

# **PAK ELEKTRON LIMITED**

**QUARTERLY REPORT  
SEPTEMBER 30, 2018  
(UN-AUDITED)**

# PAK ELEKTRON LIMITED

## COMPANY INFORMATION

### Board of Directors

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

### Audit Committee

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

### HR & Remuneration Committee

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

### Company Secretary

Muhammad Omer Farooq

### Chief Financial Officer

Syed Manzar Hassan, FCA

### Auditors

M/s Rehman Sarfaraz Rahim Iqbal Rafiq & Co.  
Chartered Accountants

### Legal Advisor

M/s Hassan & Hassan Advocates

### Shariah Advisor

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

### Company Registration No.

0000802

**National Tax No. (NTN)**

2011386-2

**Status of Company**

Public Interest Company (PIC)

**Registered Office**

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

**Share Registrar**

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

**Works**

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

**Transformer Facility**

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

**Karachi**

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

**Islamabad**

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

**China**

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

**Bankers**

Albaraka Bank (Pakistan) Limited

Askari Bank Limited

Bank Alfalah Limited

The Bank of Khyber

The Bank of Punjab

Sindh Bank Limited

Faysal Bank Limited

Bank Islami (Pakistan) Limited

MCB Bank Limited

National Bank of Pakistan

Pak Brunei Investment Company Limited

Pak Libya Holding Company (Private) Limited

Pak Oman Investment Company Limited

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

Summit Bank Limited

Saudi Pak Industrial and Agriculture Investment Company Limited

United Bank Limited

## Director's Review

Your directors are pleased to present the un-audited interim financial information of the Company for the nine months period ended September 30, 2018. During the period, revenues reached at Rs. 30.912 billion condensed by 8.75% against Rs. 33.876 billion of corresponding period of last year. Profitability also reduced to Rs.1.332 billion against Rs.2.972 billion of previous year. Earnings per share reduced to Rs.2.61 against Rs.5.91 of the last year corresponding period. Company Business fundamentals are intact and overall growth market will enable us to achieve reasonable market share in respective business line. The overall shrinkage in business volumes and profitability is due to Pak Rupee depreciation and rise in policy rate.

Summary of operating results is presented below:

Rupees in millions	Nine months ended 30 September, 2018.	Nine months ended 30 September 2017	Increase/ (decrease)	Percentage %
Revenue	30,912	33,876	(2,964)	(8.75%)
Gross Profit	5,834	7,724	(1,890)	(24.47%)
Finance Cost	1,609	1,234	376	30.43%
Profit before taxation	1,500	3,571	(2,071)	(58.02%)
Profit after taxation	1,332	2,971	(1,639)	(55.17%)
Earnings Per Share (Rupees)	2.61	5.91		

## Economy

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

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

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

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

The Pakistan Stock Exchange (PSX) closed Sep'18 at 40,999 points, up by a mere 1.3% compared to the Dec'17 level. Foreign portfolio investment recorded a net outflow of USD 322.4 million (YTD Dec'17:

USD 487.1 million) with the bearish trend a result of strong expectations of a PKR devaluation. In 2018, the PSX has been clouded by political uncertainty in the run up to the elections, need for a direction setting on the economy, which was compounded by concerns over the deteriorating current account deficit and fiscal position.

#### APPLIANCES DIVISION

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

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

#### POWER DIVISION

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

Company has a healthy order book and expected to meet its business plan by the end of the year. With the economic revival products demand from manufacturing & housing industry will increase. The products being customized in nature carry incremental margins. PEL being key Electrical



Equipment manufacturer is a part of Government efforts to maintain smooth electricity supply. Company has also developed "Smart Meters" with 2 way communication for Meter Reader Free Regime" to curb electricity pilferage. It will support to resolve "Circular Debt" issue as such short billings are parked as circular debt. Company Prototypes of these "Smart Meters" have been approved by authorities.

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

#### FUTURE OUTLOOK

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

#### ACKNOWLEDGEMENT

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

Lahore  
October 30, 2018

On behalf of the Board

  
M. Murad Saigol  
Chief Executive Officer

***PAK ELEKTRON LIMITED***  
***FINANCIAL STATEMENTS***  
***FOR THE 3<sup>RD</sup> QUARTER ENDED***  
***30-09-2018***  
***(CONSOLIDATED)***



**PAK ELEKTRON LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2018**

		September 30, 2018	December 31, 2017
	Note	(Rupees in thousands)	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized Capital	4	6,000,000	6,000,000
Issued, subscribed and paid up capital	5	5,426,392	5,426,392
Reserves		4,279,947	4,279,947
Unappropriated profit		13,903,266	13,020,232
Surplus on revaluation		4,126,019	4,274,019
		27,735,624	27,000,590
<b>NON-CURRENT LIABILITIES</b>			
Redeemable Capital	6	-	68,750
Long-term financing	7	2,868,497	3,958,767
Liabilities against assets subject to finance lease	8	61,076	22,406
Deferred taxation		2,243,177	2,413,351
Deferred income		37,265	38,717
<b>CURRENT LIABILITIES</b>			
Trade and other payables		942,248	980,030
Dividend payable		20,348	12,766
Accrued interest / mark-up		487,729	165,579
Short-term borrowings	9	12,434,202	7,227,368
Current Portion of Non Current Liabilities		2,078,972	2,027,692
		15,963,499	10,413,435
Contingencies and Commitments	10	-	-
		48,909,139	43,916,016

**ASSETS**

**NON-CURRENT ASSETS**

Property, plant and equipment	11	18,559,648	17,405,713
Intangible assets		309,731	315,525
		<u>18,869,379</u>	<u>17,721,238</u>
Long-term investments	12	7,569	8,848
Long term advances and deposits		1,368,740	1,168,779

**CURRENT ASSETS**

Stores, spare parts and loose tools	859,583	746,408
Stock-in-trade	10,438,790	8,149,848
Trade debts	11,271,836	10,727,632
Due against construction work in progress	1,513,360	1,393,185
Short term advances	1,053,095	845,826
Short term deposits and prepayments	1,158,773	1,109,232
Other receivables	422,649	311,090
Short term investments	20,578	21,824
Advance income tax	1,378,473	1,227,912
Cash and bank balances	546,313	484,194
	<u>28,663,450</u>	<u>25,017,151</u>
	<u><b>48,909,139</b></u>	<u><b>43,916,016</b></u>

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

  
**M MURAD SAIGOL**  
 Chief Executive Officer

  
**Sheikh Muhammad Shakeel**  
 Director

  
**Syed Manzoor Hassan**  
 Chief Financial Officer

**PAK ELEKTRON LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT / STATEMENT OF**  
**COMPREHENSIVE INCOME**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

		Nine Months Ended		Quarter Ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		(Rupees in thousand)		(Rupees in thousand)	
Gross Sales	13	30,911,655	33,876,335	8,407,425	8,041,048
Sales Tax and discount	13	7,190,611	7,816,686	1,386,180	1,343,749
Net Sales		23,721,044	26,059,649	7,021,245	6,697,299
Cost of Sales	14	17,887,068	18,335,528	5,433,634	4,883,629
Gross Profit		5,833,976	7,724,121	1,587,611	1,813,670
Other Operating Income		13,255	15,854	4,198	1,002
		5,847,231	7,739,975	1,591,809	1,814,672
Distribution Cost		1,739,743	1,928,963	595,374	664,646
Administrative Cost		932,813	846,227	304,836	300,183
Other Operating Expenses		65,112	161,907	9,413	20,787
Finance Cost		1,609,554	1,234,003	578,180	509,548
Share of profit/(loss) of associate		(1,095)	1,406	646	944
Profit Before Tax		1,498,914	3,570,281	104,652	320,452
Provision for Taxation		166,662	598,619	(12,290)	79,616
Profit after tax		1,332,252	2,971,662	116,942	240,836
Earnings per share - Rupees					
Basic & diluted	15	2.61	5.91	0.21	0.46

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

  
**M MURAD SAIGOL**  
**Chief Executive Officer**

  
**Sheikh Muhammad Shakeel**  
**Director**


  
**Syed Manzar Hassan**  
**Chief Financial Officer**

**PAK ELEKTRON LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

Issued, subscribed and paid up capital	Capital reserves		Revenue Reserves	Total
	Share premium	Surplus on Revaluation of property, plant and equipment	Accumulated profit	
..... (Rupees in thousand) .....				
5,426,392	4,279,947	4,670,762	11,134,131	25,511,232
-	-		2,971,662	2,971,662
-	-	(156,014)	153,639	(2,375)
			(870,943)	(870,943)
5,426,392	4,279,947	4,514,748	13,388,489	27,609,576
-	-		336,592	336,592
-	-	(240,729)	41,673	(199,056)
			(746,522)	(746,522)
5,426,392	4,279,947	4,274,019	13,020,232	27,000,590
-	-		1,332,252	1,332,252
-	-	(148,000)	148,000	-
			(597,218)	(597,218)
5,426,392	4,279,947	4,126,019	13,903,266	27,735,624

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

  
**M. MURAD SAIGOL**  
 Chief Executive Officer

  
**Sheikh Muhammad Shakeel**  
 Director

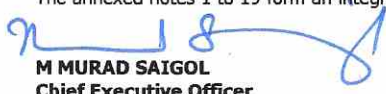
  
**Syed Manzoor Hassan**  
 Chief Financial Officer



**CONDENSED INTERIM  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

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

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

  
**M MURAD SAIGOL**  
Chief Executive Officer

  
**Sheikh Muhammad Shakeel**  
Director

  
**Syed Manzar Hassan**  
Chief Financial Officer

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## PAK ELEKTRON LIMITED

### SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

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#### 1 REPORTING ENTITY

The group comprises of the following companies

##### Parent Company

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

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

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

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

##### Subsidiary Company

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

#### 2 BASIS OF PREPARATION

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

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

##### 2.1 Statement of compliance

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

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

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

##### 2.2 Basis of measurement

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

##### 2.3 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 imported 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 their sources. Actual results may differ from these estimates.

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

##### 2.3 Functional currency

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

#### 3 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2017.

#### 4 AUTHORIZED CAPITAL

September 30, 2018 (Numbers)	December 31, 2017 (Numbers)		September 30, 2018 (Rupees in thousand)	December 31, 2017 (Rupees in thousand)
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
		Preference shares of Rs. 10 each:		
62,500,000	62,500,000	Class A preference shares of Rs 10 each	625,000	625,000
37,500,000	37,500,000	Class B preference shares of Rs 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
<u>600,000,000</u>	<u>600,000,000</u>		<u>6,000,000</u>	<u>6,000,000</u>

#### 5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, 2018 Number of shares	December 31, 2017 Number of shares		September 30, 2018 (Rupees in thousand)	December 31, 2017 (Rupees in thousand)
372,751,051	372,751,051	Ordinary shares of Rs. 10 each fully paid:	3,727,511	3,727,511
		- In cash		
137,500	137,500	Other than cash:	1,375	1,375
		-against machinery		
408,273	408,273	-issued on acquisition of PEL Appliances Limited	4,083	4,083
		-issued against conversion of preference shares	60,408	60,408
6,040,820	6,040,820	-issued as bonus shares	1,183,439	1,183,439
118,343,841	118,343,841		<u>4,976,816</u>	<u>4,976,816</u>
497,681,485	497,681,485			
		A class preference shares of Rs 10 each issued for cash	449,576	449,576
44,957,592	44,957,592		<u>5,426,392</u>	<u>5,426,392</u>
<u>542,639,077</u>	<u>542,639,077</u>			

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

At beginning of the year	497,681,485	497,681,485
Add: - Issued during the year	-	-
At the end of the year	<u>497,681,485</u>	<u>497,681,485</u>

#### 6 REDEEMABLE CAPITAL

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

#### 7 LONG-TERM FINANCING - SECURED

As at beginning of the period / year	5,632,678	2,329,187
Obtained during the period / year	226,013	5,401,856
Paid / settled during the period / year	1,141,249	2,098,365
Current portion	1,848,945	1,673,911
	<u>2,868,497</u>	<u>3,958,767</u>



**8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Present value of minimum lease payments	107,978	68,062
Current maturity	46,902	45,656
	<u>61,076</u>	<u>22,406</u>

**9 SHORT TERM BORROWING**

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

**10 CONTINGENCIES AND COMMITMENTS**

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

Tender bonds  
Performance bonds

**11 PROPERTY, PLANT AND EQUIPMENT**

Operating assets	11.1	15,736,035	16,139,286
Capital work-in-progress		<u>2,823,613</u>	<u>1,266,427</u>
		<u>18,559,648</u>	<u>17,405,713</u>
<b>11.1 Operating assets</b>			
Written down value at beginning of the period / year		16,139,286	16,309,076
Additions during the period / year	11.1.1	250,507	738,646
		<u>16,389,793</u>	<u>17,047,722</u>
Written down value of the assets disposed off / adjustments		23,079	38,560
Depreciation charged during the period / year		<u>630,679</u>	<u>869,876</u>
		<u>15,736,035</u>	<u>16,139,286</u>
<b>11.1.1 Additions during the period / year</b>			
Building		-	2,614
Plant and machinery		197,956	524,240
Office equipment and furniture		16,910	23,644
Computer hardware and allied items		13,280	28,324
Vehicles		22,361	159,824
		<u>250,507</u>	<u>738,646</u>

**12 LONG-TERM INVESTMENTS**

Investment in associate at equity method -	<u>7,569</u>	<u>8,848</u>
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12.1 Kohinoor Power Company Limited  
Ownership interest 23.10 %

Cost of Investment  
2,910,600 shares  
Share of post acquisition profit- net of dividend received  
Less: provision for impairment in value of investment

54,701	54,701
(7,495)	(6,401)
47,206	48,300
39,637	39,452
7,569	8,848

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

		Un-audited	
		September 30,	September 30,
		2018	2017
		(Rupees in thousand)	
15	EARNINGS PER SHARE - BASIC AND DILUTED		
	Earnings	1,332,252	2,971,662
	Less: dividend on preference shares	32,032	32,032
		<u>1,300,219</u>	<u>2,939,630</u>
	Number of shares	(Number)	
	Weighted average number of ordinary shares.	497,681,485	497,681,485
		<u>497,681,485</u>	<u>497,681,485</u>
Basic and diluted Profit per share have been calculated through dividing Profit as stated above by weighted average number of ordinary shares.			
	Basic Profit per share (Rupees)	<u>2.61</u>	<u>5.91</u>

#### 16 TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

#### 17 RECOVERABLE AMOUNTS AND IMPAIRMENT:

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

#### 18 DATE OF AUTHORIZATION FOR ISSUE


This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 00, 2018.

#### 19 GENERAL

19.1 Figures have been rounded off to the nearest thousands.

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

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

  
M MURAD SAIGOL  
Chief Executive Officer

  
Sheikh Muhammad Shakeel  
Director

  
Syed Manzoor Hassan  
Chief Financial Officer

***PAK ELEKTRON LIMITED***  
***FINANCIAL STATEMENTS***  
***FOR THE 3<sup>RD</sup> QUARTER ENDED***  
***30-09-2018***  
***(UN-CONSOLIDATED)***

**PAK ELEKTRON LIMITED**  
**BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2018**

		September 30, 2018 (Rupees in Thousands)	December 31, 2017 (Rupees in Thousands)			September 30, 2018 (Rupees in Thousands)	December 31, 2017 (Rupees in Thousands)
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON-CURRENT ASSETS</b>			
Authorized Capital	4	6,000,000	6,000,000				
Issued, subscribed and paid up capital	5	5,426,392	5,426,392	Property, plant and equipment	11	18,559,648	17,405,713
Reserves		4,279,947	4,279,947	Intangible assets		309,731	315,525
Unappropriated profit		6,839,202	6,753,080			18,869,379	17,721,238
Surplus on revaluation		4,126,019	4,274,019				
		20,671,560	20,733,438				
<b>NON-CURRENT LIABILITIES</b>				Long-term investments	12	7,668	8,948
Redeemable Capital	6	-	68,750	Long-term deposits		375,952	371,936
Long-term financing	7	2,868,497	3,958,767				
Liabilities against assets subject to finance lease	8	61,076	22,406				
Deferred taxation		1,855,203	1,918,383	<b>CURRENT ASSETS</b>			
Deferred income		37,265	38,717				
<b>CURRENT LIABILITIES</b>				Stores, spare parts and loose tools		859,583	746,408
Trade and other payables		878,240	875,182	Stock-in-trade		7,738,090	6,388,779
Dividend Payable		20,348	12,766	Trade debts		6,287,835	5,484,699
Accrued interest/ mark up		487,729	165,579	Due against construction work in progress		1,513,360	1,393,185
Short-term borrowings	9	12,434,202	7,227,368	Advances		984,191	826,216
Current Portion of Non Current Liabilities- loans		2,032,070	1,982,036	Trade deposits and short-term prepayments		1,158,773	1,109,232
Current Portion of Non Current Liabilities- Leases		46,902	45,656	Other receivables		422,649	311,090
		15,899,491	10,308,587	Other financial assets		20,578	21,824
CONTINGENCIES AND COMMITMENTS	10	-	-	Advance income tax		2,728,376	2,263,669
		41,393,092	37,049,048	Cash and bank balances		426,658	401,824
						22,140,093	18,946,926
						41,393,092	37,049,048

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

  
**M MURAD SAIGOL**  
 Chief Executive Officer

  
**Sheikh Muhammad Shakeel**  
 Director

  
**Syed Manzar Hassan**  
 Chief Financial Officer


# PAK ELEKTRON LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT / STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

		Nine Months Ended		Quarter Ended	
	Note	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		(Rupees in thousand)			
Gross Sales	13	22,299,846	20,734,847	7,319,715	5,998,496
Sales Tax and discount	13	2,977,029	3,158,456	935,687	799,166
Net Sales		19,322,817	17,576,391	6,384,028	5,199,330
Cost of Sales	14	16,870,751	14,467,127	5,616,593	4,311,749
Gross Profit		2,452,065	3,109,264	767,434	887,581
Other Operating Income		13,255	15,854	4,198	1,002
		2,465,321	3,125,118	771,633	888,583
Distribution Cost		421,237	439,410	113,294	152,262
Administrative Cost		492,732	442,925	158,911	153,302
Other Operating Expenses		46,644	116,671	9,713	20,188
Finance Cost		929,427	746,997	383,410	310,044
Profit Before Taxation		575,280	1,379,115	106,304	252,787
Provision for Taxation		39,940	232,857	(19,781)	122,139
Profit after tax		535,340	1,146,258	126,085	130,648
Earnings per share					
Basic & diluted	15	1.01	2.24	0.23	0.24

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

  
**M MURAD SAIGOL**  
 Chief Executive Officer

  
**Sheikh Muhammad Shakeel**  
 Director

  
**Syed Manzar Hassan**  
 Chief Financial Officer



**PAK ELEKTRON LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

Issued, Subscribed and paid up Capital	Capital reserves		Revenue reserves	Total
	Share premium	Surplus on Revaluation of Property, Plant and Equiplent	Accumulated Profits	

(Rupees in thousand)

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



**NASEEM SAIGOL**  
Chief Executive Officer



**Sheikh Muhammad Shakeel**  
Director



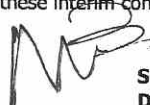
**Syed Manzar Hassan**  
Chief Financial Officer


**PAK ELEKTRON LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Profit before taxation	575,280	1,379,115
Adjustments for non cash items	1,570,070	1,409,547
Cash generated from operations before working capital changes	2,145,349	2,788,662
Working capital changes	(2,699,262)	(3,150,592)
Cash generated from operations	(553,912)	(361,930)
Finance cost paid	(607,277)	(678,298)
Income tax paid	(575,926)	(479,001)
Net cash used in operating activities	(1,183,203)	(1,157,299)
	(1,737,116)	(1,519,229)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,807,693)	(1,348,738)
Proceeds from disposal of property, plant and equipment	25,531	21,305
(Increase) / decrease in long-term deposits	(4,016)	1,262
Net cash used in investing activities	(1,786,178)	(1,326,171)
<b>Cash flows from financing activities</b>		
Long Term Finances obtained	226,013	3,500,000
Repayment of Long Term Finances	(1,141,249)	(1,264,406)
Redemption of Redeemable capital	(193,750)	(2,655,235)
Increase/ (Decrease) in liabilities against finance lease	39,916	(53,339)
Dividend paid	(589,636)	(864,894)
Increase / (Decrease) in Short Term Borrowing	5,206,834	4,228,545
Net cash from financing activities	3,548,128	2,890,671
Net increase/(decrease) in cash and cash equivalents	24,834	45,271
Cash and cash equivalents at beginning of the period	401,824	455,750
<b>Cash and cash equivalents at end of the period</b>	<b>426,658</b>	<b>501,021</b>

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

  
**M MURAD SAIGOL**  
 Chief Executive Officer

  
**Sheikh Muhammad Shakeel**  
 Director

  
**Syed Manzoor Hassan**  
 Chief Financial Officer

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## **PAK ELEKTRON LIMITED**

### **SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

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#### **1 REPORTING ENTITY**

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

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

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

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

#### **2 BASIS OF PREPARATION**

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

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

##### **2.1 Statement of compliance**

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

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

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

##### **2.2 Basis of measurement**

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

##### **2.3 Functional currency**

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

#### **3 ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2017.

4 AUTHORIZED CAPITAL

September 30, 2018	December 31, 2017		Un-audited September 30, 2018	Audited December 31, 2017
(Numbers)			(Rupees in thousand)	
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
		Preference shares of Rs. 10 each:		
62,500,000	62,500,000	Class A preference shares of Rs 10 each	625,000	625,000
37,500,000	37,500,000	Class B preference shares of Rs 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, 2018	December 31, 2017		Un-audited September 30, 2018	Audited December 31, 2017
Number of shares			(Rupees in thousand)	
		Ordinary shares of Rs. 10 each		
		fully paid		
372,751,051	372,751,051	In cash	3,727,511	3,727,511
		Other than cash:		
137,500	137,500	-against machinery	1,375	1,375
		-issued on acquisition of PEL		
408,273	408,273	Appliances Limited	4,083	4,083
		-issued against conversion of		
6,040,820	6,040,820	preference shares	60,408	60,408
118,343,841	118,343,841	-as bonus shares	1,183,439	1,183,439
497,681,485	497,681,485		4,976,816	4,976,816
		Fully paid A class preference		
		shares of Rs. 10 each		
		In cash	449,576	449,576
44,957,592	44,957,592		5,426,392	5,426,392
542,639,077	542,639,077			

6 REDEEMABLE CAPITAL

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

**7 LONG-TERM FINANCING - SECURED**

As at beginning of the period	5,632,678	2,329,187
Obtained during the period	226,013	5,401,856
Paid / settled during the period	1,141,249	2,098,365
Current portion	1,848,945	1,673,911
	<u>2,868,497</u>	<u>3,958,767</u>

**8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Present value of minimum lease payments	107,978	68,062
Current maturity	46,902	45,656
	<u>61,076</u>	<u>22,406</u>

**9 SHORT TERM BORROWINGS**

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

**10 CONTINGENCIES AND COMMITMENTS**

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

**11 PROPERTY, PLANT AND EQUIPMENT**

Operating assets	11.1	15,736,035	16,139,286
Capital work-in-progress		<u>2,823,613</u>	<u>1,266,427</u>
		<u>18,559,648</u>	<u>17,405,713</u>

**11.1 Operating assets**

Written down value at beginning of the period / year		16,139,286	16,309,076
Additions during the period / year	11.1.1	<u>250,507</u>	<u>738,646</u>
		16,389,793	17,047,722
Written down value of the assets disposed off / adjustments		23,079	38,560
Depreciation charged during the period / year		<u>630,679</u>	<u>869,876</u>
		<u>15,736,035</u>	<u>16,139,286</u>

**11.1.1 Additions during the period / year**

Building		-	2,614
Plant and machinery		197,956	524,240
Office equipment and furniture		16,910	23,644
Computer hardware and allied items		13,280	28,324
Vehicles		<u>22,361</u>	<u>159,824</u>
		<u>250,507</u>	<u>738,646</u>

## 12 LONG-TERM INVESTMENTS

### Investments in related parties

Wholly owned subsidiary at cost - Unquoted

Pet Marketing Private Limited

10,000 shares (December 31, 2015: 10,000 shares) of Rs. 10 each

100 100

Associate at cost - Quoted

12.1

7,568 8,848

7,668 8,948

### 12.1 Investment in associate at cost - Quoted

Kohinoor Power Company Limited

Ownership interest 23.10 %

Cost of investment

2,910,600 shares (2015: 2,910,600 shares)

Less: provision for impairment in value of investment

54,701 54,701

47,133 45,853

7,568 8,848

## 13 REVENUE

Contract revenue

Sales - local

Sales - export

Sales Tax and discount

Net Sales

Nine Months Ended		3rd Quarter Ended	
September 30,	September 30,	September 30,	September 30
2018	2017	2018	2017
(Rupees in thousand)			
1,581,991	1,355,198	635,952	656,364
19,936,864	18,366,771	6,497,194	4,976,498
780,991	1,012,878	186,569	365,634
22,299,846	20,734,847	7,319,715	5,998,496
2,977,029	3,158,456	935,687	799,166
19,322,817	17,576,391	6,384,028	5,199,330

## 14 COST OF SALES

Raw material consumed

Direct wages

Factory overhead

Work-in-process

-at beginning of period

-at end of period

Cost of goods manufactured

Finished goods

-at beginning of period

-at end of period

Contract cost

Cost of sales

14,633,212	14,662,006	5,114,435	4,491,134
438,415	-	-	-
1,273,142	-	215,965	-
16,344,769	14,662,006	5,330,400	4,491,134
848,453	1,033,340	1,230,930	1,017,135
(1,315,471)	(1,194,144)	(1,315,471)	(1,194,144)
(467,018)	(160,804)	(84,541)	(177,009)
15,877,751	14,501,202	5,245,859	4,314,125
360,059	1,742,903	560,090	2,397,822
(748,486)	(2,985,544)	(748,486)	(2,985,544)
(388,427)	(1,242,641)	(188,396)	(587,722)
15,489,324	13,258,561	5,057,463	3,726,403
1,381,426	1,208,566	559,129	585,346
16,870,750	14,467,127	5,616,592	4,311,749



# 15 EARNINGS PER SHARE - BASIC AND DILUTED

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

Profits for the period	535,340	1,146,258
Less: dividend payable on preference shares	32,032	32,032
Profit attributable to ordinary shares	<u>503,307</u>	<u>1,114,226</u>

<b>Number of shares</b>	(Number)	
Weighted average number of ordinary shares for the purpose of basic profit	497,681,485	497,681,485

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

<b>Basic earnings per share (Rupees)</b>	<u>1.01</u>	<u>2.24</u>
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# 16 TRANSACTIONS WITH RELATED PARTIES

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

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

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

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

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

# 17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 30, 2018

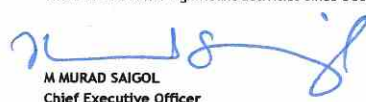
# 18 GENERAL

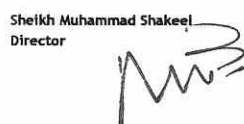
18.1 Figures have been rounded off to the nearest thousands.

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

# 19 OTHERS

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

  
M MURAD SAIGOL  
Chief Executive Officer

  
Sheikh Muhammad Shakeel  
Director

  
Syed Manzoor Hassan  
Chief Financial Officer