

# **PAK ELEKTRON LIMITED**

**HALF YEAR REPORT**

**30-06-2022**

**Board of Directors**

Mr. M. Naseem Saigol	Chairman - Non Executive
Mr. Muhammad Murad Saigol	Chief Executive Officer - Executive/Certified (DTP)
Mr. Muhammad Zeid Yousuf Saigol	Director - Executive/Certified (DTP)
Syed Manzar Hassan	Director - Executive/Certified (DTP)
Syed Haroon Rashid	Director - Independent/Certified (DTP)
Mr. Muhammad Kamran Saleem	Director - Independent/Certified (DTP)
Mr. Asad Ullah Khawaja	Director - NIT Nominee/Independent
Ms. Azra Shoaib	Director - NBP Nominee U/S 164 of the Act / Non Executive

**Audit Committee**

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

**HR & Remuneration Committee**

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

**Company Secretary**

Muhammad Omer Farooq

**Chief Financial Officer**

Syed Manzar Hassan, FCA

**Auditors**

M/s Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants  
*A member of Russell Bedford International*

**Legal Advisor**

M/s Hassan & Hassan Advocates

**Shariah Advisor**

Mufti Altaf Ahmed

**Company Registration No.**

0000802

**National Tax No. (NTN)**

2011386-2

**Status of Company**

Public Interest Company (PIC)

**Registered Office**

17- Aziz Avenue, Canal Bank,  
Gulberg-V, Lahore  
Tel: 042-35920131  
E-Mail: [shares@saigols.com](mailto:shares@saigols.com)

**Share Registrar**

Corplink (Pvt.) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore  
Tel: 042-35916714, 35839182,  
Fax: 042-35869037  
E-Mail: [shares@corplink.com.pk](mailto:shares@corplink.com.pk)

**Works**

14-K.M. Ferozepur Road, Lahore  
Tel: 042-35920151-9 (9 Lines)  
Website: [www.pel.com.pk](http://www.pel.com.pk)

**PEL Unit II**

34-K.M. Ferozepur Road,  
Keath Village, Lahore  
Tel: 042-35935151-2

**Karachi**

Kohinoor Building  
25-West Wharf Road, Karachi  
Tel: 021-32200951-4  
Fax: 021-32310303

**Islamabad**

Room # 301, 3<sup>rd</sup> Floor,  
Green Trust Tower, Blue Area, Islamabad  
Tel: 051-2824543, 2828941  
Fax: 051-2273858

**Bankers**

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

## **Directors Review**

The Directors of Pak Elektron Limited (the “Company”) are pleased to submit Company’s un-audited condensed interim financial statements duly reviewed by the Company’s Auditors, for the half-year ended on June 30, 2022.

## **FINANCIAL & OPERATIONAL REVIEW**

### **Macroeconomic-Economic Environment**

#### **Global Economic Horizon**

The world economy continues to suffer from a series of destabilizing shocks. After more than two years of pandemic, the Russian Federation’s invasion of Ukraine and its global effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth. In particular, the war in Ukraine is leading to soaring prices and volatility in energy markets, with improvements in activity in energy exporters more than offset by headwinds in most other economies. The invasion on Ukraine has also led to a significant increase in agricultural commodity prices, which is exacerbating food insecurity and extreme poverty in many Emerging Market and Developing Economies (EMDEs). Numerous risks could further derail what is now a precarious recovery. The possibility of stubbornly high global inflation accompanied by meager growth is indicative to the recession of the 1970s. This could eventually result in a sharp tightening of monetary policy in advanced economies to control inflation, lead to surging borrowing costs and possibly culminate in financial stress in some EMDEs. A forceful and wide ranging policy response is required by EMDE authorities and the global community to boost growth, bolster macroeconomic frameworks, reduce financial vulnerabilities, provide support to vulnerable population groups and mitigate the long-term impacts of the global shocks of recent years.

#### **Domestic Economic Landscape**

The domestic economy remained under stress in the first half of 2022 as prices of food, fuel and energy remained highly elevated. As the world adjusts to supply chain disruptions aggravated by the ongoing conflict between Russia and Ukraine, substantial increase in domestic inflation levels have put a significant strain on the country’s foreign exchange reserves.

The Rupee has depreciated by a significant 33% since Dec’21, from Rs.178 / USD on December 31, 2021, to Rs.236 / USD on July 27, 2022. The State Bank of Pakistan (SBP)



has raised interest rates by a cumulative 525 bps since Dec'21, including the 125 bps increase in its most recent meeting held on July 07, 2022, taking the benchmark rate to 15.0%.

The country's import bill continues to soar, as the Current Account recorded a deficit of USD 15.2 billion for 11M FY'22 versus USD 1.2 billion for the corresponding period of last fiscal year. The country's balance of trade recorded a deficit of USD 48.4 billion for FY'22, with an increase of 56%. Led by the textile sector, the country's exports picked up well in FY'22 recorded at USD 31.8 billion, growing by a strong 26%. However, the import bill grew significantly this year, due to the high cost of energy imports and was recorded at USD 80.2 billion for FY'22, up 42% year on year. Home remittances continue to make a significant contribution to the country's external position with inflows of USD 31.2 billion for FY'22 and despite a slowdown in the global economy recorded an increase of 6%.

The recent taxation and fiscal consolidation measures with a pass through of high energy costs to domestic consumers have laid the grounds to the resumption of the IMF program. However, this has led to a significant increase in CPI inflation levels, which was recorded at a historic high of 21.3% for the month of Jun'22. Inflation levels averaged 12.1% for FY'22 versus 8.9% for FY'21. The economy is bound to face a slowdown in times ahead with the consumption impact of rising domestic prices. These will be elevated in the medium term and is likely to exert pressure on the country's ability to meet its external financing obligations.

The KSE-100 index also remained impacted by the current economic crisis but remained relatively resilient and closed at 41,541 points as at Jun 30, 2022, declining by 7% since Dec'21.

### Industry Overview

Year 2022 is a balancing year after a year 2021 of a robust growth. Pakistan Bureau of Statistics reports LSMI output increase @ 11.7% during fiscal year 2021-22. Electrical home appliances demand adjusted showing mixed trends despite of challenging economic environment. During the half year (Jan ~ Jun) YOY production of Refrigerators & Air Conditioners subdued by 15.24% and 28.04% respectively, and Deep Freezers & LED TVs showed increasing tendency by 82.16% and 11.25% respectively. Stimulated economic activities increasing overall electricity consumption witnessed a robust demand of electrical & metering equipment. Production quantitative YOY increase of Transformers, Energy Meter and Switch Gears are 55.16%, 47.80% and 73.26% respectively.

## Company Financial Performance

Company attained history high level revenues of Rs.39,514 Million, with 29.47% increase over corresponding period of last year at Rs. 30,520 Million. Despite of imported material costs shoot up due to global commodity price hike and weaker local currency translations, company's gross profit stands at Rs. 6,103 Million with 24.88% increase over Rs.4,887 Million of previous year same period. Profit after taxation with 11.70 % increase over previous half year is Rs.1,145 Million. Earnings per share is Rs. 1.65 against Rs 1.87 of the last year corresponding period. 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 2022	Half Year Ended June 2021	Increase/ (Decrease)	Percentage %
Revenue	39,514	30,520	8,994	29.47
Gross Profit	6,103	4,887	1,216	24.88
Finance Cost	1,501	1,110	391	35.23
Profit/(Loss) before taxation	1,682	1,336	346	25.90
Profit/(Loss) after taxation	1,145	1,025	120	11.70
Earnings/(Loss) Per Share (Rupees)	1.65	1.87		

## Appliances Division

Despite of "Overall Economic Slow", Home Appliances Division performed well due to its energy saving, aesthetically eye catching innovative products. Home Appliances Division revenues registered at Rs.24,497 Million with 12.17% increase over Rs.21,839 Million of pervious year period. This revenue growth is attributable to improved foreign remittances and agriculture sector produce. Likewise other industries with imported inputs, products input costs increased as a result of increase in global commodity prices and weaker local currency translations. However product margins largely intact due to a sizable local value addition and competitive market prices.

An unmatched customer "ROX- Return on Experience" is the prime objective of the company and ongoing R&D function is there to achieve this objective by launching attractive & esthetically improved and low energy consuming, cost effective product designs. During the period under review for improved food preservation level and prolonged freshness, company added "Ion Generators" in different refrigerator models. Company also expects an overwhelming market response towards "WIFI Controlled ACs" launched in during the period.

Company equipped with its core capabilities i.e. 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 is greatly confident to maintain its stature as "key Market Player" .



## **Power Division**

Government is proactively pursuing direly needed Power Division "Structural Reforms" with its own resources and global financing agency's support. Spontaneously growing hefty circular debt in Power Division is touching highly undesirable levels. Circular Debt soar is due to electricity T&D infrastructure losses, electricity pilferage and billing recovery losses. The solution to the issue is T&D infrastructure augmentation and temper free metering system supporting efficient billing collections. Concrete steps have been taken by Power Division for T&D infrastructure augmentation and setting up smart metering infrastructures. Hefty investment have been made on new transmission lines, Installation of new grid stations and up-gradation of existing and setting up of AMI - Automatic Metering Infrastructure.

During the period under review power division business revenues registered at Rs. 15,017 million with 72.99% increase over Rs.8,681 million of previous year six months. The revenue increase is backed by robust product demand of electrical equipment at WAPDA Distribution Companies and shift of private sector demand from "incremental to substantial". Company's "Bi-Directional Energy Meters" launched during the period well received by consumers due to its solar energy compatibility. Company also supplied 2,000 Nos. AMR - Automatic Reading Meters to Gujranwala Electric Power Company against an educational order, this may be a breakthrough for its commercial supplies to GEPCO and WAPDA power utilities.

With healthy order book, Company is quite confident to meet its annual plans. Further manufacturing capacities of all power division products are greatly sufficient to meet growing demand.

Company since its inception in year 1955 is engaged in manufacturing and sales of "Electrical Equipment" and have developed an outstanding set of capabilities including an out class team of professionals, state of art manufacturing & testing facilities and a prolonged "Customers Relationship" history with WAPDA utility companies. Having this great set of capabilities, company is quite confident to further escalate its stature as "Key Market Player".

## **Company Matters of Significance – 72% Right Issue at 40% Premium**

Company during the period after due regulatory approvals issued 72% ordinary right issue of 358,330,670 (Three hundred fifty eight million three hundred thirty thousand and six hundred seventy only) shares of Rs.10 each at Rs.14 including a premium of Rs.4 per share. The issue proceeds have greatly supported towards reduction in company borrowings and growing working capital needs.

## **Future Outlook**

The economy, over the years, has shown strong resilience despite unexpected volatility and uncertainty. The macro-economic outlook seems challenging on account of rising inflation, fiscal slippages and drying up of financial inflows. Moving forward, it is essential to sustain the reform momentum and focus on policies for securing stability and promoting sustainable

growth. Macroeconomic adjustment measures, specifically fiscal consolidation to complement the ongoing monetary tightening and exports, will help relieve pressure on PKR. Accordingly, there is a need to strike an appropriate balance between supporting the economy, ensuring debt sustainability and advancing structural reforms while maintaining social cohesion.

After successful 7<sup>th</sup> and 8<sup>th</sup> review, IMF has shown intent to release a trench of US\$ 1,177 Million after formal approval by its Board likely to grant in a meeting is going to convene by end of August 2022. IMF announcement subdued uncertainty wave, Pak Rupee moved to recovery path with respect to forex translations. With this "Investor's Confidence" restoring stock market recovery signals also experienced. This also improved country economy perception with respect to its debt sustainability which is likely facilitate financial support from friendly countries and rollover of exiting country foreign debts.

The incumbent government is again gearing up activity on CPEC projects with an accelerated pace. First phase of CPEC i.e. development of Gwadar Port, electricity generation projects and development of road infrastructure is almost operational. And its second phase i.e. Development of Special Economic Zones-SEZs, Up-gradation & Doubling of Main Line (ML)-1 from Karachi to Peshawar is likely to have quick start soon. The development of CPEC SEZs may lead to an "Industrial Revolution" and also can generate a robust demand of electrical equipment and ML-1 project will ensure swift and low cost transportation solution, especially for imported inputs from Karachi to rests of locations across the country. Company is well positioned take advantage of both opportunities.

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 continued support and guidance. We are also thankful to our team for their dedicated efforts to make the company operationally sustainable.

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

On behalf of the Board of Directors

Lahore  
August 29, 2022

  
M. Murad Saigol  
Chief Executive Officer

  
M. Zeid Yousuf Saigol  
Director



## INDEPENDENT AUDITOR'S REVIEW REPORT

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

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAK ELEKTRON LIMITED** ['the Company'] as at **30 June 2022** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended **30 June 2022** of the condensed interim statement of profit or loss, condensed interim statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

#### Scope of Review

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

#### Conclusion

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

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

  
**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants  
Lahore | 29 August 2022

UDIN: RR202210185cUxON5hRA






# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30-Jun-22 Rupees '000 (Un-audited)	31-Dec-21 Rupees '000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	6	11,000,000	11,000,000
Issued share capital	7	9,009,697	5,426,392
Share deposit money		-	1,790,000
Share premium	8	5,610,856	4,279,947
Revaluation reserve		5,235,647	5,353,956
Retained earnings		19,432,876	18,176,520
<b>TOTAL EQUITY</b>		<b>39,289,076</b>	<b>35,026,815</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Redeemable capital	9	-	1,500,000
Long term finances	10	4,475,537	5,305,592
Lease liabilities	11	44,252	94,574
Warranty obligations		223,840	270,138
Deferred taxation		2,503,226	2,517,474
Deferred income	12	30,747	31,535
		<b>7,277,602</b>	<b>9,719,313</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,587,491	1,499,776
Unclaimed dividend		10,751	10,785
Accrued interest/markup/profit		555,762	348,163
Short term borrowings	13	15,631,273	10,498,852
Current maturity of non-current liabilities		3,877,870	2,709,461
		<b>21,663,147</b>	<b>15,067,037</b>
<b>TOTAL LIABILITIES</b>		<b>28,940,749</b>	<b>24,786,350</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>68,229,825</b>	<b>59,813,165</b>

The annexed notes from 1 to 25 form an integral part of these interim financial statements.

 <b>M. MURAD SAIGOL</b> Chief Executive Officer	 <b>M. ZEID YOUSUF SAIGOL</b> Director	 <b>SYED MANZAR HASSAN</b> Chief Financial Officer
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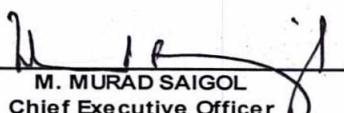
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# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30-Jun-22 Rupees '000 (Un-audited)	31-Dec-21 Rupees '000 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	24,527,748	23,828,045
Intangible assets		287,460	290,980
Long term investments	16	11,847	13,505
Long term deposits		496,429	487,964
Long term advances		1,014,854	987,714
		26,338,338	25,608,208
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		826,117	870,240
Stock in trade		15,363,360	10,464,973
Trade receivables		16,495,392	13,966,249
Construction work in progress		772,754	797,701
Short term advances		2,740,917	2,795,698
Short term deposits and prepayments		1,394,791	1,324,480
Other receivables		280,716	295,897
Short term investments		17,487	33,382
Advance income tax/Income tax refundable		3,149,195	3,076,940
Cash and bank balances		850,758	579,397
		41,891,487	34,204,957
<b>TOTAL ASSETS</b>		<b>68,229,825</b>	<b>59,813,165</b>

The annexed notes from 1 to 25 form an integral part of these interim financial statements.

  
M. MURAD SAIGOL  
Chief Executive Officer

  
M. ZED YOUSUF SAIGOL  
Director

  
SYED MANZAR HASSAN  
Chief Financial Officer

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# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	Six-month period ended		Three-month period ended	
		30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue from contracts with customers	17	39,513,903	30,519,996	23,225,116	17,050,269
Sales tax, excise duty and discounts	17	(8,263,147)	(7,735,247)	(4,634,165)	(4,144,083)
<b>Net revenue</b>		<b>31,250,756</b>	<b>22,784,749</b>	<b>18,590,951</b>	<b>12,906,186</b>
Cost of sales	18	(25,147,483)	(17,897,420)	(15,024,703)	(10,187,202)
<b>Gross profit</b>		<b>6,103,273</b>	<b>4,887,329</b>	<b>3,566,248</b>	<b>2,718,984</b>
Other income		17,188	18,665	10,858	14,714
Selling and distribution expenses		(1,859,420)	(1,481,009)	(988,425)	(756,910)
Administrative expenses		(933,678)	(844,805)	(410,828)	(402,199)
Other expenses		(144,047)	(103,844)	(103,156)	(59,094)
		(2,937,145)	(2,429,658)	(1,502,409)	(1,218,203)
Impairment allowance for expected credit losses		-	(30,129)	-	(22,273)
<b>Operating profit</b>		<b>3,183,316</b>	<b>2,446,207</b>	<b>2,074,697</b>	<b>1,493,222</b>
Finance cost		(1,501,269)	(1,109,617)	(832,831)	(559,381)
		1,682,047	1,336,590	1,241,866	933,841
Share of (loss)/profit of associate		(372)	(386)	506	1,668
<b>Profit before taxation</b>		<b>1,681,675</b>	<b>1,336,204</b>	<b>1,242,372</b>	<b>935,509</b>
Taxation		(536,876)	(310,862)	(409,532)	(193,633)
<b>Profit after taxation</b>		<b>1,144,799</b>	<b>1,025,342</b>	<b>832,840</b>	<b>741,876</b>
<b>Earnings per share - basic and diluted (Rupees)</b>	19	<b>1.65</b>	<b>1.87</b>	<b>1.20</b>	<b>1.36</b>

The annexed notes from 1 to 25 form an integral part of these interim financial statements.

 <b>M. MURAD SAIGOL</b> Chief Executive Officer	 <b>M. ZED YOUSUF SAIGOL</b> Director	 <b>SYED MANZAR HASSAN</b> Chief Financial Officer
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# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Six-month period ended		Three-month period ended	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Profit after taxation	1,144,799	1,025,342	832,840	741,876
Other Comprehensive Income				
<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	(6,752)	(66,139)	(6,752)	(66,139)
Other comprehensive loss after taxation	(6,752)	(66,139)	(6,752)	(66,139)
<b>Total Comprehensive Income</b>	<b>1,138,047</b>	<b>959,203</b>	<b>826,088</b>	<b>675,737</b>

The annexed notes from 1 to 25 form an integral part of these interim financial statements.

 M. MURAD SAIGOL Chief Executive Officer	 M. ZEID YOUSUF SAIGOL Director	 SYED MANZAR HASSAN Chief Financial Officer
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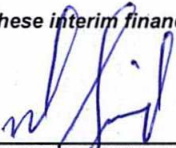
# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Share capital		Capital reserves			
	Issued share capital	Share deposit money	Share premium	Revaluation reserve	Retained earnings	Total equity
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Balance as at 01 January 2021 - Audited	5,426,392	-	4,279,947	5,723,151	16,285,232	31,714,722
Comprehensive income						
Profit after taxation	-	-	-	-	1,025,342	1,025,342
Other comprehensive loss	-	-	-	(66,139)	-	(66,139)
Total comprehensive income	-	-	-	(66,139)	1,025,342	959,203
Incremental depreciation	-	-	-	(125,643)	125,643	-
Transaction with owners	-	-	-	-	-	-
Balance as at 30 June 2021 - Un-audited	5,426,392	-	4,279,947	5,531,369	17,436,217	32,673,925
Balance as at 01 July 2021 - Un-audited	5,426,392	-	4,279,947	5,531,369	17,436,217	32,673,925
Comprehensive income						
Profit after taxation	-	-	-	-	565,734	565,734
Other comprehensive loss	-	-	-	(2,844)	-	(2,844)
Total comprehensive income	-	-	-	(2,844)	565,734	562,890
Revaluation surplus realised on disposal	-	-	-	(56,428)	56,428	-
Incremental depreciation	-	-	-	(118,141)	118,141	-
Transaction with owners						
Share deposit money received	-	1,790,000	-	-	-	1,790,000
Balance as at 31 December 2021 - Audited	5,426,392	1,790,000	4,279,947	5,353,956	18,176,520	35,026,815
Balance as at 01 January 2022 - Audited	5,426,392	1,790,000	4,279,947	5,353,956	18,176,520	35,026,815
Comprehensive income						
Profit after taxation	-	-	-	-	1,144,799	1,144,799
Other comprehensive loss	-	-	-	(6,752)	-	(6,752)
Total comprehensive income	-	-	-	(6,752)	1,144,799	1,138,047
Incremental depreciation	-	-	-	(111,557)	111,557	-
Transaction with owners						
Share deposit money received	-	3,226,629	-	-	-	3,226,629
Issue of right shares	3,583,305	(5,016,629)	1,433,324	-	-	-
Issuance cost of right shares	-	-	(102,415)	-	-	(102,415)
	3,583,305	(1,790,000)	1,330,909	-	-	3,124,214
Balance as at 30 June 2022 - Un-audited	9,009,697	-	5,610,856	5,235,647	19,432,876	39,289,076

The annexed notes from 1 to 25 form an integral part of these interim financial statements.

  
M. MURAD SAIGOL  
Chief Executive Officer

  
M. ZEID YOUSUF SAIGOL  
Director

  
SYED MANZAR HASSAN  
Chief Financial Officer

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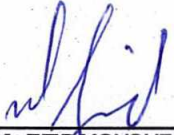



# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	30-Jun-22 Rupees '000	30-Jun-21 Rupees '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,681,675	1,336,204
Adjustments for non-cash and other items	2,065,983	1,485,159
Operating profit before changes in working capital	3,747,658	2,821,363
Changes in working capital	(7,317,392)	(1,244,542)
Cash (used in)/generated from operations	(3,569,734)	1,576,821
Payments for interest and taxes	(1,854,632)	(1,554,207)
Net cash (used in)/generated from operating activities	(5,424,366)	22,614
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,341,645)	(395,430)
Proceeds from disposal of property, plant and equipment	28,344	11,092
Long term deposits	(8,465)	9,047
Long term advances	(27,140)	(149,223)
Net cash used in investing activities	(1,348,906)	(524,514)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	200,000	1,000,000
Repayment of long term finances	(1,315,897)	(1,109,010)
Repayment of lease liabilities	(96,071)	(89,489)
Net increase in short term borrowings	5,132,421	691,337
Share deposit money received	3,226,629	-
Issuance cost of right shares	(102,415)	-
Dividend paid	(34)	(229)
Net cash generated from financing activities	7,044,633	492,609
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	271,361	(9,291)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	579,397	552,278
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	850,758	542,987

The annexed notes from 1 to 25 form an integral part of these interim financial statements.

 M. MURAD SAIGOL Chief Executive Officer	 M. ZED YOUSUF SAIGOL Director	 SYED MANZAR HASSAN Chief Financial Officer
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for identification only

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

### 1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited ['the Company'] was incorporated as a Public Limited Company in Pakistan under the repealed Companies Act, 1913 on 03 March 1956. 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 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 annual financial statements of the Company for the year ended 31 December 2021.

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 2021 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss, condensed interim statement of 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 period ended 30 June 2021 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three month period ended 30 June 2022 and 30 June 2021 are neither audited nor reviewed.

#### 2.1 Statement of compliance

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

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

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

#### 2.2 Basis of measurement

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

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

#### 2.3 Judgments, estimates and assumptions

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022****2.4 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.

**2.5 Date of authorisation for issue**

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on 29 August 2022.

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

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.

**3.1 COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases).**

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

**3.2 Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).**

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

**3.3 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

**3.4 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

**3.5 Annual Improvements to IFRS Standards 2018–2020.**

Makes amendments to the following standards:

- **IFRS 1** – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs
- **IFRS 9** – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16** – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- **IAS 41** – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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

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.

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).

Effective date  
(annual periods beginning  
on or after)

Deferred Indefinitely



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Applying IFRS 9 - Financial Instruments (Amendments to IFRS 4)	01 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements 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
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, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 17 - Insurance contracts	
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 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.	

5 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 2021.

6 AUTHORIZED SHARE CAPITAL

30-Jun-22	31-Dec-21		30-Jun-22	31-Dec-21
No. of shares	No. of shares		Rupees '000	Rupees '000
(Un-audited)	(Audited)		(Un-audited)	(Audited)
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000
		Preference shares of Rs. 10 each		
62,500,000	62,500,000	A' Class preference shares	625,000	625,000
37,500,000	37,500,000	B' Class preference shares	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
1,100,000,000	1,100,000,000		11,000,000	11,000,000

# PAK ELEKTRON LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

### 7 ISSUED SHARE CAPITAL

30-Jun-22 No. of shares (Un-audited)	31-Dec-21 No. of shares (Audited)		30-Jun-22 Rupees '000 (Un-audited)	31-Dec-21 Rupees '000 (Audited)
<b>Ordinary shares of Rs. 10 each</b>				
731,081,721	372,751,051	Issued for cash	7,310,817	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	1,183,438	1,183,439
856,012,155	497,681,485		8,560,121	4,976,816
<b>Class 'A' preference shares</b>				
44,957,592	44,957,592	Issued for cash 7.3	449,576	449,576
900,969,747	542,639,077		9,009,697	5,426,392

7.1 Reconciliation between ordinary shares in issue as at the beginning and end of the period/year is as follows:

	Note	30-Jun-22 No. of shares	31-Dec-21 No. of shares
As at beginning of the period/year		497,681,485	497,681,485
Issue of ordinary shares	7.2	358,330,670	-
As at end of the period/year		856,012,155	497,681,485

7.2 During the period, the Company issued 358,330,670 right ordinary shares at 72 ordinary shares for every 100 ordinary shares already held, at Rs. 14 per ordinary share, including a premium of Rs. 4 per share.

7.3 There is no change in the status and classification of preference shares as reported in the annual financial statements for the year ended 31 December 2021.

### 8 SHARE PREMIUM

This represents premium on issue of ordinary shares. The movement during the period/year is as follows:

	Note	30-Jun-22 Rupees '000 (Un-audited)	31-Dec-21 Rupees '000 (Audited)
As at beginning of the period/year		4,279,947	4,279,947
Recognized during the period/year	8.1	1,433,323	-
Less: expenses incurred on issue	8.1	(102,415)	-
As at end of the period/year		5,610,855	4,279,947

8.1 This represents premium on issue of right ordinary shares recognized under Section 81 of the Companies Act, 2017 (see note 7.2).

	30-Jun-22 Rupees '000 (Un-audited)	31-Dec-21 Rupees '000 (Audited)
--	--	---------------------------------------

### 9 REDEEMABLE CAPITAL

As at beginning of the period/year	1,500,000	-
Obtained during the period/year	-	1,500,000
As at end of the period/year	1,500,000	1,500,000
Current maturity presented under current liabilities	(1,500,000)	-
	-	1,500,000



# PAK ELEKTRON LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees '000 (Un-audited)	31-Dec-21 Rupees '000 (Audited)
<b>10 LONG TERM FINANCES</b>			
As at beginning of the period/year		7,854,268	7,638,638
Obtained during the period/year		200,000	2,112,500
Accretion during the period/year		12,938	51,151
Repayments made during the period/year		(1,315,897)	(1,948,021)
As at end of the period/year		6,751,309	7,854,268
Current maturity presented under current liabilities		(2,275,772)	(2,548,676)
		4,475,537	5,305,592
<b>11 LEASE LIABILITIES</b>			
Present value of minimum lease payments		142,456	238,527
Current portion presented under current liabilities		(98,204)	(143,953)
		44,252	94,574
<b>12 DEFERRED INCOME</b>			
Grant in aid - UNIDO	12.1	30,747	31,535
SBP Refinance Scheme	12.2	-	-
		30,747	31,535
<b>12.1 Grant in aid - UNIDO</b>			
As at beginning of the period/year		31,535	33,195
Recognized in profit or loss		(788)	(1,660)
As at end of the period/year		30,747	31,535
<b>12.2 SBP Refinance Scheme</b>			
As at beginning of the period/year		16,832	67,983
Amortized during the period/year		(12,938)	(51,151)
As at end of the period/year		3,894	16,832
Current maturity presented under current liabilities		(3,894)	(16,832)
		-	-
<b>13 SHORT TERM BORROWINGS</b>			
The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs. 6,871 million (31-Dec-21: Rs. 9,603 million).			
<b>14 CONTINGENCIES AND COMMITMENTS</b>			
There is no significant change in the status of contingencies and commitments as reported in the annual financial statements for the year ended 31 December 2021, with the exception of the following:			
<b>14.1 Contingencies</b>			
		30-Jun-22 Rupees '000 (Un-audited)	31-Dec-21 Rupees '000 (Audited)
Tender bonds		206,566	293,356
Performance bonds		3,810,118	3,271,879
Advance guarantees		601,535	482,146
Custom guarantees		78,606	80,276
Foreign guarantees		61,763	58,661

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# PAK ELEKTRON LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

		30-Jun-22 Rupees '000 (Un-audited)	31-Dec-21 Rupees '000 (Audited)
<b>15</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	15.1 22,905,449	22,804,210
	Right-of-use assets	15.2 337,898	380,242
	Capital work in progress	15.3 1,284,401	643,593
		<b>24,527,748</b>	<b>23,828,045</b>
<b>15.1</b>	<b>Operating fixed assets</b>		
	Net book value at the beginning of the period/year	22,804,210	21,039,859
	Additions during the period/year		
	Plant and machinery	656,974	394,688
	Office equipment and fixtures	4,823	19,139
	Computer hardware and allied items	24,110	47,147
	Vehicles	14,930	72,446
		<b>700,837</b>	<b>533,420</b>
	Net book value of assets disposed during the period/year	(13,256)	(301,786)
	Depreciation for the period/year	(586,342)	(1,066,427)
	Transfer from right-of-use assets	-	99,645
	Transfer from capital work in progress	-	2,499,499
	Net book value at the end of the period/year	<b>22,905,449</b>	<b>22,804,210</b>
<b>15.2</b>	<b>Right-of-use assets</b>		
	Net book value at the beginning of the period/year	380,242	513,668
	Additions during the period/year		
	Buildings	-	89,705
		<b>-</b>	<b>89,705</b>
	Depreciation for the period/year	(42,344)	(123,486)
	Transfer to property plant and equipment	-	(99,645)
	Net book value at the end of the period/year	<b>337,898</b>	<b>380,242</b>
<b>15.3</b>	<b>Capital work in progress</b>		
	As at the beginning of the period/year	643,593	2,565,893
	Additions during the period/year	640,808	577,199
	Transfers to operating fixed assets	-	(2,499,499)
	As at end of the period/year	<b>1,284,401</b>	<b>643,593</b>
<b>16</b>	<b>LONG TERM INVESTMENTS</b>		
	These represent investments in ordinary shares of a related party. The details are as follows:		
	Note	30-Jun-22 Rupees '000 (Un-audited)	31-Dec-21 Rupees '000 (Audited)
	<b>Kohinoor Power Company Limited - Quoted</b>		
	2,910,600 (31-Dec-21: 2,910,600) ordinary shares of Rs. 10 each	16.1 11,847	13,505
	Relationship: associate		
	Ownership Interest: 23.1% (31-Dec-21: 23.1%)		
	Market value: Rs. 4.05 (31-Dec-21: Rs. 4.64) per share		
		<b>11,847</b>	<b>13,505</b>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

- 16.1 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-22	31-Dec-21
	(Un-audited)	(Audited)
Percentage of ownership interest	23.10%	23.10%
	30-Jun-22	31-Dec-21
	Rupees '000	Rupees '000
	(Un-audited)	(Audited)
Cost of investment	54,701	54,701
Share of post acquisition losses	(15,147)	(14,775)
	39,554	39,926
Accumulated impairment	(27,707)	(26,421)
	11,847	13,505

**16.1.1 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:

	Note	30-Jun-22	31-Dec-21
		Rupees '000	Rupees '000
		(Un-audited)	(Audited)
Non-current assets		87,864	90,536
Current assets		42,066	40,521
Non-current liabilities		-	-
Current liabilities		1,260	774
Revenue		8,793	17,356
Loss for the period/year		(1,612)	(3,937)
Other comprehensive loss		-	-
Total comprehensive loss		(1,612)	(3,937)
Break-up value per share		0.01	0.01
Share of profit and other adjustments to net assets	16.1.2	(372)	(909)
Market value per share		4.05	4.64

**16.1.2 This includes the following:**

Share of loss for the period/year	(372)	(909)
Share of other comprehensive loss for the period/year	-	-
	(372)	(909)



# PAK ELEKTRON LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Six-month period ended		Three-month period ended	
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
<b>17 NET REVENUE</b>				
This represents revenue recognised from contracts with customers				
Sale of goods				
- local	38,286,344	30,343,146	22,327,582	17,000,141
- export	575,446	72,017	501,000	11,032
	38,861,790	30,415,163	22,828,582	17,011,173
Construction contracts	652,113	104,833	396,534	39,096
	39,513,903	30,519,996	23,225,116	17,050,269
Sales tax, excise duty and discounts	(8,263,147)	(7,735,247)	(4,634,165)	(4,144,083)
	31,250,756	22,784,749	18,590,951	12,906,186
<b>18 COST OF SALES</b>				
Raw material consumed	23,524,118	16,936,001	14,223,761	9,553,517
Direct wages	651,354	528,490	388,781	305,250
Factory overheads	1,374,148	1,164,068	663,497	549,511
	25,549,620	18,628,559	15,276,039	10,408,278
Work in process				
at the beginning of the period	2,027,690	1,046,705	2,004,479	1,317,776
at the end of the period	(2,543,406)	(1,563,107)	(2,543,406)	(1,563,107)
	(515,716)	(516,402)	(538,927)	(245,331)
Cost of goods manufactured	25,033,904	18,112,157	14,737,112	10,162,947
Finished goods				
at the beginning of the period	2,750,009	1,529,403	3,154,860	1,827,768
at the end of the period	(3,225,418)	(1,838,825)	(3,225,418)	(1,838,825)
	(475,409)	(309,422)	(70,558)	(11,057)
Cost of goods sold	24,558,495	17,802,735	14,666,554	10,151,890
Cost of construction contracts	588,988	94,685	358,149	35,312
	25,147,483	17,897,420	15,024,703	10,187,202
		Unit	30-Jun-22	30-Jun-21
			(Un-audited)	(Un-audited)
<b>19 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Earnings				
Profit after taxation		Rupees' 000	1,144,799	1,025,342
Preference dividend for the period		Rupees' 000	(21,355)	(21,355)
Profit for the period attributable to ordinary shareholders			1,123,444	1,003,987
Shares				
Weighted average number of ordinary shares outstanding during the period	No. of shares		682,660,019	535,841,374
Earnings per share - basic and diluted	Rupees		1.65	1.87

**19.1** 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.

**19.2** 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.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**
**20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties from the Company's perspective comprise sponsors, 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 year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Pak Elektron Limited			
Employees Provident Fund Trust	Provident Fund Trust	Contribution to provident fund	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	3.6735%
Mr. Syed Manzar Hassan	Key management personnel	Director	0.0002%
Mr. Naseem Saigol	Key management personnel	Director	25.4451%
Mrs. Sehry Saigol	Key management personnel	Director	0.9466%
Mrs. Amber Haroon	Sponsor	Major shareholding	21.4694%

Transactions with key management personnel are limited to payment of short term employment benefits, advances against issue of ordinary shares and dividend payments. Transactions with post employment benefits plan are limited to employers' contribution made. Transactions with sponsors are limited to issue of share capital and receipt of subscription there against. 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:

		30-Jun-22	30-Jun-21
		Rupees '000	Rupees '000
		(Un-audited)	(Un-audited)
<b>20.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transaction</b>		
Provident Fund Trust	Contribution for the period	45,084	40,598
Associated companies	Purchase of services	24,908	21,680
Key management personnel	Short term employee benefits	26,331	24,835
Sponsors	Share deposit money received	844,882	1,790,000
	Issue of ordinary shares	2,634,882	-
		30-Jun-22	31-Dec-21
		Rupees '000	Rupees '000
		(Un-audited)	(Audited)
<b>20.2 Balances with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of balances</b>		
Provident Fund Trust	Contribution payable	12,268	17,497
Associated companies	Trade creditors	-	3,650
Sponsors	Share deposit money	-	1,790,000

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**
**21 FINANCIAL INSTRUMENTS**

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

	30-Jun-22	31-Dec-21
	Rupees '000	Rupees '000
	(Un-audited)	(Audited)
<b>21.1 Financial assets</b>		
<i>Cash in hand</i>	12,652	12,989
<i>Financial assets at amortized cost</i>		
Long term deposits	496,429	440,751
Long term advances	1,977,968	2,487,802
Trade receivables	16,495,392	14,619,413
Margin deposits	464,077	311,122
Bank balances	838,106	566,408
	20,271,972	18,425,496
<i>Financial assets mandatorily measured at fair value through profit or loss</i>		
Short term investments	17,487	33,382
	20,302,111	18,471,867
<b>21.2 Financial liabilities</b>		
<i>Financial liabilities at amortized cost</i>		
Redeemable capital	1,500,000	1,500,000
Long term finances	6,751,309	7,854,268
Lease liabilities	142,456	238,527
Trade creditors	545,043	185,359
Foreign bills payable	24,187	24,187
Accrued liabilities	367,820	178,511
Employees' provident fund	19,356	17,497
Other payables	45,072	22,541
Unclaimed dividend	10,751	10,785
Accrued interest/markup/profit	555,762	348,163
Short term borrowings	15,631,273	10,498,852
	25,593,029	20,878,690

**22 FAIR VALUE MEASUREMENTS**

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:

**22.1 Financial instruments measured at fair value**
**22.1.1 Recurring fair value measurements**

Financial instruments	Hierarchy	Valuation techniques and key inputs	30-Jun-22	31-Dec-21
			Rupees '000	Rupees '000
<b>Financial assets at fair value through profit or loss</b>				
Short term investments	Level 1	Quoted bid prices in an active market	17,487	33,382



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

**22.1.2 Non-recurring fair value measurements**

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

**22.2 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.

**22.3 Assets and liabilities other than financial instruments**

**22.3.1 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-22 Rupees '000	31-Dec-21 Rupees '000
Land	-	1,035,256	-	1,035,256	1,035,256
Buildings	-	6,452,908	-	6,452,908	6,618,286
Plant and machinery	-	15,148,655	-	15,148,655	14,878,081

For fair value measurements categorized into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
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-Dec-21: Rs. 51.763 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 322.645 million (31-Dec-21: Rs. 330.914 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. 757.433 million (31-Dec-21: Rs. 743.904 million).

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

**22.3.2 Non-recurring fair value measurements**

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

**23 SEGMENT INFORMATION**

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.



# PAK ELEKTRON LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

Information about operating segments as at the reporting dates and for the six-month period then ended is as follows:

	Six-month period ended 30 June 2022			Total Rupees '000
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	
Revenue from external customers	15,016,850	24,497,053	-	39,513,903
Segment profit/(loss) before taxation	881,688	927,218	(127,231)	1,681,675

	Six-month period ended 30 June 2021			Total Rupees '000
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items 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

	As at 30 June 2022			Total Rupees '000
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	
Segment assets	30,378,350	34,673,005	3,178,470	68,229,825

	As at 31 December 2021			Total Rupees '000
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	
Segment assets	22,343,784	34,345,554	3,123,827	59,813,165


### 24 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.

### 25 GENERAL

25.1 There are no other significant activities since 31 December 2021 affecting interim financial statements.

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

  
M. MURAD SAIGOL  
Chief Executive Officer

  
M. ZEID YOUSUF SAIGOL  
Director

  
SYED MANZAR HASSAN  
Chief Financial Officer