PECO

PAKISTAN ENGINEERING COMPANY LTD.

Company of State Engineering Corporation, Ministry of Industries and Production, Government of Pakistan.

January 21, 2025 Ref No. : PECO/Fin/OOBC/2025-014

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir

Subject: **ANNOUNCEMENT - FINANCIAL RESULTS FOR THE YEAR ENDED 30TH JUNE 2021**

We would like to inform you that the Directors of our Company, in their meeting held on January 20, 2025 at 04:30PM through *Zoom Workplace*, recommended the following:

1. **CASH DIVIDEND**
   NIL
2. **BONUS SHARS**
   NIL
3. **RIGHT SHARES**
   Separately Announced
4. **ANY OTHER ENTITLEMENT/CORPORATE ACTION**
   NIL
5. **ANY OTHER PRICE-SENSITIVE INFORMATION**
   NIL

The Profit and Loss Account (audited) for the year ended June 30, 2021 of the Company is attached as **Annexure A.**
The Statement of Financial Position as at June 30, 2021 of the Company is attached as **Annexure B.**
The Statement of Changes in Equity for the year ended June 30, 2021 of the Company is attached as **Annexure C.**
The Statement of Cash Flows for the year ended June 30, 2021 of the Company is attached as **Annexure D.**

The external auditors Messrs. Maqbool Haroon Ahmad & Co. Chartered Accountants refrained from expressing an opinion on the financial statements, as detailed in the external auditors' reports, which shall be circulated with the financial statements in due course.

This is to inform that from October 2018 to October 2022, the Government-appointed ex-MD of PECO, Mr. Mairaj Anees Ariff, unlawfully seized control of the company and illegally barred the Board of Directors, along with the Board-appointed CFO, Company Secretary, and Head of Internal Audit, from entering the premises and performing their duties. During this period, he managed PECO's affairs without authority, resulting in the suspension of essential corporate

6/7, Sir Ganga Ram Trust Building, Shahrah-e-Quaid-e-Azam, Lahore-54000 - Pakistan.
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activities, including the preparation and auditing of financial statements and the convening of Annual General Meetings (AGMs). The Board consistently alerted relevant authorities, including the Ministry of Industries and Production (MoIP), Pakistan Stock Exchange (PSX), and SECP, about these challenges and their efforts to resolve them.

The above mismanagement resulted in severe consequences, including filing of winding-up petition by suppliers, legal action by the National Bank of Pakistan for non-payment, unpaid employee salaries, placement in the Non-Compliant Segment by PSX, and multiple show-cause notices from SECP.

An SECP investigation under Section 257, requested by the significant shareholder / Board member, uncovered significant violations by Mr. Mairaj Anees Ariff, including fund mismanagement, statutory non-compliance, no record-keeping, and a lack of transparency. Following his removal in September 2022 by Prime Minister Mr. Shahbaz Sharif and the subsequent assumption of control by the Board and key management personnel, efforts began to restore compliance with corporate laws and regulations.

The financial statements for FY 2019 to FY 2023 are now prepared with diligence based on the best available records and data, despite the challenges. These statements reveal cumulative losses exceeding PKR 1.2 billion during this period. Given the irregularities and incomplete records from Mr. Mairaj Anees Ariff's tenure, the auditors refrained from expressing an opinion on the financial statements, as detailed in the external auditors' reports, which shall be circulated with the financial statements in due course. The management continues to address the aftermath of these issues to stabilize PECO's operations and ensure compliance.

The Annual General Meeting of the Company will be held on February 17, 2025 (Monday) on 01:00PM at Hotel Four Points by Sheraton, 25, Egerton Road, Lahore.

The Share Transfer Books of the Company will be closed from **10th February 2025** to **17th February 2025** (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi at the close of the business on Friday, **7th February 2025**, will be considered in time for the determination of entitlement of shareholders to attend and vote at the Annual General Meeting.

The Annual Report of the Company for the year ended June 30, 2021 will be transmitted through PUCARS at least 21 days before holding of Annual General Meeting.

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Thanking you

For and on behalf of
Pakistan Engineering Company Limited

Mian Anwar Aziz
Company Secretary (CS)/Chief Financial Officer (CFO)

cc: Executive Director / HOD
Offsite-II Department, Supervision Department
Securities & Exchange Commission of Pakistan
63, NIC Building, Jinnah Avenue, Blue Area,
Islamabad

6/7, Sir Ganga Ram Trust Building, Shahrah-e-Quaid-e-Azam, Lahore-54000 - Pakistan.
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Annexure A

PAKISTAN ENGINEERING COMPANY LIMITED

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	--------- Rupees in '000 ---------	
Sales	**183,301**	259,599
Cost of sales	**(366,638)**	(479,503)
Gross profit / (loss)	**(183,337)**	(219,904)
Selling and distribution expenses	**(4,870)**	(5,554)
Freight and forwarding expenses	**(7,179)**	(3,980)
Administrative expenses	**(110,841)**	(47,184)
Other operating charges	**(835)**	(836)
	(123,725)	(57,554)
Other operating income	**3,157**	68,651
Operating (loss)	**(303,905)**	(208,807)
Finance cost	**(10,249)**	(9,358)
(Loss) before taxation	**(314,154)**	(218,165)
Taxation	**3,635**	2,681
(Loss) after taxation	**(310,519)**	(215,484)
BASIC AND DILUTED LOSS PER SHARE		
Basic and diluted loss per share – Rs per share	**(54.57)**	(37.87)

PAKISTAN ENNG CO. LTD LAHORE

PAKISTAN ENGINEERING COMPANY LTD.

Company of State Engineering Corporation, Ministry of Industries and Production, Government of Pakistan

Annexure B

PAKISTAN ENGINEERING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

	June 30, 2021	June 30, 2020
	--------- Rupees in '000 ---------	
ASSETS		
NON - CURRENT ASSETS		
Property, plant and equipment	**14,478,027**	14,514,213
Investment property	**473**	497
Long term investment	**819**	819
Long term deposits	**2,053**	2,053
	14,481,372	14,517,582
CURRENT ASSETS		
Stores, spares and loose tools	**57,808**	71,674
Stock-in-trade	**248,241**	362,931
Short term investments	**7**	-
Trade debts - unsecured	**20,199**	26,418
Advances	**38,946**	89,234
Trade deposits, prepayments and other receivables	**24,718**	23,133
Tax refunds due from Government	**152,788**	117,749
Cash and bank balances	**44,582**	31,372
	587,289	722,511
Free hold land - held for sale	**314,724**	314,724
Total assets	**15,383,385**	15,554,817

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Annexure B

PAKISTAN ENGINEERING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	--------- Rupees in '000 ---------	
EQUITY AND LIABILITIES		
Share capital	**56,902**	56,902
Revenue reserve - general	**10,000**	10,000
Accumulated loss	**(1,829,253)**	(1,533,925)
Surplus on revaluation of fixed assets	**14,437,386**	14,452,579
	12,675,035	12,985,556
NON-CURRENT LIABILITIES		
Long term financing	**24,374**	24,374
Long term deposits	**4,000**	4,000
Deferred liabilities - net	**142,472**	148,398
Total Non-current liabilities	**170,846**	176,772
CURRENT LIABILITIES		
Trade and other payables	**627,467**	494,993
Unclaimed Dividend	**13,070**	13,070
Short term borrowing - secured	**71,556**	71,556
Current portion of long term financing	**-**	-
Accrued mark-up	**25,905**	15,657
Provision for taxation	**8,658**	6,365
Total current liabilities	**746,656**	601,641
Liabilities directly associated with free hold land - held for sale	**1,790,848**	1,790,848
Total assets	**15,383,385**	15,554,817

PAKISTAN ENNG CO. LTD LAHORE

Annexure C

PAKISTAN ENGINEERING COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid-up capital	Revenue Reserve – General	Accumulated Loss	Surplus on revaluation of fixed assets	Total
	------------- R U P E E S	I N	T H O U S A N D S -------------		
Balance as at July 01, 2019	**56,902**	**10,000**	**(1,334,432)**	**14,468,570**	**13,201,040**
'- Loss after tax for the year ended 30 June 2020	-	-	(215,484)	-	(215,484)
Other comprehensive income for the year					
- Remeasurement of retirement benefit plan	-	-	-	-	-
- Related deferred tax impact	-	-	-	-	-
	-	-	-	-	-
Surplus on revaluation of property, plant and equipment realized during the year on account of:					
- incremental depreciation - net off tax	-	-	15,991	(15,991)	-
- revaluation of property, plant and equipment adjustment due to change in tax rate – OCI	-	-	-	-	-
Balance as at June 30, 2020	**56,902**	**10,000**	**(1,533,925)**	**14,452,579**	**12,985,556**
Balance as at July 01, 2020	**56,902**	**10,000**	**(1,533,925)**	**14,452,579**	**12,985,556**
- Loss after tax for the year ended 30 June 2021	-	-	(310,519)	-	(310,519)
Other comprehensive income for the year					
- Remeasurement of retirement benefit plan	-	-	-	-	-
-Related deferred tax impact	-	-	-	-	-
	-	-	-	-	-
Surplus on revaluation of property, plant and equipment realized during the year on account of:					
- incremental depreciation - net off tax	-	-	15,191	(15,191)	-
- revaluation of property, plant and equipment adjustment due to change in tax rate – OCI	-	-	-	-	-
Balance as at June 30, 2021	**56,902**	**10,000**	**(1,829,253)**	**14,437,386**	**12,675,035**

PAKISTAN ENNG CO. LTD. LAHORE

Annexure D

PAKISTAN ENGINEERING COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	--------- Rupees in '000 ---------	
Cash generated from operations	**25,162**	(23,783)
Finance cost paid	**(1)**	(2)
Gratuity paid	**(694)**	(1,318)
Income tax paid	**(11,240)**	(9,028)
Workers' profit participation fund paid	**(10)**	-
Net cash generated from/(used in) operating activities	**13,217**	(34,131)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure incurred	-	(669)
Short term investment	**(7)**	21,425
Net cash (used in)/generated from investing activities	**(7)**	20,726
CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings	-	-
Security deposit received	-	-
Long term borrowings	-	-
Dividend paid	-	-
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents	**13,210**	(13,405)
Cash and Cash Equivalents at the beginning of the year	**31,372**	44,777
Cash And Cash Equivalents at the end of the year	**44,582**	31,372

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