



PAKISTAN ENGINEERING COMPANY LTD.

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

October 06, 2026

Ref No. : PECO/Fin/OOBC/2026-100

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

Dear Sir

Sub: **Transmission of Annual Report – Financial Year 2026**

This refers to the matter subject above.

In order to ensure compliance with clause 5.6.1(d) of PSX Regulations; we are enclosing annual report of Financial Year 2026; which includes Chairman's Review, Directors' Report, Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, Auditors' Report and Financial Statements along with notes thereon.

You may please inform the TRE Certificates Holders of the Exchange accordingly.

Thanking you

For and on behalf of
Pakistan Engineering Company Limited

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

Encl.: Annual Report 2026

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

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Annual Report

2026



PAKISTAN ENGINEERING COMPANY LIMITED



PAKISTAN ENGINEERING COMPANY LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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COMPANY INFORMATION

Board of Directors

Ms. Humaira Zia Mufti (Chairperson)
Mr. Abdul Shabbir Khan Khattak
Mr. Malik Aman
Ms. Iffat Malik
Mr. Muhammad Arif Habib
Mirza Mahmood Ahmad
Mr. Rashid Ali Khan
Mr. Tahir Bashir Khan
Mr. Ansar Javed
Mr. Mohammad Abbas Mirza
Mr. Arslan Nayyer Sheikh
Ms. Saher Mangi

Board Audit & Risk Management Committee

Mr. Arslan Nayyer Sheikh (Chairman)
Mr. Ansar Javed
Mirza Mahmood Ahmad
Mr. Tahir Bashir Khan
Ms. Iffat Malik

CFO & Company Secretary

Mian Anwar Aziz

Head of Internal Audit

Naeem Anwar Qureshi

Auditors

M/s. Malik Haroon Ahmad & Company
Chartered Accountants

Bankers

National Bank of Pakistan
United Bank Limited
Summit Bank

Legal Advisor

Sardar Zulfiqar Umar Khan
Thaheem

Registered Office

6/7-Sir Ganga Ram Trust, Building,
Shahrah-e-Quaid-e-Azam, Lahore.
Phone: 042 37 32 0225
Phone: 042 35 12 0755
Fax No.: 042 37 32 3108
E-Mail: info@peco.com.pk
Website: <http://www.peco.com.pk>
Plant: Kot Lakhpat, Lahore

Share Registrar:

CDC Share Registrar Services Limited
CDC House, 99 -B, Block B, S.M.C.H.S,
Main Shahrah-e- Faisal,
Karachi. 74400.

OUR PRODUCTS

PECO is playing a vital role in the manufacturing of qualitative engineering goods of international standard. Its products have earned reputation due to quality and reliability. PECO present products range includes the following:

- **Steel Structure**

Electricity Transmission & Distribution Line Towers.

(11, 132, 220 & 500 Kv)

Telecommunication Towers (Green Field & Roof Top)

- **Pumps & Turbines**

- PECO produces Mono Block & Non Clogging Pumps, Multi Stage Centrifugal Pumps, Deep Well & Agro Turbines of various capacities & heads as per requirements of the customers. PECO pumps range also includes Sludge Pumps and the Pumps utilized in Sugar & Chemical industries.

- **Electric Motors**

PECO manufactures following range of electric motors:

-Horizontal Foot Mounted Motors in Drip Proof & T.E.F.C. Enclosures.

-Flange Mounted Squirrel Cage Induction Motors.

-Vertical Hollow Shaft Motors in Drip Proof & Totally Enclosed Fan Cooled Enclosures.

- **Safes, Strong Room Doors & Steel Lockers.**

-Steel Safes – 30", 60", 72"

-Strong Room Doors & Steel Lockers for Banks

- **Foundry Products.**

- Grey & S.G. Iron Castings.

- Bronze Castings.

- Aluminum Alloy Castings.

- **Rolled Products**

- Angles

- Plain Bars

- Deformed Bars (Grade 60 & 40)



Vision Statement

A sustainable growth oriented company and market leader in Steel Towers for Electricity Transmission and Telecommunication, Pumps & Electric Motors

Mission Statement

To replace the old machines & equipment with most modern, efficient machines leading towards automation. To produce quality products at higher efficiency and consistent quality with lower cost.

Corporate Strategy

To accomplish excellent results through increased earnings in the best interest of all stake holders. To be a responsible employer to take care of the employees in their career planning and reward.

Being a good corporate citizen, contributing to the development of society through harmony in all respects.

Quality Policy

We are committed to maintain our Customer's satisfaction by delivering the qualitative products and services in accordance with their needs and requirements.

Customer's feed-back is continuously reviewed for quality improvement to have continued customer's confidence and trust in our products. Quality policy and objectives are reviewed on yearly basis.

OUR VALUES

1. The Company's Policy is to conduct business with honesty and integrity and to be Ethical in all its dealings showing respect for the interest of those with whom it has relationship.
2. The Company complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. In case of any doubt the employees are expected to seek necessary advice. The Company believes in fair competition and supports appropriate competition laws.
3. The Company does not support any political party nor contribute to the funds of groups whose activities promote party interests.
4. The Company is committed to provide services, which consistently offer, value in terms of price and quality and satisfy customer needs and expectations.
5. The Company is committed to run its business in an environment that is sound and sustainable As a good corporate entity, the Company recognizes its social responsibilities and will endeavor to contribute to community activities as a whole.
6. The Company believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions.
7. The Company is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias and are merit and excellence oriented. It believes in providing its employees safe and healthy working conditions and in maintaining good channels of communications.
8. The Company expects its employees to abide by certain personal ethics whereby Company information and assets are not used for any personal advantage or gain. Any conflict of interest should be avoided, where it exists it should be disclosed and guidance sought.

The Board of Directors has constituted the 'Board Audit & Risk Management Committee' to ensure compliance of above principles.

FINANCIAL HIGHLIGHTS

Rs in million

	2026	2025	2024	2023	2022	2021
Trading Results						
Sales – Net	-	26.695	23.332	30.09	137.93	183.30
Cost of Sales	-	22.457	43.522	65.86	321.31	366.64
Gross Profit/(Loss)	-	4.238	(20.190)	(35.77)	(183.38)	(183.34)
Operating Cost	(30.394)	(31.853)	-	-	-	-
Admin, Gen. & Selling Exp.	(30.892)	(42.667)	39.762	54.26	58.45	122.89
Other Operating Charges	(1.330)	(1.220)	17.136	1.18	0.83	0.84
Other Operating Income	28.699	2.025	1.068	45.71	5.53	3.16
Operating Profit/(Loss)	(33.918)	(69.477)	(76.020)	(45.50)	(237.14)	(303.91)
Financial Charges	(0.009)	(0.058)	6.684	10.87	9.12	10.25
Profit/(Loss) before Tax	(33.927)	(69.535)	(82.704)	(56.37)	(246.26)	(314.15)
Net Profit/(Loss) after Tax	(32.134)	(63.807)	(75.302)	(47.47)	(242.03)	(310.52)
Dividend						
Cash Dividend	-	-	-	-	-	-
Dividend Per Share (Rs.)	-	-	-	-	-	-
Financial Position						
Property, Plant and Equipment	39,028.49	39,055.42	39,083.5	14,412.1	14,444.04	14,478
Paid up Capital	56.90	56.90	56.90	56.90	56.90	56.90
Reserves	10.00	10.00	10.00	10.00	10.00	10.00
Fixed Capital Expenditure	-	-	-	-	-	-
Key Indicators						
Gross Profit Ratio	-	16	(86.53)	(118.91)	(132.95)	(100.02)
Operating Profit/(Loss) Ratio	-	(260.26)	(326.81)	(151.23)	(171.93)	(165.80)
Operation Expenses Ratio	-	164.40	170.42	180.34	42.38	67.04
Profit/(Loss) Before Tax Ratio	-	(260.47)	(354.46)	(187.36)	(178.54)	(171.39)
Net Profit/(Loss) Ratio	-	239.022	(322.74)	(157.79)	(175.47)	(169.40)
Earnings Per Share	(5.65)	(11.21)	(13.23)	(8.34)	(42.54)	(54.57)
Working Capital Turnover	-	(0.052)	(0.049)	(0.076)	(0.369)	(1.150)
Current ratio	0.210	0.215	0.362	0.43	0.48	0.80
Quick ratio	0.006	0.006	0.29	0.35	0.38	0.38

NOTICE OF 77TH ANNUAL GENERAL MEETING

Notice is hereby given that the 77th Annual General Meeting (AGM) of **Pakistan Engineering Company Limited** (the “Company”) will be held on **Wednesday, October 28, 2026 at 11:00AM** at Hotel Four Points by Sheraton, 25 - Egerton Road, Lahore and as well as through video conferencing, to transact the following businesses:

Members are encouraged to attend the AGM through the electronic link facility managed by the Company (Please see the notes section for details).

ORDINARY BUSINESS:

1. To confirm/approve the Minutes of 76th Annual General Meetings held on Thursday, July 02, 2026.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2026, together with the Auditors’ and Directors’ Report thereon along with Chairman’s Review Report.

In accordance with Section 223 of the Companies Act, 2017 and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the Annual Audited Financial Statements along with Reports of the Company can be accessed through the following web link and QR enabled code.



<https://www.peco.com.pk/wp-content/uploads/2026/03/Annual-Report-2026.pdf>

3. To appoint statutory auditors of the Company for the year ending June 30, 2027 and fix their remuneration. The retiring Auditors, Messrs. Malik Haroon Ahmad & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment at a fee to be mutually agreed and reimbursements of out-of-pocket expenses at actuals. The Board of Directors, on recommendations of the Board Audit Committee, has proposed appointment of Messrs. Malik Haroon Ahmad & Company, Chartered Accountants as Auditors of the Company, for the year 2026-27.

ANY OTHER BUSINESS:

4. To consider any other business with the permission of the Chair.

By Order of the Board

Place: Lahore
Dated: October 06, 2026

(Mian Anwar Aziz)
Company Secretary

Notes:

1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from October 22, 2026 to October 28, 2026 (both days inclusive). Transfer requests on prescribed format, received at the office of the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited, CDC House, 99 –B, Block B, S.M.C.H.S., Main Shahrah-e- Faisal, Karachi-74400 on or before the close of business on October 21, 2026 will be treated ‘in time’ for the purpose of attending the AGM.

2. Participation in the AGM via Video Conferencing Facility:

Shareholders interested in attending the meeting through video conferencing are requested to register themselves by sending an email along with following particulars and valid copy of both sides of their CNIC at **corporate.affairs@peco.com.pk** with subject of ‘Registration for AGM 2026 - PECO’ not less than 48 hours before the time of the meeting:

1. Folio No. / CDC Investors A/c No./ Sub-A/c No.
2. Name of Shareholder
4. CNIC Number
3. Cell Phone Number
5. Email Address
6. No. of Shares held at the 1st day of the Book Closure to establish the right to attend AGM.

Electronic meeting link and login credentials will be shared with only those Members whose emails, containing all the required particulars, are received at the given email address by the end of business on Monday, October 26, 2026. The login facility shall remain open from 10:45AM till the conclusion of the Meeting on October 28, 2026. The Shareholders can also provide their comments and questions for the agenda items of the AGM on the email address, **corporate.affairs@peco.com.pk** and WhatsApp Number +92 336 418 7010.

3. Electronic transmission of Annual Report 2026:

In compliance with section 223(6) of the Act, the Company has electronically transmitted the Annual Report 2026 through email to Shareholders whose email addresses are available with the Company’s Share Registrar, M/s. CDC Share Registrar Services Limited. The printed notices of AGM, after insertion of the weblink and QR enabled code for downloading the Annual Report, have been dispatched under S.R.O. 389 (I)/2023, dated March 21, 2023. The Financial Statements of the Company for the year ended June 30, 2026 along with reports have also been placed on the website of the Company.



<https://www.peco.com.pk/wp-content/uploads/2026/03/Annual-Report-2026.pdf>

However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request on specified consent letter/form which is available on the Company’s website www.peco.com.pk

Further, Shareholders are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company’s 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-74400, if the Member hold shares in physical form or, to the Member’s respective Participant/Investor Account Services, if shares are held in book entry form.

4. Participation in the AGM:

A member entitled to attend and vote at the meeting may appoint another person as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member. A proxy need not be a member of the Company.

Procedure including the guidelines as laid down in Circular No. I - Reference No. 3 (5-A) Misc / ARO / LES / 96 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan:

- (i) Members, proxies or nominees shall authenticate their identity by producing their original national identity card or original passport and folio numbers at the time of the meeting.
- (ii) In case of corporate entities, a resolution of the Board of Directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity and an attested copy of CNIC shall be submitted to the Company at the meeting or along with a completed proxy form. The proxy holders are required to produce their original valid CNICs or original passports at the time of the meeting.
- (iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
- (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

Guidelines for CDC Account Holders issued by SECP:

CDC account holders will further have to follow the below mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in this regard:

a) For Attending the Meeting

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid CNIC or the original passport at the time of attending the meeting.
- ii. Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting along with the proxy form to the Company.

b) For Appointing Proxies

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per above requirements.
- ii. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce original valid CNIC or original passport at the time of the meeting.
- iv. In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- v. Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

5. Electronic Voting

Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

نوٹس برائے 77 واں سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ پاکستان انجینئرنگ کمپنی لمیٹڈ ("کمپنی") کا 77 واں سالانہ اجلاس عام، بروز بدھ، 28 اکتوبر 2026 کو صبح 11:00 بجے ہوٹل فور پوائنٹس ہائے شیرٹن، 25-ایچ ٹن روڈ، لاہور میں اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہوگا، جس میں درج ذیل کاروباری امور انجام دیے جائیں گے:

اراکین کی حوصلہ افزائی کی جاتی ہے کہ وہ کمپنی کے زیر انتظام الیکٹرانک انک سہولت کے ذریعے AGM میں شرکت کریں (براہ کرم تفصیلات کے لیے نوٹس سیکشن دیکھیں)۔

عمومی کاروبار:

نمبر شمار	تفصیل
1	76 ویں سالانہ اجلاس عام کی کارروائی کی تصدیق / منظوری، جو بروز جمعرات، 02 جولائی 2026 کو منعقد ہوا۔
2	کمپنی کے سال ختم شدہ 30 جون 2026 کے سالانہ آڈٹ شدہ مالی بیانات، ان پر آڈیٹرز اور ڈائریکٹرز کی رپورٹ اور چیئرمین کی جائزہ رپورٹ کی وصولی، غور و خوض اور منظوری۔ کمپنیز ایکٹ 2017 کی دفعہ 223 اور S.R.O. 389(I)/2023 مورخہ 21 مارچ 2023 کے مطابق، کمپنی کے سالانہ آڈٹ شدہ مالی بیانات بمعہ رپورٹس درج ذیل ویب لنک اور QR کوڈ کے ذریعے حاصل کیے جاسکتے ہیں: https://www.peco.com.pk/wp-content/uploads/2026/03/Annual-Report-2026.pdf
3	کمپنی کے سال مختتمہ 30 جون 2027 کے لیے قانونی آڈیٹرز کی تقرری اور ان کا معاوضہ مقرر کرنا۔ سبکدوش ہونے والے آڈیٹرز، میسرز ملک ہارون احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اہل ہونے کی بنا پر دوبارہ تقرری کے خواہاں ہیں، بشرطیکہ فیس باہمی اتفاق سے طے ہو اور جیب خرچ اصل رقم پر ادا کیا جائے۔ بورڈ آف ڈائریکٹرز نے بورڈ آڈٹ کمیٹی کی سفارش پر، کمپنی کے لیے سال 2026-27 کے آڈیٹرز کے طور پر میسرز ملک ہارون احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز پیش کی ہے۔
دیگر کاروباری امور	
4	چیئرمین کی اجازت سے کسی دیگر کاروباری امر پر غور کرنا۔

مقام: لاہور تاریخ: 06 اکتوبر 2026	بحکم بورڈ (میاں انور عزیز) کمپنی سیکریٹری
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نوٹس

1. شیئر ٹرانسفر بکس کی بندش:

کمپنی کی شیئر ٹرانسفر بکس 22 اکتوبر 2026 سے 28 اکتوبر 2026 تک (دونوں تاریخیں شامل) بند رہیں گی۔ کمپنی کے شیئر رجسٹرار میسرز CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، B-99، بلاک B، S.M.C.H.S.، مین شاہراہ فیصل، کراچی-74400 کے دفتر میں مقررہ فارم پر موصول ہونے والی ٹرانسفر درخواستیں، جو 21 اکتوبر 2026 کے اختتام کاروبار تک یا اس سے قبل موصول ہوں، AGM میں شرکت کے لیے بروقت تصور کی جائیں گی۔

2. ویڈیو کانفرنسنگ کے ذریعے AGM میں شرکت:

ویڈیو کانفرنسنگ کے ذریعے اجلاس میں شرکت کے خواہشمند اراکین سے گزارش ہے کہ وہ اجلاس کے وقت سے کم از کم 48 گھنٹے قبل اپنے CNIC کی دونوں اطراف کی درست نقل کے ساتھ درج ذیل تفصیلات ای میل corporate.affairs@peco.com.pk پر بعنوان "Registration for AGM 2026 - PECO" ارسال کر کے اپنی رجسٹریشن کروائیں:

نمبر شمار	مطلوبہ تفصیلات
1	فولیو نمبر / CDC انویسٹرز اکاؤنٹ نمبر / سب اکاؤنٹ نمبر
2	شیئر ہولڈر کا نام
3	موبائل فون نمبر
4	CNIC نمبر
5	ای میل ایڈریس
6	بک کلوزر کے پہلے دن رکھے گئے حصص کی تعداد، جو AGM میں شرکت کا حق ثابت کرے

الیکٹرانک میٹنگ لنک اور لاگ ان اسناد صرف ان اراکین کو فراہم کی جائیں گی جن کی ای میلز، تمام مطلوبہ تفصیلات کے ساتھ، بروز پیر، 26 اکتوبر 2026 کے اختتام کاروبار تک مذکورہ ای میل ایڈریس پر موصول ہو جائیں۔ لاگ ان سہولت 28 اکتوبر 2026 کو صبح 10:45 بجے سے اجلاس کے اختتام تک دستیاب رہے گی۔ اراکین AGM کے ایجنڈا آن لائن پر اپنے تبصرے اور سوالات درج ذیل ای میل corporate.affairs@peco.com.pk اور واٹس ایپ نمبر +92 336 4187010 پر بھی بھیج سکتے ہیں۔

3. سالانہ رپورٹ 2026 کی الیکٹرانک ترسیل:



ایکٹ کی دفعہ 223(6) کی تعمیل میں، کمپنی نے سالانہ رپورٹ 2026 ان اراکین کو ای میل کے ذریعے بھیجی ہے جن کے ای میل ایڈریسز کمپنی کے شیئر رجسٹرار میسرز CDC شیئر رجسٹرار سروسز لمیٹڈ کے پاس دستیاب ہیں۔ AGM کے پرنٹڈ نوٹسز، سالانہ رپورٹ ڈاؤن لوڈ کرنے کے لیے ویب لنک اور QR کوڈ کے اضافے کے ساتھ، S.R.O. 389(I)/2023 مورخہ 21 مارچ 2023 کے تحت روانہ کیے جا چکے ہیں۔ کمپنی کے سال ختم شدہ 30 جون 2026 کے مالی بیانات بعد رپورٹس کمپنی کی ویب سائٹ پر بھی دستیاب ہیں۔

<https://www.peco.com.pk/wp-content/uploads/2026/03/Annual-Report-2026.pdf>

تاہم، کمپنی کسی بھی رکن کو اس کی درخواست پر، اس کے رجسٹرڈ پتے پر، مفت، مقررہ رضامندی لیٹر / فارم پر درخواست موصول ہونے کے ایک ہفتے کے اندر سالانہ رپورٹ کی ہارڈ کاپی فراہم کرے گی۔ رضامندی لیٹر / فارم کمپنی کی ویب سائٹ www.peco.com.pk پر دستیاب ہے۔

مزید بر آں، اراکین سے گزارش ہے کہ وہ اپنا درست ای میل ایڈریس (درست CNIC کی نقل کے ساتھ)، اگر حصص فزیکل شکل میں ہوں تو کمپنی کے شیئر رجسٹرار میسرز CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، B-99، بلاک B، S.M.C.H.S.، مین شاہراہ فیصل، کراچی-74400 کو فراہم کریں، یا اگر حصص بک انٹری کی شکل میں ہوں تو اپنے متعلقہ Participant/Investor Account Services کو فراہم کریں۔

4. سالانہ اجلاس عام میں شرکت:

وہ رکن جو اجلاس میں شرکت اور ووٹ دینے کا حق رکھتا ہو، کسی دوسرے شخص کو اپنا پر کسی مقرر کر سکتا ہے، جسے اجلاس میں شرکت، تقریر اور ووٹنگ کے وہی حقوق حاصل ہوں گے جو کسی رکن کو حاصل ہیں۔ پر کسی کا کمپنی کارکن ہونا ضروری نہیں۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر نمبر 1-ا حوالہ نمبر 3 (Misc / ARO / LES/96-5) مورخہ 26 جنوری 2000 میں درج ہدایات سمیت طریقہ کار:

شرح	طریقہ کار
(i)	اراکین، پر کسی یا نامزد افراد اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ اور فوٹو نمبرز پیش کر کے اپنی شناخت ثابت کریں گے۔
(ii)	کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ اس نامزد نمائندے کے نمونہ دستخط، جو کارپوریٹ ادارے کی نمائندگی کرنے اور اس کی جانب سے ووٹ دینے کے لیے نامزد ہو، اور CNIC کی تصدیق شدہ نقل، اجلاس میں یا مکمل پر کسی فارم کے ساتھ کمپنی کو جمع کرائی جائے۔ پر کسی ہولڈرز کو اجلاس کے وقت اپنے اصل درست CNICs یا اصل پاسپورٹ پیش کرنے ہوں گے۔
(iii)	پر کسی فارمز مؤثر ہونے کے لیے، اجلاس سے کم از کم 48 گھنٹے قبل ہمارے رجسٹرار کے دفتر میں موصول ہونے چاہئیں، باقاعدہ دستخط شدہ اور مہر شدہ ہونے چاہئیں، اور دو افراد کی طرف سے بطور گواہ تصدیق شدہ ہونے چاہئیں، جن کے نام، پتے، CNIC نمبرز اور دستخط درج ہوں۔
(iv)	انفرادی صورت میں، مستفید مالکان اور پر کسی کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول پر کسی فارم کے ساتھ جمع کرائی جائیں۔

SECP کی طرف سے جاری CDC اکاؤنٹ ہولڈرز کے لیے ہدایات:

CDC اکاؤنٹ ہولڈرز کو اس ضمن میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مقرر کردہ درج ذیل اضافی ہدایات پر بھی عمل کرنا ہوگا:

زمرہ	شرط
الف) اجلاس میں شرکت کے لیے	
i.	انفرادی صورت میں، وہ اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز جن کی رجسٹریشن تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہوں، اجلاس میں شرکت کے وقت اپنا اصل درست CNIC یا اصل پاسپورٹ پیش کر کے اپنی شناخت کی تصدیق کریں۔
ii.	CDC پر رجسٹرڈ اراکین سے گزارش ہے کہ وہ اپنی تفصیلات، ID نمبرز اور CDS میں اکاؤنٹ نمبرز بھی ساتھ لائیں۔
iii.	کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نامزد نمائندے کے نمونہ دستخط، اجلاس کے وقت پر کسی فارم کے ساتھ کمپنی کو پیش کی جائے (جب تک کہ پہلے فراہم نہ کی گئی ہو)۔
ب) پر کسی مقرر کرنے کے لیے	
i.	انفرادی صورت میں، وہ اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز جن کی رجسٹریشن تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہوں، مندرجہ بالا تقاضوں کے مطابق پر کسی فارم جمع کرائیں۔

شرط	زمرہ
مستفید مالکان اور پر کسی کے درست CNIC یا پاسپورٹ کی تصدیق شدہ نقول پر کسی فارم کے ساتھ جمع کرائی جائیں۔	ii.
پر کسی اجلاس کے وقت اصل درست CNIC یا اصل پاسپورٹ پیش کرے گا۔	iii.
کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمونہ دستخط، پر کسی فارم کے ساتھ کمپنی کو جمع کرائی جائے (جب تک کہ پہلے فراہم نہ کی گئی ہو)۔	iv.
پر کسی فارم کی دو افراد کی طرف سے بطور گواہ تصدیق کی جائے گی، جن کے نام، پتے اور درست CNIC نمبرز فارم پر درج ہوں۔	v.

5. الیکٹرانک ووٹنگ

اراکین، کمپنیز ایکٹ 2017 کی دفعات 143-145 اور کمپنیز (پوسٹل بیلٹ) ضوابط 2018 کی متعلقہ شقوں کی تعمیل کرتے ہوئے، پول کا مطالبہ کرنے کا اپنا حق استعمال کر سکتے ہیں۔

CHAIRPERSON'S REVIEW

On behalf of the Board of Directors, I am pleased to present the Annual Report of Pakistan Engineering Company Limited (PECO) for the financial year ended June 30, 2026.

FY 2025-26 witnessed further macroeconomic stabilization, with improvement in key economic indicators, moderation in inflation and lower borrowing costs supporting business confidence. Nevertheless, energy costs, external financing requirements and prevailing geopolitical uncertainties continued to pose challenges to the overall business environment.

The financial year remained challenging for the Company, with its performance continuing to be influenced by certain legacy operational and governance matters. These challenges affected operational continuity and organizational effectiveness; however, the Board and Management remained focused on strengthening governance, addressing outstanding matters and establishing a sound foundation for the Company's sustainable recovery.

Commercial operations were yet to resume during the year, primarily due to working capital constraints, outdated production infrastructure, limited funding availability and manpower challenges. Outstanding obligations to financial institutions and suppliers also continued to impact the resumption of commercial activities. Notwithstanding these constraints, the Board and Management remained focused on PECO's revival and are evaluating viable business strategies, restructuring initiatives, strategic partnerships and new revenue opportunities aimed at strengthening the Company's operational and financial position.

The financial results for the year reflect the following:

- Loss after tax decreased to Rs. 32.13 million; and
- Loss per share was Rs. 5.65

During the year under review, the Board continued to discharge its responsibilities through active oversight and strategic guidance, with particular emphasis on strengthening governance, addressing legacy matters and improving the Company's regulatory and operational framework.

The Board met six (6) times during the year, including at least once in each quarter. All pending Half-Yearly and Quarterly Accounts from FY 2019 through March 31, 2026 were presented to the Board, addressing a significant backlog accumulated over the preceding six years. The Company had remained non-compliant with certain statutory and regulatory requirements since FY 2018; however, through the concerted efforts of the Board and Management, the outstanding compliance matters were systematically addressed and resolved. Consequently, the Company has achieved compliance with the applicable statutory and regulatory requirements, including the relevant provisions of the Companies Act, 2017, reflecting the continued commitment of the Board and Management to sound corporate governance and regulatory compliance.

The outlook for FY 2026-27 remains challenging, particularly in view of prevailing geopolitical uncertainties and their potential impact on the business environment. Nevertheless, the Board and Management remain committed to pursuing the turnaround of PECO and establishing a sustainable platform for the resumption and growth of its business activities. The Company's administrative and operational functions are fully functional, while Management

has developed various business plans and strategic initiatives for the revival of the Company, which are currently under consideration by the Board. The Board and Management will continue to navigate the prevailing challenges, strengthen the Company's operational and financial position and explore viable opportunities for sustainable revival and long-term growth.

The Board recognizes that a strong corporate governance framework is fundamental to accountability, transparency and the preservation of stakeholder value. All Directors, including Independent Directors, actively participated in the Board's decision-making process and maintained oversight of strategy, risk management, financial reporting, internal controls and regulatory compliance. The Board remains committed to a culture of integrity, transparency and constructive engagement and will continue to guide and support Management in making prudent decisions aimed at safeguarding stakeholder interests and strengthening the Company's long-term prospects.

On behalf of the Board, I extend my sincere appreciation to our shareholders, employees, customers, suppliers, bankers and other stakeholders for their continued trust and support. I also acknowledge the commitment and resilience of Management and employees during this challenging period. We look ahead with determination and cautious optimism, committed to addressing the challenges ahead and working towards the sustainable recovery and long-term growth of the Company.

We pray to Almighty Allah for the continued success and prosperity of your Company.

Humaria Zia Mufti
Chairperson of the Board

Lahore: October 02, 2026

چیمبر پرسن کا جائزہ

مجھے بورڈ آف ڈائریکٹرز کی جانب سے، 30 جون 2026ء کو ختم ہونے والے مالی سال کے لیے پاکستان انجینئرنگ کمپنی لمیٹڈ (پیکو) کی سالانہ رپورٹ پیش کرتے ہوئے مسرت ہو رہی ہے۔ مالی سال 2025-26ء کے دوران کئی معیشت میں مزید استحکام دیکھا گیا، جہاں انہم معاشی اشاریوں کی بہتری، افراط زر میں کمی اور قرضوں کی کم لاگت نے کاروباری اعتماد کو سہارا دیا۔ اس کے باوجود، توانائی کے اخراجات، بیرونی مالیاتی تقاضوں اور مروجہ جغرافیائی سیاسی غیر یقینی صورتحال نے مجموعی کاروباری ماحول کے لیے مسلسل چیلنجز پیدا کیے رکھے۔

کمپنی کے لیے یہ مالی سال کٹھن رہا، اور ماضی کے دیرینہ آپریشنل اور انتظامی امور اس کی کارکردگی پر بدستور اثر انداز ہوتے رہے۔ ان چیلنجز نے آپریشنل تسلسل اور تنظیمی اثر پذیریری کو متاثر کیا؛ تاہم، بورڈ اور انتظامیہ نے گورننس کے استحکام، حل طلب معاملات کو نمٹانے اور کمپنی کی پائیدار بحالی کے لیے ایک مضبوط بنیاد قائم کرنے پر اپنی توجہ مرکوز رکھی۔ سال کے دوران تجارتی سرگرمیاں تاحال بحال ہونا باقی تھیں، جس کی بنیادی وجوہات ورکنگ کیپٹل کی کمی، فرسودہ پیداواری ڈھانچہ، فنڈز کی محدود دستیابی اور افرادی قوت کے مسائل تھے۔ مالیاتی اداروں اور سپلائرز کے تصفیہ طلب واجبات بھی تجارتی سرگرمیوں کی بحالی پر مسلسل اثر انداز ہوتے رہے۔ ان تمام رکاوٹوں کے باوجود، بورڈ اور انتظامیہ پیکو کے احیاء کے لیے پرعزم رہے اور کمپنی کی آپریشنل و مالیاتی پوزیشن کو مستحکم کرنے کے لیے قابل عمل کاروباری حکمت عملیوں، تنظیم نو کے اقدامات، تزییناتی شراکت داریوں اور آمدنی کے نئے مواقع کا بغور جائزہ لے رہے ہیں۔

سال کے مالیاتی نتائج درج ذیل کی عکاسی کرتے ہیں:

بعد از ٹیکس نقصان کم ہو کر 32.13 ملین روپے رہ گیا؛ اور

فی شیئر نقصان 5.65 روپے رہا۔

زیر جائزہ سال کے دوران، بورڈ نے فعال نگرانی اور اسٹریٹجک رہنمائی کے ذریعے اپنی ذمہ داریاں سرانجام دینے کا سلسلہ جاری رکھا، جس میں بالخصوص کارپوریٹ گورننس کو مضبوط بنانے، ماضی کے حل طلب مسائل کو نمٹانے اور کمپنی کے ضابطہ جاتی و آپریشنل فریم ورک کو بہتر بنانے پر خصوصی زور دیا گیا۔

سال کے دوران بورڈ کے چھ (6) اجلاس منعقد ہوئے، جن میں ہر سہ ماہی میں کم از کم ایک اجلاس شامل تھا۔ مالی سال 2019ء سے لے کر 31 مارچ 2026 تک کے تمام زیر التواء ششماہی اور سہ ماہی اکاؤنٹس بورڈ کے سامنے پیش کیے گئے، جس سے گزشتہ چھ سالوں کے دوران جمع ہونے والے ایک بڑے التواء کو باقاعدہ طور پر نمٹا دیا گیا۔ کمپنی مالی سال 2018ء سے بعض قانونی اور ضابطہ جاتی تقاضوں کی غیر تعمیلی کا شکار رہی تھی؛ تاہم، بورڈ اور انتظامیہ کی باہمی کوششوں کے نتیجے میں تعمیل کے حل طلب امور کو منظم طریقے سے حل کیا گیا۔ کمپنی نے قابل اطلاق تمام قانونی اور ضابطہ جاتی تقاضوں کی تعمیل مکمل کر لی ہے، بشمول کمپنیز ایکٹ، 2017ء کی متعلقہ دفعات، جو کہ بہترین کارپوریٹ گورننس اور قانونی تقاضوں کی پاسداری کے لیے بورڈ اور انتظامیہ کے غیر متزلزل عزم کا منہ بولتا ثبوت ہے۔

مالی سال 2026-27ء کا منظر نامہ بالخصوص مروجہ جغرافیائی سیاسی غیر یقینی صورتحال اور کاروباری ماحول پر اس کے ممکنہ اثرات کے پیش نظر بدستور چیلنجنگ ہے۔ تاہم، بورڈ اور انتظامیہ پیکو کی مکمل بحالی کے حصول اور کاروباری سرگرمیوں کے از سر نو آغاز و ترقی کے لیے ایک پائیدار بنیاد قائم کرنے کے لیے پرعزم ہیں۔ کمپنی کے انتظامی اور آپریشنل شعبہ جات مکمل طور پر فعال ہیں، جبکہ انتظامیہ نے کمپنی کے احیاء کے لیے مختلف کاروباری منصوبے اور حکمت عملیاں تشکیل دی ہیں جو فی الوقت بورڈ کے زیر غور ہیں۔ بورڈ اور انتظامیہ درپیش چیلنجز سے نبرد آزما رہیں گے، کمپنی کی آپریشنل و مالیاتی حیثیت کو مستحکم بنائیں گے اور پائیدار بحالی و طویل مدتی ترقی کے قابل عمل مواقع تلاش کرتے رہیں گے۔

بورڈ اس امر کو تسلیم کرتا ہے کہ احتساب، شفافیت اور تمام شراکت داروں کے مفادات کے تحفظ کے لیے ایک مضبوط کارپوریٹ گورننس فریم ورک بنیادی اہمیت کا حامل ہے۔ آزاد ڈائریکٹرز سمیت تمام ڈائریکٹرز نے بورڈ کی فیصلہ سازی کے عمل میں بھرپور حصہ لیا اور حکمت عملی، رسک مینجمنٹ، مالیاتی رپورٹنگ، اندرونی کنٹرولز اور ضابطہ جاتی تعمیل کی باقاعدہ نگرانی برقرار رکھی۔ بورڈ دیانت داری، شفافیت اور تعمیری انداز فکر کے کلچر کے فروغ کے لیے پرعزم ہے اور تمام شراکت داروں کے مفادات کے تحفظ اور کمپنی کے طویل مدتی امکانات کو مضبوط بنانے کے لیے دانش مندانہ فیصلے لینے میں انتظامیہ کی رہنمائی اور معاونت جاری رکھے گا۔

بورڈ کی جانب سے، میں اپنے معزز شیئر ہولڈرز، ملازمین، صارفین، سپلائرز، بینکرز اور دیگر تمام شراکت داروں کا ان کے مسلسل اعتماد اور تعاون پر تہہ دل سے شکریہ ادا کرتی ہوں۔ میں اس کٹھن اور آزمائشی دور میں انتظامیہ اور ملازمین کے عزم، محنت اور ثابت قدمی کا بھی اعتراف کرتی ہوں۔ ہم درپیش چیلنجز سے نمٹنے اور کمپنی کی پائیدار بحالی و طویل مدتی ترقی کے حصول کے لیے پختہ ارادے اور محتاط رجائیت پسندی کے ساتھ آگے کارخ کرتے ہیں۔

ہم اللہ تعالیٰ کے حضور آپ کی کمپنی کی مسلسل کامیابی، ترقی اور خوشحالی کے لیے دعا گو ہیں۔

حمیرا ضیاء مفتی

چیمبر پرسن پیکو بورڈ

30 ستمبر 2026

لاہور

DIRECTORS' REPORT

To The Shareholders

The Directors of Pakistan Engineering Company Limited are presenting the 77th Annual Report accompanied by the audited financial statements for the year ended June 30, 2026.

GLOBAL STEEL SCENARIO AND NATIONAL ECONOMY

Global steel conditions remained subdued during FY2025-26 amid persistent overcapacity, trade tensions and uneven regional demand. Global crude steel production remained broadly stable, with China maintaining its position as the largest steel producer, maintaining pressure on regional prices and increasing the use of trade-remedy measures across major markets. In response to these conditions, steel producers focused on cost competitiveness, market diversification and the transition towards lower-carbon production.

Pakistan's economy continued to stabilize during FY2025-26, supported by improved macroeconomic discipline, greater exchange-rate stability and continued reforms under the IMF program. Provisional GDP growth was estimated at 3.70%, compared with revised growth of 3.18% in FY2024-25. Agriculture, industry and services grew by 2.89%, 3.51% and 4.09%, respectively. Lower financing costs and improved industrial activity contributed to demand in several steel-consuming sectors. However, the sustainability of recovery remains dependent on macroeconomic stability, energy affordability and effective enforcement of trade and tax regulations.

PERFORMANCE OUTLOOK

The Board of Directors of Pakistan Engineering Company Limited (PECO) wishes to place on record that, while the residual effects of the governance disruptions and administrative challenges experienced during the period from 2018 to 2023 continued to influence the Company's operational and financial position during the year ended 2026, the Company remained focused on addressing these legacy matters through sustained corrective and revival measures.

During the year, the Board and Management continued to make concerted efforts towards stabilizing the Company, strengthening its governance framework, addressing legacy issues, and creating an enabling environment for the eventual resumption and turnaround of its commercial operations. Given the nature and extent of the inherited challenges, the recovery process requires a structured and sustained approach; nevertheless, the Board and Management remain committed to utilizing all available resources and pursuing viable opportunities for restoring the Company's operational and financial sustainability.

During 2026, the Company continued to address the residual consequences of challenges inherited from prior years, including the following:

Operational Challenges: The resumption of production remained constrained by the condition of plant and machinery, supply chain disruptions, and prolonged operational inactivity. Management continued to assess operational requirements and pursue measures for the phased restoration of production capabilities.

Financial Records and Control Environment: Legacy gaps in financial records and internal controls continued to pose reporting and compliance challenges. Management remained focused on improving financial information, strengthening internal controls, and enhancing the overall reporting framework.

Liquidity Constraints: Legacy liabilities, limited revenue streams, and working capital constraints continued to affect the resumption of operations. The Board and Management remained focused on improving liquidity and mobilizing resources to support the Company's operational revival.

Stakeholder Confidence: Prolonged operational disruption continued to affect stakeholder relationships. Management remained focused on strengthening engagement, rebuilding institutional credibility, and restoring stakeholder confidence in the Company's future prospects.

Human Resource Challenges: Staff turnover and prolonged operational inactivity continued to impact organizational capacity. Management remained focused on strengthening human resources and building the capabilities required to support the Company's revival and future operations.

Despite these challenges, meaningful progress was made during 2026 in addressing legacy matters and laying the foundation for a sustainable turnaround. The Board and Management are firmly committed to advancing the Company's revival initiatives and are making concerted efforts to restore commercial operations and achieve long-term operational and financial sustainability.

During the year, the Board and Management continued to strengthen corporate governance, statutory compliance, internal controls, and financial discipline, while addressing key risks and legacy matters to rebuild institutional capacity and stakeholder confidence.

Commercial operations remained suspended due to working capital constraints, outdated plant and machinery, limited funding for rehabilitation and modernization, and shortages of skilled manpower. Legacy obligations to financial institutions and suppliers also continued to affect the Company's credit standing and resource mobilization.

Despite these constraints, the Board and Management made concerted efforts towards the Company's turnaround, including exploring funding options, rehabilitation and modernization of plant and machinery, resolution of legacy matters, stakeholder engagement, and opportunities for the phased resumption of commercial operations.

The Board remains firmly committed to PECO's revival and, together with Management, continues to pursue viable measures to restore operations, strengthen the Company's financial position, and achieve long-term operational and financial sustainability.

The financial statements for the year ended 2026 have been prepared based on the most reliable records and financial information available to the Company, together with appropriate professional judgments and estimates, in accordance with the applicable financial reporting framework.

A significant milestone was achieved in August 2026 when the Company completed and finalized all pending quarterly financial statements, thereby restoring its regulatory compliance after a period of eight years. This achievement reflects the concerted efforts of the Board and Management towards strengthening financial reporting, statutory compliance, and corporate governance, and represents an important step in the Company's ongoing turnaround and revival process.

FINANCIAL PERFORMANCE

During the year under review, the Company remained focused on prudent resource management while its core commercial operations were in the process of revival. Accordingly, no revenue from core operations was recorded and the gross loss stood at Nil, compared to Rs. 27.62 million in 2025. Revenue generated during the year primarily comprised proceeds from the disposal of scrap and old vehicles, reflecting Management's efforts to optimize available resources, generate essential cash flows, and support ongoing operations with a lean organizational structure.

Overall, PECO incurred a loss after taxation of Rs. 32.13 million compared to last year loss after taxation of Rs. 63.81 million last year. Resultantly, there is a loss per share of Rs. 5.65 as compared to last year's loss per share of Rs. 11.21.

CONTRIBUTION TO NATIONAL EXCHEQUER AND THE ECONOMY

The Company contributed Rs. 0.76 million (June 30, 2025: Rs. 1.16 million) to the national exchequer during the year.

FINANCIAL RESULTS AND APPROPRIATIONS

	Rs. in Thousands	
	YEAR ENDED 30.06.2026	YEAR ENDED 30.06.2025
(Loss) before Taxation	(33,927)	(69,535)
Taxation and Levy	1,793	5,725
(Loss) after Taxation and Levy	(32,134)	(63,807)
Appropriations:		
(Loss) for the year	(32,134)	(63,807)
Remeasurement of retirement benefit plan	-	-
Transfer from "Surplus on Revaluation of Fixed Assets"	11,482	12,087
Remeasurement of retirement benefit plan	1,008	-
Adjustment for change in tax rate	-	-
(Loss) carried forward to accumulated loss	(19,644)	(51,720)

OPERATING & FINANCIAL DATA

Operating and Financial data and key ratios of the Company for the last six years are annexed.

GRATUITY SCHEME

The Company provides retirement benefit to its employees. This includes a non-contributory defined benefit Gratuity Scheme for all employees.

The value of the Gratuity Scheme at the year-end was Rs. 13.19 million (June 30, 2025: Rs. 24.90 million), valued by the firm of Consulting Actuaries.

BOARD'S COMPOSITION, ELECTIONS, REMUNERATION AND MEETINGS

The Board comprises of one (01) executive director, eight (08) non-executive directors, two (02) independent directors and one (01) female director. Composition of the Board and the names of Members of Board Sub-Committees may be referred at **Page 05 (Company Information)**.

During the year, Ms. Humaira Zia Mufti, Government Nominee was appointed as Chairperson of the Board whereas Mr. Abdul Shabbir Khan Khattak, Government Nominee was appointed as Managing Director of the Company. During the year, Mr. Mailk Aman and Ms. Iffat Malik, Government Nominees, were appointed as directors of the Company.

Furthermore, the Board of Directors have a formal policy and transparent procedures for remuneration of its Directors in accordance with the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019. The Board made every effort to ensure compliance of corporate laws and regulations, six (06) meetings of the Board were held. The attendance of the Board members was as follows:

Mr. Muhammad Asad Islam Mahni	6
Mr. Abdul Shabbir Khan Khattak	4
Mr. Socrat Aman Rana	2
Mr. Malik Aman	5
Ms. Iffat Malik	4
Mr. Muhammad Arif Habib	6
Mr. Tahir Bashir Khan	6
Mr. Rashid Ali Khan	6
Mirza Mahmood Ahmad	6

Miss. Saher Mangi	6
Mr. Ansar Javed	6
Mr. Arslan Nayyar Sheikh	5
Mr. Mohammad Abbas Mirza	6

Those Directors, who have not attended the required number of meetings, have applied for leave of absence which was duly granted by the Board.

PATTERN OF SHAREHOLDING AND SHARES TRADED

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

No trading in the shares of the Company was carried out by the Directors, the Chief Executive Officer and the Company Secretary and their spouses and minor children during the year under review.

EARNINGS PER SHARE

There is a loss per share of Rs. 5.65 as compared to last year's loss per share of Rs. 11.21.

AUDITORS

The present auditors Messrs. Malik Haroon Ahmad & Co. Chartered Accountants, retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ended June 30, 2026 at a fee to be mutually agreed.

In 76th Annual General Meeting of the Company, shareholders approved the re-appointment of Messrs. Malik Haroon Ahmad & Co. Chartered Accountants as Auditor for the year ended on 30 June 2026.

Messrs. Malik Haroon Ahmad & Co. Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors indicated their willingness to act as auditors.

COMMENTS ON DISCLAIMER OF OPINION IN AUDITOR'S REPORT

The Board of Directors noted that the matters forming the basis of the Disclaimer of Auditors' Review Report are substantially the same as those reported in previous years and do not represent any new audit observations during the current financial year.

Certain matters forming the basis of the Disclaimer are historical in nature and involve processes that require completion of operational proceedings, settlement of legacy issues, regulatory approvals, reconciliation of records, and implementation of corrective actions. Accordingly, the resolution of these matters is dependent upon the completion of the relevant processes and cannot be achieved immediately. Nevertheless, Management continued to monitor progress on a regular basis to ensure timely implementation of the required corrective measures.

The Board, through the Management, continues to give these matters its utmost attention and is committed to resolving them in a prudent and sustainable manner. During the period under review, Management continued its efforts to address the observations through appropriate legal, financial, operational, and administrative measures, while ensuring compliance with the applicable provisions of the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019, International Financial Reporting Standards (IFRS), and other applicable regulatory requirements.

It is expected that, subject to the successful completion of the relevant operational processes, these matters will be progressively resolved, and significant progress is expected to be reflected in the Annual Report for the year ended on June 30, 2027.

The Board remains fully committed to maintaining the highest standards of corporate governance, financial reporting, transparency, and regulatory compliance, and will continue to keep the members informed of material developments relating to these matters through its future financial reporting.

i. Going Concern Status

The Company remained without active business operations during the period from October 2018 to March 2023 following the management crisis, which adversely affected its operational and financial position.

The present management has developed a business and revival plan aimed at restoring the Company's operations on a sustainable basis. The plan, including the underlying financial and cash flow projections, was presented to the Board for its consideration. Based on the Board's directions, the plan is currently being revised and further strengthened, including refinement of its underlying assumptions, operational priorities and cash flow projections.

Upon completion, the revised plan and supporting financial projections will be placed before the Board for consideration and approval. Following Board approval, the approved plan and relevant supporting information will form the basis for the management's formal assessment of the Company's ability to continue as a going concern and will be made available to the external auditors for their review.

Meanwhile, the Board and management remain focused on improving operational efficiency, optimizing available resources and developing commercially viable business opportunities. The Company's ability to achieve sustainable operations remains dependent upon the successful implementation of the approved revival measures and the availability of adequate financial and other necessary resources.

ii. Valuation of Investment Property

The Board and management acknowledge the auditors' observation regarding the valuation of investment property. The Company has engaged an independent professional valuer to carry out a fresh valuation of the investment property based on current market conditions. The valuation exercise is presently in progress and is expected to be completed by October 2026.

Upon completion, the updated valuation will be appropriately incorporated in the Company's financial records and related disclosures, as applicable, in accordance with the relevant financial reporting requirements. The valuation report and supporting documentation will also be made available to the external auditors for their review, thereby addressing the matter underlying the current audit observation.

iii. Counting of Physical Inventories

The Board and management acknowledge the auditors' observation regarding the existence and valuation of stores, spares, loose tools and stock-in-trade. Management carried out a physical count of inventory as at June 30, 2026, which was observed by the external auditors.

Accordingly, management intends to place the matter before the Board for consideration and approval of the necessary write-off during FY 2027. Upon Board approval, the relevant inventory balances will be adjusted in the Company's financial records and the resulting accounting treatment and supporting documentation will be made available to the external auditors for their review.

The proposed adjustment is expected to address the matter underlying the current audit observation.

iv. Classification of land held-for-sale

The company has the possession and control of the land and holds valid title. As per the Economic Coordination Committee decision the title documents of the land were handed over to the Privatization Commission for sale and proceeds to be utilized for settlement of all outstanding Government liabilities. In this regard the title documents of the land have been handed over to the Privatization Commission for sale in 1994 by National Bank of Pakistan.

The foregoing facts that events or circumstances which have resulted in the extension of the period to complete the sale beyond one-year, are beyond the management's control, therefore, Badami Bagh Land is classified as "Held for Sale" at lower of its carrying amount or fair value less cost to sell.

v. Long-term investments/ Advances and trade deposits, prepayments, and other receivables

The long-term investments of Rs. 0.819 million, advances of Rs. 37.228 million, trade deposits, prepayments, and other receivables of Rs. 22.310 million; relates to the previous years' wherein the previous management, failed to ensure proper record of financial and operational transactions which took place during the period from October 2018 till October 2022; which are now affecting balances appearing in financial statements of year ended June 30, 2026.

vi. Trade Debtors/Trade and other payables

Since October 2018, PECO's financial system was compromised, with inadequate documentation and no accrual accounting. Vendor ledgers showed incorrect balances, Standard Operating Procedures were ignored, and materials lacked proper documentation. Payments were only made from an unauthorized Faysal Bank account without supporting vouchers whereas no record of payments received from customers could be maintained. This has created significant difficulties in tracking transactions, from October 2018 till June 2023, and ensuring compliance with statutory laws and International Financial Reporting Standards (IFRS). This hindered the verification of closing balances, of trade debtors and trade & other payables, for the year ended June 30, 2026 of Rs. 8.75 million and Rs. 196.23 million respectively. During the year ended June 30, 2026, the management of PECO managed to get verification of balances of Rs. 395.87 million from previous years whereas all payables of the financial year 2025-26 are correctly recorded in the financial statements.

vii. Employee Benefit Liability

The Company has taken corrective measures and obtained actuarial valuations for the years ended June 30, 2025 and June 30, 2026 in accordance with IAS 19 "Employee Benefits". These valuations provide the necessary basis for determining the appropriate retrospective adjustments and related disclosures in accordance with the applicable financial reporting requirements.

The necessary adjustments, including the impact on comparative information and opening balances, as applicable, will be incorporated in the financial statements for FY 2027, together with the required disclosures. The actuarial valuations and supporting calculations will be made available to the external auditors for their review.

Accordingly, these corrective measures are expected to address the matter underlying the current audit observation.

viii. Unclaimed Dividends not deposited with Federal Government

Up to October 2018, the management and the Board of Directors of Pakistan Engineering Company (PECO) had initiated the necessary process to comply with the requirements of

Section 242 of the Companies Act, 2017, including the placement of advertisements in daily newspapers in accordance with statutory provisions. Subsequently, due to administrative and operational constraints faced by the Company during the intervening period, including those coinciding with the tenure of the previous management, the matter could not progress to completion, and the transfer of unclaimed dividends in line with the prescribed requirements remained pending.

The present management and the Board of Directors, however, remain fully committed to ensuring compliance with the provisions of Section 242 of the Companies Act, 2017, and intend to regularize the outstanding matters at the earliest possible opportunity, subject to improvement in the Company's cash flow position.

ix. GoP/PC Loans

The issue of Government of Pakistan and Privatization Commission Loans has been discussed with representatives of GoP, PC and MoF. As a result of various meetings, the principal loan except Rs. 131.454 million (being the additional gratuity paid by Privatization Commission at its own) has been reconciled.

Initially, there was no claim of Government of Pakistan on the issue of mark-up. However, Privatisation Commission and Government of Pakistan started communicating to external auditors, the mark-up on these loans.

The management of PECO obtained legal advice which asserts that mark-up claim of Government is not appropriate. Had the land sold by Privatisation Commission in 1995, the liabilities towards Government would have been cleared.

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 as a gesture of goodwill, resolved to pay a agreed amount towards mark-up on Government of Pakistan (GoP) loans, notwithstanding the fact that the Company was not contractually liable to make such payment, and despite the absence of any explicit terms relating to the tenure and applicable mark-up of the said loans in the relevant documentation.

The private directors in BOD meeting of PECO took a businessman approach and confirmed that the mark-up which is legally due shall be paid and even the mark-up is not legally due, as they agree to pay a agreed amount of mark-up but that within the value of Badami Bagh Land as we, as a good-will gesture, intends to give advantage of appreciation of land to Government of Pakistan. The Board of Directors of PECO also resolved that the sale proceeds of Badami Bagh Land, Lahore will be utilized in paying-off principal amount of GoP loan along with payment of agreed amount of mark-up. The surplus amount of sale proceeds of Badami Bagh Land, Lahore, after paying-off principal amount and agreed amount of mark-up, will be retained by PECO. The Board further resolved that if the sale proceeds of Badami Bagh Land, Lahore, will not be in surplus, the matter of GoP loan and mark-up will stand settled.

The Board of Directors (BoD) and the management of the Company believes that PECO, as an institution, does not acknowledge or accept the said amount as a liability unless and until the mark-up amount is mutually determined, settled, and formally agreed by GoP and PECO. However, in order to resolve this issue, during the year, significant progress was made towards the reconciliation and resolution of the longstanding amounts payable to the Government of Pakistan (GoP) and the Privatization Commission (PC). PECO Management, in coordination with the Ministry of Finance (MoF), has initiated concrete steps to reconcile the outstanding GoP loan balances and related amounts appearing in the respective records.

As part of this process, a series of meetings and consultations have commenced between PECO Management and the MoF, including meetings held on July 28, 2026 and September 24, 2026, with the objective of reconciling the relevant records and arriving at mutually agreed balances.

Substantial progress has been achieved through these engagements, reflecting the commitment of all concerned parties to resolve this longstanding matter in a coordinated and transparent manner.

The reconciliation process is being actively pursued by PECO Management in consultation with the relevant Government authorities, and based on the progress achieved to date, the matter is expected to be substantially concluded by December 31, 2026.

STATEMENT ON CORPORATE FINANCIAL REPORTING FRAME WORK

The requirements of the Code of Corporate Governance set out by the Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2026 have been duly complied with. A statement to this effect is annexed to the report, please refer page No. 38.

AUDIT AND RISK MANAGEMENT COMMITTEE

Audit and Risk Management Committee was established by the Board to assist the directors in discharging their responsibilities, Corporate Governance, Financial Reporting and Corporate Control. The Committee consists of three members where Chairman of the Committee is Independent director.

The Board Audit and Risk Management Committee is responsible for reviewing reports of the company's financial results, audit and adherence to standards of the system of management controls. The Committee reviews the procedures, ensures their independence with respect to the services performed for the Company and makes recommendations to the Board of Directors.

The constitution of the Committee is as under:

Mr. Arslan Nayyar Sheikh	Chairman
Ms. Iffat Malik	Member
Mr. Ansar Javed	Member
Mr. Tahir Bashir Khan	Member
Mirza Mahmood Ahmad	Member

Two (02) meetings of Boards' Committee were held during the year. The Board has tasked the Board Audit Committee to oversee risk management related matters of the Company.

DIRECTORS TRAINING PROGRAM

The Board of Directors of the Company consist of 12 directors, where directors are certified under the Directors Training Program as per Regulation 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

CODE OF CONDUCT

In order to put in place professional standards and corporate values for promotion of integrity of the Board, senior management and other employees, the Board has approved and disseminated a Code of Conduct, defining therein acceptable and unacceptable behaviors. The same has been placed on the Company's Website.

NUMBER OF EMPLOYEES

The Company continued its operations with an optimal headcount. The headcount as on June 30, 2026 were 20 compared to 18 of last year.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The responsibilities as prescribed for the human resource and remuneration committee are being addressed at Board level as and when needed so a separate committee is not considered to be necessary.

NOMINATION COMMITTEE

The responsibilities as prescribed for Nomination committee are being addressed at Board level as and when needed so a separate committee is not considered to be necessary.

RELATED PARTY TRANSACTIONS

The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval.

WEB PRESENCE

Company's periodic financial statements for the current financial year including annual reports for the last three years are available on the Company's website www.peco.com.pk for information of the investors.

HEALTH, SAFETY AND ENVIRONMENT

Company believes in and is fully committed to improve Health, Safety and Environment standards to achieve sustainable HSE performance. Process Safety & Behavior Based Safety across the organization is enhanced through System integrated with the company's organization scheme and the Company is on track of continuous improvement with focus to achieve & sustain leading levels.

The Company has formulated a firm succession plan which includes performance evaluation and appropriate training requirements for development of potential future leaders.

OUTSTANDING STATUTORY DUES

Detail of outstanding statutory dues is given in Note no. 23 to the Accounts.

BUSINESS PLANS

The Company continues to address the legacy financial and operational challenges arising from prior years, which had significantly affected its operational capacity, asset base, liquidity position, and relationships with financial institutions and suppliers. During the year, the Board and Management remained focused on stabilizing the Company and creating a sound foundation for its sustainable revival.

To support this objective, the Board has formulated and is actively pursuing comprehensive business revival and restructuring initiatives aimed at strengthening financial stability and restoring operational sustainability. These initiatives focus on improving liquidity, optimizing the utilization of available assets, developing sustainable revenue streams, addressing outstanding obligations, and resolving legacy matters with suppliers and financial institutions.

The Board remains firmly committed to the structured and sustainable revival of PECO through strengthened governance, financial discipline, efficient resource utilization, and prudent business planning. These efforts are directed towards restoring the Company's operational capabilities, creating long-term value for stakeholders, and enabling PECO to once again contribute meaningfully to industrial activity and employment generation.

The Board of Directors and Management are making concerted efforts to successfully turn around the Company and are confident that the ongoing revival and restructuring initiatives will strengthen its operational and financial position. Accordingly, the Board and Management remain committed to maintaining PECO as a going concern and securing its sustainable future, Insha'Allah.

ACKNOWLEDGEMENT

The Board would like to thank the Company's employees, customers, suppliers, shareholders and bankers for their continued support. Their confidence and goodwill contributed to the Company's progress during the year.

We continue to pray to Allah for the success of the Company and the benefit of all stakeholders and the country in general.

For and on behalf of the Board

Abdul Shabbir Khan Khattak
Managing Director

Arslan Nayyer Sheikh
Director

October 02, 2026
Lahore

ڈائریکٹر رپورٹ

حصہ یا فنڈنگ کے نام

پاکستان انجینئرنگ کمپنی لمیٹڈ کے ڈائریکٹر 30 جون 2026 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں کے ہمراہ 77 ویں سالانہ رپورٹ پیش کر رہے ہیں۔

عالمی اسٹیل کا منظر نامہ اور قومی معیشت

مالیاتی سال 2026-26 کے دوران مسلسل زائد پیداواری گنجائش، تجارتی کشیدگی اور غیر متوازن علاقائی طلب کے باعث عالمی اسٹیل کے حالات سست روی کا شکار رہے۔ عالمی خام اسٹیل کی پیداوار مجموعی طور پر مستحکم رہی، جبکہ چین نے سب سے بڑے اسٹیل پیدا کنندہ کے طور پر اپنی حیثیت برقرار رکھی، جس سے علاقائی قیمتوں پر دباؤ برقرار رہا اور بڑی منڈیوں میں تجارتی تدارکی اقدامات کے استعمال میں اضافہ ہوا۔ ان حالات کے جواب میں، اسٹیل پیدا کنندگان نے لاگت میں مسابقت، منڈیوں کے تنوع اور کم کاربن پیداوار کی جانب منتقلی پر توجہ مرکوز رکھی۔

پاکستان کی معیشت مالیاتی سال 2025-26 کے دوران استحکام کی جانب گامزن رہی، جسے بہتر میکرو اکنامک نظم و ضبط، شرح مبادلہ میں زیادہ استحکام اور آئی ایم ایف پروگرام کے تحت جاری اصلاحات کی معاونت حاصل رہی۔ عبوری جی ڈی پی شرح نمو کا تخمینہ 3.70% لگایا گیا، جبکہ مالیاتی سال 2024-25 میں نظر ثانی شدہ شرح نمو 3.18% تھی۔ زراعت، صنعت اور خدمات کے شعبوں میں بالترتیب 2.89%، 3.51% اور 4.09% کی شرح سے نمو ہوئی۔ مالیاتی لاگت میں کمی اور بہتر صنعتی سرگرمی نے اسٹیل استعمال کرنے والے متعدد شعبوں میں طلب میں کردار ادا کیا۔ تاہم، بحالی کا تسلسل بدستور میکرو اکنامک استحکام، توانائی کی قابل برداشت قیمتوں اور تجارتی وٹیکس قوانین کے مؤثر نفاذ پر منحصر ہے۔

کارکردگی کا منظر نامہ

پاکستان انجینئرنگ کمپنی لمیٹڈ (پیکو) کا بورڈ آف ڈائریکٹر یہ بات ریکارڈ پر لانا چاہتا ہے کہ اگرچہ 2018 سے 2023 تک کی مدت کے دوران گورننس میں پیدا ہونے والے خلل اور انتظامی چیلنجز کے باقی ماندہ اثرات 2026 کو ختم ہونے والے سال کے دوران بھی کمپنی کی عملی اور مالی حیثیت پر اثر انداز ہوتے رہے، تاہم کمپنی مسلسل اصلاحی اور بحالی کے اقدامات کے ذریعہ ان دیرینہ معاملات کو حل کرنے پر توجہ مرکوز کیے رہی۔

سال کے دوران، بورڈ اور انتظامیہ نے کمپنی کو مستحکم کرنے، اس کے گورننس فریم ورک کو مضبوط بنانے، دیرینہ مسائل کو حل کرنے اور اس کے تجارتی آپریشنز کی بالآخر بحالی اور کاپی پلٹ کے لیے سازگار ماحول پیدا کرنے کی جانب مربوط کوششیں جاری رکھیں۔ ورثے میں ملنے والے چیلنجز کی نوعیت اور وسعت کے پیش نظر، بحالی کے عمل کے لیے ایک منظم اور مسلسل حکمت عملی درکار ہے؛ بہر حال، بورڈ اور انتظامیہ تمام دستیاب وسائل بروئے کار لانے اور کمپنی کی عملی و مالی پائیداری کی بحالی کے لیے قابل عمل مواقع تلاش کرنے کے لیے پرعزم ہیں۔

2026 کے دوران، کمپنی نے گوشہ برسوں سے ورثے میں ملنے والے چیلنجز کے باقی ماندہ نتائج سے نمٹنے کا عمل جاری رکھا، جن میں درج ذیل شامل ہیں:

- عملی چیلنجز: پلانٹ اور مشینری کی حالت، سپلائی چین میں رکاوٹوں اور طویل عملی غیر فعالیت کے باعث پیداوار کی بحالی محدود رہی۔
- انتظامیہ نے عملی ضروریات کا جائزہ لینے اور پیداواری صلاحیتوں کی مرحلہ وار بحالی کے لیے اقدامات کا سلسلہ جاری رکھا۔
- مالیاتی ریکارڈ اور کنٹرول کا ماحول: مالیاتی ریکارڈ اور اندرونی کنٹرولز میں دیرینہ خامیاں رپورٹنگ اور تعمیل کے حوالے سے بدستور مشکلات کا باعث بنی رہیں۔ انتظامیہ مالیاتی معلومات کو بہتر بنانے، اندرونی کنٹرولز کو مضبوط کرنے اور مجموعی رپورٹنگ فریم ورک کو بہتر بنانے پر توجہ مرکوز کیے رہی۔
- لیکویڈیٹی کی رکاوٹیں: دیرینہ واجبات، محدود ذرائع آمدن اور ورکنگ کیپٹل کی قلت آپریشنز کی بحالی پر بدستور اثر انداز ہوتی رہیں۔ بورڈ اور انتظامیہ لیکویڈیٹی کو بہتر بنانے اور کمپنی کی عملی بحالی کی معاونت کے لیے وسائل متحرک کرنے پر توجہ مرکوز کیے رہے۔
- اسٹیک ہولڈرز کا اعتماد: طویل عملی تعطیل اسٹیک ہولڈرز کے ساتھ تعلقات پر بدستور اثر انداز ہوتا رہا۔ انتظامیہ روابط کو مضبوط بنانے، ادارہ جاتی ساکھ کی از سر نو تعمیر اور کمپنی کے مستقبل کے امکانات پر اسٹیک ہولڈرز کا اعتماد بحال کرنے پر توجہ مرکوز کیے رہی۔
- انسانی وسائل کے چیلنجز: عملے کے ادارہ چھوڑنے کی شرح اور طویل عملی غیر فعالیت تنظیمی استعداد پر بدستور اثر انداز ہوتی رہیں۔ انتظامیہ انسانی وسائل کو مضبوط بنانے اور کمپنی کی بحالی اور مستقبل کے آپریشنز کی معاونت کے لیے درکار صلاحیتوں کی تعمیر پر توجہ مرکوز کیے رہی۔

ان چیلنجز کے باوجود، 2026 کے دوران دیرینہ معاملات کو حل کرنے اور پائیدار کاپی پلٹ کی بنیاد رکھنے میں نمایاں پیش رفت ہوئی۔ بورڈ اور انتظامیہ کمپنی کے بحالی کے اقدامات کو آگے بڑھانے کے لیے پختہ عزم رکھتے ہیں اور تجارتی آپریشنز کی بحالی اور طویل مدتی عملی و مالی پائیداری کے حصول کے لیے مربوط کوششیں کر رہے ہیں۔

سال کے دوران، بورڈ اور انتظامیہ نے کلیدی خطرات اور دیرینہ معاملات سے نمٹنے کے لیے کارپوریٹ گورننس، قانونی تعمیل، اندرونی کنٹرولز اور مالیاتی نظم و ضبط کو مضبوط بنانے کا سلسلہ جاری رکھا تا کہ ادارہ جاتی استعداد اور اسٹیک ہولڈرز کا اعتماد از سر نو بحال کیا جاسکے۔

ورکنگ کیپٹل کی قلت، فرسودہ پلانٹ اور مشینری، بحالی اور جدید کاری کے لیے محدود فنڈنگ اور ہنرمند افرادی قوت کی کمی کے باعث تجارتی آپریشنز بدستور معطل رہے۔ مالیاتی اداروں اور سپلائرز کے دیرینہ واجبات بھی کمپنی کی کریڈٹ ساکھ اور وسائل کے حصول پر بدستور اثر انداز ہوتے رہے۔

ان رکاوٹوں کے باوجود، بورڈ اور انتظامیہ نے کمپنی کی کاپی پلٹ کے لیے مربوط کوششیں کیں، جن میں فنڈنگ کے ذرائع کی تلاش، پلانٹ اور مشینری کی بحالی اور جدید کاری، دیرینہ معاملات کا حل،

اسٹیک ہولڈرز سے روابط، اور تجارتی آپریشنز کی مرحلہ وار بحالی کے مواقع شامل ہیں۔

بورڈ پیکیج کی بحالی کے لیے مختصر عرصہ رکھتا ہے اور انتظامیہ کے ساتھ مل کر آپریشنز کی بحالی، کمپنی کی مالی حیثیت کو مضبوط بنانے اور طویل مدتی عملی و مالی پائیداری کے حصول کے لیے قابل عمل اقدامات جاری رکھے ہوئے ہے۔

2026 کو ختم ہونے والے سال کے مالیاتی گوشوارے قابل اطلاق مالیاتی رپورٹنگ فریم ورک کے مطابق، کمپنی کو دستیاب سب سے زیادہ قابل اعتماد ریکارڈ اور مالیاتی معلومات کی بنیاد پر، مناسب پیچھے و رائے فیصلوں اور تخمینوں کے ساتھ تیار کیے گئے ہیں۔

اگست 2026 میں ایک اہم سنگ میل حاصل ہوا جب کمپنی نے تمام زیر التوا سہ ماہی مالیاتی گوشوارے مکمل اور حتمی کر لیے، جس کے نتیجے میں آٹھ سال کے عرصے کے بعد اس کی ریگولیٹری تعمیل بحال ہو گئی۔ یہ کامیابی مالیاتی رپورٹنگ، قانونی تعمیل اور کارپوریٹ گورننس کو مضبوط بنانے کے لیے بورڈ اور انتظامیہ کی مربوط کوششوں کی عکاس ہے، اور کمپنی کے جاری کاپیلاٹ اور بحالی کے عمل میں ایک اہم قدم کی نمائندگی کرتی ہے۔

مالیاتی کارکردگی

زیر جائزہ سال کے دوران، کمپنی نے وسائل کے محتاط انتظام پر توجہ مرکوز رکھی جبکہ اس کے بنیادی تجارتی آپریشنز بحالی کے مرحلے میں تھے۔ چنانچہ بنیادی آپریشنز سے کوئی آمدن ریکارڈ نہیں کی گئی اور مجموعی نقصان صفر رہا، جبکہ 2025 میں یہ 27.62 ملین روپے تھا۔ سال کے دوران حاصل ہونے والی آمدن بنیادی طور پر اسکرپ اور پرانی گاڑیوں کی فروخت سے حاصل ہونے والی رقوم پر مشتمل تھی، جو دستیاب وسائل کے بہترین استعمال، ضروری نقد بہاؤ پیدا کرنے اور ایک مختصر تنظیمی ڈھانچے کے ساتھ جاری آپریشنز کی معاونت کے لیے انتظامیہ کی کوششوں کی عکاسی کرتی ہے۔

مجموعی طور پر، پیکیج کو 32.13 ملین روپے کا بعد از ٹیکس نقصان ہوا، جبکہ گزشتہ سال بعد از ٹیکس نقصان 63.81 ملین روپے تھا۔ نتیجتاً، فی حصص نقصان 5.65 روپے رہا، جبکہ گزشتہ سال فی حصص نقصان 11.21 روپے تھا۔

قومی خزانے اور معیشت میں حصہ

کمپنی نے سال کے دوران قومی خزانے میں 0.76 ملین روپے (June 30, 2025 : 1.16 ملین روپے) کا حصہ ڈالا۔ مالیاتی نتائج اور تخصیصات

روپے ہزاروں میں			
30.06.2026 کو ختم ہونے والا سال	30.06.2025 کو ختم ہونے والا سال		
(33,927)	(69,535)	(نقصان) قبل از ٹیکس	
1,793	5,725	ٹیکس اور لیوی	
(32,134)	(63,807)	(نقصان) بعد از ٹیکس اور لیوی	
		تخصیصات:	
(32,134)	(63,807)	سال کا (نقصان)	
-	-	ریٹائرمنٹ بینیفٹ پلان کی از سر نو جیمائش	
11,482	12,087	”فلسفہ اثاثوں کی از سر نو قدر جیمائی پر سرپلس“ سے منتقلی	
1,008	-	ریٹائرمنٹ بینیفٹ پلان کی از سر نو جیمائش	
-	-	ٹیکس کی شرح میں تبدیلی کی ایڈجسٹمنٹ	
(19,644)	(51,720)	مجموعی نقصان میں منتقل شدہ (نقصان)	

آپریٹنگ اور مالیاتی ڈیٹا

گزشتہ چھ سال کے لیے کمپنی کا آپریٹنگ اور مالیاتی ڈیٹا اور کلیدی تناسب منسلک ہیں۔

گرینجویٹی اسکیم

کمپنی اپنے ملازمین کو ریٹائرمنٹ کے فوائد فراہم کرتی ہے۔ اس میں تمام ملازمین کے لیے ایک غیر شرائطی متعین فائدہ گرینجویٹی اسکیم شامل ہے۔ سال کے اختتام پر گرینجویٹی اسکیم کی مالیت 13.19 ملین روپے (30 جون 2025: 24.90 ملین روپے) تھی، جس کی قدر پیمائی کنسلٹنگ ایجنسی کی فرم نے کی۔

بورڈ کی تشکیل، مشاہرہ اور اجلاس

بورڈ ایک (01) ایگزیکٹو ڈائریکٹر، آٹھ (08) نان ایگزیکٹو ڈائریکٹرز، دو (02) آزاد ڈائریکٹرز اور ایک (01) خاتون ڈائریکٹر پر مشتمل ہے۔ بورڈ کی تشکیل اور بورڈ کی ذیلی کمیٹیوں کے اراکین کے نام صفحہ 05 (کمپنی کی معلومات) پر ملاحظہ کیے جاسکتے ہیں۔

سال کے دوران، محترمہ حیر اذیاء مفتی، حکومتی نامزد، کو بورڈ کی چیئر پرسن مقرر کیا گیا جبکہ جناب عبدالشیر خان، حکومتی نامزد، کو کمپنی کا مینجنگ ڈائریکٹر مقرر کیا گیا۔ سال کے دوران، جناب ملک امان اور محترمہ عفت ملک، حکومتی نامزدگان، کو کمپنی کے ڈائریکٹرز مقرر کیا گیا۔

مزید برآں، بورڈ آف ڈائریکٹرز کے پاس کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریشن گورننس) ریگولیشنز 2019 کے مطابق اپنے ڈائریکٹرز کے مشاہرے کے لیے باضابطہ پالیسی اور شفاف طریق کار موجود ہے۔ بورڈ نے کارپوریشن قوانین اور ضوابط کی تعمیل یقینی بنانے کی ہر ممکن کوشش کی، بورڈ کے نو (09) اجلاس منعقد ہوئے۔ بورڈ کے اراکین کی حاضری درج ذیل رہی:

6	جناب محمد اسد اسلام ماہنی
4	جناب عبدالشیر خان خٹک
2	جناب سقراط امان رانا
5	جناب ملک امان
4	محترمہ عفت ملک
6	جناب محمد عارف حبیب
6	جناب طاہر بشیر خان
6	جناب راشد علی خان
6	مرزا محمود احمد
6	مس سحر منگی
6	جناب انصار جاوید
5	جناب ارسلان فیروز شیخ
6	جناب محمد عباس مرزا

جن ڈائریکٹرز نے مطلوبہ تعداد میں اجلاسوں میں شرکت نہیں کی، انہوں نے غیر حاضری کی رخصت کے لیے درخواست دی جو بورڈ نے باقاعدہ طور پر منظور کر لی۔

شیر ہولڈنگ کا بیٹرن اور حصص کی تجارت

شیر ہولڈنگ کا بیٹرن اور شیر ہولڈنگ کے بیٹرن سے متعلق اضافی معلومات علیحدہ طور پر منسلک ہیں۔ زیر جائزہ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی۔

فی حصص آمدن

فی حصص نقصان 5.65 روپے ہے، جبکہ گزشتہ سال فی حصص نقصان 11.21 روپے تھا۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ملک بارون احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور خود کو دوبارہ تفری کے لیے پیش کرتے ہیں۔ آڈٹ کمیٹی کی تجویز پر، بورڈ آف ڈائریکٹرز نے 30 جون 2026 کو ختم ہونے والے سال کے لیے باہمی طور پر طے کی جانے والی فیس پر کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تفری کی سفارش کی ہے۔

کمپنی کے 76 ویں سالانہ اجلاس عام میں، حصص یافتگان نے 30 جون 2026 کو ختم ہونے والے سال کے لیے میسرز ملک بارون احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز دوبارہ تفری کی

منظوری دی۔ میسرز ملک بارون احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کوانٹسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش درجہ دیا گیا ہے اور فرم ICAP کی جانب سے اختیار کردہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ضابطہ اخلاق سے متعلق رہنمائیات کی مکمل تعمیل کرتی ہے۔ آڈیٹرز نے بطور آڈیٹر خدمات انجام دینے پر آمادگی ظاہر کی۔

آڈیٹ کی رپورٹ پر تبصرے

بورڈ آف ڈائریکٹرز نے نوٹ کیا کہ آڈیٹرز کی ریویو رپورٹ کے ڈسکلیمر کی بنیاد بننے والے معاملات بنیادی طور پر وہی ہیں جو گزشتہ برسوں میں رپورٹ کیے گئے تھے اور یہ رواں مالی سال کے دوران کسی نئے آڈٹ مشاہدے کی نمائندگی نہیں کرتے۔

ڈسکلیمر کی بنیاد بننے والے بعض معاملات تاریخی نوعیت کے ہیں اور ان میں ایسے عمل شامل ہیں جن کے لیے عملی کارروائیوں کی تکمیل، دیرینہ مسائل کے تصفیے، ریگولیٹری منظور یوں، ریکارڈ کی مطابقت سازی اور اصلاحی اقدامات کے نفاذ کی ضرورت ہے۔ چنانچہ ان معاملات کا حل متعلقہ عمل کی تکمیل پر منحصر ہے اور فوری طور پر حاصل نہیں کیا جاسکتا۔ بہر حال، انتظامیہ نے مطلوبہ اصلاحی اقدامات کے بروقت نفاذ کو یقینی بنانے کے لیے باقاعدگی سے پیش رفت کی نگرانی جاری رکھی۔

بورڈ، انتظامیہ کے ذریعے، ان معاملات پر بدستور بھرپور توجہ دے رہا ہے اور انہیں مختاط اور پائیدار انداز میں حل کرنے کے لیے پرعزم ہے۔ زیر جائزہ مدت کے دوران، انتظامیہ نے کمپنیز ایکٹ، 2017، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019، انٹرنیشنل فنانشیل رپورٹنگ اسٹینڈرڈز (IFRS) اور دیگر قابل اطلاق ریگولیٹری تقاضوں کی متعلقہ دفعات کی تعمیل کو یقینی بناتے ہوئے، مناسب قانونی، مالیاتی، عملی اور انتظامی اقدامات کے ذریعے مشاہدات کو حل کرنے کی کوششیں جاری رکھیں۔

توقع ہے کہ متعلقہ عملی عمل کی کامیاب تکمیل سے مشروط، یہ معاملات بند رہتے حل ہو جائیں گے، اور نمایاں پیش رفت 30 جون 2027 کو ختم ہونے والے سال کی سالانہ رپورٹ میں ظاہر ہونے کی توقع ہے۔

بورڈ کارپوریٹ گورننس، مالیاتی رپورٹنگ، شفافیت اور ریگولیٹری تعمیل کے اعلیٰ ترین معیارات برقرار رکھنے کے لیے مکمل طور پر پرعزم ہے، اور اپنی آئندہ مالیاتی رپورٹنگ کے ذریعے اراکین کو ان معاملات سے متعلق اہم پیش رفت سے آگاہ رکھتا رہے گا۔

i. گونگ کنسرن کی حیثیت

انتظامیہ بحران کے بعد اکتوبر 2018 سے مارچ 2023 تک کی مدت کے دوران کمپنی کے فعال کاروباری آپریشنز نہیں رہے، جس نے اس کی عملی اور مالی حیثیت کو بری طرح متاثر کیا۔ موجودہ انتظامیہ نے ایک کاروباری اور بحالی منصوبہ تیار کیا ہے جس کا مقصد کمپنی کے آپریشنز کو پائیدار بنیادوں پر بحال کرنا ہے۔ یہ منصوبہ، بشمول بنیادی مالیاتی اور نقد بہاؤ کے تخمینوں کے، بورڈ کے غور کے لیے پیش کیا گیا۔ بورڈ کی ہدایت کی بنیاد پر، منصوبے پر فی الحال نظر ثانی کی جارہی ہے اور اسے مزید مضبوط بنایا جا رہا ہے، جس میں اس کے بنیادی مفروضوں، عملی ترجیحات اور نقد بہاؤ کے تخمینوں کی بہتری شامل ہے۔

تکمیل پر نظر ثانی شدہ منصوبہ اور معاون مالیاتی تخمینے بورڈ کے سامنے غور اور منظوری کے لیے پیش کیے جائیں گے۔ بورڈ کی منظوری کے بعد، منظور شدہ منصوبہ اور متعلقہ معاون معلومات کمپنی کی گونگ کنسرن کے طور پر جاری رہنے کی صلاحیت کے بارے میں انتظامیہ کے باضابطہ جائزے کی بنیاد بنیں گی اور بیرونی آڈیٹرز کو ان کے جائزے کے لیے فراہم کی جائیں گی۔ اس دوران، بورڈ اور انتظامیہ عملی کارکردگی کو بہتر بنانے، دستیاب وسائل کے بہترین استعمال اور تجارتی طور پر قابل عمل کاروباری مواقع پیدا کرنے پر توجہ مرکوز کیے ہوئے ہیں۔ پائیدار آپریشنز کے حصول کی کمپنی کی صلاحیت کا انحصار بدستور منظور شدہ بحالی اقدامات کے کامیاب نفاذ اور مناسب مالیاتی اور دیگر ضروری وسائل کی دستیابی پر ہے۔

ii. سرمایہ کاری کی جائیداد کی قدر حیثیاتی

بورڈ اور انتظامیہ سرمایہ کاری کی جائیداد کی قدر حیثیاتی سے متعلق آڈیٹرز کے مشاہدے کو تسلیم کرتے ہیں۔ کمپنی نے موجودہ مارکیٹ حالات کی بنیاد پر سرمایہ کاری کی جائیداد کی تازہ قدر حیثیاتی کے لیے ایک آزاد پیشہ ور ویلیوئر کی خدمات حاصل کی ہیں۔ قدر حیثیاتی کا عمل فی الحال جاری ہے اور توقع ہے کہ دسمبر 2026 تک مکمل ہو جائے گا۔ تکمیل پر، تازہ ترین قدر حیثیاتی کو متعلقہ مالیاتی رپورٹنگ تقاضوں کے مطابق، جیسا کہ قابل اطلاق ہو، کمپنی کے مالیاتی ریکارڈ اور متعلقہ انکشافات میں مناسب طور پر شامل کیا جائے گا۔ قدر حیثیاتی رپورٹ اور معاون دستاویزات بھی بیرونی آڈیٹرز کو ان کے جائزے کے لیے فراہم کی جائیں گی، جس سے موجودہ آڈٹ مشاہدے کی بنیاد بننے والے معاملے کازالہ ہو جائے گا۔

iii. فزیکل انویسٹری کی گنتی

بورڈ اور انتظامیہ اسٹورز، سیجیٹرز، لوزٹولز اور اسٹاک ان ٹریڈ کے وجود اور قدر حیثیاتی سے متعلق آڈیٹرز کے مشاہدے کو تسلیم کرتے ہیں۔ انتظامیہ نے 30 جون 2026 کو انویسٹری کی فزیکل گنتی کی، جس کا مشاہدہ بیرونی آڈیٹرز نے کیا۔

چنانچہ، انتظامیہ کا ارادہ ہے کہ مالیاتی سال 2027 کے دوران ضروری رائٹ آف کے غور اور منظوری کے لیے معاملہ بورڈ کے سامنے پیش کیا جائے۔ بورڈ کی منظوری پر، متعلقہ انویسٹری ہیلنسرز کو کمپنی کے مالیاتی ریکارڈ میں ایڈجسٹ کیا جائے گا اور اس کے نتیجے میں ہونے والا کاؤنٹنگ ٹریسٹمنٹ اور معاون دستاویزات بیرونی آڈیٹرز کو ان کے جائزے کے لیے فراہم کی جائیں گی۔ توقع ہے کہ مجوزہ

ایڈجسٹمنٹ سے موجودہ آڈٹ مشاہدے کی بنیاد بننے والے معاملے کا ازالہ ہو جائے گا۔

iv۔ برائے فروخت رکھی گئی زمین کی درجہ بندی

کمپنی زمین کی قابض ہے، اس پر کنٹرول رکھتی ہے اور اس کا جائز ملکیتی حق رکھتی ہے۔ اکنامک کوآرڈینیشن کمیٹی کے فیصلے کے مطابق، زمین کی ملکیتی دستاویزات فروخت کے لیے پرائیویٹائزیشن کمیشن کے حوالے کی گئیں اور فروخت سے حاصل ہونے والی رقم تمام واجب الادا حکومتی واجبات کے تصفیے کے لیے استعمال کی جانی ہے۔ اس سلسلے میں زمین کی ملکیتی دستاویزات نیشنل بینک آف پاکستان کی جانب سے 1994 میں فروخت کے لیے پرائیویٹائزیشن کمیشن کے حوالے کی جا چکی ہیں۔ مذکورہ حقائق کہ وہ واقعات یا حالات جن کے نتیجے میں فروخت کی تکمیل کی مدت ایک سال سے آگے بڑھ گئی ہے، انتظامیہ کے اختیار سے باہر ہیں، لہذا اداکاری باغ کی زمین کو اس کی کیرنگ امائنٹ یا فروخت کی لاگت منہائیز ویلیو، جو بھی کم ہو، پر ”برائے فروخت“ کے طور پر درجہ بند کیا گیا ہے۔

v۔ طویل مدتی سرمایہ کاریاں/پیشگیاں اور تجارتی ڈپازٹس، پیشگی ادائیگیاں اور دیگر وصولیاں

0.819 ملین روپے کی طویل مدتی سرمایہ کاریاں، 37.228 ملین روپے کی پیشگیاں، 22.310 ملین روپے کے تجارتی ڈپازٹس، پیشگی ادائیگیاں اور دیگر وصولیاں؛ گزشتہ برسوں سے متعلق ہیں جن میں سابقہ انتظامیہ اکتوبر 2018 سے اکتوبر 2022 تک کی مدت کے دوران ہونے والے مالیاتی اور عملی لین دین کا مناسب ریکارڈ یقینی بنانے میں ناکام رہی؛ جواب 30 جون 2026 کو ختم ہونے والے سال کے مالیاتی گوشواروں میں ظاہر ہونے والے بیلنسز کو متاثر کر رہے ہیں۔

vi۔ تجارتی مقروضین/تجارتی اور دیگر قابل ادائیگیاں

2018 October سے PECO کا مالیاتی نظام متاثر رہا، جس میں ناکافی دستاویزات تھیں اور کوئی ایکروئل اکاؤنٹنگ نہیں تھی۔ ویٹڈ رلچر زمین غلط بیلنسز ظاہر ہو رہے تھے، اسٹیڈیڈ آرڈر آپریٹنگ پر وچھڑ زکوٰۃ انداز کیا گیا، اور میٹریلز کی مناسب دستاویزات موجود نہیں تھیں۔ ادائیگیاں صرف فیصل بینک کے ایک غیر مجاز اکاؤنٹ سے معاون واؤچرز کے بغیر کی گئیں جبکہ صارفین سے موصول ہونے والی ادائیگیاں کو کوئی ریکارڈ نہیں رکھا جاسکا۔ اس سے اکتوبر 2018 سے جون 2023 تک لین دین کا سراغ لگانے اور قانونی ضوابط اور انٹرنیشنل فنانشل رپورٹنگ اسٹیڈیڈ آرڈر (IFRS) کی تعمیل یقینی بنانے میں نمایاں مشکلات پیدا ہوئیں۔ اس کی وجہ سے 30 جون 2026 کو ختم ہونے والے سال کے لیے تجارتی مقروضین اور تجارتی و دیگر قابل ادائیگیوں کے اختتامی بیلنسز، بالترتیب 8.75 ملین روپے اور 265.818 ملین روپے، کی تصدیق میں رکاوٹ پیدا ہوئی۔ 30 جون 2026 کو ختم ہونے والے سال کے دوران، پیکیو کی انتظامیہ نے گزشتہ برسوں کے 395.866 ملین روپے کے بیلنسز کی تصدیق حاصل کر لی جبکہ مالی سال 2025-26 کی تمام قابل ادائیگیاں مالیاتی گوشواروں میں درست طور پر ریکارڈ کی گئی ہیں۔

vii۔ قلیل مدتی قرض

95.930 ملین روپے کا قلیل مدتی قرض نیشنل بینک آف پاکستان سے حاصل کردہ فنڈنگ کے واجب الادا اصل زر کی نمائندگی کرتا ہے۔ تاریخی طور پر، پاکستان انجینئرنگ کمپنی (پیکیو) کی انتظامیہ بینک کے ساتھ باہمی طور پر طے شدہ ادائیگی کے شیڈول کے مطابق اصل زر اور مارک اپ دونوں ذمہ داریوں کی بروقت ادائیگی کرتی رہی تھی۔ تاہم اکتوبر 2018 سے، اس مدت کے دوران کمپنی کو درپیش عملی اور مالی مشکلات کے باعث، بشمول سابقہ انتظامیہ کے دور سے مطابقت رکھنے والی مشکلات کے، طے شدہ ادائیگیاں برقرار نہ رکھی جاسکیں۔ نتیجتاً، بینک نے ستمبر 2020 میں تقریباً 111 ملین روپے کی رقم کے لیے ریکوری کی کارروائی شروع کی۔

بینک کی جانب سے فراہم کردہ معلومات اور اسٹیٹمنٹس کی بنیاد پر، کمپنی کی انتظامیہ نے مالیاتی گوشواروں میں مجموعی طور پر 148.49 ملین روپے کے اصل زر اور جمع شدہ مارک اپ کو مناسب طور پر تسلیم کیا ہے۔ بیرونی آڈیٹرز نے بھی متعدد مواقع پر 95.930 ملین روپے کے اصل زر کے حوالے سے بینک سے براہ راست بیلنسز کی تصدیق طلب کی ہے؛ تاہم، باضابطہ تصدیق کا تاحال انتظار ہے۔

viii۔ ملازمین کے فوائد کی ذمہ داری

کمپنی نے اصلاحی اقدامات کیے ہیں اور IAS-19 ایسپائی پیفٹنس کے مطابق 30 جون 2025 اور 30 جون 2026 کو ختم ہونے والے برسوں کے لیے ایکچوریل ویلیو ایڈجسٹمنٹس حاصل کی ہیں۔ یہ ویلیو ایڈجسٹمنٹس قابل اطلاق مالیاتی رپورٹنگ تقاضوں کے مطابق مناسب سابقہ اثرائتی حامل ایڈجسٹمنٹس اور متعلقہ انکشافات کے تعین کے لیے ضروری بنیاد فراہم کرتی ہیں۔ ضروری ایڈجسٹمنٹس، بشمول تقابلی معلومات اور ابتدائی بیلنسز پر اثرات، جیسا کہ قابل اطلاق ہو، مطلوبہ انکشافات کے ساتھ FY 2027 کے مالیاتی گوشواروں میں شامل کی جائیں گی۔ ایکچوریل ویلیو ایڈجسٹمنٹس اور معاون حسابات بیرونی آڈیٹرز کو ان کے جائزے کے لیے فراہم کیے جائیں گے۔ چنانچہ، توقع ہے کہ یہ اصلاحی اقدامات موجودہ آڈٹ مشاہدے کی بنیاد بننے والے معاملے کا ازالہ کر دیں گے۔

ix۔ غیر دعویٰ شدہ منافع منقسمہ جو وفاقی حکومت کے پاس جمع نہیں کرایا گیا

اکتوبر 2028 تک، پاکستان انجینئرنگ کمپنی (پیکیو) کی انتظامیہ اور بورڈ آف ڈائریکٹرز نے کمپنیز ایکٹ، 2017 کی دفعہ 242 کے تقاضوں کی تعمیل کے لیے ضروری عمل شروع کر دیا تھا، جس میں قانونی دفعات کے مطابق روزناموں میں اشتہارات کی اشاعت شامل تھی۔ بعد ازاں، درمیانہ مدت کے دوران کمپنی کو درپیش انتظامی اور عملی مشکلات کے باعث، بشمول سابقہ انتظامیہ کے دور سے

مطابقت رکھنے والی مشکلات کے، یہ معاملہ تکمیل تک نہ پہنچ سکا، اور مقررہ تقاضوں کے مطابق غیر دعویٰ شدہ منافع منقسمہ کی منتقلی زیر التوا رہی۔ تاہم، موجودہ انتظامیہ اور بورڈ آف ڈائریکٹرز کمپنیز ایکٹ، 2017 کی دفعہ 242 کی دفعات کی تعمیل یقینی بنانے کے لیے مکمل طور پر پروگرام ہیں، اور کمپنی کے نقد بہاؤ کی صورتحال میں بہتری سے مشروط، جلد از جلد ممکنہ موقع پر واجب الادا معاملات کو باقاعدہ بنانے کا ارادہ رکھتے ہیں۔

PC/GoP قرضے

حکومت پاکستان اور پرائیویٹائزیشن کمیشن کے قرضوں کا معاملہ PC، GoP اور MoF کے نمائندوں کے ساتھ زیر بحث لایا گیا ہے۔ متعدد اجلاسوں کے نتیجے میں، 131.454 ملین روپے (جو پرائیویٹائزیشن کمیشن نے اپنے طور پر اضافی گریجویٹ کی مد میں ادائیگی کے سوا اصل قرض کی مطابقت کر لی گئی ہے۔ ابتدا میں، مارک اپ کے معاملے پر حکومت پاکستان کا کوئی دعویٰ نہیں تھا۔ تاہم، پرائیویٹائزیشن کمیشن اور حکومت پاکستان نے ان قرضوں پر مارک اپ کے بارے میں بیرونی آڈیٹرز سے رابطہ شروع کر دیا۔ چیکو کی انتظامیہ نے قانونی مشاورت حاصل کی جس کے مطابق حکومت کا مارک اپ کا دعویٰ مناسب نہیں ہے۔ اگر پرائیویٹائزیشن کمیشن 1995 میں زمین فروخت کر دیتا تو حکومت کے واجبات ادا ہو چکے ہوتے۔

بورڈ آف ڈائریکٹرز نے اپنے متعدد اجلاسوں میں قرارداد منظور کی کہ چیکو کو دیے گئے کسی بھی قرض کے سلسلے میں حکومت پاکستان کو قانون کے تحت واجب الادا رقم ادا کی جائے گی۔ بورڈ نے خیر سگالی کے اظہار کے طور پر حکومت پاکستان کے قرضوں پر مارک اپ کی مد میں ایک طے شدہ رقم ادا کرنے کی قرارداد منظور کی، باوجود اس حقیقت کے کہ کمپنی ایسی ادائیگی کے لیے معاہداتی طور پر ذمہ دار نہیں تھی، اور متعلقہ دستاویزات میں مذکورہ قرضوں کی مدت اور قابل اطلاق مارک اپ سے متعلق کسی واضح شرائط کی عدم موجودگی کے باوجود چیکو کے نجی ڈائریکٹرز نے بی او ڈی کے اجلاس میں کاروباری طرز فکر اپنایا اور تصدیق کی کہ قانونی طور پر واجب الادا مارک اپ ادا کیا جائے گا اور اگر مارک اپ قانونی طور پر واجب الادا نہ بھی ہو، تو وہ مارک اپ کی ایک طے شدہ رقم ادا کرنے پر متفق ہیں لیکن وہ بادی باغ کی زمین کی مالیت کے اندر ہوگی کیونکہ ہم، خیر سگالی کے اظہار کے طور پر، زمین کی قدر میں اضافے کا فائدہ حکومت پاکستان کو دینے کا ارادہ رکھتے ہیں۔ چیکو کے بورڈ آف ڈائریکٹرز نے یہ قرارداد بھی منظور کی کہ بادی باغ کی زمین، لاہور کی فروخت سے حاصل ہونے والی رقم GoP قرض کے اصل زر کی ادائیگی کے ساتھ ساتھ مارک اپ کی طے شدہ رقم کی ادائیگی میں استعمال کی جائے گی۔ بادی باغ کی زمین، لاہور کی فروخت سے حاصل ہونے والی رقم میں سے، اصل زر اور مارک اپ کی طے شدہ رقم کی ادائیگی کے بعد، اضافی رقم چیکو اپنے پاس رکھے گی۔ بورڈ نے مزید قرارداد منظور کی کہ اگر بادی باغ کی زمین، لاہور کی فروخت سے حاصل ہونے والی رقم زائد نہ ہوئی، تو GoP قرض اور مارک اپ کا معاملہ طے شدہ تصور ہوگا۔ کمپنی کا بورڈ آف ڈائریکٹرز (بی او ڈی) اور انتظامیہ یہ سمجھتے ہیں کہ چیکو بطور ادارہ مذکورہ رقم کو اس وقت تک بطور ذمہ داری تسلیم یا قبول نہیں کرتا جب تک کہ مارک اپ کی رقم کا باہمی طور پر تعین، تصفیہ اور GoP اور چیکو کے درمیان باضابطہ اتفاق نہ ہو جائے۔

تاہم، اس مسئلے کو حل کرنے کے لیے، سال کے دوران حکومت پاکستان (GoP) اور پرائیویٹائزیشن کمیشن (PC) کو قابل ادائیگی دیرینہ رقوم کی مطابقت اور تصفیہ کی جانب نمایاں پیش رفت ہوئی۔ وکی انتظامیہ نے وزارت خزانہ (MoF) کے ساتھ رابطے میں، متعلقہ ریکارڈز میں ظاہر ہونے والے واجب الادا GoP قرض بیلنسز اور متعلقہ رقوم کی مطابقت کے لیے ٹھوس اقدامات شروع کیے ہیں۔

اس عمل کے حصے کے طور پر، چیکو کی انتظامیہ اور MoF کے درمیان اجلاسوں اور مشاورت کا ایک سلسلہ شروع ہو چکا ہے، جس میں 28 جولائی 2026 اور 24 ستمبر 2026 کو منعقدہ اجلاس شامل ہیں، جن کا مقصد متعلقہ ریکارڈز کی مطابقت اور باہمی طور پر متفقہ بیلنسز تک پہنچنا ہے۔ ان روابط کے ذریعے خاطر خواہ پیش رفت حاصل ہوئی ہے، جو اس دیرینہ معاملے کو مربوط اور شفاف انداز میں حل کرنے کے لیے تمام متعلقہ فریقین کے عزم کی عکاسی کرتی ہے۔ مطابقت کا عمل چیکو کی انتظامیہ کی جانب سے متعلقہ حکومتی حکام کی مشاورت سے فعال طور پر آگے بڑھایا جا رہا ہے، اور اب تک حاصل ہونے والی پیش رفت کی بنیاد پر، توقع ہے کہ یہ معاملہ 31 دسمبر 2026 تک بڑی حد تک مکمل ہو جائے گا۔

کارپوریٹ مالیاتی رپورٹنگ فریم ورک پر بیان

اسٹاک ایکسچینجز کی جانب سے اپنے لسٹنگ ریگولیشنز میں وضع کردہ کوڈ آف کارپوریٹ گورننس کے تقاضوں، جو 30 جون 2026 کو ختم ہونے والے سال سے متعلق ہیں، کی باقاعدہ تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان رپورٹ کے ساتھ منسلک ہے، براہ کرم صفحہ نمبر 38 ملاحظہ کریں۔

آڈٹ اینڈ رسک مینجمنٹ کمیٹی

آڈٹ اینڈ رسک مینجمنٹ کمیٹی بورڈ کی جانب سے ڈائریکٹرز کو ان کی ذمہ داریوں، کارپوریٹ گورننس، مالیاتی رپورٹنگ اور کارپوریٹ کنٹرول کی انجام دہی میں معاونت کے لیے قائم کی گئی۔ کمیٹی تین اراکین پر مشتمل ہے جہاں کمیٹی کا چیئر مین آزاد ڈائریکٹر ہے۔ بورڈ آڈٹ اینڈ رسک مینجمنٹ کمیٹی کمپنی کے مالیاتی نتائج، آڈٹ اور مینجمنٹ کنٹرولز کے نظام کے معیارات کی پاسداری سے متعلق رپورٹس کا جائزہ لینے کی ذمہ دار ہے۔ کمیٹی طریقہ کار کا جائزہ لیتی ہے، کمپنی کے لیے انجام دی جانے والی خدمات کے حوالے سے ان کی خود مختاری کو یقینی بناتی ہے اور بورڈ آف ڈائریکٹرز کو سفارشات پیش کرتی ہے۔ کمیٹی کی تشکیل درج ذیل ہے:

رکن	محترمہ عفت ملک
رکن	جناب انصار جاوید
رکن	جناب طاہر بشیر خان
رکن	مرزا محمود احمد

سال کے دوران بورڈز کمیٹی کے دو (02) اجلاس منعقد ہوئے۔ بورڈ نے بورڈ آڈٹ کمیٹی کو کمپنی کے رسک مینجمنٹ سے متعلق معاملات کی نگرانی کی ذمہ داری سونپی ہے۔

ڈائریکٹرز ٹرینگ پروگرام

کمپنی کا بورڈ آڈٹ ڈائریکٹرز پر مشتمل ہے، جہاں ڈائریکٹرز لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے ریگولیشن 19 کے مطابق ڈائریکٹرز ٹرینگ پروگرام کے تحت سند یافتہ ہیں۔

ضابطہ اخلاق

بورڈ، سینئر انتظامیہ اور دیگر ملازمین کی دیانت داری کے فروغ کے لیے پیشہ ورانہ معیارات اور کارپوریٹ اقدار کے نفاذ کی غرض سے، بورڈ نیا یک ضابطہ اخلاق کی منظوری دی ہے اور اسے عام کیا ہے، جس میں قابل قبول اور ناقابل قبول رویوں کی وضاحت کی گئی ہے۔ اسے کمپنی کی ویب سائٹ پر رکھ دیا گیا ہے۔

ملازمین کی تعداد

کمپنی نے موزوں افرادی قوت کے ساتھ اپنے آپریشنز جاری رکھے۔ 30 جون 2026 تک ملازمین کی تعداد 20 تھی جبکہ گزشتہ سال یہ تعداد 18 تھی۔

ہیومن ریسورس اینڈ ریمونریشن کمیٹی

ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے لیے مقرر کردہ ذمہ داریاں ضرورت پڑنے پر بورڈ کی سطح پر ادا کی جارہی ہیں، لہذا علیحدہ کمیٹی ضروری نہیں سمجھی جاتی۔

نامینیشن کمیٹی

نامینیشن کمیٹی کے لیے مقرر کردہ ذمہ داریاں ضرورت پڑنے پر بورڈ کی سطح پر ادا کی جارہی ہیں، لہذا علیحدہ کمیٹی ضروری نہیں سمجھی جاتی۔

متعلقہ فریقین کے ساتھ لین دین

کمپنی نے متعلقہ فریقین کے ساتھ تمام لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے اور اس کی سفارش پر بورڈ کے سامنے جائزے اور منظوری کے لیے پیش کرنے کا سلسلہ جاری رکھا ہے۔

ویب پر موجودگی

رواں مالی سال کے کمپنی کے مدتی مالیاتی گوشوارے، بشمول گزشتہ تین سال کی سالانہ رپورٹس، سرمایہ کاروں کی معلومات کے لیے کمپنی کی ویب سائٹ www.peco.com.pk پر دستیاب ہیں۔

صحت، تحفظ اور ماحول

کمپنی پائیدار کارکردگی کے حوالے سے صحت، تحفظ اور ماحول کے معیارات کو بہتر بنانے پر یقین رکھتی ہے اور اس کے لیے مکمل طور پر پرعزم ہے۔ کمپنی کی تنظیمی اسکیم کے ساتھ مربوط نظام کے ذریعے پوری تنظیم میں پراسیس سیفٹی اور سیٹھ پیریسڈ سیفٹی کو بہتر بنایا گیا ہے اور کمپنی نمایاں سطحوں کے حصول اور انہیں برقرار رکھنے پر توجہ کے ساتھ مسلسل بہتری کی راہ پر گامزن ہے۔ کمپنی نے ایک ٹھوس جانشینی منصوبہ وضع کیا ہے جس میں ممکنہ مستقبل کے رہنماؤں کی ترقی کے لیے کارکردگی کا جائزہ اور مناسب تربیتی تقاضے شامل ہیں۔

واجب الادا قانونی واجبات

واجب الادا قانونی واجبات کی تفصیل اکاؤنٹس کے نوٹ نمبر 23 میں دی گئی ہے۔

کاروباری منصوبے

کمپنی گزشتہ برسوں سے پیدا ہونے والے دیرینہ مالیاتی اور عملی چیلنجز سے نمٹنے کا عمل جاری رکھے ہوئے ہے، جنہوں نے اس کی عملی استعداد، اثاثہ جاتی بنیاد، لیکویڈیٹی کی صورتحال اور مالیاتی اداروں اور سپلائرز کے ساتھ تعلقات کو نمایاں طور پر متاثر کیا تھا۔ سال کے دوران، بورڈ اور انتظامیہ نے کمپنی کو مستحکم کرنے اور اس کی پائیدار بحالی کے لیے ٹھوس بنیاد فراہم کرنے پر توجہ مرکوز رکھی۔

اس مقصد کی معاونت کے لیے، بورڈ نے جامع کاروباری بحالی اور تنظیم نو کے اقدامات وضع کیے ہیں اور ان پر فعال طور پر عمل پیرا ہے، جن کا مقصد مالی استحکام کو مضبوط بنانا اور عملی پائیداری کو بحال

دیرینہ معاملات کو حل کرنے پر مرکوز ہیں۔

بورڈ مضبوط گورننس، مالیاتی نظم و ضبط، وسائل کے مؤثر استعمال اور محتاط کاروباری منصوبہ بندی کے ذریعے چیکو کی منظم اور پائیدار بحالی کے لیے پختہ عزم رکھتا ہے۔ یہ کوششیں کمپنی کی عملی صلاحیتوں کی بحالی، اسٹیک ہولڈرز کے لیے طویل مدتی قدر کی تخلیق اور چیکو کو ایک بار پھر صنعتی سرگرمی اور روزگار کی فراہمی میں با معنی کردار ادا کرنے کے قابل بنانے کی جانب مرکوز ہیں۔

بورڈ آف ڈائریکٹرز اور انتظامیہ کمپنی کی کامیاب کاپیٹل کے لیے مربوط کوششیں کر رہے ہیں اور پُر اعتماد ہیں کہ جاری بحالی اور تنظیم نو کے اقدامات اس کی عملی اور مالی حیثیت کو مضبوط بنائیں گے۔ چنانچہ بورڈ اور انتظامیہ چیکو کو بطور گونگ کنسرن برقرار رکھنے اور اس کے پائیدار مستقبل کو محفوظ بنانے کے لیے پرعزم ہیں، انشاء اللہ۔

اظہارِ تشکر

بورڈ کمپنی کے ملازمین، صارفین، سپلائرز، حصص یافتگان اور بینکاروں کا ان کے مسلسل تعاون پر شکریہ ادا کرنا چاہتا ہے۔ ان کے اعتماد اور خیر سگالی نے سال کے دوران کمپنی کی پیش رفت میں کردار ادا کیا۔

ہم کمپنی کی کامیابی اور تمام اسٹیک ہولڈرز اور بالعموم ملک کے مفاد کے لیے اللہ تعالیٰ سے دعا گو ہیں۔

منجانب چیکو بورڈ

ارسلان نبیر شیخ

ڈائریکٹر

عبدالشیر خان خٹک

منیجنگ ڈائریکٹر

02 اکتوبر 2026

لاہور

STATEMENT OF COMPLIANCE, WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

PAKISTAN ENGINEERING COMPANY LIMITED FOR THE YEAR ENDED JUNE 30, 2026

The Company has complied with the requirements of the Regulations in the following manner:

- As on June 30, 2026; the total number of Directors are 12 as per the following:

a.	Male	10
b.	Female	02

The Board of Directors in its 215th meeting held on 05.03.2024 resolved to fix the number of directors as eight (08), to be elected in general meeting for a term of three (03) years. The total strength of the post-election Board of Directors of the Company is eight (08) elected directors, representing private shareholding, and four (04) Federal Government nominees. The Board has carefully considered the requirement regarding the number of Independent Directors and is of the view that the presence of two Independent Directors on the Board is adequate and effective to ensure independent judgment, objective oversight, and balanced decision-making in the affairs of the Company. The Board believes that the existing Independent Directors possess the requisite experience, competence, and professional standing to provide impartial views and safeguard the interests of all stakeholders. Furthermore, Board deliberations are conducted collectively, with decisions being made transparently and in accordance with applicable laws, regulations, and principles of good corporate governance. Accordingly, the Board is satisfied that the current level of independent representation is sufficient to maintain the independence and effectiveness of the Board's oversight functions.

- The composition of board is as follows:

a. Independent Directors	02	Mr. Muhammad Abbas Mirza Mr. Arslan Nayyar Sheikh
b. Non-executive Director	08	Mr. Rashid Ali Khan Mr. Tahir Bashir Khan Mr. Muhammad Arif Habib Mirza Mahmood Ahmad Mr. Ansar Javed Ms. Humaira Zia Mufti (Government Nominee Director) Mr. Malik Aman (Government Nominee Director) Ms. Iffat Malik (Government Nominee Director)
c. Executive Directors	01	Mr. Abdul Shabbir Khan Khattak (Government Nominee Director)
d. Female Director	01	Miss. Saher Mangi

*Mr. Mr. Abdul Shabbir Khan Khattak (Government Nominee Director/ Chief Executive Officer) of the Company, is a deemed director as defined in Section 188(3) of the Companies Act, 2017. Mr. Mr. Abdul Shabbir Khan Khattak, Chief Executive Officer, was appointed as Managing Director of Pakistan Engineering Company Limited on 07.11.2025.

*Ms. Humaira Zia Mufti (Government Nominee Director/Chairperson of the PECO Board), is a deemed director as defined in Section 188(3) of the Companies Act, 2017. Ms. Humaira Zia Mufti (Chairperson of the PECO Board) was appointed by Ministry of Industries and Production, as ex-officio Director of Pakistan Engineering Company Limited on 30.06.2026.

During the year, Mr. Malik Aman (Government Nominee Director) and Ms. Iffat Malik (Government Nominee Director) were appointed by Ministry of Industries and Production, Government of Pakistan as Government Nominees on the Board of Pakistan Engineering Company Limited.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act 2017 ("Act") and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. The directors either have already attended the Directors' training as required in previous years or meet the exemption criteria as contained in these Regulation. Therefore, the Board has not arranged any Directors Training Program;
10. All directors of a company attended its general meeting(s) (ordinary & extra-ordinary) unless precluded from doing so due to any reasonable cause.
11. The Board shall ensure that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the company. The significant policies may include anti-harassment policy to safeguard the rights and well-being of employees, incorporating the mechanism as prescribed under the Protection Against Harassment of Women at the Workplace Act 2010 and the respective provincial laws on the protection against harassment of women at workplace for the time being in force.
12. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
13. The Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

14. The Board has formed the following committees comprising of the following members:

BOARD AUDIT COMMITTEE

- | | |
|-----------------------------|----------|
| 1. Mr. Arslan Nayyer Sheikh | Chairman |
| 2. Mr. Tahir Bashir Khan | Member |
| 3. Mirza Mahmood Ahmad | Member |
| 4. Mr. Ansar Javed | Member |
| 5. Ms. Iffat Malik | Member |

The Board has not formed Human Resources & Remuneration Committee as the Board if of the considered view that the responsibilities as prescribed for the human resource and remuneration committee are being addressed at Board level as and when needed so a separate committee is not considered to be necessary. (Para 22)

15. The terms of reference of the Board Audit Committee have been formed, documented and advised to the Committee for compliance.
16. The frequency of meetings (quarterly/half yearly/ yearly) of the Committees were as per following:
- | | |
|--|--------------------|
| a. Audit Committee | At least quarterly |
| b. Nomination Committee | Quarterly |
| c. Risk Management Committee | At least quarterly |
| d. Human Resource and Remuneration Committee | Quarterly |
17. The Board has set up an effective internal audit function, which is supervised by the head of internal audit, who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
20. We confirm that, except for regulation 6, all requirements of the regulations 3,7,8, 27,32,33 and 36 of the Regulations have been complied with.
21. Explanation for non-compliance with requirements, other than regulations 3,7,8, 27,32,33 and 36 are below (if applicable):

S. No.	Requirement	Reg. No.	Explanation
1	A listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.	6	The Board has carefully considered the requirement regarding the number of Independent Directors and is of the view that the presence of two Independent

			Directors on the Board is adequate and effective to ensure independent judgment, objective oversight, and balanced decision-making in the affairs of the Company.
2	Same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.	24	Presently, both the aforesaid positions are held by the same person, Mr. Anwar Aziz. Considering the requirements of these regulations, Board was trying to on-board a person with requisite qualification.
3	There shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director.	28	The responsibilities as prescribed for the human resource and remuneration committee are being addressed at Board level as and when needed so a separate committee is not considered to be necessary.
4	The Board may constitute a separate committee, designated as the Nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	29	The responsibilities as prescribed for Nomination committee are being addressed at Board level as and when needed so a separate committee is not considered to be necessary.
5	The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30	The Board has tasked the Board Audit Committee to oversee risk management related matters of the Company.
6	The company may post on its website key elements of its significant policies including but not limited to the following: (i) communication and disclosure policy; (ii) risk management policy; (iii) internal control policy; (iv) whistleblowing policy; (v) corporate social responsibility / sustainability / environmental, social and governance related policy; and (vi) DE&I Policy and Protection against harassment at workplace	35(1)	As the regulation provides concession with respect to disclosure of key elements of significant policies on the website, only those policies which are considered necessary, have been posted.

ON BEHALF OF THE BOARD

Abdul Shabbir Khan Khattak
Managing Director

October 02, 2026
Lahore

**Independent Auditor's Review Report
To the Members of "Pakistan Engineering Company Limited"**

Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Pakistan Engineering Company Limited** for the year ended June 30, 2026 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2026.

Further, we highlight the non-compliance with the requirements of Regulation 6 of the Code of Corporate Governance, as disclosed in Paragraph 20 of the Statement of Compliance, and the explanations regarding non-compliance other than Regulations 3, 6, 7, 8, 27, 32, 33, and 36, as disclosed in Paragraph 21 of the Statement of Compliance.

Lahore

Date: October 2, 2026

UDIN: CR202610916TbrDxv0p6

Malik Haroon Ahmad & Co.
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT
to the Members of Pakistan Engineering Company Limited
Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of **Pakistan Engineering Company Limited** (the Company), which comprise the statement of financial position as at **June 30, 2026**, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of the report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. As disclosed in Note 2 to the financial statements, the Company has had no active business operations since October 2018, following a management crisis that continued until March 2023 and incurred a loss before levy and taxation of Rs. 33.93 million during the year. The financial statements have been prepared on a going concern basis. Management has not provided us with an assessment of the Company's ability to continue as a going concern supported by approved plans and cash flow forecasts for a period of at least twelve months from the reporting date, and we were unable to obtain sufficient appropriate audit evidence regarding the appropriateness of the going concern basis of accounting and the adequacy of the related disclosures.
2. The fair value of investment property amounting to Rs. 18.78 million disclosed in Note 7.3 to the financial statements is based on a valuation carried out as of March 17, 2016 and does not represent the fair value at the reporting date as required by IAS 40 "Investment Property". The Company has not obtained a current valuation and we were unable to determine the fair value at June 30, 2026 by alternative means; consequently, the disclosure is misstated by an amount we were unable to quantify.
3. We were unable to verify the valuation and existence of stores, spares and loose tools and stock in trade amounting to Rs. 11.094 million and Rs. 13.320 million respectively, as these items were purchased and manufactured several years ago. Consequently, we were unable to satisfy ourselves by alternative procedures regarding the cost and existence of inventory as at June 30, 2026.

4. Due to the ongoing dispute with the Government, we were unable to obtain sufficient appropriate audit evidence to determine whether the land classified as held for sale as at June 30, 2026 meets the criteria for such classification in accordance with the applicable accounting standards. Consequently, we were also unable to determine whether the liabilities directly associated with the land held for sale, which have been presented as current liabilities, have been appropriately classified in the financial statements. The land, liabilities and related disclosures have been presented in Notes 18 and 26 to the financial statements.
5. We were unable to obtain audit evidence to verify long-term investments of Rs. 0.819 million, advances of Rs. 37.228 million, trade deposits, prepayments, and other receivables of Rs. 22.310 million.
6. We were unable to verify trade debtors amounting to Rs. 8.754 million. Additionally, we were unable to verify trade and other payables amounting to Rs. 196.23 million out of a total balance of Rs. 591.93 million.
7. As stated in Note 22, the Company measured its employee benefit obligation using the projected unit credit method in the current year, resulting in a liability of Rs. 13.17 million against Rs. 24.90 million in the preceding year, which was measured using a simplified approach not in accordance with IAS 19 "Employee Benefits" and formed one of the bases for our disclaimer of opinion for the year ended June 30, 2025. This change constitutes the correction of a prior period error which, under IAS 8, requires retrospective restatement of the comparative information and opening retained earnings and presentation of a statement of financial position as at July 1, 2024; however, the Company has not obtained an actuarial valuation as at June 30, 2025 and has recognised the difference of Rs. 12.805 million in the current year's statement of profit or loss. Consequently, we were unable to determine the effects of the non-restatement on the comparative figures, opening retained earnings, current year profit or loss, deferred taxation and earnings per share, and the disclosures required by IAS 8 have not been made.
8. Unclaimed dividends amounting to Rs. 13.070 million have not been deposited with the Federal Government as required by Section 242 of the Companies Act 2017. We were unable to determine the potential penalty, which should have been recorded in the financial statements.
9. Notes 26 and 27.1.3 to 27.1.5 of the financial statements state that the management believes the Company is not liable to pay Rs. 131.454 million and Rs. 671.86 million in additional principal loan liabilities and Rs. 5.99 billion in accrued interest as claimed by Government Authorities. We were unable to obtain sufficient audit evidence to verify these assertions.
10. Due to the matters noted above, we were unable to determine whether any adjustment may be necessary in deferred tax liability of Rs. 86.787 million reported in the financial statements.

Because of the significance of the matters described above, we were unable to determine whether any adjustments might have been necessary in respect of the recorded or unrecorded balances and the elements making up the statement of profit or loss, statement of comprehensive loss, statement of changes in equity and statement of cash flows.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with international standards on auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that because of matters described in Basis of Disclaimer of Opinion section of our report, we are unable to form an opinion whether:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive loss, the statement of changes in equity, and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Nawaz, ACA.**

Lahore
Date: October 2, 2026
UDIN: AR202610916OQqt5X4pN

Malik Haroon Ahmad & Co.
Chartered Accountants

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026	2025
----- Rupees in "000" -----			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	6	39,028,488	39,055,427
Investment property	7	366	385
Long term investment	8	819	819
Long term deposits	9	2,053	2,053
		39,031,726	39,058,684
CURRENT ASSETS			
Stores, spares and loose tools	10	11,094	11,094
Stock-in-trade	11	13,320	18,485
Short term investments	12	11	11
Trade debts - unsecured	13	8,754	8,754
Advances	14	37,228	37,168
Trade deposits, prepayments and other receivables	15	22,310	25,349
Tax refunds due from Government	16	119,916	123,051
Cash and bank balances	17	7,340	7,367
		219,973	231,279
Free hold land - held for sale	18	314,724	314,724
TOTAL ASSETS		39,566,423	39,604,687

The annexed notes from 1 to 50 form an integral part of these financial statements.

Abdul Shabir Khan Khattak
Managing Director / CEO

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026	2025
----- Rupees in "000" -----			
EQUITY AND LIABILITIES			
Share capital	19	56,902	56,902
Revenue reserve - general		10,000	10,000
Accumulated loss		(2,224,344)	(2,204,700)
Surplus on revaluation of fixed assets	20	39,075,401	39,086,883
		36,917,959	36,949,085
NON - CURRENT LIABILITIES			
Long term deposits	21	4,000	4,000
Deferred liabilities - net	22	99,955	113,239
		103,955	117,239
CURRENT LIABILITIES			
Trade and other payables	23	592,100	585,954
Unclaimed Dividend	24	13,070	13,070
Short term borrowing - secured	25	95,930	95,930
Accrued mark-up		52,561	52,561
Provision for taxation		-	-
		753,660	747,514
Liabilities directly associated with free hold land - held for sale	26	1,790,848	1,790,848
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		39,566,423	39,604,687

The annexed notes from 1 to 50 form an integral part of these financial statements.

Abdul Shabir Khan Khattak
Managing Director / CEO

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
----- Rupees in '000 -----			
Sales	28	-	26,695
Cost of sales	29	-	(22,457)
Gross profit		-	4,238
Operating cost	30	(30,394)	(31,853)
Selling and distribution expenses	31	-	(2)
Administrative expenses	32	(30,892)	(42,665)
Other operating charges	33	(1,330)	(1,220)
		(62,617)	(75,740)
Other operating income	34	28,699	2,025
Operating loss		(33,918)	(69,477)
Finance cost	35	(9)	(58)
Loss before taxation and levies		(33,927)	(69,535)
Levy	36	(170)	(334)
Loss before taxation		(34,097)	(69,869)
Taxation	36	1,963	6,062
Loss after taxation		(32,134)	(63,807)
BASIC AND DILUTED EARNINGS PER SHARE			
Basic and diluted loss per share	37	(5.65)	(11.21)

The annexed notes from 1 to 50 form an integral part of these financial statements.

Abdul Shabir Khan Khattak
Managing Director / CEO

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2026

	2026	2025
	----- Rupees in '000 -----	
Loss after taxation for the year	(32,134)	(63,807)
Items that will not be reclassified to profit and loss account:		
Remeasurement of retirement benefit plan	1,420	-
Related deferred tax impact on retirement benefit plan	(412)	-
	1,008	-
Total comprehensive loss for the year	(31,126)	(63,807)

The annexed notes from 1 to 50 form an integral part of these financial statements.

Abdul Shabir Khan Khattak
Managing Director / CEO

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Issued, subscribed and paid-up capital	Revenue Reserve - General	Accumulated Loss	Surplus on revaluation of fixed assets	Total
	-----Rupees in '000 -----				
Balance as at July 01, 2024	56,902	10,000	(2,152,980)	39,098,970	37,012,892
- Loss after tax for the year ended 30 June 2025	-	-	(63,807)	-	(63,807)
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	-	-	12,087	(12,087)	-
Balance as at June 30, 2025	56,902	10,000	(2,204,700)	39,086,883	36,949,085

The annexed notes from 1 to 50 form an integral part of these financial statements.

Abdul Shabir Khan Khattak
Managing Director / CEO

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Issued, subscribed and paid-up capital	Revenue Reserve - General	Accumulated Loss	Surplus on revaluation of fixed assets	Total
	-----Rupees in '000-----				
Balance as at July 01, 2025	56,902	10,000	(2,204,700)	39,086,883	36,949,085
- Loss after tax for the year ended 30 June 2026	-	-	(32,134)	-	(32,134)
Other comprehensive income for the year					
-Remeasurement of retirement benefit plan	-	-	1,420	-	1,420
-Related deferred tax impact	-	-	(412)	-	(412)
	-	-	1,008	-	1,008
Surplus on revaluation of property, plant and equipment realized during the year on account of:					
- incremental depreciation for the year - net	-	-	11,482	(11,482)	-
Balance as at June 30, 2026	56,902	10,000	(2,224,344)	39,075,401	36,917,959

The annexed notes from 1 to 50 form an integral part of these financial statements.

Abdul Shabir Khan Khattak
Managing Director / CEO

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
----- Rupees in '000 -----			
Cash used in operations	38	(13,026)	(1,228)
Finance cost paid		(9)	(58)
Gratuity paid		-	-
Tax paid		(594)	(826)
Workers' profit participation fund paid		-	-
Net cash used in operating activities		(13,629)	(2,112)
CASH FLOWS FROM INVESTING ACTIVITIES			
Short term investment		-	-
Fixed capital expenditure incurred		-	(23)
Sale proceed from disposal of property, plant and equipment		13,602	-
Long term deposits		-	-
Net cash generated from / (used in) investing activities		13,602	(23)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	-
Net cash (used in) / generated from financing activities		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(27)	(2,135)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		7,367	9,502
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17	7,340	7,367

The annexed notes from 1 to 50 form an integral part of these financial statements.

Abdul Shabir Khan Khattak
Managing Director / CEO

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 LEGAL STATUS AND OPERATIONS

- 1.1** Pakistan Engineering Company Limited ("the Company") 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 Exchange. The factory of the Company is situated at Near Kot Lakhpat Railway Station, Quaid-e-Azam Industrial Estate, PECO Road, Lahore. Total area of factory's land measures 1,927.20 kanals. 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 GOING CONCERN ASSUMPTION

During the FY 2018-19, a management crisis unfolded as the managing director appointed by the Government of Pakistan debarred the Board of Directors and key management personnel of the Company to continue their official duties and assumed control of the Company's operations, and made futile efforts to run the business independently. This crisis continued until March 21st, 2023, when the Board and the key management personnel was reinstated. The Board of Directors and key management personnel of the Company made all efforts to apprise all the stakeholders, i.e., Government of Pakistan, Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX), about the crises from time-to-time. Since then, the Board and the key management personnel have been working to compile accurate financial information to prepare financial statements that reflect the true position of the Company's affairs. Due to operational crisis during the year the Company incurred loss before levy and taxation of Rupees 33.927 million. The Board of directors of the Company is hopeful to successfully resume the operations of structure and pump/electric motor divisions in coming days, on the basis business plans reviewed by the board. Accordingly, these financial statements are prepared on going concern basis.

Keeping in view the financial condition of the Company, the Government of Pakistan in past had closed down all the divisions of the Company, however, a rehabilitation plan was approved by the Federal Cabinet and according to the plan, Structure (STR) division was kept operational and Badami Bagh Works was closed down with its land being offered for sale by the Privatization Commission of Pakistan. Furthermore, the company was allowed to hire needed workforce on job-to-job basis on contract/daily wages. In this regard title deed of Badami Bagh Land was also handed over to the Privatization Commission of Pakistan. Expression of interest has been received by Privatization Commission of Pakistan in this regard from many parties and management is confident that the transaction will be completed soon.

As per the recorded order of the Government of Pakistan, the principal liabilities payable towards the Gop will be settled through sale proceeds of Badami Bagh Land, the value of which has been estimated at Rs. 10,386 million. This value is significantly greater than the value of principle Government liabilities payable which amount to Rs. 1,790.848 million in aggregate. Further, the markup claimed by the Government departments on these liabilities is strongly disputed as there was no mention of charging interest in any agreement or decision. Further, to resolve the issue of charging of markup on the Gop loans a committee is recommended to be constituted which should comprise of representative from Ministry of Finance, Ministry of Industries and Production, Privatization Commission and Board Members of PECO.

The Government of Pakistan (through SEC) is one of the major stakeholders has provided in past continued support to the company and expressed its commitment in order to maintain the going concern status of the company. Further the Government's commitment to maintaining the going concern status of the Company is also supported by the fact that the Government in past has provided financial support to the Company in the form of interest free loans and financial support and continues to do so in the shape of credit ceilings vide Ministry of Finance to Rs. 700 million.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

In view of the situation set out above, although material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of the business, however, the BoD and the management of the company is strongly committed to maintaining the going concern status of the Company, which is evident from the above paras and is firmly confident that all these conditions are temporary and not permanent and would reverse in the near future and that the going concern assumption is appropriate for the reasons explained in the above paragraphs, therefore, these Financial Statements have been prepared on the assumption that the company will continue as a going concern.

3 BASIS OF PREPARATION

3.1 Statement of Compliance

- These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of :
 - (i) International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan.
 - (ii) Provisions of and directives issued under the Companies Act, 2017 (the Act).

Wherever the requirements of the Act or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Act or the requirements of the said directives prevail.

3.2 Basis of measurement

- These financial statements have been prepared under the historical cost convention except as stated otherwise.

3.3 Critical accounting estimates and judgments

- The Company's material accounting policies are stated in note 5 to these financial statements. Not all of these material policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.3.1 Provision for taxation

- The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law and the outcome is expected in favour of the Company, are shown as contingent liabilities.

3.3.2 Estimated useful lives, residual values and method of depreciation of property, plant and equipment

- The Company reviews the useful lives, residual value and method of depreciation of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.3.3 Provision for inventories and stores

- The Company regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management's estimate of the condition and usability of inventories and stores.

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3.3.4 Impairment of trade receivables

- The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3.3.5 Fair value of unquoted investments

Fair value of unquoted investments is determined by using valuation techniques. The Company uses its judgment to select an appropriate method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

3.3.6 Functional and presentation currency

- The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 INITIAL APPLICATION OF NEW STANDARDS, INTERPRETATIONS OR AMENDMENTS TO EXISTING STANDARDS

4.1 Standards, interpretations and amendments to accounting standards that are effective in the current period

There are certain amendments to the accounting and reporting standards which became effective during the year and are adopted by the Company for the financial year beginning on July 01, 2025. However, these amendments do not have any significant impact on the Company's financial reporting.

- *Amendments to IAS 21 – 'The Effects of Changes in Foreign Exchange Rates' Lack of exchangeability*
(Effective for annual periods beginning on or after January 1, 2025)

These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The application of these amendments did not have any impact on the Company's financial statements, as the Company did not have any transactions or balances denominated in currencies for which exchangeability was lacking.

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Standards, amendments to approved accounting standards that are not yet effective and have not been early adopted by the Company:

Standard or Interpretation	Effective Date - Annual Periods Beginning on or After
- IAS 7 Statement of Cash Flows (Amendments)	January 1, 2026
- IAS 21 The effects of changes in foreign exchange rates (Amendments)	January 1, 2027
- IAS 28 Investments in Associates and Joint Ventures (Amendments)	January 1, 2027
- IFRS 7 Financial Instruments: Disclosures (Amendments)	January 1, 2026
- IFRS 9 Financial Instruments (Amendments)	January 1, 2026
- IFRS 10 Consolidated Financial Statements (Amendments)	January 1, 2026
- IFRS 17 Insurance Contracts (Amendments)	January 1, 2027
- IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
- IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027

The management anticipates that, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2026;

- IFRS 1 - 'First-time Adoption of International Financial Reporting Standards
- IFRS 20 - Regulatory Assets and Regulatory Liabilities
- IFRIC 12 - Service Concession Arrangement

5 MATERIAL ACCOUNTING POLICIES

- The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

5.1 Taxation and levy

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

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Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to OCI.

Levy

As per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements, except for taxes on normal business income and dividend earned from investment in subsidiaries, associates and joint arrangements which is specifically within the scope of IAS 12 and hence it continues to be categorised as current income tax. The entity uses approach b of the application guidance wherein income tax is recognized first and any excess amount if any is then recognized as levy.

5.2 Property, plant and equipment

- Property, plant and equipment except for freehold land, building and plant and machinery are stated at cost less accumulated depreciation and any identified impairment loss, if any. Building and plant and machinery are stated at revalued amount less accumulated depreciation and any identified impair loss and freehold land is stated at revalued amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation on all items of property, plant and equipment is charged to profit or loss applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation is being charged at the rates given in note 6. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

The Company continually assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit or loss for the year. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, and the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

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An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

5.3 Capital work in progress

- All expenditure connected with specific assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

5.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The financial information has been prepared on the basis of single reportable segment i.e. "Engineering".

5.5 Associated undertakings / related parties

- The units controlled by the Ministry of Industries and Production, Government of Pakistan and under common controls are considered as associated undertakings of the company. All transactions between the Company and the associated undertakings are accounted for at an arm's length prices determined using "cost plus method" and properly recommended by the audit committee and subsequently approved by the board of directors of the Company.

5.6 Foreign currency translation

- All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. Foreign exchange gains and losses on translation are recognized in the profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.7 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of building and is valued using the cost method i.e. at cost less any identified impairment loss.

The Company assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal or retirement of an investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in profit or loss.

5.8 Trade debt and other receivables

Trade debts are carried at original invoice amount less any expected credit losses based on review of outstanding amounts at the year end in accordance with the simplified approach. Bad debts are written off when identified.

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5.9 Employees' retirement benefits

(a) Defined benefits plan

- The Company operates an unfunded gratuity scheme for its employees, defining the benefit amount an employee will receive upon retirement, resignation, or termination, subject to a minimum qualifying period of service. The Company's net obligation under this defined benefit plan is typically calculated by estimating the future benefits employees have earned in current and prior periods, discounting that amount, and deducting the fair value of any plan assets, with this calculation normally performed annually by a qualified actuary using the projected unit credit method.
- During the year, the Company obtained an actuarial valuation of its gratuity obligation from Nauman Associates as at June 30, 2026. The gratuity liability has been determined in accordance with the Projected Unit Credit Method, with the resulting current service cost, interest cost and remeasurement gains or losses recognized in accordance with IAS 19, "Employee Benefits".

(b) Defined contribution plan

- Up to June 30, 2005, company was operating a funded provident fund scheme covering all regular members and monthly contribution was made to the trust @10% of basic pay both by the company and the employees.

5.10 Trade and other payables

- Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

5.11 Revenue recognition

Revenue from sale of goods, implements and multi-application products, along with the provision of after market services. Revenue is recognized when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate element.

a) Income on bank deposits

Interest income on bank deposits is accounted for on the time proportion basis using the applicable rate of return.

b) Others

Scrap sales and miscellaneous receipts are recognized on realized amounts.

5.12 Borrowing costs

- Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

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NOTES TO THE FINANCIAL STATEMENTS
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5.13 Provisions

- Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

5.14 Cash and cash equivalent

- For the purposes of the cash flow statement, cash and cash equivalents are stated at cost and comprise of cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

5.15 Investments

- Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current.

a) Investments available for sale

These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

b) Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement loans and receivables are subsequently measured at amortized cost using effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by the IFRS.

d) Investments at fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

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NOTES TO THE FINANCIAL STATEMENTS
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5.16 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non- financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.17 Financial Instruments

i- Initial measurement of financial asset

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

ii- Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

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iii Non-derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, other receivables and cash and cash equivalent.

The Company derecognizes the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

5.18 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.19 Interest bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments.

5.20 Interest-free borrowings at amortized cost

These are measured at amortized cost. The amortized cost of these financial liabilities is determined using prevailing market interest rates for equivalent loans.

5.21 Dividend and appropriation to reserves

- Dividend distribution to the Company's shareholders is recognized as a liability in the period in which these are approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

5.22 Earnings per share

- The company presents basic and diluted Earning Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.23 Contingent assets

- Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes virtually certain.

5.24 Contingent liabilities

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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5.25 Share capital

- Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

6 PROPERTY, PLANT AND EQUIPMENT

6.1

2026												
Particulars	Cost / Revalued Amount					Rate	Depreciation					Net book value as at June 30 2026
	As at July 01 2025	Additions	Revaluation surplus/(loss) adjustment	Disposal	As at June 30 2026		As at July 01 2025	For the year	Revaluation surplus/(loss) adjustment	Disposal	As at June 30 2026	
	-----Rupees in "000"-----											
Freehold Land	38,544,000	-	-	-	38,544,000	-	-	-	-	-	-	38,544,000
Factory Building	316,455	-	-	-	316,455	5%	17,076	14,969	-	-	32,045	284,410
Plant and machinery	211,757	-	-	-	211,757	5%	11,426	10,017	-	-	21,443	190,314
Office equipment	9,916	-	-	-	9,916	10%	8,308	161	-	-	8,469	1,447
Computers	8,820	-	-	-	8,820	10%	7,276	154	-	-	7,430	1,390
Furniture and Fixtures	10,055	-	-	-	10,055	10%	8,870	119	-	-	8,989	1,066
Vehicles	38,137	-	-	13,916	24,221	20%	34,532	721	-	13,495	21,758	2,463
Electric Equipment	17,361	-	-	-	17,361	10%	14,108	325	-	-	14,433	2,928
Tools	6,742	-	-	-	6,742	10%	6,220	52	-	-	6,272	470
	39,163,243	-	-	13,916	39,149,327		107,816	26,518	-	13,495	120,839	39,028,488

2025												
Particulars	Cost / Revalued Amount					Rate	Depreciation					Net book value as at June 30 2025
	As at July 01 2024	Additions	Revaluation surplus/(loss) adjustment	Disposal	As at June 30 2025		As at July 01 2024	For the year	Revaluation surplus/(loss) adjustment	Disposal	As at June 30 2025	
	-----Rupees in "000"-----											
Freehold Land	38,544,000	-	-	-	38,544,000	-	-	-	-	-	-	38,544,000
Factory Building	316,455	-	-	-	316,455	5%	1,319	15,757	-	-	17,076	299,379
Plant and machinery	211,757	-	-	-	211,757	5%	882	10,544	-	-	11,426	200,331
Office equipment	9,893	23	-	-	9,916	10%	8,129	179	-	-	8,308	1,608
Computers	8,820	-	-	-	8,820	10%	7,104	172	-	-	7,276	1,544
Furniture and Fixtures	10,055	-	-	-	10,055	10%	8,738	132	-	-	8,870	1,185
Vehicles	38,137	-	-	-	38,137	20%	33,631	901	-	-	34,532	3,605
Electric Equipment	17,361	-	-	-	17,361	10%	13,747	361	-	-	14,108	3,253
Tools	6,742	-	-	-	6,742	10%	6,162	58	-	-	6,220	522
	39,163,220	23	-	-	39,163,243		79,712	28,103	-	-	107,816	39,055,427

6.2 Depreciation for the year has been allocated as under:

Cost of sale
Operating cost
Administrative expenses

2026	2025
Rupees in "'000"	Rupees in "'000"
-	25,855
24,397	
2,121	2,248
26,518	28,103

6.2.1 Depreciation charge is inclusive of incremental depreciation due to revaluation.

6.2.2 Land, Building and Plant and Machinery were revalued on May 30, 2024 by an independent valuer M/s Eastern Consultants Co. (Pvt) Ltd , on the basis of fair value / depreciated market value for the period of use resulting in surplus/(loss) of Rs. 24.708 billion, Rs. 99.43 million and Rs. (107.665 million) respectively. Details of previous revaluations is provided in Note. 20.

6.2.3 Freehold land represents land situated at Kot Lakhpat Works. The Company is in possession and control of the land and asserts that it holds valid title thereto. As per correspondence from the Board of Revenue, Punjab, the Government of Punjab has no objection to the disposal of properties of PECO which had vested in the Federal Government. However, the mutation of the land in the name of the Company has not been completed due to a letter issued, on 17.11.2014, by the Joint Secretary, Ministry of Industries and Production, Islamabad directing the District Officer (Revenue), Lahore, with a copy endorsed to the Member Revenue, Punjab, to stop the mutation process until further instructions, for reasons not disclosed. The management of the Company has intimated Ministry of Industries and Production, Islamabad, multiple times to withdraw letter issued in 2014; so that mutation of land could be completed; the response of which is still awaited.

6.2.4 Forced sale value of free hold land, building and plant and machinery is Rs. 32,762 million, Rs. 268.99 million and Rs. 179.99 million respectively.

6.2.5 Had there been no revaluation, the written down value of the revalued assets in the balance sheet would have been:

Free hold land
Factory building on free hold land
Plant and machinery

2026	2025
Rupees in "'000"	Rupees in "'000"
753	753
26,457	27,850
140,992	148,413
168,202	177,016

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	Note	2026	2025
----- Rupees in "000" -----			
7 INVESTMENT PROPERTY			
Cost:			
At the beginning of the year		959	959
Additions during the year		-	-
At the end of the year		959	959
Accumulated depreciation			
At the beginning of the year		574	554
Depreciation for the year		19	20
At the end of the year		593	574
		<u>366</u>	<u>385</u>
Depreciation rate		5%	5%
7.1	Investment property comprises of commercial properties that are situated at Uni Tower, I.I. Chundrigar Road, Karachi and leased to M/S UBL Insurers Limited. The lease contains an initial non-cancellable period of three years, with annual rent indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average renewal periods are three years. No contingent rent is charged.		
7.2	One of the properties having carrying value of Rs. 275 thousands remained vacant since long and no rental income was earned during those years.		
7.3	Fair value of investment property, based on valuation carried out by an independent valuer as at March 17, 2016 was rupees 18.780 million. No material change in fair value of property from previous valuation, is expected. Forced sale value of investment properties is amounting Rs. 15.963 million.		
8 LONG TERM INVESTMENT			
Held to maturity:			
Term deposit in Standard Chartered Bank Limited	8.1	819	819
8.1	The TDR matured in June 2019, carrying an original markup rate of 5.3% per annum (2025: 5.3%). No interest income has been accrued and received during the year due to the non availability of the information. The principal amount deposited with the bank is Rs. 0.741 million.		
9 LONG TERM DEPOSITS			
Long term deposits	9.1	3,771	3,771
Less: Expected credit loss	9.2	1,718	1,718
		<u>2,053</u>	<u>2,053</u>
9.1	These include Rs 1.059 million (2025: Rs 1.059 million) representing amount deposited with Water and Sanitation Agency (WASA), Lahore as a security deposit.		
9.2 Movement in expected credit loss is as follows:			
Opening balance		1,718	1,718
Provided for the year		-	-
Closing balance		<u>1,718</u>	<u>1,718</u>

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
----- Rupees in "000" -----			
10 STORES, SPARES AND LOOSE TOOLS			
Stores		11,823	11,823
Loose tools		9,271	9,271
		<u>21,094</u>	<u>21,094</u>
Less: Provision for slow moving stores		(10,000)	(10,000)
		<u>11,094</u>	<u>11,094</u>
10.1 Stores and spares include items which are of capital nature but can not be distinguished.			
11 STOCK-IN-TRADE			
Raw material		-	5,165
Work in process		13,320	13,320
		<u>13,320</u>	<u>18,485</u>
12 SHORT TERM INVESTMENTS			
ABL cash fund		11	11
12.1 This represents investment in growth fund of Allied Bank Asset Management Limited. The return on this investment is reinvested as and when earned.			
13 TRADE DEBTS - UNSECURED			
WAPDA, AJK and Telecommunication Companies		21,431	21,431
Others	13.2	30,535	30,535
		<u>51,966</u>	<u>51,966</u>
Less: Expected credit loss			
WAPDA		12,677	12,677
Others		30,535	30,535
		<u>43,212</u>	<u>43,212</u>
		<u>8,754</u>	<u>8,754</u>
13.1 Trade debtors other than those against which provision has been made are considered good by the management.			
13.2 Trade debtors include an amount of Rs. 7.617 million (2025: Rs. 7.617 million) receivable from M/s Metropolitan Steel Corporation Limited against which the company has filed suit for execution of Court decision in favor of the Company.			
14 ADVANCES			
Advances to:			
- Employees - Secured			
' - against salary		83	83
' - against expenses	14.2	2,105	2,105
- Suppliers	14.3	35,040	34,980
		<u>37,228</u>	<u>37,168</u>
14.1 Advances other than those against which provision has been made are considered good by the management.			
14.2 Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.			
14.3 Suppliers as at closing date		37,506	37,446
Less: Expected credit loss	14.3.1	2,466	2,466
		<u>35,040</u>	<u>34,980</u>

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
----- Rupees in "000" -----			
14.3.1 Movement in expected credit loss is as follows:			
Opening balance		2,466	2,466
Add: Provision for expected credit loss		-	-
Less: Provision for expected credit loss written off		-	-
Closing Balance		<u>2,466</u>	<u>2,466</u>
15 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Trade deposits - considered good	15.1	2,531	2,531
Margin against bank guarantee - Considered good	15.2	18,367	18,367
Short term prepayments and other receivables		<u>1,412</u>	<u>4,451</u>
		<u>22,310</u>	<u>25,349</u>
15.1 Balance as on closing date		5,663	5,663
Less: Expected credit loss		<u>3,132</u>	<u>3,132</u>
		<u>2,531</u>	<u>2,531</u>
15.2 Balance as on closing date		18,428	18,428
Less: Expected credit loss		<u>61</u>	<u>61</u>
		<u>18,367</u>	<u>18,367</u>
16 TAX REFUNDS DUE FROM GOVERNMENT			
Advance income tax - net		44,775	44,351
Sales tax refundable		<u>75,141</u>	<u>78,701</u>
		<u>119,916</u>	<u>123,051</u>
17 CASH AND BANK BALANCES			
Cash in hand		-	-
Cash at bank			
- Current accounts		6,790	6,853
- Deposit accounts	17.1	<u>550</u>	<u>514</u>
		<u>7,340</u>	<u>7,367</u>
		<u>7,340</u>	<u>7,367</u>
17.1 The company is maintaining saving account with different banks with interest on the daily product basis which was carrying interest @ 7% to 10.5%. (2025 : @ 9% to 11%).			
17.2 All bank accounts are maintained under conventional banking system.			

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
----- Rupees in "000" -----			
18 FREE HOLD LAND - HELD FOR SALE			
Free hold land - held for sale		314,724	314,724
18.1 This represents land of 259 kanals and 13 marlas 99.5 Sft of Badami Bagh Works which has been closed down. The fair value of land, based on valuation carried out by an independent valuer on May 30, 2024 was estimated at Rs. 10,386.00 million. The company has the possession and control of the land and holds valid title. As per the Economic Coordination Committee decision the title documents of the land were handed over to the Privatization Commission for sale and proceeds to be utilized for settlement of outstanding Government liabilities (refer note. 26.2). In this regard the title documents of the land have been handed over to the Privatization Commission for sale in 1994 by National Bank of Pakistan. Since then till date the land has been offered for sale various times by the Privatization Commission of Pakistan. A part of the land was sold in February 2001 by the Privatization Commission of Pakistan and several expression of interests have been received for the remaining portion by Privatization Commission from many parties. The Mutation of land is complete as per The Board of Revenue Punjab letter which states that the Government of Punjab has, however, no objection to the disposal of properties of PECO which had vested in the Federal Government. However a letter was issued by the Joint Secretary Ministry of Industries and Production Islamabad directing District Officer Revenue Lahore and copy endorsed to Member Revenue Punjab to stop the above mutation till further instructions, for undisclosed reasons. The BOD and the Management of the Company are till date strongly committed to the plan of selling the Badami Bagh Land and there has been no revocation of the GOP order or any change in the management's stance or plan. Further the Privatization Commission in its direct confirmations to the auditors has also clearly stated that GOP loans would be recovered from the sale proceeds of Badami Bagh Land.			
Therefore taking into account the fact that the carrying amount of the land would be recovered principally through a sale transaction and not through continuing use and that the management and the GOP are firmly committed to a plan to sell the land and till date there has been no change of plan or revocation of Government order, the land is available for immediate sale, active programs to locate buyers continue to be carried out, the asset is marketed at fair value and it is extremely unlikely that the plan will be significantly be changed or withdrawn. The foregoing facts that events or circumstances which have resulted in the extension of the period to complete the sale beyond one-year, are beyond the entity's control, therefore, Badami Bagh Land is classified as "Held for Sale" at lower of its carrying amount or fair value less cost to sell.			
19 SHARE CAPITAL			
Authorized capital:			
Ordinary shares 9,000,000 (2025: 9,000,000) of Rs.10/- each		90,000	90,000
7.5% Cumulative redeemable preference shares 100,000 (2024: 100,000 of Rs. 100/- each		10,000	10,000
		100,000	100,000
Issued, subscribed and paid up capital:			
Ordinary shares 3,162,144 of Rs.10/- each fully paid in cash		31,621	31,621
Ordinary shares 2,528,101 of Rs. 10/- each issued as fully paid up bonus shares		25,281	25,281
		56,902	56,902
19.1 State Engineering Corporation, an associated company, holds 1,415,723 (2025: 1,415,723) ordinary shares of Rs. 10/- as at 30 June 2026.			

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
----- Rupees in "000" -----			
20 SURPLUS ON REVALUATION OF FIXED ASSETS			
Free hold land	20.2	38,857,238	38,857,238
Building structure on free hold land	20.3	183,144	192,783
Plant and machinery	20.4	35,019	36,862
		<u>39,075,401</u>	<u>39,086,883</u>
20.1 The latest revaluation of freehold land, Building and Plant & machinery was carried out by Eastern Consultants (Pvt). Limited on May 30, 2024. The value of such assets is ascertained according to the local market value.			
20.2 Free hold land			
Surplus on revaluation of Badami Bagh land	20.2.1	313,999	313,999
Surplus on revaluation of Kot Lakhpat land	20.2.2	38,543,239	38,543,239
		<u>38,857,238</u>	<u>38,857,238</u>
20.2.1 Badami Bagh land			
Surplus on revaluation		313,999	313,999
Revaluation surplus realized on account of disposal		-	-
		<u>313,999</u>	<u>313,999</u>
This represents revaluation surplus arising on revaluation of land of Badami Bagh works, which was revalued in 1991, prior to being classified as 'Held for Sale' resulting in surplus of Rs. 321.358 million. (Ref: Note 18).			
20.2.2 Kot Lakhpat land			
Opening surplus on revaluation		38,543,239	38,543,239
New revaluation surplus on land		-	-
Revaluation surplus realized on account of disposal		-	-
		<u>38,543,239</u>	<u>38,543,239</u>
Kot Lakhpat works was revalued on May 30, 2024 by an independent approved valuer M/s Eastern Consultants (Private) Limited on the basis of average market rate keeping in view of prevailing real estate market conditions. The land was revalued at 38,544 million resulting in revaluation surplus of Rs. 24,709 million. Earlier, the land has been revalued in 1991 by M/s NESPAK and in 2001, 2009, 2013 and 2016 by M/s Indus Surveyors (Pvt.) Limited.			
20.3 Building Structure on freehold land			
Balance at beginning of the year		192,783	202,930
Surplus on new revaluation of Building		-	-
Related deferred taxation		-	-
Revaluation surplus realized incremental depreciation		(13,576)	(14,291)
Related deferred taxation		3,937	4,144
		<u>(9,639)</u>	<u>(10,147)</u>
		<u>183,144</u>	<u>192,783</u>
20.4 Plant and Machinery			
Balance at beginning of the year		36,862	38,802
Loss on new revaluation of plant and machinery	20.4.1	-	-
Related deferred taxation income		-	-
Revaluation surplus realized incremental depreciation		(2,596)	(2,733)
Related deferred taxation		753	792
		<u>(1,843)</u>	<u>(1,940)</u>
		<u>35,019</u>	<u>36,862</u>

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
----- Rupees in "000" -----			
20.4.1 Plant and machinery of Kot Lakhpat works was revalued on May 30, 2024 by an independent approved valuer M/s Estern Consultants (Private) Limited on the basis of present depreciated market value . The plant and machinery was revalued at 211.756 million resulting in revaluation loss of Rs. 107.665 million. Earlier, the plant and machinery has been revalued in 1997, 2009, 2013 and 2016 by M/s Indus Surveyors (Pvt.) Limited.			
21 LONG TERM DEPOSITS			
Security deposits	21.1	4,000	4,000
21.1 These represent security deposits from dealers (Pump well Company, National Company and Cognitive Solutions) which, by virtue of agreement are interest free and used in the company's business. These are repayable on cancellation of dealership contract with dealers.			
22 DEFERRED LIABILITIES - NET			
Retirement benefit obligation	22.1	13,168	24,901
Deferred income tax liability-net	22.2	86,787	88,338
		<u>99,955</u>	<u>113,239</u>
22.1 Retirement benefit obligation			
The actuarial valuation was carried out as at June 30, 2026 by independent actuary "Nauman Associates" using the "Projected Unit Credit Method". Actuarial remeasurements recognised in OCI in the period they arise and not reclassified to P&L.			
Assumptions used for the valuation for the scheme are as under:			
22.1.1 Statement of financial position reconciliation as at 30th June			
Fair value of plan assets		-	-
Present value of defined benefits obligations		13,168	24,901
		<u>13,168</u>	<u>24,901</u>
22.1.2 Movement in the liability			
Balance at beginning of year		24,901	23,850
Amount charged to P&L (write off)		(12,805)	-
Amount recognized during the year		2,493	1,051
		<u>14,588</u>	<u>24,901</u>
Remeasurement chargeable in other comprehensive income		(1,420)	-
Benefits paid in cash during the year		-	-
Balance at end of year		<u>13,168</u>	<u>24,901</u>
22.1.3 Charge for the year			
Current service cost		909	1,051
Interest cost		1,421	-
Gain on plan settlements		-	-
Past service cost		162	-
Expense recognized in the statement of profit or loss		<u>2,493</u>	<u>1,051</u>

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
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----- Rupees in "000" -----

22.1.4 The expense recognized in the statement of profit or loss:

Cost of sales	-	
Distribution cost	-	
Administrative expenses	2,493	1,051
	<u>2,493</u>	<u>1,051</u>

22.1.5 Discount rate

11.75% -

Expected rate of increase in salaries

9.75% -

The history of present value of defined benefit obligation is as follows:

	2026	2025	2024	2023	2022
Present value of defined benefit obligation	13,168	24,901	23,850	22,767	22,767

22.1.6 Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to actuarial assumptions. The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase (Rupees)	Decrease (Rupees)
Discount rate	1%	12,953	13,403
Change in future salaries	1%	13,428	12,927

22.2 Deferred income tax liability-net

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the taxable entity and when there is an intention to settle the balances on net basis. The applicable tax rate for the purpose of computation of deferred taxation is 29%.

The offset amounts are as follows:

Deferred tax liabilities	22.2.1	122,943	127,896
Deferred tax assets	22.2.2	(36,156)	(39,558)
		<u>86,787</u>	<u>88,338</u>

Deferred tax liability and deferred tax asset comprises of taxable / (deductible) temporary differences in respect of the following:

22.2.1 Deferred tax liabilities in respect of taxable temporary differences:

Accelerated tax depreciation allowances	122,943	127,896
Remeasurement of defined benefit plan	-	-
	<u>122,943</u>	<u>127,896</u>

PAKISTAN ENGINEERING COMPANY LIMITED
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	Note	2026	2025
----- Rupees in "000" -----			
22.2.2 Deferred tax assets in respect of deductible temporary differences:			
Provisions for doubtful and other balances		(14,670)	(14,670)
Provision for gratuity		(4,231)	(7,222)
Provision for stores and spares		(2,901)	(2,900)
Remeasurement of employee's benefit plan		412	-
Provision for workers profit participation fund and workers welfare fund		(14,766)	(14,766)
		(36,156)	(39,558)
23 TRADE AND OTHER PAYABLES			
Trade creditors	23.1	220,886	220,413
Accrued liabilities	23.2	124,797	127,877
Advances		125,886	125,884
Payable to preference shareholders		773	773
Payable to State Engineering Corporation (Private) Limited (SEC) (an associated undertaking)	39	151	151
Others	23.3	68,523	59,608
Workers' Profit Participation Fund	23.4	47,721	47,721
Workers' Welfare Fund		3,193	3,193
Levy payable		170	334
		592,100	585,954
23.1	Trade creditors include an aggregate amount of Rs. 150.538 million payable to Ishtiaq Steel Industry, Inam Steel Re-Rolling Mills, Al-Majeed Ibrahim Steel Industries (Private) Limited, AAK Enterprises SMC (Private) Limited and Anwar Traders. The aforementioned creditors have initiated legal proceedings against the Company for recovery of their respective outstanding balances.		
23.2	Accrued liabilities includes:		
-	Includes Rs. 40 million (2025: 40 million) in respect of provision against litigations mentioned in Note 27.1.6.		
-	It also includes the amount of Rs 1.650 Million (2025: Rs 1.650 Million) in respect of provision against the penalties imposed by the SECP for the non-compliance of various provisions of the Companies Act, 2017.		
-	It includes salaries payable to the employees of the Company, of Rs. 44.99 million (2025: Rs. 44.53 million).		
23.3	Others includes:		
-	Payable to Rotocast Engineering (Private) Limited, related party, of Rs. 12 million (2025: Rs. 12 million).		
-	Payable to Muhammad Arif Habib, Director, of Rs. 12.97 million (2025: Rs. 12.97 million)		
-	Payable to Tahir Bashir Khan, Director, of Rs. 9.125 million (2025: Rs. 3.192 million)		
-	Payable to Mirza Mahmood Ahmad, Director, of Rs. 0.35 million (2025: Rs. Nill)		
-	Meeting fee payable to the Directors of Company, of Rs. 10.05 million (2025: Rs. 7.39 million)		
-	Includes Rs. 8.36 million (2025: 8.36 million) in respect of provision against litigations mentioned in Note 27.1.8 and 27.1.9.		
23.4	Reconciliation of workers' profit participation fund		
Principal		35,269	35,269
Accumulated interest		12,452	12,452
		47,721	47,721

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
----- Rupees in "000" -----			
24 UNCLAIMED DIVIDEND			
In accordance with the Companies Act, 2017, the Company has issued notices to shareholders at their registered addresses and published these notices in two daily newspapers (one in Urdu and one in English) to invite claims for unclaimed dividends. After 90 days from the newspaper notice, the Company intends to deposit any unclaimed dividend amounts with the Federal Government, as required by Sub-Section "2" of Section 244 of the Companies Act, 2017.			
Due to a management change in September 2018, the current management was unable to complete the subsequent procedures required under the Companies Act, 2017. As a result, there is a potential Level III penalty of Rs. 100 million related to the unclaimed dividend. No provision has been recorded for this amount, as management expects to resolve the matter without an outflow of resources.			
25 SHORT TERM BORROWING - SECURED			
Loan from National Bank of Pakistan	25.1	24,374	24,374
Running finance from National Bank of Pakistan	25.2	71,556	71,556
		<u>95,930</u>	<u>95,930</u>
25.1	The financing forms part of total credit facility available to the extent of Rs. 108.351 million. The loan carried markup @ 3 months KIBOR plus 2.50%. This is secured against first charge of Rs. 73.128 million over movable fixed assets excluding land and building of the company. This long-term credit facility of the Company was expired on December 31, 2019 and is overdue; accordingly, the outstanding balance has been classified as a current liability.		
25.2	The financing forms part of total credit facility available to the extent of Rs. 75 million (2025: 75 million). The loan carried markup @ 3 months KIBOR plus 2.50%. The credit facility of the Company was expired on December 31, 2018. This is secured against first charge of Rs. 100 million over current and movable fixed assets excluding land and building of the company.		
25.3	No mark-up has been accrued since the expiry of the facilities as the bank has not raised any claim for further mark-up.		
26 LIABILITIES DIRECTLY ASSOCIATED WITH FREE HOLD LAND - HELD FOR SALE			
Loan from Government of Pakistan - unsecured	26.1	<u>1,790,848</u>	<u>1,790,848</u>
26.1 Loan From Government Of Pakistan - unsecured			
Privatization commission loan	26.2.1	481,469	481,469
Government Escrow account	26.2.3	112,937	112,937
Other Government Loan	26.2.5	100,000	100,000
Federal Government loan for compulsory separation scheme	26.2.7	309,000	309,000
Federal Government Bonds	26.2.9	787,442	787,442
		<u>1,309,379</u>	<u>1,309,379</u>
		<u>1,790,848</u>	<u>1,790,848</u>
26.2	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 18.1) and surplus land of Kot Lakhpat, if needed.		

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	Note	2026	2025
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----- Rupees in "000" -----

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.

The Technical Advisory Committee (TAC) of Institute of Chartered Accountants of Pakistan (ICAP), on the request of Management of PECO, on March 28, 2017, also gave an opinion, on the issue of recording accrual of mark-up on GoP loans. After review of all details, workings and complete documents, The Committee is of the view that "the management of company needs to determine whether a present obligation exists at the end of the reporting period taking into account all the available evidences, including, the opinion of legal experts. Where there is a probability that a present obligation exists at the end of the reporting period, the provision should be recognized. Contrary to this will require an entity to disclose a contingent liability".

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 10,386 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. Therefore, a disclosure of a contingent liability is made in notes (refer note 27.1.3 & 27.1.5) to these financial statements.

For the year ended June 30, 2026 and in past as well the Privatization Commission and Finance Division sent a letter to the auditors in September and July 2026 respectively, claiming the additional principal and markup on the above loan liabilities, however, the BoD and the management do not agree with the additional liabilities claimed and the claim of GoP regarding the payment of interest is disputed by the BoD and the management as there had never been any agreement in this regard. Further, the above loan liabilities were picked up by the GoP in order to provide public sector enterprises including PECO to give them clean slate on their liabilities so that they could be privatized and were provided without any specific request from these public sector enterprises, including PECO. In addition to the above, similar public sector entities which were provided similar reliefs by the GoP have never been asked to make any payments in respect of such reliefs. However, despite of this the BoD and the management of the Company is willing to repay the principal and in order to reconcile the principal and markup amounts with respect to GoP Loans, a committee was constituted as per the decision of Additional Finance Secretary in the meeting held in Government of Pakistan Finance Division (CF Wing), Islamabad. The committee includes representatives from Ministry of Finance, Ministry of Production, Privatization Commission and Board members from PECO. Several meetings have been taken place till date and in this regard a meeting of the committee was held on October 7, 2010 at Ministry of Finance (Finance Division) which was attended by representatives of Privatization Commission, Ministry of Production and PECO. The BoD and management of PECO agreed to repay all the outstanding principal, which the company is legally liable through disposal proceeds of Badami Bagh Land and surplus Land of Kot Lakhpat, if needed. However, 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. In the meeting held on 13 July 2015 in Privatization Commission, it was mutually agreed by all stakeholders to resolve the above issues at the earliest.

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NOTES TO THE FINANCIAL STATEMENTS
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	Note	2026	2025
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----- Rupees in "000" -----

Further, the Finance Division was instructed in the meeting to re-examine the issue and confirm the contention of PECO. Following, the meeting held at Finance Division, the management of the company obtained fresh legal opinion from legal consultant regarding the matter of charging interest on GoP loans. The legal advisor was of the opinion that no markup / interest was payable by PECO to Ministry of Finance and Privatization Commission and instead believed that a case of causing loss to PECO on account of delay caused in disposing off the land at Badami Bagh should be made out, either by raising monetary claim or claiming set-off against the alleged principal loan liability. The management of the company had handed over the title documents of the said land to the Privatization Commission for disposal in the year 1994 and had Privatization Commission disposed off the land at that time, no issue of interest would have risen. Further, meetings were held between the representatives of Ministry of Finance, Privatization Commission and Ministry of Production and the PECO Loan Committee to reconcile the loan liabilities. However, these meetings concluded without any decision or agreement with respect to the reconciliation of loan liabilities and calculation, payment or mode of payment of interest on Government of Pakistan loans.

Further, as agreed no SRO, notification, documentation was provided by the Ministry of Finance to substantiate their view point on the issue of levy of markup on Government loans and it was agreed to refer PECO's view points to Ministry of Finance who may refer the matter to Ministry of Law to form their verdict. Further, the principal amount of these loans has been agreed except for additional gratuities and in respect of the amounts disputed, the BoD and the management is of the opinion that an arbitrator should be appointed who should be acceptable to both the parties. Further, under the directions of public accounts committee the matter of charging interest is being reviewed by the committee comprising of Ministry of Industries, Ministry of Finance and Privatization Commission of Pakistan.

26.2.1 The break up of loan from Privatization Commission is as follows:

Loan for voluntary separation scheme (VSS) / Compulsory separation scheme (CSS) and Salaries	281,082	281,082
Loan for shifting of machinery	75,819	75,819
Loan for Energy bills and Import duties	124,568	124,568
	481,469	481,469

- 26.2.2** This represents interest free loan provided by Privatization Commission to PECO for payment of salaries, energy bills, shifting of plant & machinery from Badami Bagh to Kot Lakhpat and payment of outstanding essential liabilities. According, to the Cabinet Committee Division decision, Privatization Commission would adjust its loan liability against the sale proceeds of Badami Bagh Land and surplus land of Kot Lakhpat, if needed and in this regard title documents of Badami Bagh Land were handed over to the Privatization Commission in 1994 by PECO. The foregoing loans have been outstanding since 1993. The company also obtained legal opinion from the legal advisers of the company. The legal adviser is of the firm opinion that since there is no mention of any markup to be charged on this loan in any agreement nor is there any markup agreement in respect of this loan therefore no markup is payable by PECO in respect of this loan. The BoD and the management firmly believes that as the Company had handed over the title documents of the said land to the Privatization commission for disposal in the year 1994 and had Privatization Commission disposed off the land at that time no issue of charging any interest on these loans would have risen and instead believed that a case of causing loss to PECO on account of delay caused in disposing off the land at Badami Bagh should be made out, either by raising monetary claim or claiming set-off against the alleged principal loan liability. The difference of Rs. 131.454 million claimed by the Privatization Commission on account of additional gratuities is because of misapprehension on part of GoP, whereby, PECO is considered responsible to pay Rs. 131.454 million, that in fact was the liability of the Privatization Commission under the APSEWEC agreement. As per the APSEWEC agreement Privatization Commission took the liability to make additional gratuity payments, for which purpose it had advanced Rs. 131.454 million to PECO.

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On receiving the said amounts PECO had made the payments as was directed. It is important to note that PECO was not a party to these agreements, therefore, it cannot be held responsible for fulfilling any obligation pertaining to them. The claim of GoP is based on illegitimate assumption.

Furthermore, the legal advisors are also of firm opinion that the amount of additional gratuities of Rs. 131.454 million (refer note 27.1.3) should be borne by the Privatization Commission. In this regard, in the meeting held on October 7, 2010 at Finance Division, Privatization Commission was instructed by Ministry of Finance to review the calculation / treatment of the loan amounting to Rs. 131.454 million and come up with firm stance on it. The Privatization Commission was further instructed to sort out the issue of charging interest on VSS loan and come up with sound reason and logic for charging interest thereon. Neither formal agreements were signed or executed between the Privatization Commission, Ministries and PECO nor definitive terms and conditions exist in relation to the issue of markup and that the Privatization Commission only applied markup as instructed by the Finance Division. Further, under the directions of public accounts committee the matter of charging interest is being reviewed by the committee comprising of Ministry of Industries, Ministry of Finance and Privatization Commission of Pakistan.

26.2.3 The break up of Government Escrow account is as follows:

Customs and other import duties	86,984	86,984
Pakistan Railways freight	12,989	12,989
Karachi Port Trust	12,964	12,964
	<u>112,937</u>	<u>112,937</u>

26.2.4 The company has not provided interest amounting to Rs. 41.989 million relating to custom and other import duties (2025: Rs 41.989 million) as the BoD and the management believes that there was no clause of charging interest or surcharge in the ECC and Cabinet Decision.

26.2.5 The break up of Other Government loans is as follows:

Bank loans taken over	100,000	100,000
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26.2.6 This represents amount payable on account of the company's bank loans taken over by the Government in the year 1990. BoD and the management of the Company believes that there was no interest as PECO was required to take-up only principal amount of the loan in its books. The legal advisor is also of the firm opinion that no markup is payable by PECO in respect of this loan. Furthermore, in the meeting held at Ministry of Finance in October 2010, Finance Division was instructed to re-examine the issue relating to Rs.100.00 million Loan and interest thereof, to confirm the contention of PECO and decision to be conveyed at its earliest.

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26.2.7 The break up of Federal Government loan for compulsory separation schemes is as follows:

Loan for CSS		309,000	309,000
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26.2.8 This represents loan provided by the Federal Government of Pakistan to PECO to pay off the staff through Compulsory Separation Scheme vide letter No. 1(26) CF 111/93 dated 4th March 2002. The BoD and the management of the company do not agree with the markup claimed by GOP and is of the opinion that markup is not payable on this loan liability in the absence of any agreement for markup. The BoD and the management have taken legal opinion and the legal advisor vide his letter dated August 10, 2015 is also of the opinion that no interest is payable and the letter dated 4th March 2002 referred by the GoP, to substantiate claim of payment of interest @ 10% per annum against loan of Rs. 309.00 million was in the absence of perusal of relevant decisions / formative documents was misconceived and did not place any payment obligation on PECO. The letter was contrary to the decisions / documents and did not establish any liability to pay interest @ 10% per annum and that any alleged premium in the absence of agreement is void and unfair. In the absence of a contractual arrangement / agreement no interest can be claimed and in the absence of any agreement the alleged claim of interest tantamount to a penalty, which is construed as penal interest in nature and could not be granted unless loss/ damage proved through substantial evidence, which in the instant case will be all more difficult on account of handing over of land of Badami Bagh of PECO for sale/disposal. In view of the above, BoD and the management along with the legal advisor firmly believe that the alleged claim of GoP appears to be misconceived and without any basis and recommend that the aforesaid dispute should be referred to some impartial body for resolution under some Alternate Dispute Resolution (ADR) mechanism, where claims / counter claims of the respective parties be examined, considered and decided. Furthermore, in order to reconcile the principal and markup amounts with respect to Government of Pakistan Loans, a committee has been constituted as per the decision of Additional Finance Secretary. The management of PECO intends to pay back the Government of Pakistan Loans after the reconciliation of differences as per the records and facts available with the committee representatives.

26.2.9 The break up of Federal Government Bonds is as follows:

Interest bearing bonds	655,138	655,138
Interest free bonds	132,304	132,304
	787,442	787,442

26.2.10 These bonds were issued by the Federal Government against the liability of the company towards banks / financial institutions taken up by the Federal Government in the light of Federal Cabinet decision and S.R.O No. 823(1)/94 dated August 28, 1994. Against the principal amount interest bearing bonds and against accrued mark up interest free bonds were issued by the Government. The Government is liable to pay interest @ 12.43% per annum to the Banks / DFI regarding the interest bearing bonds. However, the BoD and the management of the Company do not agree with the markup claimed by the Finance Division and is of firm opinion that the Government is liable to pay any interest thereon, and that there was no agreement for charging any interest thereon. Furthermore, the legal adviser is also of the firm opinion that no markup is payable by the Company in respect of this loan in the absence of any specific markup agreement.(Ref: Note 27.1.1)

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----- Rupees in "000" -----

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

- 27.1.1** These bonds were issued by the Federal Government against the liability of the company towards banks / financial institutions taken up by the Federal Government in the light of Federal Cabinet decision and S.R.O No. 823(1)/94 dated August 28, 1994. Against the principal amount interest bearing bonds and against accrued mark up interest free bonds were issued by the Government. The Government is liable to pay interest @ 12.43% per annum to the Banks / DFI regarding the interest bearing bonds. However, the BoD and the management of the Company do not agree with the markup claimed by the Finance Division and is of firm opinion that the Government is liable to pay any interest thereon, and that there was no agreement for charging any interest thereon. Furthermore, the legal adviser is also of the firm opinion that no markup is payable by the Company in respect of this loan in the absence of any specific markup agreement.(Ref: Note 26.2.10)
- 27.1.2** Guarantees of Rs. 225.811 million (2025: Rs 225.811 million) issued by the banks and insurance companies to different parties on behalf of the company.
- 27.1.3** The Privatization Commission through its confirmation dated September 21, 2026 for the year ended June 30, 2025 has claimed additional loan liability amounting to Rs. 131.454 million (Ref: Note 26.2.1) and mark up amounting to Rs. 2,139 Million (2025: Rs 2,066 million). 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 Rs. 131.454 million and has been asked to come up with firm stance on the foregoing loan amounting to Rs. 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. The management, however, remains confident that the ultimate outcome of the matter will be resolved in Favor of the company and accordingly no provision has been made in these financial statements in respect of the additional loan and markup claimed.
- 27.1.4** Ref: Note. 26.2.4 the company has not provided interest amounting to Rs. 41.989 million relating to custom and other import duties (2025: Rs 41.989 million) as the BoD and the management believes that there was no clause of charging interest or surcharge in the ECC and Cabinet Decision.

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- 27.1.5** The Finance Division vide its letter dated July 22, 2026, for the period ended June 30, 2026 has claimed an amount of Rs. 671.860 million in respect of additional principal liability and Rs. 3,804.97 million in respect of markup payable on remaining Government of Pakistan Loans (Ref: Note 26.2.5, 26.2.7 & 26.2.9). 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 Rs. 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.
- 27.1.6** The Company has filed various suits against Sui Northern Gas Pipeline (SNGPL) and Federation of Pakistan (FOP) through Ministry of Water and Power. Further, SNGPL has also filed a suit against the Company. These suits are presently pending adjudication before the Civil Court, Lahore. The management is vigilantly pursuing these cases. According to the opinion of legal advisor, the settlement of which is expected to result in an outflow from the entity of resources is amounting to Rs. 40 million has been provided for (Ref Note: 23.2).
- 27.1.7** M.M Traders has also filed a suit (36037/16) against the Company. This suit is presently pending adjudication before the Civil Court, Lahore. According to the opinion of legal advisor, there is no likelihood of any unfavourable results or any financial losses in this case. The management is vigilantly pursuing this cases. Therefore, No contingent liability is needed to be recognized on this account.
- 27.1.8** Punjab employees social security institution (PESSI) has also filed various suits against the Company. These suits are presently pending adjudication before the Commissioner PESSI. The management is vigilantly pursuing these cases. According to the opinion of legal advisor, the settlement of which is expected to result in an outflow from the entity of resources is amounting to Rs. 7.69 million has been provided for (Ref Note: 23.3).
- 27.1.9** FBR has filed a suit against the Company for recovery. This suit is presently pending adjudication before the Civil Court, Lahore respectively. The management is vigilantly pursuing the case. According to the opinion of legal advisor, the settlement of which is expected to result in an outflow from the entity of resources is amounting to Rs. 0.674 million has been provided for (Ref Note: 23.3).
- 27.1.10** The Company initiated legal proceedings against Ishtiaq Steel Industry in 2021, seeking recovery of damages amounting to Rs 1.017 billion and compensation of Rs 500 million. The case remains pending as of the reporting date. Based on the opinion of the Company's legal counsel, management expects a favourable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.
- 27.1.11** The Company initiated legal proceedings against Al-Majeed Ibrahim Steel Industries (Private) Limited in 2021, seeking recovery of damages amounting to Rs 100 million and compensation of Rs 50 million. The case remains pending as of the reporting date. Based on the opinion of the Company's legal counsel, management expects a favourable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.
- 27.1.12** The Company initiated legal proceedings against Inam Steel Re rolling Mills in 2021, seeking recovery of damages amounting to Rs 50 million. The case remains pending as of the reporting date. Based on the opinion of the Company's legal counsel, management expects a favourable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.

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- 27.1.13** The Company initiated legal proceedings against Anwar Traders in 2021, seeking recovery of damages amounting to Rs 30 million and compensation of Rs 20 million. The case remains pending as of the reporting date. Based on the opinion of the Company's legal counsel, management expects a favourable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.
- 27.1.14** The Company initiated legal proceedings against Aarsal Enterprises in 2019 for the rendition of accounts. The case remains pending as of the reporting date. Based on the opinion of the Company's legal counsel, management expects a favourable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.
- 27.1.15** On December 2, 2024, the court directed the resolution of an ongoing matter through arbitration or mediation concerning the winding-up applications filed by five creditors: Ishtiaq Steel Industry, Inam Steel Re-Rolling Mills, Al Majeed-Ibrahim Steel Industries (Private) Limited Enterprises (SMC-Private) Limited and Anwar Traders. These applications were initially filed during the tenure of the previous management but were not actively pursued at that time. Upon the reinstatement of the former Board of Directors, the case was taken forward. The current management remains optimistic that the issues with these creditors will be amicably resolved through the court-recommended processes of mediation or arbitration.

27.2 Commitments

There are no commitments as at the reporting date (2025: nil).

28 SALES

Sales - local	-	31,500
Less: Sales tax	-	(4,805)
	-	26,695

29 COST OF SALES

Publication of tender documents	-	49
Other expenses	-	-
	-	49
Opening stock of work-in-process	13,320	13,320
Closing stock of work-in-process	(13,320)	(13,320)
	-	-
Cost of goods manufactured	-	49
Opening stock of finished goods	-	22,408
Closing stock of finished goods	-	-
	-	22,408
	-	22,457

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----- Rupees in "000" -----			
30 OPERATING COST			
Fuel and power		124	14
Repair and maintenance		27	70
Rent, rates and taxes		5,139	4,474
Other expenses		371	336
Security and services charges		337	1,104
Depreciation		24,397	25,855
		<u>30,394</u>	<u>31,853</u>
This represents fixed factory overheads, comprising depreciation, rent, rates and taxes and other related costs, which could not be allocated to cost of sales as the Company's manufacturing operations remained suspended throughout the year. In accordance with IAS 2.13, unallocated production overheads arising from nil or abnormally low production are recognised as an expense in the period incurred, rather than capitalised into the cost of inventory. As these costs relate to the Company's idle production facility rather than its general administration function, they are presented as a separate line item under gross profit, before administrative expenses.			
31 SELLING AND DISTRIBUTION EXPENSES			
Vehicle running expenses		-	2
32 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	32.1	13,464	19,502
Vehicle running expenses		3,012	2,691
Traveling and conveyance		1,211	2,909
Legal and professional		2,537	4,832
Utilities		32	-
Postage, telegrams and telephone		167	411
Fee and subscription charges		2,113	1,798
Miscellaneous		3,760	4,713
Entertainment expense		1,033	1,870
Printing, stationery and office supplies		915	489
Repair and maintenance		528	1,202
Depreciation		2,121	2,248
		<u>30,892</u>	<u>42,665</u>

32.1 This includes retirement benefits amounting to Rs. 2.493 million (2025: Rs. 1.051 million).

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----- Rupees in "000" -----			
33 OTHER OPERATING CHARGES			
Auditors' remuneration	33.1	1,200	1,200
Loss on raw material slae		111	-
Depreciation on investment property		19	20
		<u>1,330</u>	<u>1,220</u>
33.1 Auditors' remuneration			
Audit fee		800	800
Out of pocket		50	50
Half yearly review fee		300	300
Review of compliance with code of corporate governance		50	50
		<u>1,200</u>	<u>1,200</u>
34.1 Loss on raw material slae			
Sale value		5,054	-
Less: Cost of scrap material		(5,165)	-
		<u>(111)</u>	<u>-</u>
This represents proceeds from the disposal of raw materials carried forward from prior years. As the Company's manufacturing operations remained suspended during the year and no manufacturing activities were undertaken, the disposal of these materials does not represent revenue from the Company's ordinary activities and has therefore been presented separately as other operating charges in the statement of profit or loss.			
34 OTHER OPERATING INCOME			
Income from Financial Assets			
Profit on bank deposits		44	59
Profit on investment		-	-
		44	59
Income from non - financial assets			
Rental income		2,073	1,966
Gain on disposal of property, plant and Equipments		13,180	-
Miscellaneous income		597	-
Gratuity balance written off		12,805	-
Gain on scrap slae	34.1	(111)	-
		<u>28,699</u>	<u>2,025</u>
35 FINANCE COST			
Mark - up on short term borrowings		-	-
Bank charges and commission		9	58
		<u>9</u>	<u>58</u>

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36 TAXATION & LEVIES			
36.1 Levies		170	334
These represents minimum taxes and final taxes under various provisions of the Income tax Ordinance (ITO, 2001) representing levy in terms of requirements of IFRIC 21/ IAS 37.			
36.2 Current tax			
for the year		-	-
for prior years		-	-
		-	-
Deferred tax			
Origination and reversal of temporary differences		(1,963)	(6,062)
Impact of change in tax rate		-	-
		(1,963)	(6,062)
		(1,963)	(6,062)
36.1	The current tax provision represents the Minimum Tax under section 113 of Income Tax Ordinance, 2001. As a result reconciliation of tax charge for the year is not required.		
37 BASIC AND DILUTED LOSS PER SHARE			
Basic loss per share:			
Loss after taxation (Rupees in '000)		(32,134)	(63,807)
Weighted average number of ordinary shares (No. in '000) outstanding during the year		5,690	5,690
		(5.65)	(11.21)
37.1	There are no dilutive potential ordinary shares outstanding as at June 30, 2026 and 2025.		
38 CASH USED IN OPERATIONS			
Loss before taxation		(34,097)	(69,869)
Adjustments for:			
Depreciation		26,537	28,123
Finance cost		9	58
Provision for gratuity		2,493	1,051
Gain on disposal of property, plant and Equipments		(13,180)	-
Gratuity payable written off		(12,805)	-
		3,054	29,232
Loss before working capital changes		(31,043)	(40,637)
Movements in working capital			
Decrease/(Increase) in current assets:			
Stores, spares and loose tools		-	-
Stock in trade		5,165	22,408
Advances		(60)	60
Trade deposits, prepayments and other receivables		3,040	2,791
Sales tax refundable		3,560	1,732
Increase/(decrease) in current liabilities:			
Trade and other payables		6,312	12,419
		18,017	39,409
Cash used in operations		(13,026)	(1,228)

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39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
The related parties comprise GoP, associated companies/undertakings, directors of the Company and key management staff. Details of transactions and balances with related parties during the year other than those which have been disclosed elsewhere in these financial statements are stated below:			
State Engineering Corporation (SEC)			
- Reimbursement expenses payable		151	151
Muhammad Arif Habib (Director)			
- Payable at the end of the year	-	12,970	12,970
Rotocast Engineering (Private) Limited			
- Opening balance		12,005	8,967
- Received during the year		-	3,038
- Paid during the year		-	-
- Payable at the end of the year		12,005	12,005
Tahir Bashir Khan (Director)			
- Opening balance		3,192	3,638
- Received during the year		5,933	3,554
- Paid during the year		-	(4,000)
- Payable at the end of the year		9,125	3,192
Mirza Mahmood Ahmad (Director)			
- Opening balance		-	-
- Received during the year		346	-
- Paid during the year		-	-
- Payable at the end of the year		346	-
39.1	All related party transactions are in accordance with accounting policy and are approved and recommended by the audit committee and subsequently approved by the board of directors. None of the directors had any interest in any transaction.		
40 OPERATING SEGMENT	The financial information has been prepared on the basis of single reportable segment i.e. "Engineering".		
40.1 Information about products and services	Revenue from sales of electricity transmission and communication towers represents 0% (2025: 100%) of total		
40.2 Information about geographical areas	- All non-current assets of the Company as at 30 June 2026 are located in Pakistan. - 0% (2025: 100%) of the gross sales of the Company are made to customers located in Pakistan.		
40.3 Information about major customers	- The Company's most significant customers were electric supply companies and due to suspension of business no sale was made to these customers.		

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----- Rupees in "000" -----

41 FINANCIAL RISK MANAGEMENT

41.1 Risk management framework

The Company's activities expose it to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

41.2 Financial assets and liabilities by category and their respective maturities

2026		2025	
Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year

----- Rupees in "000" -----

FINANCIAL ASSETS

Long term investments	-	819	-	819
Long term security deposits	-	2,053	-	2,053
Short term investments	11	-	11	-
Trade debts - unsecured	8,754	-	8,754	-
Advances	83	-	83	-
Trade deposits and guarantee margins	20,898	-	20,898	-
Cash and bank balances	7,340	-	7,367	-
	37,085	2,872	37,112	2,872

FINANCIAL LIABILITIES

Government of Pakistan loans	1,790,848	-	1,790,848	
Long term deposits	-	4,000	-	4,000
Short term borrowings	95,930	-	95,930	-
Trade and other payables	415,130	-	408,821	-
Unclaimed dividend	13,070	-	13,070	-
Mark-up accrued	52,561	-	52,561	-
	2,367,537	4,000	2,361,229	4,000

OFF - BALANCE SHEET ITEMS

Letter of guarantees	225,811	225,811
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- 41.2.1** The matter of charging interest on these loans is disputed in respect of which reconciliation exercise is currently in progress through Ministry of Finance. The ultimate outcome of the matter cannot presently be determined. Hence these loans have been stated at cost.

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41.3 Fair values

The carrying values of the financial assets and financial liabilities approximate their fair values except for Government of Pakistan loans as disclosed in note. 26 to the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value.

41.4 Financial risk factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

41.4.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from long term security deposits, loans and advances to employees, deposits, trade debts, other receivables and bank balances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was:

	2026	2025
	----- Rupees in "000" -----	
Long term investments	819	819
Long term security deposits	2,053	2,053
Short term investment	11	11
Trade debts - net of impairment	8,754	8,754
Advances	83	83
Trade deposits and guarantee margins	20,898	20,898
Bank balances	7,340	7,367
	<u>39,957</u>	<u>39,984</u>

The Company's most significant amount receivable is from WAPDA, AJK and Telecommunication Companies which is included in total carrying amount of trade debts as at reporting date.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
--	------	------	------

----- Rupees in "000" -----

For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Aging of trade debts is regularly reviewed by the Board's Receivables Committee and necessary actions are taken in respect of overdue balances. The company assesses the credit quality of the counter parties as satisfactory. Bank balances are held only with reputable banks with high quality credit ratings. Loans and advances to employees are not exposed to any material credit risk since these are secured against their salaries. Geographically there is no concentration of credit risk. The maximum exposure to credit risk for trade debts at the reporting date are with customers within The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2026	2025
	Short term	Long term	Agency	----- Rupees in "000" -----	
United Bank Limited	A-1+	AAA	VIS	7,294	507
Faysal Bank Limited	A-1+	AA	PACRA	0.05	6,862
Allied Bank Limited	A-1+	AAA	PACRA	46	46
				<u>7,340</u>	<u>7,415</u>

2026		2025	
Gross	Impairment	Gross	Impairment
----- Rupees in "000" -----			

The aging of trade debts at the reporting date was:

Not yet due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
Over 90 days	51,966	43,212	51,966	43,212
	<u>51,966</u>	<u>43,212</u>	<u>51,966</u>	<u>43,212</u>

Based on past experience the management believes that no further impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
--	------	------	------

----- Rupees in "000" -----

41.4.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

Financial liabilities

Government of Pakistan loans
Long term deposits
Short term borrowings
Trade and other payables
Unclaimed dividend
Mark-up accrued

30-Jun-26

Up to 1 year	1 to 5 years	Total
1,790,848	-	1,790,848
	4,000	
95,930	-	95,930
415,130	-	415,130
13,070	-	13,070
52,561	-	52,561
2,367,537	4,000	2,367,537

Financial liabilities

Government of Pakistan Loans
Long term deposits
Short term borrowings
Trade and other payables
Unclaimed dividend
Accrued mark-up

30-Jun-25

1,790,848	-	1,790,848
-	4,000	4,000
95,930	-	95,930
408,821	-	408,821
13,070	-	13,070
52,561	-	52,561
2,361,229	4,000	2,365,229

41.4.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate and currency risks.

(a) Currency Risk

Currency Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not significantly exposed to currency risk as the company does not maintain bank accounts in foreign currencies.

(b) Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts.

The company's interest rate risk arises from short term cash finance facility. The company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts.

As at 30 June 2026, if interest rates on company's bank borrowings had been 1% higher / lower, the markup expenses would have been higher / lower by Rs. 52 million (2025: Rs. 52 million).

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
--	------	------	------

----- Rupees in "000" -----

42 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, the Company's ability to continue as going concern is disclosed in note 2 to the financial statements, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

In line with others in the industry practices, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings. Total borrowings comprise of long and short term loan and markup thereon. Total capital employed is calculated as equity as shown in the statement of financial position plus net debt. As at the balance sheet date, the gearing ratio of the Company was worked out as under:

The gearing ratio as at June 30, is as follows:

	2026	2025
Borrowings	1,939,338	1,939,338
Equity	36,917,959	36,949,085
Total capital employed	38,857,297	38,888,423
Gearing Ratio	4.99%	4.99%

43 SHARIAH DISCLOSURE

Statement of financial position:

Financing / loans / advances obtained as per Islamic mode	-	-
Interest or mark-up accrued on any conventional loan or advance	52,561	52,561
Long-term and short-term shariah compliant Investments		
Shariah compliant bank deposits / bank balances / TDRs	550	514

Statement of profit or loss:

Revenue earned from a shariah compliant business segment	-	-
Profit earned from shariah compliant bank deposits / balances / TDRs	44	59
Exchange gain earned	-	-
Profit earned from shariah compliant investments	-	-
Profit / interest earned on any conventional loan or advance paid on any conventional loan or advance	-	-
Markup / profit paid on Islamic mode of financing	-	-
Interest paid on any conventional loan or advance	-	-

43.1 Disclosures other than above are not applicable on the company.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
--	------	------	------

----- Rupees in "000" -----

44 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the chief executive, directors and executives of the Company are given below.

	2026			2025		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	----- Rupees in "000" -----					
Remuneration/meeting fee	-	2,660	5,892	-	3,188	5,892
Reimbursement of expenses	-	-	-	-	-	-
Pension contribution	-	-	-	-	-	-
Perquisites	-	-	-	-	-	-
	-	2,660	5,892	-	3,188	5,892
Number of persons	1	11	3	1	10	3

44.1 In addition to above remunerations 11 directors (2025: 10 directors) were paid aggregate remuneration of Rs. Nil (2025: Rs. Nil).

44.2 Aggregate amount charged in the accounts for 10 directors for meeting fees were Rs. 2.66 million (2025: Rs. 3.19 million) and reimbursable expenses Rs. Nil (2025: Rs. Nil) for meetings of Board of Directors and sub-committees of Board of Directors.

44.3 The Chief Executive Officer is entitled for company maintained car.

45 PLANT CAPACITY AND ACTUAL PRODUCTION

		Capacity		Actual Production	
	U/M	Installed	Assessed	2026	2025
Pumps / turbines	No.	3,400	2,380	-	-
Electric motors	No.	16,500	4,550	-	-
Rolled material	Tons	80,000	21,000	-	-
Foundry	Tons	4,000	2,600	-	-
Steel fabrications (STR)	Tons	20,000	13,000	-	-
Concrete Mixture	No.	350	210	-	-

45.1 Production remained suspended throughout the year since 2021 due to management disputes.

46 NUMBER OF EMPLOYEES

	2026	2025
	----- Numbers -----	
Total number of employees as at June 30;		
Contractual employees - Head Office	4	4
Contractual employees - factory	6	5
Temporary staff - factory	5	5
Workers - factory	5	4
	20	18
Average number of employees during the year		
Contractual employees - Head Office	4	4
Contractual employees - factory	6	6
Temporary staff - factory	5	6
Workers - factory	5	6
	20	22

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
--	------	------	------

----- Rupees in "000" -----

47 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified to comply with fair presentation as follows:

Reclassified from	Reclassified to	Rupees (---000---)
<i>Cost of sales</i>	<i>Operating cost</i>	
Fuel and power	Fuel and power	14
Repair and maintenance	Repair and maintenance	70
Rent, rates and taxes	Rent, rates and taxes	4,474
Other expenses	Other expenses	336
Security and services charges	Security and services charges	1,104
<i>Provision for taxation</i>	<i>Tax refund due from Government</i>	
Provision for taxation	Advance income tax	11,048
Provision for taxation	Levy payable	334

48 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year end, the Company, in coordination with the Ministry of Finance, commenced reconciliation of the balances payable to the Government of Pakistan and the Privatization Commission, as disclosed in the relevant notes to these financial statements, against the records of the respective authorities. Meetings for this purpose were held on 28 July 2026 and 24 September 2026.

As at the date of authorization of these financial statements, no agreed balances had been confirmed and the amounts continue to be carried as recorded in the Company's books. No adjustment has been made in this respect. Management expects the reconciliation to be substantially concluded by 31 December 2026; any resulting difference will be recognised in the period in which the balances are agreed, and its financial effect cannot presently be estimated.

49 AUTHORIZATION OF FINANCIAL STATEMENTS

- 49.1** These financial statements have been authorized for issue on _____ by the Board of Directors of the Company.

50 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Abdul Shabir Khan Khattak
Managing Director / CEO

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

**Pattern of Shareholding
As at June 30, 2026**

# of Shareholders	From	To	Total Shares held
1,676	1	100	43,734
573	101	500	135,675
126	501	1,000	89,569
107	1,001	5,000	218,122
21	5,001	10,000	145,419
2	10,001	15,000	22,275
5	15,001	20,000	86,643
1	20,001	25,000	21,070
2	25,001	30,000	57,300
2	30,001	35,000	66,800
1	35,001	40,000	40,000
3	40,001	45,000	133,776
1	45,001	50,000	45,800
-	55,001	60,000	-
1	80,001	85,000	80,200
-	85,001	90,000	-
-	90,001	95,000	-
1	125,001	130,000	128,792
1	135,001	140,000	135,240
1	165,001	170,000	165,254
1	315,000	330,000	324,000
1	450,001	455,000	452,700
1	505,001	510,000	510,000
2	1,415,001	1,420,000	2,788,123
2,528			5,690,245

Categories of Shareholders
As at June 30, 2026

Directors and their spouse(s) and minor children

	# of Shareholders	Shares Held	Percentage
Mr. Tahir Bashir Khan	1	324,000	5.69
Mr. Ansar Javed	1	1,000	0.02
Mr. Rashid Ali Khan	1	1,000	0.02
Mr. Muhammad Arif Habib	1	1,000	0.02
Mirza Mahmood Ahmed	1	1,000	0.02
Mr. Saher Mangi	1	1	0.00
Mr. Arslan Nayyar Sheikh	1	1	0.00

**Categories of Shareholder
As at June 30, 2026**

	# of Shareholders	Shares Held	Percentage
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIE			
Rotocast Engineering Company (Private) Limited	1	1,372,400	24.12
State Engineering Corporation	1	1,415,723	24.88
NIT and ICP	2	131,330	2.31
Bank, Development finance institution, Non-Banking Finance companies	12	145,115	2.55
Insurance Companies	3	229,030	4.02
Modarabas, and Mutual, Pension Funds			
CDC-Trustee and Opportunity Fund	1	6,900	0.12
Public Sector companies and corporations	7	27,600	0.49
General Public			
a. Local	2,451	1,466,597	25.77
b. Foreign	-	-	-
Others	43	567,548	9.97
Total	2,528	5,690,245	100

Shareholders Holding 5% or More Voting Interest

Name of shareholder	No of shares held	%age held
State Engineering Corporation Limited	1,415,723	24.88
Rotocast Engineering Company (Private) Limited	1,372,400	24.12
Mr. Ahmad Masood Khan	510,000	8.96
Maha Securities (Private) Limited	452,700	7.96
Mr. Tahir Bashir Khan	324,000	5.69

During the financial year, No Director, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children carried out any transactions in the share of the Company.

PAKISTAN ENGINEERING COMPANY LIMITED**Statement on Gender Pay Gap Under Circular 10 of 2024**

Following is gender pay gap calculated for the year ended June 30, 2026

1. Mean Gender Pay Gap:
31.99%
2. Median Gender Pay Gap:
-39.91%

Abdul Shabbir Khan Khattak
Managing Director

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PAKISTAN ENGINEERING COMPANY LIMITED
FORM OF PROXY
ANNUAL GENERAL MEETING

I/We _____ of _____ CDC A/C NO./
 FOLIO NO. _____ being shareholder(s) of Pakistan Engineering Company Limited hold
 _____ Ordinary Shares do hereby
 appoint _____ Mr./Ms./Miss _____ of _____
 _____, as my /our proxy in my /our absence to attend and vote for me/us at the 77th
 Annual General Meeting of the Company to be held on October 28, 2026 (Wednesday) at 11:00 A.M. at
 Hotel Four Points by Sheraton, 25 - Egerton Road, Lahore and/or any adjournment thereof in the same
 manner as I/we myself /ourselves would vote if personally present at that meeting.

At witness my/our hand this _____ day of _____ 2026.

WITNESS 01

Signature _____

Name _____

Address _____

WITNESS 02

Signature _____

Name _____

Address _____

Signature

Please affix
 Rs. 05
 Revenue
 stamp

Note:

1. This Proxy Form, duly stamped, signed and witnessed, must be received at the Registered Office of the Company, Pakistan Engineering Company Limited, 6/7, Sir Ganga Ram Trust Building, Shahr-e-Quaid-e-Azam, Lahore, not less than 48 hours before time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. The proxy form shall be witnessed by two persons whose names, addresses and CNIC/SNIC (Computer National Identity Card/Smart National Identity Card) numbers shall be mentioned on the form.
4. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with proxy form.
5. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پاکستان انجینئرنگ کمپنی لمیٹڈ

تشکیل نیابت داری

سالانہ جنرل میٹنگ

میں/ہم _____ (CDC کا وٹ نمبر/فولیو نمبر) کے حامل پاکستان انجینئرنگ کمپنی لمیٹڈ کے شیئر ہولڈر (s) ہوں/ہیں، جو کہ _____ عام شیئرزر رکھتے ہوں/ہیں، یہ فارم استعمال کرتے ہوئے، _____ جناب/محترمہ/محترمہ کو، جو کہ _____ میں رہتے ہیں، اپنی/اپنے وکیل کے طور پر نامزد کرتے ہیں کہ وہ میری/ہماری غیر موجودگی میں میری/ہماری طرف سے 77 ویں سالانہ جنرل میٹنگ میں، جو 28 اکتوبر 2026 (بدھ) کو صبح 11:00 بجے ہوٹل فور پوائنٹس ہائی شیر پٹن، 25- ایجرٹن روڈ، لاہور میں منعقد ہوگی، اور/یا اس کے التواء کی صورت میں بھی ویسے ہی ووٹ دیں جیسا میں/ہم بذات خود موجود ہونے کی صورت میں دیتے۔

میرے/ہمارے دستخط اس _____ دن _____ 2026 کو گواہ ہیں۔

گواہ نمبر 01

دستخط بمعہ شناختی کارڈ نمبر: _____

نام: _____

پتہ: _____

پانچ روپے والی سٹیمپ چسپاں کریں

گواہ نمبر 02

دستخط بمعہ شناختی کارڈ نمبر: _____

نام: _____

پتہ: _____

دستخط بمعہ شناختی کارڈ نمبر

نوٹ:

- یہ فارم، جس پر اسٹامپ لگا ہوا ہو، دستخط شدہ اور گواہ شدہ ہو، کمپنی کے رجسٹرڈ دفتر، پاکستان انجینئرنگ کمپنی لمیٹڈ، 6/7، سرگزارام ٹرسٹ بلڈنگ، شاہراہ قائد اعظم، لاہور، میں میٹنگ کے وقت سے کم از کم 48 گھنٹے قبل موصول ہونا ضروری ہے۔
- اگر کوئی رکن ایک سے زیادہ وکیل مقرر کرتا ہے اور کمپنی کے پاس ایک سے زیادہ وکیل کے فارم جمع کرواتا ہے، تو تمام وکیل کے فارم کا عدم تصور کیے جائیں گے۔
- فارم پر دو افراد کے دستخط ہونے چاہئیں، جن کے نام، پتے اور SNIC/CNIC (کمپیوٹرائزڈ قومی شناختی کارڈ/اسمارٹ قومی شناختی کارڈ) نمبر درج ہوں۔
- مالک اور وکیل کے CNIC یا پاسپورٹ کی مصدقہ کاپیاں فارم کے ساتھ فراہم کی جائیں۔
- کارپوریٹ دارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/اختیاراتی خط کے ساتھ نمونہ دستخط (اگر پہلے سے فراہم نہیں کیے گئے) اور اس فارم کے ساتھ کمپنی کو جمع کروائیں۔