pakistan has enhanced credit facilities by 150% in favor of your Company, which will help in better financial management in the next quarter of the year.

Financial Results

The sales during the period ending March 31, 2016 was Rupees 1,460 million as against Rupees 452 million during the corresponding period of last year, showing an increase of Rupees 1,007.80 million (223%). The Company earned a gross profit of Rupees 268.07 million against gross profit of Rupees 67.75 million compared with same period last year, depicting an increase of 296%. The net profit before tax was Rupees 170.44 million against net profit of Rupees 16.61 million of same period last year, which is a remarkable increase of 926%.

The Management of your Company is striving hard to maintain its positive trend in sales and profitability for the remaining period of the year.

Future Outlook

The current orders are on good prices and reasonable margins. Furthermore, even though this year's fourth quarter has just begun, the Management has already secured orders worth Rupees 1.245 billion for next year's evaluation and execution. The Management of your Company is working hard to strengthen its order book, increase production and minimize production costs. Keeping in view the orders in hand and prospective business of transmission line towers and telecommunication towers, it is anticipated that performance of your Company during the next quarter would be promising.

Acknowledgement

I take this opportunity to thank all our valued Customers, Suppliers and Bankers for their confidence and continued support as well as 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, insha'Allah.

On behalf of the Board

Dated: April 27, 2016
Lahore

MAIRAJ ANEES ARIFF
(CHIEF EXECUTIVE)

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2016

| | Note | March 31, 2016 | June 30, 2015 |
|---|------|--------------------------|-------------------------|
| ----- (Rupees in '000) ----- | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | | 56,902 | 56,902 |
| Revenue reserve - general | | 10,000 | 10,000 |
| Accumulated loss | | <u>(1,029,521)</u> | <u>(1,165,358)</u> |
| | | (962,619) | (1,098,456) |
| Surplus on revaluation of fixed assets | | 8,544,447 | 8,559,413 |
| NON - CURRENT LIABILITIES | | | |
| Long term finances | 4 | <u>1,844,476</u> | 1,859,104 |
| Deferred liabilities | | <u>79,611</u> | 57,059 |
| | | 1,924,087 | 1,916,163 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | <u>984,329</u> | 526,012 |
| Short term borrowing - secured | 5 | <u>19,995</u> | 20,000 |
| Current portion of long term borrowings | | <u>19,503</u> | 19,503 |
| Mark-up accrued | | <u>2,200</u> | 3,099 |
| Provision for taxation | | <u>30,232</u> | 9,553 |
| | | 1,056,259 | 578,167 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 6 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>10,562,174</u> | <u>9,955,287</u> |
| ASSETS | | | |
| NON - CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 8,565,945 | 8,588,036 |
| Investment property | | 618 | 642 |
| Long term investment | | 725 | 704 |
| Long term deposits | | <u>1,831</u> | 620 |
| | | 8,569,119 | 8,590,002 |
| Free hold land - held for sale | | 314,724 | 314,724 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | <u>126,382</u> | 131,772 |
| Stock-in-trade | | <u>543,974</u> | 411,431 |
| Trade debts | | <u>758,207</u> | 381,153 |
| Advances | | <u>7,876</u> | 9,196 |
| Trade deposits, prepayments and other receivables | | <u>25,365</u> | 27,377 |
| Advance income tax | | <u>132,669</u> | 67,132 |
| Cash and bank balances | | <u>83,858</u> | 22,500 |
| | | 1,678,331 | 1,050,561 |
| TOTAL ASSETS | | <u>10,562,174</u> | <u>9,955,287</u> |

The annexed notes 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 PERIOD ENDED

MARCH 31, 2016

| | Note | Quarter ended March 31, | | Nine Months ended March 31, | |
|--|------|-------------------------|---------------|-----------------------------|---------------|
| | | 2016 | 2015 | 2016 | 2015 |
| ----- (Rupees in '000) ----- | | | | | |
| Sales - net | | 746,903 | 111,203 | 1,459,977 | 452,185 |
| Cost of sales | 8 | (588,787) | (91,695) | (1,191,903) | (384,440) |
| GROSS PROFIT | | 158,116 | 19,508 | 268,074 | 67,745 |
| Selling and distribution expenses | | (1,487) | (1,284) | (4,211) | (4,079) |
| Freight and forwarding expenses | | (2,967) | (1,217) | (11,010) | (6,502) |
| Administrative expenses | | (11,193) | (11,930) | (39,142) | (36,961) |
| Other operating charges | | (30,772) | (790) | (36,223) | (3,070) |
| | | (46,419) | (15,221) | (90,586) | (50,612) |
| Other operating income | | 2,264 | 3,894 | 4,284 | 16,052 |
| OPERATING PROFIT | | 113,961 | 8,181 | 181,772 | 33,185 |
| Finance cost | | (3,638) | (5,991) | (11,329) | (16,571) |
| PROFIT BEFORE TAXATION FOR THE PERIOD | | 110,323 | 2,190 | 170,443 | 16,614 |
| TAXATION | | | | | |
| - Current | | (18,755) | (1,112) | (28,975) | (4,522) |
| - Prior | | - | - | (1,256) | - |
| - Deferred | | (11,724) | - | (19,341) | (2,971) |
| | | (30,479) | (1,112) | (49,572) | (7,493) |
| PROFIT AFTER TAXATION FOR THE PERIOD | | 79,844 | 1,078 | 120,871 | 9,121 |
| PROFIT PER SHARE - BASIC & DILUTED - Rupees | | 14.03 | 0.19 | 21.24 | 1.60 |

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED

MARCH 31, 2016

| | Quarter ended March 31, | | Nine Months ended March 31, | |
|---|-------------------------|--------------|-----------------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| ----- (Rupees in '000) ----- | | | | |
| PROFIT AFTER TAXATION FOR THE PERIOD | 79,844 | 1,078 | 120,871 | 9,121 |
| Other comprehensive income | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME | 79,844 | 1,078 | 120,871 | 9,121 |

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

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED

MARCH 31, 2016

| | Note | March 31, 2016 | | March 31, 2015 | |
|---|------|------------------------------|-----------------|-----------------|-----------------|
| | | ----- (Rupees in '000) ----- | | | |
| Cash generated from/(used in) operations | 9 | 165,365 | (10,047) | (10,047) | (10,047) |
| Finance cost paid | | (10,960) | (23,137) | (23,137) | (23,137) |
| Gratuity paid | | (281) | (49) | (49) | (49) |
| Income tax paid | | (75,089) | (11,555) | (11,555) | (11,555) |
| Workers' welfare fund paid | | (36) | - | - | - |
| (Increase) in Long term deposits | | (1,211) | - | - | - |
| Net cash generated from/(used in) operating activities | | 77,788 | (44,788) | (44,788) | (44,788) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Fixed capital expenditure | | (9,870) | (654) | (654) | (654) |
| Capital work-in-progress | | 2,276 | (124) | (124) | (124) |
| Proceeds from disposal of Property, plant and equipment | | 5,797 | 27,458 | 27,458 | 27,458 |
| Net cash (used in)/generated from investing activities | | (1,797) | 26,680 | 26,680 | 26,680 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Short term borrowings | | (5) | 20,000 | 20,000 | 20,000 |
| Long term borrowings - (repayments) | | (14,628) | - | - | - |
| Net cash (used in)/generated from financing activities | | (14,633) | 20,000 | 20,000 | 20,000 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 61,358 | 1,892 | 1,892 | 1,892 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 22,500 | 7,151 | 7,151 | 7,151 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 83,858 | 9,043 | 9,043 | 9,043 |

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

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, 2016

| | Share Capital | Revenue reserve - General | Accumulated loss | TOTAL |
|--|---------------|---------------------------|--------------------|--------------------|
| ----- (Rupees in '000) ----- | | | | |
| Balance as at July 01, 2014 (Audited) - as restated | 56,902 | 10,000 | (1,238,882) | (1,171,980) |
| Total comprehensive profit for the period | | | | |
| - Profit for the period ended 31 March 2015 | - | - | 9,121 | 9,121 |
| - Other comprehensive income | - | - | - | - |
| | - | - | 9,121 | 9,121 |
| Surplus on realization of fixed assets realized during the period on account of: | | | | |
| - incremental depreciation charged thereon - net of tax | - | - | 11,437 | 11,437 |
| - disposal of revalued machinery - net of tax | - | - | 6,445 | 6,445 |
| Balance as at March 31, 2015 (Un-audited) | 56,902 | 10,000 | (1,211,879) | (1,144,977) |
| Total comprehensive profit for the period | | | | |
| - Profit for the period ended 30 June 2015 | - | - | 36,151 | 36,151 |
| - Other comprehensive income | - | - | - | - |
| | - | - | 36,151 | 36,151 |
| Surplus on realization of fixed assets realized during the period on account of: | | | | |
| - incremental depreciation charged thereon - net of tax | - | - | 6,900 | 6,900 |
| - disposal of revalued machinery - net of tax | - | - | 3,470 | 3,470 |
| Balance as at June 30, 2015 (Audited) | 56,902 | 10,000 | (1,165,358) | (1,098,456) |
| Total comprehensive profit for the period | | | | |
| - Profit for the period ended 31 March 2016 | - | - | 120,871 | 120,871 |
| - Other comprehensive income | - | - | - | - |
| | - | - | 120,871 | 120,871 |
| Surplus on realization 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) |

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

1 THE COMPANY AND ITS OPERATIONS

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

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 interim 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, 2015.

MAIRAJ ANEES ARIFF
(CHIEF EXECUTIVE)

MUHAMMAD IQBAL
(DIRECTOR)

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)



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, 2015.

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, 2015.

| | | (Un-audited) March 31, 2016 | (Audited) June 30, 2015 |
|--|-----|--------------------------------|----------------------------|
| ----- (Rupees in '000) ----- | | | |
| 4 LONG TERM FINANCES | | | |
| Loan from banking companies - Secured | 4.1 | 53,628 | 68,256 |
| Government of Pakistan - unsecured | | <u>1,790,848</u> | <u>1,790,848</u> |
| | | <u>1,844,476</u> | <u>1,859,104</u> |
| 4.1 Movement of long term finances - from Banking Companies | | | |
| Opening balance | | 87,759 | 87,759 |
| Finance availed during the period | | - | - |
| | | <u>87,759</u> | <u>87,759</u> |
| Less: repayment during the period | | <u>(14,628)</u> | - |
| | | 73,131 | 87,759 |
| Less: Current maturity shown under current liabilities | | <u>(19,503)</u> | <u>(19,503)</u> |
| | | <u>53,628</u> | <u>68,256</u> |

The financing forms 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 138.140 over movable fixed assets [excluding land and building] of the company.

| | | (Un-audited) March 31, 2016 | (Audited) June 30, 2015 |
|---|-----|--------------------------------|----------------------------|
| ----- (Rupees in '000) ----- | | | |
| 5 SHORT TERM BORROWING - SECURED | | | |
| From NBP Bank under mark arrangements - Secured: | | | |
| Cash finance | 5.1 | <u>19,995</u> | <u>20,000</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 facility is renewed on April 04, 2016 and total facility is enhanced to rupees 50.00 million from rupees 20 million. The loan carries markup @ 3 months KIBOR plus 2.50%. This facility has been expired on December 31, 2016.

6 CONTINGENCIES AND COMMITMENTS

- 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, 2015: Rupees 2.517 million).
- 6.2** Guarantees of Rupees 468.69 million (June 30, 2015: 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.

MAIRAJ ANEES ARIFF
(CHIEF EXECUTIVE)

MUHAMMAD IQBAL
(DIRECTOR)

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)



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 thea markup claimed.

6.5 The Sui Gas authorities have claimed an amount of Rupees 19.21 million (June 30, 2015: Rupees 19.21 million). The Company has filed an appeal against the claim and the case is pending in the civil court. The outcome of the matter cannot presently be determined.

| | | (Un-audited) March 31, 2016 | (Audited) June 30, 2015 |
|--|-------|--------------------------------|----------------------------|
| ------(Rupees in '000)----- | | | |
| 7 PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 7.1 | 8,551,045 | 8,570,860 |
| Capital work-in-progress | | 14,900 | 17,176 |
| | | 8,565,945 | 8,588,036 |
| 7.1 Operating fixed assets | | | |
| Opening written down value | | 8,570,860 | 8,627,764 |
| Add: Additions during the period/year | 7.1.1 | 9,870 | 7,537 |
| | | 8,580,730 | 8,635,301 |
| Less: Disposals during the period/year (at book value) | | (2,870) | (27,360) |
| | | 8,577,860 | 8,607,941 |
| Less: Depreciation charged during the period/year | | (26,815) | (37,081) |
| | | 8,551,045 | 8,570,860 |

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

| | | |
|---------------------|--------------|--------------|
| Factory Building | 571 | - |
| Plant and Machinery | 2,262 | 5,663 |
| Office Equipment | 35 | 125 |
| Computers | 128 | 229 |
| Vehicles | 6,852 | 1,095 |
| Electric Equipment | 22 | - |
| Tools | - | 425 |
| | 9,870 | 7,537 |

| (Un-audited) Quarter Ended March 31, | | (Un-audited) Nine Months Ended March 31, | |
|---|------|---|------|
| 2016 | 2015 | 2016 | 2015 |
| ------(Rupees in '000)----- | | | |

| | | | | |
|---------------------------------------|----------------|---------|----------------|---------|
| 8 COST OF SALES | | | | |
| Raw material consumed | 365,017 | 167,486 | 984,788 | 384,325 |
| Stores and spares consumed | 50,964 | 11,992 | 129,032 | 51,589 |
| Salaries and wages and other benefits | 20,490 | 15,577 | 59,806 | 46,882 |
| Fuel and power | 9,724 | 7,386 | 27,292 | 20,838 |
| Traveling and conveyance | 363 | 68 | 773 | 277 |
| Postage, telegram and telephone | 164 | 139 | 504 | 363 |
| Printing and stationery | 224 | 204 | 429 | 469 |
| Inspection fee | 2,600 | 445 | 5,783 | 2,369 |
| Processing and fabrication charges | 13,724 | - | 20,234 | - |
| Service charges | 816 | 1,300 | 2,992 | 3,803 |
| Rent, rates and taxes | 464 | 453 | 1,464 | 1,316 |

MAIRAJ ANEES ARIFF
(CHIEF EXECUTIVE)

MUHAMMAD IQBAL
(DIRECTOR)

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)**



| | (Un-audited) Quarter Ended March 31, | | (Un-audited) Nine Months Ended March 31, | |
|--|---|----------------|---|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | ----- (Rupees in '000) ----- | | | |
| Repair and maintenance | 367 | 348 | 1,278 | 773 |
| Insurance | 253 | 241 | 772 | 742 |
| Research and development | - | - | - | 4 |
| Vehicle running expenses | 688 | 630 | 1,836 | 1,836 |
| Other expenses | 871 | 699 | 1,791 | 1,802 |
| Depreciation | 8,277 | 8,001 | 24,815 | 25,906 |
| | <u>475,006</u> | <u>214,969</u> | <u>1,263,589</u> | <u>543,294</u> |
| (Increase) / decrease in work in process inventory | 15,174 | (17,671) | (74,790) | (60,940) |
| Cost of goods manufactured | 490,180 | 197,298 | 1,188,799 | 482,354 |
| (Increase) / decrease in finished goods inventory | 98,607 | (105,603) | 3,104 | (97,914) |
| Cost of Sales | <u>588,787</u> | <u>91,695</u> | <u>1,191,903</u> | <u>384,440</u> |

| | (Un-audited) | (Audited) |
|---|-------------------------------------|-----------------|
| | March 31, 2016 | March 31, 2015 |
| | ----- (Rupees in '000) ----- | |
| 9 CASH GENERATED FROM/(USED IN) OPERATIONS | | |
| Profit before taxation | 170,443 | 17,561 |
| Adjustments for non cash charges and other items: | | |
| Depreciation | 26,840 | 27,296 |
| Financial charges | 10,061 | 12,466 |
| Interest on workers' profit participation fund | 1,268 | 4,105 |
| Interest on bank deposit | (21) | (20) |
| Provision for gratuity | 3,492 | 10 |
| Provision for WPPF | 10,298 | - |
| Provision for WWF | 3,913 | - |
| Gain on sale of property, plant and equipment | (2,928) | (6,153) |
| | <u>52,923</u> | <u>37,704</u> |
| Profit before working capital changes | 223,366 | 55,265 |
| Effect on cash flow due to working capital changes: | | |
| (Increase)/decrease in current assets: | | |
| -Stores, spares and loose tools | 5,390 | 2,702 |
| -Stock in trade | (132,543) | (133,508) |
| -Trade debts | (377,054) | (29,070) |
| -Advances | 1,320 | (2,761) |
| -Trade deposits, prepayments and other receivables | 2,012 | (2,368) |
| Increase/(decrease) in current liabilities | | |
| -Increase in trade and other payables | 442,874 | 99,693 |
| | <u>(58,001)</u> | <u>(65,312)</u> |
| | <u>165,365</u> | <u>(10,047)</u> |

| | (Un-audited) | (Audited) |
|--|-------------------------------------|---------------|
| | March 31, 2016 | June 30, 2015 |
| | ----- (Rupees in '000) ----- | |
| 10 TRANSACTION WITH RELATED PARTIES | | |
| State Engineering Corporation (SEC) | | |
| Outstanding SEC Service Charges paid | 1,500 | 1,500 |
| Reimbursement of Expenses payable | 151 | 151 |
| Reimbursement of Expenses | - | 192 |
| Pakistan Machine Tool Factory | | |
| Receivable at the end of the period | 1,571 | 1,571 |

11 DATE OF AUTHORIZATION

This condensed interim financial information have been authorized for issue by Board of Directors on April 27, 2016.

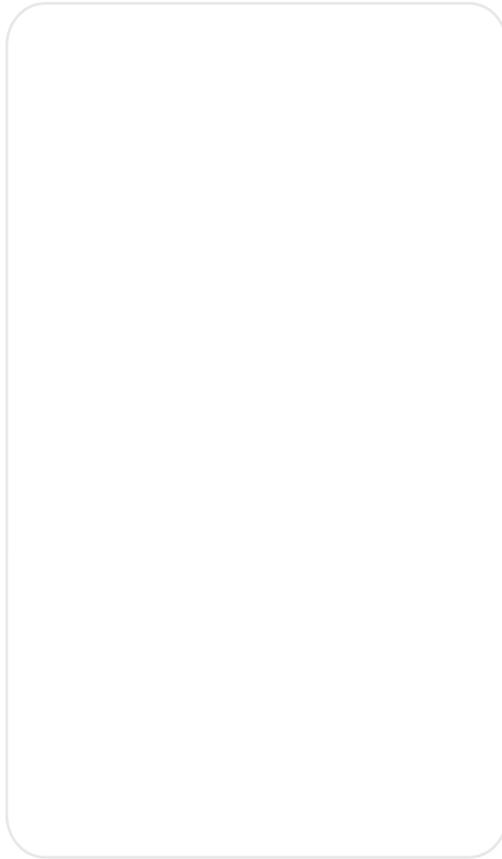
12 GENERAL

Figures have been rounded off to the nearest thousand rupee

MAIRAJ ANEES ARIFF
(CHIEF EXECUTIVE)

MUHAMMAD IQBAL
(DIRECTOR)

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