

Interim Financial Report  
for the nine months ended September 30, 2018

# Inventions beyond Dreams..



Pak Elektron Limited



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# Corporate Information

## BOARD OF DIRECTORS

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

Director/Chairman - Non Executive  
Director/Chief Executive Officer - Executive/Certified (DTP)  
Director - Executive/Certified (DTP)  
Director - Executive  
Director - Non 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  
Mr. Usman Shahid  
Sheikh Muhammad Shakeel  
Syed Haroon Rashid

Chairman/Member  
Member  
Member  
Member

## HR & REMUNERATION COMMITTEE

Mr. Asad Ullah Khawaja  
Mr. Usman Shahid  
Syed Manzar Hassan  
Syed Haroon Rashid

Chairman/Member  
Member  
Member  
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

## COMPANY REG. NO.

0000802

## NATIONAL TAX NO. (NTN)

2011386-2

## STATUS OF COMPANY

Public Interest Company (PIC)

## SHARIAH ADVISOR

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

## 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

## BANKERS

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

## REGISTERED OFFICE

17- Aziz Avenue, Canal Bank,  
Gulberg-V, Lahore  
Tel: 042-35718274-6,  
Fax: 042-35762707  
E-Mail: shares@saigols.com

## ISLAMABAD

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

## 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

## CHINA

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

## WORKS

14-K.M. Ferozepur  
Road, Lahore  
Tel: 042-35920151-9

# 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, 2018. During the period, revenues reached at Rs. 30.912 billion condensed by 8.75% against Rs. 33.876 billion of corresponding period of last year. Profitability also reduced to Rs.1.332 billion against Rs.2.972 billion of previous year. Earnings per share reduced to Rs.2.61 against Rs.5.91 of the last year corresponding period. Company Business fundamentals are in intact and overall growth market will enable us to achieve reasonable market share in respective business line. The overall shrinkage in business volumes and profitability is due to Pak Rupee depreciation and rise in policy rate.

Summary of operating results is presented below:

Rupees in million	Nine Months year ended September 30, 2018	Nine Months year ended September 30, 2017	Increase/ (Decrease)	Percentage %
Revenue	30,912	33,876	(2,964)	(8.75%)
Gross Profit	5,834	7,724	(1,890)	(24.47%)
Finance Cost	1,609	1,234	376	30.43%
Profit before taxation	1,499	3,571	(2,071)	(58.02%)
Profit after taxation	1,332	2,971	(1,639)	(55.17%)
Earnings Per Share (Rupees)	2.61	5.91		

## Economy

Economic challenges took center stage during the current quarter as pressures emerged from a spiraling current account deficit and widening fiscal imbalances.

Current account deficit for the first two months of FY'19 was recorded at USD 2.7 billion, increasing by around 10% compared to the corresponding period last year. Resultantly, foreign exchange reserves declined from USD 20.2 billion at Dec'17 to USD 14.9 billion as at Sep'18, a reduction of over 26%. Dwindling FX reserves and the expanding twin deficits have mounted pressure on the PKR / USD parity that depreciated by 12.5% to close at Rs. 124.25 / USD as at Sep'18 from a Rs. 110.42 / USD level at the start of the year.

Inflation is climbing upwards as the CPI for first three months of FY'19 was measured at 5.6%, compared to 3.4% during the same period last year. Inflationary pressures are expected to keep up owing to increase in energy tariffs, higher international oil prices and prospects of further PKR devaluation.

The interest rate reversal cycle is now in full swing as the SBP, in its Monetary Policy Statement (MPS) announced on 29 September 2018, increased the policy rate by 100 bps to 8.50%. This is the fourth rate hike in the current year bringing the rate increase to a cumulative 275 bps.

The Pakistan Stock Exchange (PSX) closed Sep'18 at 40,999 points, up by a mere 1.3% compared to the Dec'17 level. Foreign portfolio investment recorded a net outflow of USD 322.4 million (YTD Dec'17: USD 487.1 million) with the bearish trend a result of strong expectations of a PKR devaluation. In 2018, the PSX has been clouded by political uncertainty in the run up to the elections, need for a direction setting on the economy, which was compounded by concerns over the deteriorating current account deficit and fiscal position.

## APPLIANCES DIVISION

Appliances Division revenues during the period of Rs. 23.246 billion are against Rs.23.689 billion of the corresponding period for last year with a mild slow down @1.87%. Unexpectedly duration of temporary buying upheld prolonged due to present Government slow takeoff momentum. However, company maintained its business volumes with a diversified product range in home appliances division. Political stability is growing with its tangible presence and Government is phasing out solutions to meet current economic challenges. Company Business fundamental are intact, and will respond as market grows. Despite of overall slow market Deep Freezers, Microwave Oven, Water Dispenser and small domestic appliances business registered an aggregate growth @ 32% due to increased market share as a result of aggressive advertisement campaign.

Home Appliances market has always been challenging due to innovative products with improved designs & aesthetics and energy saving functions. Ongoing R&D function enables to attain "Market Competitiveness" through improved product design with competitive cost. During the period under review Company Introduced "Arctic Fresh" Refrigerator Series with fan system and freshness LEDs for balance cooling and enhanced food preservation. Further R&D is on way to develop refrigerators with increased storage capacity & cooling. PEL Deep Freezer "Glass Door" series with improved aesthetics, launched during the period is well received in general consumer market. Deep Freezers "Screen Slider" series with sliding glasses being energy efficient is expanding its market presence. Despite of an overall slowdown, Deep Freezer business registered a 22% growth over previous year corresponding period. Company is going to launch locally assembled "COLORON" brand Smart & LED TVs for which initial response is expected to be quiet encouraging. Country home appliances market is looking good due to present government initiatives taken for economic uplift. Company Management is committed to continue with proven corporate as well as operational and marketing philosophy to cope-up with stakeholders' expectations.

## POWER DIVISION

Power Division Business remained slow, due to cloudy political environment. Decision making went on hold due to political uncertainty and transition of new political government. Historically there been a strong rural electrification wave before general elections, not seen this time. WAPDA distribution companies ordering remained slow due to lack of Government directions. Present Government since its resumption is trying its level best to overcome legacy issues. Despite of some difficult decisions, economic revival signs are visible. Present Government is taking seriously the chronic issue of "Circular debts", if taken care, it will strengthen financial health of WAPDA Discos, which are major customer of company's power division business. Government is also incentivizing export oriented industry to enhance country exports level, which will improve Power Division Private Industry related Business.

Company has a healthy order book and expected to meet its business plan by the end of the year. With the economic revival, products demand from manufacturing & housing industry will increase. The products being customized in nature carry incremental margins. PEL being key Electrical Equipment manufacturer is a part of Government efforts to maintain smooth electricity supply. Company has also developed "Smart Meters" with 2 way communication for Meter Reader Free Regime" to curb electricity pilferage. It will support to resolve "Circular Debt" issue as such short billings are parked as circular debt. Company Prototypes of these "Smart Meters" have been approved by authorities.

Our EPC department with a ample order book is moving positively. Grid Station Installation business will further flourish as a result of T&D Infrastructure Augmentation motives. A boom in housing sector due to speedy urbanization will further enhance opportunities in this sector.

## FUTURE OUTLOOK

Consecutive 3rd successful transition has strengthened democratic values in the country. After resumption of Present Government political uncertainty clouds are shattering. Economic indicators are again expected to gain its momentum. Human Index Development is at the top of new Government Agenda, which will certainly raise per Capita Income and lead a prosperity wave. This will lead to increased demand of electrical home appliances and your company is well positioned to grasp the opportunity. An Industrial revolution is expected as a result of Development of Special Economic Zones –SEZs under CPEC arrangements. This will create robust demand of Electrical Equipments in future years. EPC Business will also flourish in Grid Station Installation area due to enhanced electricity distribution requirements. Construction of Five million houses by "Naya Pakistan Housing authority- NHA" will be a landmark project in country history. Being leading electrical equipment manufacturer we are very right in expecting our due share. Company is also knocking export opportunities for electrical equipment supply. Your directors are optimistic that with these future expected developments around will certainly take advantage of it, by supplying quality products.

## 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

Lahore  
October 30, 2018

**M. Murad Saigol**  
Chief Executive Officer

## ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز بہ مسرت اپنے حصہ داران کو پہلے نو ماہ کی رپورٹ بشمول غیر آڈٹ شدہ مالیاتی گوشوارے برائے مدت پختہ 30 ستمبر 2018ء پیش کر رہے ہیں۔ زیر جائزہ مدت کے دوران کمپنی کے محصولات 30.912 بلین روپے تک پہنچے جو کہ گذشتہ سال اسی مدت کے 33.876 بلین روپے کے مقابلے میں 8.75 فیصد کم ہیں۔ اس طرح منافع جات گذشتہ سال اسی مدت کے 2.971 بلین روپے کے مقابلے میں 1.332 بلین روپے رہے۔ فی شخص آمدنی 2.61 روپے رہی جو کہ گذشتہ سال کے 5.91 روپے سے قدرے کم رہی۔ تاہم کمپنی کی اساس اپنی جگہ پر قائم ہے اور کمپنی اپنی مصنوعات کی نمو کی صورت میں اپنا بھرپور مارکیٹ شیئر حاصل کرے گی۔ کمپنی کے محصولات اور آمدنی میں کمی کی بنیادی وجہ پاکستانی روپے کے قدر میں کمی اور شرح سود میں اضافہ جیسے عوامل ہیں۔

کمپنی کے کاروباری نتائج کا خلاصہ درج ذیل ہے۔

روپے بلین میں	نومہ پختہ 30 ستمبر 2018ء	نومہ پختہ 30 ستمبر 2017ء	اضافہ/(کمی)	فیصد
مجموعی آمدنی	30,912	33,876	(2,964)	(8.75%)
خام منافع	5,834	7,724	(1,890)	(24.47%)
مالی لاگت	1,609	1,234	376	30.43%
منافع قبل از ٹیکس	1,499	3,571	(2,071)	(58.02%)
منافع بعد از ٹیکس	1,332	2,971	(1,639)	(55.17%)
فی شخص آمدنی روپے	2.61	5.91		

رواں سہ ماہی کے دوران جاریہ اکاؤنٹ میں نمایاں کمی اور غیر یقینی کی موجودہ صورت حال کے پیش نظر معاشی چیلنجز کا سامنا رہا۔ سال 2019ء کے پہلے دو ماہ میں جاریہ اکاؤنٹ میں خسارہ 2.70 بلین امریکہ ڈالر ریکارڈ کیا گیا۔ جو کہ گذشتہ سال اسی مدت کے مقابلے میں 10 فیصد زیادہ ہے۔ نتیجتاً غیر ملکی زرمبادلہ کے ذخائر دسمبر 2017ء کے 20.2 بلین امریکی ڈالر سے کم ہو کر ستمبر 2018ء میں 14.9 بلین ڈالر رہ گئے۔ زرمبادلہ کے ذخائر میں 26 فیصد کمی نمایاں کمی اور بڑھتے ہوئے خسارے کی وجہ سے امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 12.5 فیصد کمی ہوئی۔ 30 ستمبر 2018ء کو شرح مبادلہ 124.25 روپے رہی جو کہ سال کے شروع میں 110.42 روپے تھی۔

افراط زر کی شرح سال 2019ء کے پہلے تین ماہ میں تیزی سے بڑھتی ہوئی 5.6 فیصد تک جا پہنچی جو کہ گذشتہ سال اسی مدت میں 3.4 فیصد تھی۔ افراط زر کی شرح میں اضافے کے باعث بجلی کی قیمتوں میں اضافہ، بین الاقوامی سطح پر تیل کی قیمتوں میں چڑھاؤ اور پاکستانی روپے کی قدر میں مزید کمی واقع ہو سکتی ہے۔

شرح سود میں مسلسل تبدیلی واقع ہو رہی ہے۔ اسٹیٹ بینک کی 29 ستمبر 2018ء کو اعلان کردہ مالیاتی پالیسی کے مطابق شرح سود میں 8.50 فیصد کے حساب سے 100 BPS کا اضافہ ہوا ہے اور موجودہ سال میں چار دفعہ اضافے کے ساتھ مجموعی طور پر 275BPS کا اضافہ ہوا ہے۔

پاکستان اسٹاک ایکسچینج (PSX) ستمبر 2018ء میں 40999 پوائنٹس پر بند ہوئی ہے جو کہ دسمبر 2017ء کے مقابلے میں 1.3 فیصد کا معمولی فرق ہے۔ فارن پورٹ فولیو انویسٹمنٹ کے مطابق پاکستانی روپے کی قدر میں کمی کی وجہ سے امریکی ڈالر کا نکاس 322.4 امریکی ڈالر رہا ہے۔ جو کہ دسمبر 2017ء میں 487.10 ملین ڈالر تھی۔ سال 2018ء انکشن کا سال ہونے کی وجہ سے پاکستان اسٹاک ایکسچینج میں غیر یقینی کی صورتحال رہی۔ تاہم اب موجودہ خسارہ اکاؤنٹ اور ملکی حالت کو مد نظر رکھتے ہوئے معیشت کی بحالی کیلئے صحیح سمت کا تعین کرنے کی ضرورت ہے۔

### ایپلائنسز ڈویژن

کمپنی نے دوران مدت 23.246 بلین روپے کے محصولات ریکارڈ کئے جو کہ گذشتہ سال کی اسی مدت کے 23.689 بلین روپے کے مقابلے میں 1.87 فیصد سے کم ہیں۔ غیر متوقع طور پر موجودہ حکومت کے معاملات کو آگے بڑھانے کے سست روٹی کے رجحان کی وجہ سے کاروبار سست رہا۔ تاہم کمپنی نے اپنی مصنوعات کی رینج میں اضافہ سے محصولات کے حجم کو برقرار رکھا۔ سیاسی استحکام اپنے واضح نقوش کے ساتھ نمایاں ہو رہا ہے اور حکومت مرحلہ وار تمام مسائل سے ہم آہم ہونے کیلئے پرعزم ہے۔ کمپنی کی کاروباری اساس اپنی جگہ پر قائم ہے اور مارکیٹ میں کاروبار کے نمو کے ساتھ اس کے کاروباری حجم میں بھی اضافہ ہوگا۔ سست روکاروباری رجحان کے باوجود کمپنی نے اپنے ڈیپ فریزر، مائیکرو پوواؤن، واٹر ڈپنر اور چھوٹے گھریلو برقی آلات کے شعبہ میں مجموعی طور پر 32 فیصد نمو حاصل کی ہے۔ جس کی وجہ ایک پوزورٹیشنری مہم ہے۔ جس کے نتیجے میں مارکیٹ شیئر میں اضافہ ہوا



ہے۔

ہوم اپلائمنٹس کا کاروبار ہمیشہ سے اپنی مصنوعات کی جدت اور ڈائیزائن کی خوبصورتی اور توانائی کی بچت کے اہداف کی وجہ سے مشکل نوعیت کا رہا ہے۔ جاری تحقیقی عمل کے ذریعے سے ہی کاروباری مسابقت کا حصول ممکن ہے۔ جس کے ذریعہ سے پیداوری لاگت میں کمی کے اہداف حاصل کئے جاسکتے ہیں۔ زیر جائزہ مدت کے دوران کمپنی نے ”Arctic Fresh“ سیریز متعارف کروائی ہے۔ جو کہ اپنے اندرونی پیکھے اور Freshness LEDs کی وجہ سے اشیاء کو لمبے عرصے کیلئے محفوظ رکھنے کیلئے بہترین ہے۔ اس کے علاوہ کمپنی اپنے تحقیقی عمل کے ذریعے ریفریجریٹر کی خشک اور گناش کو بڑھانے کیلئے کوشاں ہے۔ کمپنی کے ڈیپ فریزر کی ”Glass Door“ سیریز جو کہ اس عرصہ میں متعارف کروائی گئی وہ اپنی خوبصورتی کے باعث مارکیٹ میں مقبول ہوئی ہے۔ ڈیپ فریزر کی ”Screen Slider“ سیریز بجلی کی بچت کرنے کی وجہ سے مارکیٹ میں پذیرائی حاصل کر رہی ہے۔ مارکیٹ کی سست روی کے باوجود ڈیپ فریزر کے محصولات میں گزشتہ سال کی اسی مدت کے مقابلے میں 22 فیصد اضافہ ہوا ہے۔ کمپنی مقامی طور پر بنے ہوئے ”Coloron“ برائڈ کے سمارٹ اور ایل ای ڈی ٹی وی متعارف کروانے جاری ہے۔ جس کے مارکیٹ میں پذیرائی کے حوصلہ افزاء امکانات ہیں۔ ملکی برقی آلات کی مارکیٹ کا مستقبل موجودہ حکومت کے اقدامات کے نتیجے میں خوش آئند ہے اور آپ کی کمپنی اپنی کاروباری، مصنوعاتی اور مارکیٹ میں مقام کی وجہ سے تمام حصہ داران کی توقعات پر پورا اُترنے کیلئے پرعزم ہے۔

### پاور ڈویژن

غیر یقینی سیاسی حالات کے پیش نظر پاور ڈویژن کا کاروبار سست روی کا شکار رہا۔ حکومت کے انتقال اقتدار کے عمل کے باعث فیصلہ سازی میں جمود رہا۔ ماضی میں الیکشن کے سال میں دیہاتی علاقہ جات میں بجلی کے تقسیم کے منصوبہ جات کے بھر مار ہوتی تھی مگر اس دفعہ ایسا نہیں ہوا۔ حکومت کی طرف سے احکامات اور ہدایات میں سست روی کی وجہ سے واپڈا کی تقسیم کار کمپنیوں کی طرف سے آرڈرنگ کم ہوئی ہے۔ موجودہ حکومت نے شروع ہی سے گزشتہ مدت سے آنے والے مسائل کو حل کرنے کو ہدف کیا ہوا ہے۔ کچھ مشکل فیصلوں کے بدولت معاشی صورت حال میں بہتری کے آثار نمایاں ہیں۔ گردش قرضوں کے دیرینہ مسائل موجودہ حکومت ترجیحی بنیادوں پر حل کرنا چاہتی ہے۔ اس سے واپڈا کی تقسیم کار کمپنیوں کے مالی معاملات میں بہتری آئے گی۔ جو کہ کمپنی کے پاور ڈویژن کے بڑے کسٹمر ہیں۔ حکومت برآمدات سے متعلق کاروبار کی حوصلہ افزائی کر رہی ہے۔ جس سے پاور ڈویژن کے نجی صنعت سے متعلقہ کسٹمرز کی وجہ سے کمپنی کے کاروبار میں بھی نمو ہوگی۔

کمپنی اپنی مضبوط آرڈر بک کی وجہ سے اپنے کاروباری اہداف کی تکمیل کی توقع رکھتی ہے۔ معاشی بہتری کے ساتھ نجی صنعت اور ہاؤسنگ سیکٹر میں اس کی مصنوعات کی طلب بڑھے گی۔ نجی صنعت کو سپلائی کی جانے والی مصنوعات کسٹمائزڈ ہونے کی وجہ سے منافع میں اضافہ ہوگا۔ کمپنی Electrical Equipment کے نمایاں فروخت کنندہ ہونے کے ناطے سے حکومت کی بجلی کی ترسیل کے عمل کو بہتر بنانے کی کوششوں میں حصہ دار ہے اور اس نے سمارٹ میٹرز بنائے ہیں۔ جو کہ میٹرز ریڈر کے بغیر کام کرتے ہیں۔ سمارٹ میٹرز بجلی کی چوری روکنے میں مددگار ہوتے ہیں۔ جس کی وجہ سے گردش قرضے میں بھی کمی ہوگی۔ کمپنی سمارٹ میٹرز کے پروڈکٹس پمپ پہلے ہی منظور کروا چکی ہے۔

کمپنی کا EPC کا شعبہ ایک مضبوط آرڈر بک کے ساتھ مثبت سمت پر گامزن ہے۔ اس کاروباری ڈویژن کے زیر انتظام ملکی بجلی کی تقسیم کاری کے نظام کو مضبوط کرنے کی کوششوں کے نتیجے میں Grid Stations کی تنصیب کا کام بڑھے گا۔ تیزی سے بڑھتا ہوا شہری آبادی کی طرف منتقلی کا رجحان رہائشی تعمیرات شعبہ میں ترقی کا باعث بنے گا اور اس شعبہ میں بھی آپ کی کمپنی کو بہتر مواقع میسر ہوں گے۔

### مستقبل کے امکانات:

تیسرے کامیاب انتقال اقتدار سے ملک میں جمہوری اقتدار کو فروغ ملا ہے۔ موجودہ حکومت کے اقتدار سنبھالنے کے بعد غیر یقینی کی صورت حال ختم ہو رہی ہے۔ ملکی معاشی اعشاریہ بہتری کا عندیہ دے رہے ہیں۔ انسانی بہتری کے گراف میں ترقی موجودہ حکومت کے ایجنڈا پر نمایاں ہے۔ جس سے Per Capita Income میں اضافہ ہو گا۔ اور گھریلو برقی آلات کی طلب میں اضافہ متوقع ہے اور آپ کی کمپنی اس سے بھرپور فائدہ اٹھانے کی پوزیشن میں ہے۔ چائنہ پاک راہداری کے منصوبے کے تحت بننے والے SEZs (Sepcial Econmic Zones) کے نتیجے میں ایک حقیقی انقلاب متوقع ہے۔ جس کی وجہ سے آنے والے سالوں میں Electrical Equipment کی طلب میں بے پناہ اضافہ ہوگا۔ کمپنی کا EPC ڈویژن کا کاروبار بجلی کی رسد میں اضافے کے ساتھ Grid Stations کی تنصیب میں اضافے کے باعث ترقی کرے گا۔

نیپال پاکستان ہاؤسنگ اتھارٹی (NHA) کے تحت پچاس لاکھ گھروں کی تعمیر ملکی تاریخ کا ایک بہت بڑا منصوبہ ثابت ہوگا۔ برقی آلات کے معتبر پیدا کار ہونے کی حیثیت سے آپ کی

## ڈائریکٹرز کا جائزہ

کمپنی اس میں سے بھرپور حصہ حاصل کرنے کے توقع رکھتی ہے۔ کمپنی اپنی برقی آلات انٹرنیشنل مارکیٹ میں فروخت کرنے کیلئے بھی کوشاں ہے۔ آپ کے ڈائریکٹرز ان سب مثبت حالات کا فائدہ اٹھاتے ہوئے کمپنی کی معیاری مصنوعات کی فراہمی کیلئے پرعزم ہیں۔

اظہار تشکر:

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

ایم مراد سہیل

چیف ایگزیکٹو آفیسر

لاہور

30 اکتوبر 2018ء

# **Condensed Interim Consolidated Financial Information**

# Condensed Interim Consolidated Statement of Financial Position

AS AT SEPTEMBER 30, 2018

		September 30 2018	December 31 2017
	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		13,903,266	13,020,232
Surplus on revaluation		4,126,019	4,274,019
		27,735,624	27,000,590
<b>NON-CURRENT LIABILITIES</b>			
Redeemable Capital	6	-	68,750
Long-term financing	7	2,868,497	3,958,767
Liabilities against assets subject to finance lease	8	61,076	22,406
Deferred taxation		2,243,177	2,413,351
Deferred income		37,265	38,717
<b>CURRENT LIABILITIES</b>			
Trade and other payables		942,248	980,030
Dividend payable		20,348	12,766
Accrued interest / mark-up		487,729	165,579
Short-term borrowings	9	12,434,202	7,227,368
Current Portion of Non Current Liabilities		2,078,972	2,027,692
		15,963,499	10,413,435
Contingencies and Commitments	10	-	-
		48,909,139	43,916,016

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

**M. MURAD SAIGOL**  
Chief Executive Officer

**SHEIKH MUHAMMAD SHAKEEL**  
Director

		<b>September 30 2018</b>	December 31 2017
	<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>18,559,648</b>	17,405,713
Intangible assets		<b>309,731</b>	315,525
		<b>18,869,379</b>	17,721,238
Long-term investments	12	<b>7,569</b>	8,848
Long term advances and deposits		<b>1,368,740</b>	1,168,779
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		<b>859,583</b>	746,408
Stock-in-trade		<b>10,438,790</b>	8,149,848
Trade debts		<b>11,271,836</b>	10,727,632
Due against construction work in progress		<b>1,513,360</b>	1,393,185
Short term advances		<b>1,053,095</b>	845,826
Short term deposits and prepayments		<b>1,158,773</b>	1,109,232
Other receivables		<b>422,649</b>	311,090
Short term investments		<b>20,578</b>	21,824
Advance income tax		<b>1,378,473</b>	1,227,912
Cash and bank balances		<b>546,313</b>	484,194
		<b>28,663,450</b>	25,017,151
		<b>48,909,139</b>	43,916,016

# Condensed Interim

## Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Note	Nine Months Ended		Quarter Ended	
		September 30 2018	September 30 2017	September 30 2018	September 30 2017
				<b>Rupees '000'</b>	<b>Rupees '000'</b>
<b>Gross Sales</b>	13	<b>30,911,655</b>	33,876,335	<b>8,407,425</b>	8,041,048
Sales Tax and discount	13	<b>(7,190,611)</b>	(7,816,686)	<b>(1,386,180)</b>	(1,343,749)
<b>Net Sales</b>		<b>23,721,044</b>	26,059,649	<b>7,021,245</b>	6,697,299
Cost of Sales	14	<b>(17,887,068)</b>	(18,335,528)	<b>(5,433,634)</b>	(4,883,629)
<b>Gross Profit</b>		<b>5,833,976</b>	7,724,121	<b>1,587,611</b>	1,813,670
Distribution Cost		<b>(1,739,743)</b>	(1,928,963)	<b>(595,374)</b>	(664,646)
Administrative Cost		<b>(932,813)</b>	(846,227)	<b>(304,836)</b>	(300,183)
Other Operating Expenses		<b>(65,112)</b>	(161,907)	<b>(9,413)</b>	(20,787)
		<b>(2,737,669)</b>	(2,937,097)	<b>(909,624)</b>	(985,616)
		<b>3,096,307</b>	4,787,024	<b>677,987</b>	828,054
Other Operating Income		<b>13,255</b>	15,854	<b>4,198</b>	1,002
<b>Operating Profit</b>		<b>3,109,563</b>	4,802,878	<b>682,186</b>	829,056
Finance Cost		<b>(1,609,554)</b>	(1,234,003)	<b>(578,180)</b>	(509,548)
Share of profit/(loss) of associate		<b>(1,095)</b>	1,406	<b>646</b>	944
<b>Profit Before Tax</b>		<b>1,498,914</b>	3,570,281	<b>104,652</b>	320,452
Provision for Taxation		<b>(166,662)</b>	(598,619)	<b>12,290</b>	(79,616)
<b>Profit after tax</b>		<b>1,332,252</b>	2,971,662	<b>116,942</b>	240,836
<b>Earnings per share - Rupees</b>					
<b>Basic &amp; diluted</b>	15	<b>2.61</b>	5.91	<b>0.21</b>	0.46

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

# Condensed Interim Consolidated Statement of Cash Flows

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	September 30 2018	September 30 2017
	Rupees '000'	Rupees '000'
<b>Cash flows from operating activities</b>		
Profit before taxation	1,498,914	3,570,281
Adjustments for non cash and other items	2,244,898	1,891,707
Cash generated from operations before working capital changes	3,743,812	5,461,988
Working capital changes	(3,472,897)	(5,498,878)
Cash generated from operations	270,915	(36,890)
Finance cost paid	(1,287,404)	(1,159,641)
Income tax paid	(487,397)	(465,234)
	(1,774,801)	(1,624,875)
Net cash used in operating activities	(1,503,886)	(1,661,765)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,807,693)	(1,348,738)
Proceeds from disposal of property, plant and equipment	25,531	21,305
(Increase) / decrease in long-term deposits and advances	(199,961)	140,174
Net cash used in investing activities	(1,982,123)	(1,187,259)
<b>Cash flows from financing activities</b>		
Long Term Finances obtained	226,013	3,500,000
Repayment of Long Term Finances	(1,141,249)	(1,264,406)
Redemption of Redeemable Capital	(193,750)	(2,655,235)
Increase/(Decrease) in liabilities against assets subject to finance lease	39,916	(53,339)
Dividend paid	(589,636)	(864,894)
Increase / (Decrease) in Short Term Borrowing	5,206,834	4,228,546
Net cash from financing activities	3,548,128	2,890,672
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>62,119</b>	<b>41,648</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>484,194</b>	<b>552,210</b>
<b>Cash and cash equivalents at end of the period</b>	<b>546,313</b>	<b>593,858</b>

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

**M. MURAD SAIGOL**  
Chief Executive Officer

**SHEIKH MUHAMMAD SHAKEEL**  
Director

**SYED MANZAR HASSAN**  
Chief Financial Officer

# Condensed Interim Consolidated Statement Of Changes In Equity

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

		Capital reserves	Revenue Reserves	
	Issued, subscribed and paid up capital		Surplus on Revaluation of property, plant and equipment	
	Rupees '000'	Share premium Rupees '000'	Accumulated profit Rupees '000'	Total Rupees '000'
Balance as at January 1, 2017	5,426,392	4,279,947	4,670,762	25,511,232
Total comprehensive income for the period	-	-	-	2,971,662
Incremental depreciation	-	-	(156,014)	(2,375)
Final Dividend on Ordinary Shares @ Rs 1.75 Per share	-	-	-	(870,943)
Balance as at September 30, 2017	5,426,392	4,279,947	4,514,748	27,609,576
Total comprehensive income for the period	-	-	-	336,592
Incremental depreciation	-	-	(240,729)	(199,056)
Interim Dividend on Ordinary Shares @ Rs 1.50 Per share	-	-	-	(746,522)
Balance as at December 31, 2017	5,426,392	4,279,947	4,274,019	27,000,590
Total comprehensive income for the period.	-	-	-	1,332,252
Incremental depreciation	-	-	(148,000)	-
Final Dividend on Ordinary Shares @ Rs 1.20 Per share	-	-	-	(597,218)
Balance as at September 30, 2018	5,426,392	4,279,947	4,126,019	27,735,624

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

**M. MURAD SAIGOL**  
Chief Executive Officer

**SHEIKH MUHAMMAD SHAKEEL**  
Director

**SYED MANZAR HASSAN**  
Chief Financial Officer



# Selected Explanatory Notes to the Condensed Interim Consolidated Financial Information

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

## 1 REPORTING ENTITY

The group comprises of the following companies

### Parent Company

Pak Elektron Limited ("PEL" or "the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (replaced by the Companies Ordinance, 1984). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. PEL is currently listed on Pakistan Stock Exchange. The principal activity of PEL is manufacturing and sale of electrical capital goods and domestic appliances.

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

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

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

### Subsidiary Company

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

## 2 BASIS OF PREPARATION

This interim consolidated financial information is not audited and has been presented in condensed form and does not include all the information and disclosures as are required to be provided or made in a full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2017.

The comparative interim consolidated balance sheet as at December 31, 2017 and the related notes to the condensed interim consolidated financial information are based on audited financial statements. The comparative interim consolidated profit and loss account/statement of comprehensive income, interim consolidated cash flow statement, interim consolidated statement of changes in equity and related notes to the condensed interim consolidated financial information for the Nine months ended September 30, 2017 are based on unaudited interim financial information.

### 2.1 Statement of compliance

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

International Accounting Standard 34- Interim Financial Reporting, issued by International Accounting Standards Board (IASB) as notified under the companies Act, 2017 and

Provisions of and directives issued under the Companies Act , 2017.

## 2.2 Basis of measurement

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

## 2.3 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, 2017.

## 4 AUTHORIZED CAPITAL

September 30 2018	December 31 2017		September 30 2018	December 31 2017
No. of Shares	No. of Shares		Rupees '000'	Rupees '000'
			(Un-Audited)	(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 2018	December 31 2017		September 30 2018	December 31 2017
No. of Shares	No. of Shares		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>A class preference shares of Rs 10 each</b>		
44,957,592	44,957,592	Issued for cash	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392

	September 30 2018	December 31 2017
	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
<b>5.1 Reconciliation of number of ordinary shares of Rs. 10 each:</b>		
At beginning of the year	497,681,485	497,681,485
Add: - Issued during the year	-	-
At the end of the year	497,681,485	497,681,485

**6 REDEEMABLE CAPITAL**

As at beginning of the period/ year	376,875	3,951,888
Issued during the period	-	
Paid during the year	193,750	3,575,013
Current Maturity	183,125	308,125
As at end of the period / Year	-	68,750

	<b>September 30 2018</b>	December 31 2017
	<b>Rupees '000'</b> (Un-Audited)	<b>Rupees '000'</b> (Audited)
<b>7 LONG-TERM FINANCING - SECURED</b>		
As at beginning of the period/ year	<b>5,632,678</b>	2,329,187
Obtained during the period / year	<b>226,013</b>	5,401,856
Paid / settled during the period / year	<b>1,141,249</b>	2,098,365
Current portion	<b>1,848,945</b>	1,673,911
	<b>2,868,497</b>	3,958,767
<b>8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Present value of minimum lease payments	<b>107,978</b>	68,062
Current maturity	<b>46,902</b>	45,656
	<b>61,076</b>	22,406

**9 SHORT TERM BORROWING**

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

**10 CONTINGENCIES AND COMMITMENTS**

There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2017.

Tender bonds

Performance bonds

		<b>September 30 2018</b>	December 31 2017
	<b>Note</b>	<b>Rupees '000'</b> (Un-Audited)	<b>Rupees '000'</b> (Audited)
<b>11 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	11.1	<b>15,736,035</b>	16,139,286
Capital work-in-progress		<b>2,823,613</b>	1,266,427
		<b>18,559,648</b>	17,405,713

		<b>September 30 2018</b>	December 31 2017
	<b>Note</b>	<b>Rupees '000'</b> <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
<b>11.1 Operating assets</b>			
Written down value at beginning of the period / year		<b>16,139,286</b>	16,309,076
Additions during the period / year	11.1.1	<b>250,507</b>	738,646
		<b>16,389,793</b>	17,047,722
Written down value of the assets disposed off / adjustments		<b>23,079</b>	38,560
Depreciation charged during the period / year		<b>630,679</b>	869,876
		<b>15,736,035</b>	16,139,286
<b>11.1.1 Additions during the period / year</b>			
Building		-	2,614
Plant and machinery		<b>197,956</b>	524,240
Office equipment and furniture		<b>16,910</b>	23,644
Computer hardware and allied items		<b>13,280</b>	28,324
Vehicles		<b>22,361</b>	159,824
		<b>250,507</b>	738,646
<b>12 LONG-TERM INVESTMENTS</b>			
Investment in associate at equity method - Quoted		<b>7,569</b>	8,848
<b>12.1 Kohinoor Power Company Limited Ownership interest 23.10 %</b>			
Cost of investment			
2,910,600 shares		<b>54,701</b>	54,701
Share of post acquisition profit- net of dividend received		<b>(7,495)</b>	(6,401)
		<b>47,206</b>	48,300
Less: provision for impairment in value of investment		<b>39,637</b>	39,452
		<b>7,569</b>	8,848

	Nine Months Ended		Quarter Ended	
	September 30 2018	September 30 2017	September 30 2018	September 30 2017
	<i>Rupees '000'</i>	<i>Rupees '000'</i>	<i>Rupees '000'</i>	<i>Rupees '000'</i>
<b>13 REVENUE</b>				
Contract revenue	1,581,991	1,355,198	635,952	656,364
Sales - local	28,548,673	31,508,259	7,584,904	7,019,050
Sales - export	780,991	1,012,878	186,569	365,634
	30,911,655	33,876,335	8,407,425	8,041,048
Sales Tax and discount	7,190,611	7,816,686	1,386,180	1,343,749
	23,721,044	26,059,649	7,021,245	6,697,299
<b>14 COST OF SALES</b>				
Raw material, labour and FOH	18,300,717	18,518,215	5,721,502	4,644,276
Work-in-process				
-at beginning of period	848,453	1,033,340	1,230,930	1,017,135
-at end of period	(1,315,471)	(1,194,144)	(1,315,471)	(1,194,144)
	(467,018)	(160,804)	(84,541)	(177,009)
Cost of goods manufactured	17,833,699	18,357,411	5,636,961	4,467,267
Finished goods				
-at beginning of period	2,121,128	1,895,253	2,686,729	2,956,719
-at end of period	(3,449,186)	(3,125,702)	(3,449,186)	(3,125,702)
	(1,328,058)	(1,230,449)	(762,457)	(168,983)
	16,505,641	17,126,962	4,874,504	4,298,284
Contract cost	1,381,426	1,208,566	559,129	585,345
Cost of sales	17,887,068	18,335,528	5,433,634	4,883,629

	<b>September 30 2018</b>	September 30 2017
	<b>Rupees '000'</b> (Un-Audited)	Rupees '000' (Un-Audited)
<b>15 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
Earnings	<b>1,332,252</b>	2,971,662
Less: dividend on preference shares	<b>32,032</b>	32,032
	<b>1,300,219</b>	2,939,630
	<b>(Number)</b>	
<b>Number of shares</b>		
Weighted average number of ordinary shares.	<b>497,681,485</b>	497,681,485
	<b>497,681,485</b>	497,681,485

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

<b>Basic Profit per share (Rupees)</b>	<b>2.61</b>	5.91
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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:**

		<b>September 30 2018</b>	September 30 2017
		<b>Rupees '000'</b> (Un-Audited)	Rupees '000' (Un-Audited)
<b>Relationship</b>	<b>Nature of transaction</b>		
Provident Fund Trust	Contribution for the period	<b>56,075</b>	54,982
Key Management Personnel	Short-term employee benefits	<b>37,166</b>	38,966
	Post employment benefits	<b>1,200</b>	1,200
<b>Other related parties:</b>			
Associated companies	Services acquired	<b>29,581</b>	131,280
		<b>-</b>	-

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

**17 RECOVERABLE AMOUNTS AND IMPAIRMENT**

As at the reporting date recoverable amounts of all assets/cash generating units are equal to or exceeds there carrying amounts, unless stated otherwise in these interim consolidated financial statements.

**18 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 30, 2018.

**19 GENERAL**

**19.1** Figures have been rounded off to the nearest thousands.

**19.2** Corresponding figures have been re-arranged where necessary to facilitate comparison.

**19.3** There are no other significant activities since December 31, 2017 affecting the interim consolidated financial statements.



## **Condensed Interim Financial Information**

# Condensed Interim Statement of Financial Position

AS AT SEPTEMBER 30, 2018

		<b>September 30 2018</b>	December 31 2017
	<b>Note</b>	<b>Rupees '000'</b> (Un-Audited)	<b>Rupees '000'</b> (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital	4	<b>6,000,000</b>	6,000,000
Issued, subscribed and paid up capital	5	<b>5,426,392</b>	5,426,392
Reserves		<b>4,279,947</b>	4,279,947
Unappropriated profit		<b>6,839,202</b>	6,753,080
Surplus on revaluation		<b>4,126,019</b>	4,274,019
		<b>20,671,560</b>	20,733,438
<b>NON-CURRENT LIABILITIES</b>			
Redeemable Capital	6	-	68,750
Long-term financing	7	<b>2,868,497</b>	3,958,767
Liabilities against assets subject to finance lease	8	<b>61,076</b>	22,406
Deferred taxation		<b>1,855,203</b>	1,918,383
Deferred income		<b>37,265</b>	38,717
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>878,240</b>	875,182
Dividend Payable		<b>20,348</b>	12,766
Accrued interest/ mark up		<b>487,729</b>	165,579
Short-term borrowings	9	<b>12,434,202</b>	7,227,368
Current Portion of Non Current Liabilities- loans		<b>2,032,070</b>	1,982,036
Current Portion of Non Current Liabilities- Leases		<b>46,902</b>	45,656
		<b>15,899,491</b>	10,308,587
<b>CONTIGENCIES AND COMMITMENTS</b>	10	-	-
		<b>41,393,092</b>	37,049,048

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

**M. MURAD SAIGOL**  
Chief Executive Officer

**SHEIKH MUHAMMAD SHAKEEL**  
Director

		<b>September 30 2018</b>	December 31 2017
	<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>18,559,648</b>	17,405,713
Intangible assets		<b>309,731</b>	315,525
		<b>18,869,379</b>	17,721,238
Long-term investments	12	<b>7,668</b>	8,948
Long-term deposits		<b>375,952</b>	371,936
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		<b>859,583</b>	746,408
Stock-in-trade		<b>7,738,090</b>	6,388,779
Trade debts		<b>6,287,835</b>	5,484,699
Due against construction work in progress		<b>1,513,360</b>	1,393,185
Advances		<b>984,191</b>	826,216
Trade deposits and short-term prepayments		<b>1,158,773</b>	1,109,232
Other receivables		<b>422,649</b>	311,090
Other financial assets		<b>20,578</b>	21,824
Advance income tax		<b>2,728,376</b>	2,263,669
Cash and bank balances		<b>426,658</b>	401,824
		<b>22,140,093</b>	18,946,926
		<b>41,393,092</b>	37,049,048

**SYED MANZAR HASSAN**  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss and other Comprehensive Income

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

		Nine Months Ended		Quarter Ended	
	Note	September 30 2018	September 30 2017	September 30 2018	September 30 2017
		Rupees ‘000’	Rupees ‘000’	Rupees ‘000’	Rupees ‘000’
Gross Sales	13	22,299,846	20,734,847	7,319,715	5,998,496
Sales Tax and discount	13	(2,977,029)	(3,158,456)	(935,687)	(799,166)
Net Sales		19,322,817	17,576,391	6,384,028	5,199,330
Cost of Sales	14	(16,870,751)	(14,467,127)	(5,616,593)	(4,311,749)
Gross Profit		2,452,065	3,109,264	767,434	887,581
Distribution Cost		(421,237)	(439,410)	(113,294)	(152,262)
Administrative Cost		(492,732)	(442,925)	(158,911)	(153,302)
Other Operating Expenses		(46,644)	(116,671)	(9,713)	(20,188)
		(960,614)	(999,006)	(281,919)	(325,752)
		1,491,452	2,110,258	485,516	561,829
Other Operating Income		13,255	15,854	4,198	1,002
Operating Profit		1,504,707	2,126,112	489,714	562,831
Finance Cost		(929,427)	(746,997)	(383,410)	(310,044)
Profit Before Taxation		575,280	1,379,115	106,304	252,787
Provision for Taxation		(39,940)	(232,857)	19,781	(122,139)
Profit after tax		535,340	1,146,258	126,085	130,648
Earnings per share					
Basic & diluted	15	1.01	2.24	0.23	0.24

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

# Condensed Interim Statement of Cash Flows

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	September 30 2018	September 30 2017
	Rupees '000'	Rupees '000'
<b>Cash flows from operating activities</b>		
Profit before taxation	575,280	1,379,115
Adjustments for:		
Adjustments for non cash items	1,570,070	1,409,547
Cash generated from operations before working capital changes	2,145,350	2,788,662
Working capital changes	(2,699,262)	(3,150,592)
Cash generated from operations	(553,912)	(361,930)
Finance cost paid	(607,277)	(678,298)
Income tax paid	(575,926)	(479,001)
	(1,183,203)	(1,157,299)
<b>Net cash used in operating activities</b>	<b>(1,737,115)</b>	<b>(1,519,229)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,807,693)	(1,348,738)
Proceeds from disposal of property, plant and equipment	25,531	21,305
(Increase) / decrease in long-term deposits	(4,016)	1,262
<b>Net cash used in investing activities</b>	<b>(1,786,178)</b>	<b>(1,326,171)</b>
<b>Cash flows from financing activities</b>		
Long Term Finances obtained	226,013	3,500,000
Repayment of Long Term Finances	(1,141,249)	(1,264,406)
Redemption of Redeemable capital	(193,750)	(2,655,235)
Increase/ (Decrease) in liabilities against finance lease	39,916	(53,339)
Dividend paid	(589,636)	(864,894)
Increase / (Decrease) in Short Term Borrowing	5,206,834	4,228,545
Net cash from financing activities	3,548,128	2,890,671
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>24,834</b>	<b>45,271</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>401,824</b>	<b>455,750</b>
<b>Cash and cash equivalents at end of the period</b>	<b>426,658</b>	<b>501,021</b>

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

**M. MURAD SAIGOL**  
Chief Executive Officer

**SHEIKH MUHAMMAD SHAKEEL**  
Director

**SYED MANZAR HASSAN**  
Chief Financial Officer

# Condensed Interim Statement Of Changes In Equity

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Issued, Subscribed and paid up Capital <i>Rupees '000'</i>	Capital reserves		Revenue reserves	Total <i>Rupees '000'</i>
		Share premium <i>Rupees '000'</i>	Surplus on Revaluation of Property, Plant and Equiplent <i>Rupees '000'</i>	Accumulated Profits <i>Rupees '000'</i>	
<b>Balance as at January 1, 2017</b>	<b>5,426,392</b>	<b>4,279,947</b>	<b>4,668,386</b>	<b>6,784,446</b>	<b>21,159,171</b>
Total comprehensive income for the period	-	-	-	1,146,257	1,146,257
Incremental depreciation	-	-	(153,639)	153,639	-
Final Dividend on Ordinary Shares @ Rs 1.75 Per share	-	-	-	(870,943)	(870,943)
<b>Balance as at September 30, 2017</b>	<b>5,426,392</b>	<b>4,279,947</b>	<b>4,514,747</b>	<b>7,213,399</b>	<b>21,434,485</b>
Total comprehensive income for the period	-	-	-	246,906	246,906
Incremental depreciation	-	-	(240,728)	39,297	(201,431)
Interim Dividend on Ordinary Shares @ Rs 1.50 Per share	-	-	-	(746,522)	(746,522)
<b>Balance as at December 31, 2017</b>	<b>5,426,392</b>	<b>4,279,947</b>	<b>4,274,019</b>	<b>6,753,080</b>	<b>20,733,438</b>
Total comprehensive income for the period.	-	-	-	535,340	535,340
Incremental depreciation	-	-	(148,000)	148,000	-
Final Dividend on Ordinary Shares @ Rs 1.20 Per share	-	-	-	(597,218)	(597,218)
<b>Balance as at September 30, 2018</b>	<b>5,426,392</b>	<b>4,279,947</b>	<b>4,126,019</b>	<b>6,839,202</b>	<b>20,671,560</b>

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

**M. MURAD SAIGOL**  
Chief Executive Officer

**SHEIKH MUHAMMAD SHAKEEL**  
Director

**SYED MANZAR HASSAN**  
Chief Financial Officer

# Selected Explanatory Notes to the Condensed Interim Financial Information

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

## 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 (replaced by the Companies Ordinance, 1984). 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, TV 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 consolidated financial information should be read in conjunction with the audited financial statements of the company for the year ended December 31, 2017.

The comparative interim balance sheet as at December 31, 2017 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, 2017 are based on unaudited interim financial information.

### 2.1 Statement of compliance

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

International Accounting Standard 34- Interim Financial Reporting, issued by International Accounting Standards Board (IASB) as notified under the companies Act, 2017 and

Provisions of and directives issued under the Companies Act, 2017.

### 2.2 Basis of measurement

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

### 2.3 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, 2017.

## 4 AUTHORIZED CAPITAL

September 30 2018	December 31 2017		September 30 2018	December 31 2017
No. of Shares	No. of Shares		Rupees '000'	Rupees '000'
			(Un-Audited)	(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 2018	December 31 2017		September 30 2018	December 31 2017
No. of Shares	No. of Shares		Rupees '000'	Rupees '000'
			(Un-Audited)	(Audited)
372,751,051	372,751,051	<b>Ordinary shares of Rs.10 each fully paid:</b>		
		- In cash	3,727,511	3,727,511
137,500	137,500	<b>Other than cash:</b>		
		-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	Issued for cash	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392



	<b>September 30 2018</b>	December 31 2017
	<b>Rupees '000'</b> (Un-Audited)	<b>Rupees '000'</b> (Audited)
<b>6 REDEEMABLE CAPITAL</b>		
As at beginning of the period/ year	<b>376,875</b>	3,951,888
Issued during the period	-	
Paid during the year	<b>193,750</b>	3,575,013
Current Maturity	<b>183,125</b>	308,125
As at end of the period / Year	-	68,750
<b>7 LONG-TERM FINANCING - SECURED</b>		
As at beginning of the period/ year	<b>5,632,678</b>	2,329,187
Obtained during the period / year	<b>226,013</b>	5,401,856
Paid / settled during the period / year	<b>1,141,249</b>	2,098,365
Current portion	<b>1,848,945</b>	1,673,911
	<b>2,868,497</b>	3,958,767
<b>8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Present value of minimum lease payments	<b>107,978</b>	68,062
Current maturity	<b>46,902</b>	45,656
	<b>61,076</b>	22,406
<b>9 SHORT TERM BORROWINGS</b>		
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.		
<b>10 CONTINGENCIES AND COMMITMENTS</b>		
There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2017.		

		<b>September 30 2018</b>	December 31 2017
	<b>Note</b>	<b>Rupees '000'</b> <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
<b>11 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	11.1	<b>15,736,035</b>	16,139,286
Capital work-in-progress		<b>2,823,613</b>	1,266,427
		<b>18,559,648</b>	17,405,713
<b>11.1 Operating assets</b>			
Written down value at beginning of the period / year		<b>16,139,286</b>	16,309,076
Additions during the period / year	11.1.1	<b>250,507</b>	738,646
		<b>16,389,793</b>	17,047,722
Written down value of the assets disposed off / adjustments		<b>23,079</b>	38,560
Depreciation charged during the period / year		<b>630,679</b>	869,876
		<b>15,736,035</b>	16,139,286
<b>11.1.1 Additions during the period / year</b>			
Building		-	2,614
Plant and machinery		<b>197,956</b>	524,240
Office equipment and furniture		<b>16,910</b>	23,644
Computer hardware and allied items		<b>13,280</b>	28,324
Vehicles		<b>22,361</b>	159,824
		<b>250,507</b>	738,646
<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		<b>100</b>	100
Associate at cost - Quoted	12.1	<b>7,568</b>	8,848
		<b>7,668</b>	8,948
<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)		<b>54,701</b>	54,701
Less: provision for impairment in value of investment		<b>47,133</b>	45,853
		<b>7,568</b>	8,848

	Nine Months Ended		Quarter Ended	
	September 30 2018	September 30 2017	September 30 2018	September 30 2017
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
<b>13 REVENUE</b>				
Contract revenue	1,581,991	1,355,198	635,952	656,364
Sales - local	19,936,864	18,366,771	6,497,194	4,976,498
Sales - export	780,991	1,012,878	186,569	365,634
	22,299,846	20,734,847	7,319,715	5,998,496
Sales Tax and discount	2,977,029	3,158,456	935,687	799,166
Net Sales	19,322,817	17,576,391	6,384,028	5,199,330
<b>14 COST OF SALES</b>				
Raw material consumed	14,633,213	14,662,006	5,114,435	4,491,134
Direct wages	438,415	-	-	-
Factory overhead	1,273,142	-	215,965	-
	16,344,770	14,662,006	5,330,400	4,491,134
Work-in-process				
-at beginning of period	848,453	1,033,340	1,230,930	1,017,135
-at end of period	(1,315,471)	(1,194,144)	(1,315,471)	(1,194,144)
	(467,018)	(160,804)	(84,541)	(177,009)
Cost of goods manufactured	15,877,752	14,501,202	5,245,859	4,314,125
Finished goods				
-at beginning of period	360,059	1,742,903	560,090	2,397,822
-at end of period	(748,486)	(2,985,544)	(748,486)	(2,985,544)
	(388,427)	(1,242,641)	(188,396)	(587,722)
	15,489,325	13,258,561	5,057,463	3,726,403
Contract cost	1,381,426	1,208,566	559,129	585,346
Cost of sales	16,870,751	14,467,127	5,616,592	4,311,749

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

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

	<b>September 30 2018</b>	September 30 2017
	<b>Rupees '000'</b> (Un-Audited)	Rupees '000' (Un-Audited)
Profits for the period	<b>535,340</b>	1,146,258
Less: dividend payable on preference shares	<b>32,032</b>	32,032
Profit attributable to ordinary shares	<b>503,307</b>	1,114,226
<b>Number of shares</b>	<b>(Number)</b>	
Weighted average number of ordinary shares for the purpose of basic profit	<b>497,681,485</b>	497,681,485

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

<b>Basic earnings per share (Rupees)</b>	<b>1.01</b>	2.24
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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:**

		<b>September 30 2018</b>	September 30 2017
		<b>Rupees '000'</b> (Un-Audited)	Rupees '000' (Un-Audited)
<b>Relationship</b>	<b>Nature of transaction</b>		
Subsidiary	Sales of goods and services	<b>14,873,123</b>	14,390,274
Key Management Personnel	Short-term employee benefits	<b>37,166</b>	38,966
	Post employment benefits	<b>1,200</b>	1,200
<b>Other related parties:</b>			
Associated companies	Purchase of services	<b>29,581</b>	131,280

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

**17 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 30, 2018

**18 GENERAL**

**18.1** Figures have been rounded off to the nearest thousands.

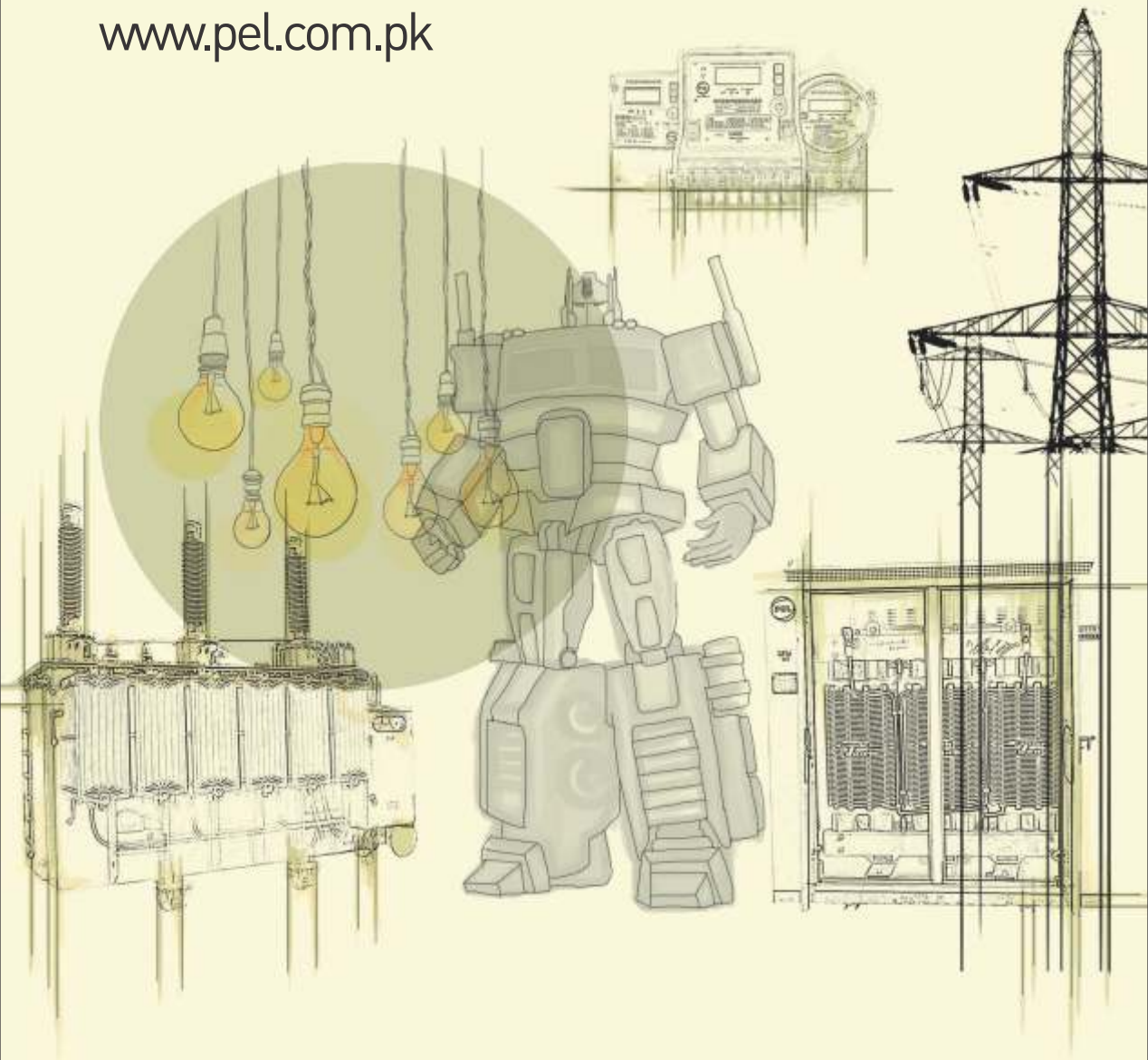
**18.2** Comparative figures have been rearranged and reclassified, where necessary for the purpose of comparison . However there were no significant reclassification during the year.

**19 OTHERS**

There are no other significant activities since December 31, 2017 affecting this condensed interim financial information.

## Notes

[www.pel.com.pk](http://www.pel.com.pk)



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