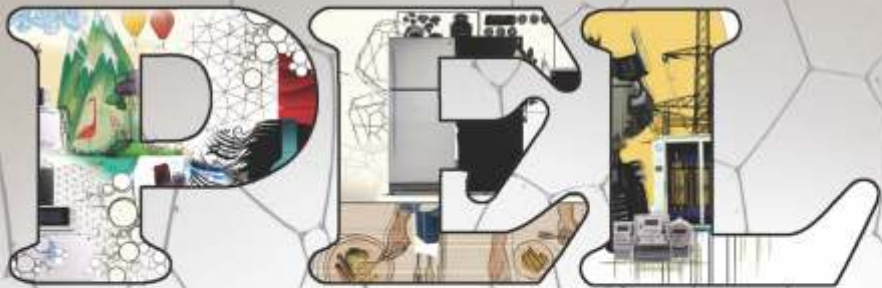


Interim Financial Report  
for the nine months ended September 30, 2017



Embracing Excellence



Pak Elektron Limited



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. M. Naseem Saigol  
Mr. M. Murad Saigol  
Mr. M. Azam Saigol  
Mr. Muhammad Zeid Yousuf Saigol  
Syed Manzar Hassan  
Sheikh Muhammad Shakeel  
Mr. Asad Ullah Khawaja  
Mr. Usman Shahid  
Mr. Jamal Baquar  
Ms. Azra Shoaib

Chairman - Non Executive  
Chief Executive Officer - Executive/ Certified (DTP)  
Director - Non Executive  
Director - Executive/Certified (DTP)  
Director - Executive  
Director - Non Executive  
Director - NIT Nominee/Independent  
Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive  
Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive  
Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive

## AUDIT COMMITTEE

Mr. Asad Ullah Khawaja	Chairman/Member
Mr. M. Azam Saigol	Member
Mr. Usman Shahid	Member
Sheikh Muhammad Shakeel	Member

## HR & REMUNERATION COMMITTEE

Mr. Asad Ullah Khawaja	Chairman/Member
Mr. M. Azam Saigol	Member
Mr. Usman Shahid	Member
Syed Manzar Hassan	Member

## COMPANY SECRETARY

Muhammad Omer Farooq

## CHIEF FINANCIAL OFFICER

Syed Manzar Hassan, FCA

## AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

## LEGAL ADVISOR

M/s Hassan & Hassan Advocates

## SHARIAH ADVISOR

Mufti Zeeshan Abdul Aziz  
S.M. Suhail & Co.  
Chartered Accountants

## 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: 042-35718274-6  
Fax: 042-35762707  
E-Mail: shares@saigols.com

## 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 Oman Investment Company Limited  
Silk Bank Limited  
Soneri Bank Limited  
Summit Bank Limited  
United Bank Limited

## 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

## WORKS

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

## TRANSFORMER FACILITY

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, 3rd Floor,  
Green Trust Tower,  
Blue Area, Islamabad  
Tel: 051-2824543, 2828941  
Fax: 051-2273858

## CHINA

206, No. 1007, Zhong  
Shan Naun Er Road,  
Shanghai, China  
Tel: 86-21-64567713  
Fax: 86-21-54109971

## DIRECTORS' REVIEW

Your directors are pleased to present the un-audited interim financial information of the Company for the nine months period ended September 30, 2017. Company's operational performance during the period under review remained remarkable. During the period, sales growth is witnessed at 24.92% consisting of Rs. 33.88 billion against Rs. 27.12 billion of corresponding period of previous year. Profits are slightly lower by Rs. 35 Million due to higher trade discounts offered to attain multiple growth in Sales and Market Share of Refrigerators, Air Conditioners, Deep Freezers and other Home Appliances. Earnings per share achieved is Rupees 5.91 against Rupees 6.24 of similar period in year 2016.

Summary of operating results is presented below:

Rupees in million	Nine Months year ended September 30, 2017	Nine Months year ended September 30, 2016	Increase/ (Decrease)	Percentage %
Revenue	33,876	27,119	6,757	24.92%
Gross Profit	7,724	6,790	934	13.76%
Profit before taxation	3,571	3,509	62	1.77%
Profit after taxation	2,971	3,006	(35)	(1.16%)
Earnings per share - Rupees	5.91	6.24		

The economy of the country continued to perform on sound footing during the year with a decade highest GDP growth @5.28% with a well controlled inflation recorded CPI @4.1% and much supportive policy rate of 5.75%. The USD-PKR exchange rate remained stable within the Rs.104-105 range with a nominal appreciation of 0.24% over Dec' 16. Enhanced energy supply accompanied by these factors enabled large Scale Manufacturing Sector (LSM) to upward trajectory @ 5.27% from 4.7% of FY'16. However, adverse Balance of Payment (BOP) and lower foreign exchange reserves may be the major issues for the Government in the future. Both of these issues are quiet addressable and had been addressed previously due to the strong fundamentals of the economy.

CPEC, a multi-billion dollar project, related activities are becoming tangible in presence. Industrial revolution backed by Special Economic Zones -SEZs is on it's way and things are moving out of planning phase to execution era. Equal opportunities of SEZs for Foreign & local investors, will play a vital role in uplift of country economy. Improving security situation, successful completion of IMF loan program, and most significantly, the implementation of CPEC, have become the driving force of foreign investment inflows to Pakistan. Pakistan considers CPEC as an opportunity for economic turnaround that promises transport infrastructure overhaul, industrial development, and energy sufficiency, that will strengthen the country's growth. Prosperity lead increase in disposable Incomes will raise demand of Home Appliances while Industrialization Process will generate a massive demand of Electrical Equipments, and Your Company is well positioned to grasp these opportunities.

### APPLIANCES DIVISION

We are pleased to inform that Appliance Division once again registered a generous growth in volumes and revenues over the corresponding period of previous period. Appliance Division achieved Gross sales of Rs. 23.689 billion in first nine month period resulting in an increase of 41.17% over corresponding period of previous year. In terms of revenue, Home Appliances Products including Refrigerators, Split Air Conditioners, Deep Freezers and Microwave Ovens showed tremendous growth over the previous year. Split Air Conditioner and Microwave Ovens businesses attained a remarkable multiple growth of 206% and 264% respectively as compared to the previous year's comparable period. Refrigerators and Deep Freezers business are grown by 18% and 60% respectively as compared to the previous year's nine months period. Demand of appliance's product is highly influenced by sturdy, diversified, reliable and durable product range, we offered to the market. Customer focused and market appealing advertising strategies, promotional campaigns, rigorous cost control measures and extensive R&D creativities are the distinct reasons behind the record breaking growth and achievements of the division. The launch of 'Intello' series in the market contributed manifold towards the growth of this division. "Inverter Series" with heat and cold functionality of PEL Air Conditioners are introduced in current year and being "energy efficient" product, received an overwhelming response from market and customers which has expanded the revenue base.

Customization according to the requirements of the corporate customers is our core strength. We have always worked to extract further benefits by emphasizing on our marketing and distribution efforts in an attempt to strength our footprint throughout the country and surpass the previous sales records. Production and sales of Water

dispenser resumed in previous year, has been continued in this years as well. To cater the consistent market demand, your Company has widened its product range. The added range will give boost to sales of existing products as well. As a result of growing country's macro-economic indicators, appliances market is looking bullish and your company is well positioned to make higher supplies and converting in to higher sales and profitability.

## POWER DIVISION

Sales of power division are lower by molecular value of 1.4% as compared to the sales of corresponding period of previous financial year. EPC department has been able to achieve the targeted share out of total market size. Sale of EPC has increased by 131% as compared to the sales recorded in the corresponding period of the previous financial year. This increase in sales is attained due to timely orders from various institutes and residential societies like Bahria town Karachi and Getzpharma. Our Energy Meter department recorded a sale growth of 93% as compared to the comparable period of previous financial year. Switchgears has attained a growth of 16% as compared to corresponding period of previous financial year. Business of Distribution Transformers remained at the same level as compared to corresponding period of pervious year, however Power Transformers business remained sluggish during the period with 78% decrease in sales as compare to corresponding period of last year.

We are working on new designs and prototypes for all the products in this division which rationalizes the cost without compromising the standards of our quality and customer satisfaction. Government initiatives to decrease electricity load shedding through enhanced Electricity Generation Capacity, T&D infrastructure and low line losses has played a vital role in increasing the demand. A continuous R&D activity is in action to further improve the product quality and equipment efficiency. Our EPC department with its strong market presence is also receiving its due share. Company has secured orders for Installation of Five Grid Stations from Multan Electric Power Company - MEPCO. Grid Station Installation Business will further flourish as a result of Government's T&D Infrastructure Augmentation motives, boom in housing sector backed by speedy urbanization and development of CEPEC related Special Economic Zones - SEZs. With promising ordering position we are optimistic that we would be able to meet our budgeted sales for this division.

## FUTURE OUTLOOK

Through the use of latest technology, meeting frequent customer needs and fulfilling after sales responsibilities, we have been able to attain a rigorous and competitive edge in both appliances and power division since many years. Due to the introduction of underground electrification across the country, expansion of T&D sector, Export openings and Government assurances to eliminate load shedding, we are confident that these aspects will underwrite to the future financial and operational growth of your company. Our strategic track in local as well as in foreign markets helps us to achieve the uniformity in incessant growth. Introduction of industrial boom is expected in future years owing to the investment in planned special economic zones – SEZs across the China Pakistan Economic Corridor. EPC business will further flourish to fulfill the enhanced electricity distribution requirements in Grid station installation areas.

Your directors are optimistic that with positive expansions around the country, your company will certainly take benefit of it, by supplying quality products and meeting the customer fundamentals. We appreciate the company's stakeholders for their trust, faith and confidence which they have put in their company.

## ACKNOWLEDGEMENT

We take this opportunity to thank all our stakeholders for their patronage and look forward to their continued support.

On behalf of the Board of Directors

Lahore  
October 26, 2017

M. Murad Saigol  
Chief Executive Officer

## ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز بخوشی پہلے نو ماہ کی رپورٹ بشمول کمپنی کے عبوری غیر آڈٹ شدہ مالیاتی گوشوارے برائے مدت پختہ 30 ستمبر 2017ء پیش کر رہے ہیں۔

زیر جائزہ مدت میں کمپنی کی کارکردگی قابل ستائش رہی ہے۔ کمپنی کے محصولات 33,876 ملین روپے رہے جو گذشتہ سال اسی مدت میں 27,119 ملین روپے کے مقابلے میں 24.92 فیصد زیادہ ہیں۔ منافع بعد از ٹیکس 35 ملین روپے کی معمولی کمی واقع ہوئی ہے۔ جس کی وجہ مارکیٹ میں ریفربریٹر، انیرکنڈیشنر، ڈیپ فریزر اور دیگر گھریلو استعمال کی مصنوعات میں کمی گنا اضافہ حاصل کرنے کیلئے دی گئی تجارتی رعایت ہے۔ فی شخص آمدنی گذشتہ سال اسی مدت کے 6.24 کے مقابلے میں 5.90 روپے رہی ہے۔

کاروبار کے متعلق اعداد و شمار کا خلاصہ درج ذیل ہے۔

روپے بلین میں	نومہ پختہ 30 ستمبر 2017ء	نومہ پختہ 30 ستمبر 2016ء	اضافہ/(کمی)	فیصد
مجموعی آمدنی	33,876	27,119	6,757	24.92%
خام منافع	7,724	6,790	934	13.76%
منافع قبل از ٹیکس	3,571	3,509	62	1.77%
منافع بعد از ٹیکس	2,971	3,006	(35)	(1.16%)
فی شخص آمدنی روپے	5.91	6.24		

ملکی معیشت نے اس عرصہ میں شاندار کارکردگی کا مظاہرہ کرتے ہوئے GDP کی نمو میں دس سالہ بلند ترین سطح جو کہ 5.27 فیصد رہی، کا اضافہ حاصل کیا علاوہ ازیں افراط زر بہترین کنٹرول کے ساتھ 4.1 CPI فیصد رہی اور وفاقی بینک 5.75 فیصد کارمزدوں میں پالیسی ریٹ رہا۔ امریکی ڈالر اور پاکستانی روپے کے باہمی تبادلے کی شرح میں استحکام رہا ہے اور زرمبادلہ کی شرح 104 روپے سے 105 روپے کی رینج میں رہی جو کہ دسمبر 2016 کے مقابلے میں صرف 0.24 فیصد کی معمولی تبدیلی ہے۔ توانائی کی ترسیل کے بہتر تسلسل اور دیگر عوامل کے باعث بڑے پیمانے کی پیداواری صنعت کی نمو گذشتہ سال کے 4.7 فیصد کے مقابلے میں 5.27 فیصد رہی تاہم معکوس ادائیگیوں کے توازن اور سطح کے زرمبادلہ کے ذخائر مستقبل میں حکومت کے لئے مسائل کا سبب ہو سکتے ہیں لیکن یہ مسائل قابل حل ہیں اور مضبوط معیشتی بنیادوں کے باعث ماضی میں بھی ایسے مسائل کو حل کیا جا رہا ہے۔

چائنہ پاک راہداری کے اربوں ڈالر کے منصوبے کے خدوخال نمایاں ہو رہے ہیں۔ صنعتی انقلاب جو کہ اس منصوبے کے تحت قائم ہونے والے پینٹل آکٹا مک زون کے نتیجے میں آئے گا منصوبہ بندی سے نکل کر عملی مرحلے میں داخل ہو چکا ہے۔ اس میں ملکی اور غیر ملکی سرمایہ داروں کے لئے یکساں مواقع ہیں۔ یہ منصوبہ ملکی معیشت کی ترقی میں نمایاں کردار ادا کرے گا۔ بہتر ہوتی ہوئی امن عامہ کی صورت حال، IMF، پروگرام کی کامیاب تکمیل اور چائنہ پاک راہداری کے منصوبے میں ہونے والی پیشرفت غیر ملکی سرمایہ کاری کی آمد کیلئے معاون ہے۔ پاکستان اس منصوبے کو اپنے معاشی حالات کی نمایاں بہتری، برزیل کے ذرائع میں ترقی، صنعتی ترقی اور توانائی کی ضروریات کی تکمیل خیال کرتا ہے۔ جس سے اس کی معاشی ترقی مزید مضبوط بنیادوں پر استوار ہوگی۔ قابل خرچ آمدنی میں اضافہ کے نتیجے میں گھریلو اپائنٹری کی طلب میں اضافہ ہوگا اور صنعتی ترقی کے نتیجے میں برقی آلات کی طلب بڑھے گی۔ آپ کی کمپنی اس کے نتیجے میں پیدا ہونے والے مواقع سے فائدہ اٹھانے کیلئے تیار اور پرعزم ہے۔

### اپلائنسز ڈویژن

ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ اپلائنسز ڈویژن نے ایک دفعہ پھر گذشتہ سال اسی مدت کے مقابلے میں اپنے کاروباری حجم اور مصنوعات کی قیمت میں گراں قدر مضبوط حاصل کیا ہے۔ اپلائنسز ڈویژن نے اس سال کے پہلے نو ماہ میں 23,689 ملین روپے کے محصولات کارکردگی قائم کیا ہے۔ جو کہ گذشتہ سال اسی مدت کے مقابلے میں 41.17 فیصد زیادہ ہیں۔ محصولات میں اضافے کے اعتبار سے ریفربریٹر، سپلائی انیرکنڈیشنر، ڈیپ فریزر اور مائیکرو ویو اوون نے نمایاں کارکردگی دکھائی ہے۔ سپلائی انیرکنڈیشنر اور مائیکرو ویو اوون نے پچھلے سال اسی مدت کے مقابلے میں بلز تیب 206 فیصد اور 264 فیصد کی قابل ذکر نمو حاصل کی ہے۔ ریفربریٹر اور ڈیپ فریزر کا کاروبار پچھلے سال کی اسی مدت کے مقابلے میں بلز تیب 18 فیصد اور 60 فیصد زیادہ رہا۔ اپلائنسز مصنوعات کی طلب میں بڑھوتی مصنوعات کی پائیداری، متنوع، قابل اعتماد اور بہتر کارکردگی سے مشروط ہوتی ہے۔ اس ڈویژن میں ریکارڈ اضافے کی وجہ کمپنی کی گاہک اور مارکیٹ کے مزاج کے مطابق تشہیری مہم، پیداواری لاگت پر قابو اور مسلسل تحقیقی عمل ہے۔ Intello Series کے مارکیٹ میں متعارف کروانے سے بھی اس ڈویژن کے محصولات میں چندراں اضافہ ہوا ہے۔ کمپنی نے موجودہ سال میں Inverter Series کے کمپلی استعمال کرنے والے انیرکنڈیشنر متعارف کروائے ہیں جو کہ مارکیٹ میں ہاتھوں ہاتھ لیے گئے ہیں اور اس ڈویژن کی بہتر کارکردگی کی بنیادی وجہ ہیں جس نے کمپنی کے محصولات کی بہتری میں نمایاں کردار ادا کیا ہے۔

صارفین کی ضروریات کے مطابق مصنوعات کی پیداوار اور ترسیل ہماری ادارہ جاتی فروخت کے شعبہ سے متعلقہ کاروبار کی بنیادی طاقت ہے۔ ہم نے ہمیشہ اپنی مصنوعات کی تشہیر اور ترسیل کے نظام کو مضبوط بنیادوں پر استوار کرتے ہوئے اپنے محصولات کے ریکارڈ کو عبور کیا ہے۔ واٹرڈ پینسری پیداوار اور فروخت جو کہ گذشتہ سال شروع کی گئی تھی کامیابی سے جاری ہے۔ مارکیٹ کی مسلسل طلب کے پیش نظر آپ کی کمپنی نے اپنی مصنوعات کی رینج میں اضافہ کیا ہے۔ جس کے نتیجے میں پہلے سے موجود مصنوعات کی فروخت میں بھی اضافہ ہوگا۔ ملکی معیشت کے شکوکے سے بڑے اعشاریوں کے باعث گھریلو اپلائنسز کی طلب میں اضافہ ہوگا اور آپ کی کمپنی اس سے فائدہ اٹھاتے ہوئے زیادہ فروخت اور منافع کمانے کیلئے پوری طرح تیار ہے۔

### پاور ڈویژن

پاور ڈویژن کے محصولات میں پچھلے سال کی اس مدت کے مقابلے میں 1.4 فیصد کی معمولی کمی ہوئی ہے۔ EPC ڈیپارٹمنٹ نے اپنے اہداف حاصل کرتے ہوئے اپنے کاروبار میں گذشتہ سال کی اسی مدت

کے مقابلے میں 131 فیصد کی نمو حاصل کی ہے۔ محصولات کے اس اضافے کے پیچھے مختلف اداروں مثلاً انجینئرنگ اور Getz Pharma سے ملنے والے آرڈرز کے موزوں نظام الاوقات ہیں۔ انجینیئرنگ کے کاروبار میں گزشتہ سال کی اس مدت کے مقابلے میں 93 فیصد کی نمو حاصل ہوئی ہے۔ اسی طرح سوئچ گیزر کے کاروبار نے 16 فیصد کی نمو حاصل کی ہے۔ ڈسٹری بیوٹن ٹرانسفاورمر کا کاروبار پچھلے سال جتنا ہی رہا تاہم پاور ٹرانسفاورمر کے کاروبار میں گزشتہ سال اسی مدت کے مقابلے میں 78 فیصد کی کمی رہی۔

ہم اپنی مصنوعات کے جدید ترین انٹرپکام کر رہے ہیں جس سے کمپنی کی مصنوعات کے معیار اور صارف کے اعتماد کو متاثر کیے بغیر پیداواری لاگت میں کمی ہوگی۔ حکومت کے بجلی کے پیداوار کو بڑھاتے ہوئے لوڈ شیڈنگ کو کم کرنے اور دوران ترسیل نقصانات کو کم کرنے جیسے اقدامات نے برقی آلات کی طلب کے اضافے میں اہم کردار ادا کیا ہے۔ مصنوعات کے معیار میں بہتری اور آلات کی کارکردگی میں بہتری کیلئے تحقیق کا عمل مسلسل جاری ہے۔ ہمارا EPC ڈیپارٹمنٹ اپنے مارکیٹ میں نمایاں وجود کی وجہ سے اپنا پھر پور کاروباری حصہ لے رہا ہے۔ ہم نے حال ہی میں ملتان الیکٹریک سپلائی کمپنی MEPCO سے پانچ نئے گرڈ اسٹیشنز کی تنصیب کے آرڈرز حاصل کیے ہیں۔ حکومت کے بجلی کے ترسیلی نظام کو مضبوط کرنے کے اقدامات، شہروں کی طرف تیزی سے منتقلی کے رجحانات اور چائنہ پاک راہداری کے متعلقہ پیش انکامک ووز کی ترویج کے نتیجے میں اس کاروبار کو مزید وسعت ملے گی۔ کمپنی کی آرڈر بک کی پوزیشن کے پیش نظر ہم پرامید ہیں کہ اس شعبہ میں کمپنی اپنے اہداف پورے کرے گی۔

### مستقبل کے امکانات

دونوں کاروباری شعبہ جات پاور ڈویژن اور ہوم الیکٹریکس میں جدید ٹیکنالوجی کے استعمال سے صارفین کی ضروریات کو پورا کرتے ہوئے اور بعد از فروخت اپنی ذمہ داریوں کو نبھاتے ہوئے ہم گزشتہ کئی سالوں سے اپنی برتری برقرار رکھے ہوئے ہیں۔ ملکی سطح پر زیر زمین بجلی کی تقسیم کے بڑھتے ہوئے رجحان، بجلی کی تقسیم کے نظام میں توسیع، برآمدات کے مواقع اور لوڈ شیڈنگ کے خاتمے کی یقین دہانیوں کے باعث ہم پرامید ہیں کہ آپ کی کمپنی کے کاروباری اور مالی معاملات میں وسعت پیدا ہوگی۔ ہمارا تدبیری رجحان ہمارے ملکی اور غیر ملکی کاروبار میں مسلسل نمو کی وجہ ہے۔ چائنہ پاک اقتصادی راہداری منصوبے کے تحت قائم ہونے والے پیش انکامک ووز کے تحت نئے گرڈ اسٹیشنز کی تنصیب کی وجہ سے کمپنی کے EPC کے کاروبار میں نمایاں اضافہ ہوگا۔ کمپنی کے حصہ داران نے جس طرح انتظامیہ پر اپنے اعتماد کا اظہار کیا ہے وہ قابل ستائش ہے آپ کے ڈائریکٹرز پرامید ہیں اور ملک میں دیکھی جانے والی مثبت ترقی کے نتیجے میں پیدا ہونے والے مواقع سے استفادہ کرنے کیلئے پرعزم ہیں۔

### انتہا رشک

ہم تمام حصہ داران کی سہرتی کیلئے ان کے بے حد مشکور ہیں اور مستقبل میں بھی راہنمائی کی توقع رکھتے ہیں۔

برائے دُشمناب بورڈ آف ڈائریکٹرز

ایم مراد بیگل

چیف ایگزیکٹو آفیسر

لاہور

26 اکتوبر 2017ء



Condensed Interim  
Consolidated Financial Information

# CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

AS AT SEPTEMBER 30, 2017

		September 30 2017	December 31 2016
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital	4	6,000,000	6,000,000
Issued, subscribed and paid up capital	5	5,426,392	5,426,392
Reserves		4,279,947	4,279,947
Unappropriated profit		13,512,909	11,134,131
		23,219,248	20,840,470
 SURPLUS ON REVALUATION		 4,514,748	 4,670,762
<b>NON-CURRENT LIABILITIES</b>			
Redeemable Capital	6	769,037	3,151,594
Long-term financing	7	3,260,703	1,406,092
Liabilities against assets subject to finance lease	8	16,102	46,384
Deferred taxation		2,460,675	2,326,193
Deferred income		39,227	40,755
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,700,734	915,100
Accrued Interest/ mark-up		228,121	159,422
Short-term borrowings	9	8,347,815	4,981,662
Current Portion of Non Current Liabilities		1,873,698	1,788,450
		12,150,368	7,844,634
Contingencies and Commitments	10	-	-
		46,430,107	40,326,884

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

**M. MURAD SAIGOL**  
Chief Executive Officer

		<b>September 30 2017</b>	December 31 2016
	<b>Note</b>	<b>Rupees '000'</b> (Un-Audited)	<b>Rupees '000'</b> (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>17,124,523</b>	16,442,378
Intangible assets		<b>317,995</b>	323,656
		<b>17,442,518</b>	16,766,034
Long-term investments	12	<b>17,813</b>	26,341
Long term advances and deposits		<b>1,125,716</b>	1,275,152
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		<b>780,408</b>	812,915
Stock-in-trade		<b>10,830,881</b>	7,845,800
Trade debts		<b>10,930,669</b>	8,433,424
Due against construction work in progress		<b>1,351,005</b>	1,127,996
Short term advances		<b>916,203</b>	954,881
Short term deposits and prepayments		<b>1,195,129</b>	1,258,874
Other receivables		<b>453,090</b>	480,244
Short term investments		<b>21,812</b>	23,106
Advance income tax		<b>771,004</b>	769,907
Cash and bank balances		<b>593,858</b>	552,210
		<b>27,844,060</b>	22,259,357
		<b>46,430,107</b>	40,326,884

**SYED MANZAR HASSAN**  
Director

**CONDENSED INTERIM****CONSOLIDATED PROFIT AND LOSS ACCOUNT/STATEMENT OF COMPREHENSIVE INCOME**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (Un-Audited)

		Nine months ended		Quarter Ended	
	Note	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
		Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Revenue	13	33,876,335	27,119,092	8,041,048	7,109,507
Sales Tax and discount	13	7,816,686	4,680,044	1,343,749	1,456,141
Revenue - net		26,059,649	22,439,048	6,697,299	5,653,366
Cost of Sales	14	18,335,527	15,649,447	4,883,629	3,915,790
Gross profit		7,724,121	6,789,601	1,813,669	1,737,576
Distribution cost		(1,928,963)	(1,308,464)	(664,646)	(356,080)
Administrative expenses		(846,227)	(647,758)	(300,183)	(174,769)
Other operating expenses		(161,907)	(155,172)	(20,786)	(30,550)
		(2,937,097)	(2,111,394)	(985,615)	(561,399)
		4,787,024	4,678,207	828,054	1,176,177
Other operating income		15,854	25,234	1,002	3,545
Operating profit		4,802,878	4,703,441	829,056	1,179,722
Finance cost		(1,234,003)	(1,197,684)	(509,548)	(376,417)
		3,568,875	3,505,757	319,508	803,035
Share of profit/(loss) of associate		1,406	3,318	944	4,514
Profit before taxation		3,570,281	3,509,075	320,452	807,819
Provision for Taxation		(598,619)	(502,732)	(79,616)	(66,798)
Profit after taxation		2,971,662	3,006,343	240,836	741,021
Other comprehensive income		-	-	-	-
Total comprehensive income		2,971,662	3,006,343	240,836	741,021
Earnings per share - Rupees					
Basic & diluted	15	5.91	6.24	0.46	1.53

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

# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (Un-Audited)

	September 30, 2017	September 30, 2016
	Rupees '000'	Rupees '000'
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,570,281	3,509,075
Adjustments for non cash and other items	1,891,707	1,812,292
Operating profit before changes in working capital	5,461,988	5,321,367
Changes in working capital	(5,498,878)	(2,696,488)
<b>Cash (used in)/generated from operations</b>	<b>(36,890)</b>	<b>2,624,879</b>
<b>Payments for</b>		
Interest/markup on borrowings	(1,159,641)	(1,260,734)
Dividend	(2,502)	(1,114)
Income tax	(465,234)	(368,817)
	(1,627,377)	(1,630,665)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,664,266)</b>	<b>994,214</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,348,738)	(1,273,605)
Proceeds from disposal of property, plant and equipment	21,305	24,235
Proceeds from sales of investments	-	64,775
(Increase) / decrease in long-term deposits and advances	140,174	(474,948)
<b>Net cash used in investing activities</b>	<b>(1,187,259)</b>	<b>(1,659,543)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase / (decrease) in long term financing	(419,641)	(1,413,433)
Increase/ (decrease) in liabilities against finance lease	(53,339)	(71,546)
Proceeds from issue of ordinary shares	-	2,406,200
Increase / (decrease) in short term borrowings	3,366,153	(243,682)
<b>Net cash generated from financing activities</b>	<b>2,893,173</b>	<b>677,539</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>41,648</b>	<b>12,210</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>552,210</b>	<b>577,687</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>593,858</b>	<b>589,897</b>

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

**M. MURAD SAIGOL**  
Chief Executive Officer

**SYED MANZAR HASSAN**  
Director

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (Un-Audited)

	Share capital Rupees '000'	Capital reserves	Revenue reserves	Total Rupees '000'
		Premium on issue of shares Rupees '000'	Unappropriated profit Rupees '000'	
<b>Balance as at December 31, 2015</b>	<b>4,431,029</b>	<b>1,293,858</b>	<b>7,891,437</b>	<b>13,616,324</b>
Total comprehensive income for the period	-	-	3,006,343	3,006,343
Issue of right ordinary shares	995,363	2,986,089	-	3,981,452
Interim Dividend on Ordinary Shares	-	-	(622,102)	(622,102)
Incremental depreciation	-	-	155,545	155,545
<b>Balance as at September 30, 2016</b>	<b>5,426,392</b>	<b>4,279,947</b>	<b>10,431,223</b>	<b>20,137,562</b>
Total comprehensive income for the period	-	-	663,597	663,597
Incremental depreciation	-	-	39,311	39,311
<b>Balance as at December 31, 2016</b>	<b>5,426,392</b>	<b>4,279,947</b>	<b>11,134,131</b>	<b>20,840,470</b>
Total comprehensive income for the period.	-	-	2,971,662	2,971,662
Interim Dividend on Ordinary Shares	-	-	(746,522)	(746,522)
Incremental depreciation	-	-	153,639	153,639
<b>Balance as at September 30, 2017</b>	<b>5,426,392</b>	<b>4,279,947</b>	<b>13,512,909</b>	<b>23,219,248</b>

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

# SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (Un-Audited)

## 1 REPORTING ENTITY

**The group comprises of the following companies**

### Parent Company

Pak Elektron Limited ("PEL" or "the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. PEL is currently listed on Pakistan Stock Exchange. The principal activity of PEL is manufacturing and sale of electrical capital goods and domestic appliances.

PEL is currently organized into two main operating divisions - Power Division & Appliances Division. PEL's activities are as follows:

**Power Division:** manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations and equipment procurement and construction (EPC).

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

### Subsidiary Company

PEL marketing ( Private ) Limited ( PMPL ) was incorporated in Pakistan on August 11, 2011 as a private limited company under the Companies Ordinance 1984 (now Companies Act 2017). Registered office of PMPL is situated at 17 Aziz Avenue, canal bank Gulberg V, Lahore. The principal activity of PMPL is sale of electrical capital goods and domestic appliances . PMPL is wholly owned subsidiary of PEL.

## 2 BASIS OF PREPARATION

This interim consolidated financial information is not audited and has been presented in condensed form and does not include all the information and disclosures as are required to be provided or made in a full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2016.

The comparative interim consolidated balance sheet as at December 31, 2016 and the related notes to the condensed interim consolidated financial information are based on audited financial statements. The comparative interim consolidated profit and loss account/statement of comprehensive income, interim consolidated cash flow statement, interim consolidated statement of changes in equity and related notes to the condensed interim consolidated financial information for the three months ended March 31, 2016 are based on unaudited interim financial information.

### 2.1 Statement of compliance

During the year, the Companies Act 2017 ('the Act') has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 23 of 2017 dated October 04, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly this condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the repealed Companies Ordinance, 1984 have been followed.

### 2.2 Basis of measurement

This condensed interim consolidated financial information has been prepared under the historical cost convention except for property, plant and equipment at revalued amounts and certain financial instruments

at fair value/amortized cost. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

### 2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, 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 judgments 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual result may differ from the estimates.

Estimates and underlying assumptions are viewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

### 2.4 Functional currency

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

## 3 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2016.

## 4 AUTHORIZED SHARE CAPITAL

September 30 2017	December 31 2016		September 30 2017	December 31 2016
No. of Shares (Un-Audited)	No. of Shares (Audited)		Rupees '000' (Un-Audited)	Rupees '000' (Audited)
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
		Preference shares of Rs. 10 each:		
62,500,000	62,500,000	Class A preference shares of Rs 10 each	625,000	625,000
37,500,000	37,500,000	Class B preference shares of Rs 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000



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

<b>September 30 2017</b>	<b>December 31 2016</b>		<b>September 30 2017</b>	<b>December 31 2016</b>
<b>No. of Shares</b>	<b>No. of Shares</b>		<b>Rupees '000'</b>	<b>Rupees '000'</b>
<b>(Un-Audited)</b>	<b>(Audited)</b>		<b>(Un-Audited)</b>	<b>(Audited)</b>
<b>Ordinary shares of Rs. 10 each fully paid:</b>				
<b>372,751,051</b>	372,751,051	- In cash	<b>3,727,511</b>	3,727,511
<b>Other than cash:</b>				
<b>137,500</b>	137,500	- against machinery	<b>1,375</b>	1,375
<b>408,273</b>	408,273	- issued on acquisition of PEL Appliances Limited	<b>4,083</b>	4,083
<b>6,040,820</b>	6,040,820	- issued against conversion of preference shares	<b>60,408</b>	60,408
<b>118,343,841</b>	118,343,841	- issued as bonus shares	<b>1,183,439</b>	1,183,439
<b>497,681,485</b>	497,681,485		<b>4,976,816</b>	4,976,816
<b>Fully paid A' class preference shares of Rs. 10 each</b>				
<b>44,957,592</b>	44,957,592	In cash	<b>449,576</b>	449,576
<b>542,639,077</b>	542,639,077		<b>5,426,392</b>	5,426,392

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

	<b>September 30 2017</b>	<b>December 31 2016</b>
	<b>No. of shares (Un-Audited)</b>	<b>No. of shares (Audited)</b>
As at beginning of the year	<b>497,681,485</b>	398,145,188
Add: Issued during the year as Right shares	<b>-</b>	99,536,297
As at end of the year	<b>497,681,485</b>	497,681,485

	<b>September 30 2017</b>	December 31 2016
	<b>Rupees '000'</b> <b>(Un-Audited)</b>	<i>Rupees '000'</i> <i>(Audited)</i>
<b>6 REDEEMABLE CAPITAL</b>		
As at beginning of the period/ year	<b>3,951,888</b>	4,955,485
Issued during the period/year	-	-
Paid during the period/year	<b>2,655,235</b>	1,003,597
Current maturity presented under current liabilities	<b>527,616</b>	800,294
As at end of the period / year	<b>769,037</b>	3,151,594
<b>7 LONG-TERM FINANCING - SECURED</b>		
As at beginning of the period/ year	<b>2,329,187</b>	3,017,428
Obtained during the period / year	<b>3,500,000</b>	58,068
Paid / settled during the period / year	<b>1,264,406</b>	746,309
Current maturity presented under current liabilities	<b>1,304,078</b>	923,095
As at end of the period / year	<b>3,260,703</b>	1,406,092
<b>8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Present value of minimum lease payments	<b>58,106</b>	111,445
Current maturity presented under current liabilities	<b>42,004</b>	65,061
As at end of the period / year	<b>16,102</b>	46,384

**9 SHORT TERM BORROWINGS**

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

**10 CONTINGENCIES AND COMMITMENTS**

There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2016.

		September 30 2017	December 31 2016
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
<b>11 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	11.1	16,660,350	16,309,076
Capital work-in-progress		464,173	133,302
		17,124,523	16,442,378
<b>11.1 Operating assets</b>			
Written down value at beginning of the period / year		16,309,076	15,446,465
Additions during the period / year	11.1.1	1,017,867	1,745,391
		17,326,943	17,191,856
Written down value of the assets disposed off / adjustments		20,596	47,589
Depreciation charged during the period / year		645,997	835,191
		16,660,350	16,309,076
<b>11.1.1 Additions during the period / year</b>			
Building		1,847	12,662
Plant and machinery		903,589	1,610,214
Office equipment and furniture		13,694	11,558
Computer hardware and allied items		23,717	12,651
Vehicles		75,020	98,306
		1,017,867	1,745,391
<b>12 LONG-TERM INVESTMENTS</b>			
<b>Investment in associate at equity method - Quoted</b>	12.1	17,813	26,341
		17,813	26,341
<b>12.1 Kohinoor Power Company Limited</b>			
Ownership interest 23.10 %			
Cost of investment			
2,910,600 shares		54,701	54,701
Share of post acquisition profit- net of dividend received		359	(1,047)
		55,060	53,654
Less: provision for impairment in value of investment		37,247	27,313
		17,813	26,341

## 13 REVENUE

	Un-audited Nine months ended		Un-audited Quarter Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Contract revenue	1,355,198	611,664	656,364	370,595
Sales - local	31,508,259	23,776,992	7,019,050	5,952,499
Sales - export	1,012,878	2,730,436	365,634	786,413
	33,876,335	27,119,092	8,041,048	7,109,507
Less: - sales tax and excise duty	3,158,456	3,012,422	799,166	948,045
- trade discounts	4,658,230	1,667,622	544,583	508,096
	7,816,686	4,680,044	1,343,749	1,456,141
	26,059,649	22,439,048	6,697,299	5,653,366

## 14 COST OF SALES

Material, Labour and FOH	18,518,215	15,417,571	4,644,276	4,440,776
Work-in-process				
-at beginning of period	1,033,340	1,143,657	1,017,135	686,421
-at end of period	(1,194,144)	(1,090,086)	(1,194,144)	(1,090,086)
	(160,804)	53,571	(177,009)	(403,665)
Cost of goods manufactured	18,357,411	15,471,142	4,467,267	4,037,111
Finished goods				
-at beginning of period	1,895,253	1,125,190	2,956,719	1,016,420
-at end of period	(3,125,702)	(1,431,139)	(3,125,702)	(1,431,140)
	(1,230,449)	(305,949)	(168,983)	(414,720)
	17,126,962	15,165,193	4,298,284	3,622,391
Contract cost	1,208,566	484,254	585,346	293,399
Cost of sales	18,335,527	15,649,447	4,883,629	3,915,790

**15 EARNINGS PER SHARE - BASIC AND DILUTED**

	Unit	Un-audited	
		September 30, 2017	September 30, 2016
		Rupees '000'	Rupees '000'
Earnings	Rupees '000'	2,971,662	3,006,343
Less: dividend on preference shares	Rupees '000'	32,032	32,032
		2,939,629	2,974,311
<b>Number of shares</b>			
Weighted average number of ordinary shares.	No. of shares	497,681,485	476,652,358
		497,681,485	476,652,358

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

<b>Earnings per share (Basic and Diluted)</b>	<b>5.91</b>	<b>6.24</b>
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**16 TRANSACTIONS WITH RELATED PARTIES**

Related parties from the Group's perspective comprise associated companies, post employment benefit plans and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only. The Group in the normal course of business carries out various transactions with other related parties and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

		Un-audited	
		September 30, 2017	September 30, 2016
		Rupees '000'	Rupees '000'
Relationship	Nature of transaction		
Key Management Personnel	Short-term employee benefits	38,966	36,243
	Post employment benefits	1,200	1,044
<b>Other related parties:</b>			
Associated companies	Services acquired	131,280	208,918

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

**17 INTERIM DIVIDEND**

During the period Board of Directors of the parent company in their meeting held on August 10, 2017 has approved interim cash dividend on ordinary shares at Rs. 1.50 per ordinary share.

**18 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 26, 2017.

**19 OTHERS**

**19.1** There are no other significant activities since December 31, 2016 affecting this condensed interim financial information.

**19.2** Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

## Condensed Interim Financial Information

# CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2017

		September 30 2017	December 31 2016
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital	4	6,000,000	6,000,000
Issued, subscribed and paid up capital	5	5,426,392	5,426,392
Reserves		4,279,947	4,279,947
Unappropriated profit		7,337,819	6,784,446
		17,044,158	16,490,785
 SURPLUS ON REVALUATION		 4,514,748	 4,668,386
<b>NON-CURRENT LIABILITIES</b>			
Redeemable Capital	6	769,037	3,151,594
Long-term financing	7	3,260,703	1,406,092
Liabilities against assets subject to finance lease	8	16,102	46,384
Deferred taxation		1,708,270	1,598,160
Deferred income		39,227	40,755
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,563,957	796,525
Accrued interest/ mark up		228,121	159,422
Short-term borrowings	9	8,347,815	4,981,662
Current Portion of Non Current Liabilities:			
Long term loans		1,831,694	1,723,389
Liabilities against assets subject finance lease		42,004	65,061
		12,013,591	7,726,059
CONTINGENCIES AND COMMITMENTS	10	-	-
		39,365,835	35,128,215

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

**M. MURAD SAIGOL**  
Chief Executive Officer



		<b>September 30 2017</b>	December 31 2016
	<b>Note</b>	<b>Rupees '000'</b> (Un-Audited)	<b>Rupees '000'</b> (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>17,124,523</b>	16,442,378
Intangible assets		<b>317,995</b>	323,656
		<b>17,442,518</b>	16,766,034
Long-term investments	12	<b>17,913</b>	26,441
Long-term deposits		<b>265,091</b>	266,353
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		<b>780,408</b>	812,915
Stock-in-trade		<b>10,690,724</b>	7,693,450
Trade debts		<b>3,913,812</b>	3,842,374
Due against construction work in progress		<b>1,351,005</b>	1,127,996
Advances		<b>916,203</b>	954,881
Trade deposits and short-term prepayments		<b>1,195,129</b>	1,258,874
Other receivables		<b>453,090</b>	480,244
Other financial assets		<b>21,812</b>	23,106
Advance income tax		<b>1,817,109</b>	1,419,797
Cash and bank balances		<b>501,021</b>	455,750
		<b>21,640,313</b>	18,069,387
		<b>39,365,835</b>	<b>35,128,215</b>

# CONDENSED INTERIM

## PROFIT AND LOSS ACCOUNT/STATEMENT OF COMPREHENSIVE INCOME

### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (Un-Audited)

Note	Nine months ended		Quarter Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
<b>Revenue</b>	<b>20,734,847</b>	18,874,827	<b>5,998,496</b>	5,425,243
Sales Tax and discount	<b>3,158,456</b>	3,012,422	<b>799,166</b>	948,045
<b>Net Sales</b>	<b>17,576,391</b>	15,862,405	<b>5,199,330</b>	4,477,198
Cost of Sales	<b>14,467,127</b>	12,626,633	<b>4,311,749</b>	3,602,718
<b>Gross profit</b>	<b>3,109,264</b>	3,235,772	<b>887,581</b>	874,480
Distribution cost	(439,410)	(368,008)	(152,262)	(81,101)
Administrative cost	(442,925)	(383,870)	(153,302)	(120,871)
Other operating expenses	(116,671)	(123,198)	(20,188)	(28,702)
	<b>(999,006)</b>	(875,076)	<b>(325,752)</b>	(230,674)
	<b>2,110,257</b>	2,360,696	<b>561,828</b>	643,806
Other operating income	<b>15,854</b>	28,552	<b>1,002</b>	8,059
<b>Operating profit</b>	<b>2,126,111</b>	2,389,248	<b>562,830</b>	651,865
Finance cost	(746,997)	(777,258)	(310,044)	(276,309)
<b>Profit before taxation</b>	<b>1,379,115</b>	1,611,990	<b>252,787</b>	375,556
Provision for Taxation	(232,857)	(289,512)	(122,138)	(57,645)
<b>Profit after taxation</b>	<b>1,146,257</b>	1,322,478	<b>130,648</b>	317,911
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>1,146,257</b>	1,322,478	<b>130,648</b>	317,911
<b>Earnings per share</b>				
<b>Basic &amp; diluted</b>	<b>2.24</b>	2.71	<b>0.24</b>	0.64

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

# CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (Un-Audited)

	September 30, 2017	September 30, 2016
	<b>Rupees '000'</b>	<b>Rupees '000'</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,379,115	1,611,990
Adjustments for non cash items	1,409,546	1,395,609
Cash generated from operations before working capital changes	2,788,661	3,007,599
Changes in working capital	(3,150,592)	(1,212,177)
<b>Cash (used in)/generated from operations</b>	<b>(361,931)</b>	<b>1,795,422</b>
<b>Payments for</b>		
Interest/markup on borrowings	(678,298)	(844,051)
Dividend	(2,502)	(1,114)
Income tax	(479,001)	(432,560)
	<b>(1,159,801)</b>	<b>(1,277,725)</b>
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,521,731)</b>	<b>517,697</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,348,738)	(1,273,605)
Proceeds from disposal of property, plant and equipment	21,305	24,235
Proceeds from sale of short term investments	-	64,776
(Increase) / decrease in long-term deposits	1,262	45,656
<b>Net cash used in investing activities</b>	<b>(1,326,171)</b>	<b>(1,138,938)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase / (decrease) in redeemable capital and long term finances	(419,641)	(1,413,433)
Increase/ (decrease) in liabilities against finance lease	(53,339)	(71,546)
Proceeds from issue of Right ordinary shares	-	2,406,200
Increase / (decrease) in short term borrowings	3,366,153	(243,682)
<b>Net cash generated from financing activities</b>	<b>2,893,173</b>	<b>677,539</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>45,271</b>	<b>56,298</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>455,750</b>	<b>427,378</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>501,021</b>	<b>483,676</b>

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

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (Un-Audited)

			Capital reserves	Revenue reserves	
	Share capital	Advance against issue of Ordinary shares	Premium on issue of shares	Unappropriated profit	Total
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Balance as at December 31, 2015	4,431,029	-	1,293,858	5,258,423	10,983,310
Total comprehensive income for the period	-	-	-	1,322,478	1,322,478
Issue of right ordinary shares	995,363	-	2,986,089	-	3,981,452
Interim Dividend on Ordinary Shares	-	-	-	(622,102)	(622,102)
Incremental depreciation	-	-	-	155,545	155,545
Balance as at September 30, 2016	5,426,392	-	4,279,947	6,114,344	15,820,683
Total comprehensive income for the period	-	-	-	628,415	628,415
Incremental depreciation	-	-	-	41,687	41,687
Balance as at December 31, 2016	5,426,392	-	4,279,947	6,784,446	16,490,785
Total comprehensive income for the period.	-	-	-	1,146,257	1,146,257
Interim Dividend on Ordinary Shares	-	-	-	(746,522)	(746,522)
Incremental depreciation	-	-	-	153,639	153,639
Balance as at September 30, 2017	5,426,392	-	4,279,947	7,337,819	17,044,158

**M. MURAD SAIGOL**  
Chief Executive Officer

**SYED MANZAR HASSAN**  
Director

# SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (Un-Audited)

### 1 REPORTING ENTITY

Pak Elektron Limited ("PEL" or "the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The Company is currently listed on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and sale of electrical capital goods and domestic appliances.

The Company is currently organized into two main operating divisions - Power Division & Appliances Division. The Company's activities are as follows:

Power Division: manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations and electrification works.

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

### 2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information and disclosures as are required to be provided or made in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the company for the year ended December 31, 2016.

The comparative interim balance sheet as at December 31, 2016 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account/statement of comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the nine months ended September 30, 2016 are based on unaudited interim financial information.

#### 2.1 Statement of compliance

During the year, the Companies Act 2017 ('the Act') has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 23 of 2017 dated October 04, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly this condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the repealed Companies Ordinance, 1984 have been followed.

#### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for property, plant and equipment at revalued amounts and certain financial instruments at fair value/amortized cost. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

#### 2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, 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 judgments 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual result may differ from the estimates.

Estimates and underlying assumptions are viewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

## 2.4 Functional currency

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

## 3 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2016.

## 4 AUTHORIZED SHARE CAPITAL

September 30 2017	December 31 2016		September 30 2017	December 31 2016
No. of Shares (Un-Audited)	No. of Shares (Audited)		Rupees '000' (Un-Audited)	Rupees '000' (Audited)
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
		Preference shares of Rs. 10 each:		
62,500,000	62,500,000	Class A preference shares of Rs 10 each	625,000	625,000
37,500,000	37,500,000	Class B preference shares of Rs 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000

## 5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

September 30 2017	December 31 2016		September 30 2017	December 31 2016
No. of Shares (Un-Audited)	No. of Shares (Audited)		Rupees '000' (Un-Audited)	Rupees '000' (Audited)
		<b>Ordinary shares of Rs. 10 each fully paid:</b>		
372,751,051	372,751,051	-In cash	3,727,511	3,727,511
		<b>Other than cash:</b>		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- issued on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- issued against conversion of preference shares	60,408	60,408
118,343,841	118,343,841	- issued as bonus shares	1,183,439	1,183,439
497,681,485	497,681,485		4,976,816	4,976,816
		<b>Fully paid A' class preference shares of Rs. 10 each</b>		
44,957,592	44,957,592	In cash	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392

	<b>September 30 2017</b>	December 31 2016
	<b>Rupees '000'</b> <b>(Un-Audited)</b>	<i>Rupees '000'</i> <i>(Audited)</i>
<b>6 REDEEMABLE CAPITAL</b>		
As at beginning of the period/ year	<b>3,951,888</b>	4,955,485
Issued during the period/year	-	-
Paid during the period/year	<b>2,655,235</b>	1,003,597
Current maturity presented under current liabilities	<b>527,616</b>	800,294
As at end of the period / year	<b>769,037</b>	3,151,594
<b>7 LONG-TERM FINANCING - SECURED</b>		
As at beginning of the period/ year	<b>2,329,187</b>	3,017,428
Obtained during the period / year	<b>3,500,000</b>	58,068
Paid / settled during the period / year	<b>1,264,406</b>	746,309
Current maturity presented under current liabilities	<b>1,304,078</b>	923,095
As at end of the period / year	<b>3,260,703</b>	1,406,092
<b>8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Present value of minimum lease payments	<b>58,106</b>	111,445
Current maturity presented under current liabilities	<b>42,004</b>	65,061
As at end of the period / year	<b>16,102</b>	46,384

**9 SHORT TERM BORROWINGS**

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

**10 CONTINGENCIES AND COMMITMENTS**

There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2016.

		September 30 2017	December 31 2016
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
<b>11 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	11.1	16,660,350	16,309,076
Capital work-in-progress		464,173	133,302
		17,124,523	16,442,378
<b>11.1 Operating assets</b>			
Written down value at beginning of the period / year		16,309,076	15,446,465
Additions during the period / year	11.1.1	1,017,867	1,745,391
		17,326,943	17,191,856
Written down value of the assets disposed off / adjustments		20,596	47,589
Depreciation charged during the period / year		645,997	835,191
		16,660,350	16,309,076
<b>11.1.1 Additions during the period / year</b>			
Building		1,847	12,662
Plant and machinery		903,589	1,610,214
Office equipment and furniture		13,694	11,558
Computer hardware and allied items		23,717	12,651
Vehicles		75,020	98,306
		1,017,867	1,745,391
<b>12 LONG-TERM INVESTMENTS</b>			
<b>Investments in related parties</b>			
Wholly owned subsidiary at cost - Unquoted			
PEL Marketing Private Limited			
10,000 shares (December 31, 2015: 10,000 shares)			
of Rs. 10 each		100	100
Associate at cost - Quoted	12.1	17,813	26,341
		17,913	26,441
<b>12.1 Investment in associate at cost - Quoted</b>			
Kohinoor Power Company Limited			
Ownership interest 23.10 %			
Cost of investment			
2,910,600 shares (2015: 2,910,600 shares)		54,701	54,701
Less: provision for impairment in value of investment		36,888	28,360
		17,813	26,341



**13 REVENUE**

	Un-audited Nine months ended		Un-audited Quarter Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Contract revenue	1,355,198	611,664	656,364	370,595
Sales - local	18,366,771	15,532,727	4,976,498	4,268,235
Sales - export	1,012,878	2,730,436	365,634	786,413
	20,734,847	18,874,827	5,998,496	5,425,243
Less: - sales tax and excise duty	3,158,456	3,012,422	799,166	948,045
- trade discounts	-	-	-	-
	3,158,456	3,012,422	799,166	948,045
	17,576,391	15,862,405	5,199,330	4,477,198

**14 COST OF SALES**

Material, labour and FOH	14,662,006	12,201,814	4,491,134	3,732,832
Work-in-process				
-at beginning of period	1,033,340	1,143,657	1,017,135	686,421
-at end of period	(1,194,144)	(1,090,086)	(1,194,144)	(1,090,086)
	(160,804)	53,571	(177,009)	(403,665)
Cost of goods manufactured	14,501,202	12,255,385	4,314,125	3,329,167
Finished goods				
-at beginning of period	1,742,903	429,020	2,397,822	522,177
-at end of period	(2,985,544)	(542,026)	(2,985,544)	(542,026)
	(1,242,641)	(113,006)	(587,722)	(19,849)
	13,258,561	12,142,379	3,726,403	3,309,318
Contract cost	1,208,566	484,254	585,346	293,400
Cost of sales	14,467,126	12,626,633	4,311,748	3,602,718

**15 EARNINGS PER SHARE - BASIC AND DILUTED**

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

	Unit	Un-audited	
		September 30, 2017	September 30, 2016
		Rupees '000'	Rupees '000'
Profits for the period	Rupees '000'	1,146,257	1,322,478
Less: dividend payable on preference shares	Rupees '000'	32,032	32,032
Profit attributable to ordinary shares		1,114,225	1,290,446
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purpose of basic profit	No. of Shares	497,681,485	476,968,656

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

<b>Earnings per share (Basic and Diluted)</b>	<b>2.24</b>	2.71
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## 16 TRANSACTIONS WITH RELATED PARTIES

Related parties from the company's perspective comprise associated companies, post employment benefit plans and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only. The company in the normal course of business carries out various transactions with other related parties and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

Relationship	Nature of transaction	Un-audited	
		September 30, 2017	September 30, 2016
		Rupees '000'	Rupees '000'
Subsidiary	Sales of goods and services	14,390,274	10,897,938
Key Management Personnel	Short-term employee benefits	38,966	36,243
	Post employment benefits	1,200	1,044
<b>Other related parties:</b>			
Associated companies	Purchase of services	131,280	208,918

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

## 17 INTERIM DIVIDEND

During the period Board of Directors of the company in their meeting held on August 10, 2017 has approved Interim Cash Dividend on Ordinary shares at Rs. 1.50 per ordinary share.

## 18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 26, 2017.

## 19 OTHERS

19.1 There are no other significant activities since December 31, 2016 affecting this condensed interim financial information.

19.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.

**M. MURAD SAIGOL**  
Chief Executive Officer

**SYED MANZAR HASSAN**  
Director

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