

# **PAK ELEKTRON LIMITED**

**HALF YEAR REPORT**

**30-06-2021**

## Directors Review

Your directors are pleased to present the condensed interim financial information of the Company for the half-year ended June 30, 2021.

### Macroeconomic Overview

Economic activity has largely normalized with an improvement in the overall business dynamics. The fallout of the pandemic has been well contained in the country which is also admired globally. Resultantly, the economy has witnessed a “V-shaped” recovery on the back of targeted fiscal measures and monetary stimulus. The GDP growth rate of 3.94% exceeded all internal and external projections. Fiscal deficit was contained to 7% of GDP as compared to 8.1% during the same period last year despite higher interest and COVID19 related payments. This mainly reflects healthy growth of 18% in FBR net tax revenue collection, which stood at Rs. 4.7 trillion. The headline inflation for FY21 was recorded at 8.9% which was mainly driven by increased cost of food supplies, impact of energy tariff hikes and increasing commodity prices.

On the external front, current account registered slight deficit of USD 1.85 billion. The remittances exhibited a phenomenal growth of 27% and stood at a level of USD 29.4 billion. This was due to supportive policy measures and travel restrictions which increased the use of formal channels. Inflows of USD 500 million from IMF tranche, issuance of a USD 2.5 billion from Eurobond and encouraging response of over USD 1 billion to Roshan Digital initiative also helped the foreign exchange reserves reach a five year high level of USD 23.2 billion, up by 23%. On the other hand, trade deficit has widened by 33% to USD 28.5 billion in FY21. Exports showed an encouraging growth of 13.73%. However, imports picked up sharply by 23% on account of economic recovery and rising international commodity prices. Reflecting the increasing pressure, PKR depreciated by more than 5% in the last 4 months. On the monetary front, SBP continued its supportive policy by maintaining discount rate at 7%. The positive momentum echoed in the country's capital markets, as the PSX-100 index improved to 47,356 points in June 2021, an increase of 38%.

The agriculture sector recorded a steady growth of 2.8% with the production of major crops - wheat, rice and maize rising to record highs and that of sugar cane to its second highest ever level. However, the cotton crop suffered mainly due to decline in sown area, heavy monsoon rain and pest attacks. Agriculture Transformation Plan introduced by the Government has incentivized the farmers and helped boost output. Moreover, the surge in prices of agricultural products and timely subsidies have contributed to surplus liquidity with improved farm income. Thus, demand for consumer durables remained upbeat in rural areas.

Large Scale Manufacturing (LSM) showed an exceptional growth of 14.57% in comparison to a contraction of 10.2% of last year. This was on account of an encouraging pickup in economic activity driven by various supportive policy measures introduced by the Government and SBP. The strong rebound is reflected in exceptionally strong growth recorded in multiple high-frequency indicators across all segments, including sales of fast-moving consumer goods, POL products, automobiles, cement, and textiles. However, on account of high demand and global supply chain disruptions, raw material supply has become increasingly constrained, and prices are on the rise. Thus, forcing businesses to resort to price increases.

## Industry Overview

“V-Shaped” economic recovery witnessed an overall prosperity wave and increase in disposable incomes. Electrical home appliances demand surged backed by increased disposable incomes and restoration of consumer confidence. Pakistan Bureau of Statistics reports an year over year Production increase of Refrigerators by 86.83%, Air Conditioners 133.67%, Deep Freezers 34.03%, however, Production of LED TVs subdued by 25.65% as a result of lower production of “TVs Display Panels” due to global supply chain disruptions. Electrical equipments year-on-year production also increased backed by governments’ electricity T&D infrastructure augmentation efforts to ensure an uninterrupted electricity to end consumers especially reviving local industry. Metering infrastructure up gradation is also solicited to curb growing electricity pilferage resulting circular debt. Transformers year over year production increase is 24.02%, Energy Meters 36.60% and Switch Gears 88.04%.

## Company

During the period under review company’s operations continued with strict compliance to National Command & Operation Centre (NCOC) and Punjab Government SOPs. Company vaccinated almost all of employees at mobile vaccination centre set up by primary and secondary health care department of Punjab Government at company’s manufacturing facility located at 14 KM Ferozepur Road Lahore. Families of employees are also vaccinated at the said in house mobile vaccination centre.

On Saturday, April 24, 2021 a fire broke out at refrigerator manufacturing facility located at 14-KM Ferozepur Road Lahore due to electricity short circuiting. By the grace of Almighty, there is no loss of life and it mainly affected the final assembly line of the Refrigerator. The assets damaged by fire are adequately insured and survey of the true extent of losses is being carried out.

With the dedicated team efforts Refrigerator Production started within a couple of weeks after completing rehabilitation work and taking necessary measures and company’s business plan remained intact.

## Company Financial Performance

During the period, company revenues with 67.98% increase over corresponding period of last year remained at Rs. 30,520 Million and company gross profit stands at Rs. 4,887 Million with 65.05% increase over last year period. Company's after tax profit is Rs. 1,025 Million against loss of Rs. 426 million in six months period ended on June 30, 2020. Earning per share is Rs. 2.02 against loss of Rs. 0.90 of the last year corresponding period. Overall economic revival is at the back of this revenue growth. Products demand surge is due to increase in disposable incomes and needed electricity T&D infrastructure augmentation. Profitability turnaround is a result of effective fixed costs absorption due to substantially improved revenues.

Summary of operating results is presented below:

Rupees in millions	Half Year Ended June 2021	Half Year Ended June 2020	Increase/ (decrease)	Percentage %
Revenue	30,520	18,169	12,351	67.98%
Gross Profit	4,887	2,961	1,926	65.05%
Finance Cost	1,110	1,296	(186)	(14.35%)
Profit/(Loss) before taxation	1,336	(364)	1,700	467.03%
Profit/(Loss) after taxation	1,025	(426)	1,451	340.61%
Earnings/(Loss) Per Share (Rupees)	2.02	(0.90)		

## Appliances Division

Uncertainty clouds began evaporating after emergence of economic recovery, after COVID 19 related steep declines. Home Appliance Division revenues with a robust year over year growth @ 64.04% registered at Rs.21,839 Million. This revenue growth is attributable to overall country economic revival and resultant increase in disposable incomes. Product margins largely intact due to effective fixed cost absorption.

High value to consumers with "ROX- Return on Experience" is one of core objectives of the company. To achieve the objective, ongoing R&D function is there to ensure attractive esthetically improved and cost effective product designs. During the period under review energy efficient Refrigerator with expanded space "Jumbo Freezer Series", Air Conditioner "Jumbo DC, Turbo DC Series", "locally produced "Panasonic ACs", fully automatic Washing Machine with "Smart Touch function" and Semi-automatic washing machines with "Twin Tubs" launched gained overwhelming market response.

State of art manufacturing & testing facilities, highly responsive country wide sales & after sales services network, ongoing product R&D function and a team of well-versed professionals are our core capabilities to further expand our market presence .

## **Power Division**

With the current economic and industry revival, Electricity T&D infrastructure augmentation is direly needed to ensure uninterrupted electricity supply. Incumbent Government's efforts of T&D Infrastructure up-gradation witnessed an increased demand of electrical & metering equipments. With these up gradations WAPDA power utilities will curb piling up circular debt as result of technical and administrative losses.

During the period under review power division business revenues registered at Rs. 8,681 million with 78.72% over Rs. 4,858 million of the similar period of the previous year. Robust product demand, improved ordering pattern from WAPDA power utilities and timely supply by company are behind this revenue growth. After the milestone achievement of sufficient electricity generation, the next priority is augmentation of T&D infrastructure, to make available the electricity to end consumers. Further, with the expected industrial revival there will be an increased demand of power division products. With growing industrial revival incremental demand of electrical equipments from private industrial customers is expected In addition to demand from WAPDA utility companies. Government has announced an incentive package for construction industry inclusive of housing projects under "Naya Pakistan Housing Authority". The expected boom in construction industry and housing sector will also create an additional demand of power division products.

Company has a healthy order book and is quite confident to meet its annual plans. Further manufacturing capacities in all products of this division are greatly sufficient to meet increased demand.

Your company being pioneer of "Electrical Equipment Manufacturing" owns a set of capabilities including high class professionals, the state of art manufacturing & testing facilities and a prolonged "Customers Relationship" history with WAPDA utility companies. With this exceptionally high class capability set your company is well determined to expand its market presence.

## **Future Outlook**

The current financial year has commenced with upbeat indicators as business activity gets back to normal and investor confidence is restored. While the COVID 19 cases subsided in Pakistan in the past, the fourth wave of the pandemic has started to pose new challenges. With the Government's focus on getting the majority population vaccinated and curtailing the spread of the virus through smart lockdowns, it is optimistically expected that the economy in general will continue the growth momentum, as seen in the current year. The macroeconomic stabilization measures and the structural transformations reinforced by international development partners will help the economy to move onto a higher and

sustainable growth trajectory. As the business activity progresses, the current account balance will no doubt turn negative, given with a widening trade deficit. This will keep Pak rupee under pressure. Inflation is likely to remain elevated in the coming months due to the recent energy tariff hikes, rising food & commodity prices and potential expansionary policies. Accordingly, there is a need to strike an appropriate balance between supporting the economy, ensuring debt sustainability and advancing structural reforms while maintaining social cohesions.

IMF on August 23, 2021 transferred US\$ 2.77 Billion to State Bank of Pakistan under IMF extended fund facility (EFF) arrangements. The proceeds can be utilized to deal with Corona, increase foreign exchange reserves or pay off debts. The inflow will support current economic growth model and local currency appreciation.

With the growing industrialization, augmentation of electricity T&D infra structure is a dire need of the day to ensure uninterrupted electricity supply and your company has been part of Government's efforts by supplying its quality electrical & metering equipments. Further development of Prioritized Special Economic Zones- SEZs is moving towards execution phase and your company being pioneer in electrical equipment manufacturing is well determined to grasp its due market share. The increased economic activity pertaining to construction of new houses & other sectors shall also spark an upbeat in the demand of products of Appliances business as well.

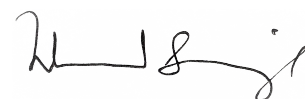
Under the current economic conditions, the Company's EPC Department is consolidating its business and concentrating on projects with better margins and least funds deployment for the proven products we have performed in the past. Your directors are optimistic that with these future expected developments, the Company will certainly take advantage of it by supplying quality products.

### **Acknowledgement**

We would like to thank our Board of Directors for continuous support and guidance. We are also thankful to our team for their dedicated efforts to make the company operationally sustainable.

We are confident with continued team efforts that we will meet expectation of all stake holders i.e., Shareholders, Creditors and Customers.

On behalf of the Board of Directors



**M. Murad Saigol**  
Chief Executive Officer

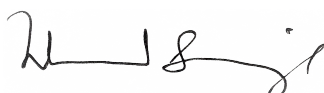
Lahore  
August 26, 2021.

# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	30-Jun-21 Rupees '000 (Un-audited)	31-Dec-20 Rupees '000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized share capital</i>	7	6,000,000	6,000,000
Issued share capital	8	5,426,392	5,426,392
Share premium		4,279,947	4,279,947
Revaluation reserve		5,531,369	5,723,151
Retained earnings		17,436,217	16,285,232
<b>TOTAL EQUITY</b>		<b>32,673,925</b>	<b>31,714,722</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	9	5,492,097	5,627,441
Lease liabilities	10	77,563	155,148
Warranty obligations		126,749	142,273
Deferred taxation		2,417,261	2,338,798
Deferred income	11	36,259	50,027
		<b>8,149,929</b>	<b>8,313,687</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,613,169	1,543,791
Unclaimed dividend		14,227	14,456
Accrued interest/markup/profit		342,233	372,446
Short term borrowings	12	11,296,945	10,605,608
Current maturity of non-current liabilities		2,256,001	2,228,633
		<b>15,522,575</b>	<b>14,764,934</b>
<b>TOTAL LIABILITIES</b>		<b>23,672,504</b>	<b>23,078,621</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,346,429</b>	<b>54,793,343</b>

The annexed notes from 1 to 24 form an integral part of these interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



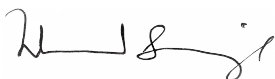
CHIEF FINANCIAL OFFICER

# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	30-Jun-21 Rupees '000 (Un-audited)	31-Dec-20 Rupees '000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	23,938,082	24,119,420
Intangible assets		294,201	297,730
Long term investments	15	19,210	10,653
Long term deposits		454,605	463,652
Long term advances		764,799	615,576
		<b>25,470,897</b>	<b>25,507,031</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		873,422	862,124
Stock in trade		9,179,139	9,499,264
Trade debts		12,118,745	10,436,154
Construction work in progress		898,855	1,066,852
Short term advances		2,629,414	2,637,536
Short term deposits and prepayments		1,184,403	1,114,164
Other receivables		397,301	366,789
Short term investments		31,003	31,881
Advance income tax/Income tax refundable		3,020,263	2,719,270
Cash and bank balances		542,987	552,278
		<b>30,875,532</b>	<b>29,286,312</b>
<b>TOTAL ASSETS</b>		<b>56,346,429</b>	<b>54,793,343</b>

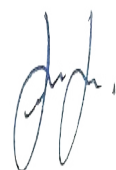
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CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

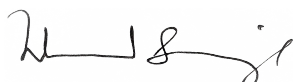


# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

	Note	Six months ended		Three months ended	
		30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue from contracts with customers	16	30,519,996	18,168,597	17,050,269	10,145,247
Sales tax, excise duty and discounts	16	(7,735,247)	(4,698,399)	(4,144,083)	(2,663,950)
<b>Net revenue</b>		<b>22,784,749</b>	<b>13,470,198</b>	<b>12,906,186</b>	<b>7,481,297</b>
Cost of sales	17	(17,897,420)	(10,509,448)	(10,187,202)	(5,839,902)
<b>Gross profit</b>		<b>4,887,329</b>	<b>2,960,750</b>	<b>2,718,984</b>	<b>1,641,395</b>
Other income		18,665	12,027	14,714	9,871
Distribution cost		(1,481,009)	(1,230,321)	(756,910)	(618,854)
Administrative and general expenses		(844,805)	(773,739)	(402,199)	(371,134)
Other expenses		(103,844)	(12,017)	(59,094)	11,248
		(2,429,658)	(2,016,077)	(1,218,203)	(978,740)
Impairment allowance for expected credit losses		(30,129)	(22,350)	(22,273)	(13,440)
<b>Operating profit</b>		<b>2,446,207</b>	<b>934,350</b>	<b>1,493,222</b>	<b>659,086</b>
Finance cost		(1,109,617)	(1,295,833)	(559,381)	(528,655)
		1,336,590	(361,483)	933,841	130,431
Share of loss of associate		(386)	(2,066)	1,668	(1,033)
<b>Profit/(loss) before taxation</b>		<b>1,336,204</b>	<b>(363,549)</b>	<b>935,509</b>	<b>129,398</b>
Taxation		(310,862)	(62,293)	(193,633)	(23,596)
<b>Profit/(loss) after taxation</b>		<b>1,025,342</b>	<b>(425,842)</b>	<b>741,876</b>	<b>105,802</b>
<b>Earnings/(loss) per share</b>					
- Basic and diluted (Rupees)	18	2.02	(0.90)	1.47	0.19

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CHIEF EXECUTIVE



DIRECTOR

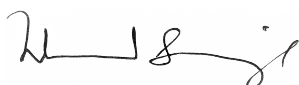


CHIEF FINANCIAL OFFICER

**PAK ELEKTRON LIMITED****CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

	Six months ended		Three months ended	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>
<b>PROFIT/(LOSS) AFTER TAXATION</b>	<b>1,025,342</b>	<b>(425,842)</b>	<b>741,876</b>	<b>105,802</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Deferred tax on revaluation surplus				
- attributable to change in proportion of income taxable under final tax regime	(66,139)	(54,219)	-	-
<b>OTHER COMPREHENSIVE LOSS AFTER TAXATION</b>	<b>(66,139)</b>	<b>(54,219)</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS)</b>	<b>959,203</b>	<b>(480,061)</b>	<b>741,876</b>	<b>105,802</b>

*The annexed notes from 1 to 24 form an integral part of these interim financial statements.*



**CHIEF EXECUTIVE**



**DIRECTOR**

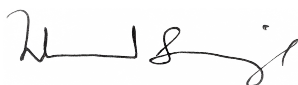


**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

	Share capital	Capital reserves		Revenue reserves	
	Issued share capital	Share premium	Revaluation reserve	Retained earnings	Total equity
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
<b>Balance as at 01 January 2020 - Audited</b>	5,426,392	4,279,947	6,023,632	7,277,582	23,007,553
<b>Comprehensive income</b>					
Loss after taxation	-	-	-	(425,842)	(425,842)
Other comprehensive loss	-	-	(54,219)	-	(54,219)
<b>Total comprehensive loss</b>	-	-	(54,219)	(425,842)	(480,061)
<b>Incremental depreciation</b>	-	-	(132,256)	132,256	-
<b>Transaction with owners</b>	-	-	-	-	-
<b>Acquired in amalgamation</b>	-	-	-	7,638,684	7,638,684
<b>Balance as at 30 June 2020 - Un-audited</b>	5,426,392	4,279,947	5,837,157	14,622,680	30,166,176
<b>Balance as at 01 July 2020 - Un-audited</b>	5,426,392	4,279,947	5,837,157	14,622,680	30,166,176
<b>Comprehensive income</b>					
Profit after taxation	-	-	-	649,691	649,691
Other comprehensive loss	-	-	10,087	-	10,087
<b>Total comprehensive loss</b>	-	-	10,087	649,691	659,778
<b>Revaluation surplus realised on disposal</b>	-	-	(1,385)	1,385	-
<b>Incremental depreciation</b>	-	-	(122,708)	122,708	-
<b>Transaction with owners</b>	-	-	-	-	-
<b>Acquired in amalgamation</b>	-	-	-	888,768	888,768
<b>Balance as at 31 December 2020 - Audited</b>	5,426,392	4,279,947	5,723,151	16,285,232	31,714,722
<b>Balance as at 01 January 2021 - Audited</b>	5,426,392	4,279,947	5,723,151	16,285,232	31,714,722
<b>Comprehensive income</b>					
Profit after taxation	-	-	-	1,025,342	1,025,342
Other comprehensive income	-	-	(66,139)	-	(66,139)
<b>Total comprehensive income</b>	-	-	(66,139)	1,025,342	959,203
<b>Incremental depreciation</b>	-	-	(125,643)	125,643	-
<b>Transaction with owners</b>	-	-	-	-	-
<b>Balance as at 30 June 2021 - Un-audited</b>	5,426,392	4,279,947	5,531,369	17,436,217	32,673,925

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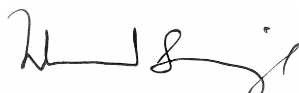
CHIEF FINANCIAL OFFICER

# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

	30-Jun-21 Rupees '000	30-Jun-20 Rupees '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	1,336,204	(363,549)
Adjustments for non-cash and other items	1,485,159	1,803,240
Operating profit before changes in working capital	2,821,363	1,439,691
Changes in working capital	(1,244,542)	(1,218,336)
<b>Cash generated from operations</b>	<b>1,576,821</b>	<b>221,355</b>
Payments for interest and taxes	(1,554,207)	(1,118,390)
<b>Net cash generated from/(used in) operating activities</b>	<b>22,614</b>	<b>(897,035)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(395,430)	(1,406,789)
Proceeds from disposal of property, plant and equipment	11,092	5,491
Long term deposits	9,047	-
Long term advances	(149,223)	-
<b>Net cash used in investing activities</b>	<b>(524,514)</b>	<b>(1,401,298)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	1,000,000	1,126,805
Repayment of long term finances	(1,109,010)	(516,660)
Repayment of lease liabilities	(89,489)	(26,362)
Net increase in short term borrowings	691,337	1,890,972
Dividend paid	(229)	(384)
<b>Net cash generated from financing activities</b>	<b>492,609</b>	<b>2,474,371</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,291)</b>	<b>176,038</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>552,278</b>	<b>379,733</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>542,987</b>	<b>555,771</b>


*The annexed notes from 1 to 24 form an integral part of these interim financial statements.*



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021****1 LEGAL STATUS AND OPERATIONS**

Pak Elektron Limited [‘the Company’] is a Public Limited Company incorporated in Pakistan under the repealed Companies Act, 1913. Registered office of the Company is situated in the province of Punjab 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 manufacturing and sale of electrical capital goods and domestic appliances.

The Company is currently organized into the following operating divisions:

- (i) **Power Division:** Manufacturing and sale of Transformers, Switchgears, Energy Meters and Engineering, Procurement and Construction [‘EPC’] contracting.
- (ii) **Appliances Division:** Manufacturing, assembling and distribution/sale of Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, LED Televisions, Washing Machines, Water Dispensers and other domestic appliances.

**2 SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE YEAR****2.1 COVID-19**

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued its operations and has taken all necessary steps to upkeep operation at a pace meeting its business plans. According to management’s assessment, there is no significant accounting impact of the effects of COVID-19 on these interim financial statements.

**2.2 FIRE INCIDENT**

On Saturday, 24 April 2021 a fire broke out due to short circuiting at refrigerator manufacturing facility located at 14-KM, Ferozepur Road, Lahore. By the grace of Almighty, there is no loss of life and most of the production area remained safe. The assets damaged by fire are adequately insured. The insurance claim has been lodged which is being assessed by the surveyors.

**3 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 31 December 2020.

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 31 December 2020 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 30 June 2020 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 30 June 2021 and 30 June 2020 are neither audited nor reviewed.

**3.1 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.

**3.2 Basis of measurement**

These interim financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
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Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Investment in associate	Equity method
Land, building, plant and machinery	Revalued amounts
Warranty obligations	Present value

**3.3 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 apparent 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.

**3.4 Functional currency**

These financial statements have been presented in Pak Rupees which is the Company's functional currency. The amounts reported in these financial statements have been rounded to the nearest thousand Rupees unless specified otherwise.

**3.5 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 20 August 2021.

**4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE**

The following new and revised standards, interpretations and amendments are effective in the current year 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, except as stated otherwise.

**4.1 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)**

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

**4.2 Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases)**

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

**5 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET**

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	01 January 2023
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
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	01 January 2023

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

	<b>Effective date (annual periods beginning on or after)</b>
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018–2020.	01 January 2022
Amendments to IFRS 17	01 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IFRS Practice Statement 2 - Making Materiality Judgements	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)	01 April 2021
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Other than afore mentioned standards, interpretations and amendments, IABS 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.	

**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 audited financial statements of the Company for the year ended 31 December 2020.

**7 AUTHORIZED CAPITAL**

<b>30-Jun-21</b>	<b>31-Dec-20</b>		<b>30-Jun-21</b>	<b>31-Dec-20</b>
<b>No. of shares</b>	<b>No. of shares</b>		<b>Rupees '000</b>	<b>Rupees '000</b>
<b>(Un-Audited)</b>	<b>(Audited)</b>		<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>500,000,000</b>	500,000,000	Ordinary shares of Rs. 10 each	<b>5,000,000</b>	5,000,000
		Preference shares of Rs. 10 each:		
<b>62,500,000</b>	62,500,000	A' Class preference shares	<b>625,000</b>	625,000
<b>37,500,000</b>	37,500,000	B' Class preference shares of	<b>375,000</b>	375,000
<b>100,000,000</b>	100,000,000		<b>1,000,000</b>	1,000,000
<b>600,000,000</b>	600,000,000		<b>6,000,000</b>	6,000,000

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

**8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

30-Jun-21	31-Dec-20		30-Jun-21	31-Dec-20
No. of shares	No. of shares		Rupees '000	Rupees '000
(Un-Audited)	(Audited)		(Un-Audited)	(Audited)
<b>Ordinary shares of Rs. 10 each</b>				
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	- against acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- against 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
44,957,592	44,957,592	Issued for cash	449,576	449,576
542,639,077	542,639,077	8.1	5,426,392	5,426,392

8.1 There is no change in the status and classification of preference shares since 31 December 2020.

30-Jun-21	31-Dec-20
Rupees '000	Rupees '000
(Un-Audited)	(Audited)

**9 LONG TERM FINANCES**

As at beginning of the period/year	7,638,638	4,407,403
Obtained during the period/year	1,000,000	5,314,552
Accretion during the period/year	29,641	47,086
Repayments made during the period/year	(1,109,010)	(2,015,334)
Deferred grant recognised during the period/year	-	(115,069)
As at end of the period/year	7,559,269	7,638,638
Current maturity presented under current liabilities	(2,067,172)	(2,011,197)
	5,492,097	5,627,441

**10 LEASE LIABILITIES**

Present value of minimum lease payments	231,944	321,433
Current portion presented under current liabilities	(154,381)	(166,285)
	77,563	155,148

**11 DEFERRED INCOME**

Grant in aid - UNIDO	32,365	33,195
SBP Refinance Scheme	3,894	16,832
	36,259	50,027

**11.1 GRANT IN AID - UNIDO**

As at beginning of the period/year	33,195	34,942
Recognized in profit or loss	(830)	(1,747)
As at end of the period/year	32,365	33,195



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
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	30-Jun-21	31-Dec-20
	<i>Rupees '000</i>	<i>Rupees '000</i>
	<i>(Un-Audited)</i>	<i>(Audited)</i>
<b>11.2 SBP Refinance Scheme</b>		
As at beginning of the period/year	67,983	-
Recognized during the period/year	-	115,069
Amortized during the period/year	(29,641)	(47,086)
As at end of the period/year	38,342	67,983
Current maturity presented under current liabilities	(34,448)	(51,151)
	3,894	16,832

**12 SHORT TERM BORROWINGS**

The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs. 4,491 million (31 December 2020: Rs. 9,761 million).

**13 CONTINGENCIES AND COMMITMENTS**

There is no significant change in the status of contingencies and commitments since 31 December 2020, with the exception of the following:

	Note	30-Jun-21	31-Dec-20
		<i>Rupees '000</i>	<i>Rupees '000</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
Tender bonds		296,004	233,238
Performance bonds		2,876,628	2,539,828
Advance guarantees		814,059	557,242
Custom guarantees		80,275	80,275
Foreign guarantees		59,011	51,847
Ijarah commitments		258,527	159,100

**14 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets	14.1	20,599,669	21,039,859
Right-of-use assets	14.2	467,130	513,668
Capital work in progress		2,871,283	2,565,893
		23,938,082	24,119,420

**14.1 Operating fixed assets**

Net book value at the beginning of the period/year		21,039,859	21,384,202
Additions during the period/year			
Plant and machinery		55,852	675,190
Office equipment and fixtures		10,195	14,022
Computer hardware and allied items		22,944	29,788
Vehicles		1,049	10,309
		90,040	729,309
Net book value of assets disposed during the period/year		(8,553)	(20,291)
Depreciation for the period/year		(522,981)	(1,074,797)
Transfer from right-of-use assets		1,304	21,436
Net book value at the end of the period/year		20,599,669	21,039,859

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
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	30-Jun-21	31-Dec-20
	Rupees '000	Rupees '000
	(Un-Audited)	(Audited)
<b>14.2 Right-of-use assets</b>		
Net book value at the beginning of the period/year	513,668	375,414
Additions during the period/year		
Buildings	-	162,493
Vehicles	-	71,323
	-	233,816
Depreciation for the period/year	(45,234)	(74,126)
Transfer to property plant and equipment	(1,304)	(21,436)
Net book value at the end of the period/year	467,130	513,668

**15 LONG TERM INVESTMENTS**

These represent investments in ordinary shares of a related party. The details are as follows:

	Note	30-Jun-21	31-Dec-20
		Rupees '000	Rupees '000
<b>Kohinoor Power Company Limited - Quoted</b>			
2,910,600 (31 December 2020: 2,910,600) ordinary shares of Rs. 10 each	15.1	19,210	10,653
Relationship: <i>associate</i>			
Ownership Interest: 23.1% (31 December 2020: 23.1%)			
Market value: Rs. 6.60 (31 December 2020: Rs. 3.66) per share			
		19,210	10,653

- 15.1** This represents investment in ordinary shares of Kohinoor Power Company Limited ['KPCL'], an associate. KPCL is a Public Limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. KPCL was formed with the objective of generation and sale of electric power. Subsequently, it amended its memorandum of association to change its principal activity to leasing out machinery and buildings under operating lease arrangements. The Boards of Directors of KPCL and Saritow Spinning Mills Limited ['SSML'], a related party of the Company, in their respective meetings have approved amalgamation of KPCL into SSML. The proposed amalgamation, once affected, will result in the Company holding ordinary shares in SSML in accordance with the swap ratio approved with scheme of amalgamation. Registered office of KPCL is situated in the Province of Punjab at 17-Aziz Avenue, Canal Bank, Gulberg V, Lahore.

The investment has been accounted for by using equity method. Particulars of investment are as follows:

	30-Jun-21	31-Dec-20
Percentage of ownership interest	23.10%	23.10%
	30-Jun-21	31-Dec-20
	Rupees '000	Rupees '000
Cost of investment	54,701	54,701
Share of post acquisition profits	(14,252)	(13,866)
	40,449	40,835
Accumulated impairment	(21,239)	(30,182)
	19,210	10,653

**15.1.1 Extracts of financial statements of associated company**

The assets and liabilities of Kohinoor Power Company Limited as at the reporting date and related revenue and profit for the period then ended based on the un-audited financial statements are as follows:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
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	<i>Note</i>	<b>30-Jun-21</b>	<b>31-Dec-20</b>
		<i>Rupees '000</i>	<i>Rupees '000</i>
Non-current assets		<b>93,026</b>	95,676
Current assets		<b>40,552</b>	41,705
Non-current liabilities		-	1,820
Current liabilities		<b>958</b>	1,272
Revenue		<b>8,696</b>	17,193
Loss for the period/year		<b>(1,670)</b>	(9,394)
Other comprehensive loss		-	(142)
Total comprehensive loss		<b>(1,670)</b>	(9,536)
Break-up value per share		<b>0.01</b>	0.01
Share of profit and other adjustments to net assets	15.1.2	<b>(386)</b>	(2,203)
Market value per share		<b>6.60</b>	3.66

**15.1.2** This includes the following:

Share of loss for the period/year	<b>(386)</b>	(2,170)
Share of other comprehensive loss for the period/year	-	(33)
	<b>(386)</b>	(2,203)

<b>Six months ended</b>		<b>Three months ended</b>	
<b>30-Jun-21</b>	<b>30-Jun-20</b>	<b>30-Jun-21</b>	<b>30-Jun-20</b>
<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>
<b>(Un-Audited)</b>	<b>(Un-Audited)</b>	<b>(Un-Audited)</b>	<b>(Un-Audited)</b>

**16 NET REVENUE**

This represents revenue recognised from contracts with customers

Sale of goods				
- local	<b>30,343,146</b>	17,851,718	<b>17,000,141</b>	10,005,502
- export	<b>72,017</b>	28,493	<b>11,032</b>	14,367
	<b>30,415,163</b>	17,880,211	<b>17,011,173</b>	10,019,869
Construction contracts	<b>104,833</b>	288,386	<b>39,096</b>	125,378
	<b>30,519,996</b>	18,168,597	<b>17,050,269</b>	10,145,247
Sales tax, excise duty and discounts	<b>(7,735,247)</b>	(4,698,399)	<b>(4,144,083)</b>	(2,663,950)
	<b>22,784,749</b>	13,470,198	<b>12,906,186</b>	7,481,297

**17 COST OF SALES**

Raw material consumed	<b>16,936,001</b>	9,082,450	<b>9,553,517</b>	4,677,183
Direct wages	<b>528,490</b>	472,643	<b>305,250</b>	269,480
Factory overheads	<b>1,164,068</b>	1,026,414	<b>549,511</b>	500,971
	<b>18,628,559</b>	10,581,507	<b>10,408,278</b>	5,447,634
Work in process				
at the beginning of the period	<b>1,046,705</b>	656,835	<b>1,317,776</b>	1,067,322
at the end of the period	<b>(1,563,107)</b>	(1,011,690)	<b>(1,563,107)</b>	(1,011,690)
	<b>(516,402)</b>	(354,855)	<b>(245,331)</b>	55,632
Cost of goods manufactured	<b>18,112,157</b>	10,226,652	<b>10,162,947</b>	5,503,266
Finished goods				
at the beginning of the period	<b>1,529,403</b>	1,871,490	<b>1,827,768</b>	2,056,113
at the end of the period	<b>(1,838,825)</b>	(1,825,321)	<b>(1,838,825)</b>	(1,825,321)
	<b>(309,422)</b>	46,169	<b>(11,057)</b>	230,792
Cost of goods sold	<b>17,802,735</b>	10,272,821	<b>10,151,890</b>	5,734,058
Contract cost	<b>94,685</b>	236,627	<b>35,312</b>	105,844
	<b>17,897,420</b>	10,509,448	<b>10,187,202</b>	5,839,902

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
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	<i>Unit</i>	<b>30-Jun-21</b>	30-Jun-20
		<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
<b>18 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED</b>			
<b>Earnings/(loss)</b>			
Profit/(loss) after taxation	<i>Rupees' 000</i>	<b>1,025,342</b>	(425,842)
Preference dividend for the period	<i>Rupees' 000</i>	<b>(21,355)</b>	(21,355)
<b>Profit/(loss) for the period attributable to ordinary shareholders</b>		<b>1,003,987</b>	(447,197)
<b>Shares</b>			
Weighted average number of ordinary shares outstanding during the period	<i>No. of shares</i>	<b>497,681,485</b>	497,681,485
		<b>497,681,485</b>	497,681,485
<b>Earnings/(loss) per share - Basic and diluted</b>	<i>Rupees</i>	<b>2.02</b>	(0.90)

**18.1** 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.

**18.2** 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

**19 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:

<b>Name of related party</b>	<b>Nature of relationship</b>	<b>Basis of relationship</b>	<b>Aggregate %age of shareholding in the Company</b>
Pak Elektron Limited			
Employees Provident Fund Trust	Provident Fund Trust	Contribution to provident fund	0.00%
Kohinoor Power Company Limited	Associated company	Investment	0.00%
Kohinoor Industries Limited	Associated company	Common directorship	0.00%
Red Communication Arts (Private) Limited	Associated company	Common directorship	0.00%
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:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

		30-Jun-21	30-Jun-20
		Rupees '000	Rupees '000
		(Un-Audited)	(Un-Audited)
<b>19.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Provident Fund Trust	Contribution for the period	40,598	41,211
Associated companies	Purchase of services	21,680	26,994
Key management personnel	Short term employee benefits	24,835	24,105
	Post employment benefit plan	977	937
		30-Jun-21	31-Dec-20
		Rupees '000	Rupees '000
		(Un-Audited)	(Audited)
<b>19.2 Balances with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of balances</b>		
Provident Fund Trust	Contribution payable	16,175	15,446
Associated companies	Creditors	-	3,350
<b>20 FINANCIAL INSTRUMENTS</b>			
The carrying amounts of the Company's financial instruments by class and category are as follows:			
		30-Jun-21	31-Dec-20
		Rupees '000	Rupees '000
		(Un-Audited)	(Audited)
<b>20.1 Financial assets</b>			
<b>Cash in hand</b>		18,629	11,748
<b>Financial assets at amortized cost</b>			
Long term deposits		454,605	437,736
Long term advances		1,186,424	2,159,160
Trade debts		12,118,745	10,436,154
Short term deposits		315,246	298,124
Bank balances		524,358	540,530
		14,599,378	13,871,704
<b>Financial assets mandatorily measured at fair value through profit or loss</b>			
Short term investments		31,003	31,881
		14,649,010	13,915,333
<b>20.2 Financial liabilities</b>			
<b>Financial liabilities at amortized cost</b>			
Long term finances		7,559,269	7,638,638
Lease liabilities		231,944	321,433
Trade creditors		439,627	656,211
Foreign bills payable		172,989	125,642
Accrued liabilities		142,756	139,918
Employees' provident fund		16,175	13,208
Compensated absences		36,220	34,787
Unclaimed dividend		14,227	14,456
Other payables		17,596	15,942
Accrued interest/markup/profit		342,233	372,446
Short term borrowings		11,296,945	10,605,608
		20,269,981	19,938,289
<b>21 FAIR VALUE MEASUREMENTS</b>			

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

The Company measures some of its assets at fair value. 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:

**21.1 Financial instruments measured at fair value**
**21.1.1 Recurring fair value measurements**

Financial instruments	Hierarchy	Valuation techniques and key inputs	30-Jun-21 Rupees '000	31-Dec-20 Rupees '000
<b>Financial assets at fair value through profit or loss</b>				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	<b>31,003</b>	31,881

**21.1.2 Non-recurring fair value measurements**

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

**21.2 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.

**21.3 Assets and liabilities other than financial instruments**
**21.3.1 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	30-Jun-21 Rupees '000	31-Dec-20 Rupees '000
Freehold land	-	1,035,256	-	<b>1,035,256</b>	1,035,256
Buildings	-	5,348,888	-	<b>5,348,888</b>	5,485,585
Plant and machinery	-	13,963,253	-	<b>13,963,253</b>	14,264,519

For fair value measurements categorized into Level 2 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. 51.763 million (31 December 2020: Rs. 51.763 million).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

	Valuation technique	Significant inputs	Sensitivity
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. 267.444 million (31 December 2020: Rs. 274.279 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. 698.163 million (31 December 2020: Rs. 713.226 million).

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

**21.3.2 Non-recurring fair value measurements**

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

**22 OPERATING SEGMENTS**

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

Reportable segment	Principal activity
Power Division	Manufacturing of transformers, switchgears, energy meters, engineering, procurement and construction contracting.
Appliances Division	Manufacturing, assembling and distribution of refrigerators, deep freezer, air conditioners, microwave ovens, LED TVs, washing machines, water dispensers and other home appliances.

Information about operating segments as at 30 June 2020 and for the six month then ended is as follows:

Six month ended 30 June 2021				
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	Total Rupees '000
Revenue from external customers	8,681,373	21,838,623	-	30,519,996
Segment profit/(loss) before taxation	598,312	823,457	(85,566)	1,336,203
Six month ended 30 June 2020				
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	Total Rupees '000
Revenue from external customers	4,857,530	13,311,067	-	18,168,597
Segment profit/(loss) before taxation	34,825	(396,318)	(2,056)	(363,549)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021**

As at 30 June 2021				
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	Total Rupees '000
Segment assets	21,051,291	32,121,872	3,070,476	56,243,639

As at 31 December 2020				
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	Total Rupees '000
Segment assets	19,986,739	32,044,800	2,761,804	54,793,343

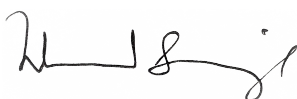
**23 RECOVERABLE AMOUNTS AND IMPAIRMENT**

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.

**24 GENERAL**

**24.1** There are no other significant activities since 31 December 2020 affecting interim financial statements.

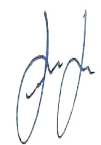
**24.2** Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the period.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER