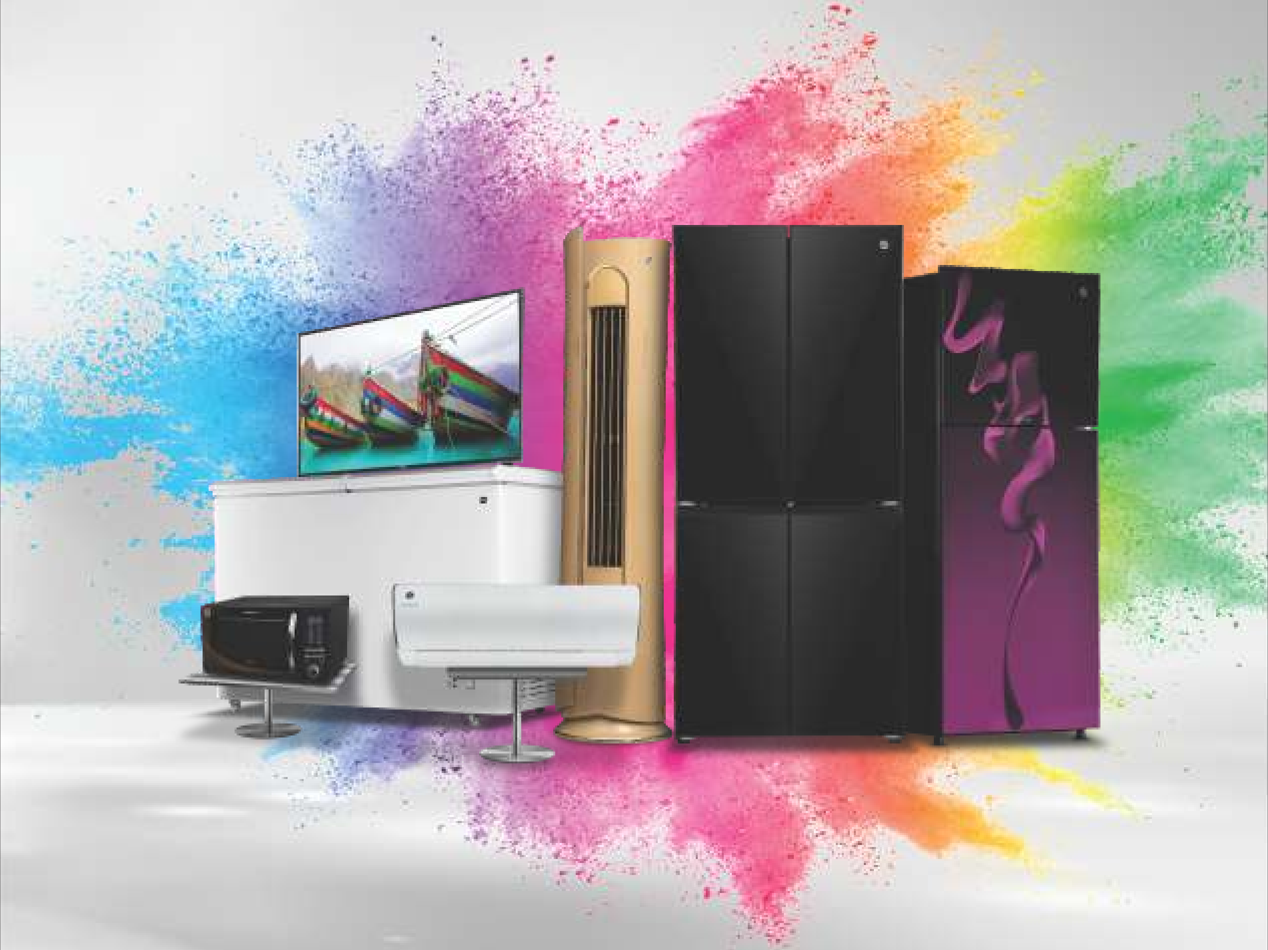
Interim Financial Report
for the half year ended June 30, 2019

Innovating today for a better tomorrow..



Pak Elektron Limited

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Director/Chairman - Non Executive
Mr. M. Murad Saigol	Director/Chief Executive Officer - Executive/Certified (DTP)
Mr. M. Zeid Yousuf Saigol	Director - Executive/Certified (DTP)
Syed Manzar Hassan	Director - Executive/Certified (DTP)
Sheikh Muhammad Shakeel	Director - Non Executive/Certified (DTP)
Syed Haroon Rashid	Director - Non Executive/Certified (DTP)
Mr. Asad Ullah Khawaja	Director - NIT Nominee/Independent
Mr. Usman Shahid	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Mr. Jamal Baquar	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Ms. Azra Shoaib	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive

AUDIT COMMITTEE

Mr. Asad Ullah Khawaja	Chairman/Member
Mr. Usman Shahid	Member
Sheikh Muhammad Shakeel	Member
Syed Haroon Rashid	Member

HR & REMUNERATION COMMITTEE

Mr. Asad Ullah Khawaja	Chairman/Member
Mr. Usman Shahid	Member
Syed Manzar Hassan	Member
Syed Haroon Rashid	Member

COMPANY SECRETARY

Muhammad Omer Farooq

CHIEF FINANCIAL OFFICER

Syed Manzar Hassan, FCA

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
A member of Russell Bedford International

LEGAL ADVISOR

M/s Hassan & Hassan Advocates

COMPANY REG. NO.

0000802

NATIONAL TAX NO. (NTN)

2011386-2

STATUS OF COMPANY

Public Interest Company (PIC)

SHARIAH ADVISOR

Mufti Zeeshan Abdul Aziz
S.M. Suhail & Co.
Chartered Accountants

SHARE REGISTRAR

Corplink (Pvt.) Limited Wings Arcade,
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Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
The Bank of Khyber
The Bank of Punjab
Sindh Bank Limited
Faysal Bank Limited
Bank Islami (Pakistan) Limited
MCB Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
Pak Libya Holding Company (Private) Limited
Pak Oman Investment Company Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
Saudi Pak Industrial and Agriculture
Investment Company Limited
United Bank Limited

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Shanghai, China
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TRANSFORMER FACILITY

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WORKS

14-K.M. Ferozepur
Road, Lahore
Tel: 042-35920151-9

Directors' Review

Your directors are pleased to present the un-audited interim financial information of the Company for the six months period ended June 30, 2019 duly reviewed by the Company's Auditors. During the period, Company revenues reached to Rs. 23,077 Million with a mild increase of 2.54% as compared with Rs.22,504 Million of corresponding period of last year. The Gross Profit of the Company stands at Rs.4,038 Million against Rs.4,246 Million of the similar period of previous year. Profitability also reduced to Rs. 809 Million against Rs. 1,215 Million of previous year. Earnings per share reduced to Rs.1.58 against Rs.2.40 of the last year corresponding period. The underlying reasons of profitability contraction during the period under review is due to the tough economic macros prevailing in the country. These testing macro-economic conditions have led to increase in input costs as a result of abrupt Pak Rupee depreciation, rise in petroleum products prices, mounting inflation rate and sharp rise in policy rate. Home Appliances Division Sales showed a steady trend despite of challenging economic conditions and competitive environment; however, Power Division registered a mild decline in revenues due to timing of orders in take from WAPDA Distribution Companies.

Summary of operating results is presented below:

Rupees in million	Half year ended June 30, 2019	Half year ended June 30, 2018	Increase/ (Decrease)
Revenue	**23,077**	22,504	573
Gross Profit	**4,038**	4,246	(208)
Finance Cost	**1,366**	1,031	335
Profit before taxation	**926**	1,394	(468)
Profit after taxation	**809**	1,215	(406)
Earnings per share - *Rupees*	**1.58**	2.40	

After recent political transition country economy remained at the top of agenda. The incumbent Government negotiated 39 months extended funded facility with IMF and uncertainty clouds at the economic horizon settled a bit in this way. Macro Economic indicators of country remained under pressure during the period under review, impacted by overall slowdown as a result of massive local currency depreciation, growing inflation and rising discount rates. As a result, real GDP growth dropped down to 3.29% in the year against 5.5% of the year 2017-18.

Exports of the country remained at US$ 19.2 Billion which is lower by 0.1% against preceding year and much lower than target of US$ 28.0 Billion, despite massive local currency depreciation. On the other hand Imports of US$ 45.47 billion are subdued by 7.9% against last year due to effective rationing exercised by the Government. Thus, the country's trade deficit reduced to US$ 26.3 billion during FY'19 from US$ 32.5 billion in FY'18. Home remittances showed a significant growth @ 8.45%. Resultantly, the current account deficit reduced to US$ 11.586 Billion FY'19 against US$ 15.864 billion in FY'18. Furthermore, FX reserves declined from US$ 17.519 billion at FY'18 to USD 15.722 billion at Jun'19. This resulted in strong pressure on the USD - PKR exchange rate, which closed at Rs. 164.5 as at June 30, 2019 with a devaluation of 48.87% versus Dec'18.

Inflationary pressures started to build up with the start of fiscal year and closed @ 8.91% at June 2019 against 5.2% of June 2018 after peaking at 9.4 % in April 2019. The pressures on headline inflation are explained by adjustment in electricity & gas prices, a signification increase in perishable food prices, exchange rate depreciation along with global fuel prices.

Given the challenges on the external account front, the State Bank of Pakistan, in its monetary policy statements announced on July 2019 increased the policy rate by 100 bps taking the benchmark rate to 13.25% from 10.00% in Dec 2018.

APPLIANCES DIVISION

Appliance Division revenues during the period achieved Rs. 18.691 billion which is higher by 4.49 % against Rs.17.889 billion of the corresponding period for last year, despite of prevailing economic adversities. Increase in Air conditioners and LED TVs sales contributed towards increase in revenue. However, product margin declined due to abrupt currency depreciation, rise in input costs and rise in policy rate. The overall impact in margins is diluted by materials earlier procured and cost effective product designs.

Company strongly believes in high value consumer's "ROX-Return on Experience". Ongoing R&D function enables to attain "Market Competitiveness" through aesthetically improved and cost effective product designs. During the period under review, Company launched energy efficient Refrigerator wide body "Life Series", with extended space, improved aesthetics and cost effective product design. These energy efficient & cost effective refrigerators are well received in market. New Air conditioners energy efficient "High End Series" super silver & super mate with SEER (Seasonal Energy Efficiency Ratio) 4 with improved aesthetics remained market preferred choice. Deep Freezer "Arctic Crystal Glass Door Series" also received a warm market response.

Company LED TVs production line started production in 2nd half of the previous year, has a valuable contribution towards home appliances division revenue during the period under review.

On persistent market demand company has set up a washing machine manufacturing facility, which shall be ready to start its production in July 2019.

Country home appliances market is likely to grow at its natural pace, where the uncertainty is expected to settle down after IMF extended funded facility. Company Management will continue with its proved corporate, operational and marketing philosophy to cope-up with stakeholders' expectations..

POWER DIVISION

Power Division Business registered a mild decline due to incumbent government's transitional settle down. During the period under review pace of ordering from WAPDA distribution companies remained slow. With the award of IMF extended funded facility, faith of global lenders in country economy has been restored. In the changed scenario that pace of ordering from WAPDA Discos will normalize and PEL being leading electrical equipment manufacturer, with strong performance history, will attain its due market share.

Company has a healthy order book and expects to meet its business plan in the remaining half of the year. During the period under review successful "short circuit testing" of power transformers is completed, will enable company to supply its orders in hand.

"Construction of 5 Million Houses" announced by Government in their manifesto can be a breakthrough for local Industry especially to the electrical equipment manufacturing companies. Company will certainly attain its due market share. PEL EPC department with a well versed over a decade market presence and having exposure of underground and on ground housing electrification can contribute in big-time.

FUTURE OUTLOOK

IMF has restored confidence in the potential of country economy. It has set its future direction and foresees a stable economy by the completion of Program. The incumbent Government aligned with manifesto is determined to improve human index development and per capita income. As a result there will be increase demand of electrical home appliances and your company is well positioned to grasp the opportunity. On the other hand there is a dire need for augmentation of Electricity T&D infrastructure and your company has been part of Government's efforts by supplying its quality electrical equipments. Further development of Prioritized Special Economic Zones- SEZs is likely to be started in future years will create demand of Power Division Products.

Company EPC Department with its success stories of Grid Station installations and under / on ground electrification is ready to grasp its market share. Your directors are optimistic that with these future expected developments, the Company will certainly take advantage of it by supplying quality products.

ACKNOWLEDGEMENT

We take this opportunity to thank all our stakeholders for their patronage and look forward to their continued support.

On behalf of the Board of Directors

M. Murad Saigol
Chief Executive Officer

Lahore
August 23, 2019

ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز بمسرت چھ ماہ کی رپورٹ بشمول کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے مدت مختتمہ 30 جون 2019ء کمپنی آڈیٹرز کی نظر ثانی کے بعد پیش کر رہے ہیں۔

رواں سال کی اس مدت میں کمپنی کے محصولات 23,077 ملین روپے رہے۔ جو کہ گذشتہ سال کے اسی مدت کے 22,504 ملین روپے کے مقابلے میں 2.54 فیصد زیادہ ہیں۔ کمپنی کا خام منافع گذشتہ سال کے 4,246 ملین روپے کے مقابلے میں 4,038 ملین روپے رہا۔ اسی طرح کمپنی کا منافع 809 ملین روپے رہا جو کہ گذشتہ سال 1,215 ملین روپے تھا۔ فی حصص آمدنی گذشتہ سال کے 2.40 روپے فی حصص کے مقابلے میں 1.58 روپے فی حصص رہی۔ زیر جائزہ مدت کے دوران منافع جات میں کمی کی وجہ ملکی معیشت کی ترقی میں سست روی اور پیداواری لاگت میں اضافہ ہے۔ جس کی بنیادی وجہ پاکستانی روپے کی قدر میں غیر معمولی کمی، پیٹرولیم مصنوعات کی قیمتوں میں اضافہ، افراط زر کی شرح میں اضافہ اور بڑھتی ہوئی شرح سود جیسے عوامل ہیں۔

موجودہ معاشی صورتحال اور مقابلہ جاتی رجحان کے باوجود اپلائنسز ڈویژن کی مصنوعات کی سیل میں بڑھوتی ہوئی ہے۔ تاہم واپڈا ڈسٹری بیوشن کمپنیوں کی طرف سے ملنے والے آرڈرز میں سست روی کی وجہ سے پاور ڈویژن کے محصولات میں معمولی کمی واقع ہوئی ہے۔

کمپنی کے کاروبار کا خلاصہ درج ذیل ہے

روپے ملین میں	چھ ماہ مختتمہ 30 جون 2019ء	چھ ماہ مختتمہ 30 جون 2018ء	اضافہ / (کمی)
مجموعی آمدنی	**23,077**	22,504	573
خام منافع	**4,038**	4,246	(208)
مالی لاگت	**1,366**	1,031	335
منافع قبل از ٹیکس	**926**	1,394	(468)
منافع بعد از ٹیکس	**809**	1,215	(406)
فی حصص آمدنی روپے	**1.58**	2.40	

انتقال اقتدار کے بعد ملکی معیشت میں بہتری سب سے اہم ہدف ہے۔ موجودہ حکومت نے IMF سے 39 ماہ کا معاشی اعانتی پروگرام حاصل کیا ہے جس کے نتیجہ میں کسی حد تک حالات کی غیر یقینی صورت حال میں کمی واقع ہوئی ہے۔ زیر جائزہ مدت کے دوران ملکی کرنسی کی قدر میں غیر معمولی کمی، افراط زر کی شرح میں اضافہ اور شرح سود میں اضافے کی وجہ سے ملکی معاشی اعشاریئے دباؤ کا شکار رہے۔ جس کے نتیجہ میں GDP کی نمو گذشتہ سال کی 5.5 فیصد کے مقابلے میں 3.29 فیصد رہ گئی ہے۔

ملکی کرنسی کی قدر میں غیر معمولی کمی کے باوجود ملکی برآمدات 19.20 بلین امریکی ڈالر رہیں۔ جو کہ گذشتہ سال سے 0.1 فیصد سے معمولی اور 28.00 بلین امریکی ڈالر کے ہدف کے مقابلے میں بہت کم ہیں۔ دوسری طرف حکومت کے مئوثر اقدامات کی وجہ سے ملکی درآمدات 45.47 بلین امریکی ڈالر رہیں۔ جو کہ گذشتہ سال سے 7.9 فیصد کم ہیں۔ اس طرح تجارتی خسارہ نمایاں کمی کے ساتھ گذشتہ سال کے 32.5 بلین امریکی ڈالر کے مقابلے میں 26.3 بلین امریکی ڈالر رہا۔ ملکی ترسیلات 8.45 فیصد کی نمو ظاہر کر رہی ہیں۔ جس کے نتیجے میں جاریہ اکاؤنٹ کے خسارے میں کمی ہوئی جو کہ سال 2018 تک 15.864 بلین امریکی ڈالر کے مقابلہ میں 11.586 بلین امریکی ڈالر رہے۔ مزید غیر ملکی کرنسی کے ذخائر سال 2018ء کے 17.519 بلین امریکی ڈالر سے کم ہو کر 15.722 بلین امریکی ڈالر رہ گئے ہیں۔ اسی وجہ سے پاکستانی روپیہ امریکی ڈالر کے مقابلہ میں دباؤ کا شکار رہا۔ شرح مبادلہ 30 جون 2019ء کو 164.50 روپے رہی جو کہ دسمبر 2018 تک کے مقابلے میں 48.87 فیصد کم ہے۔

رواں سال کے شروع سے ہی افراط زر کی شرح میں اضافہ شروع ہو گیا تھا۔ جو کہ جون 2018ء کے 5.2 فیصد کے مقابلے میں جون 2019ء کو 8.91 فیصد رہا اور اپریل 2019ء میں اپنی بلند ترین سطح 9.4 فیصد پر بھی پہنچا۔ افراط زر کی شرح میں اضافے کی وجوہات بجلی اور گیس کے نرخوں میں اضافہ، کھانے پینے کی اشیاء کی قیمتوں میں اضافہ اور شرح مبادلہ میں کمی کے ساتھ ساتھ پیٹرولیم مصنوعات کی قیمتوں میں اضافہ ہیں۔

ان تمام حالات کے پیش نظر اسٹیٹ بینک آف پاکستان نے جولائی 2019ء کی مالیاتی پالیسی میں 100 بی پی ایس کا شرح سود میں اضافہ کیا ہے۔ اس طرح شرح سود دسمبر 2018 تک 10 فیصد سے بڑھ کر 13.25 فیصد پر جا پہنچی ہے۔

اپلائنسز ڈویژن

موجودہ نامساعد معاشی صورتحال کے باوجود اپلائنسز ڈویژن کے محصولات 18.691 بلین روپے رہے جو کہ گذشتہ سال اسی مدت کے 17.889 بلین روپے کے مقابلے میں 4.49 فیصد زیادہ ہیں۔ اس اضافے میں ائیر کنڈیشنر اور LED TV کا کردار نمایاں ہے۔ تاہم کرنسی کی قدر میں غیر معمولی کمی، پیداواری لاگت میں اضافہ اور شرح سود میں اضافہ جیسے عوامل کی وجہ سے مصنوعات کے منافع کی شرح میں کمی ہوئی ہے۔

کمپنی بعداز خریداری گاہک کیلئے ایک خوش گوار تجربہ کو یقینی بنانے پر یقین رکھتی ہے اور کمپنی کا مسلسل تحقیقی عمل مصنوعات کے بہترین ڈیزائن اور پیدواری لاگت میں کمی سے مارکیٹ میں مسابقتی پوزیشن حاصل کیے ہوئے ہے۔ زیر جائزہ مدت کے دوران کمپنی نے ریفریجریٹر کی زیادہ گنجائش، کم لاگت اور دیدہ زیب ڈائزین والی ''Life Series'' متعارف کروائی ہے۔ جو کہ مارکیٹ میں خوب پذیرائی حاصل کررہی ہے۔ نئے بجلی کی بچت والے ائیر کنڈیشنر کی ''High End Series''، ''Super Silver'' اور ''Super Mate'' سیریز اپنی اضافی خوبیوں کی وجہ سے مارکیٹ میں گاہکوں کا اولین انتخاب ہیں۔ ڈیپ فریزر کی ''Artic Crystal Glass Door Series'' اپنے خوبصورت ڈائزینوں کی وجہ سے مارکیٹ میں توجہ کا مرکز ہے۔

کمپنی کے LED TVs جس کی پروڈکشن لائن نے گذشتہ سال کی دوسری ششماہی میں کام شروع کیا تھا کا زیر جائزہ مدت کے دوران اپلائنسز ڈویژن کے محصولات میں نمایاں حصہ ہے۔ مارکیٹ میں مسلسل طلب کے باعث کمپنی نے واشنگ مشین کی پروڈکشن لائن تیار کی ہے جو کہ جولائی 2019ء میں اپنی پیداوار شروع کردے گی۔

ملکی گھریلو استعمال کی مصنوعات کی مارکیٹ میں روز بروز اضافہ ہو رہا ہے۔ IMF کے ساتھ امدادی پروگرام طے پانے کے نتیجے میں مارکیٹ مزید مستحکم ہوگی۔ کمپنی اپنے تنظیمی، پیداواری اور تشہیری فلسفہ جات پر آگے بڑھتے ہوئے اپنے حصہ داران کی توقعات پر پورا اترے گی۔

پاور ڈویژن

رواں سال کی زیر جائزہ مدت میں پاور ڈویژن کا کاروبار سست روی کا شکار رہا۔ جس کی بنیادی وجہ واپڈا کی تقسیم کار کمپنیوں کی طرف سے آرڈرز کا بروقت نہ ملنا ہے۔ IMF کے ساتھ امدادی پیکج طے پانے کے بعد بیرونی قرض دہندہ اداروں کا اعتماد بحال ہو چکا ہے۔ اور ان بدلتے ہوئے حالات میں واپڈا کی تقسیم کار کمپنیوں کی طرف سے ملنے والے آرڈرز کی صورت حال ٹھیک ہو جائیگی اور کمپنی نمایاں برقی آلات بنانے والے ادارے کی حیثیت سے اور Supplies کے شاندار تجربے کی بناء پر اپنا مارکیٹ شیئر حاصل کرے گی۔

کمپنی اپنی مستحکم آرڈر بک کے ساتھ سال کی بقیہ مدت میں اپنے کاروباری اہداف حاصل کرلے گی۔ زیر جائزہ مدت کے دوران پاور ٹرانسفارمرز کی کامیاب شارٹ سرکٹ ٹیسٹنگ کے بعد کمپنی مزید آرڈرز کیلئے بھی پر امید ہے۔

حکومت کی طرف سے اپنے منشور میں 5 ملین گھروں کی تعمیر کے اعلان کی وجہ سے مقامی صنعت خاص طور پر برقی آلات کی پیداواری کمپنیوں کے کاروبار میں تیزی متوقع ہے اور آپکی کمپنی اس سے بھرپور فائدہ اُٹھانے کیلئے پرعزم ہے۔ کمپنی کا EPC ڈیپارٹمنٹ مارکیٹ میں اپنی نمایاں پوزیشن اور برزمین اور زیر زمین بجلی کی ترسیلی نظام میں مہارت کی بناء پر اس موقع سے بھرپور فائدہ اُٹھائے گا۔

مستقبل کا جائزہ

IMF ملکی معیشت کی ممکنہ بحالی کیلئے پر اعتماد ہے اور اس پروگرام کے مکمل ہونے کے بعد ملکی معاشی صورتحال بہتر ہو جائے گی۔ انسانی ترقی کے گراف میں بہتری اور فی کس آمدنی میں اضافہ موجودہ حکومت کے منشور میں شامل ہیں۔ جس کی وجہ سے گھریلو برقی آلات کی طلب میں اضافہ متوقع ہے اور آپ کی کمپنی اس موقع سے بھرپور فائدہ اُٹھانے کیلئے پر اُمید ہے۔ دوسری طرف بجلی کے ترسیلی نظام کو بہتر کرنا ملک کی اشد ضرورت ہے اور آپکی کمپنی معیاری برقی آلات فراہم کرتے ہوئے حکومت کا بھرپور ساتھ دے رہی ہے۔ مزید Speical Ecnomic Zone (SEZs) جو کہ آنے والے سالوں میں شروع کئے جا رہے ہیں سے پاور ڈویژن کی مصنوعات کی طلب میں بھرپور اضافہ ہوگا۔

کمپنی کا EPC ڈیپارٹمنٹ گرڈ اسٹیشنز کی تنصیب اور بجلی کے برزمین اور زیر زمین ترسیلی نظام کے کام کی وجہ سے نمایاں مقام حاصل کیے ہوئے ہے۔ آپ کے ڈائریکٹرز ان سب مثبت حالات کا فائدہ اُٹھاتے ہوئے کمپنی کی معیاری مصنوعات کی فراہمی کیلئے پرعزم ہیں۔

اظہار تشکر

ہم تمام حصہ داران کی سرپرستی کیلئے ان کے بے حد مشکور ہیں اور مستقبل میں بھی راہنمائی کی توقع رکھتے ہیں۔

ایم مراد سہگل

چیف ایگزیکٹو آفیسر

لاہور

23 اگست 2019ء

Condensed Interim
Consolidated Financial Information

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Independent Auditor's Review Report

To the members of PAK ELEKTRON LIMITED
Report on review of Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of **PAK ELEKTRON LIMITED** ['the Company'] as at June 30, 2019 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of cash flows, condensed interim consolidated statement of changes in equity and notes to the condensed interim consolidated financial statements for the six-month period then ended (here-in-after referred to as the “interim consolidated financial statements”). Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review. The figures for the three-month period ended June 30, 2019 of the condensed interim consolidated statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information performed by the Independent Auditor of the Entity.” A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **ZUBAIR IRFAN MALIK**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: ***AUGUST 23, 2019***
Place: ***LAHORE***

Condensed Interim Consolidated Statement of Financial Position

AS AT JUNE 30, 2019

	Note	June 30, 2019	December 31, 2018
		Rupees '000	Rupees '000
		(Un-audited)	(Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	7	6,000,000	6,000,000
Issued, subscribed and paid-up capital	8	5,426,392	5,426,392
Share premium		4,279,947	4,279,947
Surplus on revaluation of property, plant and equipment		6,437,345	6,579,049
Accumulated profit		14,945,044	13,994,307
TOTAL EQUITY		31,088,728	30,279,695
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - *secured*	9	-	-
Long term finances - *secured*	10	2,612,861	2,646,032
Lease liabilities	11	104,884	59,778
Deferred taxation	12	3,196,004	3,087,822
Deferred income		35,861	36,781
		5,949,610	5,830,413
CURRENT LIABILTIES			
Trade and other payables		912,143	922,850
Unclaimed dividend		16,313	18,650
Accrued interest/markup/profit		448,711	390,172
Short term borrowings	13	11,363,159	12,843,848
Current portion of non-current liabilities		2,143,246	1,814,311
		14,883,572	15,989,831
TOTAL LIABILITIES		20,833,182	21,820,244
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		51,921,910	52,099,939

The annexed notes 1 to 28 form an integral part of these interim consolidated financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

	Note	June 30, 2019	December 31, 2018
		Rupees '000	*Rupees '000*
		(Un-audited)	*(Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**22,152,324**	21,738,700
Right-of-use assets	*16*	**219,861**	218,315
Intangible assets		**310,091**	313,352
Long term investments	*17*	**4,948**	6,985
Long term deposits		**360,180**	365,957
Long term advances		**1,283,981**	1,109,094
		24,331,385	23,752,403
CURRENT ASSETS			
Stores, spares and loose tools		**850,347**	859,145
Stock in trade		**9,750,783**	10,786,157
Trade debts - *unsecured*		**10,140,359**	10,181,739
Contract assets		**1,570,337**	1,535,735
Short term advances - *unsecured*		**1,014,426**	1,039,505
Short term deposits and prepayments		**1,115,837**	1,105,179
Other receivables - *unsecured, considered good*		**393,086**	360,962
Short term investments		**20,525**	22,071
Advance income tax		**2,188,666**	1,985,785
Cash and bank balances		**546,159**	471,258
		27,590,525	28,347,536
TOTAL ASSETS		**51,921,910**	52,099,939

The annexed notes 1 to 28 form an integral part of these interim consolidated financial statements.

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim
Consolidated Statement of Profit or Loss and other Comprehensive Income
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (Un-Audited)

		Six month ended		Three month ended	
	Note	**June 30, 2019**	June 30, 2018	**June 30, 2019**	June 30, 2018
		Rupees '000	*Rupees '000*	***Rupees '000***	*Rupees '000*
Revenue	18	**23,076,810**	22,504,230	**14,502,233**	14,126,914
Sales tax and discounts		**(6,274,306)**	(5,804,431)	**(4,315,462)**	(3,739,047)
Revenue - *net*		**16,802,504**	16,699,799	**10,186,771**	10,387,867
Cost of sales	19	**(12,764,260)**	(12,453,434)	**(7,918,473)**	(7,973,634)
Gross profit		**4,038,244**	4,246,365	**2,268,298**	2,414,233
Distribution cost		**(1,052,060)**	(1,144,369)	**(667,631)**	(672,705)
Administrative expenses		**(681,092)**	(627,977)	**(343,433)**	(292,266)
Other operating expenses		**(34,690)**	(55,699)	**(8,143)**	(17,996)
		(1,767,842)	(1,828,045)	**(1,019,207)**	(982,967)
		2,270,402	2,418,320	**1,249,091**	1,431,266
Other operating income		**19,884**	9,057	**12,115**	1,750
Operating profit		**2,290,286**	2,427,377	**1,261,206**	1,433,016
Finance cost		**(1,365,547)**	(1,031,374)	**(790,673)**	(614,888)
		924,739	1,396,003	**470,533**	818,128
Share of profit/(loss) of associate		**1,566**	(1,741)	**1**	(810)
Profit before taxation		**926,305**	1,394,262	**470,534**	817,318
Provision for taxation	20	**(117,272)**	(178,952)	**(77,790)**	(138,032)
Profit after taxation		**809,033**	1,215,310	**392,744**	679,286
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income		**809,033**	1,215,310	**392,744**	679,286
Earnings per share - *Basic and diluted*	21	**1.58**	2.40	**0.77**	1.34

The annexed notes 1 to 28 form an integral part of these interim consolidated financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (Un-Audited)

	June 30, 2019	June 30, 2018
	Rupees '000	*Rupees '000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	926,305	1,394,262
Adjustments for non-cash and other items	1,847,740	1,444,951
Operating profit before changes in working capital	2,774,045	2,839,213
Changes in working capital	1,047,653	(3,892,060)
Cash generated from/(used in) operations	3,821,698	(1,052,847)
Payments for		
Interest/markup/profit on borrowings	(1,307,008)	(767,520)
Income tax	(211,971)	(281,540)
Net cash generated from/(used in) operating activities	2,302,719	(2,101,907)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(801,743)	(1,182,238)
Purchase of intangible assets	(1,907)	-
Proceeds from disposal of property, plant and equipment	10,303	25,182
Long term deposits refunded	5,777	(16,881)
Long term advances made	(200,000)	(186,430)
Net cash used in investing activities	(987,570)	(1,360,367)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	1,150,000	226,013
Repayment of long term finances	(781,352)	(746,944)
Redemption of redeemable capital	(101,875)	(137,500)
Repayment of lease liabilities	(23,995)	(22,897)
Net (decrease)/increase in short term borrowings	(1,480,689)	4,773,770
Dividend paid	(2,337)	(581,449)
Net cash (used in)/generated from financing activities	(1,240,248)	3,510,993
NET INCREASE IN CASH AND CASH EQUIVALENTS	74,901	48,719
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	471,258	484,194
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	546,159	532,913

The annexed notes 1 to 28 form an integral part of these interim consolidated financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Consolidated Statement Of Changes In Equity

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (Un-Audited)

	Share capital	Capital reserves		Revenue reserves	
	Issued subscribed and paid-up capital	Share premium	Surplus on revaluation of property, plant and equipment	Accumulated profit	Total equity
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Balance as at January 01, 2018 - *Audited*	5,426,392	4,279,947	4,274,019	13,020,232	27,000,590
Comprehensive income					
Profit after taxation	-	-	-	1,215,310	1,215,310
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,215,310	1,215,310
Incremental depreciation - *net of deferred taxation*	-	-	(97,277)	97,277	-
Transaction with owners					
Final dividend on ordinary shares @ Rs. 1.20 per share	-	-	-	(597,218)	(597,218)
Balance as at June 30, 2018 - *Un-audited*	5,426,392	4,279,947	4,176,742	13,735,601	27,618,682
Balance as at July 01, 2018 - *Un-audited*	5,426,392	4,279,947	4,176,742	13,735,601	27,618,682
Comprehensive income					
Profit after taxation	-	-	-	156,159	156,159
Other comprehensive income	-	-	2,504,854	-	2,504,854
Total comprehensive income	-	-	2,504,854	156,159	2,661,013
Incremental depreciation - *net of deferred taxation*	-	-	(102,547)	102,547	-
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2018 - *Audited*	5,426,392	4,279,947	6,579,049	13,994,307	30,279,695
Balance as at January 01, 2019 - *Audited*	**5,426,392**	**4,279,947**	**6,579,049**	**13,994,307**	**30,279,695**
Comprehensive income					
Profit after taxation	-	-	-	809,033	809,033
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-		809,033	809,033
Incremental depreciation - *net of deferred taxation*	-	-	(141,704)	141,704	-
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2019 - *Un-audited*	5,426,392	4,279,947	6,437,345	14,945,044	31,088,728

The annexed notes 1 to 28 form an integral part of these interim consolidated financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statements

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (Un-Audited)

1 LEGAL STATUS AND OPERATIONS

The Group comprises of the following companies

Parent Company

Pak Elektron Limited ['the Parent Company' or 'PEL'] was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017). Registered office of PEL is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The manufacturing facilities of the PEL are located at 34 - K.M. Ferozepur Road, Keath Village, Lahore and 14 - K.M, Ferozepur Road, Lahore. PEL is listed on Pakistan Stock Exchange Limited. The principal activity of PEL is manufacture and sale of electrical capital goods and domestic appliances.

PEL is currently organized into two main operating divisions - Power Division & Appliances Division. PEL's activities are as follows:

Power Division: Manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations and electrification works.

Appliances Division: Manufacturing, assembling and distribution of refrigerators, deep freezer, air conditioners, microwave ovens, LED Tvs, washing machines, water dispensers and other home appliances.

Subsidiary Company

PEL Marketing (Private) Limited ['the Subsidiary Company' or 'PMPL'] was incorporated in Pakistan on August 11, 2011 as a private limited company under the Companies Ordinance, 1984 (replaced by Companies Act, 2017). Registered office of PMPL is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The principal activity of PMPL is sale of electrical capital goods and domestic appliances. PMPL is a wholly owned subsidiary of PEL.

2 BASIS OF PREPARATION

These interim consolidated financial statements are un-audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2018.

These interim consolidated financial statements have been subjected to limited scope review by the auditors as required by the Companies Act, 2017 under section 237. The comparative condensed interim consolidated statement of financial position as at December 31, 2018 and the related notes to the interim consolidated financial statements are based on audited financial statements. The comparative condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity, condensed interim consolidated statement of cash flows, and related notes to the condensed interim consolidated financial statements for the six month period ended June 30, 2018 are based on unaudited, reviewed interim consolidated financial statements. The condensed interim consolidated statement of profit or loss and other comprehensive income for the three month period ended June 30, 2019 and June 30, 2018 are neither audited nor reviewed.

2.1 Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These interim consolidated financial statements have been prepared under the historical cost convention except for property, plant and equipment at revalued amounts and certain financial instruments at fair value/amortized cost. In These interim consolidated financial statements, except for the amounts reflected in the condensed interim consolidated statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

These interim consolidated financial statements are prepared in Pak Rupees which is the Group's functional currency.

2.5 Date of authorisation for issue

These interim consolidated financial statements have been approved by the Board of Directors of the Parent Company and authorized for issue on August 23, 2019.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE PERIOD.

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Group or their application does not have any material impact on the interim financial statements of the Group other than presentation and disclosures.

IFRS 9 - Financial Instruments

Finalized version of IFRS 9 - Financial Instruments: Recognition and Measurement which contains accounting requirement for financial instruments, replacing IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

As a result of the application of IFRS 9, the classification of the Group's financial assets and liabilities is as follows:

	IAS 39 Classification	IFRS 9 Classification
Long term deposits	Loans and receivables	Financial assets at amortized cost
Long term advances	Loans and receivables	Financial assets at amortized cost
Trade debts	Loans and receivables	Financial assets at amortized cost
Contract assets	Loans and receivables	Financial assets at amortized cost
Short term deposits	Loans and receivables	Financial assets at amortized cost
Bank balances	Loans and receivables	Financial assets at amortized cost
Short term investments	Financial assets at fair value through profit or loss	Financial assets at fair value
Redeemable capital	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Long term finances	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Lease liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Trade creditors - unsecured	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Foreign bills payable - secured	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Employees' provident fund	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Compensated absences	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Unclaimed dividend	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Other payables - unsecured	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued interest/markup/profit	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Short term borrowings	Financial liabilities at amortized cost	Financial liabilities at amortized cost

Measurement of financial instruments

There is no change in the particular measurement methods adopted for each individual financial instrument.

Impairment of financial assets

IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized. This has resulted in change in the Group's approach to measurement of impairment loss on financial assets as follows:

IAS 39 Impairment	IFRS 9 Impairment
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset	A financial asset is assessed at each reporting date to determine whether there is any objective evidence that the credit risk has increased resulting in an increase in expected credit losses. Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to 12 months' expected credit losses. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying

IAS 39 Impairment	IFRS 9 Impairment
measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.	amount that would have been determined, net of amortization, if no impairment loss had been recognized.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 - Revenue from Contracts with Customers' supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new standard.

Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)

IFRS 4 - Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

IFRS 16 - Leases (2016)

IFRS 16 - Leases (2016) specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Group has elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on January 01, 2019. This is disclosed in note 5.

IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)

IFRS 9 - Financial Instruments have been amended regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)

IAS 28 - Investments in Associates and Joint Ventures have been amended to clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Annual Improvements to IFRS Standards 2015 – 2017 Cycle

The annual improvements have made amendments to the following standards:

- **IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 - Income Taxes** - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- **IAS 23 - Borrowing Costs** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020

Other than afore-mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts
IFRS 17 – Insurance contracts (2017)

The Group intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Group's financial statements other than in presentation/disclosures.

5 CHANGE IN ACCOUNTING POLICY

As indicated in note 3 above, the group has adopted IFRS - 16 Leases retrospectively from January 01, 2019, but has not restated comparatives for the reporting period ended June 30, 2018, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on January 01, 2019.

6 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim consolidated financial statements are the same as those applied in the preparation of preceding annual financial statements of the Group for the year ended December 31, 2017, except of change referred to in note 5.

7 AUTHORIZED CAPITAL

June 30, 2019	December 31, 2018		June 30, 2019	December 31, 2018
No. of shares	*No. of shares*		**Rupees '000**	*Rupees '000*
(Un-Audited)	*(Audited)*		**(Un-Audited)**	*(Audited)*
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	**5,000,000**	5,000,000
62,500,000	62,500,000	A' Class preference shares of Rs. 10 each	**625,000**	625,000
37,500,000	37,500,000	B' Class preference shares of Rs. 10 each	**375,000**	375,000
100,000,000	100,000,000		**1,000,000**	1,000,000
600,000,000	600,000,000		**6,000,000**	6,000,000

8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2019	December 31, 2018		Note	June 30, 2019	December 31, 2018
No. of shares	*No. of shares*			**Rupees '000**	*Rupees '000*
(Un-Audited)	*(Audited)*			**(Un-Audited)**	*(Audited)*
		Ordinary shares of Rs. 10 each			
372,751,051	372,751,051	Issued for cash		**3,727,511**	3,727,511
		Issued for other than cash:			
137,500	137,500	- against machinery		**1,375**	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited		**4,083**	4,083
6,040,820	6,040,820	- shares issued on conversion of preference shares		**60,408**	60,408
118,343,841	118,343,841	- as fully paid bonus shares		**1,183,439**	1,183,439
497,681,485	497,681,485			**4,976,816**	4,976,816
		A' class Preference shares of Rs. 10 each			
44,957,592	44,957,592	Issued for cash	*8.1*	**449,576**	449,576
542,639,077	542,639,077			**5,426,392**	5,426,392

8.1 There is no change in the status and classification of preference shares since December 31, 2018

	June 30, 2019	December 31, 2018
	Rupees '000	*Rupees '000*
	(Un-Audited)	*(Audited)*
9 REDEEMABLE CAPITAL - *SECURED*		
As at beginning of the period/year	**101,875**	376,875
Redeemed during the period/year	**(101,875)**	(275,000)
As at end of the period/year	**-**	101,875
Current maturity presented under current liabilities	**-**	(101,875)
	-	-

	June 30, 2019	December 31, 2018
	Rupees '000	Rupees '000
	(Un-Audited)	(Audited)

10 LONG TERM FINANCES - *SECURED*

	June 30, 2019	December 31, 2018
As at beginning of the period/year	**4,315,878**	5,632,678
Obtained during the period/year	**1,150,000**	226,013
Repaid during the period/year	**(781,352)**	(1,542,813)
As at end of the period/year	**4,684,526**	4,315,878
Current maturity presented under current liabilities	**(2,071,665)**	(1,669,846)
	2,612,861	2,646,032

11 LEASE LIABILITIES

	June 30, 2019	December 31, 2018
Total	**176,465**	102,368
Current maturity presented under current liabilities	**(71,581)**	(42,590)
	104,884	59,778

12 DEFERRED TAXATION

Deferred tax has been recognized using tax rate of 29% (December 31, 2018: 29%) of temporary differences.

13 SHORT TERM BORROWINGS

The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs. 7,801 million (December 31, 2018: Rs. 10,464 million).

14 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2018, with the exception of the following:

	Note	June 30, 2019	December 31, 2018
		Rupees '000	Rupees '000
		(Un-Audited)	(Audited)
Tender bonds		**389,983**	488,314
Performance bonds		**2,930,612**	2,863,884
Advance guarantees		**689,019**	647,033
Custom guarantees		**72,557**	72,064
Foreign guarantees		**78,817**	80,682
Ijarah commitments		**36,741**	29,434

15 PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2019	December 31, 2018
Operating fixed assets	*15.1*	**18,297,726**	18,560,480
Capital work in progress		**3,854,598**	3,178,220
		22,152,324	21,738,700

	Note	June 30, 2019 Rupees '000 (Un-Audited)	December 31, 2018 Rupees '000 (Audited)
15.1 Operating fixed assets			
Net book value at the beginning of the period/year		**18,560,480**	16,139,286
Additions during the period/year			
Plant and machinery		**95,755**	387,069
Office equipment and furniture		**6,935**	35,208
Computer hardware and allied items		**12,210**	11,918
Vehicles		**10,465**	35,021
		125,365	469,216
Net book value of assets disposed during the period/year		**(9,706)**	(34,021)
Revaluation for the period/year		-	3,045,215
Depreciation for the period/year		**(464,747)**	(840,901)
Transfer to right-of-use assets		**-**	(218,315)
Transfer from right-of-use assets		**86,334**	-
Net book value at the end of the period/year		**18,297,726**	18,560,480

16 RIGHT-OF-USE ASSETS

	Note	June 30, 2019	December 31, 2018
Net book value at the beginning of the period/year		**218,315**	-
Additions during the period/year			
Plant and machinery		**74,097**	**-**
Vehicles		**23,995**	**-**
		98,092	-
Depreciation for the period/year		**(10,212)**	-
Transfer from property plant and equipment		**-**	218,315
Transfer to property plant and equipment		**(86,334)**	**-**
Net book value at the end of the period/year		**219,861**	218,315

17 LONG TERM INVESTMENTS

This represents investments in ordinary shares of associated company.

The details are as follows:

	Note	June 30, 2019	December 31, 2018
Kohinoor Power Company Limited - *quoted*			
2,910,600 shares (December 31, 2018: 2,910,600 shares) of Rs. 10 each	*17.1*	**4,948**	6,985
Nature of relationship: Associate			
Ownership interest: 23.10% (December 31, 2018: 23.10%)			
		4,948	6,985

		June 30, 2019 Rupees '000 (Un-Audited)	December 31, 2018 Rupees '000 (Audited)
17.1	**Kohinoor Power Company Limited**		
	Cost of investment	**54,701**	54,701
	Share of post acquisition loss - *net of dividend received*	**(7,291)**	(8,857)
		47,410	45,844
	Accumulated impairment	**(42,462)**	(38,859)
		4,948	6,985

		Six month ended		Three month ended	
		June 30, 2019 Rupees '000 (Un-Audited)	June 30, 2018 Rupees '000 (Un-Audited)	**June 30, 2019 Rupees '000 (Un-Audited)**	June 30, 2018 Rupees '000 (Un-Audited)
18	**REVENUE**				
	Contract revenue	**735,454**	946,039	**282,086**	556,870
	Sale of goods				
	Local	**21,998,544**	20,963,769	**14,046,267**	13,282,728
	Export	**342,812**	594,422	**173,880**	287,316
		23,076,810	22,504,230	**14,502,233**	14,126,914
	Sales tax and excise duty	**(2,256,930)**	(2,041,342)	**(1,337,185)**	(1,194,403)
	Discounts	**(4,017,376)**	(3,763,089)	**(2,978,277)**	(2,544,644)
		16,802,504	16,699,799	**10,186,771**	10,387,867
19	**COST OF SALES**				
	Raw material consumed	**10,826,382**	11,083,623	**7,094,233**	6,542,822
	Direct wages	**448,118**	438,415	**259,171**	243,036
	Factory overheads	**1,064,898**	1,057,177	**580,336**	511,995
		12,339,398	12,579,215	**7,933,740**	7,297,853
	Work in process				
	- at the beginning of the period	**758,928**	848,453	**773,584**	979,605
	- at the end of the period	**(1,497,872)**	(1,230,930)	**(1,497,872)**	(1,230,930)
		(738,944)	(382,477)	**(724,288)**	(251,325)
	Cost of goods manufactured	**11,600,454**	12,196,738	**7,209,452**	7,046,528
	Finished goods				
	- at the beginning of the period	**2,829,889**	2,121,128	**2,755,570**	3,121,748
	- at the end of the period	**(2,283,276)**	(2,686,729)	**(2,283,276)**	(2,686,729)
		546,613	(565,601)	**472,294**	435,019
	Cost of goods sold	**12,147,067**	11,631,137	**7,681,746**	7,481,547
	Contract cost	**617,193**	822,297	**236,726**	492,087
		12,764,260	12,453,434	**7,918,472**	7,973,634

20 PROVISION FOR TAXATION

Provision for current tax has been made in accordance with section 18 and 154 of the Income Tax Ordinance, 2001 ['the Ordinance'].

	Unit	Six month ended June 30, 2019 (Un-Audited)	Six month ended June 30, 2018 (Un-Audited)
21 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	*Rupees' 000*	**809,033**	1,215,310
Preference dividend for the period	*Rupees' 000*	**(21,355)**	(21,355)
Profit for the period attributable to ordinary shareholders		**787,678**	1,193,955
Shares			
Weighted average number of ordinary shares outstanding during the period	*No. of shares*	**497,681,485**	497,681,485
Earnings per share - *Basic and diluted*	*Rupees*	**1.58**	2.40

21.1 As per the opinion of the Group's legal counsel, the provision for dividend at 9.5% per annum, under the original terms of issue of preference shares, will prevail on account of preference dividend.

21.2 There is no diluting effect on basic earnings per share of the Group as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable

22 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Group's perspective comprise associated companies and undertakings, key management personnel and post employment benefit plan. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, and includes the Chief Executive and Directors of the Parent Company. The details of Group's related parties, with whom the Group had transactions during the period or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Pak Elektron Limited Employees Provident Fund Trust	Provident Fund Trust	Contribution to provident fund	N/A
PEL Marketing (Private) Limited	Subsidiary	Investment	N/A
Kohinoor Power Company Limited	Associated company	Investment	N/A
Mr. M. Murad Saigol	Key management personnel	Chief executive	0.0025%
Mr. M. Zeid Yousuf Saigol	Key management personnel	Director	2.9637%
Mr. Syed Manzar Hassan	Key management personnel	Director	0.0004%

Transactions with key management personnel are limited to payment of short term and post employment benefits and dividend payments. The Group in the normal course of business carries out various transactions with its subsidiary and associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

		Six month ended	
		June 30, 2019	June 30, 2018
		Rupees '000	*Rupees '000*
		(Un-Audited)	*(Un-Audited)*
22.1 Transactions with related parties			
Nature of relationship	**Nature of transaction**		
Associated companies	Services acquired	**9,612**	2,350
Provident Fund Trust	Contribution for the period	**39,993**	37,193
Key management personnel	Short term employee benefits	**25,832**	24,864
	Post employment benefit plan	**880**	800

		June 30, 2019	December 31, 2018
		Rupees '000	*Rupees '000*
		(Un-Audited)	*(Audited)*
22.2 Balances with related parties			
Nature of relationship	**Nature of balances**		
Key management personnel	Short term employee benefits payable	**3,110**	3,105
Provident Fund Trust	Contribution payable	**6,275**	14,849

23 FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments by class and category are as follows:

	June 30, 2019	December 31, 2018
	Rupees '000	*Rupees '000*
	(Un-Audited)	*(Audited)*
23.1 Financial assets		
Cash in hand	26,930	16,818
Financial assets at amortized cost		
Long term deposits	360,180	358,099
Long term advances	1,283,981	1,109,094
Trade debts - *unsecured*	10,140,359	10,181,739
Contract assets	1,570,337	1,535,735
Short term deposits and prepayments	1,115,837	729,804
Other receivables	393,086	360,962
Cash at banks	519,229	454,440
	15,383,009	14,729,873
Financial assets at fair value		
Short term investments	20,525	22,071
	15,430,464	14,768,762
23.2 Financial liabilities		
Financial liabilities at amortized cost		
Redeemable capital	-	101,875
Long term finances	4,684,526	4,315,878
Lease liabilities	176,465	102,368
Trade creditors - *unsecured*	443,541	414,995
Foreign bills payable - *secured*	113,795	108,823
Accrued liabilities	167,207	182,301
Employees' provident fund	6,275	11,247
Compensated absences	34,162	34,162
Unclaimed dividend	16,313	18,650
Other payables - *unsecured*	18,705	18,705
Accrued interest/markup/profit	448,711	390,172
Short term borrowings	11,363,159	12,843,848
	17,472,859	18,543,024

24 FAIR VALUE MEASUREMENTS

The Group measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

24.1 Financial instruments measured at fair value

24.1.1 Recurring fair value measurements

Financial instruments	**Hierarchy**	**Valuation techniques and key inputs**	**June 30, 2019**	December 31, 2018
			Rupees '000	*Rupees '000*
Financial assets at fair value				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	**20,525**	22,071

24.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

24.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

24.3 Assets and liabilities other than financial instruments

24.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	**June 30, 2019**	December 31, 2018
				Rupees '000	*Rupees '000*
Freehold land	-	1,022,000	-	**1,022,000**	1,022,000
Buildings	-	3,358,392	-	**3,358,392**	3,444,504
Plant and machinery	-	13,593,457	-	**13,593,457**	13,797,790

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 51.1 million (December 31, 2018: Rs. 51.1 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 167.920 million (December 31, 2018: Rs. 172.225 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 679.673 million (December 31, 2018: Rs. 689.890 million).

There were no transfers between fair value hierarchies during the period.

24.3.2 Non-recurring fair value measurements

There are no Non-recurring fair value measurements as at the reporting period

25 OPERATING SEGMENTS

The Group has two reportable segments, which offer different products and are managed separately.

Reportable segment	**Principal activity**
Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers and Engineering, Procurement and Construction Contracting.
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Air conditioners, Deep Freezers, Microwave ovens, Washing Machines, Water Dispensers and other Home Appliances.

Information about operating segments as at June 30, 2019 and for the six month then ended is as follows:

	Six month ended June 30, 2019			
	Power Division	**Appliances Division**	**Unallocated Items**	**Total**
	Rupees '000	***Rupees '000***	***Rupees '000***	***Rupees '000***
Revenue from external customers	**4,385,512**	**18,691,298**	**-**	**23,076,810**
Segment profit before taxation	**52,416**	**887,128**	**(13,239)**	**926,305**

	Six month ended June 30, 2018			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*
Revenue from external customers	4,615,841	17,888,389	-	22,504,230
Segment profit before taxation	141,211	1,301,470	(48,419)	1,394,262

	As at June 30, 2019			
	Power Division	**Appliances Division**	**Unallocated Items**	**Total**
	Rupees '000	***Rupees '000***	***Rupees '000***	***Rupees '000***
Segment assets	**19,292,162**	**30,415,609**	**2,224,351**	**51,932,122**

	As at December 31, 2018			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*
Segment assets	19,668,173	30,416,925	2,014,841	52,099,939

26 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim consolidated financial statements.

27 RECLASSIFICATIONS

The following have been reclassified for better presentation.

Particulars	From	To	June 30, 2019	December 31, 2018
			Rupees '000	*Rupees '000*
			(Un-Audited)	*(Audited)*
Finace lease liabilities	Liabilities against assets subject to finance lease	Lease liabilities	**104,884**	59,778
Assets subject to finance lease	Property, plant and equipment	Right-of-use assets	**219,861**	218,315
Contract assets	Due against construction work in progress	Contract assets	**1,570,337**	1,535,735

28 GENERAL

28.1 There are no other significant activities since December 31, 2018 affecting the interim consolidated financial statements.

28.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year other than those referred to in note 27.

28.3 Figures have been rounded off to the nearest thousand of Rupee unless stated otherwise.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

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Condensed Interim Financial Information

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Independent Auditor's Review Report

To the members of PAK ELEKTRON LIMITED
Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAK ELEKTRON LIMITED** ['the Company'] as at June 30, 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended June 30, 2019 of the condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is **ZUBAIR IRFAN MALIK**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: ***AUGUST 23, 2019***
Place: ***LAHORE***

Condensed Interim Statement of Financial Position

AS AT JUNE 30, 2019

	Note	June 30, 2019 Rupees '000 (Un-audited)	December 31, 2018 Rupees '000 (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	7	**6,000,000**	6,000,000
Issued, subscribed and paid-up capital	8	**5,426,392**	5,426,392
Share premium		**4,279,947**	4,279,947
Surplus on revaluation of property, plant and equipment		**6,437,345**	6,579,049
Accumulated profit		**7,301,464**	6,884,031
TOTAL EQUITY		**23,445,148**	23,169,419
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - *secured*	9	**-**	-
Long term finances - *secured*	10	**2,612,861**	2,646,032
Lease liabilities	11	**104,884**	59,778
Deferred taxation	12	**2,394,206**	2,423,945
Deferred income		**35,861**	36,781
		5,147,812	5,166,536
CURRENT LIABILITIES			
Trade and other payables		**864,623**	823,850
Unclaimed dividend		**16,313**	18,650
Accrued interest/markup/profit		**448,711**	390,172
Short term borrowings	13	**11,363,159**	12,843,848
Current portion of non-current liabilities		**2,143,246**	1,814,311
		14,836,052	15,890,831
TOTAL LIABILITIES		**19,983,864**	21,057,367
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		**43,429,012**	44,226,786

The annexed notes 1 to 27 form an integral part of these interim financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

	Note	June 30, 2019	December 31, 2018
		Rupees '000	*Rupees '000*
		(Un-audited)	*(Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**22,152,324**	21,738,700
Right-of-use assets	*16*	**219,861**	218,315
Intangible assets		**310,091**	313,352
Long term investments	*17*	**5,048**	7,085
Long term deposits		**360,180**	365,957
		23,047,504	22,643,409
CURRENT ASSETS			
Stores, spares and loose tools		**850,347**	859,145
Stock in trade		**8,109,131**	8,374,111
Trade debts - *unsecured*		**4,256,486**	4,870,122
Contract assets		**1,570,337**	1,535,735
Short term advances - *unsecured*		**1,014,426**	965,614
Short term deposits and prepayments		**1,115,837**	1,105,179
Other receivables - *unsecured, considered good*		**393,086**	360,962
Short term investments		**20,525**	22,071
Advance income tax		**2,668,634**	3,132,528
Cash and bank balances		**382,699**	357,910
		20,381,508	21,583,377
TOTAL ASSETS		**43,429,012**	44,226,786

The annexed notes 1 to 27 form an integral part of these interim financial statements.

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim
Statement of Profit or Loss and other Comprehensive Income
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (Un-Audited)

	Note	Six month ended		Three month ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue	18	16,006,595	14,980,131	9,103,674	7,491,722
Sales tax and discounts		(2,256,930)	(2,041,342)	(1,337,185)	(1,194,403)
Revenue - *net*		13,749,665	12,938,789	7,766,489	6,297,319
Cost of sales	19	(12,081,830)	(11,254,158)	(6,982,370)	(5,667,354)
Gross profit		1,667,835	1,684,631	784,119	629,965
Distribution cost		(316,242)	(307,943)	(195,382)	(136,593)
Administrative expenses		(360,241)	(333,821)	(175,361)	(152,509)
Other operating expenses		(25,098)	(36,931)	(3,602)	(3,040)
		(701,581)	(678,695)	(374,345)	(292,142)
		966,254	1,005,936	409,774	337,823
Other operating income		21,449	9,057	12,115	2,681
Operating profit		987,703	1,014,993	421,889	340,504
Finance cost		(706,733)	(546,017)	(338,767)	(241,174)
Profit before taxation		280,970	468,976	83,122	99,330
Provision for taxation	20	(5,241)	(59,721)	11,146	(12,905)
Profit after taxation		275,729	409,255	94,268	86,425
Other comprehensive income		-	-	-	-
Total comprehensive income		275,729	409,255	94,268	86,425
Earnings per share - *Basic and diluted*	21	0.51	0.78	0.17	0.15

The annexed notes 1 to 27 form an integral part of these interim financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement of Cash Flows

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (Un-Audited)

	June 30, 2019 Rupees '000	June 30, 2018 Rupees '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	280,970	468,976
Adjustments for non-cash and other items	1,188,926	959,594
Operating profit before changes in working capital	1,469,896	1,428,570
Changes in working capital	801,991	(3,030,364)
Cash generated from/(used in) operations	2,271,887	(1,601,794)
Payments for		
Interest/markup on borrowings	(648,194)	(282,163)
Income tax	428,914	(404,380)
Net cash generated from/(used in) operating activities	2,052,607	(2,288,337)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(801,743)	(1,182,238)
Purchase of intangible assets	(1,907)	-
Proceeds from disposal of property, plant and equipment	10,303	25,182
Long term deposits made	-	(16,881)
Long term deposits refunded	5,777	-
Net cash used in investing activities	(787,570)	(1,173,937)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	1,150,000	226,013
Repayment of long term finances	(781,352)	(746,944)
Redemption of redeemable capital	(101,875)	(137,500)
Repayment of lease liabilities	(23,995)	(22,897)
Net (decrease)/increase in short term borrowings	(1,480,689)	4,773,770
Dividend paid	(2,337)	(581,449)
Net cash (used in)/generated from financing activities	(1,240,248)	3,510,993
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,789	48,719
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	357,910	401,824
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	382,699	450,543

The annexed notes 1 to 27 form an integral part of these interim financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement Of Changes In Equity

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (Un-Audited)

	Share capital	Capital reserves		Revenue reserves	
	Issued subscribed and paid-up capital	Share premium	Surplus on revaluation of property, plant and equipment	Accumulated profit	Total equity
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Balance as at January 01, 2018 - *Audited*	5,426,392	4,279,947	4,274,019	6,753,080	20,733,438
Comprehensive income					
Profit after taxation	-	-	-	409,255	409,255
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	409,255	409,255
Incremental depreciation - *net of deferred taxation*	-	-	(97,277)	97,277	-
Transaction with owners					
Final dividend on ordinary shares @ Rs. 1.20 per share	-	-	-	(597,218)	(597,218)
Balance as at June 30, 2018 - *Un-audited*	5,426,392	4,279,947	4,176,742	6,662,394	20,545,475
Balance as at July 01, 2018 - *Un-audited*	5,426,392	4,279,947	4,176,742	6,662,394	20,545,475
Comprehensive income					
Profit after taxation	-	-	-	119,090	119,090
Other comprehensive income	-	-	2,504,854	-	2,504,854
Total comprehensive income	-	-	2,504,854	119,090	2,623,944
Incremental depreciation - *net of deferred taxation*	-	-	(102,547)	102,547	-
Transaction with owners	-	-	-	-	-
Balance as at December 31, 2018 - *Audited*	5,426,392	4,279,947	6,579,049	6,884,031	23,169,419
Balance as at January 01, 2019 - *Audited*	**5,426,392**	**4,279,947**	**6,579,049**	**6,884,031**	**23,169,419**
Comprehensive income					
Profit after taxation	-	-	-	275,729	275,729
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-		275,729	275,729
Incremental depreciation - *net of deferred taxation*	-	-	(141,704)	141,704	-
Transaction with owners	-	-	-	-	-
Balance as at June 30, 2019 - *Un-audited*	**5,426,392**	**4,279,947**	**6,437,345**	**7,301,464**	**23,445,148**

The annexed notes 1 to 27 form an integral part of these interim financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (Un-Audited)

1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited ['the Company'] was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (replaced by Companies Act, 2017). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The manufacturing facilities of the Company are located at 34 - K.M. Ferozepur Road, Keath Village, Lahore and 14 - K.M, Ferozepur Road, Lahore. The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacture and sale of electrical capital goods and domestic appliances.

The Company is currently organized into two main operating divisions - Power Division & Appliances Division. The Company's activities are as follows:

Power Division: Manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations and electrification works.

Appliances Division: Manufacturing, assembling and distribution of refrigerators, deep freezer, air conditioners, microwave ovens, LED Tvs, washing machines, water dispensers and other home appliances.

2 BASIS OF PREPARATION

These interim financial statements are un-audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2018.

These interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at December 31, 2018 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and related notes to the condensed interim financial statements for the six month ended June 30, 2018 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and other comprehensive income for the three month period ended June 30, 2019 and June 30, 2018 are neither audited nor reviewed.

2.1 Statement of compliance

These interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

- International Accounting Standard 34 - Interim Financial Reporting, issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment at revalued amounts and certain financial instruments at fair value/amortized cost. In these financial statements, except for the amounts reflected in the condensed interim statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

These financial statements are prepared in Pak Rupees which is the Company's functional currency.

2.5 Date of authorisation for issue

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on August 23, 2019.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE PERIOD

The following new and revised standards, interpretations and amendments are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures.

IFRS 9 - Financial Instruments

Finalised version of IFRS 9 - Financial Instruments: Recognition and Measurement which contains accounting requirement for financial instruments, replacing IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

As a result of the application of IFRS 9, the classification of the Company's financial assets and liabilities is as follows:

	IAS 39 Classification	IFRS 9 Classification
Long term deposits	Loans and receivables	Financial assets at amortized cost
Long term advances	Loans and receivables	Financial assets at amortized cost
Trade debts	Loans and receivables	Financial assets at amortized cost
Contract assets	Loans and receivables	Financial assets at amortized cost
Short term deposits	Loans and receivables	Financial assets at amortized cost
Bank balances	Loans and receivables	Financial assets at amortized cost
Short term investments	Financial assets at fair value through profit or loss	Financial assets at fair value
Redeemable capital	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Long term finances	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Lease liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Trade creditors - unsecured	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Foreign bills payable - secured	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Employees' provident fund	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Compensated absences	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Unclaimed dividend	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Other payables - unsecured	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Accrued interest/markup/profit	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Short term borrowings	Financial liabilities at amortized cost	Financial liabilities at amortized cost

Measurement of financial instruments

There is no change in the particular measurement methods adopted for each individual financial instrument.

Impairment of financial assets

IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized. This has resulted in change in the Company's approach to measurement of impairment loss on financial assets as follows:

IAS 39 Impairment	IFRS 9 Impairment
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the	A financial asset is assessed at each reporting date to determine whether there is any objective evidence that the credit risk has increased resulting in an increase in expected credit losses. Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to 12 months' expected credit losses. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

IAS 39 Impairment	IFRS 9 Impairment
financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.	

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 - Revenue from Contracts with Customers' supersedes IAS 11 - Construction Contracts, IAS 18 - Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new standard.

Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)

IFRS 4 - Insurance Contracts have been amended to provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

IFRS 16 - Leases (2016)

IFRS 16 - Leases (2016) specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company has elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on January 01, 2019. This is disclosed in note 5.

IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)

IFRS 9 - Financial Instruments have been amended regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)

IAS 28 - Investments in Associates and Joint Ventures have been amended to clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Annual Improvements to IFRS Standards 2015 – 2017 Cycle

The annual improvements have made amendments to the following standards:

- **IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements** - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **IAS 12 - Income Taxes** - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- **IAS 23 - Borrowing Costs** - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)

The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:

- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Definition of a Business (Amendments to IFRS 3 - Business Combinations)	January 01, 2020
Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	January 01, 2020

Other than afore-mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts
IFRS 17 – Insurance contracts (2017)

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

5 CHANGE IN ACCOUNTING POLICY

As indicated in note 3 above, the group has adopted IFRS - 16 Leases retrospectively from January 01, 2019, but has not restated comparatives for the reporting period ended June 30, 2018, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on January 01, 2019.

6 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended December 31, 2018, except of change referred to in note 5.

7 AUTHORIZED CAPITAL

June 30, 2019	December 31, 2018		June 30, 2019	December 31, 2018
No. of shares	*No. of shares*		***Rupees '000***	*Rupees '000*
(Un-Audited)	*(Audited)*		***(Un-Audited)***	*(Audited)*
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	**5,000,000**	5,000,000
62,500,000	62,500,000	A' Class preference shares of Rs. 10 each	**625,000**	625,000
37,500,000	37,500,000	B' Class preference shares of Rs. 10 each	**375,000**	375,000
100,000,000	100,000,000		**1,000,000**	1,000,000
600,000,000	600,000,000		**6,000,000**	6,000,000

8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2019	December 31, 2018		Note	June 30, 2019	December 31, 2018
No. of shares	*No. of shares*			***Rupees '000***	*Rupees '000*
(Un-Audited)	*(Audited)*			***(Un-Audited)***	*(Audited)*
		Ordinary shares of Rs. 10 each			
372,751,051	372,751,051	Issued for cash		**3,727,511**	3,727,511
		Issued for other than cash:			
137,500	137,500	- against machinery		**1,375**	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited		**4,083**	4,083
6,040,820	6,040,820	- shares issued on conversion of preference shares		**60,408**	60,408
118,343,841	118,343,841	- as fully paid bonus shares		**1,183,439**	1,183,439
497,681,485	497,681,485			**4,976,816**	4,976,816
		A' class Preference shares of Rs. 10 each			
44,957,592	44,957,592	Issued for cash	*8.1*	**449,576**	449,576
542,639,077	542,639,077			**5,426,392**	5,426,392

8.1 There is no change in the status and classification of preference shares since December 31, 2018

	June 30, 2019	December 31, 2018
	Rupees '000	*Rupees '000*
	(Un-Audited)	*(Audited)*
9 REDEEMABLE CAPITAL - *SECURED*		
As at beginning of the period/year	**101,875**	376,875
Redeemed during the period/year	**(101,875)**	(275,000)
As at end of the period/year	**-**	101,875
Current maturity presented under current liabilities	**-**	(101,875)
	-	-

	June 30, 2019	December 31, 2018
	Rupees '000	Rupees '000
	(Un-Audited)	(Audited)

10 LONG TERM FINANCES - *SECURED*

	June 30, 2019	December 31, 2018
As at beginning of the period/year	4,315,878	5,632,678
Obtained during the period/year	1,150,000	226,013
Repaid during the period/year	(781,352)	(1,542,813)
As at end of the period/year	4,684,526	4,315,878
Current maturity presented under current liabilities	(2,071,665)	(1,669,846)
	2,612,861	2,646,032

11 LEASE LIABILITIES

	June 30, 2019	December 31, 2018
Total	176,465	102,368
Current maturity presented under current liabilities	(71,581)	(42,590)
	104,884	59,778

12 DEFERRED TAXATION

Deferred tax has been recognized using tax rate of 29% (December 31, 2018: 29%) of temporary differences.

13 SHORT TERM BORROWINGS

The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs. 7,801 million (December 31, 2018: Rs. 10,464 million).

14 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2018, with the exception of the following:

	Note	June 30, 2019	December 31, 2018
		Rupees '000	Rupees '000
		(Un-Audited)	(Audited)
Tender bonds		389,983	488,314
Performance bonds		2,930,612	2,863,884
Advance guarantees		689,019	647,033
Custom guarantees		72,557	72,064
Foreign guarantees		78,817	80,682
Ijarah commitments		36,741	29,434

15 PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2019	December 31, 2018
Operating fixed assets	15.1	18,297,726	18,560,480
Capital work in progress		3,854,598	3,178,220
		22,152,324	21,738,700

	Note	June 30, 2019 Rupees '000 (Un-Audited)	December 31, 2018 Rupees '000 (Audited)
15.1 Operating fixed assets			
Net book value at the beginning of the period/year		**18,560,480**	16,139,286
Additions during the period/year			
Plant and machinery		**95,755**	387,069
Office equipment and furniture		**6,935**	35,208
Computer hardware and allied items		**12,210**	11,918
Vehicles		**10,465**	35,021
		125,365	469,216
Net book value of assets disposed during the period/year		**(9,706)**	(34,021)
Revaluation for the period/year		-	3,045,215
Depreciation for the period/year		**(464,747)**	(840,901)
Transfer to right-of-use assets		**-**	(218,315)
Transfer from right-of-use assets		**86,334**	-
Net book value at the end of the period/year		**18,297,726**	18,560,480

16 RIGHT-OF-USE ASSETS

Net book value at the beginning of the period/year		**218,315**	-
Additions during the period/year			
Plant and machinery		**74,097**	**-**
Vehicles		**23,995**	**-**
		98,092	-
Depreciation for the period/year		**(10,212)**	-
Transfer from property plant and equipment		**-**	218,315
Transfer to property plant and equipment		**(86,334)**	**-**
Net book value at the end of the period/year		**219,861**	218,315

	Note	June 30, 2019	December 31, 2018
		Rupees '000	*Rupees '000*
		(Un-Audited)	*(Audited)*

17 LONG TERM INVESTMENTS

	Note	June 30, 2019	December 31, 2018
These represent investments in ordinary shares of related parties.			
The details are as follows:			
PEL Marketing (Private) Limited - *unquoted* 10,000 shares (December 31, 2018:10,000 shares) of Rs. 10 each		**100**	100
Relationship: wholly-owned subsidiary Ownership interest: 100% (December 31, 2018: 100%)			
Kohinoor Power Company Limited - *quoted* 2,910,600 shares (December 31, 2018: 2,910,600 shares) of Rs. 10 each	*17.1*	**4,948**	6,985
Relationship: Associate Ownership interest: 23.10% (December 31, 2018: 23.10%)			
		5,048	7,085

17.1 Kohinoor Power Company Limited

	June 30, 2019	December 31, 2018
Cost of investment	**54,701**	54,701
Accumulated impairment	**(49,753)**	(47,716)
	4,948	6,985

	Six month ended		Three month ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
	Rupees '000	*Rupees '000*	***Rupees '000***	*Rupees '000*
	(Un-Audited)	*(Un-Audited)*	***(Un-Audited)***	*(Un-Audited)*

18 REVENUE

	Six month ended June 30, 2019	Six month ended June 30, 2018	Three month ended June 30, 2019	Three month ended June 30, 2018
Contract revenue	**735,454**	946,039	**282,086**	556,870
Sale of goods				
Local	**14,928,329**	13,439,670	**8,647,708**	6,647,536
Export	**342,812**	594,422	**173,880**	287,316
	16,006,595	14,980,131	**9,103,674**	7,491,722
Sales tax and excise duty	**(2,256,930)**	(2,041,342)	**(1,337,185)**	(1,194,403)
Discounts	**-**	-	**-**	-
	13,749,665	12,938,789	**7,766,489**	6,297,319

	Six month ended		Three month ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
	Rupees '000	*Rupees '000*	***Rupees '000***	*Rupees '000*
	(Un-Audited)	*(Un-Audited)*	***(Un-Audited)***	*(Un-Audited)*

19 COST OF SALES

Raw material consumed	**10,914,346**	9,518,777	**6,849,038**	4,979,803
Direct wages	**448,118**	438,415	**259,171**	243,036
Factory overheads	**1,064,898**	1,057,177	**580,337**	511,996
	12,427,362	11,014,369	**7,688,546**	5,734,835
Work in process				
- at the beginning of the period	**758,928**	848,453	**773,584**	979,605
- at the end of the period	**(1,497,872)**	(1,230,930)	**(1,497,872)**	(1,230,930)
	(738,944)	(382,477)	**(724,288)**	(251,325)
Cost of goods manufactured	**11,688,418**	10,631,892	**6,964,258**	5,483,510
Finished goods				
- at the beginning of the period	**417,843**	360,059	**423,010**	251,847
- at the end of the period	**(641,624)**	(560,090)	**(641,624)**	(560,090)
	(223,781)	(200,031)	**(218,614)**	(308,243)
Cost of goods sold	**11,464,637**	10,431,861	**6,745,644**	5,175,267
Contract cost	**617,193**	822,297	**236,726**	492,087
	12,081,830	11,254,158	**6,982,370**	5,667,354

20 PROVISION FOR TAXATION

The Company is taxable under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiary as a single unit. The provision for the year has been allocated to the Company on proportionate basis. There is no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

		Six month ended	
	Unit	**June 30, 2019**	June 30, 2018
		(Un-Audited)	*(Un-Audited)*

21 EARNINGS PER SHARE - BASIC AND DILUTED

Earnings			
Profit after taxation	***Rupees' 000***	**275,729**	409,255
Preference dividend for the period	***Rupees' 000***	**(21,355)**	(21,355)
Profit for the period attributable to ordinary shareholders		**254,374**	387,900
Shares			
Weighted average number of ordinary shares outstanding during the period	***No. of shares***	**497,681,485**	497,681,485
		497,681,485	497,681,485
Earnings per share - *Basic and diluted*	***Rupees***	**0.51**	0.78

21.1 As per the opinion of the Company's legal counsel, the provision for dividend at 9.5% per annum, under the original terms of issue of preference shares, will prevail on account of preference dividend.

21.2 There is no diluting effect on basic earnings per share of the Company as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable

22 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise subsidiary, associated companies, key management personnel and post employment benefit plan. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the period or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Pak Elektron Limited Employees Provident Fund Trust	Provident Fund Trust	Contribution to provident fund	N/A
PEL Marketing (Private) Limited	Subsidiary	Investment	N/A
Kohinoor Power Company Limited	Associated company	Investment	N/A
Mr. M. Murad Saigol	Key management personnel	Chief executive	0.0025%
Mr. M. Zeid Yousuf Saigol	Key management personnel	Director	2.9637%
Mr. Syed Manzar Hassan	Key management personnel	Director	0.0004%

Transactions with key management personnel are limited to payment of short term and post employment benefits, advances against issue of ordinary shares and dividend payments. Transactions with post employment benefits plan are limited to employers' contribution made. The Company in the normal course of business carries out various transactions with its subsidiary and associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties are as follows:

		Six month ended	
		June 30, 2019	June 30, 2018
		Rupees '000	*Rupees '000*
		(Un-Audited)	*(Un-Audited)*
22.1 Transactions with related parties			
Nature of relationship	**Nature of transaction**		
Subsidiary	Sale of goods and services	**11,197,591**	10,294,093
Associated companies	Services acquired	**9,612**	2,350
Provident Fund Trust	Contribution for the period	**39,993**	37,193
Key management personnel	Short term employee benefits	**25,832**	24,864
	Post employment benefit plan	**880**	800

		June 30, 2019	December 31, 2018
		Rupees '000	*Rupees '000*
		(Un-Audited)	*(Audited)*
22.2 Balances with related parties			
Nature of relationship	**Nature of balances**		
Provident Fund Trust	Contribution payable	**6,275**	14,849
Key management personnel	Short term employee benefits payable	**3,110**	3,105

23 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	June 30, 2019	December 31, 2018
	Rupees '000	*Rupees '000*
	(Un-Audited)	*(Audited)*
23.1 Financial assets		
Cash in hand	**8,128**	8,102
Financial assets at amortized cost		
Long term deposits	**360,180**	358,099
Trade debts - *unsecured*	**4,256,486**	4,870,122
Due against construction work in progress - *unsecured, considered good*	**1,570,337**	1,535,735
Short term deposits and prepayments	**1,115,837**	724,425
Bank balances	**374,571**	349,808
	7,677,411	7,838,189
Financial assets at fair value		
Short term investments	**20,525**	22,071
	7,706,064	7,868,362

	June 30, 2019	December 31, 2018
	Rupees '000	Rupees '000
	(Un-Audited)	(Audited)
23.2 Financial liabilities		
Financial liabilities at amortized cost		
Redeemable capital	**-**	101,875
Long term finances	**4,684,526**	4,315,878
Lease liabilities	**176,465**	102,368
Trade creditors - *unsecured*	**443,541**	414,995
Foreign bills payable - *secured*	**113,795**	108,823
Accrued liabilities	**132,239**	121,826
Employees' provident fund	**6,275**	11,247
Compensated absences	**34,162**	34,162
Unclaimed dividend	**16,313**	18,650
Other payables - *unsecured*	**18,705**	18,705
Accrued interest/markup/profit	**448,711**	390,172
Short term borrowings	**11,363,159**	12,843,848
	17,437,891	18,482,549

24 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

24.1 Financial instruments measured at fair value

24.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	June 30, 2019	December 31, 2018
			Rupees '000	Rupees '000
Financial assets at fair value				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	**20,525**	22,071

24.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

24.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

24.3 Assets and liabilities other than financial instruments

24.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	**June 30, 2019**	December 31, 2018
				Rupees '000	*Rupees '000*
Freehold land	-	1,022,000	-	**1,022,000**	1,022,000
Buildings	-	3,358,392	-	**3,358,392**	3,444,504
Plant and machinery	-	13,593,457	-	**13,593,457**	13,797,790

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	**Significant inputs**	**Sensitivity**
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 51.1 million (December 31, 2018: Rs. 51.1 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 167.920 million (December 31, 2018: Rs. 172.225 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 679.673 million (December 31, 2018: Rs. 689.890 million).

There were no transfers between fair value hierarchies during the period.

24.3.2 Non-recurring fair value measurements

There are no Non-recurring fair value measurements as at the reporting period

25 OPERATING SEGMENTS

The Company has two reportable segments, which offer different products and are managed separately.

Reportable segment	Principal activity
Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers and Engineering, Procurement and Construction Contracting.
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Air conditioners, Deep Freezes, Microwave ovens, Washing Machines, Water Dispensers and other Home Appliances

Information about operating segments as at June 30, 2018 and for the six month then ended is as follows:

	Six month ended June 30, 2019			
	Power Division	**Appliances Division**	**Unallocated Items**	**Total**
	Rupees '000	***Rupees '000***	***Rupees '000***	***Rupees '000***
Revenue from external customers	**4,385,512**	**11,621,083**	**-**	**16,006,595**
Segment profit before taxation	**52,416**	**223,202**	**5,352**	**280,970**

	Six month ended June 30, 2018			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*
Revenue from external customers	4,615,841	10,364,290	-	14,980,131
Segment profit before taxation	141,211	355,676	(27,911)	468,976

	As at June 30, 2019			
	Power Division	**Appliances Division**	**Unallocated Items**	**Total**
	Rupees '000	***Rupees '000***	***Rupees '000***	***Rupees '000***
Segment assets	**19,292,162**	**21,538,157**	**2,598,693**	**43,429,012**

	As at December 31, 2018			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*
Segment assets	19,668,173	21,396,929	3,161,684	44,226,786

26 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these interim financial statements.

27 RECLASSIFICATIONS

The following have been reclassified for better presentation.

Particulars	From	To	June 30, 2019 *Rupees '000* *(Un-Audited)*	December 31, 2018 *Rupees '000* *(Audited)*
Finance lease liabilities	Liabilities against assets subject to finance lease	Lease liabilities	**104,884**	59,778
Assets subject to finance lease	Property, plant and equipment	Right-of-use assets	**219,861**	218,315
Contract assets	Due against construction work in progress	Contract assets	**1,570,337**	1,535,735

27 GENERAL

27.1 There are no other significant activities since December 31, 2018 affecting interim financial statements.

27.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year other than those referred to in note 27.

27.3 Figures have been rounded off to the nearest thousand of Rupee unless stated otherwise.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Notes

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