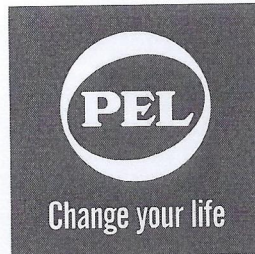


PAK ELEKTRON LIMITED



Condensed Interim Financial Report
For the Quarter Ended March 31, 2020

PAK ELEKTRON LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

		March 31, 2020 (Rupees in thousands)	December 31, 2019			March 31, 2020 (Rupees in thousands)	December 31, 2019
Note				Note			
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
	4	6,000,000	6,000,000				
Authorized Capital							
	5	5,426,392	5,426,392	Property, plant and equipment	11	23,602,107	22,939,060
Issued, subscribed and paid up capital		4,279,947	4,279,947			304,193	306,332
Reserves		14,467,550	14,958,172	Intangible assets		23,906,300	23,245,392
Unappropriated profit		5,957,504	6,023,632				
Surplus on revaluation		30,131,393	30,688,143				
				Long-term investments	12	4,016	5,763
NON-CURRENT LIABILITIES				Long term deposits		375,787	360,180
Redeemable Capital	6	-	-	Long term advances		1,205,705	1,230,805
Long-term financing	7	4,830,048	2,162,154				
Liabilities against assets subject to finance lease	8	116,079	137,386				
Warranty obligations		125,618	159,536	CURRENT ASSETS			
Deferred taxation		3,181,168	3,116,986	Stores, spare parts and loose tools		865,409	848,347
Deferred income		34,505	34,942	Stock-in-trade		7,989,475	7,793,568
				Trade debts		9,557,949	9,317,613
CURRENT LIABILITIES				Due against construction work in progress		1,547,112	1,697,509
Trade and other payables		1,092,264	1,203,624	Short term advances		1,620,029	1,683,654
Dividend payable		14,680	15,052	Short term deposits and prepayments		1,849,456	1,891,598
Accrued interest / mark-up		446,760	488,912	Other receivables		389,117	401,854
Short-term borrowings	9	12,054,490	10,955,490	Short term investments		16,471	21,596
Current Portion of Non Current Liabilities		169,934	2,348,957	Advance income tax		2,352,013	2,299,396
				Cash and bank balances		518,102	513,907
Contingencies and Commitments	10	13,778,128	15,012,035			26,705,132	26,469,042
						52,196,940	51,311,182
		52,196,940	51,311,182				

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 PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2020**

		Year Ended	
		March 31, 2020	March 31, 2019
		(Rupees in thousand)	
	Note		
Gross Sales	13	8,023,350	8,574,577
Sales Tax and discount	13	2,034,449	1,958,844
Net Sales		5,988,901	6,615,733
Cost of Sales	14	4,669,546	4,845,787
Gross Profit		1,319,355	1,769,946
Other Operating Income		3,568	7,769
		1,322,923	1,777,715
Distribution Cost		611,467	384,429
Administrative Cost		411,515	337,659
Other Operating Expenses		24,297	26,547
Finance Cost		767,178	574,874
Share of profit/(loss) of associate		(1,033)	1,565
Profit Before Tax		(492,567)	455,771
Provision for Taxation		64,182	39,482
Profit after tax		(556,749)	416,289
Earnings per share - Rupees Basic & diluted	15	(1.14)	0.82

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

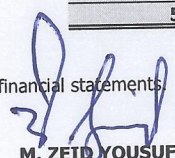

SYED MANZAR HASSAN
Chief Financial Officer

**CONDENSED INTERIM
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2020**

	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
Cash flows from operating activities		
Profit before taxation	(492,567)	455,771
Adjustments for non cash and other items	925,631	750,825
Cash generated from operations before working capital changes	433,064	1,206,596
Working capital changes	(335,792)	(273,301)
Cash generated from operations	97,272	933,295
Finance cost paid	(682,259)	(510,709)
Income tax paid	(52,617)	(72,850)
	(734,876)	(583,559)
Net cash used in operating activities	(637,604)	349,736
Cash flows from investing activities		
Purchase of property, plant and equipment	(945,086)	(533,684)
Purchase of intangible assets	-	(1,384)
Proceeds from disposal of property, plant and equipment	11,200	8,020
(Increase) / decrease in long-term deposits and advances	9,493	(36,346)
Net cash used in investing activities	(924,393)	(563,394)
Cash flows from financing activities		
Long Term Finances obtained	1,001,805	2,000,000
Repayment of Long Term Finances	(516,660)	(1,387,047)
Redemption of Redeemable Capital	-	(33,125)
Increase/(Decrease) in liabilities against assets subject to finance lease	(17,581)	98,325
Dividend paid	(372)	(1,930)
Increase / (Decrease) in Short Term Borrowing	1,099,000	(443,539)
Net cash from financing activities	1,566,192	232,684
Net increase/(decrease) in cash and cash equivalents	4,195	19,026
Cash and cash equivalents at beginning of the period	513,907	471,258
Cash and cash equivalents at end of the period	518,102	490,284

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


M. MURAD SAIGOL
Chief Executive Officer

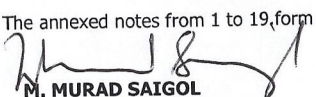

M. ZEID YOUSUF SAIGOL
Director

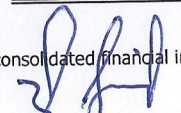

SYED MANZAR HASSAN
Chief Financial Officer

PAK ELEKTRON LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2020

	Share capital	Capital reserves	Revenue reserves	Surplus on Revaluation	Total
		Premium on issue of shares	Unappropriated profit		
..... (Rupees in thousand)					
Balance as at January 01, 2019	5,426,392	4,279,947	13,994,307	6,579,049	30,279,695
Total comprehensive income for the period	-	-	416,289		416,289
Adjustment of surplus on revaluation	-	-	72,096	(72,096)	-
Balance as at March 31, 2019	5,426,392	4,279,947	14,482,692	6,506,953	30,695,984
Total comprehensive income/(loss) for the period	-	-	462,304	(26,753)	435,551
Adjustment of surplus on revaluation	-	-	456,568	(456,568)	-
Impact of application of IFRS 15			(443,392)		(443,392)
Balance as at December 31, 2019	5,426,392	4,279,947	14,958,172	6,023,632	30,688,143
Total comprehensive income for the period.	-	-	(556,750)		(556,750)
Incremental depreciation	-	-	66,128	(66,128)	-
Balance as at March 31, 2020	5,426,392	4,279,947	14,467,550	5,957,504	30,131,393

The annexed notes from 1 to 19, form an integral part of this condensed interim consolidated financial information.


M. MURAD SAIGOL
 Chief Executive Officer


M. ZEID YOUSUF SAIGOL
 Director


SYED MANZAR HASSAN
 Chief Financial Officer

PAK ELEKTRON LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2020

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, 2019.

The comparative interim consolidated balance sheet as at December 31, 2019 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, 2019 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 imported 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 ther sources. Actual results may differ from tese estimates.

Estimates and under lying assumptions are reviewed on an on going basis. Reasons to accounting estimates are recognized in the period in which the estimates is revised and in any future periods affective.

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, 2019.

4 AUTHORIZED CAPITAL

March 31, 2020 (Numbers)	December 31, 2019 (Numbers)		March 31, 2020 (Rupees in thousand)	December 31, 2019 (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:		
		Class A preference shares of Rs 10 each	625,000	625,000
		Class B preference shares of Rs 10 each	375,000	375,000
			1,000,000	1,000,000
			<u>6,000,000</u>	<u>6,000,000</u>

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

March 31, 2020	December 31, 2019		March 31, 2020 (Rupees in thousand)	December 31, 2019 (Rupees in thousand)
		Number of shares		
372,751,051	372,751,051	Ordinary shares of Rs. 10 each fully paid:	3,727,511	3,727,511
		- In cash		
137,500	137,500	Other than cash:	1,375	1,375
		- against machinery		
408,273	408,273	- issued on acquisition of PEL Appliances Limited	4,083	4,083
		- issued against conversion of preference shares	60,408	60,408
6,040,820	6,040,820	- Issued as bonus shares	1,183,439	1,183,439
118,343,841	118,343,841		<u>4,976,816</u>	<u>4,976,816</u>
497,681,485	497,681,485			
		A class preference shares of Rs 10 each	449,576	449,576
		Issued for cash	<u>5,426,392</u>	<u>5,426,392</u>

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	<u>497,681,485</u>	<u>497,681,485</u>

6 REDEEMABLE CAPITAL

Shariah financing:		
As at beginning of the period/ year	-	101,875
Issued during the period	-	-
Paid during the year	-	101,875
Current Maturity	-	-
As at end of the period / Year	<u>-</u>	<u>-</u>

7 LONG-TERM FINANCING - SECURED

As at beginning of the period / year:		
Shariah	1,642,857	750,000
Non Shariah	2,764,546	3,565,878
	4,407,403	4,315,878
Obtained during the period / year		
Shariah	-	1,000,000
Non Shariah	1,001,805	780,122
	1,001,805	1,780,122
Paid / settled during the period / year		
Shariah	120,238	107,143
Non Shariah	396,422	1,581,454
	516,660	1,688,597
Current portion		
Shariah	-	480,952
Non Shariah	62,500	1,764,297
	62,500	2,245,249
	<u>4,830,048</u>	<u>2,162,154</u>

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	223,513	241,094
Current maturity	107,434	103,708
	<u>116,079</u>	<u>137,386</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, 2019.

11 PROPERTY, PLANT AND EQUIPMENT

Operating assets	11.1	21,495,018	21,759,616
Capital work-in-progress		2,107,089	1,179,444
		<u>23,602,107</u>	<u>22,939,060</u>
11.1 Operating assets			
Written down value at beginning of the period / year		21,759,616	18,778,795
Additions during the period / year	11.1.1	17,441	4,307,762
		<u>21,777,057</u>	<u>23,086,557</u>
Written down value of the assets disposed off / adjustments		10,989	352,287
Depreciation charged during the period / year		271,050	974,654
		<u>21,495,018</u>	<u>21,759,616</u>
11.1.1 Additions during the period / year			
Land		-	2,513,713
Building		-	1,686,398
Plant and machinery		2,334	13,984
Office equipment and furniture		2,419	28,397
Computer hardware and allied items		12,688	65,270
Vehicles			
		<u>17,441</u>	<u>4,307,762</u>

12 LONG-TERM INVESTMENTS

Investment in associate at equity method -	4,016	5,763
	<u>4,016</u>	<u>5,763</u>

Kohinoor Power Company Limited
Ownership interest 23.10 %

Cost of investment	54,701	54,701
2,910,600 shares	(13,074)	(11,662)
Share of post acquisition profit- net of dividend received	41,627	43,039
	<u>37,611</u>	<u>37,276</u>
Less: provision for impairment in value of investment	<u>4,016</u>	<u>5,763</u>

13 REVENUE

	Year Ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
Contract revenue	163,008	453,368
Sales - local	7,846,216	7,952,277
Sales - export	<u>14,126</u>	<u>168,932</u>
	8,023,350	8,574,577
Less: - sales tax and excise duty	<u>1,154,615</u>	<u>919,745</u>
- trade discounts	<u>879,834</u>	<u>1,039,099</u>
	<u>2,034,449</u>	<u>1,958,844</u>
	<u>5,988,901</u>	<u>6,615,733</u>

14 COST OF SALES

Raw material consumed	4,405,267	3,732,149
Direct wages	203,163	188,947
Factory overhead	<u>525,443</u>	<u>484,562</u>
Raw material, labour and FOH	5,133,873	4,405,658
Work-in-process		
-at beginning of period	<u>656,835</u>	<u>758,928</u>
-at end of period	<u>(1,067,322)</u>	<u>(773,584)</u>
	<u>(410,487)</u>	<u>(14,656)</u>
Cost of goods manufactured	4,723,386	4,391,002
Finished goods		
-at beginning of period	<u>1,875,953</u>	<u>2,829,889</u>
-at end of period	<u>(2,060,576)</u>	<u>(2,755,570)</u>
	<u>(184,623)</u>	<u>74,319</u>
	<u>4,538,763</u>	<u>4,465,321</u>
Contract cost	<u>130,783</u>	<u>380,466</u>
Cost of sales	<u>4,669,546</u>	<u>4,845,787</u>

		Un-audited	
		March 31, 2020	March 31, 2019
		(Rupees in thousand)	
15	EARNINGS PER SHARE - BASIC AND DILUTED		
	Earnings	(556,750)	416,289
	Less: dividend on preference shares	10,677	10,677
		<u>(567,427)</u>	<u>405,612</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>(1.14)</u>	<u>0.82</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	March 31, 2020	March 31, 2019
		(Rupees in thousand)	
Provident Fund Trust	Contribution for the period	21,198	20,097
Key Management Personnel	Short-term employee benefits	12,110	12,966
	Post employment benefits	480	440
Other related parties:			
Associated companies	Services acquired	12,591	8,700

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 April 30, 2020.

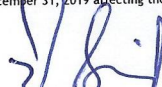
19 GENERAL

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, 2019 affecting the interim consolidated financial statements.


M. MURAD SAIGOL
Chief Executive Officer


M. ZEID YOUSUF SAIGOL
Director


SYED MANZAR HASSAN
Chief Financial Officer