

PAK ELEKTRON LIMITED

HALF YEAR REPORT

30-06-2023

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, 2023.

FINANCIAL & OPERATIONAL REVIEW

Global Macroeconomic Outlook

Global growth has slowed significantly during the first half of this year. Inflation pressures persisted and tight monetary policies weighed substantially on economic activities. Rising borrowing costs in advanced economies led to financial dislocations in the more vulnerable emerging market and developing economies (EMDEs). In low-income countries, in particular, fiscal positions were increasingly precarious. Comprehensive policy action was needed at the global and national levels to foster macroeconomic and financial stability. Among many EMDEs, and especially in low-income countries, more fiscal sustainability is required for generating higher revenues, making spending more efficient and improving debt management practices. In the longer term, reversing a projected decline in EMDE potential growth will require reforms to bolster physical and human capital growth.

Domestic Economic Environment

Pakistan still witnessing economic stress during the first half of 2023. However, moving forward the economy has begun to stabilize with the finalization of a Staff-Level Agreement (SLA) with the IMF for a new 9-month USD 3 billion Stand-By Arrangement (SBA). The arrangement is expected to anchor the economy during this political evolution which will be followed by handover to the new elected government.

On the macroeconomic front, State Bank of Pakistan's (SBP) reserves plunged to an alarming level of USD 4.47 billion as of June 30, 2023, compared to prior year's USD 9.8 billion. Foreign reserves were mainly used in external debt repayments, reduction of remittances & exports and an initially derailed IMF program.

During the first half of the year 2023, the Rupee witnessed depreciation against the US dollar to reach PKR 286.7, from PKR 226.4 reported at the beginning of the year 2023. This translates into a substantial depreciation of approximately 27% against the US dollar. However, post finalization of the IMF SLA, Pakistan has received the first tranche of USD 1.2 billion from IMF and USD 3 billion from Saudi Arabia and UAE. As a result, forex reserves increased causing the Rupee to appreciate and clock in at 277.6 PKR/USD on July 14, 2023. Food prices, fuel rates and energy rates remained highly elevated as inflation continued to touch new highs. Inflation was reported at 38% in May 2023, a level never witnessed before. However, as a result of high-base effect and improvement in food prices on month-on-month basis, domestic inflation was slightly down to 29.4% in June 2023. In a nutshell, the average CPI inflation for the previous fiscal year 2022-23 was calculated at 29.2% as compared to 12.2% for the prior year.

In order to tame down inflation, the Monetary Policy Committee (MPC) of the SBP increased the Policy Rate by 600bps to 22% during the first half of 2023. In fact, the last jump of 100bps was announced in an emergency meeting on June 26, 2023. This decision was taken in an attempt to rein in the inflationary pressures and PKR devaluation, and to counter the impact of revenue measures announced in the federal budget for fiscal year 2023-24.

The country's import bill continues to soar as the Current Account recorded a deficit of USD 2.9 billion during 11MFY23, versus USD 15.1 billion for the corresponding period last year. This represents a sizeable decline of 81%, reason being the stringent import controls imposed by the administration as Pakistan was facing dollar shortages due to debt servicing, delayed support from friendly countries and a plunge in exports and remittances. Additionally, domestic supply and therefore, industry activity was also negatively affected due to import controls.

On the fiscal front, provisional numbers for FY 2022-23 showed a deficit of PKR 5,942 billion (7% of GDP). This exceeded the budgeted estimate and last year's deficit. The Government is expecting a deficit of PKR 6,923 billion (6.5% of GDP) for the upcoming FY24. This seems a realistic target based on the current economic situation as the country continues to pass through a phase of slow growth coupled with high inflationary environment and a stressed external account. The Government is also in high spirits and projecting GDP growth rate at 3.5% for 2024 versus 0.3% in the previous year, as it is expecting industrial growth rate of 3.4% compared to the prior year's shrinkage of 2.1%.

The KSE-100 index also remained relatively resilient by the current economic crisis and closed at 41,452 points as at Jun 30, 2023.

Industry Overview

Year 2023 is facing mixed trends. Pakistan Bureau of Statistics reported slightly lower LSMI output during 2023. Electrical home appliances demand remained lower primarily due to the challenging economic environment coupled with low disposable income. During the half year (Jan ~ Jun) YOY production of Refrigerators & Air Conditioners was lower due to the import restrictions. Imposition of further electricity tariffs also tapered down the overall electricity consumption and thus affecting demand for power division products.

Company Financial Performance

During 1HFY23, the Company reported total revenues of Rs. 25,744 Million with 34.85% decrease as compared to the same period last year. Despite, one of highlights of 1H FY 23 results, the Gross Profit %age of the Company improved to 26.03% (as %age of Net Sales) from 19.53% of last year, the high imported material costs due to global commodity price hike and PKR depreciation against the greenback translated into company's gross profit reporting at Rs. 5,394 Million, a decrease of 11.62% from Rs. 6,103 Million of the previous year same period. Profit after taxation also shrunk by 53.80% and clocked in at Rs. 529 Million. Earnings per share is Rs. 0.59 against Rs 1.65 of the last year corresponding period. Products demand slump is mainly due to stressed economic activity and decrease in disposable incomes. The Company has reduced its total borrowing significantly mainly on account of efficient working capital management however, profitability shrinkage is also due to higher finance cost due to constant increase in interest rates.

Summary of operating results is presented below:

Rupees in millions	Half Year Ended June 30, 2023	Half Year Ended June 30, 2022	Increase/ (Decrease)	Percentage %
Revenue	25,744	39,514	(13,770)	(34.85)
Gross Profit	5,394	6,103	(710)	(11.63)
Finance Cost	1,971	1,501	469	31.26
Profit/(Loss) before taxation	997	1,682	(685)	(40.71)
Profit/(Loss) after taxation	529	1,145	(616)	(53.83)
Earnings/(Loss) Per Share (Rupees)	0.59	1.65		

Appliances Division

Due to "Overall Economic Slowdown" and stringent import restrictions, Home Appliances Division witnessed a major dent in revenue by 51% in 1HFY23. Home Appliances Division revenues were down to Rs.11,989 Million versus Rs.24,497 Million during the corresponding period last year. This revenue shrinkage is mainly attributable to import restrictions curtailing the supply side, high inflationary pressures and lower disposable income. The limit placed on imported raw material proved to a major hindrance coupled with weaker local currency.

Power Division

The stressed economic environment due to 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.

During the period under review power division business revenues registered at Rs. 13,754 Million, a dip of 8.41% over Rs.15,017 Million of previous year six months. The revenue decrease is mainly due to import restrictions placed by the administration where raw material supply was limited causing a major hindrance in production of transformers etc.

Further manufacturing capacities of all power division products are greatly sufficient to meet growing demand. It is expected that revenue and profit will revert back as import restrictions are easing out and also the economy stabilizes following the pending elections.

Company since its inception in year 1956 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".

Future Outlook

The economy, over the years, has always recovered from unexpected volatility and fluctuations. On the forefront, the macro-economic outlook seems rather 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.

The finalization of a SLA with the IMF for a new 9-month USD 3 billion Stand-By Arrangement is expected to anchor the economy during this political evolution.

With this "Investor's Confidence" restoring stock market recovery signals have also been experienced where KSE 100 index continues to revert to the pre-pandemic levels. This also improved country economy perception with respect to its debt sustainability, which is likely facilitate financial support from friendly countries and rollover of existing country foreign debts.


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.

Lahore
August 29, 2023



On behalf of the Board of Directors

M. Murad Saigol
Chief Executive Officer

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 2023** 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 2023** 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 **ALI RAZA JAFFERY**.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore | 29 August 2023

UDIN: RR202310704IKWxHVuyP

PAK ELEKTRON LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30-Jun-23 Rupees '000 [Un-audited]	31-Dec-22 Rupees '000 [Audited]
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>	6	11,000,000	11,000,000
Issued share capital	7	9,009,697	9,009,697
Share deposit money		-	-
Share premium	8	5,610,856	5,610,856
Revaluation reserve		4,679,514	4,785,124
Retained earnings		20,179,634	19,552,222
TOTAL EQUITY		39,479,701	38,957,899
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital	9	-	-
Long term finances	10	2,389,790	3,450,659
Lease liabilities	11	39,476	72,004
Warranty obligations		177,618	191,224
Deferred taxation		3,283,853	3,262,446
Deferred income	12	29,209	29,958
		5,919,946	7,036,291
CURRENT LIABILITIES			
Trade and other payables		2,939,674	1,452,174
Unclaimed dividend		10,675	10,680
Accrued interest/markup/profit		715,764	630,816
Short term borrowings	13	9,898,759	15,559,787
Current maturity of non-current liabilities		2,229,705	3,766,983
		15,794,577	21,420,440
TOTAL LIABILITIES		21,714,523	28,456,731
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		61,194,224	67,414,630

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 FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30-Jun-23 Rupees '000 [Un-audited]	31-Dec-22 Rupees '000 [Audited]
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	25,683,025	25,548,369
Intangible assets		283,586	286,154
Advances for capital expenditure		16,936	33,288
Long term investments	16	10,798	10,944
Long term deposits		511,388	508,053
Long term advances		1,005,221	986,245
		27,510,954	27,373,053
CURRENT ASSETS			
Stores, spares and loose tools		823,062	857,065
Stock in trade		12,011,089	13,825,440
Trade receivables		11,633,592	15,681,036
Construction work in progress		709,769	787,864
Short term advances		3,041,497	3,087,358
Short term deposits and prepayments		1,421,729	1,407,512
Other receivables		273,135	293,767
Short term investments		19,903	18,118
Advance income tax/Income tax refundable		3,061,650	3,287,334
Cash and bank balances		687,844	796,081
		33,683,270	40,041,577
TOTAL ASSETS		61,194,224	67,414,630

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

 M. MURAD SAIGOL Chief Executive Officer	 M. ZEB YOUSUF SAIGOL Director	 SYED MANZAR HASSAN Chief Financial Officer
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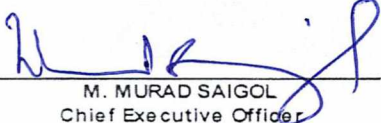


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PAK ELEKTRON LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Note	Six-month period ended		Three-month period ended	
		30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue from contracts with customers	17	25,743,669	39,513,903	15,634,455	23,225,116
Sales tax, excise duty and discounts	17	(5,023,208)	(8,263,147)	(3,055,348)	(4,634,165)
Net revenue		20,720,461	31,250,756	12,579,107	18,590,951
Cost of sales	18	(15,326,925)	(25,147,483)	(9,191,600)	(15,024,703)
Gross profit		5,393,536	6,103,273	3,387,507	3,566,248
Other income		47,633	17,188	25,651	10,858
Selling and distribution expenses		(1,404,847)	(1,859,420)	(884,614)	(988,425)
Administrative expenses		(986,294)	(933,678)	(552,360)	(410,828)
Other expenses		(82,045)	(144,047)	(62,364)	(103,156)
		(2,473,186)	(2,937,145)	(1,499,338)	(1,502,409)
Impairment allowance for expected credit losses		-	-	-	-
Operating profit		2,967,983	3,183,316	1,913,820	2,074,697
Finance cost		(1,970,515)	(1,501,269)	(1,089,620)	(832,831)
		997,468	1,682,047	824,200	1,241,866
Share of (loss)/profit of associate		(433)	(372)	(46)	506
Profit before taxation		997,035	1,681,675	824,154	1,242,372
Taxation		(468,442)	(536,876)	(332,967)	(409,532)
Profit after taxation		528,593	1,144,799	491,187	832,840
Earnings per share - basic and diluted (Rupees)	19	0.59	1.65	0.56	1.20

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 COMPREHENSIVE INCOME [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Six-month period ended		Three-month period ended	
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Profit after taxation	528,593	1,144,799	491,187	832,840
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	(6,791)	(6,752)	(6,791)	(6,752)
Other comprehensive loss after taxation	(6,791)	(6,752)	(6,791)	(6,752)
Total Comprehensive Income	521,802	1,138,047	484,396	826,088

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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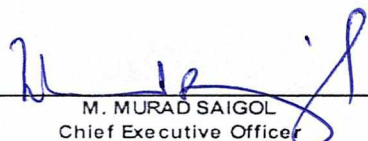
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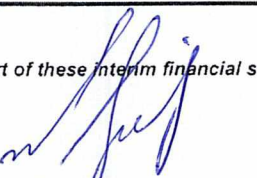
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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Share capital		Capital reserves			Total equity Rupees '000
	Issued share capital	Share deposit money	Share premium	Revaluation reserve	Retained earnings	
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	
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
As at 30 June 2022 - [Un-audited]	9,009,697	-	5,610,856	5,235,647	19,432,876	39,289,076
As at 01 July 2022 - [Un-audited]	9,009,697	-	5,610,856	5,235,647	19,432,876	39,289,076
Comprehensive income						
Loss after taxation	-	-	-	-	(77,332)	(77,332)
Other comprehensive loss	-	-	-	(253,845)	-	(253,845)
Total comprehensive income	-	-	-	(253,845)	(77,332)	(331,177)
Revaluation surplus realised on disposal	-	-	-	(98,814)	98,814	-
Incremental depreciation	-	-	-	(97,864)	97,864	-
Transaction with owners	-	-	-	-	-	-
As at 31 December 2022 - [Audited]	9,009,697	-	5,610,856	4,785,124	19,552,222	38,957,899
As at 01 January 2023 - [Audited]	9,009,697	-	5,610,856	4,785,124	19,552,222	38,957,899
Comprehensive income						
Profit after taxation	-	-	-	-	528,593	528,593
Other comprehensive loss	-	-	-	(6,791)	-	(6,791)
Total comprehensive income	-	-	-	(6,791)	528,593	521,802
Incremental depreciation	-	-	-	(98,819)	98,819	-
Transaction with owners	-	-	-	-	-	-
As at 30 June 2023 - [Un-audited]	9,009,697	-	5,610,856	4,679,514	20,179,634	39,479,701

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


M. MURAD SAIGOL
Chief Executive Officer


M. ZEB YOUSUF SAIGOL
Director


SYED MANZAR HASSAN
Chief Financial Officer

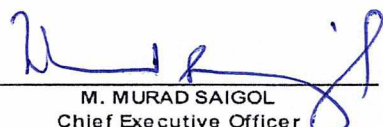
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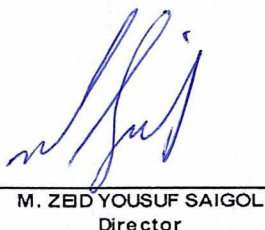
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CONDENSED INTERIM STATEMENT OF CASH FLOWS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	Six-month period ended	
	30-Jun-23	30-Jun-22
	Rupees '000	Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	997,035	1,681,675
Adjustments for non-cash and other items	2,507,673	2,065,983
Operating profit before changes in working capital	3,504,708	3,747,658
Changes in working capital	7,500,065	(7,284,104)
Cash generated from/(used in) operations	11,004,773	(3,536,446)
Payments for interest and taxes	(2,037,078)	(1,854,632)
Net cash generated from/(used in) operating activities	8,967,695	(5,391,078)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(760,431)	(1,341,645)
Proceeds from disposal of property, plant and equipment	12,166	28,344
Long term deposits	(3,335)	(8,465)
Long term advances	(18,976)	(27,140)
Advances for capital expenditure	16,352	(33,288)
Net cash used in investing activities	(754,224)	(1,382,194)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of redeemable capital	(1,500,000)	-
Long term finances obtained	-	200,000
Repayment of long term finances	(1,119,675)	(1,315,897)
Repayment of lease liabilities	(41,000)	(96,071)
Net decrease in short term borrowings	(5,661,028)	5,132,421
Share deposit money received	-	3,226,629
Issuance cost of right shares	-	(102,415)
Dividend paid	(5)	(34)
Net cash (used in)/generated from financing activities	(8,321,708)	7,044,633
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(108,237)	271,361
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	796,081	579,397
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	687,844	850,758

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


M. MURAD SAIGOL
Chief Executive Officer


M. ZEB YOUSUF SAIGOL
Director


SYED MANZAR HASSAN
Chief Financial Officer

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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., Ferozpur Road, Keath Village, Lahore and 14 K.M., Ferozpur 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 audited financial statements of the Company for the year ended 31 December 2022.

These interim financial statements have been subjected to limited scope review by the auditors of the company, as required under section 237 of the Companies Act, 2017. The comparative condensed interim statement of financial position as at 31 December 2022 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 2022 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 2023 and 30 June 2022 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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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 2023.

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

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

3.1 Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

3.2 Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

3.3 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

3.4 International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

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.

	Effective date (annual periods beginning on or after)
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 - Presentation of Financial Statements).	01 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 - Leases)	01 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1 - Presentation of Financial Statements)	01 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments : Disclosures)	01 January 2024
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']:	

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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 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 not have a 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 2022.

6 AUTHORIZED SHARE CAPITAL

30-Jun-23	31-Dec-22		30-Jun-23	31-Dec-22
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	Class 'A' preference shares	625,000	625,000
37,500,000	37,500,000	Class 'B' 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

7 ISSUED SHARE CAPITAL

30-Jun-23	31-Dec-22		30-Jun-23	31-Dec-22
No. of shares	No. of shares		Rupees '000	Rupees '000
[Un-audited]	[Audited]		[Un-audited]	[Audited]
Ordinary shares of Rs. 10 each				
731,081,721	731,081,721	Issued for cash	7,310,817	7,310,817
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	1,183,438
856,012,155	856,012,155		8,560,121	8,560,121
Class 'A' preference shares				
44,957,592	44,957,592	Issued for cash	449,576	449,576
900,969,747	900,969,747		9,009,697	9,009,697

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

	Note	30-Jun-23	31-Dec-22
		No. of shares	No. of shares
As at beginning of the period/year		856,012,155	497,681,485
Issue of ordinary shares	7.2	-	358,330,670
As at end of the period/year		856,012,155	856,012,155

7.2 During the previous year, 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.

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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 2022.

8 SHARE PREMIUM

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

	Note	30-Jun-23 Rupees '000 [Un-audited]	31-Dec-22 Rupees '000 [Audited]
As at beginning of the period/year		5,610,856	4,279,947
Recognized during the period/year	8.1	-	1,433,324
Less: expenses incurred on issue	8.1	-	(102,415)
As at end of the period/year		5,610,856	5,610,856

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-23 Rupees '000 [Un-audited]	31-Dec-22 Rupees '000 [Audited]
As at beginning of the period/year		1,500,000	1,500,000
Repayments made during the period/year		(1,500,000)	-
As at end of the period/year		-	1,500,000
Current maturity presented under current liabilities		-	(1,500,000)
		-	-

9 REDEEMABLE CAPITAL

10 LONG TERM FINANCES

As at beginning of the period/year		5,676,676	7,854,268
Obtained during the period/year		-	387,500
Accretion during the period/year		-	16,832
Repayments made during the period/year		(1,119,675)	(2,581,924)
As at end of the period/year		4,557,001	5,676,676
Current maturity presented under current liabilities		(2,167,211)	(2,196,017)
		2,389,790	3,480,659

11 LEASE LIABILITIES

Present value of minimum lease payments		101,970	142,970
Current portion presented under current liabilities		(62,494)	(70,966)
		39,476	72,004

12 DEFERRED INCOME

Grant in aid - UNIDO	12.1	29,209	29,958
SBP Refinance Scheme	12.2	-	-
		29,209	29,958

12.1 Grant in aid - UNIDO

As at beginning of the period/year		29,958	31,535
Recognized in profit or loss		(749)	(1,577)
As at end of the period/year		29,209	29,958

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	30-Jun-23	31-Dec-22
	Rupees '000	Rupees '000
	[Un-audited]	[Audited]
12.2 SBP Refinance Scheme		
As at beginning of the period/year	-	16,832
Amortized during the period/year	-	(16,832)
As at end of the period/year	-	-
Current maturity presented under current liabilities	-	-
	-	-

13 SHORT TERM BORROWINGS

These facilities have been obtained from various banking companies and NBFCs under interest/markup/profit arrangements for working capital requirements and are secured by pledge/hypothecation of raw material and components, work-in-process, finished goods, imported goods, machinery, spare parts, charge over book debts, charge over current assets and personal guarantees of the sponsoring directors of the Company.

The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs: 9,116 million (31-Dec-22: Rs. 8,485 million).

14 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments as reported in the annual audited financial statements for the year ended 31 December 2022, with the exception of the following:

14.1 Contingencies

	30-Jun-23	31-Dec-22
	Rupees '000	Rupees '000
	[Un-audited]	[Audited]
Tender bonds	250,846	337,676
Performance bonds	4,184,705	4,091,348
Advance guarantees	228,291	246,837
Custom guarantees	98,292	78,606
Foreign guarantees	6,981	11,704

15 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	15.1	22,278,755	22,747,272
Right-of-use assets	15.2	116,348	162,712
Capital work in progress	15.3	3,287,922	2,638,385
		25,683,025	25,548,369

15.1 Operating fixed assets

Net book value at the beginning of the period/year		22,747,272	22,804,210
Additions during the period/year			
Land		-	61,901
Buildings		-	20,085
Plant and machinery		52,062	920,829
Office equipment and fixtures		23,595	29,031
Computer hardware and allied items		11,479	36,360
Vehicles		4,975	37,991
		92,111	1,106,197
Net book value of assets disposed during the period/year		(9,337)	(230,819)
Depreciation for the period/year		(574,244)	(1,160,295)
Transfer from right-of-use assets		4,170	185,130
Transfer from capital work in progress		18,783	42,849
Net book value at the end of the period/year		22,278,755	22,747,272

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	30-Jun-23	31-Dec-22
	Rupees '000	Rupees '000
	[Un-audited]	[Audited]
15.2 Right-of-use assets		
Net book value at the beginning of the period/year	162,712	380,242
Additions during the period/year		
Buildings	-	80,711
	-	80,711
Depreciation for the period/year	(42,194)	(113,111)
Transfer to property plant and equipment	(4,170)	(185,130)
Net book value at the end of the period/year	116,348	162,712

15.3 Capital work in progress		
As at the beginning of the period/year	2,638,385	643,593
Additions during the period/year	668,320	2,037,641
Transfers to operating fixed assets	(18,783)	(42,849)
As at end of the period/year	3,287,922	2,638,385

16 LONG TERM INVESTMENTS

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

	Note	30-Jun-23	31-Dec-22
		Rupees '000	Rupees '000
		[Un-audited]	[Audited]
Kohinoor Power Company Limited - Quoted			
2,910,600 (31-Dec-22: 2,910,600) ordinary shares of Rs. 10 each	16.1	10,798	10,944
Relationship: <i>associate</i>			
Ownership Interest: 23.1% (31-Dec-22: 23.1%)			
Market value: Rs. 3.71 (31-Dec-22: Rs. 3.76) per share			
		10,798	10,944

- 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-23	31-Dec-22
	[Un-audited]	[Audited]
Percentage of ownership interest	23.10%	23.10%
	30-Jun-23	31-Dec-22
	Rupees '000	Rupees '000
	[Un-audited]	[Audited]
Cost of investment	54,701	54,701
Share of post acquisition losses	(15,594)	(15,161)
	39,107	39,540
Accumulated impairment	(28,309)	(28,596)
	10,798	10,944

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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-23 Rupees '000 [Un-audited]	31-Dec-22 Rupees '000 [Audited]
Non-current assets		82,527	84,871
Current assets		47,014	45,060
Non-current liabilities		-	-
Current liabilities		2,804	1,318
Revenue		8,626	17,719
Loss for the period/year		(1,875)	(1,671)
Other comprehensive loss		-	-
Total comprehensive loss		(1,875)	(1,671)
Break-up value per share		0.01	0.01
Share of profit and other adjustments to net assets	16.1.2	(433)	(386)
Market value per share		3.71	3.76

16.1.2 This includes the following:

Share of loss for the period/year	(433)	(386)
Share of other comprehensive loss for the period/year	-	-
	(433)	(386)

	Six-month period ended		Three-month period ended	
	30-Jun-23 Rupees '000 [Un-audited]	30-Jun-22 Rupees '000 [Un-audited]	30-Jun-23 Rupees '000 [Un-audited]	30-Jun-22 Rupees '000 [Un-audited]

17 NET REVENUE

This represents revenue recognised from contracts with customers

Sale of goods

- local	25,484,894	38,286,344	15,426,810	22,327,582
- export	244,904	575,446	207,645	501,000
	25,729,798	38,861,790	15,634,455	22,828,582
Construction contracts	13,871	652,113	-	396,534
	25,743,669	39,513,903	15,634,455	23,225,116
Sales tax, excise duty and discounts	(5,023,208)	(8,263,147)	(3,055,348)	(4,634,165)
	20,720,461	31,250,756	12,579,107	18,590,951

18 COST OF SALES

Raw material consumed	11,764,839	23,524,118	6,940,381	14,223,761
Direct wages	510,654	651,354	300,387	388,781
Factory overheads	1,338,264	1,374,148	695,298	663,497
	13,613,757	25,549,620	7,936,066	15,276,039
Work in process				
at the beginning of the period	1,417,998	2,027,690	1,678,945	2,004,479
at the end of the period	(1,727,901)	(2,543,406)	(1,727,901)	(2,543,406)
	(309,903)	(515,716)	(48,956)	(538,927)
Cost of goods manufactured	13,303,854	25,033,904	7,887,110	14,737,112
Finished goods				
at the beginning of the period	3,538,846	2,750,009	2,833,856	3,154,860
at the end of the period	(1,529,366)	(3,225,418)	(1,529,366)	(3,225,418)
	2,009,480	(475,409)	1,304,490	(70,558)
Cost of goods sold	15,313,334	24,558,495	9,191,600	14,666,554
Cost of construction contracts	13,591	588,988	-	358,149
	15,326,925	25,147,483	9,191,600	15,024,703

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	<i>Unit</i>	30-Jun-23	30-Jun-22
		[Un-audited]	[Un-audited]
19 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	<i>Rupees' 000</i>	528,593	1,144,799
Preference dividend for the period	<i>Rupees' 000</i>	(21,355)	(21,355)
Profit for the period attributable to ordinary shareholders		507,238	1,123,444
Shares			
Weighted average number of ordinary shares outstanding during the period	<i>No. of shares</i>	856,012,155	682,660,019
Earnings per share - basic and diluted	<i>Rupees</i>	0.59	1.65

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

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 Energy 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. Sehyr 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. 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 trade transactions with 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:

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		30-Jun-23	30-Jun-22
		<i>Rupees '000</i>	<i>Rupees '000</i>
		[Un-audited]	[Un-audited]
20.1	Transactions with related parties		
	Nature of relationship		Nature of transaction
	Associated companies	23,648	24,908
	Provident Fund Trust	46,960	45,084
	Key management personnel	24,474	26,331
	Sponsors	-	844,882
		-	2,634,882

		30-Jun-23	31-Dec-22
		<i>Rupees '000</i>	<i>Rupees '000</i>
		[Un-audited]	[Audited]
20.2	Balances with related parties		
	Nature of relationship		Nature of balances
	Associated companies	-	1,406
	Provident Fund Trust	7,544	16,822
	Key management personnel	-	775

21 FINANCIAL INSTRUMENTS

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

		30-Jun-23	31-Dec-22
		<i>Rupees '000</i>	<i>Rupees '000</i>
		[Un-audited]	[Audited]
21.1	Financial assets		
	<i>Cash in hand</i>	13,299	11,553
	<i>Financial assets at amortized cost</i>		
	Long term deposits	511,388	508,053
	Long term advances	2,640,873	2,693,767
	Trade receivables	11,633,592	15,681,038
	Margin deposits	311,339	313,299
	Bank balances	674,545	784,528
		15,771,737	19,980,685
	<i>Financial assets mandatorily classified at fair value through profit or loss</i>		
	Short term investments	19,903	18,118
		15,804,939	20,010,356

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	30-Jun-23	31-Dec-22
	<i>Rupees '000</i>	<i>Rupees '000</i>
	[Un-audited]	[Audited]
21.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Redeemable capital	-	1,500,000
Long term finances	4,557,001	5,676,676
Lease liabilities	101,970	142,970
Trade creditors	265,837	151,382
Foreign bills payable	1,461,252	120,018
Accrued liabilities	222,846	254,248
Employees' provident fund	16,113	16,822
Other payables	15,119	13,511
Unclaimed dividend	10,675	10,680
Accrued interest/markup/profit	715,764	630,816
Short term borrowings	9,898,759	15,559,787
	17,265,336	24,076,910

22 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. 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-23	31-Dec-22
			<i>Rupees '000</i>	<i>Rupees '000</i>
			[Un-audited]	[Audited]
Short term investments	Level 1	Quoted bid prices in an active market	19,903	18,118

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-23	31-Dec-22
				<i>Rupees '000</i>	<i>Rupees '000</i>
				[Un-audited]	[Audited]
Land	-	1,097,157	-	1,097,157	1,097,157
Building	-	6,149,599	-	6,149,599	6,307,315
Plant and machinery	-	14,751,951	-	14,751,951	15,059,803

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

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	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. 54.858 million (31-Dec-22: Rs. 54.858 million).
Building	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. 307.48 million (31-Dec-22: Rs. 315.366 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. 737.598 million (31-Dec-22: Rs. 752.99 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 and sale of Transformers, Switchgears, Energy Meters and Engineering, Procurement and Construction [EPC] contracting.
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.

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-Jun-23			Total Rupees '000
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	
Revenue from external customers	13,754,356	11,989,313	-	25,743,669
Segment profit/(loss) before taxation	620,383	411,497	(34,845)	997,035
	Six-month period ended 30-Jun-22			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

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PAK ELEKTRON LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS [UN-AUDITED] FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

	As at 30-Jun-23			
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	Total Rupees '000
Segment assets	34,626,885	23,474,988	3,092,351	61,194,224

	As at 31-Dec-22			
	Power Division Rupees '000	Appliances Division Rupees '000	Unallocated Items Rupees '000	Total Rupees '000
Segment assets	31,272,317	32,825,917	3,316,396	67,414,630

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 2022 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. ZED YOUSUF SAIGOL
Director


SYED MANZAR HASSAN
Chief Financial Officer

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