

***PAK ELEKTRON LIMITED***  
***FINANCIAL STATEMENTS***  
***FOR THE 3<sup>RD</sup> QUARTER ENDED***  
***30-09-2019***


**PAK ELEKTRON LIMITED**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (Un-Audited)**

	Note	Nine months ended		Quarter ended	
		September 30, 2019 (Rupees in thousand)	September 30, 2018	September 30, 2019 (Rupees in thousand)	September 30, 2018
Gross Sales	13	30,304,468	30,911,655	7,227,658	8,407,425
Discount / incentive		4,405,705	4,213,582	388,329	450,493
Sales tax		3,287,184	2,977,029	1,030,254	935,687
Sales Tax and discount		7,692,889	7,190,611	1,418,583	1,386,180
Net Sales		22,611,579	23,721,044	5,809,075	7,021,245
Cost of Sales	14	17,270,016	17,887,068	4,505,755	5,433,634
Gross Profit		5,341,563	5,833,976	1,303,320	1,587,611
Other Operating Income		21,327	13,256	1,443	4,198
		5,362,890	5,847,232	1,304,763	1,591,809
Distribution Cost		1,394,876	1,739,743	342,816	595,374
Administrative Cost		1,020,518	932,813	339,426	304,836
Other Operating Expenses		49,632	65,113	14,942	9,413
Finance Cost		1,901,708	1,609,554	536,162	578,180
Share of profit/(loss) of associate		524	(1,095)	(1,042)	646
Profit Before Tax		996,679	1,498,914	70,374	104,652
Provision for Taxation		126,494	166,662	9,222	(12,290)
Profit after tax		870,185	1,332,252	61,152	116,942
Earnings per share - Rupees					
Basic & diluted	15	1.68	2.61	0.10	0.21

The annexed notes 1 to 19 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



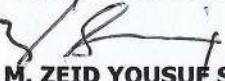
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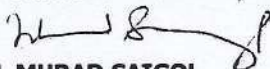
  
**SYED MANZAR HASSAN**  
Chief Financial Officer




**CONDENSED INTERIM  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (Un-Audited)**

	September 30, 2019	September 30, 2018
<b>Cash flows from operating activities</b>		
	<b>(Rupees in thousand)</b>	
Profit before taxation	996,679	1,498,914
Adjustments for non cash and other items	1,987,120	2,244,898
Cash generated from operations before working capital changes	2,983,799	3,743,812
Working capital changes	3,106,398	(3,472,897)
Cash generated from operations	6,090,198	270,915
Finance cost paid	(1,599,460)	(1,287,404)
Income tax paid	(479,492)	(487,397)
	(2,078,952)	(1,774,801)
Net cash used in operating activities	4,011,246	(1,503,886)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,350,938)	(1,807,693)
Purchase of intangible assets	(3,802)	-
Proceeds from disposal of property, plant and equipment	16,072	25,531
(Increase) / decrease in long-term deposits and advances	(165,892)	(199,961)
Net cash used in investing activities	(1,504,560)	(1,982,123)
<b>Cash flows from financing activities</b>		
Long Term Finances obtained	2,880,871	226,013
Repayment of Long Term Finances	(2,388,604)	(1,141,249)
Redemption of Redeemable Capital	(101,875)	(193,750)
Increase/(Decrease) in liabilities against assets subject to finance lease	117,481	39,916
Dividend paid	(2,694)	(589,636)
Increase / (Decrease) in Short Term Borrowing	(2,961,617)	5,206,834
Net cash from financing activities	(2,456,438)	3,548,128
Net increase/(decrease) in cash and cash equivalents	50,248	62,119
Cash and cash equivalents at beginning of the period	471,258	484,194
<b>Cash and cash equivalents at end of the period</b>	<b>521,506</b>	<b>546,313</b>

The annexed notes 1 to 19 form an integral part of these interim consolidated financial statements.

  
**M. MURAD SAIGOL**  
Chief Executive Officer

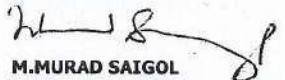
  
**M. ZEID YOUSUF SAIGOL**  
Director

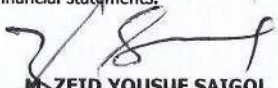
  
**SYED MANZAR HASSAN**  
Chief Financial Officer

**PAK ELEKTRON LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (Un-Audited)**

Issued, subscribed and paid up capital	Capital reserves		Revenue Reserves	Total
	Share premium	Surplus on Revaluation of property, plant and equipment	Accumulated profit	
..... (Rupees in thousand) .....				
5,426,392	4,279,947	4,274,019	13,020,232	27,000,590
-	-		1,332,252	1,332,252
-	-	(148,000)	148,000	-
			(597,218)	(597,218)
5,426,392	4,279,947	4,126,019	13,903,266	27,735,624
-	-		39,217	39,217
-	-	(51,824)	51,824	-
		2,504,854	-	2,504,854
5,426,392	4,279,947	6,579,049	13,994,307	30,279,695
-	-		870,185	870,185
-	-	(211,313)	211,313	-
			-	-
5,426,392	4,279,947	6,367,736	15,075,804	31,149,880

The annexed notes 1 to 19 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



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# PAK ELEKTRON LIMITED

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (Un-Audited)

### 1 REPORTING ENTITY

The group comprises of the following companies

#### Parent Company

Pak Elektron Limited ("PEL" or "the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (replaced by the Companies Ordinance, 1984). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. PEL is currently listed on Pakistan Stock Exchange. The principal activity of PEL is manufacturing 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 equipment procurement and construction (EPC).

Appliances Division: manufacturing, assembling and distribution of refrigerators, air conditioners, deep freezers, microwave ovens, water dispensers, TV and other home appliances.

#### Subsidiary Company

PEL marketing ( Private ) Limited ( PMPL ) was incorporated in Pakistan on August 11, 2011 as a private limited company under the companies ordinance 1984. 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 wholly owned subsidiary of PEL.

### 2 BASIS OF PREPARATION

This interim consolidated financial information is not audited and has been presented in condensed form and does not include all the information and disclosures as are required to be provided or made in a full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2018.

The comparative interim consolidated balance sheet as at December 31, 2018 and the related notes to the condensed interim consolidated financial information are based on audited financial statements. The comparative interim consolidated profit and loss account/statement of comprehensive income, interim consolidated cash flow statement, interim consolidated statement of changes in equity and related notes to the condensed interim consolidated financial information for the nine months ended September 30, 2018 are based on unaudited interim financial information.

#### 2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with 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.

## 2.2 Basis of measurement

This condensed interim consolidated financial information has 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 this financial information, except for the amounts reflected in the 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 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 apparent from their sources. Actual results may differ from these estimates.

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

## 2.3 Functional currency

This financial information is prepared in Pak Rupees which is the Group's functional currency.

## 3 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2018.

## 4 AUTHORIZED CAPITAL

September 30, 2019	December 31, 2018		September 30, 2019	December 31, 2018
(Numbers)			(Rupees in thousand)	
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
		Preference shares of Rs. 10 each:		
62,500,000	62,500,000	Class A preference shares of Rs 10 each	625,000	625,000
37,500,000	37,500,000	Class B 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

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, 2019	December 31, 2018		September 30, 2019	December 31, 2018
			(Rupees in thousand)	
Number of shares				
372,751,051	372,751,051	Ordinary shares of Rs. 10 each fully paid:		
		- In cash	3,727,511	3,727,511
137,500	137,500	Other than cash:		
		- against machinery	1,375	1,375
408,273	408,273	- issued on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- issued against conversion of preference shares	60,408	60,408
118,343,841	118,343,841	- Issued as 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	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392

5.1 Reconciliation of number of ordinary shares of Rs. 10 each:

At beginning of the year	497,681,485	497,681,485
Add: - Issued during the year	-	-
At the end of the year	497,681,485	497,681,485

6 REDEEMABLE CAPITAL

Shariah financing:		
As at beginning of the period/ year	101,875	376,875
Issued during the period	-	-
Paid during the year	101,875	275,000
Current Maturity	-	101,875
As at end of the period / Year	-	-

7 LONG-TERM FINANCING - SECURED

As at beginning of the period/		
Shariah	750,000	523,987
Non Shariah	3,565,878	5,108,691
	4,315,878	5,632,678
Obtained during the period / year		
Shariah	2,000,000	226,013
Non Shariah	880,871	-
	2,880,871	226,013
Paid / settled during the period / year		
Shariah	1,053,571	-
Non Shariah	1,335,033	1,542,813
	2,388,604	1,542,813
Current portion		
Shariah	414,286	107,142
Non Shariah	1,721,842	1,562,704
	2,136,128	1,669,846
	2,672,017	2,646,032



**8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Present value of minimum lease payments	219,849	102,368
Current maturity	88,950	42,590
	<u>130,899</u>	<u>59,778</u>

**9 SHORT TERM BORROWING**

These facilities have been obtained from various banks under mark-up arrangements for working capital requirements. These facilities are secured against the pledge/hypothecation of raw material and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and other assets of the company.

**10 CONTINGENCIES AND COMMITMENTS**

There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2018.

**11 PROPERTY, PLANT AND EQUIPMENT**

Operating assets	11.1	18,298,510	18,778,795
Capital work-in-progress		4,284,209	3,178,220
		<u>22,582,719</u>	<u>21,957,015</u>

**11.1 Operating assets**

Written down value at beginning of the period / year		18,778,795	16,139,286
Additions during the period / year	11.1.1	244,949	3,629,096

		19,023,744	19,768,382
Written down value of the assets disposed off / adjustments		14,235	148,686
Depreciation charged during the period / year		710,999	840,901

		<u>18,298,510</u>	<u>18,778,795</u>
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**11.1.1 Additions during the period / year**

Land			482,768
Building		-	704,818
Plant and machinery		207,510	2,359,363
Office equipment and furniture		7,644	35,208
Computer hardware and allied items		19,260	11,918
Vehicles		10,535	35,021
		<u>244,949</u>	<u>3,629,096</u>

**12 LONG-TERM INVESTMENTS**

Investment in associate at equity method -		3,493	6,985
		<u>3,493</u>	<u>6,985</u>

Kohinoor Power Company Limited  
Ownership interest 23.10 %

Cost of investment

2,910,600 shares

Share of post acquisition profit- net of dividend received

Less: provision for impairment in value of investment

54,701	54,701
(8,332)	(8,856)
46,369	45,845
42,876	38,860
3,493	6,985

	Nine months ended		Quarter ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	(Rupees in thousand)			
<b>13 REVENUE</b>				
Contract revenue	1,137,077	1,581,991	401,623	635,952
Sales - local	28,678,954	28,548,673	6,680,410	7,584,904
Sales - export	488,437	780,991	145,625	186,569
	<u>30,304,468</u>	<u>30,911,655</u>	<u>7,227,658</u>	<u>8,407,425</u>
Less: - sales tax and excise duty	3,287,184	2,977,029	1,030,254	935,687
- trade discounts	4,405,705	4,213,582	388,329	450,493
	<u>7,692,889</u>	<u>7,190,611</u>	<u>1,418,583</u>	<u>1,386,180</u>
	<u>22,611,579</u>	<u>23,721,044</u>	<u>5,809,075</u>	<u>7,021,245</u>
<b>14 COST OF SALES</b>				
Raw material, labour and FOH	16,180,805	18,300,718	3,841,407	5,721,503
Work-in-process				
-at beginning of period	758,928	848,453	1,497,872	1,230,930
-at end of period	(1,351,801)	(1,315,471)	(1,351,801)	(1,315,471)
	<u>(592,873)</u>	<u>(467,018)</u>	<u>146,071</u>	<u>(84,541)</u>
Cost of goods manufactured	<u>15,587,932</u>	<u>17,833,700</u>	<u>3,987,478</u>	<u>5,636,962</u>
Finished goods				
-at beginning of period	2,829,889	2,121,128	2,283,276	2,686,729
-at end of period	(2,102,040)	(3,449,186)	(2,102,040)	(3,449,186)
	<u>727,849</u>	<u>(1,328,058)</u>	<u>181,236</u>	<u>(762,457)</u>
	<u>16,315,781</u>	<u>16,505,642</u>	<u>4,168,714</u>	<u>4,874,505</u>
Contract cost	954,235	1,381,426	337,042	559,129
Cost of sales	<u>17,270,016</u>	<u>17,887,068</u>	<u>4,505,756</u>	<u>5,433,634</u>
	<u>17,270,016</u>	<u>17,887,068</u>	<u>4,505,755</u>	<u>5,433,634</u>



## Un-audited

## 15 EARNINGS PER SHARE - BASIC AND DILUTED

	September 30, 2019	September 30, 2018
	(Rupees in thousand)	
Earnings	870,185	1,332,252
Less: dividend on preference shares	32,032	32,032
	<u>838,152</u>	<u>1,300,220</u>
Number of shares	(Number)	
Weighted average number of ordinary shares.	497,681,485	497,681,485
	<u>497,681,485</u>	<u>497,681,485</u>
Basic and diluted Profit per share have been calculated through dividing Profit as stated above by weighted average number of ordinary shares.		
Basic Profit per share (Rupees)	<u>1.68</u>	<u>2.61</u>

## 16 TRANSACTIONS WITH RELATED PARTIES

Related parties from the Group's perspective comprise associated companies, post employment benefit plans and key management personnel. 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.

Transactions with key management personnel are limited to payment of short term employee benefits only. The Group in the normal course of business carries out various transactions with other related parties 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:

Relationship	Nature of transaction	September 30, 2019	September 30, 2018
		(Rupees in thousand)	
Provident Fund Trust	Contribution for the period	59,568	56,075
Key Management Personnel	Short-term employee benefits	38,534	37,166
	Post employment benefits	1,200	1,200
Other related parties: Associated companies	Services acquired	26,753	29,581

16.1 All transactions with related parties have been carried out on commercial terms and conditions.

17 RECOVERABLE AMOUNTS AND IMPAIRMENT:

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

18 EVENTS AFTER THE REPORTING PERIOD

18 DATE OF AUTHORIZATION FOR ISSUE

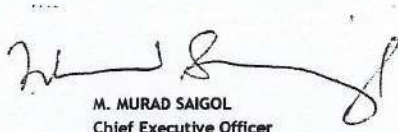
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 00, 2019.

19 GENERAL

19.1 Figures have been rounded off to the nearest thousands.

19.2 Corresponding figures have been re-arranged where necessary to facilitate comparison.

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



M. MURAD SAIGOL  
Chief Executive Officer



M. ZEID-YOUSUF SAIGOL  
Director



SYED MANZAR HASSAN  
Chief Financial Officer



***PAK ELEKTRON LIMITED***  
***FINANCIAL STATEMENTS***  
***FOR THE 3<sup>RD</sup> QUARTER ENDED***  
***30-09-2019***  
***(UN-CONSOLIDATED)***

**PAK ELEKTRON LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019**

		September 30, 2019 (Rupees in Thousands)	December 31, 2018 (Rupees in Thousands)			September 30, 2019 (Rupees in Thousands)	December 31, 2018 (Rupees in Thousands)
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>SHARE CAPITAL AND RESERVES</b>	<b>Note</b>			<b>NON-CURRENT ASSETS</b>	<b>Note</b>		
Authorized Capital	4	6,000,000	6,000,000				
Issued, subscribed and paid up capital	5	5,426,392	5,426,392	Property, plant and equipment	11	22,338,602	21,738,700
Reserves		4,279,947	4,279,947	Right-of-use assets		244,117	218,315
Unappropriated profit		7,396,602	6,884,031	Intangible assets		309,010	313,352
Surplus on revaluation		6,367,736	6,579,049			22,891,729	22,270,367
		23,470,677	23,169,419				
<b>NON-CURRENT LIABILITIES</b>				Long-term investments	12	3,593	7,085
Redeemable Capital	6	-	-	Long-term deposits		367,405	365,957
Long-term financing	7	2,672,017	2,646,032				
Liabilities against assets subject to finance lease	8	130,899	59,778	<b>CURRENT ASSETS</b>			
Deferred taxation		2,419,722	2,423,945	Stores, spare parts and loose tools		827,831	859,145
Deferred income		35,402	36,781	Stock-in-trade		6,585,804	8,374,111
<b>CURRENT LIABILITIES</b>				Trade debts		2,922,074	4,870,122
Trade and other payables		847,354	823,850	Due against construction work in progress		1,784,400	1,535,735
Dividend Payable		15,956	18,650	Advances		1,034,037	965,614
Accrued interest/ mark up		507,752	390,172	Trade deposits and short-term prepayments		1,739,143	1,105,179
Short-term borrowings	9	9,882,231	12,843,848	Other receivables		414,847	360,962
Current Portion of Non Current Liabilities- loans		2,136,128	1,771,721	Short term investments		21,403	22,071
Current Portion of Non Current Liabilities- Leases		88,950	42,590	Advance income tax		3,292,780	3,132,528
		13,478,371	15,890,831	Cash and bank balances		322,041	357,910
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-			18,944,360	21,583,377
		<b>42,207,087</b>	<b>44,226,786</b>			<b>42,207,087</b>	<b>44,226,786</b>

The annexed notes 1 to 19 form an integral part of these interim consolidated financial statements.

  
M. MURAD SAIGOL  
Chief Executive Officer

3/8/11  
M. ZEID YOUSUF SAIGOL  
Director

  
SYED MANZAR HASSAN  
Chief Financial Officer



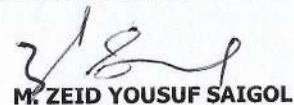
# PAK ELEKTRON LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (Un-Audited)

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
		(Rupees in thousand)		(Rupees in thousand)	
Gross Sales	13	20,095,266	22,299,846	4,088,671	7,319,715
Sales Tax and discount		3,287,184	2,977,029	1,030,254	935,687
Net Sales		16,808,082	19,322,817	3,058,417	6,384,028
Cost of Sales	14	14,458,312	16,870,752	2,376,481	5,616,593
Gross Profit		2,349,770	2,452,065	681,936	767,435
Other Operating Income		21,851	13,256	402	4,198
		2,371,620	2,465,321	682,337	771,633
Distribution Cost		435,329	421,237	119,087	113,294
Administrative Cost		510,966	492,732	150,725	158,911
Other Operating Expenses		40,040	46,645	14,942	9,713
Finance Cost		1,062,271	929,427	355,538	383,410
Profit Before Taxation		323,015	575,280	42,046	106,305
Provision for Taxation		21,757	39,940	16,516	(19,781)
Profit after tax		301,258	535,340	25,530	126,086
Earnings per share					
Basic & diluted	15	0.54	1.01	0.03	0.23

The annexed notes 1 to 19 form an integral part of these interim consolidated financial statements.

  
M. MURAD SAIGOL  
Chief Executive Officer

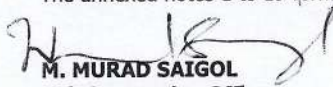
  
M. ZEID YOUSUF SAIGOL  
Director

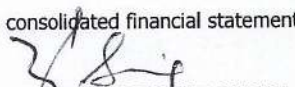
  
SYED MANZAR HASSAN  
Chief Financial Officer

**PAK ELEKTRON LIMITED****STATEMENT OF CASH FLOWS****FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (Un-Audited)**

	September 30, 2019	September 30, 2018
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Profit before taxation	323,015	575,280
Adjustments for:		
Adjustments for non cash items	1,337,778	1,570,070
Cash generated from operations before working capital changes	1,660,792	2,145,350
Working capital changes	3,473,400	(2,699,262)
Cash generated from operations	5,134,193	(553,912)
Finance cost paid	(944,691)	(607,277)
Income tax paid	(428,817)	(575,926)
	(1,373,507)	(1,183,203)
Net cash used in operating activities	3,760,685	(1,737,115)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,350,938)	(1,807,693)
Purchase of intangible assets	(3,802)	-
Proceeds from disposal of property, plant and equipment	16,072	25,531
(Increase) / decrease in long-term deposits	(1,448)	(4,016)
Net cash used in investing activities	(1,340,116)	(1,786,178)
<b>Cash flows from financing activities</b>		
Long Term Finances obtained	2,880,871	226,013
Repayment of Long Term Finances	(2,388,604)	(1,141,249)
Redemption of Redeemable capital	(101,875)	(193,750)
Increase/ (Decrease) in liabilities against finance lease	117,481	39,915
Dividend paid	(2,694)	(589,636)
Increase / (Decrease) in Short Term Borrowing	(2,961,617)	5,206,834
Net cash from financing activities	(2,456,438)	3,548,127
Net increase/(decrease) in cash and cash equivalents	(35,869)	24,834
Cash and cash equivalents at beginning of the period	357,910	401,824
<b>Cash and cash equivalents at end of the period</b>	<b>322,041</b>	<b>426,658</b>

The annexed notes 1 to 19 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




**PAK ELEKTRON LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (Un-Audited)**

Issued, Subscribed and paid up Capital	Capital reserves		Revenue reserves	Total
	Share premium	Surplus on Revaluation of Property, Plant and Equiplent	Accumulated Profits	
..... (Rupees in thousand) .....				
5,426,392	4,279,947	4,274,019	6,753,080	20,733,438
-	-		535,340	535,340
		(148,000)	148,000	-
-	-		(597,218)	(597,218)
5,426,392	4,279,947	4,126,019	6,839,202	20,671,560
-	-		(6,995)	(6,995)
-	-	(51,824)	51,824	-
		2,504,854	-	2,504,854
5,426,392	4,279,947	6,579,049	6,884,031	23,169,419
-	-		301,258	301,258
-	-	(211,313)	211,313	-
			-	-
5,426,392	4,279,947	6,367,736	7,396,602	23,470,677

The annexed notes 1 to 19 form an integral part of these interim financial statements.

  
**NASEEM SAIGOL**  
 Chief Executive Officer

  
**Director**

  
**Syed Manzar Hassan**  
 Chief Financial Officer

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## PAK ELEKTRON LIMITED

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### SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (Un-Audited)

#### 1 REPORTING ENTITY

Pak Elektron Limited ("PEL" or "the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (replaced by the Companies Ordinance, 1984). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The Company is currently listed on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing 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, air conditioners, deep freezers, microwave ovens, water dispensers, TV and other home appliances.

#### 2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information and disclosures as are required to be provided or made in a full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the company for the year ended December 31, 2018.

The comparative interim balance sheet as at December 31, 2018 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account/statement of comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the nine months ended September 30, 2018 are based on unaudited interim financial information.

##### 2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with 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.

##### 2.2 Basis of measurement

This condensed interim consolidated financial information has 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 this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

##### 2.3 Functional currency

This financial information is prepared in Pak Rupees which is the Group's functional currency.

#### 3 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2018.

4 AUTHORIZED CAPITAL

September 30, 2019	December 31, 2018		Un-audited September 30, 2019	Audited December 31, 2018
(Numbers)			(Rupees in thousand)	
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
		Preference shares of Rs. 10 each:		
62,500,000	62,500,000	Class A preference shares of Rs 10 each	625,000	625,000
37,500,000	37,500,000	Class B 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

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, 2019	December 31, 2018		Un-audited September 30, 2019	Audited December 31, 2018
Number of shares			(Rupees in thousand)	
		Ordinary shares of Rs. 10 each fully paid		
372,751,051	372,751,051	In cash	3,727,511	3,727,511
		Other than cash:		
137,500	137,500	-against machinery	1,375	1,375
		-issued on acquisition of PEL Appliances Limited	4,083	4,083
408,273	408,273	-issued against conversion of preference shares	60,408	60,408
6,040,820	6,040,820	-as bonus shares	1,183,439	1,183,439
118,343,841	118,343,841		4,976,816	4,976,816
497,681,485	497,681,485			
		Fully paid A class preference shares of Rs. 10 each		
		In cash	449,576	449,576
44,957,592	44,957,592		5,426,392	5,426,392
542,639,077	542,639,077			

6 REDEEMABLE CAPITAL

As at beginning of the period/ year	101,875	376,875
Issued during the period	-	-
Paid during the year	101,875	275,000
Current Maturity	-	101,875
As at end of the period/ year	-	-



**7 LONG-TERM FINANCING - SECURED**

As at beginning of the period	4,315,878	5,632,678
Obtained during the period	2,880,871	226,013
Paid / settled during the period	2,388,604	1,542,813
Current portion	2,136,128	1,669,846
	<u>2,672,017</u>	<u>2,646,032</u>

**8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Present value of minimum lease payments	219,849	102,368
Current maturity	88,950	42,590
	<u>130,899</u>	<u>59,778</u>

**9 SHORT TERM BORROWINGS**

These facilities have been obtained from various banks under mark-up arrangements for working capital requirements. These facilities are secured against the pledge/hypothecation of raw material and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and other assets of the company.

**10 CONTINGENCIES AND COMMITMENTS**

There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2017.

**11 PROPERTY, PLANT AND EQUIPMENT**

Operating assets	11.1	18,298,510	18,778,795
Capital work-in-progress		<u>4,284,207</u>	<u>3,178,220</u>
		<u>22,582,717</u>	<u>21,957,015</u>
<b>11.1 Operating assets</b>			
Written down value at beginning of the period / year		18,778,795	16,139,286
Additions during the period / year	11.1.1	<u>244,949</u>	<u>3,629,096</u>
		19,023,744	19,768,382
Written down value of the assets disposed off / adjustments		14,235	148,686
Depreciation charged during the period / year		<u>710,999</u>	<u>840,901</u>
		<u>18,298,510</u>	<u>18,778,795</u>
<b>11.1.1 Additions during the period / year</b>			
			482,768
Building		-	704,818
Plant and machinery		207,510	2,359,363
Office equipment and furniture		7,644	35,208
Computer hardware and allied items		19,260	11,918
Vehicles		<u>10,535</u>	<u>35,021</u>
		<u>244,949</u>	<u>3,629,096</u>

## 12 LONG-TERM INVESTMENTS

### Investments in related parties

Wholly owned subsidiary at cost - Unquoted

Pel Marketing Private Limited

10,000 shares (December 31, 2015: 10,000 shares) of Rs. 10 each

100 100

Associate at cost - Quoted

12.1

3,493 6,985

3,593 7,085

### 12.1 Investment in associate at cost - Quoted

Kohinoor Power Company Limited

Ownership interest 23.10 %

Cost of investment

2,910,600 shares (2015: 2,910,600 shares)

Less: provision for impairment in value of investment

54,701 54,701

51,208 47,716

3,493 6,985

## 13 REVENUE

	Nine month ended		Quarter ended	
	September 30,	September 30,	September 30,	September 30,
	2019	2018	2019	2018
	----- (Rupees in thousand) -----			
Contract revenue	1,137,077	1,581,991	401,623	635,952
Sales - local	18,469,752	19,936,864	3,541,423	6,497,194
Sales - export	488,437	780,991	145,625	186,569
	20,095,266	22,299,846	4,088,671	7,319,715
Less: - sales tax and excise duty	3,287,184	2,977,029	1,030,254	935,687
- trade discounts	-	-	-	-
	3,287,184	2,977,029	1,030,254	935,687
	16,808,082	19,322,817	3,058,417	6,384,028

## 14 COST OF SALES

Raw material, labour and FOH

Work-in-process

-at beginning of period

-at end of period

Cost of goods manufactured

Finished goods

-at beginning of period

-at end of period

Contract cost

Cost of sales

14,382,792	16,344,771	1,955,430	5,330,400
758,928	848,453	1,497,872	1,230,930
(1,351,801)	(1,315,471)	(1,351,801)	(1,315,471)
(592,873)	(467,018)	146,071	(84,541)
13,789,919	15,877,753	2,101,501	5,245,859
417,843	360,059	641,624	560,090
(703,685)	(748,486)	(703,685)	(748,486)
(285,842)	(388,427)	(62,061)	(188,396)
13,504,077	15,489,326	2,039,440	5,057,463
954,235	1,381,426	337,042	559,129
14,458,312	16,870,752	2,376,482	5,616,592

# 15 EARNINGS PER SHARE - BASIC AND DILUTED

The calculation of basic and diluted profit per ordinary share is based on the following data:

Profits for the period	301,258	535,340
Less: dividend payable on preference shares	32,032	32,032
Profit attributable to ordinary shares	<u>269,226</u>	<u>503,308</u>

<b>Number of shares</b>	<b>(Number)</b>	
Weighted average number of ordinary shares for the purpose of basic profit	497,681,485	497,681,485

Basic and diluted profit per share have been calculated through dividing profit as stated above by weighted average number of ordinary shares.

<b>Basic earnings per share (Rupees)</b>	<u>0.54</u>	<u>1.01</u>
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# 16 TRANSACTIONS WITH RELATED PARTIES

Related parties from the company's perspective comprise associated companies, post employment benefit plans and key management personnel. 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.

Transactions with key management personnel are limited to payment of short term employee benefits only. The company in the normal course of business carries out various transactions with other related parties 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:

Relationship	Nature of transaction	Un-audited September 30, 2019	Un-audited September 30, 2018
		(Rupees in thousand)	
Subsidiary Associated company	Sales of goods and services	12,430,054	14,873,123
	Services acquired	26,753	29,581
Key Management Personnel	Short-term employee benefits	38,534	37,166
	Post employment benefits	1,200	1,200

16.1 All transactions with related parties have been carried out on commercial terms and conditions.

# 17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 30, 2019

# 18 GENERAL

18.1 Figures have been rounded off to the nearest thousands.

18.2 Comparative figures have been rearranged and reclassified, where necessary for the purpose of comparison. However there were no significant reclassification during the year.

# 19 OTHERS

There are no other significant activities since December 31, 2018 affecting this condensed interim financial information.

M. MURAD SAIGOL  
Chief Executive Officer

M. ZEID YOUSUF SAIGOL  
Director

SYED MANZAR HASSAN  
Chief Financial Officer