

**CLIMAX**



**QUARTERLY ACCOUNTS  
FOR THE QUARTER ENDED  
MARCH 31, 2016  
(UN-AUDITED)**

**THE CLIMAX ENGINEERING COMPANY LIMITED**

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The Board of Directors are pleased to present the Un - Audited Accounts for the Quarter ended at March 31, 2016.

These accounts are presented to the Members in pursuance of Section 245 of the Companies Ordinance 1984.

During the Quarter ended on 31-03-2016, Your Company has achieved Sale of Rs: 24.471 million as compared to Rs: 42.2847 million for the corresponding period of the last year.

The Company has suffered loss of Rs: 13.209 million as compared to loss of Rs: 16.318 million for the corresponding period.

The main reason for drop in Sales is due to lesser Sales of Transformer Section. Unfortunately we have not been able to get any business of Transformer from WAPDA due to change of design of the Transformers. Therefore, we have to get Transformer business from the Local market which is not very healthy and is also very competitive.

Moreover the worst Electricity, Gas Loadshedding, Law and order situation in the country, overall economic position of the country, higher wages rate fix by the Government and increase in the cost of Material has also effected the working of the Company very adversely.

We are trying our best to improve our working as for as possible under the present circumstances as mentioned above.

For and behalf of the Board

**Ch. M.A. Qayyum**



# THE CLIMAX ENGINEERING COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2016 (UN-AUDITED)

	<b>Un-audited</b>	<b>Re-stated</b>
	<b>As on</b>	<b>Audited</b>
	<b>Mar, 31</b>	<b>As on</b>
	<b>2016</b>	<b>June, 30</b>
		<b>2015</b>
	<b>(Rupees )</b>	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL &amp; RESERVES.</b>		
<b>Authorised Capital</b>		
<b>5,000,000 ordinary shares of</b>		
<b>Rs. 10/- each</b>	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued, Subscribed and Paid up capital</b>	<b>33,120,000</b>	<b>33,120,000</b>
<b>Accumulated Profit /(Loss)</b>	<u>23,109,911</u>	<u>36,319,559</u>
<b>Share Holder Equity</b>	<b>56,229,911</b>	<b>69,439,559</b>
<b>Surplus on Revaluation of Fixed Assets</b>	-	-
<b>NON-CURRENT LIABILITIES:</b>		
<b>Due to related parties</b>	<b>62,544,734</b>	<b>62,358,794</b>
<b>Deferred Liability</b>	<u>14,892,187</u>	<u>20,562,229</u>
	<b>77,436,921</b>	<b>82,921,023</b>
<b>CURRENT LIABILITIES:</b>		
<b>Trade &amp; Other Payables</b>	<b>209,414,029</b>	<b>206,227,563</b>
<b>Provision for Taxation</b>	-	-
<b>Unclaimed Dividend</b>	<u>13,535</u>	<u>13,535</u>
	<b>209,427,564</b>	<b>206,241,098</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	-	-
	<u>343,094,396</u>	<u>358,601,680</u>



# THE CLIMAX ENGINEERING COMPANY LIMITED

BALANCE SHEET AS AT MARCH 31, 2016 (UN-AUDITED)

	<b>Un-audited</b>	<b>Re-stated</b>
	<b>As on</b>	<b>As on</b>
	<b>Mar, 31</b>	<b>June, 30</b>
	<b>2016</b>	<b>2015</b>
	<b>(Rupees )</b>	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
<i>Property, plant and equipment</i>	45,004,921	45,228,879
<i>Capital work in progress</i>	4,857,115	4,857,115
<i>Long Term Security Deposits</i>	1,123,500	420,000
	50,985,536	50,505,994
<b>CURRENT ASSETS</b>		
<i>Stores, spare parts and loose tools</i>	1,502,974	1,500,430
<i>Stock in trade</i>	137,153,571	142,681,868
<i>Trade debts</i>	109,498,942	119,446,679
<i>Due from Related Parties</i>	649,154	649,154
<i>Loans and Advances -unsecured</i>	15,947,326	14,306,436
<i>Trade deposits and short term prepayments</i>	74,444	74,444
<i>Other receivable</i>	24,066,494	23,636,054
<i>Cash and Bank Balances</i>	3,215,955	5,800,621
	292,108,860	308,095,686
	343,094,396	358,601,680



# THE CLIMAX ENGINEERING COMPANY LIMITED

PROFIT & LOSS ACCOUNT ( UN-AUDITED)

AS AT MARCH 31 , 2016

	<b>Quarter Ended</b>		<b>9th Month Ended</b>	
	<b>March 31st</b>		<b>March 31st</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>(Rupees)</b>		<b>(Rupees)</b>	
<b>Sales</b>	6,100,157	7,992,713	24,471,693	42,284,014
<b>Cost of Sales</b>	9,115,027	12,800,710	32,331,054	50,087,924
<b>Gross Profit/Loss</b>	(3,014,870)	(4,807,997)	(7,859,361)	(7,803,910)
<b>OPERATING EXPENSES</b>				
<i>Administrative and General</i>	1,481,789	2,600,459	5,215,717	8,113,423
<i>Distribution and selling cost</i>	34,000	54,000	126,500	145,500
	1,515,789	2,654,459	5,342,217	8,258,923
<b>OPERATING LOSS</b>	(4,530,659)	(7,462,456)	(13,201,578)	(16,062,833)
<b>FINANCE COST</b>	37,498	11,824	20,400	36,091
	(4,568,157)	(7,474,280)	(13,221,978)	(16,098,924)
<b>OTHER INCOME</b>	12,330	203,508	12,330	203,508
<b>(LOSS) PROFIT BEFORE TAXATION</b>	(4,580,487)	(7,677,788)	(13,209,648)	(15,895,416)
<b>TAXATION</b>	-	(422,840)	-	(422,840)
<b>LOSS FOR THE PERIOD</b>	(4,580,487)	(8,100,628)	(13,209,648)	(16,318,256)
<b>LOSS PER SHARE BASIC</b>				
<b>(IN RUPEES)</b>	(1.38)	(2.45)	(3.99)	(4.93)



THE CLIMAX ENGINEERING COMPANY LIMITED

CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016.

	March 31, 2016	March 31, 2015
	(Rupees)	
<b>A. Cash flow from operating activities:</b>		
Profit/ (Loss) before taxation	(13,209,648)	(15,895,416)
<b>Adjustments for non cash charges and other items;</b>		
Depreciation.	223,959	5,486,743
Profit on sale of fixed assets	-	(203,508)
Financial charges.	20,400	36,091
	<u>244,359</u>	<u>5,319,326</u>
Profit/ (Loss) before working capital changes	(12,965,289)	(10,576,090)
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Stock in trade	5,525,753	(86,030)
Trade debts	9,947,737	7,414,956
Loans and advances	(1,640,950)	(2,203,039)
Other receivables	-	-
Deposits, prepayments and other receivables	(430,440)	(567,687)
	<u>13,402,100</u>	<u>4,558,200</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and Other payables	3,186,466	3,504,499
<b>Cash Generated from operations</b>	<u>3,623,277</u>	<u>(2,513,391)</u>
<b>Financial Charges Paid</b>	(20,400)	(36,091)
	-	-
Staff Gratuity paid	(5,670,042)	(2,071,342)
<b>Cash flow from investing activities:</b>	<u>(2,067,165)</u>	<u>(4,620,824)</u>
Sale proceeds of Fixed assets	-	-
Long term security deposits	(703,500)	205,500
<b>Net cash (outflow) from investing activities.</b>	<u>(703,500)</u>	<u>205,500</u>
<b>Cash flow from financing activities:</b>		
Payments From related parties	185,940	185,941
<b>Net Cash (outflow) from financing activities:</b>	<u>185,940</u>	<u>185,941</u>
<b>Net (Decrease) / Increase in Cash and Cash equivalents</b>	(2,584,666)	(4,229,383)
<b>Cash and cash equivalents at beginning of year</b>	5,800,621	6,616,046
<b>Cash and cash equivalents at end of year</b>	<u>3,215,955</u>	<u>2,386,663</u>

THE CLIMAX ENGINEERING COMPANY LIMITED  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN - AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016

	<b>Quarter Ended</b>		<b>9th Month Ended</b>	
	March 31st		March 31st	
	(Rupees)			
	2016	2015	2016	2015
<b>LOSS FOR THE PERIOD</b>	(4,580,487)	(8,100,628)	(13,209,648)	(16,318,256)
<b>OTHER COMPREHENSIVE INCOME</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS</b>	<u>(4,580,487)</u>	<u>(8,100,628)</u>	<u>(13,209,648)</u>	<u>(16,318,256)</u>

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

Gujranwala  
April 30, 2016

CHIEF EXECUTIVE  
-5-

DIRECTOR



**THE CLIMAX ENGINEERING COMPANY LIMITED**  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN - AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016.

	RUPEES		
	Issued subscribed and paid up	Accumulated (loss)/ profit	Total
<b>Balance As at July1,2014</b>	<b>33,120,000</b>	<b>(14,210,913)</b>	<b>18,909,087</b>
Total Comprehensive loss re-stated		(2,107,343)	(2,107,343)
Incremental depreciation on revalued Assets net of deferred tax			
<b>Balance as at March 31,2015</b>	<b>33,120,000</b>	<b>(16,318,256)</b>	<b>16,801,744</b>
Total Comprehensive (loss) for the period Restated	-	52,637,815	52,637,815
<b>Balance as at Jun 30,2015</b>	<b>33,120,000</b>	<b>36,319,559</b>	<b>69,439,559</b>
Total Comprehensive (loss) for the period	-	(13,209,648)	(13,209,648)
<b>Balance as at March 31,2016</b>	<b>33,120,000</b>	<b>23,109,911</b>	<b>56,229,911</b>

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

## THE CLIMAX ENGINEERING COMPANY LIMITED

SELECTED NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016

### 1 LEGAL STATUS AND OPERATIONS

The Climax Engineering Company Limited ('the company'), which was established in 1940 as a partnership concern, was incorporated on May 02, 1958 under the Companies Act, 1913, (now the Companies Ordinance, 1984) as a Private Limited Company. It was converted into Public Limited Company in June, 1970. Its shares are quoted on the Karachi and Lahore Stock Exchanges. The Company is principally engaged in the manufacturing and sale of electric capital goods. The registered office of the Company is situated at Climaxabad, G.T.Road, Gujranwala.

### 2 BASIS OF PREPARATION

#### 2.1

This condensed interim financial information is un-audited and have been prepared in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all of the information required for full financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2015.

- 2.2 Company's sales during the period Rs. 24,471,693/- which is 58% below as compared to last period. At this sales level, company incurred a gross loss of Rs.7.859 million and a net loss of Rs. 13.209 million. The decrease in sales is due to lesser sales orders because the Company faces severe competition in transformer market.

Adverse operating results creates financial crisis for the Company. However, this situation is further aggravated by the following other circumstances:

From the last year, Company also faces difficulty in recovering outstanding balances from some of its local market customers.

Company's stocks stand at Rs. 140 million which were manufactured and maintained at this level in prior years due to expectation of future favourable market, remain in high ranking in the market and avoid downsizing of its experienced labour. During the last few years, Company could not materialize these stocks into cash and continuously incurring its handling costs. However, Company is actively locating reliable prospective buyers and hopeful to materialize these stocks into cash.

In February 2012, Company through extra ordinary general meeting approved a restructuring plan by disposing off its extra land and set up a new factory. The realizations from these disposal were also delayed from Qasim and Company and on June 30, 2015 it is further extended for another one year to avoid any legal deadlocks. Delay in receipts from Qasim and company creates an obstacle in setting up new factory on time.

In view of the above operating and financial difficulties, 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 business, however, management is strongly committed to maintaining the going concern status of the Company. Management of confident that these financial and operating crisis are temporary and would reverse in the near future. However, these financial statements have been prepared on the assumption that the Company will continue as a going concern.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies, significant judgment made in the application of accounting policies, key sources of estimation, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in the preparation of the financial statements for the year ended June 30, 2015 except accounting policy for land, factory building, residential quarters and plant and machinery are stated on historical cost basis instead of revaluation model with effect from 1st July 2015. Management has changed the accounting policy to avoid cost of revaluation periodically. The change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated.

### **4 CONTINGENCIES AND COMMITMENTS**

- (i) Custom Duty amounting to Rs.29.362 million for the year 1999 is disputed and case is pending in honorable Court. No decision has yet been made by the honorable Court. The management of the company is hopeful to get the decision made in favor of the company.
- (ii) Company received an order of investigation under section 263 of the Companies Ordinance 1984 from Enforcement Department of SECP regarding sale of its lands from 2004 to 2012 dated January 31, 2013. In order, the inspectors were authorized to conduct complete and effective investigation on all aspects of the company including sale processes of land measuring 354 kanals. However, till date company had not received any further order from SECP; and management is hopeful to receive the order in favour of the Company.
- (iii) There are no other significant contingencies and commitments as at balance sheet date.

### **5 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise associated companies, directors and key management personnel. Amounts due to related parties are shown in the balance sheet as long term finance and are carried out at mutual agreed terms. During the period no transactions with regards to sale and purchase with related parties and associated undertaking were occurred:

### **6 DATE OF AUTHORIZATION**

This condensed interim financial information was approved by the Board of Directors and authorized for circulation to the shareholders on April 30, 2016.

### **7 GENERAL**

- Figures have been rounded off to the nearest thousand of rupees.
- Corresponding figures have been re-arranged where-ever necessary for the purpose of comparison.