

Interim Financial Report
for the quarter ended March 31, 2019

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for a better **tomorrow..**



Pak Elektron Limited

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Corporate Information

BOARD OF DIRECTORS

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

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

AUDIT COMMITTEE

Mr. Asad Ullah Khawaja	Chairman/Member
Mr. 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
A member of Russell Bedford International

LEGAL ADVISOR

M/s Hassan & Hassan Advocates

COMPANY REG. NO.

0000802

NATIONAL TAX NO. (NTN)

2011386-2

STATUS OF COMPANY

Public Interest Company (PIC)

SHARIAH ADVISOR

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

SHARE REGISTRAR

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

BANKERS

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

REGISTERED OFFICE

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

KARACHI

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

ISLAMABAD

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

CHINA

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

TRANSFORMER FACILITY

34-K.M.
 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 First Quarter ended on March 31, 2019. Company's operational performance remained almost matched with last year first quarter in terms of revenues with a lower profitability during the period under review. Sales revenue of Rs. 8,574 Million are 2.35 % higher than Rs. 8,377 million of corresponding period of previous year. However, Profit amounting to Rs. 416 Million is lower by 22.39% against Rs.536 Million in first quarter of previous year, resulting Earning Per Share (EPS) of Rs. 0.82 against Rs.1.06 of previous year. Depreciation of Pak Rupee and increase in policy rate at large are the main factors behind this profitability decline during the period under review.

Summary of key profitability measures is presented below:

Rupees in million	Quarter ended March 31, 2019	Quarter ended March 31, 2018	Increase/ (Decrease)	Percentage %
Sales	8,574	8,377	197	2.35
Gross Profit	1,770	1,832	(62)	(3.38)
Finance Cost	575	416	159	38.22
Profit before tax	456	577	(121)	(20.97)
Profit after tax	416	536	(120)	(22.39)
Earnings per share - Rupees	0.82	1.06		

Your Company's Management is quiet optimistic about its future plans in terms of both business volumes and profitability, as Company business fundamentals are intact. We believe that on finalization of IMF support package, country economy is expected to take positive direction and your company again will come back on its growth track.

APPLIANCES DIVISION

Despite of challenging environment as a result of overall economic slowdown and reduced disposable incomes, Home Appliances Division performed well with an increase of 4.52% due to its brand equity and diversified product range.

Our Energy efficient refrigerators based upon "Japanese Inverter Technology" and air conditioners are popular among consumers due to product performance and aesthetics. LED TVs launched during last quarter of the previous year is well received in the market with its attractive latest features, outlook and cost competitiveness.

State of art manufacturing & testing facilities, effective country wide sales & after sales services network and ongoing product R&D functions are effective strengths of the company, along with "Human Resource Excellence". Company is quite confident to achieve its balance nine months plan by capitalizing on these capabilities.

POWER DIVISION

Power Division business showed a decline due to continued slow buying trends at WAPDA distribution companies. Electricity generation gap is almost taken care of, although supply of some projects is expected to enter in to national grid in near future. Augmentation of T&D Infrastructure is next priority for distribution of electricity generated to end consumers and this will raise additional demand of Power Division Products. Housing sector business growth due to rapid urbanization and launching of "Naya Pakistan Housing Scheme" will also result in an additional demand of Power Division products and EPC Business.

After passing through its initial phase by present government, WAPDA Discos buying activity is expected to materialize and your company being "key electrical equipment manufacturer", is well positioned to take its due market share. We are confident to achieve our Business Plan in balance period of the year. Further our efforts to explore the export market will also render an incremental business.

FUTURE OUTLOOK

Implementation of latest technological trends, valuing customer feedback and responsive after sales services are our core competencies which support Company to maintain its market competitive position in both appliances and power sectors. We are confident that we will achieve our Business Plans by the end of period in terms of both Sales Volumes and Profitability.

ACKNOWLEDGMENT

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

On behalf of the Board of Directors

Lahore
April 26, 2019

M. Murad Saigol
Chief Executive Officer

ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز بہ مسرت اپنے حصہ داران کو پہلی سہ ماہی کی رپورٹ بشمول کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے مدت ختمہ 31 مارچ 2019ء پیش کر رہے ہیں۔

زیرہ جائزہ مدت میں گذشتہ سال اسی مدت کے مقابلے میں کمپنی کی کارکردگی سیل کے حوالے سے تقریباً برابر اور منافع کے حوالے سے نسبتاً کمزور رہی۔ اس دوران کمپنی کے محصولات 8,574 ملین روپے رہے جو کہ گذشتہ سال اسی عرصہ کے 8,377 ملین روپے کے مقابلے میں 2.35 فیصد زیادہ ہیں۔ تاہم منافع 22.39 فیصد کی کمی کے ساتھ 416 ملین روپے رہا جو کہ گذشتہ سال اسی مدت میں 536 ملین روپے تھا۔ نتیجتاً فی حصص آمدنی گذشتہ سال کے 1.06 روپے فی حصص سے کم ہو کر 0.82 روپے فی حصص ہو گئی ہے۔ کمپنی کے منافع جات میں کمی کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی اور شرح سود میں اضافہ جیسے عوامل ہیں۔ کمپنی کے کاروباری نتائج کا خلاصہ درج ذیل ہے۔

روپے ملین میں	تین ماہ ختمہ 31 مارچ 2019ء	تین ماہ ختمہ 31 مارچ 2018ء	اضافہ / (کمی)	فیصد
مجموعی آمدنی	8,574	8,377	197	2.35
خام منافع	1,770	1,832	(62)	(3.38)
مالی لاگت	575	416	159	38.22
منافع قبل از ٹیکس	456	577	(121)	(20.97)
منافع بعد از ٹیکس	416	536	(120)	(22.39)
فی حصص آمدنی روپے	0.82	1.06		

کمپنی اپنی کاروباری اساس کو برقرار رکھے ہوئے ہے اور مستقبل میں کاروباری حجم میں اضافہ کے ساتھ متوقع منافع حاصل کرنے کے لئے پرعزم ہے۔ ہم اُمید کرتے ہیں کہ IMF سے امدادی پیکیج ملنے کے بعد ملکی معیشت مثبت سمت کی طرف گامزن ہوگی اور آپکی کمپنی ترقی کی شاہراہ پر واپس لوٹ آئے گی۔

اپلائنسز ڈویژن

موجودہ مجموعی معاشی سست روی اور قابل خرچ آمدنی میں نمایاں کمی کے چیلنجز کے باوجود ہوم اپلائنسز ڈویژن کی کارکردگی متاثر کن رہی ہے۔ کمپنی نے اپنی مصنوعات کی کوالٹی اور رینج میں اضافہ کے باعث اپنے محصولات میں 4.52 فیصد کا اضافہ کیا ہے۔

ہمارے جاپانی انورٹیکینا لوجی کے ریفریجریٹرز اور ایر کنڈیشنرز اپنی بہتر کارکردگی، بجلی کے کم خرچ اور منفرد ڈیزائنوں کی بنا پر مارکیٹ میں بھرپور پذیرائی حاصل کر رہے ہیں LED TV's جو کہ گذشتہ سال کی آخری سہ ماہی میں متعارف کروائے گئے تھے منفرد خصوصیات، دیدہ زیب بناوٹ اور کم لاگت ہونے کی وجہ سے مارکیٹ میں ہاتھوں ہاتھ لیے گئے ہیں۔

جدید ٹیکنیکی اور تحقیقی پیداواری نظام، ملک گیر فروخت اور سروس بعد از فروخت کے فعال نیٹ ورک اور جاری تحقیقی عمل کے ساتھ بہترین افرادی قوت آپ کی کمپنی کا خاصہ ہیں جس کی بنا پر کمپنی سال کے بقیہ نو ماہ میں اپنے کاروباری اہداف کو حاصل کرنے کیلئے پرعزم ہے۔

پاور ڈویژن

واپڈ اسٹری ہیوٹن کمپنیوں کی طرف سے ملنے والے ڈررز میں سست روی کی وجہ سے پاور ڈویژن کے کاروبار میں قدرے کمی نظر آئی۔ بجلی کی پیداوار تقریباً پوری ہو گئی ہے۔ مزید برآں مستقبل قریب میں مزید کچھ منصوبوں سے بھی بجلی پیش نظر شامل ہونے کی اُمید ہے۔ اب اگلی ترجیح بجلی کے ترسیل اور تقسیمی نظام کو بہتر بنانے کی ہے اور اس سے پاور ڈویژن کی مصنوعات کی طلب میں نمایاں اضافہ متوقع ہے۔

تیزی سے بڑھتی ہوئی شہری آبادی اور ’پنپا پاکستان ہاؤسنگ سکیم‘ پر کام شروع ہونے سے ہاؤسنگ سیکٹر کے کاروبار میں بہتری متوقع ہے جس کے نتیجے میں پاور ڈویژن کی مصنوعات کی طلب اور EPC کے کاروبار میں مزید اضافہ ہوگا۔

موجودہ حکومت کے ابتدائی مراحل طے کرنے کے بعد واپڈ اسٹریٹیجی بیوشن کمپنیاں اپنی خریداری شروع کریں گی اور Electrical Equipment کی بنیادی پیدا کار ہونے کی حیثیت سے آپ کی کمپنی اپنا بھرپور حصہ حاصل کرنے کی پوزیشن میں ہے۔ مزید کمپنی کاروبار کی ترویج کیلئے اپنی برآمدات میں اضافہ کرنے کیلئے سرگرم ہے۔

مستقبل کے امکانات

جدید ٹیکنالوجی کا استعمال، گاہکوں کے مفید مشوروں سے استفادہ اور بہترین بعد از سیل سروس جیسے عوامل کمپنی کو اپلائمنسز اور پاور دونوں ڈویژنوں میں مارکیٹ میں ایک نمایاں مقام دلانے ہوئے ہیں۔ ہم اس سال کے باقی عرصے میں اپنے سیل اور منافع کے کاروباری اہداف کو حاصل کرنے کیلئے پرامید ہیں۔

اظہار تشکر

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

لاہور

26 اپریل 2019ء

ایم مراد سہگل
چیف ایگزیکٹو آفیسر

**Condensed Interim
Consolidated Financial Information**

Condensed Interim Consolidated Statement of Financial Position

AS AT MARCH 31, 2019

		March 31 2019	December 31 2018
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		14,482,692	13,994,307
Surplus on revaluation		6,506,953	6,579,049
		30,695,984	30,279,695
NON-CURRENT LIABILITIES			
Redeemable Capital	6	-	-
Long-term financing	7	3,007,646	2,646,032
Liabilities against assets subject to finance lease	8	130,842	59,778
Deferred taxation		3,098,287	3,087,822
Deferred income		36,321	36,781
CURRENT LIABILITIES			
Trade and other payables		932,315	922,850
Dividend payable		16,720	18,650
Accrued interest / mark-up		392,415	390,172
Short-term borrowings	9	12,400,309	12,843,848
Current Portion of Non Current Liabilities		2,059,786	1,814,311
		15,801,545	15,989,831
Contingencies and Commitments	10	-	-
		52,770,625	52,099,939

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

		March 31 2019	December 31 2018
	<i>Note</i>	<i>Rupees '000'</i> <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	22,264,816	21,957,015
Intangible assets		312,152	313,352
		22,576,968	22,270,367
Long-term investments	12	5,094	6,985
Long term advances and deposits		1,511,397	1,475,051
CURRENT ASSETS			
Stores, spare parts and loose tools		872,802	859,145
Stock-in-trade		10,888,968	10,786,157
Trade debts		10,378,366	10,181,739
Due against construction work in progress		1,568,637	1,535,735
Short term advances		974,278	1,039,505
Short term deposits and prepayments		1,094,521	1,105,179
Other receivables		373,617	360,962
Short term investments		20,818	22,071
Advance income tax		2,014,876	1,985,785
Cash and bank balances		490,284	471,258
		28,677,166	28,347,536
		52,770,625	52,099,939

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE QUARTER ENDED MARCH 31, 2019 (Un-Audited)

		March 31 2019	March 31 2018
	Note	Rupees '000'	Rupees '000'
Gross Sales	13	8,574,577	8,377,316
Sales Tax and discount	13	(1,958,844)	(2,065,384)
		6,615,733	6,311,932
Cost of Sales	14	(4,845,787)	(4,479,800)
Gross Profit		1,769,946	1,832,132
Other Operating Income		7,769	7,306
		1,777,715	1,839,438
Distribution Cost		(384,429)	(471,664)
Administrative Cost		(337,659)	(335,711)
Other Operating Expenses		(26,547)	(37,703)
Finance Cost		(574,874)	(416,486)
Share of profit/(loss) of associate		1,565	(931)
Profit Before Tax		455,772	576,943
Provision for Taxation		(39,482)	(40,920)
Profit after tax		416,289	536,023
Earnings per share - Rupees			
Basic & diluted	15	0.82	1.06

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows

FOR THE QUARTER ENDED MARCH 31, 2019 (Un-Audited)

	March 31 2019	March 31 2018
	<i>Rupees '000'</i>	<i>Rupees '000'</i>
Cash flows from operating activities		
Profit before taxation	455,772	576,943
Adjustments for non cash and other items	750,825	511,339
Cash generated from operations before working capital changes	1,206,597	1,088,282
Working capital changes	(273,302)	(1,296,652)
Cash generated from operations	933,295	(208,370)
Finance cost paid	(510,709)	(228,021)
Income tax paid	(72,850)	(5,032)
	(583,559)	(233,053)
Net cash used in operating activities	349,736	(441,423)
Cash flows from investing activities		
Purchase of property, plant and equipment	(533,684)	(600,945)
Purchase of intangible assets	(1,384)	-
Proceeds from disposal of property, plant and equipment	8,020	-
(Increase) / decrease in long-term deposits and advances	(36,346)	45,705
Net cash used in investing activities	(563,394)	(555,240)
Cash flows from financing activities		
Long Term Finances obtained	2,000,000	152,836
Repayment of Long Term Finances	(1,387,047)	(352,639)
Redemption of Redeemable Capital	(33,125)	(56,250)
Increase/(Decrease) in liabilities against assets subject to finance lease	98,325	(10,927)
Dividend paid	(1,930)	(1,410)
Increase / (Decrease) in Short Term Borrowing	(443,539)	1,289,886
Net cash from financing activities	232,684	1,021,496
Net increase/(decrease) in cash and cash equivalents	19,026	24,833
Cash and cash equivalents at beginning of the period	471,258	484,194
Cash and cash equivalents at end of the period	490,284	509,027

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Consolidated Statement Of Changes In Equity

FOR THE QUARTER ENDED MARCH 31, 2019 (Un-Audited)

	Share capital Rupees '000'	Capital reserves	Revenue reserves	Surplus on Revaluation Rupees '000'	Total Rupees '000'
		Premium on issue of shares Rupees '000'	Unappropriated profit Rupees '000'		
Balance as at January 01, 2018	5,426,392	4,279,947	13,020,232	4,274,019	27,000,590
Total comprehensive income for the period	-	-	536,023	-	536,023
Dividend on ordinary shares. Final @ 1.20 per share	-	-	(597,218)	-	(597,218)
Adjustment of surplus on revaluation	-	-	48,639	(48,639)	-
Balance as at March 31, 2018	5,426,392	4,279,947	13,007,676	4,225,380	26,939,395
Total comprehensive income for the period	-	-	835,446	2,504,854	3,340,300
Adjustment of surplus on revaluation	-	-	151,185	(151,185)	-
Balance as at December 31, 2018	5,426,392	4,279,947	13,994,307	6,579,049	30,279,695
Total comprehensive income for the period.	-	-	416,289	-	416,289
Incremental depreciation	-	-	72,096	(72,096)	-
Balance as at March 31, 2019	5,426,392	4,279,947	14,482,692	6,506,953	30,695,984

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Selected Explanatory Notes to the Condensed Interim Consolidated Financial Information

FOR THE QUARTER ENDED MARCH 31, 2019 (Un-Audited)

1 REPORTING ENTITY

The group comprises of the following companies

Parent Company

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

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

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

Appliances Division: manufacturing, assembling and distribution of refrigerators, air conditioners, deep freezers, microwave ovens, water dispensers, 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, 2018.

The comparative interim consolidated balance sheet as at December 31, 2018 and the related notes to the condensed interim consolidated financial information are based on audited financial statements. The comparative interim consolidated profit and loss account/statement of comprehensive income, interim consolidated cash flow statement, interim consolidated statement of changes in equity and related notes to the condensed interim consolidated financial information for the three months ended March 31, 2019 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 effect 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 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 are revised and in any future periods effective.

2.4 Functional currency

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

3 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2018.

4 AUTHORIZED CAPITAL

March 31 2019	December 31 2018		March 31 2019	December 31 2018
No. of Shares	No. of Shares		Rupees '000'	Rupees '000'
			(Un-Audited)	(Audited)
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
		Preference shares of Rs. 10 each:		
62,500,000	62,500,000	'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

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

March 31 2019	December 31 2018		March 31 2019	December 31 2018
No. of Shares	No. of Shares		Rupees '000'	Rupees '000'
			(Un-Audited)	(Audited)
372,751,051	372,751,051	Ordinary shares of Rs.10 each fully paid:		
		- In cash	3,727,511	3,727,511
137,500	137,500	Other than cash:		
		-against machinery	1,375	1,375
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			
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	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392

	March 31 2019	December 31 2018
	Rupees '000'	Rupees '000'
	(Un-Audited)	(Audited)

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	497,681,485	497,681,485

6 REDEEMABLE CAPITAL

As at beginning of the period/ year	101,875	376,875
Issued during the period	-	-
Paid during the year	(33,125)	(275,000)
Current Maturity	(68,750)	(101,875)
As at end of the period / Year	-	-

7 LONG-TERM FINANCING - SECURED

As at beginning of the period/ year	4,315,878	5,632,678
Obtained during the period / year	2,000,000	226,013
Paid / settled during the period / year	(1,387,047)	(1,542,813)
Current portion	(1,921,185)	(1,669,846)
	3,007,646	2,646,032

	March 31 2019	December 31 2018
	Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	200,693	102,368
Current maturity	(69,851)	(42,590)
	130,842	59,778

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, 2018.

		March 31 2019	December 31 2018
	Note	Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
11 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	11.1	18,798,822	18,778,795
Capital work-in-progress		3,465,994	3,178,220
		22,264,816	21,957,015
11.1 Operating assets			
Written down value at beginning of the period / year		18,778,795	16,139,286
Additions during the period / year	11.1.1	266,810	3,629,096
		19,045,605	19,768,382
Written down value of the assets disposed off / adjustments		(10,450)	(148,686)
Depreciation and disposal during the period / year		(236,333)	(840,901)
		18,798,822	18,778,795

	March 31 2019	December 31 2018
	Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
11.1.1 Additions during the period / year		
Land		482,768
Building	-	704,818
Plant and machinery	253,447	2,359,363
Office equipment and furniture	3,076	35,208
Computer hardware and allied items	10,287	11,918
Vehicles	-	35,021
	266,810	3,629,096
12 LONG-TERM INVESTMENTS		
Investment in associate at equity method -	5,094	6,985
	5,094	6,985
Kohinoor Power Company Limited Ownership interest 23.10 %		
Cost of investment 2,910,600 shares	54,701	54,701
Share of post acquisition profit/(loss) - net of dividend received	(7,291)	(8,856)
	47,410	45,845
Less: provision for impairment in value of investment	42,316	38,860
	5,094	6,985
	March 31 2019	March 31 2018
	Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Un-Audited)</i>
13 REVENUE		
Contract revenue	453,368	389,169
Sales - local	7,952,277	7,681,041
Sales - export	168,932	307,106
	8,574,577	8,377,316
Less: - sales tax and excise duty - trade discounts	919,745	846,939
	1,039,099	1,218,445
	1,958,844	2,065,384
	6,615,733	6,311,932

	March 31 2019	March 31 2018
	Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Un-Audited)</i>
14 COST OF SALES		
Raw material consumed	3,732,149	4,540,801
Direct wages	188,947	195,379
Factory overhead	484,562	545,182
	4,405,658	5,281,362
Work-in-process		
-at beginning of period	758,928	848,453
-at end of period	(773,584)	(979,605)
	(14,656)	(131,152)
Cost of goods manufactured	4,391,002	5,150,210
Finished goods		
-at beginning of period	2,829,889	2,121,128
-at end of period	(2,755,570)	(3,121,748)
	74,319	(1,000,620)
	4,465,321	4,149,590
Contract cost	380,466	330,210
Cost of sales	4,845,787	4,479,800
15 EARNINGS PER SHARE - BASIC AND DILUTED		
Earnings	416,289	536,023
Less: dividend on preference shares	10,677	10,677
	405,612	525,346
Number of shares	Number	<i>Number</i>
Weighted average number of ordinary shares.	497,681,485	497,681,485
	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.		
Basic Profit per share (Rupees)	0.82	1.06

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:

		March 31 2019	March 31 2018
		Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Un-Audited)</i>
Relationship	Nature of transaction		
Provident Fund Trust	Contribution for the period	20,097	18,766
Key Management Personnel	Short-term employee benefits	12,966	12,449
	Post employment benefits	440	400
Other related parties: Associated companies	Services acquired	8,700	9,505
Balances with Related Parties:			
Nature of relationship	Nature of balances		
Provident Fund Trust	Contribution payable	17,281	14,631

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 their 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 April 26, 2019.

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, 2018 affecting the interim consolidated financial statements.

Condensed Interim Financial Information

Condensed Interim Statement of Financial Position

AS AT MARCH 31, 2019

		March 31 2019	December 31 2018
	<i>Note</i>	<i>Rupees '000'</i> <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital	4	6,000,000	6,000,000
Issued, subscribed and paid up capital	5	5,426,392	5,426,392
Reserves		4,279,947	4,279,947
Unappropriated profit		7,137,587	6,884,031
Surplus on revaluation		6,506,953	6,579,049
		23,350,879	23,169,419
NON-CURRENT LIABILITIES			
Redeemable Capital	6	-	-
Long-term financing	7	3,007,646	2,646,032
Liabilities against assets subject to finance lease	8	130,842	59,778
Deferred taxation		2,420,352	2,423,945
Deferred income		36,321	36,781
CURRENT LIABILITIES			
Trade and other payables		841,702	823,850
Dividend Payable		16,720	18,650
Accrued interest/ mark up		392,415	390,172
Short-term borrowings	9	12,400,309	12,843,848
Current Portion of Non Current Liabilities		2,059,786	1,814,311
		15,710,932	15,890,831
CONTINGENCIES AND COMMITMENTS	10	-	-
		44,656,972	44,226,786

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

		March 31 2019	December 31 2018
	Note	Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	22,264,816	21,957,015
Intangible assets		312,152	313,352
		22,576,968	22,270,367
Long-term investments	12	5,194	7,085
Long-term deposits		371,703	365,957
CURRENT ASSETS			
Stores, spare parts and loose tools		872,802	859,145
Stock-in-trade		8,556,407	8,374,111
Trade debts		5,357,134	4,870,122
Due against construction work in progress		1,568,637	1,535,735
Advances		974,278	965,614
Trade deposits and short-term prepayments		1,094,521	1,105,179
Other receivables		373,617	360,962
Other financial assets		20,818	22,071
Advance income tax		2,530,695	3,132,528
Cash and bank balances		354,198	357,910
		21,703,107	21,583,377
		44,656,972	44,226,786

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement of Profit or Loss and other Comprehensive Income

FOR THE QUARTER ENDED MARCH 31, 2019 (Un-Audited)

	March 31 2019	March 31 2018
	<i>Rupees '000'</i>	<i>Rupees '000'</i>
Gross Sales	6,902,921	7,488,409
Sales Tax and discount	(919,745)	(846,939)
Net Sales	5,983,176	6,641,470
Cost of Sales	(5,099,461)	(5,586,805)
Gross Profit	883,715	1,054,665
Other Operating Income	9,334	6,376
	893,049	1,061,041
Distribution Cost	(120,860)	(171,350)
Administrative Cost	(184,880)	(181,312)
Other Operating Expenses	(21,496)	(33,891)
Finance Cost	(367,965)	(304,843)
Profit Before Taxation	197,848	369,645
Provision for Taxation	(16,387)	(46,816)
Profit after tax	181,460	322,829
Earnings per share Basic & diluted	0.34	0.63

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement of Cash Flows

FOR THE QUARTER ENDED MARCH 31, 2019 (Un-Audited)

	March 31 2019	March 31 2018
	<i>Rupees '000'</i>	<i>Rupees '000'</i>
Cash flows from operating activities		
Profit before taxation	197,848	369,645
Adjustments for non cash items	607,137	507,285
Cash generated from operations before working capital changes	804,984	876,930
Working capital changes	(37,073)	(914,716)
Cash generated from operations	767,911	(37,786)
Finance cost paid	(365,722)	(223,966)
Income tax paid	(105,791)	(121,100)
	(471,513)	(345,066)
Net cash used in operating activities	296,398	(382,852)
Cash flows from investing activities		
Purchase of property, plant and equipment	(533,684)	(600,945)
Purchase of intangible assets	(1,384)	-
Proceeds from disposal of property, plant and equipment	8,020	-
Proceeds from sale of short term investments	-	-
(Increase) / decrease in long-term deposits	(5,746)	(12,865)
Net cash used in investing activities	(532,794)	(613,810)
Cash flows from financing activities		
Long Term Finances obtained	2,000,000	152,836
Repayment of Long Term Finances	(1,387,047)	(352,639)
Redemption of Redeemable capital	(33,125)	(56,250)
Increase/ (Decrease) in liabilities against finance lease	98,325	(10,927)
Dividend paid	(1,930)	(1,410)
Increase / (Decrease) in Short Term Borrowing	(443,539)	1,289,886
Net cash from financing activities	232,684	1,021,496
Net increase/(decrease) in cash and cash equivalents	(3,712)	24,834
Cash and cash equivalents at beginning of the period	357,910	401,824
Cash and cash equivalents at end of the period	354,198	426,658

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement Of Changes In Equity

FOR THE QUARTER ENDED MARCH 31, 2019 (Un-Audited)

	Share capital Rupees '000'	Capital reserves	Revenue reserves	Surplus on Revaluation Rupees '000'	Total Rupees '000'
		Premium on issue of shares Rupees '000'	Unappropriated profit Rupees '000'		
Balance as at January 01, 2018	5,426,392	4,279,947	6,753,080	4,274,019	20,733,438
Total comprehensive income for the period	-	-	322,829	-	322,829
Dividend on ordinary shares. Final @ 1.20 per share	-	-	(597,218)	-	(597,218)
Incremental depreciation	-	-	48,639	(48,639)	-
Balance as at March 31, 2018	5,426,392	4,279,947	6,527,330	4,225,380	20,459,049
Total comprehensive income for the period	-	-	205,516	2,504,854	2,710,370
Incremental depreciation	-	-	-	-	-
Incremental depreciation	-	-	151,185	(151,185)	-
Balance as at December 31, 2018	5,426,392	4,279,947	6,884,031	6,579,049	23,169,419
Total comprehensive income for the period.	-	-	181,460	-	181,460
Incremental depreciation	-	-	72,096	(72,096)	-
Balance as at March 31, 2019	5,426,392	4,279,947	7,137,587	6,506,953	23,350,879

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Selected Explanatory Notes to the Condensed Interim Financial Information

FOR THE QUARTER ENDED MARCH 31, 2019 (Un-Audited)

1 REPORTING ENTITY

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

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

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

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

2 BASIS OF PREPARATION

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2.1 Statement of compliance

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2.3 Functional currency

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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, 2018.

4 AUTHORIZED CAPITAL

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		Preference shares of Rs. 10 each:		
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600,000,000	600,000,000		6,000,000	6,000,000

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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		- In cash	3,727,511	3,727,511
137,500	137,500	Other than cash:		
		-against machinery	1,375	1,375
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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	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392

	March 31 2019	December 31 2018
	Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
6 REDEEMABLE CAPITAL		
As at beginning of the period/ year	101,875	376,875
Issued during the period	-	-
Paid during the year	(33,125)	(275,000)
Current Maturity	(68,750)	(101,875)
As at end of the period / Year	-	-
7 LONG-TERM FINANCING - SECURED		
As at beginning of the period	4,315,878	5,632,678
Obtained during the period	2,000,000	226,013
Paid / settled during the period	(1,387,047)	(1,542,813)
Current portion	(1,921,185)	(1,669,846)
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Present value of minimum lease payments	200,693	102,368
Current maturity	(69,851)	(42,590)
	130,842	59,778
9 SHORT TERM BORROWING		
<p>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.</p>		
10 CONTINGENCIES AND COMMITMENTS		
<p>There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2018.</p>		

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		22,264,816	21,957,015
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Written down value of the assets disposed off / adjustments		(10,450)	(148,686)
Depreciation charged during the period / year		(236,333)	(840,901)
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Plant and machinery		253,447	2,359,363
Office equipment and furniture		3,076	35,208
Computer hardware and allied items		10,287	11,918
Vehicles		-	35,021
		266,810	3,629,096
12 LONG-TERM INVESTMENTS			
Investments in related parties			
Wholly owned subsidiary at cost - Unquoted			
Pel Marketing Private Limited			
10,000 shares (December 31, 2015:			
10,000 shares) of Rs. 10 each		100	100
Associate at cost - Quoted	12.1	5,094	6,985
		5,194	7,085
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)		54,701	54,701
Less: provision for impairment in value of investment		49,607	47,716
		5,094	6,985

	March 31 2019	March 31 2018
	Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Un-Audited)</i>
13 REVENUE		
Contract revenue	453,368	389,169
Sales - local	6,280,621	6,792,134
Sales - export	168,932	307,106
	6,902,921	7,488,409
Less: - sales tax and excise duty	919,745	846,939
- trade discounts	-	-
	919,745	846,939
	5,983,176	6,641,470
14 COST OF SALES		
Raw material consumed	4,065,308	4,538,974
Direct wages	188,947	195,379
Factory overhead	484,561	545,182
	4,738,816	5,279,535
Work-in-process		
-at beginning of period	758,928	848,453
-at end of period	(773,584)	(979,605)
	(14,656)	(131,152)
Cost of goods manufactured	4,724,160	5,148,383
Finished goods		
-at beginning of period	417,843	360,059
-at end of period	(423,010)	(251,847)
	(5,167)	108,212
	4,718,993	5,256,595
Contract cost	380,466	330,210
Cost of sales	5,099,460	5,586,805

15 EARNINGS PER SHARE - BASIC AND DILUTED

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

	March 31 2019	March 31 2018
	<i>Rupees '000'</i> <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Un-Audited)</i>
Profits for the period	181,460	322,829
Less: dividend payable on preference shares	(10,677)	(10,677)
Profit attributable to ordinary shares	170,783	312,152
Number of shares	Number	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.

Basic earnings per share (Rupees)	0.34	0.63
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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:

		March 31 2019	March 31 2018
		<i>Rupees '000'</i> <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Un-Audited)</i>
Relationship	Nature of transaction		
Provident Fund Trust	Contribution for the period	16,256	15,669
Subsidiary	Sales of goods and services	4,426,340	3,722,921
Key Management Personnel	Short-term employee benefits	12,966	10,422
	Post employment benefits	440	368

		March 31 2019	March 31 2018
		<i>Rupees '000'</i> <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Un-Audited)</i>
Balances with Related Parties:			
Nature of Relationship	Nature of Balances		
Provident Fund Trust	Contribution Payable	14,533	12,249

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 April 26, 2019.

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, 2018 affecting this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

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