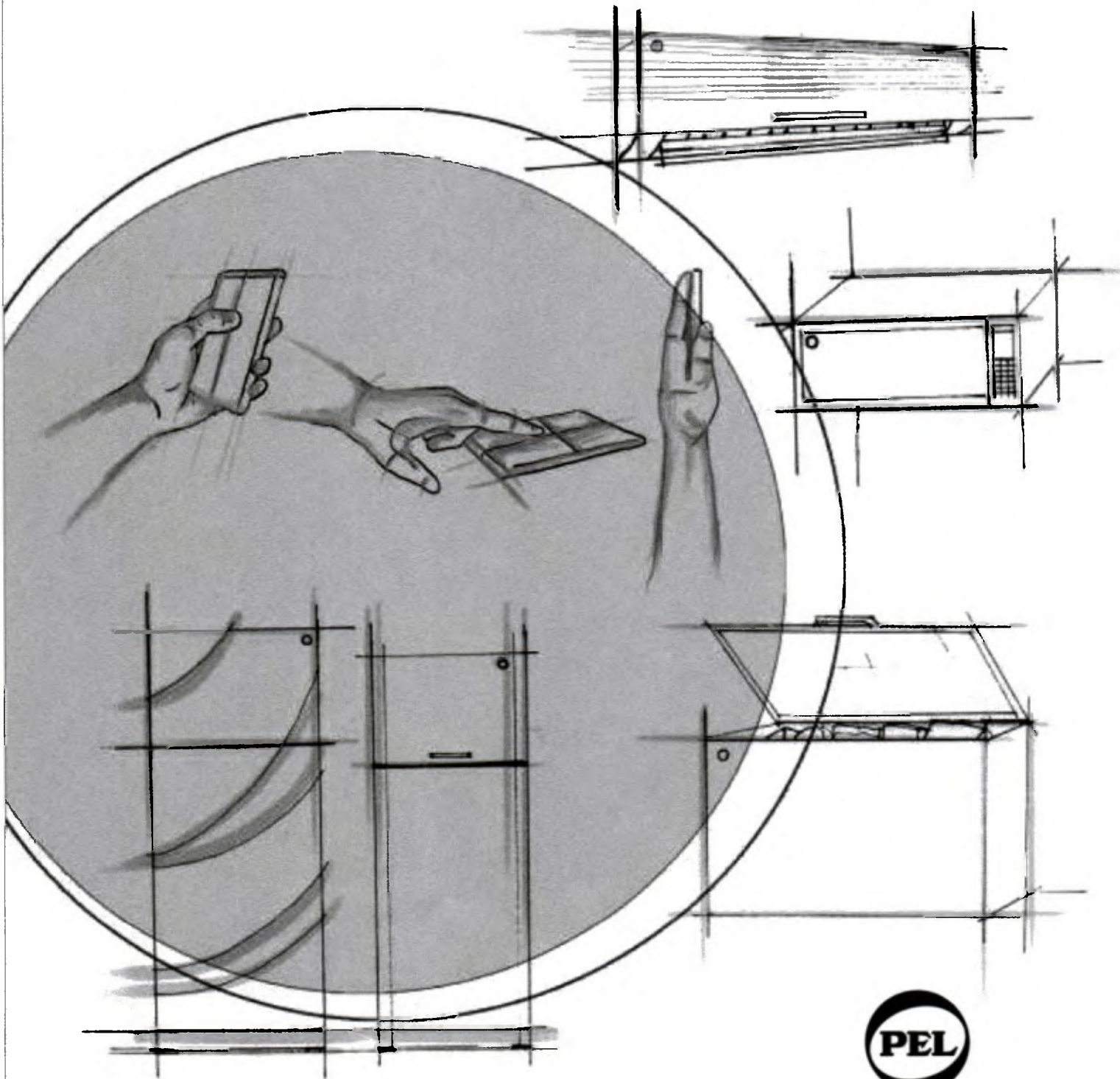


Interim Financial Report
for the half year ended June 30, 2018

Inventions beyond Dreams..



Pak Elektron Limited

Corporate Information

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Director/Chairman - Non Executive
Mr. M. Murad Saigol	Director/Chief Executive Officer - Executive/Certified (DTP)
Mr. M. Zeid Yousuf Saigol	Director - Executive/Certified (DTP)
Syed Manzar Hassan	Director - Executive
Sheikh Muhammad Shakeel	Director - Non Executive
Syed Haroon Rashid	Director - Non Executive
Mr. Asad Ullah Khawaja	Director - NIT Nominee/Independent
Mr. Usman Shahid	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Mr. Jamal Baquar	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Ms. Azra Shoaib	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive

AUDIT COMMITTEE

Mr. Asad Ullah Khawaja	Chairman/Member
Mr. Usman Shahid	Member
Sheikh Muhammad Shakeel	Member
Syed Haroon Rashid	Member

HR & REMUNERATION COMMITTEE

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

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Blue Area, Islamabad
Tel: 051-2824543, 2828941
Fax: 051-2273858

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Shan Naun Er Road,
Shanghai, China
Tel: 86-21-64567713
Fax: 86-21-54109971

TRANSFORMER FACILITY

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Ferozepur Road,
Keath Village, Lahore
Tel: 042-35935151-2

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 six months period ended June 30, 2018 duly reviewed by the Company's Auditors. During the period, revenues of Rs. 22,504 Million condensed by 12.90% against Rs. 25,835 Million of corresponding period of last year. Profitability also reduced to Rs.1.215 Billion against Rs.2.731 Billion of previous year. Earnings per share reduced to Rs.2.40 against Rs.5.44 of the last year corresponding period. Company Business fundamentals are intact and growth in the market will enable us to achieve reasonable market share in respective products.. The overall shrinkage in sales is due to lesser sales in appliances division in the first quarter of current year, this directly affected the margins earned besides reductions in margins due to abrupt currency depreciation, rise in petroleum products prices, international commodity market fluctuations and rise in policy rate. Further in Power division, there was lesser sales in first half as compare to last year mainly due to lower order intake from government utilities.

Summary of operating results is presented below:

Rupees in million	Half year ended June 30, 2018	Half year ended June 30, 2017	Increase/ (Decrease)
Revenue	22,504	25,835	(3,331)
Gross Profit	4,246	5,910	(1,664)
Finance Cost	1,031	724	307
Profit before taxation	1,394	3,250	(1,856)
Profit after taxation	1,215	2,731	(1,516)
Earnings per share - Rupees	2.40	5.44	

The Economy Review of Pakistan's reveal that economic macros came under pressure during the period under review, impacted by heightened political uncertainty and essentially a spiraling current account deficit. Sustained economic growth, however, still remains a major positive as real GDP witnessed a 5.8% growth in FY'18 (FY'17: 5.3%).

On a year on year basis, the country's exports stood at USD 23.2 billion for FY'18 with a 13.71% increase over FY'17. On the other hand, driven by the strong pickup in economic activity, the volume of imports increased by 15% to close at USD 60.87 billion for FY'18. Thus, the country's trade deficit deteriorated from USD 32.5 billion during FY'17 to USD 37.6 billion in FY'18. Home remittances levels remained unchanged, growing by a mere 1.4% year on year during the period. Resultantly, the current account deficit widened to USD 18.0 billion during FY'18 against USD 12.6 billion in FY'17 i.e. an increase of over 42.6%. Furthermore, FX reserves declined from USD 20.2 billion at Dec'17 to USD 16.4 billion at Jun'18. This resulted in strong pressure on the USD - PKR exchange rate, which closed at Rs. 121.50 as at June 30, 2018 with a devaluation of 10.0% versus Dec'17.

Inflationary pressures have started to build up as for the month of Jun'18 CPI closed at 5.2% However, FY'18 average CPI was recorded at 3.9%, lower than the 4.2% average maintained during FY'17.

Given the challenges on the external account front, the State Bank of Pakistan, in its monetary policy statements announced on May 25, 2018 and July 14, 2018 increased the policy rate by 50 bps and 100 bps respectively, taking the benchmark rate to 7.50%. This marks the third rate hike in the current year, with a 25 bps rate also announced in Jan'18.

APPLIANCES DIVISION

Appliance Division revenues during the period of Rs. 17.888 billion are lower by 8.99 % against Rs.19.655 billion of the corresponding period for last year. Company is aligned with its business plans, The overall shrinkage in sales is due to lesser sales in appliances division in the first quarter of current year, this directly affected the margins earned besides reductions in margins due to abrupt currency depreciation, rise in petroleum products prices, international commodity market fluctuations and rise in policy rate. However the overall temporary buying up held experienced due to political uncertainty. Alhamdulillah, after peaceful general election transition is process. As the transition is completed the things will reverse with consumers' confidence restoration. Despite of slow down Deep Freezers, Microwave Oven and Water Dispenser Business registered an aggregate growth @ 32% due to increased market share as a result of aggressive advertisement campaign.

Company is on way to develop different models of its products with improved esthetics and product quality. 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" Series with fan system and freshness LEDs for balance cooling and enhanced food preservation. Further R&D is on way to for refrigerators with increased storage capacity & cooling. PEL deep Freezer is well received in general consumer market and on the consistent market demand company has introduced "Glass Door" series with improved esthetics will be "Eye Catching". Deep Freezers "Screen Slider" series with sliding glasses being energy efficient will make its own space in local market. Your company to cater the consistent market demand always plans to widen product range. The added range gives boost to sales of existing products as well. In the balance period company plans to launch "LED TV". The agreements against supply and installation of production line have been arrived at. Country home Appliances market is looking good, as the temporary buying upheld backed by political uncertainties is going off after smooth transition. Company Management will continue with proved new corporate as well as operational and marketing philosophy to cope-up with stakeholders' expectations.

POWER DIVISION

Power Division Business remained slow paced, due to political instability. WAPDA distribution companies ordering went almost on upheld due to lack of Government directions. Historically there been a strong rural electrification wave before general elections not seen in these days due to unhealthy political environment. After takeover of new Government will resume the outstanding T&D infrastructure projects and again ordering by WAPDA distribution Companies will be smooth and PEL being leading Electrical Equipment with strong performance history will attain its due market share.

Company has a healthy order book and expected to meet its business plan in the in remaining half of the year. With the economic revival products demand from manufacturing & housing industry will increase.

Our EPC department is moving in positive direction with improved order book. Grid Station Installation will further flourish due to T&D Infrastructure Augmentation motives and boom in housing sector due to speedy urbanization will further enhance opportunities in this sector.

FUTURE OUTLOOK

Macro Economic indicators are likely to improve after successful completion of transition phase. Successful democratic journey is going to eliminate Political uncertainty. New Government with its fresh zeal and commitment will meet current challenges and resume growth journey. 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 increase demand of electrical home appliances and your company is well positioned to grasp the opportunity. An industrial boom is expected in future years due to planned Special Economic Zones- SEZs across the China Pak Economic Corridor, as a result a robust demand of Electrical Equipment is expected. EPC Business will also flourish in Grid Station Installation area due to enhanced electricity distribution requirements. Company is also chasing 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 of Directors

Lahore
August 16, 2018


M. Murad Saigol
Chief Executive Officer

ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز ہمسرت چھ ماہ کی رپورٹ بشمول کمپنی کے عبوری غیر آڈٹ شدہ مالیاتی گوشوارے برائے مدت مختتمہ 30 جون 2018ء کمپنی آڈیٹرز کی نظر ثانی کے بعد پیش کر رہے ہیں۔ سال رواں کی اس مدت میں کمپنی کے محصولات 22,504 بلین روپے رہے جو کہ گزشتہ سال اسی مدت کے 25,835 بلین روپے کے مقابلے میں 12.90 فیصد سے کم ہیں، اسی طرح کمپنی کے منافع جات 1,215 بلین روپے گزشتہ سال کے اسی مدت کے 2,731 بلین روپے کے مقابلے میں کم رہے۔ گزشتہ سال کی اسی مدت کے 5.44 روپے کی فی حصص آمدنی کے مقابلے میں سال رواں میں 2.40 روپے رہی۔ تاہم کمپنی کی اساس اپنی جگہ برقرار ہے اور کمپنی اپنی مصنوعات کی نمو کی صورت میں اپنا مارکیٹ شیئر حاصل کر رہی ہے۔ محصولات میں کمی کی بنیادی وجہ ہوم اپلائنسز ڈویژن کے پہلی سہ ماہی میں محصولات کی کمی ہے۔ اس طرح پاکستانی روپے کی قدر میں غیر معمولی کمی، پٹرولیم مصنوعات کی قیمتوں میں اضافہ، بین الاقوامی کموڈٹی مارکیٹ میں اتار چڑھاؤ اور بڑھتی ہوئی شرح سود جسے عوامل منافع جات میں کمی کا باعث ہیں۔ مزید سرکاری بجلی کی تقسیم کا کمپنیوں سے ملنے والے آڈر میں کمی کے باعث پاور ڈویژن کے محصولات میں کمی ہوئی ہے۔ کمپنی کے کاروباری نتائج کا خلاصہ درج ذیل ہے

روپے بلین میں	چھ ماہ مختتمہ 30 جون 2018ء	چھ ماہ مختتمہ جون 2017ء	فیصد
مجموعی آمدنی	22,504	25,835	(3,331)
خام منافع	4,246	5,910	(1,664)
مالی لاگت	1,031	724	307
منافع قبل از ٹیکس	1,394	3,250	(1,856)
منافع بعد از ٹیکس	1,215	2,731	(1,516)
فی حصص آمدنی روپے	2.40	5.44	

سال رواں کے زیر جائزہ مدت کے دوران ملکی اقتصادی اعشاریے غیر یقینی سیاسی صورت حال اور جاریہ اکاؤنٹ میں نمایاں کمی کے باعث مسائل کی نشاندہی کرتے رہے حالانکہ ملکی GDP میں نمو گزشتہ سال کے 5.3 فیصد کے مقابلے میں 5.8 فیصد رہی۔

ملکی برآمدات 13.71 فیصد اضافے کے ساتھ 23.2 بلین امریکی ڈالر رہی جبکہ زیر جائزہ مدت میں درآمدات 15 فیصد اضافے کے ساتھ 60.87 بلین امریکی ڈالر ہیں۔ اس طرح تجارتی خسارہ 32.5 بلین ڈالر کے مقابلے میں 37.6 بلین ڈالر تک جا پہنچا، بیرون ملک سے آنے والی ترسیلات میں 1.4 فیصد کا معمولی اضافہ ہوا۔ ان وجوہات کے باعث کھاتہ جاریہ کی کمی گزشتہ سال کے 12.6 بلین ڈالر کے مقابلے میں 42.6 فیصد کے اضافے کیساتھ 18.0 بلین ڈالر ہو گئی۔ غیر ملکی کرنسی کے ذخائر گزشتہ سال کے 20.2 بلین ڈالر سے کم ہو کر 16.5 بلین ڈالر رہ گئے اسی وجہ سے پاکستانی روپیہ دباؤ کا شکار رہا۔ 30 جون 2018ء سے شرح مبادلہ 121.5 روپے رہی جو کہ گزشتہ سال سے 10 فیصد کم ہے۔

افراط زر کی شرح جون 2018ء میں 5.24 فیصد ریکارڈ کی گئی تاہم سالانہ 3.9 فیصد کی نمو سال گزشتہ کی 4.2 فیصد کے مقابلے میں کم رہی۔

ان تمام مشکلات کے پیش نظر اسٹیٹ بینک آف پاکستان نے اپنی مالیاتی پالیسوں میں کمی اور جولائی 2018ء میں ملٹریٹریب 50 بی پی ایس اور 100 بی پی ایس کا شرح سود میں اضافہ کیا ہے اس سے پہلے جنوری 2018ء میں 25 بی پی ایس کا اضافہ کیا تھا اس طرح سے اب پالیسی ریٹ 7.50 تک جا پہنچی ہے۔

اپلائنسز ڈویژن

اپلائنسز ڈویژن کے 17,888 بلین روپے کے محصولات گزشتہ سال کی اسی مدت کے 19,655 بلین روپے کے مقابلے میں 8.99 فیصد سے کم رہے۔ کمپنی اپنے کاروباری منصوبہ جات پر گامزن ہے محصولات میں کمی کی وجہ پہلی سہ ماہی میں کمی ہے۔ پاکستانی روپے کی قدر میں کمی، پٹرولیم مصنوعات کی قیمتوں میں اضافہ، بین الاقوامی کموڈٹی مارکیٹ میں اتار چڑھاؤ اور شرح سود میں اضافہ جیسے عوامل منافع جات میں کمی کے اسباب ہیں، تاہم اللہ پاک کے فضل و کرم سے جنرل انکیشن کا مرحلہ بخوبی انجام پا گیا ہے اور پرامن انتقال اقتدار سے صارف کا اعتماد بحال ہونے سے خریداری کا یہ عارضی جمود ٹوٹ جائے گا ان تمام معروضی حالات کے باوجود ڈیپ فریزر، مائیکرو ویو اوون اور واٹر ڈیسنسز کے محصولات میں مجموعی طور پر 32 فیصد کا اضافہ ہوا ہے جس کی وجہ سے کمپنی کے مارکیٹ شیئر میں بھی اضافہ ہوا ہے جو کہ ایک بھر پور تہنیتی مہم کا نتیجہ ہے۔

کمپنی اپنی مصنوعات کے ماڈلز میں اضافہ اور ان کو جازب نظر بنانے کے لئے مسلسل کوشاں ہے کمپنی کا تحقیقی مکمل مصنوعات کے بہتر ڈیزائن اور پیداواری لاگت میں کمی سے مارکیٹ میں مسابقتی پوزیشن حاصل کیے ہوئے ہے زیر جائزہ مدت میں کمپنی نے ریفریجیٹرز کی "Artic Fresh" سیریز متعارف کروائی ہے جس میں Freshness LED کے باعث خوراک کو اصل ذائقہ کے ساتھ محفوظ رکھنے کی صلاحیت ہے۔ مزید برآں نئے ڈیزائن کے باعث ریفریجیٹرز میں یکساں خنڈک کی خوبی بھی ہے۔ کمپنی اپنے تحقیقی عمل سے اپنے ریفریجیٹرز کی بہتر خنڈک اور سنور کرنے کی گنجائش میں اضافے کے لئے کوشاں ہے۔ کمپنی کے ڈیپ فریزر کو عام صارفین کی مارکیٹ میں بھی بہتر پوزیشن ملی ہے اور مارکیٹ کی طلب کے پیش نظر ایک جازب نظر "Glass Door" سیریز متعارف کروائی ہے جو کہ مارکیٹ میں کافی مقبول ہوئی ہے۔ ڈیپ فریزر کی "Screen Slider" سیریز بجلی کے کم خرچ کی وجہ سے مارکیٹ میں مقبولیت حاصل کر رہی ہے، کمپنی مارکیٹ طلب کو مد نظر رکھتے ہوئے ہمیشہ سے اپنی مصنوعات میں اضافے کے لیے کوشاں رہی ہے اور اس سال کی بقیہ مدت کے دوران "LED TV" متعارف کروانے جاری ہے ہوم اپلائنسز کی ملکی مارکیٹ حوصلہ افزا ہے پرامن انتقال اقتدار کے بعد سیاسی غیر یقینی کا خاتمہ ہو جائے گا اور اس سے حالیہ خریداری کا جمود ختم ہو جائے گا کمپنی اپنے تنظیمی پیداواری اور تہنیتی فلسفہ جات پر آگے بڑھتے ہوئے اپنے حصار داروں کی توقعات پر پورا اترے گی۔

پاور ڈویژن

سیاسی غیر یقینی صورت حال کے باعث پاور ڈویژن کا کاروبار سست روی کا شکار رہا۔ عام الیکشن کی وجہ سے واپڈا کی تقسیم کار کمپنیوں کی آرڈرنگ جود کا شکار رہی ماضی میں الیکشن کے سال میں دہائی علاقہ جات میں بجلی کی ترسیل کا کام بہت زور و شور سے ہوتا رہا ہے، مگر اس دفعہ سیاسی حالات کی وجہ سے ایسا ممکن نہ ہو سکا نئی حکومت کو اقتدار کی منتقلی کے بعد بجلی کی تقسیم کاری کے نظام کو بہتر کرنے کی کوشش تیز ہو گئی جسکی وجہ سے واپڈا کی تقسیم کار کمپنیوں کی آرڈرنگ متوازن ہو جائے گی اور آپ کی کمپنی الیکٹریکل مصنوعات کی نمایاں کمپنی ہونے کی حیثیت سے اپنا مارکیٹ شیئر حاصل کرے گی۔

کمپنی اپنی مستحکم آرڈر بک کے سبب سال کی یقین دہانی میں اپنے کاروبار کی اہداف حاصل کر لے گی معاشی عمل کی بحالی کے ساتھ پیداواری اور رہائشی صنعت سے بھی کمپنی کی مصنوعات کی طلب میں اضافہ ہوگا۔ کمپنی کا EPC کا شعبہ ایک مضبوط آرڈر بک کے ساتھ مثبت سمت پر گامزن ہے۔ اس کاروبار ڈویژن کے زیر انتظام ملکی کی بجلی تقسیم کاری کے نظام کو مضبوط کرنے کی کوششوں کے نتیجہ میں Grid Stations کی تنصیب کا کام بڑھے گا تیزی سے بڑھتا ہوا شہری آبادی کی طرف منتقلی کا رجحان رہائشی تعمیرات کے شعبہ میں ترقی کا باعث بنے گا اور اس شعبہ میں بھی آپ کی کمپنی کیلئے مواقع نکلیں گے۔

مستقبل کا جائزہ

کامیاب انتقال اقتدار سے غیر یقینی صورت حال کا خاتمہ اور ملکی معاشی اعشاریے ٹھیک ہو جائیں گے نئی حکومت اپنے نئے جذبے سے موجودہ حالات کا مقابلہ کرتے ہوئے دوبارہ ترقی کے سفر پر گامزن ہو جائے گی، انسانی بہتری کے گراف میں ترقی موجودہ حکومت کے ایجنڈا پر نمایاں ہے جس سے Per Capita Income میں اضافہ ہوگا اس سے گھریلو برقی آلات کی طلب بھی بڑھے گی چاند پاک اقتصادی راہداری کے منصوبے کے تحت بننے والے SEZs (Special Economic Zones) کے نتیجے میں ایک صنعتی انقلاب متوقع ہے جس کی وجہ سے Electrical Equipment کی طلب میں بے پناہ اضافہ ہوگا کمپنی کا EPC ڈویژن کا کاروبار بجلی کی رسد میں اضافے کے ساتھ Grid Station کی تنصیبات میں اضافے کے باعث ترقی کرے گا، آپ کے ڈائریکٹرز ان سب مثبت حالات کا فائدہ اٹھاتے ہوئے کمپنی کی معیاری مصنوعات کی فراہمی کیلئے پرعزم ہیں۔

انٹہا تشکر

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



ایم مراد سہیل

چیف ایگزیکٹو آفیسر

لاہور

16 اگست 2018ء

**Condensed Interim
Consolidated Financial Information**

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Independent Auditor's Review Report

To the members of PAK ELEKTRON LIMITED

Report on review of Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of **PAK ELEKTRON LIMITED** ("the Company") as at June 30, 2018 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity, condensed interim consolidated statement of cash flows and notes to the condensed interim consolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim consolidated financial statements"). Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review. The figures for the three-month period ended June 30, 2018 of the condensed interim consolidated statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

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

Conclusion

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

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Date: **AUGUST 16, 2018**

Place: **LAHORE**

Condensed Interim Consolidated Statement of Financial Position

AS AT JUNE 30, 2018

		June 30 2018	December 31 2017
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	7	6,000,000	6,000,000
Issued, subscribed and paid-up capital	8	5,426,392	5,426,392
Share premium		4,279,947	4,279,947
Surplus on revaluation of property, plant and equipment		4,176,742	4,274,019
Accumulated profit		13,735,601	13,020,232
TOTAL EQUITY		27,618,682	27,000,590
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - <i>secured</i>	9	-	68,750
Long term finances - <i>secured</i>	10	3,396,169	3,958,767
Liabilities against assets subject to finance lease	11	12,863	22,406
Deferred taxation	12	2,336,011	2,413,351
Deferred income		37,749	38,717
		5,782,792	6,501,991
CURRENT LIABILITIES			
Trade and other payables		932,888	980,030
Accrued interest/markup		429,433	165,579
Short term borrowings	13	12,001,138	7,227,368
Unclaimed dividend		28,535	12,766
Current portion of non-current liabilities		1,987,255	2,027,692
		15,379,249	10,413,435
TOTAL LIABILITIES		21,162,041	16,915,426
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		48,780,723	43,916,016

The annexed notes 1 to 27 form an integral part of these interim consolidated financial statements.


M. MURAD SAIGOL
Chief Executive Officer


SHEIKH MUHAMMAD SHAKEEL
Director

		June 30 2018	December 31 2017
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	18,148,180	17,405,713
Intangible assets		312,071	315,525
Long term investments	16	9,751	8,848
Long term deposits		388,817	371,936
Long term advances		983,273	796,843
		19,842,092	18,898,865
CURRENT ASSETS			
Stores, spares and loose tools		880,376	746,408
Stock in trade		10,505,039	8,149,848
Trade debts - <i>unsecured</i>		11,585,820	10,727,632
Due against construction work in progress - <i>unsecured, considered good</i>		1,497,756	1,393,185
Short term advances - <i>unsecured</i>		1,017,237	845,826
Short term deposits and prepayments		1,183,149	1,109,232
Other receivables - <i>unsecured, considered good</i>		458,762	311,090
Short term investments		24,419	21,824
Advance income tax		1,253,160	1,227,912
Cash and bank balances		532,913	484,194
		28,938,631	25,017,151
TOTAL ASSETS		48,780,723	43,916,016

The annexed notes 1 to 27 form an integral part of these interim consolidated financial statements.


SYED MANZAR HASSAN
 Chief Financial Officer

Condensed Interim

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018 (Un-Audited)

		Six month ended		Three month ended	
	Note	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue	17	22,504,230	25,835,287	14,126,914	14,021,584
Sales tax and discounts		(5,804,431)	(6,472,937)	(3,739,047)	(3,506,222)
Revenue - net		16,699,799	19,362,350	10,387,867	10,515,362
Cost of sales	18	(12,453,434)	(13,451,898)	(7,973,634)	(7,334,443)
Gross profit		4,246,365	5,910,452	2,414,233	3,180,919
Distribution cost		(1,144,369)	(1,264,317)	(672,705)	(649,910)
Administrative expenses		(627,977)	(546,044)	(292,266)	(268,288)
Other operating expenses		(55,699)	(141,121)	(17,996)	(71,206)
		(1,828,045)	(1,951,482)	(982,967)	(989,404)
		2,418,320	3,958,970	1,431,266	2,191,515
Other operating income		9,057	14,852	1,750	767
Operating profit		2,427,377	3,973,822	1,433,016	2,192,282
Finance cost		(1,031,374)	(724,455)	(614,888)	(338,448)
		1,396,003	3,249,367	818,128	1,853,834
Share of (loss)/profit of associate		(1,741)	462	(810)	(78)
Profit before taxation		1,394,262	3,249,829	817,318	1,853,756
Provision for taxation	19	(178,952)	(519,003)	(138,032)	(228,136)
Profit after taxation		1,215,310	2,730,826	679,286	1,625,620
Other comprehensive income		-	-	-	-
Total comprehensive income		1,215,310	2,730,826	679,286	1,625,620
Earnings per share - Basic and diluted	20	2.40	5.44	1.34	3.24

The annexed notes 1 to 27 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

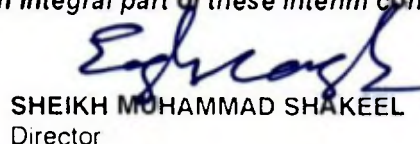
Condensed Interim Consolidated Statement of Cash Flows

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018 (Un-Audited)

	June 30, 2018 Rupees '000	June 30, 2017 Rupees '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,394,262	3,249,829
Adjustments for non-cash and other items	1,444,951	1,115,016
Operating profit before changes in working capital	2,839,213	4,364,845
Changes in working capital	(3,892,060)	(5,521,343)
Cash used in operations	(1,052,847)	(1,156,498)
Payments for		
Interest/markup on borrowings	(767,520)	(637,311)
Income tax	(281,540)	(164,513)
Net cash used in operating activities	(2,101,907)	(1,958,322)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,182,238)	(1,167,284)
Purchase of intangible assets	-	(2,723)
Proceeds from disposal of property, plant and equipment	25,182	15,122
Long term deposits refunded	(16,881)	10,000
Long term advances recovered	-	74,609
Long term advances made	(186,430)	-
Net cash used in investing activities	(1,360,367)	(1,070,276)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	226,013	500,000
Repayment of long term finances	(746,944)	(245,300)
Redemption of redeemable capital	(137,500)	(373,331)
Repayment of liabilities against assets subject to finance lease	(22,897)	(40,301)
Net increase in short term borrowings	4,773,770	4,094,094
Dividend paid	(581,449)	(870,943)
Net cash generated from financing activities	3,510,993	3,064,219
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,719	35,621
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	484,194	552,210
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	532,913	587,831

The annexed notes 1 to 27 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 SIX MONTH PERIOD ENDED JUNE 30, 2018 (Un-Audited)

	Capital reserves			Revenue reserves	
	Issued subscribed and paid-up capital	Share premium	Surplus on revaluation of property, plant and equipment	Accumulated profit	Total equity
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Balance as at January 01, 2017 - Audited	5,426,392	4,279,947	4,670,762	11,134,131	25,511,232
Comprehensive Income					
Profit after taxation	-	-	-	2,730,826	2,730,826
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,730,826	2,730,826
Incremental depreciation - net of deferred taxation	-	-	(104,816)	104,816	-
Transaction with owners					
Final dividend on ordinary shares @ Rs. 1.75 per share	-	-	-	(870,943)	(870,943)
Balance as at June 30, 2017 - Un-audited	5,426,392	4,279,947	4,565,946	13,098,830	27,371,115
Balance as at July 01, 2017 - Un-audited	5,426,392	4,279,947	4,565,946	13,098,830	27,371,115
Comprehensive Income					
Profit after taxation	-	-	-	577,428	577,428
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	577,428	577,428
Incremental depreciation - net of deferred taxation	-	-	(90,496)	90,496	-
Deferred tax adjustment attributable to changes in proportion of income taxable under final tax regime	-	-	(201,431)	-	(201,431)
Transaction with owners					
Interim dividend on ordinary shares @ Rs. 1.5 per share	-	-	-	(746,522)	(746,522)
Balance as at December 31, 2017 - Audited	5,426,392	4,279,947	4,274,019	13,020,232	27,000,590
Balance as at January 01, 2018 - Audited	5,426,392	4,279,947	4,274,019	13,020,232	27,000,590
Comprehensive Income					
Profit after taxation	-	-	-	1,215,310	1,215,310
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,215,310	1,215,310
Incremental depreciation - net of deferred taxation	-	-	(97,277)	97,277	-
Transaction with owners					
Final dividend on ordinary shares @ Rs. 1.2 per share	-	-	-	(597,218)	(597,218)
Balance as at June 30, 2018 - Un-audited	5,426,392	4,279,947	4,178,742	13,735,601	27,618,682

The annexed notes 1 to 27 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

Notes to the Condensed Interim Consolidated Financial Statements

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018 (Un-Audited)

1 REPORTING ENTITY

The Group comprises of the following companies

Parent Company

Pak Elektron Limited ("PEL") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (replaced by Companies Act, 2017). Registered office of PEL is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. PEL is listed on Pakistan Stock Exchange Limited. The principal activity of PEL is manufacture 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 electrification works.

Appliances Division: Manufacturing, assembling and distribution of refrigerators, deep freezer, air conditioners, microwave ovens, washing machines, 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 (replaced by 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 a wholly owned subsidiary of PEL.

2 BASIS OF PREPARATION

These interim consolidated financial statements are un-audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2017.

These interim consolidated financial statements have been subjected to limited scope review by the auditors as required by the Companies Act, 2017 under section 237. The comparative condensed interim consolidated statement of financial position as at December 31, 2017 and the related notes to the interim consolidated financial statements are based on audited financial statements. The comparative condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity, condensed interim consolidated statement of cash flows, and related notes to the condensed interim consolidated financial statements for the six month period ended June 30, 2017 are based on unaudited, reviewed interim consolidated financial statements. The condensed interim consolidated statement of profit or loss and other comprehensive income for the three months period ended June 30, 2018 and June 30, 2017 are neither audited nor reviewed.

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These interim consolidated financial statements have 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 These interim consolidated financial statements, except for the amounts reflected in the condensed interim consolidated statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

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

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

2.4 Functional currency

These interim consolidated financial statements are prepared in Pak Rupees which is the Group's functional currency.

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

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

IFRIC 22 - Foreign Currency Transactions and Advances Consideration

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

Clarifications to IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers has been amended to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)

IFRS 2 Share-based Payment have been amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of

share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Transfers of Investment Property (Amendments to IAS 40 - Investment Property)

IAS 40 - Investment Property have been amended to:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.
- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Annual Improvements to IFRS Standards 2014–2016 Cycle

These annual improvements have made amendments to the following standards:

- **IFRS 1 - First-time Adoption of International Financial Reporting Standards** deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- **IAS 28 - Accounting for Investment in Associates and Joint Ventures** clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

Companies Act, 2017

The Companies Act 2017 ('the Act') has been enacted on May 30, 2017. The provisions of the Act pertaining to preparations of financial statements are applicable to the Group for the financial periods beginning on and after January 01, 2018.

Besides the impact on presentation and disclosures, the adoption of the Act resulted in change in accounting policy as referred to in note 5.

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

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

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	July 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	July 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	July 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019

**Effective date
(annual periods beginning
on or after)**

Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

The Group intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Group's interim consolidated financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments (2014)

Finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 15 – Revenue from Contracts with Customers (2014)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when or as the entity satisfies a performance obligation.

Adoption of this IFRS 15 may result in material adjustment to carrying amounts of contract revenue, expenses, assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 16 – Leases (2016)

IFRS 16 - Leases specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Adoption of this IFRS 16 will result in recognition of assets and liabilities for all operating leases for which the lease terms is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

Annual Improvements to IFRS Standards 2015–2017 Cycle

Makes amendments to the following standards:

- IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 - Income Taxes: The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- IAS 23 - Borrowing Costs: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

5 CHANGE IN ACCOUNTING POLICY

During the period, the Companies Act, 2017 has been enacted and has resulted in change in accounting policy for surplus on revaluation of property, plant and equipment.

- The surplus on revaluation of property, plant and equipment, which was previously disclosed in the condensed interim consolidated statement of financial position of the Group after capital and reserves, has now been included as part of equity with corresponding inclusion in condensed interim consolidated statement of changes in equity;
- If an asset's carrying amount is increased as a result of revaluation, the increase will be recognised in other comprehensive income. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss;
- If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, section 235 of repealed Companies Ordinance, 1984 allowed that the surplus on revaluation of property, plant and equipment may be applied by the Group in setting off or in diminution of any deficit arising from the revaluation of any other property, plant and equipment of the Group.

6 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim consolidated financial statements are the same as those applied in the preparation of preceding annual financial statements of the Group for the year ended December 31, 2017, except of change referred to in note 5.

7 AUTHORIZED CAPITAL

June 30, 2018	December 31, 2017		June 30, 2018	December 31, 2017
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
62,500,000	62,500,000	A' Class preference shares of Rs. 10 each	625,000	625,000
37,500,000	37,500,000	B' Class 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

8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2018	December 31, 2017		June 30, 2018	December 31, 2017
No. of shares (Un-Audited)	No. of shares (Audited)	Note	Rupees '000 (Un-Audited)	Rupees '000 (Audited)
		Ordinary shares of Rs. 10 each		
372,751,051	372,751,051	Issued for cash	3,727,511	3,727,511
		Issued for other than cash:		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- shares issued on conversion of preference shares	60,408	60,408
118,343,841	118,343,841	- as fully paid bonus shares	1,183,439	1,183,439
497,681,485	497,681,485		4,976,816	4,976,816
		A' class Preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash 8.1	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392

8.1 There is no change in the status and classification of preference shares since December 31, 2017

	June 30, 2018	December 31, 2017
	Rupees '000	Rupees '000
	(Un-Audited)	(Audited)
9 REDEEMABLE CAPITAL - SECURED		
As at beginning of the period/year	376,875	3,951,888
Redeemed during the period/year	(137,500)	(2,564,553)
Transferred to long term finances during the year	-	(1,010,460)
As at end of the period/year	239,375	376,875
Current maturity presented under current liabilities	(239,375)	(308,125)
	-	68,750
10 LONG TERM FINANCES - SECURED		
As at beginning of the period/year	5,632,678	2,329,186
Obtained during the period/year	226,013	4,630,700
Transferred from redeemable capital during the year	-	1,010,460
Repaid during the period/year	(746,944)	(2,337,668)
As at end of the period/year	5,111,747	5,632,678
Current maturity presented under current liabilities	(1,715,578)	(1,673,911)
	3,396,169	3,958,767
11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	45,165	68,062
Current maturity presented under current liabilities	(32,302)	(45,656)
	12,863	22,406
12 DEFERRED TAXATION		
Deferred tax has been recognized using tax rate of 30% (December 31, 2017: 30%) of temporary differences.		
13 SHORT TERM BORROWINGS		
The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs. 6,298 million (December 31, 2017: Rs. 10,727 million).		

14 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2017, with the exception of the following:

		June 30, 2018	December 31, 2017
	Note	Rupees '000 (Un-Audited)	Rupees '000 (Audited)
Tender bonds		439,442	482,288
Performance bonds		2,690,536	2,685,710
Advance guarantees		710,002	662,609
Custom guarantees		80,404	92,645
Foreign guarantees		90,036	77,084
Ijarah commitments		26,375	55,722

15 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	15.1	15,754,376	16,139,286
Capital work in progress		2,393,804	1,266,427
		18,148,180	17,405,713

15.1 Operating fixed assets

Net book value at the beginning of the period/year		16,139,286	16,309,076
Additions during the period/year			
Building on leasehold land		-	2,614
Plant and machinery		39,004	524,240
Office equipment and furniture		3,605	23,644
Computer hardware and allied items		9,431	28,324
Vehicles		2,821	159,824
		54,861	738,646
Net book value of assets disposed during the period/year		(22,469)	(38,560)
Depreciation for the period/year		(417,302)	(869,876)
Net book value at the end of the period/year		15,754,376	16,139,286

16 LONG TERM INVESTMENTS

This represents investments in ordinary shares of associated company.

The details are as follows:

Kohinoor Power Company Limited - *quoted*

2,910,600 shares (December 31, 2017: 2,910,600 shares)
of Rs. 10 each

Nature of relationship: Associate

Ownership interest: 23.10% (December 31, 2017: 23.10%)

	16.1	9,751	8,848
		9,751	8,848

		June 30, 2018	December 31, 2017
	Note	Rupees '000 (Un-Audited)	Rupees '000 (Audited)
16.1 Kohinoor Power Company Limited			
Cost of investment		54,701	54,701
Share of post acquisition profit -net of dividend received		(8,142)	(6,401)
		46,559	48,300
Accumulated impairment		(36,808)	(39,452)
		9,751	8,848

	Six month ended		Three month ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
18 COST OF SALES				
Raw material consumed	11,083,623	12,281,350	6,542,822	7,268,202
Direct wages	438,415	442,588	243,036	198,265
Factory overheads	1,057,177	1,150,001	511,995	541,940
	12,579,215	13,873,939	7,297,853	8,008,407
Work in process				
- at the beginning of the period	848,453	1,033,340	979,605	1,054,129
- at the end of the period	(1,230,930)	(1,017,135)	(1,230,930)	(1,017,135)
	(382,477)	16,205	(251,325)	36,994
Cost of goods manufactured	12,196,738	13,890,144	7,046,528	8,045,401
Finished goods				
- at the beginning of the period	2,121,128	1,895,253	3,121,748	2,073,310
- at the end of the period	(2,686,729)	(2,956,719)	(2,686,729)	(2,956,719)
	(565,601)	(1,061,466)	435,019	(883,409)
Cost of goods sold	11,631,137	12,828,678	7,481,547	7,161,992
Contract cost	822,297	623,220	492,087	172,451
	12,453,434	13,451,898	7,973,634	7,334,443

19 PROVISION FOR TAXATION

Provision for current tax has been made in accordance with section 18 and 154 of the Income Tax Ordinance, 2001 ('the Ordinance')

	Six month ended	
	Unit	
	June 30, 2018	June 30, 2017
	(Un-Audited)	(Un-Audited)

20 EARNINGS PER SHARE - BASIC AND DILUTED**Earnings**

Profit for the period attributable to ordinary shareholders	Rupees' 000	1,215,310	2,730,826
Dividend on preference shares	Rupees' 000	(21,355)	(21,355)
		1,193,955	2,709,471

Shares

Weighted average number of ordinary shares outstanding during the period	No. of shares	497,681,485	497,681,485
Earnings per share - Basic and diluted	Rupees	2.40	5.44

- 20.1** As per the opinion of the Group's legal counsel, the provision for dividend at 9.5% per annum, under the original terms of issue of preference shares, will prevail on account of preference dividend.
- 20.2** There is no diluting effect on basic earnings per share of the Group as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exerciseable

21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Transactions with key management personnel are limited to payment of short term and post employment benefits and dividend payments. The Group in the normal course of business carries out various transactions with its subsidiary and associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

		Six month ended	
		June 30, 2018	June 30, 2017
		Rupees '000	Rupees '000
		(Un-Audited)	(Un-Audited)
21.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Associated companies	Services acquired	2,350	123,900
Provident Fund Trust	Contribution for the period	37,193	35,205
Key management personnel	Short term employee benefits	24,864	26,090
	Post employment benefit plan	800	800
		June 30, 2018	December 31, 2017
		Rupees '000	Rupees '000
		(Un-Audited)	(Audited)

21.2 Balances with related parties

Nature of relationship	Nature of balances		
Key management personnel	Short term employee benefits payable	3,105	2,897
Provident Fund Trust	Contribution payable	14,849	13,423

22 FINANCIAL INSTRUMENTS

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

	June 30, 2018	December 31, 2017
	Rupees '000	Rupees '000
	(Un-Audited)	(Audited)
22.1 Financial assets		
Cash in hand	34,567	16,217
Loans and receivables		
Long term deposits	388,817	340,805
Long term advances	983,273	796,843
Trade debts - <i>unsecured</i>	11,585,820	10,727,632
Due against construction work in progress - <i>unsecured, considered good</i>	1,497,756	1,393,185
Short term deposits and prepayments	1,183,149	871,449
Other receivables	458,762	311,090
Cash at banks	498,346	467,977
	16,595,923	14,908,981
Financial assets at fair value through profit or loss		
Short term investments	24,419	21,824
	16,654,909	14,947,022
22.2 Financial liabilities		
Financial liabilities at amortized cost		
Redeemable capital	239,375	376,875
Long term finances	5,111,747	5,632,678
Liabilities against assets subject to finance lease	45,165	68,062
Trade creditors - <i>unsecured</i>	474,995	399,217
Foreign bills payable - <i>secured</i>	108,823	99,102
Accrued liabilities	109,199	138,364
Employees' provident fund	12,586	13,423
Compensated absences	33,114	33,114
Unclaimed dividend	11,356	12,766
Other payables - <i>unsecured</i>	12,705	11,938
Accrued interest/markup	429,433	165,579
Short term borrowings	12,001,138	7,227,368
	18,589,636	14,178,486

23 FAIR VALUE MEASUREMENTS

The Group measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

23.1 Financial instruments measured at fair value

23.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	June 30, 2018 Rupees '000	December 31, 2017 Rupees '000
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	24,419	21,824

23.1.2 Non-recurring fair value measurements

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

23.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

23.3 Assets and liabilities other than financial instruments

23.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	June 30, 2018 Rupees '000	December 31, 2017 Rupees '000
Freehold land	-	539,232	-	539,232	539,232
Buildings	-	2,811,783	-	2,811,783	2,883,880
Plant and machinery	-	11,967,328	-	11,967,328	12,234,678

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 26.962 million (December 31, 2017: Rs. 26.962 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 140.589 million (December 31, 2017: Rs. 144.194 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 598.366 million (December 31, 2017: Rs. 611.734 million).

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

23.3.2 Non-recurring fair value measurements

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

24 OPERATING SEGMENTS

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

Reportable segment	Principal activity
Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers, construction of Grid Stations and electrification works.
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, Washing Machines, Water Dispensers and other Home Appliances.

Information about operating segments as at June 30, 2018 and for the six month then ended is as follows:

	Six month ended June 30, 2018			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue from external customers	4,615,841	17,888,389	-	22,504,230
Segment profit before taxation	141,211	1,301,470	(48,419)	1,394,262
	Six month ended June 30, 2017			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue from external customers	6,180,979	19,654,308	-	25,835,287
Segment profit before taxation	638,262	2,734,998	(123,431)	3,249,829
	As at June 30, 2018			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Segment assets	20,303,027	27,074,090	1,403,606	48,780,723
	As at December 31, 2017			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Segment assets	18,731,142	23,926,290	1,258,584	43,916,016

25 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

26 DATE OF AUTHORIZATION FOR ISSUE


These interim consolidated financial statements have been approved by the Board of Directors of the Parent Company and authorized for issue on August 16, 2018.

27 GENERAL

- 27.1** There are no other significant activities since December 31, 2017 affecting the interim consolidated financial statements.
- 27.2** Corresponding figures have been re-arranged where necessary to facilitate comparison.
- 27.3** Figures have been rounded off to the nearest thousand of Rupee unless stated otherwise.



M. MURAD SAIGOL
Chief Executive Officer



SHEIKH MUHAMMAD SHAKEEL
Director



SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Financial Information

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Independent Auditor's Review Report

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAK ELEKTRON LIMITED** ("the Company") as at June 30, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the three-month period ended June 30, 2018 of the condensed interim statement of profit or loss and other comprehensive income have not been reviewed as we are required to review only cumulative figures for the six-month period ended on that date.

Scope of Review

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

Conclusion

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

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date: **AUGUST 16, 2018**
Place: **LAHORE**

Condensed Interim Statement of Financial Position

AS AT JUNE 30, 2018

		June 30 2018	December 31 2017
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	7	6,000,000	6,000,000
Issued, subscribed and paid-up capital	8	5,426,392	5,426,392
Share premium		4,279,947	4,279,947
Surplus on revaluation of property, plant and equipment		4,176,742	4,274,019
Accumulated profit		6,662,394	6,753,080
TOTAL EQUITY		20,545,475	20,733,438
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - secured	9	-	68,750
Long term finances - secured	10	3,396,169	3,958,767
Liabilities against assets subject to finance lease	11	12,863	22,406
Deferred taxation	12	1,897,548	1,918,383
Deferred income		37,749	38,717
		5,344,329	6,007,023
CURRENT LIABILITIES			
Trade and other payables		870,913	875,182
Accrued interest/markup		429,433	165,579
Short term borrowings	13	12,001,138	7,227,368
Unclaimed dividend		28,535	12,766
Current portion of non-current liabilities		1,987,255	2,027,692
		15,317,274	10,308,587
TOTAL LIABILITIES		20,661,603	16,315,610
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		41,207,078	37,049,048

The annexed notes 1 to 27 form an integral part of these interim financial statements.


M. MURAD SAIGOL
 Chief Executive Officer


SHEIKH MUHAMMAD SHAREEL
 Director

		June 30 2018	December 31 2017
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	18,148,180	17,405,713
Intangible assets		312,071	315,525
Long term investments	16	9,851	8,948
Long term deposits		388,817	371,936
		18,858,919	18,102,122
CURRENT ASSETS			
Stores, spares and loose tools		880,376	746,408
Stock in trade		8,598,400	6,388,779
Trade debts - <i>unsecured</i>		5,683,070	5,484,699
Due against construction work in progress - <i>unsecured, considered good</i>		1,497,756	1,393,185
Short term advances - <i>unsecured</i>		984,191	826,216
Short term deposits and prepayments		1,183,149	1,109,232
Other receivables - <i>unsecured, considered good</i>		458,762	311,090
Short term investments		24,419	21,824
Advance income tax		2,587,493	2,263,669
Cash and bank balances		450,543	401,824
		22,348,159	18,946,926
TOTAL ASSETS		41,207,078	37,049,048

The annexed notes 1 to 27 form an integral part of these interim financial statements.


SYED MANZAR HASSAN
 Chief Financial Officer

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

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018 (Un-Audited)

	Note	Six month ended		Three month ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue	17	14,980,131	14,736,351	7,491,722	5,471,931
Sales tax and discounts		(2,041,342)	(2,359,290)	(1,194,403)	(1,066,903)
Revenue - net		12,938,789	12,377,061	6,297,319	4,405,028
Cost of sales	18	(11,254,158)	(10,155,378)	(5,667,354)	(3,807,029)
Gross profit		1,684,631	2,221,683	629,965	597,999
Distribution cost		(307,943)	(287,148)	(136,593)	(79,078)
Administrative expenses		(333,821)	(289,623)	(152,509)	(120,616)
Other operating expenses		(36,931)	(96,483)	(3,040)	(26,568)
		(678,695)	(673,254)	(292,142)	(226,262)
		1,005,936	1,548,429	337,823	371,737
Other operating income		9,057	14,852	2,681	227
Operating profit		1,014,993	1,563,281	340,504	371,964
Finance cost		(546,017)	(436,953)	(241,174)	(165,904)
Profit before taxation		468,976	1,126,328	99,330	206,060
Provision for taxation	19	(59,721)	(110,719)	(12,905)	126,359
Profit after taxation		409,255	1,015,609	86,425	332,419
Other comprehensive income		-	-	-	-
Total comprehensive income		409,255	1,015,609	86,425	332,419
Earnings per share - Basic and diluted 20		0.78	2.00	0.15	0.65

The annexed notes 1 to 27 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 Cash Flows

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018 (Un-Audited)

	June 30, 2018 Rupees '000	June 30, 2017 Rupees '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	468,976	1,126,328
Adjustments for non-cash and other items	959,594	880,430
Operating profit before changes in working capital	1,428,570	2,006,758
Changes in working capital	(3,030,364)	(3,317,701)
Cash used in operations	(1,601,794)	(1,310,943)
Payments for		
Interest/markup on borrowings	(282,163)	(349,809)
Income tax	(404,380)	(219,338)
Net cash used in operating activities	(2,288,337)	(1,880,090)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,182,238)	(1,167,284)
Purchase of intangible assets	-	(2,723)
Proceeds from disposal of property, plant and equipment	25,182	15,122
Long term deposits made	(16,881)	-
Long term deposits refunded	-	10,000
Net cash used in investing activities	(1,173,937)	(1,144,885)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	226,013	500,000
Repayment of long term finances	(746,944)	(245,300)
Redemption of redeemable capital	(137,500)	(373,331)
Repayment of liabilities against assets subject to finance lease	(22,897)	(40,301)
Net increase in short term borrowings	4,773,770	4,094,094
Dividend paid	(581,449)	(870,943)
Net cash generated from financing activities	3,510,993	3,064,219
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,719	39,244
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	401,824	455,750
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	450,543	494,994

The annexed notes 1 to 27 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 SIX MONTH PERIOD ENDED JUNE 30, 2018 (Un-Audited)

	Capital reserves			Revenue reserves	
	Issued subscribed and paid-up capital	Share premium	Surplus on revaluation of property, plant and equipment	Accumulated profit	Total equity
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Balance as at January 01, 2017 - Audited	5,426,392	4,279,947	4,868,386	6,784,446	21,159,171
Comprehensive income					
Profit after taxation	-	-	-	1,015,609	1,015,609
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,015,609	1,015,609
Incremental depreciation - net of deferred taxation	-	-	(102,440)	102,440	-
Transaction with owners					
Final dividend on ordinary shares @ Rs. 1.75 per share	-	-	-	(870,943)	(870,943)
Balance as at June 30, 2017 - Un-audited	5,426,392	4,279,947	4,565,946	7,031,552	21,303,837
Balance as at July 01, 2017 - Un-audited	5,426,392	4,279,947	4,565,946	7,031,552	21,303,837
Comprehensive income					
Profit after taxation	-	-	-	377,554	377,554
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	377,554	377,554
Incremental depreciation - net of deferred taxation	-	-	(90,496)	90,496	-
Deferred tax adjustment attributable to changes in proportion of income taxable under final tax regime	-	-	(201,431)	-	(201,431)
Transaction with owners					
Interim dividend on ordinary shares @ Rs. 1.5 per share	-	-	-	(746,522)	(746,522)
Balance as at December 31, 2017 - Audited	5,426,392	4,279,947	4,274,019	6,753,080	20,733,438
Balance as at January 01, 2018 - Audited	5,426,392	4,279,947	4,274,019	6,753,080	20,733,438
Comprehensive income					
Profit after taxation	-	-	-	409,255	409,255
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	409,255	409,255
Incremental depreciation - net of deferred taxation	-	-	(97,277)	97,277	-
Transaction with owners					
Final dividend on ordinary shares @ Rs. 1.2 per share	-	-	-	(597,218)	(597,218)
Balance as at June 30, 2018 - Un-audited	5,426,392	4,279,947	4,178,742	6,662,394	20,545,475

The annexed notes 1 to 27 form an integral part of these interim financial statements.


M. MURAD SAIGOL
Chief Executive Officer


SYED MANZAR HASSAN
Director

Notes to the Condensed Interim Financial Statements

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018 (Un-Audited)

1 REPORTING ENTITY

Pak Elektron Limited ("the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (replaced by Companies Act, 2017). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacture 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, deep freezer, air conditioners, microwave ovens, washing machines, water dispensers and other home appliances.

2 BASIS OF PREPARATION

These interim financial statements are un-audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2017.

These interim financial statements have been subjected to limited scope review by the auditors of the company, as required by the Companies Act, 2017 under section 237. The comparative condensed interim statement of financial position as at December 31, 2017 and the related notes to the interim financial statements are based on audited financial statements. The comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and related notes to the condensed interim financial statements for the six month ended June 30, 2017 are based on unaudited, reviewed interim financial statements. The condensed interim statement of profit or loss and other comprehensive income for the three months period ended June 30, 2018 and June 30, 2017 are neither audited nor reviewed.

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

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

2.3 Judgments, estimates and assumptions

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

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

2.4 Functional currency

These financial statements are prepared in Pak Rupees which is the Company's functional currency.

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

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

IFRIC 22 - Foreign Currency Transactions and Advances Consideration

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

Clarifications to IFRS 15 - Revenue from Contracts with Customers

IFRS 15 - Revenue from Contracts with Customers has been amended to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)

IFRS 2 Share-based Payment have been amended to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

Transfers of Investment Property (Amendments to IAS 40 - Investment Property)

IAS 40 - Investment Property have been amended to:

- Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.

Annual Improvements to IFRS Standards 2014–2016 Cycle

These annual improvements have made amendments to the following standards:

- IFRS 1 - First-time Adoption of International Financial Reporting Standards deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose.
- IAS 28 - Accounting for Investment in Associates and Joint Ventures clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

Companies Act, 2017

The Companies Act 2017 ('the Act') has been enacted on May 30, 2017. The provisions of the Act pertaining to preparations of financial statements are applicable to the Company for the financial periods beginning on and after January 01, 2018.

Besides the impact on presentation and disclosures, the adoption of the Act has resulted in change in accounting policy as referred to in note 5.

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

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

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	July 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	July 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	July 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's interim financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments (2014)

Finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 15 – Revenue from Contracts with Customers (2014)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when or as the entity satisfies a performance obligation.

Adoption of this IFRS 15 may result in material adjustment to carrying amounts of contract revenue, expenses, assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 16 – Leases (2016)

IFRS 16 - Leases specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Adoption of this IFRS 16 will result in recognition of assets and liabilities for all operating leases for which the lease terms is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

Annual Improvements to IFRS Standards 2015–2017 Cycle

Makes amendments to the following standards:

- IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements - The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 - Income Taxes - The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- IAS 23 - Borrowing Costs - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

5 CHANGE IN ACCOUNTING POLICY

During the period, the Companies Act, 2017 has been enacted and has resulted in change in accounting policy for surplus on revaluation of property, plant and equipment.

- The surplus on revaluation of property, plant and equipment, which was previously disclosed in the condensed interim statement of financial position of the Company after capital and reserves, has now been included as part of equity with corresponding inclusion in condensed interim statement of changes in equity;
- If an asset's carrying amount is increased as a result of revaluation, the increase will be recognised in other comprehensive income. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss;
- If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, section 235 of repealed Companies Ordinance, 1984 allowed that the surplus on revaluation of property, plant and equipment may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other property, plant and equipment of the Company.

6 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended December 31, 2017, except of change referred to in note 5.

7 AUTHORIZED CAPITAL

June 30, 2018	December 31, 2017		June 30, 2018	December 31, 2017
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
62,500,000	62,500,000	A' Class preference shares of Rs. 10 each	625,000	625,000
37,500,000	37,500,000	B' Class 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

8 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30, 2018	December 31, 2017		June 30, 2018	December 31, 2017
No. of shares (Un-Audited)	No. of shares (Audited)	Note	Rupees '000 (Un-Audited)	Rupees '000 (Audited)
		Ordinary shares of Rs. 10 each		
372,751,051	372,751,051	Issued for cash	3,727,511	3,727,511
		Issued for other than cash:		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- shares issued on conversion of preference shares	60,408	60,408
118,343,841	118,343,841	- as fully paid bonus shares	1,183,439	1,183,439
497,681,485	497,681,485		4,976,816	4,976,816
		A' class Preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash 8.1	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392

8.1 There is no change in the status and classification of preference shares since December 31, 2017.

	June 30, 2018	December 31, 2017
	Rupees '000	Rupees '000
	(Un-Audited)	(Audited)
9 REDEEMABLE CAPITAL - SECURED		
As at beginning of the period/year	376,875	3,951,888
Redeemed during the period/year	(137,500)	(2,564,553)
Transferred to long term finances during the year	-	(1,010,460)
As at end of the period/year	239,375	376,875
Current maturity presented under current liabilities	(239,375)	(308,125)
	-	68,750
10 LONG TERM FINANCES - SECURED		
As at beginning of the period/year	5,632,678	2,329,186
Obtained during the period/year	226,013	4,630,700
Transferred from redeemable capital during the year	-	1,010,460
Repaid during the period/year	(746,944)	(2,337,668)
As at end of the period/year	5,111,747	5,632,678
Current maturity presented under current liabilities	(1,715,578)	(1,673,911)
	3,396,169	3,958,767
11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	45,165	68,062
Current maturity presented under current liabilities	(32,302)	(45,656)
	12,863	22,406
12 DEFERRED TAXATION		
Deferred tax has been recognized using tax rate of 30% (December 31, 2017: 30%) of temporary differences.		
13 SHORT TERM BORROWINGS		
The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs. 6,298 million (December 31, 2017: Rs.10,727 million).		

14 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2017, with the exception of the following:

		June 30, 2018	December 31, 2017
	Note	Rupees '000 (Un-Audited)	Rupees '000 (Audited)
Tender bonds		439,442	482,288
Performance bonds		2,690,536	2,685,710
Advance guarantees		710,002	662,609
Custom guarantees		80,404	92,645
Foreign guarantees		90,036	77,084
Ijarah commitments		26,375	55,722

15 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	15.1	15,754,376	16,139,286
Capital work in progress		2,393,804	1,266,427
		18,148,180	17,405,713

15.1 Operating fixed assets

Net book value at the beginning of the period/year		16,139,286	16,309,076
Additions during the period/year			
Building on leasehold land		-	2,614
Plant and machinery		39,004	524,240
Office equipment and furniture		3,605	23,644
Computer hardware and allied items		9,431	28,324
Vehicles		2,821	159,824
		54,861	738,646
Net book value of assets disposed during the period/year		(22,469)	(38,560)
Depreciation for the period/year		(417,302)	(869,876)
Net book value at the end of the period/year		15,754,376	16,139,286

		June 30, 2018	December 31, 2017
	Note	Rupees '000 (Un-Audited)	Rupees '000 (Audited)
16	LONG TERM INVESTMENTS		
These represent investments in ordinary shares of related parties.			
The details are as follows:			
PEL Marketing (Private) Limited - <i>unquoted</i>			
10,000 shares (December 31, 2017: 10,000 shares) of Rs. 10 each		100	100
Relationship: wholly-owned subsidiary			
Ownership interest: 100% (December 31, 2017: 100%)			
Kohinoor Power Company Limited - <i>quoted</i>			
2,910,600 shares (December 31, 2017: 2,910,600 shares) of Rs. 10 each		16.1 9,751	8,848
Relationship: Associate			
Ownership interest: 23.10% (December 31, 2017: 23.10%)			
		9,851	8,948
16.1	Kohinoor Power Company Limited		
Cost of investment		54,701	54,701
Accumulated impairment		(44,950)	(45,853)
		9,751	8,848
		Six month ended	Three month ended
		June 30, 2018	June 30, 2017
		June 30, 2018	June 30, 2017
		Rupees '000	Rupees '000
		(Un-Audited)	(Un-Audited)
17	REVENUE		
Contract revenue		946,039	698,834
Sale of goods			
Local		13,439,670	13,390,273
Export		594,422	647,244
		14,980,131	14,736,351
Sales tax and excise duty		(2,041,342)	(2,359,290)
		12,938,789	12,377,061
		556,870	163,224
		6,647,536	5,180,666
		287,316	128,041
		7,491,722	5,471,931
		(1,194,403)	(1,066,903)
		6,297,319	4,405,028

	Six month ended		Three month ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
18 COST OF SALES				
Raw material consumed	9,518,777	8,578,283	4,979,803	3,628,040
Direct wages	438,415	442,588	243,036	198,263
Factory overheads	1,057,177	1,150,001	511,996	541,941
	11,014,369	10,170,872	5,734,835	4,368,244
Work in process				
- at the beginning of the period	848,453	1,033,340	979,605	1,054,129
- at the end of the period	(1,230,930)	(1,017,135)	(1,230,930)	(1,017,135)
	(382,477)	16,205	(251,325)	36,994
Cost of goods manufactured	10,631,892	10,187,077	5,483,510	4,405,238
Finished goods				
- at the beginning of the period	360,059	1,742,903	251,847	1,627,162
- at the end of the period	(560,090)	(2,397,822)	(560,090)	(2,397,822)
	(200,031)	(654,919)	(308,243)	(770,660)
Cost of goods sold	10,431,861	9,532,158	5,175,267	3,634,578
Contract cost	822,297	623,220	492,087	172,451
	11,254,158	10,155,378	5,667,354	3,807,029

19 PROVISION FOR TAXATION

The Company is taxable under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiary as a single unit. The provision for the year has been allocated to the Company on proportionate basis. There is no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

		Six month ended	
	Unit	June 30, 2018	June 30, 2017
		(Un-Audited)	(Un-Audited)
20 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	Rupees' 000	409,255	1,015,609
Preference dividend for the period	Rupees' 000	(21,355)	(21,355)
Profit for the period attributable to ordinary shareholders		387,900	994,254
Shares			
Weighted average number of ordinary shares outstanding during the period	No. of shares	497,681,485	497,681,485
		497,681,485	497,681,485
Earnings per share - Basic and diluted	Rupees	0.78	2.00

20.1 As per the opinion of the Company's legal counsel, the provision for dividend at 9.5% per annum, under the original terms of issue of preference shares, will prevail on account of preference dividend.

20.2 There is no diluting effect on basic earnings per share of the Company as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exerciseable.

21 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Transactions with key management personnel are limited to payment of short term and post employment benefits and dividend payments. The Company in the normal course of business carries out various transactions with its subsidiary and associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

		Six month ended	
		June 30, 2018	June 30, 2017
		Rupees '000	Rupees '000
		(Un-Audited)	(Un-Audited)

21.1 Transactions with related parties

Nature of relationship	Nature of transaction		
Subsidiary	Sale of goods and services	10,294,093	12,134,539
Associated companies	Services acquired	2,350	123,900

		Six month ended	
		June 30, 2018	June 30, 2017
		Rupees '000	Rupees '000
		(Un-Audited)	(Un-Audited)
Provident Fund Trust	Contribution for the period	37,193	35,205
Key management personnel	Short term employee benefits	24,864	26,090
	Post employment benefit plan	800	800

		June 30, 2018	December 31, 2017
		Rupees '000	Rupees '000
		(Un-Audited)	(Audited)
21.2 Balances with related parties			
Nature of relationship	Nature of balances		
Provident Fund Trust	Contribution payable	14,849	13,423
Key management personnel	Short term employee benefits payable	3,105	2,897

22 FINANCIAL INSTRUMENTS

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

		June 30, 2018	December 31, 2017
		Rupees '000	Rupees '000
		(Un-Audited)	(Audited)
22.1 Financial assets			
<i>Cash in hand</i>		14,223	12,012
<i>Loans and receivables</i>			
Long term deposits		388,817	340,805
Trade debts - <i>unsecured</i>		5,683,070	5,484,699
Due against construction work in progress - <i>unsecured, considered good</i>		1,497,756	1,393,185
Short term deposits and prepayments		1,183,149	866,070
Bank balances		436,320	389,812
		9,189,112	8,474,571
<i>Financial assets at fair value through profit or loss</i>			
Short term investments		24,419	21,824
		9,227,754	8,508,407

	June 30, 2018	December 31, 2017
	Rupees '000	Rupees '000
	(Un-Audited)	(Audited)
22.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Redeemable capital	239,375	376,875
Long term finances	5,111,747	5,632,678
Liabilities against assets subject to finance lease	45,165	68,062
Trade creditors - <i>unsecured</i>	474,995	399,217
Foreign bills payable - <i>secured</i>	108,823	99,102
Accrued liabilities	85,887	107,146
Employees' provident fund	12,586	13,423
Compensated absences	33,114	33,114
Unclaimed dividend	11,356	12,766
Other payables - <i>unsecured</i>	12,705	11,938
Accrued interest/markup	429,433	165,579
Short term borrowings	12,001,138	7,227,368
	18,566,324	14,147,268

23 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

23.1 Financial instruments measured at fair value

23.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	June 30, 2018	December 31, 2017
			Rupees '000	Rupees '000
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	24,419	21,824

23.1.2 Non-recurring fair value measurements

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

23.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

23.3 Assets and liabilities other than financial instruments**23.3.1 Recurring fair value measurements**

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	June 30, 2018 Rupees '000	December 31, 2017 Rupees '000
Freehold land	-	539,232	-	539,232	539,232
Buildings	-	2,811,783	-	2,811,783	2,883,880
Plant and machinery	-	11,967,328	-	11,967,328	12,234,678

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 26.962 million (December 31, 2017: Rs. 26.962 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 140.859 million (December 31, 2017: Rs. 144.194 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 598.366 million (December 31, 2017: Rs. 611.734 million).

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

23.3.2 Non-recurring fair value measurements

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

24 OPERATING SEGMENTS

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

Reportable segment	Principal activity
Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers, construction of Grid Stations and Electrification Works.
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, Washing Machines, Water Dispensers and other Home Appliances.

Information about operating segments as at June 30, 2018 and for the six month then ended is as follows:

Six month ended June 30, 2018				
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue from external customers	4,615,841	10,364,290	-	14,980,131
Segment profit before taxation	141,211	355,676	(27,911)	468,976
Six month ended June 30, 2017				
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Revenue from external customers	6,180,979	8,555,372	-	14,736,351
Segment profit before taxation	638,262	569,725	(81,659)	1,126,328
As at June 30, 2018				
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Segment assets	20,303,027	18,282,288	2,621,763	41,207,078
As at December 31, 2017				
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Segment assets	18,731,142	16,023,465	2,294,441	37,049,048

25 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

26 DATE OF AUTHORIZATION FOR ISSUE

These interim financial statements have been approved by the Board of Directors of the Company and authorized for issue on August 16, 2018.


27 GENERAL

27.1 There are no other significant activities since December 31, 2017 affecting interim financial statements.

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

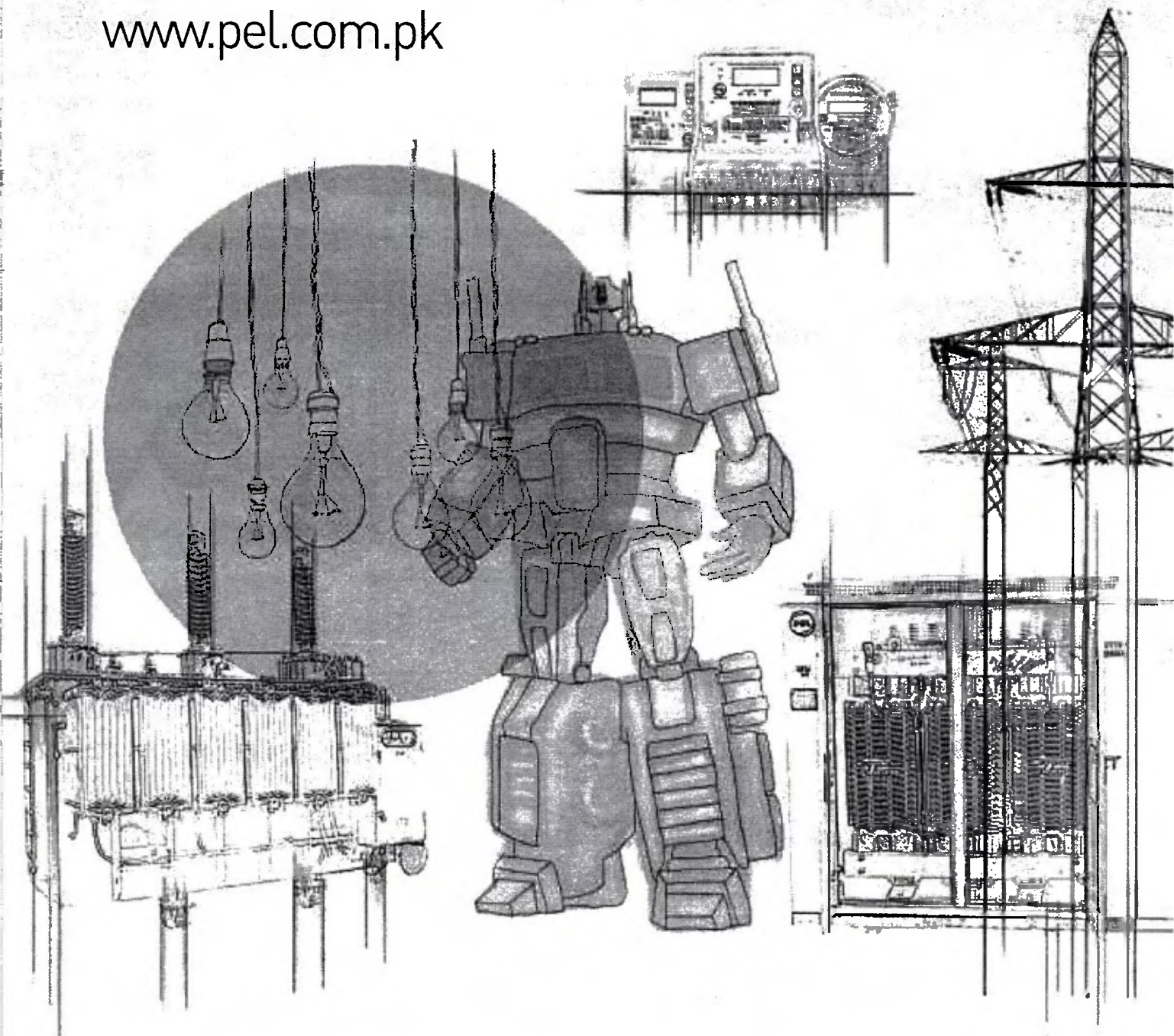
27.3 Figures have been rounded off to the nearest thousand of Rupee unless stated otherwise.


M. MURAD SAIGOL
Chief Executive Officer


SHEIKH MUHAMMAD SHAKEEL
Director


SYED MANZAR HASSAN
Chief Financial Officer

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