Annual Report of **Pak Elektron Limited** For The Year Ended December 31, 2013

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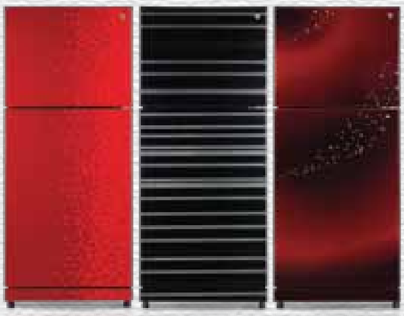

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Corporate Information

Board of Directors

Mr. M. Naseem Saigol	Chairman
Mr. M. Azam Saigol	Non Executive
Mr. M. Murad Saigol	Executive/Certified (DTP)
Mr. Muhammad Zeid Yousuf Saigol	Executive/Certified (DTP)
Mr. Haroon Ahmad Khan	Executive/Certified (DTP)
Syed Manzar Hassan	Executive
Syed Zubair Ahmad Shah	NIT Nominee (Independent)
Mrs. Tahira Raza	NBP Nominee U/S 182 of the Ordinance/Non Executive
Mr. Wajahat A. Baqai	NBP Nominee U/S 182 of the Ordinance/Non Executive
Mr. Khadim Hussain	NBP Nominee U/S 182 of the Ordinance/Non Executive
Mr. Khalid Siddiq Tirmizey	BOP Nominee U/S 182 of the Ordinance/Non Executive
Mr. Munaaf Ibrahim	Independent

Audit Committee

Mr. M. Azam Saigol	Chairman/Member
Mrs. Wajahat A. Baqai	Member
Syed Zubair Ahmad Shah	Member
Mr. Haroon Ahmad Khan	Member

HR & Remuneration Committee

Mr. M. Azam Saigol	Chairman/Member
Mr. Haroon Ahmad Khan	Member
Syed Zubair Ahmad Shah	Member
Mr. Manzar Hassan	Member

Company Secretary

Muhammad Omer Farooq

Chief Financial Officer

Syed Manzar Hassan, FCA

Auditors

M/s Rehman Sarfraz Rahim Iqbal Rafiq & Co.

Chartered Accountants

Legal Advisor

M/s Haasan & Hassan Advocates

Registered Office

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

Share Registrar

Corplink (Pvt.) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore
Tel: 042-35839182,35887262,
Fax: 042-35869037

Works

14-K.M. Ferozepur Road, Lahore
Tel: 042-35811951-7 (7 Lines)
Website: www.pel.com.pk

Transformer Facility

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

Karachi

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

Islamabad

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

China

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

Bankers

Albaraka Islamic Bank
Bank Alfalah Limited
Bank of Khyber
Bank of Punjab
Burj Bank Limited
Faysal Bank Limited
KASB Bank Limited
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank
Summit Bank Limited
NIB Bank Limited
Meezan Bank Limited
Askari Bank Limited

OUR VISION

To excel in providing engineering goods and services through continuous improvement.

OUR MISSION

To provide quality products and services to the complete satisfaction of our customers and maximize returns for all stakeholders through optimal use of resources.

To promote good governance, corporate values and a safe working environment with a strong sense of social responsibility.

Corporate Profile

1956
Incorporation of Pak Elektron Limited – PEL.

1958 Start of Commercial Production Distribution Transformers and Switch Gears In Technical Collaboration with AEG Germany

1978 Company Acquired by Saigol Group of Companies.

1981 Manufacturing of Air Conditioners with assistance of Fujitsu Japan.

1987 Manufacturing of Refrigerators & Deep Freezers in Technical Collaboration With IAR-SILTAL & ARISTON of Italy.

1988
- Listing with all of Stock Exchanges.
- Acquired License to Manufacture VCBs From Hitachi, Japan.

1992 Started Production of Energy Meters under the License from ABB USA.

1994
- Quality Management System Certification for Energy Meter ISO 9001 By SGS.

1997 Acquired Technology From Carrier, USA To Manufacture Air Conditioners.

2004 Acquired Technology from GANZ, Hungry to Produce Power Transformers.

2005 Agreement signed with PAUWELS, Belgium to set up new Distribution Transformers Factory.

2006 Formal start of EPC Business Segment of the Company.

2008
- 3rd CSR National Excellence Award.
- 4th Health & Environment National Excellence Award.
- Annual Environmental Excellence Award.

2009
- 4th CSR National Excellence Award.
- 6th Annual Environmental Excellence Award.
- Export of Power Transformer

2010
- Acquired Licensing agreement from General Electric Company, USA to Manufacture LV Switch Gears.
- Environment Management System OHSAS Certificate of Power Division Products by DAS.
- 5th CSR National Excellence Award.

2011 Prequalification with Saudi Electrical Company - SEC

2012 Power Transformer highest production in the year

2013 Successful Commissioning of 220 KV GIS Shalimar Grid Station worth 1.3 Billion.

Notice of Annual General Meeting

Notice is hereby given that the 58th Annual General Meeting of the Shareholders of Pak Elektron Limited will be held on Tuesday, April 29, 2014 at 11:00 a.m. at Factory Premises, 14-KM. Ferozepur Road, Lahore to transact the following business:-

1. To confirm the minutes of Extraordinary General Meeting held on October 23, 2013.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2013 together with Directors' and Auditors' Reports thereon.
3. To approve issue of Bonus Shares in proportion of 10 Shares of Rs. 10/- each for every 100 Ordinary Shares held (10%) as recommended by the Board.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
5. Any other business with the permission of the Chair.

By order of the Board

Lahore
April 07, 2014

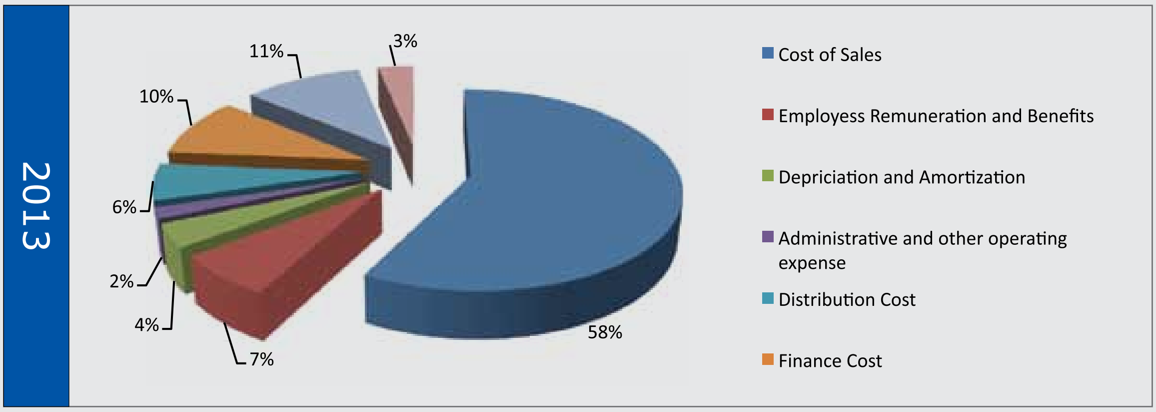
M. Omer Farooq
Company Secretary

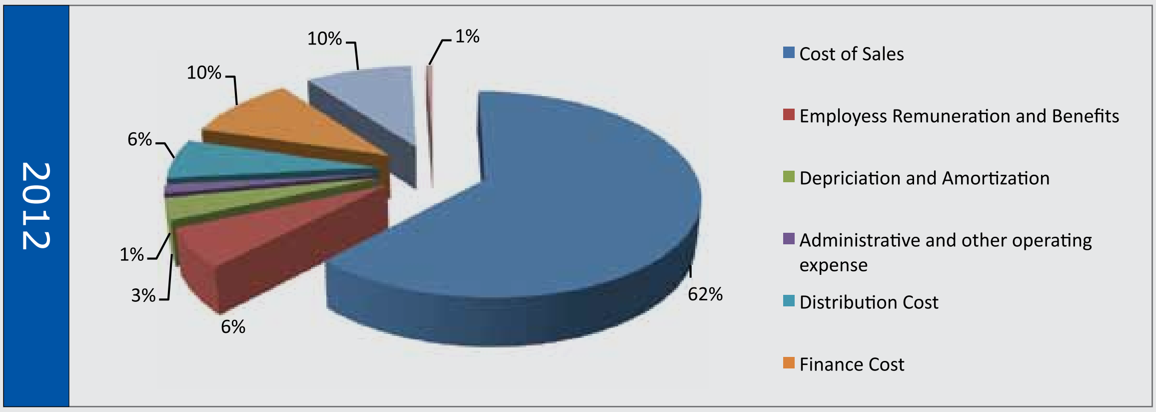
Note:

1. Share Transfer Books of the Company will remain closed from April 23, 2014 to April 29, 2014 (both days inclusive) for entitlement of 10% Bonus Shares. Physical transfers/CDS Transactions IDs received in order at Company registrar office M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore on or before April 22, 2014 will be treated in time for entitlement of 10% Bonus Shares.
2. A member entitled to attend and vote at this Meeting may to appoint another Member as proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore, the Registered Office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.
3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.
4. Members are requested to notify the Company change in their addresses, if any.

Statement of Value Addition

	2013 Rupees in 000		2012 Rupees in 000	
Wealth Generation				
Contract Revenue	2,026,964		1,795,415	
Sales	16,829,452		18,498,557	
Value Added	18,856,416		20,293,972	
Other Operating Income	46,222		36,269	
Wealth Created	18,902,638		20,330,241	
Wealth Distribution				
Cost of Sales	10,945,419	58%	12,650,276	62%
Employess Remuneration and Benefits	1,306,677	7%	1,254,001	6%
Depriciation and Amortization	721,121	4%	702,445	3%
Administrative and other operating expense	338,994	2%	304,025	1%
Distribution Cost	1,121,917	6%	1,293,016	6%
Finance Cost	1,819,460	10%	2,050,054	10%
Government Levies	2,041,722	11%	1,961,759	10%
Profit / (Loss) for the Year	607,328	3%	114,665	1%
Wealth Distribution	18,902,638	100%	20,330,241	100%





Stakeholder's Information

Key Operating and Financial Data

Rs. in millions	2013	2012	2011	2010	2009	2008
Financial						
Gross Sales	18,856	20,294	13,723	19,895	16,118	13,927
Net Sales	16,469	17,770	11,343	17,523	14,622	12,652
Gross Profit	4,055	3,644	1,065	3,708	3,338	2,837
EBITDA	3,316	2,917	309	2,668	2,082	1,878
Financial Cahrges	1,819	2,051	1,413	1,624	1,373	994
Profit / (Loss) Before Tax	775	161	(1,802)	261	394	630
Profit / (Loss) after Tax	607	115	(1,163)	189	261	452
Eearing /(Loss) Per Share - Basic	4.04	0.59	(9.90)	1.24	2.17	4.14
Share Capital						
- Oridinary	2,681	1,219	1,219	1,219	970	970
- Prefrence	450	450	450	450	526	526
Shareholder's Equity	6,545	3,908	3,603	4,566	4,007	3,677
Long Term Loans	5,728	5,621	4,571	4,969	3,597	2,650
Current Liabilities	7,782	9,832	9,629	9,006	6,554	6,605
Current Protion of LTL / LF	422	79	1,145	1,234	763	432
Non Current Assets	15,295	14,198	14,463	13,981	10,356	6,892
Fixed Assets	14,818	13,811	14,089	13,435	9,720	6,333
Current Assets	11,848	11,016	9,331	11,549	8,714	9,401
Total Assts	27,143	25,215	23,794	25,530	19,070	16,293
Current Ratio	1.52	1.12	0.97	1.28	1.33	1.42
Return on Equity	11.62%	3.05%	-28.47%	4.41%	6.77%	13.08%
Debt Equity Ratio	0.34	0.42	0.38	0.36	0.35	0.32
Return on capital Employed	19.16%	22.63%	1.57%	16.83%	19.52%	21.39%
Dividend						
Cash Dividend	-	-	-	-	-	-
Stcok Dividend	10%	-	-	-	10%	-
Production Data						
Transformer - MVA	2,537	3,967	2,029	2,999	2,466	2,385
Switchgears -Numbers	8,021	1,780	1,490	3,443	4,046	4,685
Energy Meter -Numbers	277,732	264,148	349,611	843,880	443,307	525,155
Air Conditoner -Numbers	1,720	919	39,565	91,952	28,581	81,631
Refrigerators / Deepfreezers -Cfts	3,306,428	3,042,064	2,660,387	3,660,858	3,156,604	3,556,450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Street

Corporate Social Responsibility

Pak Elektron Limited Doing Well by Doing Good

Repeating this mantra, PEL, as a socially responsible corporate citizen, tries to seize every opportunity to give back to the society and make a difference. PEL continues to actively contribute to the social and economic development of the communities in which it operates. We, at PEL, strongly believe that it is our responsibility to build a better society for the future of Pakistan and to provide easy and affordable access to some of the basic necessities to the less fortunate.

In doing so, PEL donates generously to some charity organizations such as The Care Foundation on an ongoing basis and has been associated with them for many years.

This year, PEL has teamed up with WWF to spread awareness about energy conservation in celebrating Earth Hour. The Earth Hour event was part of an annual global campaign that invites governments, businesses, communities, men, women and children everywhere to turn off their lights for one hour to show they care about the planet. PEL joined hands with the WWF-Pakistan team to come forward as a nation to be a part of this impressive and heart-warming initiative taken by countries all over the world. The event was organized at PEL Unit 1 factory where employees, chief executives, their families and the WWF staff, all joined hands in promoting this cause. The audience was urged to sustain their actions beyond the occasion and continue to strive for conserving valuable energy resources.

PEL has also endeavored to associate with numerous causes one of which is a national NGO, Pakistan Foundation Fighting Blindness, sponsored by PEL to conduct medical research and other humanitarian services for the visually impaired. We hope that the services of this organization will help thousands of people in curing blindness at subsidized charges or free of cost.

Company Business Information

Pak Elektron Limited – PEL was incorporated as Public Limited Company in 1956. The Company operations are organized in two operating divisions namely Power and Home Appliances Division.

PEL (Power Division) is among the Pioneers of Electrical Capital Goods and has been serving the Power utilities, Industries, individual Customers, housing and commercial projects by providing cost effective solutions. PEL is now technology forerunner and market leader in providing new products and services to meet the challenges and technology intensive needs of its customers. Our EPC contracting division delivers custom designed and built HV and EHV grid stations, electrification of housing projects, industrial parks. We aim to maintain this competitive edge and at the same time keep striving to improve it further by continuous R&D, creating new knowledge and adopting global developments in technology and product design.

High standards of Quality and customer care are hallmark of PEL Corporate Philosophy. We have a comprehensive Quality Management System that is Consistent with ISO 9001-2000. PEL is an ISO certified Company.

DISTRIBUTION TRANSFORMERS

Distribution Transformers range includes oil impressed core type transformers, dry type transformers and auto transformers of Voltage Up to 33 KV ratings from 10 KVA to 30 MVA. PEL established a state of the art transformer manufacturing facility to meet the global quality standards, in Technical assistance from Pauwels, Belgium. PEL has acquired manufacturing capabilities and developed Smart Transformers with reduced size by using foil winding, with latest cooling efficient insulation and corrugated tanks with detachable radiators.

The transformers have been tested and certified for impulse voltage and Short Circuits Tests from Short Circuit Laboratory, KEMA (Holland) and HVSC Lab, RAWAT (Pakistan).

Besides meting the local demand PEL is exporting Transformers to different countries.

POWER TRANSFORMERS

Extensive Experience and success in manufacturing distribution transformer led to establishment of Power Transformer Division in 2005. Since its birth this division has produced Transformers of rating 31/40 MVA, 20/26 MVA and 10/13 MVA for 132 KV level. To meet the international competence PEL has combined its Technical expertise with GANZ, renowned and experienced Hungarian Transformer Manufacturer of over 150 years of history.

PEL is also exporting Power Transformers to International customers for their special requirements and specifications.

SWITCH GEARS

Switch Gear Division Products include MV&LV Switch Gears, MV Metal Clad Switch Gear Cubicles, MV Pad Mounted Transformers, Kiosk Type Compact substations, LV Distribution Panels, PFI Plant, Motor control Centre & Bus Tie Duct.

EPC CONTRACTING

PEL EPC Division was formally established in 2006 and delivers Custom made designed solutions in following areas.

- 132 & 220 KV Grid Station for Power Utility Companies.
- 132 and 11 KV Substations for Commercial & Industrial Customers.
- Integration of Private Captive Power Generation Plants into utility network for sale of their surplus Power to utility Companies.
- Electrification of housing Projects and Industrial Parks.

ENERGY METER

PEL Single Phase and Three Phase Static Meters are manufactured as per Specifications of Utility Companies under the license from ABB USA and its quality is certified by KEMA Laboratories.

PEL Energy Meter Plant is ISO 9002 Certified. And its product meets the standards of WAPDA & KESC.

PEL is among the Market Leaders in Home Appliances Business with a very good Presence and Market Share since year 1987. The growing demand is due to Product development through dedicated & continuous Research & Development.

REFRIGERATOR

PEL Started Refrigerator Manufacturing in Year 1987 with the technical assistance of IAR-SILTAL Italy. Its cooling Performance is tested and approved by Danfoss Germany while the manufacturing Facility is ISO 9002 Certified from SGS Switzerland.

The market demand remained buoyant during the year despite acute load shedding and high rate of inflation. Refrigerators have become a necessity for meeting the basic storage requirement for the preservation of edibles in addition to the cooling of water and producing ice . With the rise of rural prosperity , the demand for refrigerators in rural areas is surging .

The Company has launched a new refrigerator range called ASPIRE. This is an affordable priced contemporary styled refrigerator .We have Run a 360 degree campaign " صرف دو گھنٹے میں مبنگا ". The Aspire range has been very well received by customers across the country. With the Launch of the model we focused to catch the attention of customers who look for better aesthetics and beauty in affordable prices with simultaneously meet their requirement for roubust cooling function.

The company also focused on continuous improvement through R&D. A special attention is being given through different marketing campaigns to further strengthen the PEL Brand.

The turnover of Refrigerators is increased by 22% over last year, at the same time we have improved our margins.

DEEP FREEZER

PEL Deep Freezers were introduced in 1987 in technical collaboration with ARISTON Italy. Due to durability and high quality ,PEL Deep Freezers are preferred choice of corporate Institutions like Unilever and Engro. PEL Ice Cream Cabinets are best choices of "Walls" and "Omore" Ice Cream Products .

Our Capability to produce customized Products with a quick turnaround time is competitive advantage in our product market . In addition superior quality and prompt after sales service has also helped to maintain and develop stronger relation with our corporate customers .Proof of concept is that we are getting repeat orders and adding new variants for our valued customers like Unilever (Walls), Engro Foods (Omore) & Pakistan Dairies (Igloo) etc. We are confident that we will add up major players of beverages industry in our costomer list shortly.

Through ongoing R&D we are improving the quality of our products and we have added Deep Freezer " سب سے ٹھنڈا " for the retail market as well & it is becoming more popular in retail market.

AIRCONDITIONER

PEL is among the Pioneers of Window AC Manufacturing. Due to Change in Fashion and Market Demand, Split A.C has replaced Window AC. PEL Split A.C is well received in market due to its durability, quality, brand equity and PEL after Sales service back up.

The Company has restarted Split AC in this year this will increase company's Profitability and give dealers complete range of home appliances to sell.

MICROWAVE OVEN

PEL Electrical Home Appliances have always been well received in Market. To have competitive Product range PEL Launched Microwave Oven with PEL Brand and Warranty which is well accepted by the large audience.

The Company has restarted microwave oven in current year, this will increase company's Profitability and give dealers complete range of home appliances to sell.

Going Forward, The Company is committed to adding more products in its range. The Strategy employed is to use the same distribution channel to sell more products. This dilutes our fixed cost. The growth Potential to add more products and leverage the PEL brand is Vast.

Operational Highlights

Revenue remained lower by 7% that is amounting to Rs.18.856 Billion against Rs. 20.293 Billion of the Preceding Year due to lower Power Division Ordering by WAPDA / Discos. The lower sales from power division is somewhat filled by our appliances division.

REVENUES

In spite of decline in revenue there is a growth in Gross Profit by Rs. 411 Million due to better margins, effective Product R & D and certain cost controls measures taken by the company.

GROSS PROFIT

In the Present inflationary Trends the Company Managed to reduce the operational Costs (Including Financial) by Rs.202 Million in comparison to preceding Year of 2012.

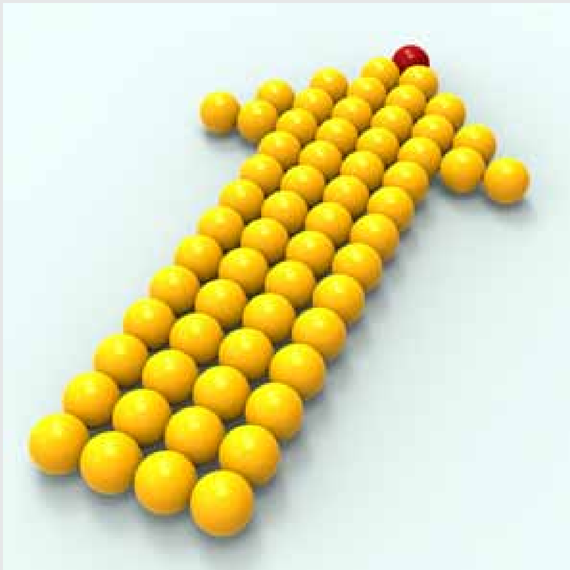
COST CONTROLS

The Company earned after Tax Profit of Rs. 607 Million against 115 Million of the Previous Year due to better margins and Cost Controls. EPS Remained Rs.4.04 against Rs.0.59 of Last Year.

PROFITABILITY

During the year under review, the Company raised equity by issuing Right Share at 25% Premium. The Inflow of Rs.1,828 Million was applied towards debt retirement and in working capital.

EQUITY RAISING



Horizontal and Vertical Analysis of Liabilities

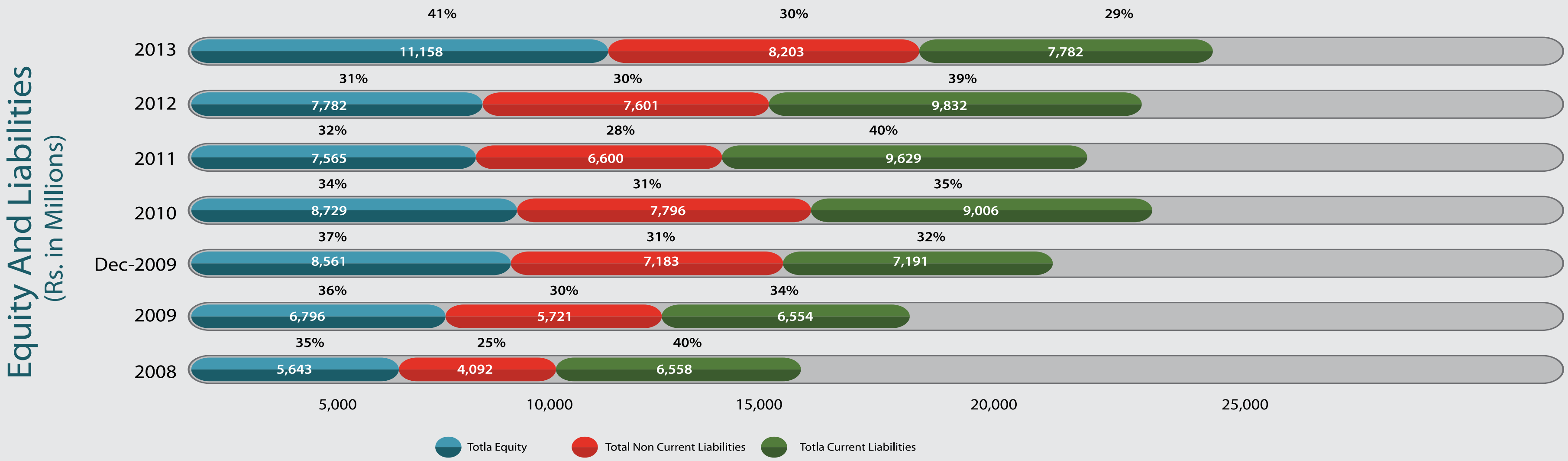
Pak Elektron Limited
Equity & Liability
Horizontal And Vertical Analysis

Horizontal Analysis

	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10	2010	10 Vs 09 (6M)	2009 (6M)	09 (6M) Vs 09	2009	09 Vs 08	2008
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million
Total Equity	11,158	43.39	7,782	2.86	7,565	(13.33)	8,729	1.96	8,561	25.97	6,796	20.43	5,643
Total Non Current Liabilities	8,203	7.91	7,601	15.17	6,600	(15.33)	7,796	8.52	7,183	25.57	5,721	39.80	4,092
Total Current Liabilities	7,782	(20.85)	9,832	2.11	9,629	6.91	9,006	25.23	7,191	9.73	6,554	(0.07)	6,558
Total Equity And Liabilities	27,143	7.65	25,215	5.97	23,794	(6.80)	25,530	11.31	22,935	20.27	19,070	17.04	16,293

Vertical Analysis

	2013		2012		2011		2010		2009 (6M)		2009		2008	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Total Equity	11,158	41.11	7,782	30.86	7,565	31.79	8,729	34.19	8,561	37.33	6,796	35.64	5,643	34.63
Total Non Current Liabilities	8,203	30.22	7,601	30.15	6,600	27.74	7,796	30.53	7,183	31.32	5,721	30.00	4,092	25.11
Total Current Liabilities	7,782	28.67	9,832	38.99	9,629	40.47	9,006	35.28	7,191	31.35	6,554	34.37	6,558	40.25
Total Equity And Liabilities	27,143	100	25,215	100	23,794	100	25,530	100	22,935	100	19,070	100	16,293	100



Horizontal and Vertical Analysis of Assets

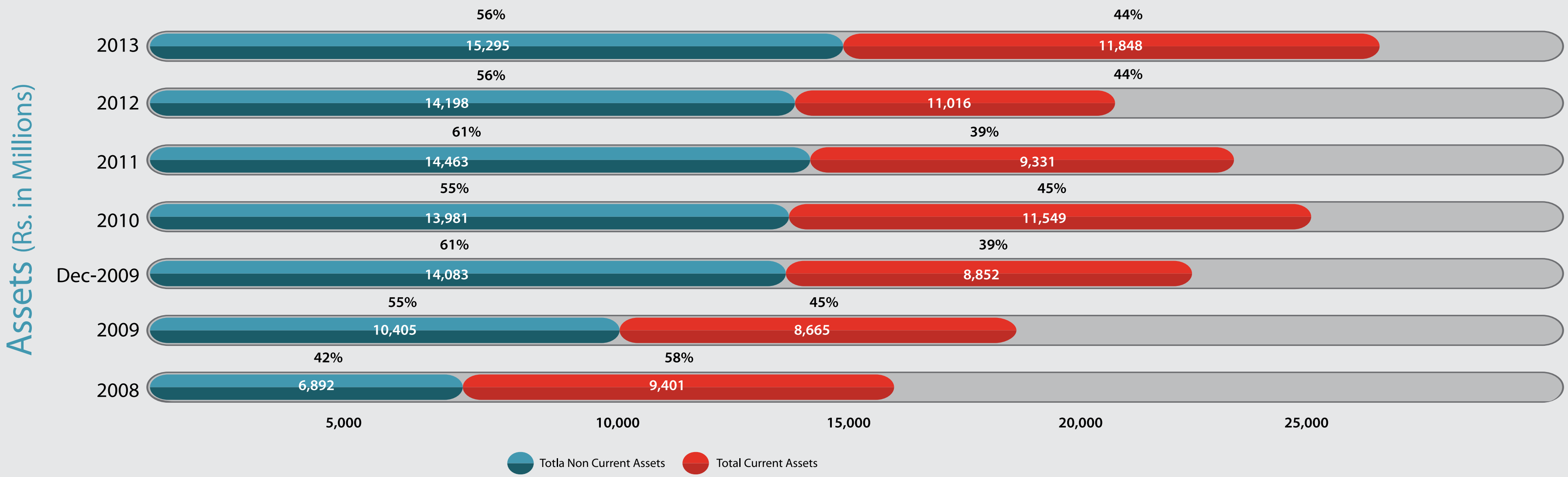
Pak Elektron Limited
Total Assets
Horizontal And Vertical Analysis

Horizontal Analysis

	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10	2010	10 Vs 09 (6M)	2009 (6M)	09 (6M) Vs 09	2009	09 Vs 08	2008
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million
Total Non Current Assets	15,295	7.72	14,198	(1.83)	14,463	3.45	13,981	(0.72)	14,083	35.35	10,405	50.98	6,892
Total Current Assets	11,848	7.55	11,016	18.07	9,331	(19.21)	11,549	30.47	8,852	2.16	8,665	(7.84)	9,401
Total Assets	27,143	7.65	25,215	5.97	23,794	(6.80)	25,530	11.31	22,935	20.27	19,070	17.04	16,293

Vertical Analysis

	2013		2012		2011		2010		2009 (6M)		2009		2008	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Total Non Current Assets	15,295	56.35	14,198	56.31	14,463	60.79	13,981	54.76	14,083	61.40	10,405	54.56	6,892	42.30
Total Current Assets	11,848	43.65	11,016	43.69	9,331	39.21	11,549	45.24	8,852	38.60	8,665	45.44	9,401	57.70
Total Assets	27,143	100	25,215	100	23,794	100	25,530	100	22,935	100	19,070	100	16,293	100



Horizontal Analysis of Profit and Loss

Pak Elektron Limited
Profit And Loss Account
Horizontal Analysis

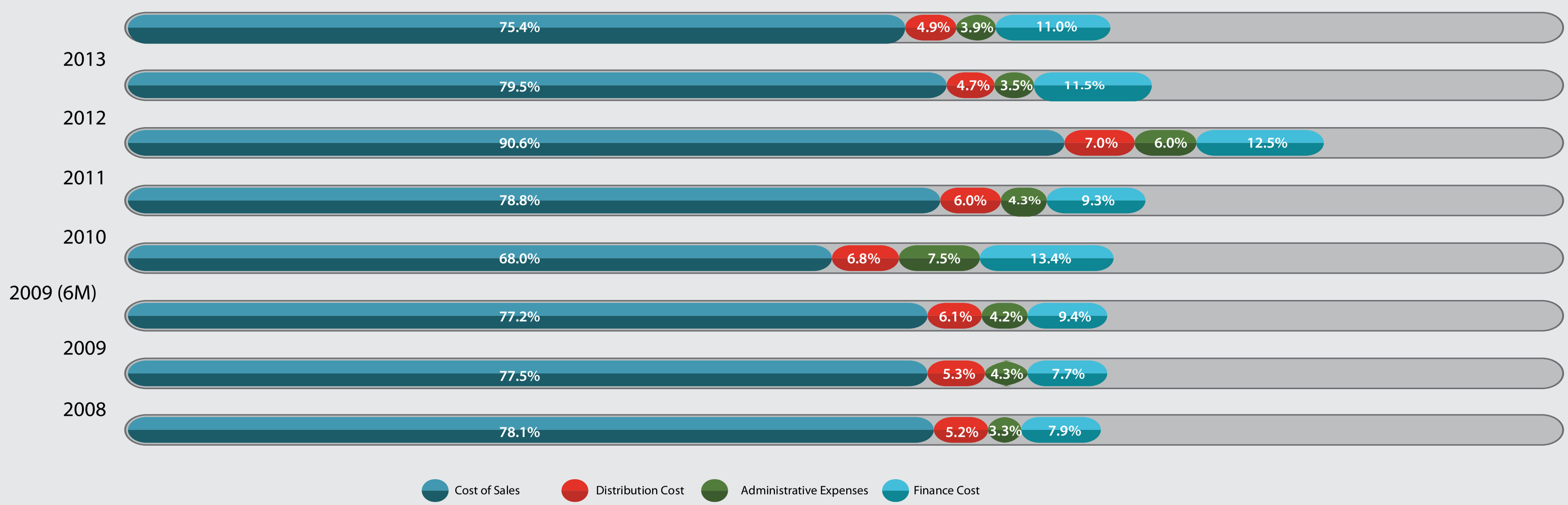
	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10	2010	10 Vs 09 (6M)	20009 (6M)	09 (6M) Vs 09	2009	09 Vs 08	2008
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million
Net Revenue	16,469	(7.32)	17,770	56.66	11,343	(35.27)	17,523	278.34	4,631	(68.32)	14,622	15.57	12,652
Cost Of Sales	(12,414)	(12.12)	(14,126)	37.44	(10,278)	(25.60)	(13,815)	338.79	(3,148)	(72.10)	(11,284)	15.12	(9,802)
Gross Profit	4,055	11.29	3,644	242.16	1,065	(71.28)	3,708	150.02	1,483	(55.57)	3,338	17.11	2,850
Other Operating Income	46	27.45	36	(2.35)	37	(27.08)	51	25.13	41	9.76	37	(65.90)	109
Distribution Cost	(809)	(2.20)	(827)	4.34	(793)	(25.00)	(1,057)	235.38	(315)	(64.67)	(892)	31.87	(676)
Administrative Expenses	(643)	2.99	(624)	(8.60)	(683)	(9.05)	(751)	114.93	(349)	(42.62)	(609)	12.02	(544)
Other Operating Expenses	(34)	631.50	(5)	(3.93)	(5)	(93.21)	(71)	260.60	(20)	(83.09)	(117)	(14.88)	(137)
Operating Profit	2,615	17.61	2,224	(687.14)	(379)	(120.15)	1,880	123.92	839	(52.23)	1,757	9.71	1,602
Finance Cost	(1,819)	(11.25)	(2,050)	45.06	(1,413)	(12.96)	(1,624)	161.91	(620)	(54.84)	(1,373)	41.13	(973)
Share Of Profit/ Loss Of Associate	(21)	64.98	(13)	25.26	(10)	(292.13)	5	116.94	2	(73.64)	9	65.59	6
Profit Before Taxation	775	381.49	161	(108.93)	(1,802)	(789.93)	261	17.72	222	(43.62)	394	(37.97)	635
Provision For Taxation	(168)	262.29	(46)	(107.24)	639	(984.82)	(72)	19.03	(61)	(54.42)	(133)	(25.24)	(178)
Profit/ (Loss) For The Year	607	429.58	115	(109.86)	(1,163)	(715.51)	189	17.22	161	(38.11)	261	(42.93)	457

Vertical Analysis of Profit and Loss

Pak Elektron Limited
Profit And Loss Account
Vertical Analysis

	2013		2012		2011		2010		2009 (6M)		2009		2008	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Net Revenue	16,469	100.00	17,770	100.00	11,343	100.00	17,523	100.00	4,631	100.00	14,622	100.00	12,652	100.00
Cost Of Sales	(12,414)	(75.38)	(14,126)	(79.50)	(10,278)	(90.61)	(13,815)	(78.84)	(3,148)	(67.98)	(11,284)	(77.17)	(9,802)	(77.47)
Gross Profit	4,055	24.62	3,644	20.50	1,065	9.39	3,708	21.16	1,483	32.02	3,338	22.83	2,850	22.53
Other Operating Income	46	0.28	36	0.20	37	0.33	51	0.29	41	0.88	37	0.25	109	0.86
Distribution Cost	(809)	(4.91)	(827)	(4.66)	(793)	(6.99)	(1,057)	(6.03)	(315)	(6.81)	(892)	(6.10)	(676)	(5.35)
Administrative Expenses	(643)	(3.91)	(624)	(3.51)	(683)	(6.02)	(751)	(4.29)	(349)	(7.55)	(609)	(4.17)	(544)	(4.30)
Other Operating Expenses	(34)	(0.21)	(5)	(0.03)	(5)	(0.04)	(71)	(0.41)	(20)	(0.43)	(117)	(0.80)	(137)	(1.08)
Operating Profit	2,615	15.88	2,224	12.51	(379)	(3.34)	1,880	10.73	839	18.12	1,757	12.02	1,602	12.66
Finance Cost	(1,819)	(11.05)	(2,050)	(11.54)	(1,413)	(12.46)	(1,624)	(9.27)	(620)	(13.38)	(1,373)	(9.39)	(973)	(7.69)
Share Of Profit/ Loss Of Associate	(21)	(0.13)	(13)	(0.07)	(10)	(0.09)	5	0.03	2	0.05	9	0.06	6	0.04
Profit Before Taxation	775	4.70	161	0.91	(1,802)	(15.89)	261	1.49	222	4.79	394	2.69	635	5.02
Provision For Taxation	(168)	(1.02)	(46)	(0.26)	639	5.63	(72)	(0.41)	(61)	(1.31)	(133)	(0.91)	(178)	(1.41)
Profit/ (Loss) For The Year	607	3.69	115	0.65	(1,163)	(10.26)	189	1.08	161	3.48	261	1.78	457	3.61

Major Expenses (as % of sales)



Directors' Report to the Shareholders

The Directors are pleased to present their report together with Company's audited consolidated financial statements for the year ended December 31, 2013.


SU MO TU WE TH FR SA
1/100 SEC PRECISION

OPERATING RESULTS AND PERFORMANCE OVERVIEW

During the year under review company posted revenue of Rs.18.856 billion showing a decrease of Rs. 1.437 billion. However with improved margins the company has managed to achieve post tax profit of Rs. 607.327 million in comparison to a post tax profit of Rs. 114.665 million of the previous year. Despite lower sales the improved profitability is due to better product margins, improved gross profits and reduced financial cost.

Year 2013 was the election year in which we saw smooth political transition. This is very heartening and we hope the Country would continue to follow the path of peaceful democratic process. After the assumption of office by the new government, signs of economic improvements have started to flash. In the current economic scenario we are observing appreciating rupee from the bottom level of Rs. 110 per USD to Rs. 98 per USD which is over 10% appreciation in a time span of 9 months. Stock market index is touching new heights. We are also optimistic about the direction of the government towards addressing the law and order situation which would also gradually improve being an absolute necessity for economic growth. At the same time new government is facing challenges of power shortages, current account deficit, massive losses in public sector enterprises etc. We are hopeful that with improved governance the country would gradually surmount all the challenges.

Your company is also on the track from recovery to consolidation. In order to optimize the capital structure, the company went into right shares issue worth Rs. 1.828 billion comprising 146.242 million additional shares at a premium of Rs. 2.50 per share. Alhamdulillah the right issue was fully subscribed. As regards sales to power utility companies, we are seeing a massive demand for our products and services. But due to slow decision making, finalization of orders is taking more time than normal. We hope that these governance issues would be addressed soon by the government. The board is optimistic for further improved financial results in the year 2014 as we can foresee the surge in demand for power division products envisaging focus of the government on improvement of power generation and supply infrastructure. Additionally we expect better margins in appliances division with higher volumes and inflationary effects on conversion costs to be absorbed by lowering cost of imported materials due to strengthening rupee.

Discount rate was increased as counter inflationary measures by 50 bps which has gone to 10%. This is a cost push scenario and we hope that in the ensuing monetary policies the rate would again be brought down to single digit level.

Summary of results is as under:

Rupees in millions

	2013	2012
Gross Sales	18,856	20,294
Gross Profit	4,055	3,644
Operating Profit (Loss)	796	174
Financial Charges	1,819	2,050
Profit before tax	775	161
Profit after tax	607	115
Earnings per share (Basic) – Rupees	4.04	0.58

POWER DIVISION

This division is involved in building power transmission and distribution infrastructure in the country and abroad. Our activities include manufacturing of electrical equipment such as Distribution Transformers, Power Transformers, Energy Meters, Switch Gears and carrying out Turnkey Contracts involving Engineering, Procurement and Commissioning (EPC) of electrical networks and grid stations up to 220 KV level. These activities are briefly discussed in the following paragraphs.

DISTRIBUTION TRANSFORMERS

During 2013 distribution transformers sales have been on the slower side because of lower ordering from wapda/ power distribution companies (Discos). This sluggish trend of ordering was due to reformation in government owned power utilities and prevailing adhoc cultures. As a result, we foresee a sizeable demand in the year 2014 from power utilities. In the continuous quest for improvement in margins and profit, our Engineering Department introduced new prototypes in all rating for Discos. PEL standard transformer for Discos therefore has significant competitive advantage over its competitors in the local market.

PEL Unit-2 continues to be the flagship of our Power Division by maintaining its image of being one of the best state-of-the-art manufacturing set up in this region. With the highest quality human and hardware capital, the Company is committed to not only maintain, but enhance its image in local as well as global market.

As a result PEL's enhanced brand image based on technological competitive edge is yielding growth in our market share of distribution transformers in private market. The private market comprising industry, housing and commercial developments is also showing signs of growth commensurate to improving macroeconomic indicators.

After successful introduction in Saudi Electricity Company (SEC), we are gaining ground in the export markets in Middle East, Africa and Central Asia especially focusing in Afghanistan.

POWER TRANSFORMERS

Power Transformer is a high value, heavy engineering product installed in expansion and construction of new Grid Stations necessary to strengthen power transmission and distribution networks to address growing power demand. In 2012 the company supplied record quantity of 53 units achieving highest ever level produced and supplied by any power transformer manufacturing company in Pakistan. Despite high demand in the year 2013, and availability of ample funding from multilateral lenders, procurement by discos remained low due to slow decision making. As a result in 2013 we produced 30 units of power transformers. 2014 is looking promising based on orders in pipe line and expected tenders. Sales of these transformers to customers other than power utility companies are also growing.

ENERGY METER

Meter business performance has improved by 21% in value as compared to previous year. Your company has taken a number of initiatives in developing new products and adding new features in existing products. We foresee further increase in meter sales in the year 2014 in the wake of ongoing electrification in the country. In line with growing demand for sophisticated solutions like remote metering and DLMS (Device Language Messaging Specifications) compliant products have been developed and the company is well positioned to meet the challenge of these requirements.

We are exploring exports markets for these products and have received a number of enquiries from Afghanistan and other countries. Efforts are underway to secure bigger orders directly from power utility companies in Middle East, Africa and Afghanistan as well as from private contractors working on projects in those countries.

SWITCHGEAR

Significant improvement has been witnessed due to increase in housing sector activities. In addition a number of new orders from industry have also been secured. Sales value for this segment was higher by 115% in comparison to corresponding year of 2012. We have healthy orders outlook for the year 2014 based on economic revival of national Industry in Textile and Energy Sectors. Overall private business of Housing Schemes and upcoming Projects of Industrial Estates seem very promising in 2014.

Extensive work is being done on product development to achieve cost efficiencies and technological edge over competitors. These efforts are yielding results and we are hopeful to strengthen our market share and switchgear business looks promising during coming months and years.

Growing demand from company's own EPC department is also providing substantial business to this product.

EPC CONTRACTING

This segment of the company takes up Turnkey Contracts involving Engineering, Procurement and Construction (EPC) for building Power infrastructure comprising electrical networks and grid stations up to 220 KV level.

EPC Segment is showing a robust growth and in a short span the Company has achieved a major mile stone of successful commissioning of 220KV GIS Shalamar Grid station worth Rs. 1.3 billion after completing a number of 132 KV grid stations and electrification projects. Turnover during the year under review has surpassed Rs 2.0 billion mainly relating to Electrification Work for DHAs & 220KV GIS Shalamar Grid Station. This business is expected to substantially grow in the ensuing year based on orders in hand and in the pipeline.

The company has established itself as a specialist of underground electrification work for the most prestigious housing developments in the country and expects to see major growth of business in this area. Our power utilities are realizing the need to strengthen and expand the capacity of power transmission and distribution networks in order to bring down the line losses, achieve stability in the system and to handle the increased power generation in the country. Ample funding from multilateral lenders is available and extensive work is underway. The company has participated and won a number of projects to build 132KV grid stations for various discos.

Our focus on EPC activities in Africa, Middle East, and Afghanistan is also continuing and business is expected to grow in those territories. The company is strengthening its capabilities by adding experienced human resource and sub contractors/ suppliers in order to meet these challenges.

APPLIANCES DIVISION

This division is involved in manufacturing and assembling of Refrigerators, Deep freezers, Split Air Conditioners and Microwave ovens for local and export sales. We are country leaders when it comes to performance and reliability. PEL brand is gaining ground based on our technological edge over competitors and wide sales & after sales service net work. This network comprises of over 1500 dealers spread all over the country, 268 after sale service workshops, 17 regional sales offices supported by 12 regional ware houses. Company has continued its focus on sales & distribution activities, customer focused product development and effective marketing and trade promotion techniques during the year.

These activities are briefly discussed in the following paragraphs.

REFRIGERATORS

The Refrigerator market remained buoyant during the year despite acute load shedding and a high rate of inflation. Refrigerators have become a necessity for meeting the basic storage requirement for the preservation of edibles in addition to the cooling of water

and producing ice. With the rise in rural prosperity, the demand for refrigerators in rural areas is surging.

During the year under review the sales volume of refrigerators has been higher by 22% in comparison to last year and on top of it we are pleased to inform you that our margins have substantially improved on this product which shows liking and demand for our product range.

The company has launched a new refrigerator range called Aspire. This is an affordable priced contemporary styled refrigerator. We have run a 360 degree campaign " صرف دیکھنے میں مہنگا ". This Aspire range has been very well received by customers across the country. With the launch of this model we focused to catch the attention of consumers who look for better aesthetics and beauty in affordable prices which simultaneously meet their requirement for a robust cooling function.

The company is also focused on continuous improvement through R&D. A special attention is being given through different marketing campaigns to further strengthen the PEL brand.

DEEP FREEZERS

Our capability to produce customized products with a quick turnaround time is a competitive advantage in our corporate market. In addition superior quality and prompt after sales service has also helped us to maintain and develop stronger relation with our corporate customers. Proof of concept is that we are getting repeat orders and adding new variants for our valued corporate customers like Unilever (Walls), Engro foods (Omore) & Pakistan Dairies (Igloo) etc. We are confident to add major brands in beverage industry to our customers list soon.

Through ongoing R&D we are improving the quality of our products and we have added deep freezers with the slogan " سب سے ٹھنڈا " for the retail market as well and it is becoming popular day by day.

MICROWAVES AND SPLIT AIR CONDITIONERS

Because of our focus on production of our core products we had temporarily suspended production of micro waves and split type air conditioners. Your company has restarted microwave oven and split type air conditioners production/ sales ongoing year of 2014. This will increase company's profitability and give dealers a complete range of home appliances to sell.

Going forward, the company is committed to adding more products to its range. The strategy employed is to use the same distribution channels to sell more products. This will dilute our fixed cost. The growth potential to add more products and leverage the PEL brand is vast.

FUTURE OUTLOOK

Board is optimistic with respect to emerging economic scenario which includes appreciating rupee against foreign currencies particularly against US dollar, improving central bank reserves, improving foreign remittances, expected increase in FDI, government launched initiatives to curb load shedding, efforts for restoration of peace in the country etc. At the same time menace for soaring inflation, apprehensions on sustainability in stable rupee exchange rates, increasing energy costs and other inputs which may result into rise in interest rates is also to be watched out in the near future. These factors may increase the cost of doing business.

Your company has a vital role to play in building infrastructure for transmission and distribution commensurate to the increased power generation capacity, our government is presently striving for. In the macro perspective, rural prosperity along with the increasing foreign remittances is enhancing reasonable purchase power for the consumer industry.

In addition export markets such as Afghanistan, Africa, and Middle East etc are also opening up and we are finding that reasonable export potential is emerging.

We are committed to improve technologically our product range in order to match the global standards through consistent R & D.

DIVIDEND

The board of directors of the company has recommended bonus shares in the ratio of 10 shares for every 100 shares held (i.e. 10%).

TRANSACTIONS WITH RELATED PARTIES

Transaction with related parties were made at arm's length prices determined in accordance with the comparable uncontrolled price method. The company has fully complied with the best practices on Transfer pricing as contained in the relevant rules and regulations.

MATERIAL CHANGES

There has been no other material change since December 31, 2013 and the Company has not entered into any extra ordinary commitment which would affect its financial position at the date.

CODE OF CONDUCTS

The board has adopted the code of conducts and accordingly all of the employees have been informed of this conduct.

EARNINGS PER SHARE

Basic earnings per share work out to Rs. 4.04 (EPS 0.58 Dec 2012)
Operating and financial data
The key operating and financial data for six years is annexed
Corporate governance- Statement of directors' Responsibilities.
In compliance of the corporate governance, we give below the statements on Corporate and financial reporting framework:

- To the financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
- Value of investments of Provident fund as on December 31, 2013 is Rs.156 million.
- The board of directors presently comprises 12 individuals, out of which 6 are non executive directors while 6 are working executive directors.

PATTERN OF SHAREHOLDING

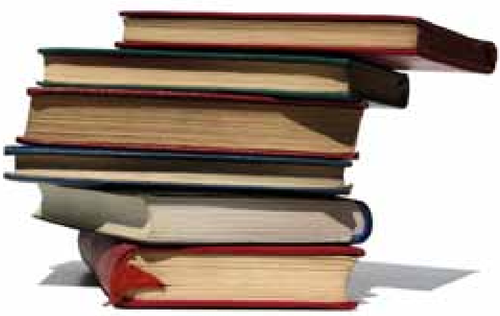
The information under this head along with information under clause XIX (i) and (j) of the code of corporate governance is annexed.

AUDITORS

M/s Rahma Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, Lahore, retires and being eligible, has offered them for re-appointment. As suggested by the Audit committee, the board of directors has recommended their re-appointment as auditors of the Company for the year ending December 31, 2014, at a fee to be mutually agreed.

BOARD MEETINGS

Meetings of board of directors are held regularly to take notice of the results of corporate operations and their management and to make decisions concerning company's business activities. Meetings also take place to consider business trends and operational plans of the company.



During the period under review, Board of Directors held five meetings. Attendances by each director during these meetings were as follows:

Mr. M Naseem Saigol	5
Mr. M. Azam Saigol	3
Mr. M. Murad Saigol	3
Mr. M. Zeid Yousaf Saigol	3
Mr. Haroon Ahmad Khan	4
Mr. Manzar Hassan	4
Mr Khalid Siddiq Trimizey (BOP nominee)	3
Syed Zubair Ahmed Shah (NIT nominee)	5
Ms. Tahira Raza (NBP nominee)	4
Mr. M. Khurram Khawaja (NBP nominee)	5
Mr. Akbar Hasan Khan (NBP nominee)	4

During the period under review, Audit Committee meetings held for five times and the attendances of members were as follow;

Mr M. Azam Saigol	3
Ms Tahira Raza	4
Syed Zubair Ahmed Shah	5
Mr Haroon Ahmed Khan	4

During the period under review, HR and remuneration Committee meetings held for one time and the attendances of members were as follow;

Mr M. Azam Saigol	1
Mr. Akbar Hasan khan	1
Syed Zubair Ahmed Shah	1
Mr Haroon Ahmed Khan	1

ACKNOWLEDGEMENT

We take this opportunity thank all our customers, shareholders, bankers, employees, CBA and workers for their continued support and guidance

On behalf of the Board

Lahore
April 07, 2014

Naseem Saigol
Chief Executive Officer

Statement with Compliance of Code of Corporate Governance

This statement is being presented to comply with the code of Corporate Governance contained in regulation No. 37, 43 & 36 of listing regulations of Karachi, Lahore & Islamabad Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best of practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Independent Directors	Mr. Munaaf Ibrahim Syed Zubair Ahmad Shah
Executive Directors	Mr. M. Naseem Saigol Mr. M. Murad Saigol Mr. M. Zeid Yousuf Saigol Mr. Haroon Ahmad Khan Syed Manzar Hassan
Non Executive Directors	Mr. M. Azam Saigol Mrs. Tahira Raza Mr. Khadim Hussain Mr. Wajahat A. Baqai Mr. Khalid Siddiq Tirmizey

   The independent directors meets the criteria of independence under clause I (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in the payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board of Directors during the period.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. One training program for its directors by the board arranged during the year.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. Financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an audit committee. It comprises of 4 members, of whom 3 are non-executive directors including the chairman.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and remuneration committee. Its comprises 4 members, of whom 3 are none executive directors including the chairman.

18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.

21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore
April 07, 2014

Naseem Saigol
Chief Executive Officer

Review Report on Statement of Compliance with Best practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of Pak Elektron Limited for the year ended December 31, 2013 to comply with the requirements of Listing Regulation No 35 of the Karachi, Islamabad and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with best practices contained in the Code as applicable to the Company for the year ended December 31, 2013

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Engagement Partner:
ZUBAIR IRFAN MALIK
Date: April 07, 2014
Place: LAHORE

Financial Statements
for the year ended December 31, 2013

Consolidated Financial Statements

Auditors' Report to the Members

We have audited the annexed consolidated financial statements of **PAK ELEKTRON LIMITED** ("the Parent Company") and its subsidiary Company PEL Marketing (Private) Limited as at December 31, 2013 and the related consolidated profit and loss account / statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof ("consolidated financial statements") for the year then ended. We have also expressed separate opinion on the financial statements of Pak Elektron Limited and its subsidiary company namely PEL Marketing (Private) Limited for the year ended December 31, 2013. These consolidated financial statements are the responsibility of the Parent Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audit.

The consolidated financial statements of the Parent Company for the year ended December 31, 2012 were audited by another auditor whose report dated April 09, 2013 express an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan and accordingly included such test of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Pak Elektron Limited and its subsidiary company as at December 31, 2013 and the results of its operations for the year then ended.

Rahman Sarfaraz Rahim Iqbal Rafiq
(Chartered Accountants)

Engagement Partner: Zubair Irfan Malik
Date: April 07, 2014
Place: Lahore

Consolidated Balance Sheet

as at December 31, 2013

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	6	4,000,000	2,500,000
Issued, subscribed and paid-up capital	7	3,130,689	1,668,264
Capital reserve	8	529,740	164,134
Accumulated profit		2,885,041	2,075,931
TOTAL EQUITY		6,545,470	3,908,329
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	9	4,612,256	3,873,505
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital	10	2,464,286	2,464,286
Long term finances	11	3,233,175	3,123,200
Liabilities against assets subject to finance lease	12	30,685	33,555
Deferred taxation	13	2,426,847	1,930,107
Deferred income	14	47,535	50,037
		8,202,528	7,601,185
CURRENT LIABILTIES			
Trade and other payables	15	945,608	1,692,148
Accrued interest/mark-up		1,454,626	1,245,579
Short term borrowings	16	4,960,209	6,815,091
Current portion of non-current liabilities	17	422,019	78,947
		7,782,462	9,831,765
TOTAL LIABILITIES		15,984,990	17,432,950
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY AND LIABILITIES		27,142,716	25,214,784

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Consolidated Balance Sheet
as at December 31, 2013

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	14,818,060	13,811,250
Intangible assets	20	348,962	310,969
Long term investments	21	8,295	10,216
Long term deposits	22	119,677	65,898
		15,294,994	14,198,333
CURRENT ASSETS			
Stores, spares and loose tools	23	285,771	126,792
Stock in trade	24	3,883,379	3,789,580
Trade debts	25	5,665,870	5,775,681
Advances	26	879,586	527,751
Trade deposits and short term prepayments	27	453,055	290,799
Other receivables		25,289	19,662
Short term investments	28	22,785	11,663
Advance income tax	29	354,183	258,174
Cash and bank balances	30	277,804	216,349
		11,847,722	11,016,451
TOTAL ASSETS		27,142,716	25,214,784

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Consolidated Profit and Loss Account / Statement of Comprehensive Income

for the year ended December 31, 2013

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
Revenue	31	18,856,416	20,293,972
Sales tax and discount	31	(2,387,238)	(2,524,084)
Revenue - net		16,469,178	17,769,888
Cost of sales	32	(12,414,101)	(14,126,276)
Gross profit		4,055,077	3,643,612
Other income	33	46,219	36,269
Distribution cost	34	(809,246)	(827,192)
Administrative expenses	35	(642,665)	(624,338)
Other expenses	36	(34,053)	(4,648)
		(1,485,964)	(1,456,178)
Operating profit		2,615,332	2,223,703
Finance cost	37	(1,819,459)	(2,050,054)
		795,873	173,649
Share of loss of associate	21.1	(20,968)	(12,729)
Profit before taxation		774,905	160,920
Provision for taxation	38	(167,578)	(46,255)
Profit after taxation		607,327	114,665
Other comprehensive income		-	-
Total comprehensive income		607,327	114,665
Earnings per share - basic and diluted	39	4.04	0.58

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Consolidated Cash Flow Statement

for the year ended December 31, 2013

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	40	1,782,543	1,434,030
Payments for:			
Interest/markup on borrowings		(1,505,739)	(1,519,523)
Income tax		(213,856)	(160,176)
Net cash generated from/(used in) operating activities		62,948	(245,669)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(333,606)	(280,724)
Purchase of intangible assets		(41,620)	-
Proceeds from disposal of property, plant and equipment		34,412	17,457
Long term deposits made		(53,779)	(5,265)
Proceeds from disposal of short term investments		438	-
Net cash used in investing activities		(394,155)	(268,532)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		(35,638)	(27,012)
Repayment of liabilities against assets subject to finance lease		(44,849)	(44,535)
Net (decrease)/increase in short term borrowings		(1,354,882)	640,231
Proceeds from issue of ordinary shares		1,828,031	-
Net cash generated from financing activities		392,662	568,684
NET INCREASE IN CASH AND CASH EQUIVALENTS		61,455	54,483
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		216,349	161,866
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	41	277,804	216,349

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Consolidated Statement of Changes in Equity

for the year ended December 31, 2013

(Rupees in thousand)	Note	Issued subscribed and paid-up capital	Capital reserve	Accumulated profit	Total equity
Balance as at January 01, 2012		1,668,264	164,134	1,770,706	3,603,104
Comprehensive income					
Profit after taxation		-	-	114,665	114,665
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	114,665	114,665
Incremental depreciation		-	-	190,560	190,560
Transaction with owners		-	-	-	-
Balance as at December 31, 2012		1,668,264	164,134	2,075,931	3,908,329
Comprehensive income					
Profit after taxation		-	-	607,327	607,327
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	607,327	607,327
Incremental depreciation		-	-	201,783	201,783
Transaction with owners					
Issue of right ordinary shares	7.1.1	1,462,425	365,606	-	1,828,031
Balance as at December 31, 2013		3,130,689	529,740	2,885,041	6,545,470

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Notes to and forming part of Consolidated Financial Statements
for the year ended December 31, 2013

1. Reporting entity

The Group consists of:

Parent Company - Pak Elektron Limited
Subsidiary Company - PEL Marketing (Private) Limited

Parent Company

Pak Elektron Limited ('PEL') was incorporated in Pakistan on March 03, 1956 as a Public Limited Company under the Companies Act, 1913 (replaced by the Companies Ordinance, 1984). Registered office of PEL is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. PEL is currently listed on all three Stock Exchanges of Pakistan. 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 and Appliances Division. PEL's activities are as follows:

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

Appliances Division: manufacturing, assembling and distribution of refrigerators, air conditioners, microwave ovens, televisions, generators and washing machines.

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.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.2 Basis of measurement

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

2.3 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The Group reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that The Group expects to derive from that item.

2.3.2 Recoverable amount and impairment

The management of the Group reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of value in use requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Trade and other receivables

The Group assesses the recoverability of its trade debts and other receivables if there is objective evidence that The Group will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired.

Investments in equity securities

The Group reviews the carrying amounts of its investments in equity securities for possible indications of impairment. Indicators considered include financial position of the investee entity and changes in values of investment by reference to active market, if any.

2.3.3 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

2.3.4 Taxation

The Group takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.3.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Group would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.6 Net realizable values

The Group reviews the net realizable values of stock in trade to assess any diminution in the respective carrying amounts. Net realizable value is determined with reference to estimated selling prices less estimated costs necessary to make the sale.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Group's functional currency.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of PEL and its subsidiary company, PMPL. PEL has 100% shareholding interest in PMPL.

3.1.1 Accounting for subsidiaries

Subsidiaries are those enterprises in which parent company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investment held by the parent company is eliminated against parent company's share in paid up capital of the subsidiaries.

Material intra-group balances and transactions have been eliminated.

Non controlling interests are that part of net results of the operations and of net assets of the subsidiaries attributable to interests which are not owned by the parent company. Non controlling interest are presented as a separate item in the consolidated financial statements.

3.1.2 Accounting for business combinations

The acquisition of subsidiary is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets and liabilities are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Where the Group increases its interest in an entity such that control is achieved, previously held identifiable assets, liabilities and contingent liabilities of the acquired entity are revalued to their fair value at the date of acquisition, being the date at which the Group achieves control of the acquiree. The movement in fair value is taken to the asset revaluation surplus.

3.2 Property, plant and equipment

3.2.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, leasehold land, buildings and plant and machinery. Freehold land, buildings and plant and machinery are measured at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Leasehold land is measured at historical cost. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation, including borrowing costs referred to in note 3.2.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When significant parts of an item of operating fixed assets have different useful lives, they are recognized as separate items.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Group and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Group recognizes depreciation in profit or loss by applying reducing balance method, with the exception of computer hardware and allied items, which are depreciated using straight line method, over the useful life of each operating fixed asset using rates specified in note 19 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

Surplus arising on revaluation of items of property, plant and equipment is carried on balance sheet after reversing deficit relating to the same item previously recognized in profit or loss, if any. Deficit arising on revaluation is recognized in profit or loss after reversing the surplus relating to the same item previously carried on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit every year, through statement of changes in equity.

3.2.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

3.3 Intangible assets

3.3.1 Goodwill

Goodwill represents the excess of the cost of business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. This is stated at cost less any accumulated impairment losses, if any.

3.3.2 Technology transfer

The intangible assets in respect of technology transfer are amortized over the useful life of plant and machinery involved in use of such technology. Amortization of intangible commences when it becomes available for use.

3.3.3 Computer software and ERP

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. These costs are amortized over their estimated useful lives. Amortization of intangible commences when it becomes available for use.

3.4 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held for capitalization are classified as property, plant and equipment through capital work in progress.

3.5 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Moving average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.6 Employee benefits

3.6.1 Short-term employee benefits

The Group recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Group provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

3.6.2 Post-employment benefits

The Group operates an approved funded contributory provident fund for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by The Group and the employees at the rate of ten percent of basic salary and cost of living allowance, where applicable, to cover the obligation. Contributions are charged to profit or loss.

3.7 Financial instruments

3.7.1 Recognition

A financial instrument is recognized when the Group becomes a party to the contractual provisions of the instrument.

3.7.2 Classification

The Group classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Group determines the classification of its financial assets and liabilities at initial recognition.

3.7.2(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

3.7.2(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are either designated as such on initial recognition or are classified as held for trading. Financial assets are designated as financial assets at fair value through profit or loss if the Group manages such assets and evaluates their performance based on their fair value in accordance with the Group's risk management and investment strategy. Financial assets are classified as held for trading when these are acquired principally for the purpose of selling and repurchasing in the near term, or when these are part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of profit taking, or where these are derivatives, excluding derivatives that are financial guarantee contracts or that are designated and effective hedging instruments. Financial assets in this category are presented as current assets.

3.7.2(c) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

3.7.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.7.4 De-recognition

Financial assets are de-recognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Group's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

3.7.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Group has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.8 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

3.9 Preference share capital

Preference share capital is recognized as equity in accordance with the interpretation of the provision of the Companies Ordinance, 1984, including those pertaining to implied classifications of preference shares.

3.10 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

3.11 Investments in equity securities

3.11.1 Investments in associates

Investments in associates are accounted for using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the Group's interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligation or made payment on behalf of the associate.

3.11.2 Investments in other quoted equity securities

These on initial recognition, are designated as 'investments at fair value through profit or loss' and are recognized at cost. Subsequent to initial recognition, these are measured at fair value. Gains and losses arising from changes in fair value are recognized in profit or loss.

3.12 Finance leases

Leases in terms of which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

3.13 Ijarah transactions

Ujrah payments under an Ijarah are recognized as an expense in the profit or loss on a straight-line basis over the Ijarah terms unless another systematic basis are representative of the time pattern of the user's benefit, even if the payments are not on that basis.

3.14 Trade and other payables

3.14.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.14.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

3.15 Provisions and contingencies

Provisions are recognized when the Group has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.16 Trade and other receivables

3.16.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.16.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

3.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

- Revenue from different sources is recognized as follows:

- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.

- Commission income is recognized on receipt of credit advice from supplier.

- Interest income is recognized using effective interest method.

- Dividend income is recognized when right to received payment is established.

- Contract revenue relating to long term construction contracts are recognized as revenue by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying 'cost-to-date method'. Under cost-to-date method stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost.

3.18 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

3.19 Contract costs

Contract costs relating to long term construction contracts are recognized as expenses by reference to stage of completion of contract activity at the reporting date. Stage of completion of a contract is determined by applying 'cost-to-date method'. Under cost-to-date method, stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. Expected losses on contracts are recognized as an expense immediately.

3.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

3.21 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

3.21.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

3.21.2 Deferred taxation

Deferred tax is accounted for using the' balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.22 Government grants

Government grants that compensate the Group for expenses or losses already incurred are recognized in profit or loss in the period in which these are received and are deducted in reporting the relevant expenses or losses. Grants relating to property, plant and equipment are recognized as deferred income and an amount equivalent to depreciation charged on such assets is transferred to profit or loss.

3.23 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Parent Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.24 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are carried at cost.

3.25 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Group using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

3.26 Impairment

3.26.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.26.2 Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.27 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Group's financial statements in the year in which the dividends are approved by the Group's shareholders.

3.28 Basis of allocation of common expenses

Distribution, administrative and finance cost are allocated to PEL Marketing (Private) Limited ('PMPL') on the basis of percentage of operating fixed assets used by PMPL, under the interservices agreement between PEL & PMPL.

3.29 Warranty costs

The group accounts for its warranty obligations when the underlying product or service sold or rendered. The provision is based on historical warranty data and weighing all possible outcomes against their associated possibilities.

3.30 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating income and expenses, share of profit/(loss) of associates, finance costs, and provision for taxes.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

4. New/revised approved accounting standards and amendments effective during the year

4.1 The following new/revised approved accounting standards and amendments are effective in the current year and relevant to the Group.

Fourth Schedule to the Companies Ordinance, 1984

The Securities and Exchange Commission of Pakistan through S.R.O. 183(I)/2013 has notified certain amendments in the Fourth Schedule to the Companies Ordinance, 1984. These amendments have principally clarified certain matters, changed some of the presentation and classification requirements and incorporated additional disclosure requirements. the Group has adopted these changes which has resulted in reclassification of certain long term debts as 'Redeemable Capital' and additional disclosures made in the financial statements. However, no change in accounting policy was required and accordingly there was no impact on the amounts reported in these financial statements.

IAS 1 - Presentation of Financial Statements ('Amendments')

The amendments renamed 'statement of comprehensive income' as 'statement of profit or loss and other comprehensive income' and require entities to group items presented as other comprehensive income based on whether they are potentially classifiable to profit or loss subsequently, i.e. those that might be reclassified and those that will not be reclassified, and require tax associated with items presented before tax to be shown separately for each of the two groups, without changing the option to present items of other comprehensive income either before tax or net of tax. However, the amendments allow entities to use the name "statement of comprehensive income". The adoption of amendment does not have any impact on these financial statements as the Group has no other comprehensive income to report.

IAS 27 - Separate Financial Statements (Revised 2011)

The revised standard supersedes IAS 27 - Consolidated and Separate Financial Statements (Revised 2008). The revised standard carries forward existing accounting and disclosure requirements for separate financial statements with some minor clarifications. The adoption of revised standard does not have any material impact on the financial statements of the Group.

IAS 28 - Investments in Associates and Joint Ventures (Revised 2011)

The revised standard supersedes IAS 28 - Investments in Associates (revised 2008). The revised standard makes amendments to apply IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations to investment, or a portion thereof, in an associate or joint venture, that meets the criteria to be classified as held for sale. The adoption of revised standard does not have any material impact on the financial statements of the Group.

4.2 The following new/revised approved accounting standards and amendments are effective in the current year but are either not relevant to the Group or have not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IFRS 10 - Consolidated Financial Statements (2011)

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities. The standard is effective for current year but has not been adopted as the same has not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IFRS 11 - Joint Arrangements (2011)

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers. The standard is effective for the current year but is not relevant to the Group as at the reporting date.

IFRS 12 - Disclosure of Interests in Other Entities (2011)

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for current year but has not been adopted as the same has not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IFRS 13 - Fair Value Measurement (2011)

The standard establishes a single framework for measuring fair value where that is required by other standards. The standard is effective for current year but has not been adopted as the same has not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IAS 19 - Employee Benefits (Revised 2011)

The revised standard requires actuarial gains and losses to be recognized immediately in other comprehensive income and removes the corridor method as well as the option to recognize all changes in defined benefit obligation and plan assets in profit or loss. The revision is effective for the current year but is not relevant to the Group as at the reporting date.

IFRIC 20 - Stripping Cost in the Production Phase of a Surface Mining (2011)

The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The Interpretation is effective for annual periods beginning on or after January 01, 2013. The interpretation is effective for the current year but is not relevant to the Group as at the reporting date.

Annual Improvements 2009-2011(effective for annual periods beginning on or after January 01, 2013)

The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

IFRS 1 – First-time Adoption of International Financial Reporting Standards

The amendments clarify that an entity may apply IFRS 1 if its most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with International Financial Reporting Standards even if the entity applied IFRS 1 in the past. The standard is not relevant to the Group.

IAS 1 - Presentation of Financial Statements

The amendments clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position. The adoption of this amendment does not have any material impact on the Group.

IAS 16 - Property, Plant and Equipment

The amendments clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The adoption of this amendment does not have any material impact on the Group.

IAS 32 - Financial Instruments: Presentation

The amendments clarify that IAS 12 - Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12. The adoption of this amendment does not have any material impact on the Group.

IAS 34 - Interim Financial Reporting

The amendments align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 - Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The adoption of this amendment does not have any material impact on the Group.

Government Loans (Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards)

The amendments address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to International Financial Reporting Standards. The amendments are not relevant to the Group.

Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 - Financial Instruments: Disclosures)

The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The adoption of these amendments does not have any material impact on the financial statement of the Group.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 - Financial Instruments: Presentation)

The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The adoption of these amendments does not have any material impact on the financial statement of the Group.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The adoption of these amendments does not have any material impact on the financial statement of the Group.

5. New/revised approved accounting standards and amendments not yet effective

The following standards, interpretations and amendments are in issue which is not effective as at the reporting date. These are not expected to have any significant impact on the financial statements of the Group, except for increase in disclosures in certain cases.

5.1 New and Revised Approved Accounting Standards and Interpretations

IFRS 9 - Financial Instruments: Classification and Measurement (2010)

The revised standard incorporates new requirements for the classification and measurement of financial instruments and carries over existing derecognition requirements from IAS 39 - Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 01, 2018.

IFRIC 21 - Levies (2013)

The interpretation provides guidance on when to recognize a liability for levy imposed by a government. The Interpretation is effective for annual periods beginning on or after January 01, 2014.

5.2 Amendments to Approved Accounting Standards and Interpretations

Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption. The amendments are effective for annual periods beginning on or after January 01, 2014.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 – Impairment of Assets)

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount is determined using a present value technique. The amendments are effective for annual periods beginning on or after January 01, 2014.

Novation of Derivative and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurement)

The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met. The amendments are effective for annual periods beginning on or after January 01, 2014.

Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)

The amendments narrow scope amendments applicable to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for annual periods beginning on or after July 01, 2014.

Offsetting financial assets and financial liabilities (Amendments to IAS 32 – Financial Instruments: Presentation)

The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after January 01, 2014.

6. Authorized capital

December 31, 2013 (Number of shares)	December 31 2012 (Number of shares)		December 31, 2013 (Rupees in thousand)	December 31, 2012 (Rupees in thousand)
300,000,000	150,000,000	Ordinary shares of Rs. 10 each	3,000,000	1,500,000
62,500,000	62,500,000	'A' class preference shares of Rs. 10 each	625,000	625,000
37,500,000	37,500,000	'B' class preference shares of Rs. 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
400,000,000	250,000,000		4,000,000	2,500,000

7. Issued, subscribed and paid-up capital

December 31, 2013 (Number of shares)	December 31 2012 (Number of shares)		December 31, 2013 (Rupees in thousand)	December 31, 2012 (Rupees in thousand)
		Ordinary shares of Rs. 10 each		
169,991,928	23,749,434	Issued for cash	1,699,919	237,494
		Issued for other than cash:		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- against conversion of preference shares	60,408	60,408
91,532,718	91,532,718	- as fully paid bonus shares	915,328	915,328
268,111,239	121,868,745		2,681,113	1,218,688
		'A' class preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash	449,576	449,576
313,068,831	166,826,337		3,130,689	1,668,264

7.1 Reconciliation between ordinary shares in issue as at the beginning and end of the year is as follows:

(Number of shares)	Note	December 31, 2013	December 31, 2012
As at beginning of the year		121,868,745	121,868,745
Issue of right ordinary shares	7.1.1	146,242,494	-
As at end of the year		268,111,239	121,868,745

7.1.1 During the year, the PEL issued 146,242,494 right ordinary shares at 120 ordinary shares for every 100 ordinary shares already held, at Rs. 12.5 per ordinary share, including a premium of Rs. 2.5 per share.

7.2 'A' class preference shares

7.2.1 Current status of original issue

PEL, in the December 2004, issued 'A'class preference shares to various institutional investors amounting to Rs. 605 million against authorized share capital of this class amounting to Rs. 625 million. In January 2010, PEL sent out notices to all preference shareholders seeking conversion of outstanding preference shares into ordinary shares of PEL in accordance with the option available to the investors under the original terms of the issue. As at the reporting date outstanding balance of preference shares amounts to Rs. 449.58 million representing investors who did not opt to convert their holdings into the ordinary shares of PEL. Subsequently, PEL offered re-profiling of preference shareholders to these remaining investors. See note 7.2.2.

The Securities and Exchange Commission of Pakistan ('SECP') issued order to Lahore Stock Exchange Limited ('LSE') dated February 6, 2009 against the listing of these preference shares. However, PEL took up the matter with the honorable Lahore High Court which granted the stay order against the said order of SECP and also directed LSE not to delist the shares. The matter is pending adjudication to date.

7.2.2 Re-profiling of preference shares

PEL offered re-profiling of shares to preference shareholders, who did not convert their preference shares into ordinary shares in response to the conversion notices issued by PEL. PEL has appointed an Advisor who has confirmed that the investors to the instrument have, in principle, agreed to the Re-profiling Term Sheet and commercial terms and conditions therein. SECP has allowed PEL to proceed with the re-profiling subject to fulfillment of legal requirements. The legal documentation has been prepared and circulated amongst the concerned investors and signed on April 20, 2011, except for National Bank of Pakistan, which is expected to be completed in the ensuing year.

The revised terms of re-profiling are:

Coupon Rate

Investors will be entitled to an annual coupon rate at one year KIBOR plus 1% on cumulative basis, payable if and when declared by the Board of Directors of the PEL.

Voting Right

Preference shares do not carry any voting rights.

Call Option

PEL shall have the option to redeem the issue in full or in part, within ninety days of the end of the financial year, commencing from the expiry of the 6th anniversary of the issue date ("Redemption Period") by giving at least thirty days notice.

The redemption will be at the option of the PEL and subject to availability of funds and compliance with the provisions of Section 85 of the Companies Ordinance 1984.

PEL shall create a Capital Redemption Reserve Fund in accordance with the provisions of the Companies Ordinance 1984.

Conversion Option

Preference shares will be convertible only at the option of the investors into ordinary shares of the PEL at the conversion date, i.e. last business day of each financial quarter commencing from the 7th (seventh) anniversary of the issue date. This option will be available from 7th (seventh) anniversary till the 9th (ninth) anniversary of the issue. During this period the investors can convert up to 25% of their preferred shares at the conversion ratio by giving a thirty days notice to the issuer.

In case the issuer does not exercise the redemption option within 60 days of 9th (ninth) anniversary of the issue, the investors will have the option to convert their entire holding of preference shares in full or a part at conversion price on the conversion date by giving a 30 days notice to the PEL.

Conversion Ratio

The conversion of preference shares will be based on the conversion ratio A/B, where:

Conversion between 7th and 9th anniversary

A = Preference share price, i.e. issue price plus any cumulative unpaid dividends.

B = Minimum conversion price, i.e. 32.5% discount to the average price of the common share quoted in the daily quotation of Karachi Stock Exchange during the 360 working days prior to the conversion date.

Conversion after the 9th anniversary

A = Rs. 10 plus unpaid dividend.

B = Spot price of PEL ordinary shares on conversion date.

7.2.3 Accumulated preference dividend

As on December 31, 2013 an amount of approximately Rs. 170.839 million has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the respective term sheet with the Investor.

As per the opinion of Company's legal counsel, the provision of cumulative dividend at 9.5% p.a. will prevail on account of preference dividend, as the approval process of the revised terms of reprofiling from different quarters is not yet complete.

7.2.4 Classification of preference shares as equity

Preference shares have been classified and treated as part of equity on the following basis:

- These shares were issued under the provisions of section 85 of the Companies Ordinance, 1984 ('the Ordinance') read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.

- The issue was duly approved by the shareholders of the PEL in general meeting.

- Return of allotment was filed under section 73(1) of the Ordinance.

- PEL is required, under the revised terms of reprofiling, to create a Capital Redemption Reserve Fund in accordance with section 85 of the Ordinance.

- The requirements of the Ordinance take precedence over the requirements of International Financial Reporting Standards.

- The revised terms provide the preference shareholders with the right to convert their holdings into ordinary shares of the PEL.

Further, the matter regarding the classification of redeemable preference shares as either debt or equity instrument has been examined by the Institute of Chartered Accountants of Pakistan ('ICAP'). ICAP has advised the Securities and Exchange Commission of Pakistan ('SECP') to make necessary amendments in the Companies Ordinance, 1984, and / or to issue a clarification in order to remove the inconsistency between the Companies Ordinance, 1984 and the International Financial Reporting Standards. Pending the decision of SECP in this matter, the preference share capital has been classified as equity in these financial statements.

8. Capital reserve

This represents premium on issue of ordinary shares. The movement during the year is as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
As at beginning of the year		164,134	164,134
Recognized during the year	7.1.1	365,606	-
As at end of the year		529,740	164,134

9. Surplus on revaluation of property, plant and equipment

As at beginning of the year		3,873,505	3,962,040
Surplus recognized during the year			
Surplus on revaluation		1,387,543	156,962
Deferred taxation		(447,009)	(54,937)
		940,534	102,025
Incremental depreciation transferred to accumulated profits			
Incremental depreciation for the year		(310,435)	(293,169)
Deferred taxation		108,652	102,609
		(201,783)	(190,560)
As at end of the year		4,612,256	3,873,505

10. Redeemable capital - secured

These represent interest/mark-up/profit based debt securities issued to institutional and other investors. The details are as as follows:

Description	Dec. 31 2013 (Rupees in thousand)	Dec. 31 2012 (Rupees in thousand)	Pricing	Security	Arrangements and Repayment
Sukuk Funds	514,286	514,286	Three months KIBOR plus 1.75% per annum (2012: Three months KIBOR plus 1.75% per annum) subject to floor and cap of 10% and 25% respectively.	Charge on present and future operating fixed assets of the Company.	"These were issued for the purpose of refinance of existing machinery with diminishing musharka facility. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in six equal quarterly installments commencing from June 2015."
Sukuk Funds	1,100,000	1,100,000	Three months KIBOR plus 1% per annum (2012: Three months KIBOR plus 1% per annum) subject to floor and cap of 8% and 25% respectively.	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of refinance of existing machinery with diminishing musharka facility. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in sixteen equal quarterly installments commencing from June 2015.
Private Placed Term Finance Certificates	850,000	850,000	Six months KIBOR plus 3% per annum (2012: Six months KIBOR plus 3% per annum).	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of financing the capacity expansion program of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in fifty two stepped-up monthly installments commencing from June 2015.
Total	2,464,286	2,464,286			
Current portion presented under current liabilities	-	-			
	2,464,286	2,464,286			

11. Long term finances - secured

These represent long term finance utilized under interest/mark-up/profit arrangements from banking companies and financial institutions. The details are as as follows:

Description	Dec. 31 2013 (Rupees in thousand)	Dec. 31 2012 (Rupees in thousand)	Pricing	Security	Arrangements and Repayment
Demand Finance	54,270	54,270	Six months KIBOR plus 1.75% per annum (2012: Six months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in sixteen equal quarterly installments commencing from December 2007. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted

Description	Dec. 31 2013 (Rupees in thousand)	Dec. 31 2012	Pricing	Security	Arrangements and Repayment
					into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.
Demand Finance	432,385	432,385	Three months KIBOR plus 1.75% per annum (2012: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing set-up of a new transformer manufacturing plant and was repayable in eighteen equal quarterly installments, after the expiry of six months grace period, commencing from December 2009. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.
Demand Finance	342,859	342,859	Three months KIBOR plus 1.75% per annum (2012: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in twelve equal quarterly installments commencing from March 2011. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.
Demand Finance	375,000	375,000	Six months KIBOR plus 1.75% per annum (2012: Six months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in twelve equal quarterly installments commencing from December 2010. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.

Description	Dec. 31 2013 (Rupees in thousand)	Dec. 31 2012	Mark up	Security	Arrangements and Repayment
Term Finance	450,000	450,000	Three months KIBOR plus 3% per annum (2012: Three months KIBOR plus 3% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and personal guarantees of sponsoring directors of the Company.	This finance was obtained from Pak Libya Holdings Company (Private) Limited for meeting operational expenses of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till February 2015 with the outstanding liability payable in eighteen equal quarterly installments commencing from February 2015.
Demand Finance	898,927	898,927	Three months KIBOR plus 1.75% per annum (2012: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for long term working capital requirements and was repayable in sixteen equal quarterly installments commencing from March 2012. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.
Term Finance	305,469	323,437	One month KIBOR plus 3.5% per annum (2012: One month KIBOR plus 3.5% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and building and lien over balances in collection accounts and installment reserve accounts.	The finance was obtained from Standard Chartered Bank (Pakistan) Limited for long term working capital requirements of the Company and has been rescheduled twice after the disbursement. As per the latest arrangement, the finance is repayable in 48 monthly installments starting September 2012.
Term Finance	269,381	287,051	One month KIBOR plus 3.5% per annum (2012: One month KIBOR plus 3.5% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and building and lien over balances in collection accounts and installment reserve accounts.	The finance was obtained from Standard Chartered Bank (Pakistan) Limited for long term working capital requirements of the Company and has been rescheduled twice after the disbursement. As per the latest arrangement, the finance is repayable in 48 monthly installments starting September 2012.
Term Finance	300,000	-	Six months KIBOR plus 3% per annum.	Charge on present and future operating fixed assets of the Company.	The finance has obtained from Faysal Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twenty three equal quarterly installments commencing from June 2014.
Term Finance	200,000	-	Three months KIBOR plus 3% per annum.	Charge on present and future current assets of the Company.	The finance has obtained from Summit Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twelve equal quarterly installments commencing from September 2015.
Total	3,628,291	3,163,929			
Current portion presented under current liabilities	(395,116)	(40,729)			
	3,233,175	3,123,200			

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
12. Liabilities against assets subject to finance lease			
Present value of minimum lease payments	12.1 & 12.2	57,588	71,773
Current portion presented under current liabilities	12.1 & 12.2	(26,903)	(38,218)
		30,685	33,555

12.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from six months to one year KIBOR plus 3% to 5.8% per annum (2012: six months KIBOR plus 5.5% to 5.8% per annum). Lease rentals are payable monthly over a tenor of 3 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Group. The Group also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

12.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
Not later than one year		33,486	47,439
Later than one year but not later than five years		33,780	38,433
Total future minimum lease payments		67,266	85,872
Finance charge allocated to future periods		(9,678)	(14,099)
Present value of future minimum lease payments		57,588	71,773
Not later than one year	17	(26,903)	(38,218)
Later than one year but not later than five years		30,685	33,555
13. Deferred taxation			
Deferred tax liability on taxable temporary differences	13.1	4,084,860	3,713,017
Deferred tax asset on deductible temporary differences	13.1	(1,658,013)	(1,782,910)
		2,426,847	1,930,107

13.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2013			
(Rupees in thousand)	**As at January 01**	**Recognized in profit or loss**	**Recognized in equity**	**As at December 31**
Deferred tax liabilities				
Operating fixed assets - owned	1,667,152	29,280	-	1,696,432
Operating fixed assets - leased	96,324	4,207	-	100,531
Surplus on revaluation of property, plant and equipment	1,949,541	(108,653)	447,009	2,287,897
	3,713,017	(75,166)	447,009	4,084,860
Deferred tax assets				
Provisions	(194,658)	(33,768)	-	(228,426)
Unused tax losses and credits	(1,588,252)	158,665	-	(1,429,587)
	(1,782,910)	124,897	-	(1,658,013)
	1,930,107	49,731	447,009	2,426,847

(Rupees in thousand)	2012 As at January 01	Recognized in profit or loss	Recognized in equity	As at December 31
Deferred tax liabilities				
Operating fixed assets - owned	1,641,774	25,378	-	1,667,152
Operating fixed assets - leased	88,454	7,870	-	96,324
Surplus on revaluation of property, plant and equipment	2,052,148	(102,607)	-	1,949,541
	3,782,376	(69,359)	-	3,713,017
Deferred tax assets				
Provisions	(162,890)	(31,768)	-	(194,658)
Unused tax losses and credits	(1,646,136)	57,884	-	(1,588,252)
	(1,809,026)	26,116	-	(1,782,910)
	1,973,350	(43,243)	-	1,930,107

13.2 The Government of Pakistan vide Finance Act, 2013 has notified a reduced tax rate of 34% for tax year 2014 only, however deferred tax has been recognized using tax rate of 35% (2012: 35%) as the impact of reduction in tax rate for one tax year is immaterial.

(Rupees in thousand)	**December 31, 2013**	December 31, 2012
14. Deferred income		
As at beginning of the year	50,037	52,670
Recognized in profit or loss	(2,502)	(2,633)
As at end of the year	47,535	50,037

14.1 The UNIDO vide its contract number 2000/257 dated December 15, 2000 out of the multilateral fund for the implementation of the Montreal Protocol, has given grant-in-aid to the Group for the purpose of phasing out ODS at the Refrigerator and Chest Freezer Plant of the Group. The total grant-in-aid of US $ 1,367,633 (Rs. 91,073,838) comprises the capital cost of the project included in fixed assets amounting to US $ 1,185,929 (Rs. 79,338,650) and grant recoverable in cash of US $ 181,704 (Rs. 11,735,188) being the incremental operating cost for six months.

The grant recoverable in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 2.502 million (2012: Rs. 2.633 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

(Rupees in thousand)		**December 31, 2013**	December 31, 2012
15. Trade and other payables			
Trade creditors - Unsecured		467,576	573,326
Foreign bills payable - Secured	15.1	75,110	268,911
Accrued liabilities		143,353	107,667
Advances from customers - Unsecured		141,419	468,701
Employees' provident fund		8,283	8,581
Compensated absences		32,649	14,537
Advance against contracts	43	5,815	78,901
Sales tax payable		10,720	134,727
Workers' Profit Participation Fund	15.2	24,676	3,368
Workers' Welfare Fund	15.3	9,377	17,862
Other payables - Unsecured		26,630	15,567
		945,608	1,692,148

15.1 Foreign bills payable are secured against bills of exchange accepted by the Group in favour of suppliers.

(Rupees in thousand)		Note	December 31, 2013	December 31, 2012
15.2	**Workers' Profit Participation Fund**			
	As at beginning of the year		3,368	-
	Interest on fund utilized by the Group	37	308	-
	Charged to profit or loss for the year	36	24,676	3,368
	Paid during the year		(3,676)	-
	As at end of the year		24,676	3,368
15.3	**Workers' Welfare Fund**			
	As at beginning of the year		17,862	16,582
	Charged to profit or loss for the year	36	9,377	1,280
	Paid/adjusted during the year		(17,862)	-
	As at end of the year		9,377	17,862

16. Short term borrowings

	Note	December 31, 2013	December 31, 2012
Secured			
Short term finances utilized under interest/mark-up arrangements from			
- banking companies	16.1	4,487,043	6,537,347
- non banking finance companies	16.2	229,463	-
		4,716,506	6,537,347
Unsecured			
Book overdraft	16.4	243,703	277,744
		4,960,209	6,815,091

16.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/ mark-up at rates ranging from 10.83% to 13.30% (2012: 11.72% to 14.21%) per annum. These facilities are secured by pledge / hypothecation of raw materials and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and personal guarantees of the sponsoring directors of PEL. These facilities are generally for a period of one year and renewed at the end of the period.

16.2 These facilities have been obtained from NBFCs for purchase of raw material and carry mark-up at rates ranging from 11.33% to 11.84% per annum. This facility is secured by charge over operating fixed assets of PEL and personal guarantees of the directors of PEL.

16.3 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 1,010 million (2012: Rs. 1,345 million).

16.4 This represents cheques issued by PEL in excess of balances at bank which have been presented for payments in the subsequent period.

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012

17. Current portion of non-current liabilities

Long term finances	11	395,116	40,729
Liabilities against assets subject to finance lease	12	26,903	38,218
		422,019	78,947

18. Contingencies and commitments

18.1 Contingencies

18.1.1 Various banking and insurance companies have issued guarantees, letters of credit and discounted receivables on behalf of the Group as detailed below:

(Rupees in thousand)	December 31, 2013	December 31, 2012
Tender bonds	458,360	213,874
Performance bonds	1,301,957	1,352,641
Advance guarantees	579,670	874,935
Custom guarantees	90,379	93,781
Foreign guarantees	98,693	141,321

18.1.2 The Group may have to indemnify its Directors for any losses that may arise due to personal guarantees given by them for securing the debts of the Group, in case the Group defaults.

(Rupees in thousand)	December 31, 2013	December 31, 2012

18.2 Commitments

18.2.1 Commitments under irrevocable letters of credit	580,755	669,926

18.2.2 Commitments under ijarah contracts

The aggregate amount of ujrah payments for Ijarah financing and the period in which these payments will become due are as follows:

- payments not later than one year	1,434	20,047
- payments later than one year	1,478	338
	2,912	20,385

19. Property, plant and equipment

	2013												
	COST / REVALUED AMOUNT							DEPRECIATION					
	As at January 01	Additions	Disposals	Transfers	Revaluation	As at December 31	Rate	As at January 01	For the year	Adjustment	Revaluation	As at December 31	Net book value as at December 31
	(Rupees in thousand)						%	(Rupees in thousand)					
Assets owned by the Company													
Leasehold land	13,256	-	-	-	-	13,256	-	-	-	-	-	-	13,256
Freehold land	428,857	-	-	-	110,375	539,232	-	-	-	-	-	-	539,232
Building on leasehold land	1,659,558	-	-	94,689	-	1,754,247	5	463,058	59,819	-	-	522,877	1,231,370
Building on freehold land	2,618,622	-	-	71,547	60,631	2,750,800	5	334,456	114,686	-	10,127	459,269	2,291,531
Plant and machinery	11,985,930	265,346	(2,641)	167,240	1,761,426	14,177,301	5	2,952,595	486,852	(968)	534,762	3,973,241	10,204,060
Office equipment and fixtures	178,468	2,702	(995)	-	-	180,175	10	82,454	9,624	(455)	-	91,623	88,552
Computer hardware and allied items	85,649	5,540	(276)	-	-	90,913	30	75,826	6,953	(276)	-	82,503	8,410
Vehicles	130,670	18,963	(47,081)	10,735	-	113,287	20	74,346	11,225	(15,544)	-	70,027	43,260
	17,101,010	292,551	(50,993)	344,211	1,932,432	19,619,211		3,982,735	689,159	(17,243)	544,889	5,199,540	14,419,671
Assets subject to finance lease													
Plant and machinery	325,207	-	-	-	-	325,207	5	45,009	14,010	-	-	59,019	266,188
Vehicles	83,244	30,664	-	(10,735)	-	103,173	20	16,459	14,325	(6,241)	-	24,543	78,630
	408,451	30,664	-	(10,735)	-	428,380		61,468	28,335	(6,241)	-	83,562	344,818
	17,509,461	323,215	(50,993)	333,476	1,932,432	20,047,591		4,044,203	717,494	(23,484)	544,889	5,283,102	14,764,489
Capital work in progress													
Building on leasehold land	94,689	-	-	(94,689)	-	-		-	-	-	-	-	-
Building on freehold land	83,099	37,982	-	(71,547)	-	49,534		-	-	-	-	-	49,534
Plant and machinery	168,204	3,073	-	(167,240)	-	4,037		-	-	-	-	-	4,037
	345,992	41,055	-	(333,476)	-	53,571		-	-	-	-	-	53,571
	17,855,453	364,270	(50,993)	-	1,932,432	20,101,162		4,044,203	717,494	(23,484)	544,889	5,283,102	14,818,060

	2012												
	COST / REVALUED AMOUNT							DEPRECIATION					
	As at January 01	Additions	Disposals	Transfers	Revaluation	As at December 31	Rate	As at January 01	For the year	Adjustment	Revaluation	As at December 31	Net book value as at December 31
	(Rupees in thousand)						%	(Rupees in thousand)					
Assets owned by the Company													
Leasehold land	13,256	-	-	-	-	13,256	-	-	-	-	-	-	13,256
Freehold land	326,832	-	-	-	102,025	428,857	-	-	-	-	-	-	428,857
Building on leasehold land	1,659,558	-	-	-	-	1,659,558	5	418,097	44,961	-	-	463,058	1,196,500
Building on freehold land	2,618,622	-	-	-	-	2,618,622	5	196,224	138,232	-	-	334,456	2,284,166
Plant and machinery	11,763,658	226,303	(4,031)	-	-	11,985,930	5	2,481,266	472,478	(1,149)	-	2,952,595	9,033,335
Office equipment and fixtures	177,848	2,242	(1,622)	-	-	178,468	10	72,889	10,566	(1,001)	-	82,454	96,014
Computer hardware and allied items	80,671	5,582	(604)	-	-	85,649	30	71,180	4,661	(15)	-	75,826	9,823
Vehicles	125,199	23,961	(23,076)	4,586	-	130,670	20	73,119	11,813	(10,586)	-	74,346	56,324
	16,765,644	258,088	(29,333)	4,586	102,025	17,101,010		3,312,775	682,711	(12,751)	-	3,982,735	13,118,275
Assets subject to finance lease													
Plant and machinery	325,207	-	-	-	-	325,207	5	30,262	14,747	-	-	45,009	280,198
Vehicles	31,756	56,074	-	(4,586)	-	83,244	20	13,741	4,987	(2,269)	-	16,459	66,785
	356,963	56,074	-	(4,586)	-	408,451		44,003	19,734	(2,269)	-	61,468	346,983
Capital work in progress													
Building on leasehold land	94,689	-	-	-	-	94,689		-	-	-	-	-	94,689
Building on freehold land	66,417	16,682	-	-	-	83,099		-	-	-	-	-	83,099
Plant and machinery	162,250	5,954	-	-	-	168,204		-	-	-	-	-	168,204
	323,356	22,636	-	-	-	345,992		-	-	-	-	-	345,992
	17,445,963	336,798	(29,333)	-	102,025	17,855,453		3,356,778	702,445	(15,020)	-	4,044,203	13,811,250

19.1 Disposal of operating fixed assets

Description (Rupees in thousand)	Cost	Accumulated depreciation	Net Book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyers
Plant and machinery							
Furnace	538	197	341	300	(41)	Negotiation	Atlantic Corporation
Furnace	2,103	771	1,332	1,150	(182)	Negotiation	Atlantic Corporation
	2,641	968	1,673	1,450	(223)		
Office equipment and furniture							
Photocopier machine	345	95	250	700	450	Negotiation	EFU Insurance
Photocopier machine	650	360	290	1,300	1,010	Negotiation	EFU Insurance
	995	455	540	2,000	1,460		
Computer hardware and allied items							
iMac Intel Core 2Duo 3 06Ghz 4GB Ram	223	223	-	90	90	Negotiation	Bitflow
Laptop Compaq Presario 61 231	53	53	-	44	44	Negotiation	EFU Insurance
	276	276	-	134	134		
Vehicles							
Honda Civic	1,557	1,067	490	440	(50)	As per Group Policy	M.Raza Khan
Suzuki Bolan	515	355	160	502	342	Negotiation	Habib Younas
Suzuki Alto	533	365	168	203	35	As per Group Policy	Yasir Saeed
Toyota Hilux	2,375	1,682	693	1,150	457	Negotiation	Irfan Ahmed
Toyota Hilux	2,375	1,599	776	1,300	524	Negotiation	Muhammad Bilal Khan
Toyota Corolla	943	646	297	239	(58)	As per Group Policy	Ashar Abbas
Suzuki Cultus	590	514	76	416	340	Negotiation	Bilal Saeed
Toyota Corolla	872	577	295	166	(129)	As per Group Policy	Rashid Hussain
Suzuki Mehran	433	305	128	272	144	As per Group Policy	Basharat Amin
Suzuki Cultus	754	483	271	216	(55)	As per Group Policy	Junaid Alam
Suzuki Cultus	754	483	271	212	(59)	As per Group Policy	Sami Saeed
Daihatsu Coure	620	377	243	262	19	As per Group Policy	Ashfaq Hussain
Suzuki Mehran	474	322	152	291	139	As per Group Policy	Tahir Ishtiaq Ahmad
Toyota Corolla	1,309	1,071	238	257	19	As per Group Policy	Ahmed Khan
Suzuki Mehran	539	330	209	394	185	As per Group Policy	Nazir Ahmed
Suzuki Mehran	445	225	220	325	105	As per Group Policy	Syed Husnain Naqvi
Toyota Corolla	945	608	337	282	(55)	As per Group Policy	Faryal Ahmed
Suzuki Alto	530	260	270	271	1	As per Group Policy	Ghulam Mohayuddin
Toyota Corolla	949	597	352	282	(70)	As per Group Policy	Naseer ud din Butt
Suzuki Mehran	413	248	165	267	102	As per Group Policy	Muhammad Asghar
Suzuki Mehran	424	254	170	266	96	As per Group Policy	Sohail Fazal Bhatti
Suzuki Cultus	756	478	278	565	287	As per Group Policy	Asghar Khan
Suzuki Mehran	444	253	191	114	(77)	As per Group Policy	Khalid Farooq
Suzuki Mehran	470	278	192	116	(76)	As per Group Policy	Attique Ahmad
Suzuki Mehran	465	285	180	114	(66)	As per Group Policy	Atif Imtiaz
Suzuki Mehran	444	263	181	283	102	As per Group Policy	M. Zafar
Suzuki Cultus	741	433	308	377	69	As per Group Policy	Tariq Mehmood
Suzuki Mehran	504	324	180	308	128	As per Group Policy	M. Nawaz
Suzuki Mehran	539	342	197	295	98	As per Group Policy	M. Hussain
Suzuki Alto	644	375	269	287	18	As per Group Policy	M. Ismail
Suzuki Cultus	814	464	350	299	(51)	As per Group Policy	Kashif Maqsood
Suzuki Cultus	60	28	32	477	445	Negotiation	Saeed Ahmad
Suzuki Mehran	39	14	25	177	152	As per Group Policy	Shabir ul Haq
Toyota Corolla	1,477	392	1,085	1,420	335	Negotiation	Toyota Walton
Toyota Land Cruiser	12,000	394	11,606	9,508	(2,098)	Negotiation	Orix Leasing
Suzuki Mehran	120	-	120	295	175	As per Group Policy	Masood Ul Hassan
Suzuki Mehran	120	-	120	175	55	As per Group Policy	Fayaz Hussain bukhari
Toyota Corolla	101	-	101	235	134	As per Group Policy	Abdul Waheed Butt
Honda City	202	-	202	194	(8)	As per Group Policy	Qasim Ali
Toyota Corolla	110	-	110	210	100	As per Group Policy	Jalil Ur Rehman
Toyota Corolla	132	-	132	375	243	As per Group Policy	Mehdi Hassan
Toyota Land Cruiser	3,200	1,773	1,427	1,582	155	As per Group Policy	Haroon A Khan
Suzuki Mehran	54	-	54	198	144	As per Group Policy	Bilal Mehmood
Suzuki Liana	210	-	210	600	390	Negotiation	Jawad Aslam
Honda City	143	-	143	488	345	As per Group Policy	Faisal Jawad
Suzuki Mehran	440	251	189	180	(9)	As per Group Policy	Khalid umar
others	4,503	3,070	1,433	3,943	2,510	Negotiation	Various Individuals
	47,081	21,785	25,296	30,828	5,532		
2013	50,993	23,484	27,509	34,412	6,903		
2012	29,333	15,020	14,313	17,457	3,144		

(Rupees in thousand)		Note	December 31, 2013	December 31, 2012
19.2	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	32	674,619	686,431
	Administrative and general expenses	35	42,875	16,014
			717,494	702,445

19.3 Revaluation of property, plant and equipment

Most recent valuation of freehold land was carried out by an independent valuer, Empire Enterprises as on December 31, 2012 and was incorporated in the financial statements for the year ended December 31, 2012. Last valuation of buildings on freehold land and plant and machinery was carried out by an independent valuer, Maricon Consultants (Private) Limited, on July 01, 2013 and has been incorporated in these financial statements. Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been as follows:

(Rupees in thousand)	2013		
	Cost	Accumulated depreciation	Book value
Freehold land	175,929	-	175,929
Buildings on freehold land	3,287,050	699,216	2,587,834
Plant and machinery	6,373,188	1,807,329	4,565,859

(Rupees in thousand)	2012		
	Cost	Accumulated depreciation	Book value
Freehold land	175,929	-	175,929
Buildings on freehold land	3,120,814	706,711	2,414,103
Plant and machinery	5,949,237	1,556,518	4,392,719

The basis of revaluation used by the valuer are as follows:

Land
Revalued amount of land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighbourhood and adjoining areas.

Building
Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by PEL.

Plant and machinery
Revalued amount of plant and machinery has been determined by reference to present depreciated replacement values after taking in to consideration present physical condition, remaining useful economic lives, technological obsolescence and level of preventive maintenance carried out by PEL.

20. Intangible assets

(Rupees in thousand)	Note	2013 Cost As at January 01	Cost Additions	Cost As at December 31	Accumulated Amortization As at January 01	Accumulated Amortization For the period	Accumulated Amortization As at December 31	Net book value as at December 31
Technology transfer agreement	20.1	75,434	41,620	117,054	18,169	3,036	21,205	95,849
Goodwill	20.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	20.3	5,057	-	5,057	3,276	591	3,867	1,190
Intangible assets under development - ERP		31,441	-	31,441	-	-	-	31,441
		424,273	41,620	465,893	113,304	3,627	116,931	348,962

(Rupees in thousand)	Note	2012 Cost As at January 01	Cost Additions	Cost As at December 31	Accumulated Amortization As at January 01	Accumulated Amortization For the period	Accumulated Amortization As at December 31	Net book value as at December 31
Technology transfer agreement	20.1	75,434	-	75,434	15,155	3,014	18,169	57,265
Goodwill	20.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	20.3	5,057	-	5,057	2,385	891	3,276	1,781
Intangible assets under development - ERP		31,441	-	31,441	-	-	-	31,441
		424,273	-	424,273	109,399	3,905	113,304	310,969

20.1 The Group has obtained technology of single phase meters, three phase digital meters and also of power transformers from different foreign companies. These are amortized on the same rate as of the depreciation of the relevant plant.

20.2 Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired at the time of acquisition of PEL Appliances Limited and PEL Daewoo Electronics Limited by Pak Elektron Limited. In view of cancelation of LG license, goodwill related to PEL Daewoo Electronics Limited was fully impaired by providing impairment loss of Rs. 140.569 million in December 31, 2011.

20.3 The Group has acquired different software for its business purpose. These have been amortized @ 33% per annum on reducing balance method.

21. Long term investments

This represent investments in ordinary shares of Kohinoor Power Company Limited, an associate. The investment has been accounted for using equity method. The particulars of investment are as follows:

	2013	2012
2,910,600 (2012: 2,910,600) ordinary shares of Rs. 10 each Percentage of ownership interest	23.10%	23.10%

(Rupees in thousand)	December 31, 2013	December 31, 2012
Cost of investment	54,701	54,701
Share of post acquisition profits - net of dividend received	23,053	44,021
	77,754	98,722
Accumulated impairment	(69,459)	(88,506)
	8,295	10,216

21.1 Extracts of financial statements of associated company

The assets and liabilities of Kohinoor Power Company Limited as at the reporting date and related revenue and profit for the half year then ended based on the un-audited financial statements are as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
Assets		281,745	335,238
Liabilities		11,723	17,229
Revenue		-	153,871
Loss for the year		90,771	55,106
Share of loss		20,968	12,729
Market value per share (Rupees)		2.85	3.51

22. Long term deposits

Deposits with leasing companies		77,958	28,926
Current portion classified under current assets		(7,345)	(8,598)
		70,613	20,328
Other deposits		49,064	45,570
		119,677	65,898

23. Stores, spares and loose tools

Stores		3,433	2,230
Spares		232,452	94,232
Loose tools		66,592	47,036
		302,477	143,498
Provision for slow moving and obsolete items		(16,706)	(16,706)
		285,771	126,792

23.1 There are no spare parts held exclusively for capitalization as at the reporting date.

24. Stock in trade

Raw material			
- in stores		1,989,723	2,123,456
- in transit		483,565	472,123
Provision for slow moving and obsolete items		(14,412)	(10,913)
		2,458,876	2,584,666
Work in process		1,043,870	855,069
Finished goods		385,437	354,649
Provision for slow moving and obsolete items		(4,804)	(4,804)
		380,633	349,845
		3,883,379	3,789,580

24.1 Entire stock in trade is carried at cost being lower than net realizable value.

24.2 Stock in trade value at Rs. 1.629 million (2012: Rs. 1.719) is pledged as security with providers of debt finances.

(Rupees in thousand)		Note	December 31, 2013	December 31, 2012
25.	**Trade debts - unsecured**			
	Considered good			
	- against sale of goods		3,999,527	4,142,567
	- against execution of contracts		1,666,343	1,633,114
			5,665,870	5,775,681
	Considered doubtful	25.1	440,082	357,957
			6,105,952	6,133,638
	Impairment allowance for doubtful debts	35	(440,082)	(357,957)
			5,665,870	5,775,681
25.1	**Movement in impairment allowance**			
	As at beginning of the year		357,957	287,169
	Provision for the year		82,125	70,788
	As at end of the year		440,082	357,957
26.	**Advances**			
	Advances to suppliers and contractors - unsecured			
	- considered good		590,881	400,419
	- considered doubtful		153,255	153,255
	Impairment allowance for doubtful advances		(153,255)	(153,255)
			590,881	400,419
	Advances to employees - unsecured			
	- considered good	26.1	57,254	47,302
	- considered doubtful		1,449	1,449
	Impairment allowance for doubtful advances		(1,449)	(1,449)
			57,254	47,302
	Retention money for contracts in progress	43	231,451	80,030
			879,586	527,751
26.1	These include advances for			
	- purchases		34,249	33,302
	- expenses		16,899	9,520
	- traveling		4,047	3,280
	- others	26.1.1	2,059	1,200
			57,254	47,302

26.1.1 These represent unsecured and interest advances to employees against future salaries in accordance with the Group policy. No advances have been given to any of the directors or executives of the Group.

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012

27. Trade deposits and short term prepayments

Security deposits			
- considered good		29,177	72,060
- considered doubtful		5,379	5,379
Impairment allowance for doubtful deposits		(5,379)	(5,379)
		29,177	72,060
Current portion of long term deposits	22	7,345	8,598
Margin deposits		381,657	174,207
Prepayments		33,833	34,891
Letters of credit		1,043	1,043
		453,055	290,799

28. Short term investments

These represent investments in listed equity securities. These have classified as investment at fair value through profit or loss and have been carried at fair value. The details are as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
Standard Chartered Bank (Pakistan) Limited	28.1	22,785	11,365
Wateen Telecom Limited	28.2	-	298
		22,785	11,663

28.1 Standard Chartered Bank (Pakistan) Limited

915,070 (2012: 915,070) ordinary shares of Rs. 10 each
Market value: Rs.24.90 (2012: Rs. 12.42) per share

As at beginning of the year	11,365	7,312
Gain due to changes in fair value	11,420	4,053
As at end of the year	22,785	11,365

28.2 Wateen Telecom Limited

100,000 (2012: 100,000) ordinary shares of Rs. 10 each
Market value: Nil (2012: Rs. 2.98) per share

As at beginning of the year	298	179
Sold during the year	(298)	-
Gain due to changes in fair value	-	119
As at end of the year	-	298

29. Advance income tax

Advance income tax/income tax refundable		472,030	347,123
Provision for taxation	38	(117,847)	(88,949)
		354,183	258,174

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
30. Cash and bank balances			
Cash in hand		5,176	2,891
Cash at banks			
- current accounts		230,975	171,805
- deposit/saving accounts	30.1	41,653	41,653
		277,804	216,349

30.1 This represents deposit account under lien with Trust Investment Bank Limited carrying return at the rate of 3 months KIBOR plus 1% per annum (2012: 3 months KIBOR plus 1% per annum).

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
31. Revenue			
Contact revenue	43	2,026,964	1,795,415
Sale of goods			
- local		16,129,810	16,177,632
- exports		699,642	2,320,925
		18,856,416	20,293,972
Sales tax and excise duty		(1,864,767)	(1,861,857)
Trade discounts		(522,471)	(662,227)
		(2,387,238)	(2,524,084)
		16,469,178	17,769,888
32. Cost of sales			
Finished goods at the beginning of the year		354,649	405,301
Cost of goods manufactured	32.1	10,880,933	12,577,168
Finished goods purchased		-	174,265
		10,880,933	12,751,433
Finished goods at the end of the year		(385,437)	(354,649)
Cost of goods sold		10,850,145	12,802,085
Contract cost	43	1,563,956	1,324,191
		12,414,101	14,126,276

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
32.1 Cost of goods manufactured			
Work-in-process at beginning of the year		855,069	939,364
Raw material and components consumed		8,908,654	10,393,734
Direct wages		524,608	540,724
Factory overheads:			
- salaries, wages and benefits		265,828	248,842
- traveling and conveyance		16,718	12,705
- electricity, gas and water		330,039	278,609
- repairs and maintenance		78,419	84,281
- vehicles running and maintenance		26,678	25,983
- insurance		26,700	37,852
- depreciation	19.2	674,619	686,431
- amortization of intangible assets		3,627	3,905
- provision for obsolete and slow moving stock	24	3,499	3,311
- carriage and freight		22,293	31,553
- erection and testing		172,992	133,416
- other factory overheads		15,060	11,527
		1,636,472	1,558,415
		11,924,803	13,432,237
Work-in-process at end of the year		(1,043,870)	(855,069)
		10,880,933	12,577,168

32.2 These include charge in respect of employees retirement benefits amounting to Rs. 33.335 million (2012: Rs. 30.452 million).

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
33. Other income			
Gain on financial instruments			
Gain due to changes in fair value of short term investments	28	11,420	4,172
Reversal of impairment on long term investments	21	19,047	18,552
Return on bank deposits		3,094	3,152
Gain on disposal of short term investments	28	140	-
		33,701	25,876
Other income			
Gain on disposal of property, plant and equipment	19.1	6,903	3,144
Gain on sale and lease back activities		-	3,399
Amortization of grant-in-aid	14	2,502	2,633
Others		3,113	1,217
		12,518	10,393
		46,219	36,269

(Rupees in thousand)		Note	December 31, 2013	December 31, 2012
34.	**Distribution cost**			
	Salaries, wages and benefits	34.1	209,799	196,403
	Traveling and conveyance		31,964	28,757
	Rent, rates and taxes		35,774	36,024
	Electricity, gas, fuel and water		10,653	8,371
	Repairs and maintenance		3,988	3,067
	Vehicles running and maintenance		24,247	24,565
	Printing and stationery		5,769	5,037
	Postage, telegrams and telephones		14,103	10,761
	Entertainment and staff welfare		13,244	11,289
	Advertisement and sales promotion		110,805	124,634
	Insurance		4,128	6,034
	Freight and forwarding		235,411	264,948
	Contract and tendering		337	-
	Warranty period services		94,311	105,463
	Others		14,713	1,839
			809,246	827,192

34.1 These include charge in respect of employees retirement benefits amounting to Rs. 16.08 million (2012: Rs. 13.12 million).

(Rupees in thousand)		Note	December 31, 2013	December 31, 2012
35.	**Administrative expenses**			
	Salaries, wages and benefits	35.1	306,442	321,676
	Traveling and conveyance		18,185	14,417
	Rent, rates and taxes		33,695	37,652
	Ujrah payments		20,180	30,442
	Legal and professional		18,436	6,917
	Electricity, gas and water		34,549	23,824
	Auditors' remuneration	35.2	4,015	4,564
	Repairs and maintenance		9,569	10,288
	Vehicles running and maintenance		15,804	14,089
	Printing, stationery and periodicals		5,059	3,732
	Postage, telegrams and telephones		7,090	7,094
	Entertainment and staff welfare		30,433	26,799
	Advertisement		455	116
	Insurance		12,092	13,655
	Provision for doubtful debts, advances and security deposits		82,125	90,151
	Depreciation	19.2	42,875	16,014
	Others		1,661	2,908
			642,665	624,338

35.1 These include charge in respect of employees retirement benefits amounting to Rs. 24.865 million (2012: Rs. 23.043 million).

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
35.2 Auditor's remuneration			
Annual statutory audit		2,800	2,800
Half yearly review		600	600
Review report under Code of Corporate Governance and other certifications		430	680
Out of pocket expenses		185	484
		4,015	4,564
36. Other expenses			
Workers' Profit Participation Fund	15.2	24,676	3,368
Workers' Welfare Fund	15.3	9,377	1,280
		34,053	4,648
		34,053	4,648
37. Finance cost			
Interest / mark-up on borrowings:			
long term finances		690,263	773,193
liabilities against assets subject to finance lease		9,987	9,174
short term borrowings		1,014,536	1,158,839
		1,714,786	1,941,206
Interest on Workers' Profit Participation Fund		308	-
Bank charges and commission		104,365	108,848
		1,819,459	2,050,054
38. Provision for taxation			
Current taxation			
for the year	29 & 38.1	117,847	88,949
for prior year		-	549
		117,847	89,498
Deferred taxation	13.1	49,731	(43,243)
		167,578	46,255

38.1 Provision for current tax has been made in accordance with section 113 of the Income Tax Ordinance, 2001 ('the Ordinance'). There is no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

38.2 Assessments upto tax year 2012 has been finalized under the relevant provisions of the Ordinance.

		Unit	2013	2012
39.	**Earnings per share - basic and diluted**			
	Earnings			
	Profit after taxation	Rupees '000'	607,327	114,665
	Preference dividend for the year	Rupees '000'	(42,710)	(42,710)
	Profit attributable to ordinary shareholders of the Parent Company	Rupees '000'	564,617	71,955
	Shares			
	Weighted average number of ordinary shares outstanding during the year	No. of shares	140,111,257	123,913,728
	Earnings per share			
	Basic and diluted	Rupees	4.04	0.58

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

39.2 There is no diluting effect on the basic earnings per share of Group as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable. The affect of conversion rights under the revised terms, as referred to in note, cannot be assessed until the re-profiling has been concluded.

39.3 Weighted average number of ordinary shares outstanding during the year has been adjusted for bonus element in the issue of right ordinary shares during the year for all periods presented in these financial statements.

39.4 As referred to in note 50.2 the board of directors of PEL has resolved to issue 10% fully bonus shares to ordinary shareholders. The weighted average number of shares for the subsequent period will be adjusted for the impact of bonus issue retrospectively after the shares are issued. The earnings per share for the current period, reported in subsequent period, after the issue of bonus shares will be Rs. 3.38 per share.

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
40. Cash generated from operations			
Profit before taxation		774,905	160,920
Adjustments for non-cash and other items			
Interest/mark-up on borrowings		1,714,786	1,941,206
Gain on disposal of property, plant and equipment		(6,903)	(3,144)
Share of loss of associate		20,968	12,729
Amortization of deferred income		(2,502)	(2,633)
Amortization of intangible assets		3,627	3,905
Gain on disposal of short term investments		(140)	-
Gain on sale and lease back activities		-	(3,399)
(Reversal of impairment)/Impairment loss on long term investments		(19,047)	(18,552)
Changes in fair value of financial assets at fair value through profit or loss		(11,420)	(4,172)
Provision for doubtful debts, advances and security deposits		82,125	90,151
Provision for obsolete and slow moving stock		3,499	3,311
Depreciation		717,494	702,445
		2,502,487	2,721,847
		3,277,392	2,882,767
Changes in working capital			
Stores, spares and loose tools		(158,979)	(18,473)
Stock in trade		(97,298)	455,395
Trade debts		27,686	(2,099,588)
Advances		(351,835)	78,445
Trade deposits and short term prepayments		(162,256)	(69,241)
Other receivables		(5,627)	(2,421)
Trade and other payables		(746,540)	207,146
		(1,494,849)	(1,448,737)
Cash generated from operations		1,782,543	1,434,030
41. Cash and cash equivalents			
Cash and bank balances		277,804	216,349
		277,804	216,349

42. Transactions and balances with related parties

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

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

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

(Rupees in thousand)		Note	December 31, 2013	December 31, 2012
42.1 Transactions with related parties				
Nature of relationship	**Nature of transaction**			
Associated companies	Purchase of services		91,526	96,197
Key management personnel	Short term employee benefits	47	40,043	27,818
	Post employment benefits		1,678	1,056
42.2 Balances with related parties				
Nature of relationship	**Nature of balances**			
Key management personnel	Short term employee benefits payable		25,842	21,458
Other related parties	Short term employee benefits payable			

43. Long term construction contracts

	Note	December 31, 2013	December 31, 2012
Contract revenue for the year	31	2,026,964	1,795,415
Cost incurred to date		4,925,630	3,361,674
Contract costs for the year	32	1,563,956	1,324,191
Gross profit realized to date		1,503,424	1,240,415
Balance of advance received	15	5,815	78,901
Retention money receivable	26	231,451	80,030
Gross amount due from customers		278,420	17,882
Gross amount due to customers		51,209	6,165
Estimated future costs to complete projects in progress	43.1	630,208	633,752

43.1 As part of the application of percentage of completion method on contract accounting, the project costs are estimated. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

(Rupees in thousand)	December 31, 2013	December 31, 2012
44. Financial instruments		
44.1 Financial instruments by class and category		
44.1.1 Financial assets		
Cash in hand	5,176	2,891
Loans and receivables		
Trade debts	5,665,870	5,775,681
Advances	233,510	81,230
Deposits	488,792	275,193
Other receivables	25,289	19,662
Cash at banks	272,628	213,458
	6,686,089	6,365,224
Financial assets at fair value through profit or loss		
Short term investments	22,785	11,663
	6,714,050	6,379,778
44.1.2 Financial liabilities		
Financial liabilities at amortized cost		
Long term finances	3,628,291	3,163,929
Liabilities against assets subject to finance lease	57,588	71,773
Short term borrowings	4,960,209	6,815,091
Accrued interest/mark-up	1,454,626	1,245,579
Trade and other payables	753,601	988,589
	10,854,315	12,284,961

44.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts. Further, there are no fair value estimation uncertainties.

44.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

44.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

45. Financial risk exposure and management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Group.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. the Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. the Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Group and the manner in which such risks are managed is as follows:

45.1 Credit risk

Credit risk is the risk of financial loss to the Group, if the counterparty to a financial instrument fails to meet its obligations.

45.1.1 Maximum exposure to credit risk

The gross carrying amount of financial assets, other than cash in hand, represents maximum exposure to credit risk. The maximum exposure to credit risk as at the reporting date is as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
Loans and receivables			
Trade debts	22	6,105,952	6,133,638
Advances	25	233,510	81,230
Deposits		494,171	280,572
Other receivables		25,289	19,662
Cash at banks	30	272,628	213,458
		7,131,550	6,728,560
Financial assets at fair value through profit or loss			
Short term investments	28	22,785	11,663
		7,154,335	6,740,223

45.1.2 Concentration of credit risk

There is no concentration of credit risk geographically. Maximum exposure to credit risk by type of counterparty is as follows:

(Rupees in thousand)	December 31, 2013	December 31, 2012
Customers	6,105,952	6,133,638
Banking companies and financial institutions	766,799	494,030
Investments	22,785	11,663
Others	258,799	100,892
	7,154,335	6,740,223

45.1.3 Credit quality and impairment

The manner in which the Group assesses the credit quality of its financial assets depends on the type of counter-party. the Group conduct major types of transactions with the following counter-parties.

45.1.3 (a) Trade debts

Trade debts are essentially due from customers against sale of electrical goods. The majority of sales to the Group's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

	2013		2012	
(Rupees in thousand)	Gross carrying amount	Accumulated Impairment	Gross carrying amount	Accumulated Impairment
1 year or less	5,167,347	-	5,482,656	-
1 to 2 years	358,753	-	208,217	-
2 to 3 years	175,683	35,913	116,596	31,788
3 year and above	404,169	404,169	326,169	326,169
	6,105,952	440,082	6,133,638	357,957

There is no single significant customer in the trade debts of the Group. The maximum exposure to credit risk for trade debts as at the reporting date by type of customer is:

(Rupees in thousand)	December 31, 2013	December 31, 2012
General customers	5,686,166	5,783,178
Corporate customers	419,786	350,460
	6,105,952	6,133,638

In determining the recoverability of a trade debt, the Group considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further provision required in excess of the allowance for doubtful debts.

45.1.3 (b) Banks and investments

The Group limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a credit rating of at least A3 in short term and BBB in long term. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

(Rupees in thousand)	Rating agency	Ratings short term / long term	December 31, 2013	December 31, 2012
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1 / A	63	6,307
Allied Bank Limited	JCR-VIS	A1+ / AA	124	1,048
Arif Habib Bank	JCR-VIS	A2/A-	-	128
Askari Bank Limited	PACRA	A1+ / AA	606	951
Bank Alfalah Limited	PACRA	A1+ / AA	7,359	7,726
Bank Al Habib Limited	PACRA	A1+ / AA+	560	144
Bank Islami Pakistan Limited	PACRA	A1 / A	62	25
Barclays Bank PLC Pakistan	S & P	A-1 / A	85	85
Burj Bank Limited	JCR-VIS	A-1 / A	3,455	529
Faysal Bank Limited	PACRA	A1+ / AA	580	9,557
Habib Bank Limited	JCR-VIS	A-1+ / AAA	5,162	2,980
Habib Metropolitan Bank Limited	PACRA	A1+ / AA+	2,765	10,239
JS Bank Limited	PACRA	A1 / A+	273	-
HSBC Bank	S&P	P1/A1	-	35
KASB Bank Limited	PACRA	A3 / BBB	73,875	4,161
MCB Bank Limited	PACRA	A1+ / AAA	7,716	35,288
Meezan Bank	JCR-VIS	A-1+ / AA	284	607
National Bank Of Pakistan	JCR-VIS	A-1+ / AAA	7,443	44,951
NIB Bank Limited	PACRA	A1+ / AA-	6,631	18,280
Samba Bank Limited	JCR-VIS	A-1 / AA-	256	231
Silk Bank Limited	JCR-VIS	A-2 / A-	1,432	68
Sindh Bank Limited	JCR-VIS	A-1 / AA-	131	533
Soneri Bank Limited	PACRA	A1+ / AA-	245	763
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+ / AAA	816	2,419
Summit Bank Limited	JCR-VIS	A-2 / A-	114	510
The Bank Of Khyber	PACRA	A2 / A-	1,598	1,183
The Bank Of Punjab	PACRA	A1+ / AA-	3,732	16,228
Trust Investment Bank Limited	PACRA	A3 / BBB-	161,653	41,653
United Bank Limited	JCR-VIS	A-1+ / AA+	630	6,829

45.1.4 Collateral held

The Group does not hold any collateral to secure its financial assets.

45.1.5 Credit risk management

As mentioned in note 45.1.3 to the financial statements, the Group's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed..

45.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

45.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2013				
(Rupees in thousand)	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Long term finances	3,628,291	7,723,793	1,024,309	6,699,484	-
Liabilities against assets subject to finance lease	57,588	67,266	33,486	33,780	-
Short term borrowings	4,960,209	4,960,209	4,960,209	-	-
Accrued interest/mark-up	1,454,626	1,454,626	1,454,626	-	-
Trade and other payables	753,601	753,601	753,601	-	-
	10,854,315	14,959,495	8,226,231	6,733,264	-

	2012				
(Rupees in thousand)	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Long term finances	3,163,929	7,595,318	730,992	6,864,326	-
Liabilities against assets subject to finance lease	71,773	85,872	47,439	38,433	-
Short term borrowings	6,815,091	6,815,091	6,815,091	-	-
Accrued interest/mark-up	1,245,579	1,245,579	1,245,579	-	-
Trade and other payables	988,589	988,589	988,589	-	-
	12,284,961	16,730,449	9,827,690	6,902,759	-

45.2.2 Liquidity risk management

The responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. the Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note of short term borrowing in these financial statements is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

45.3 Market risk

45.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency.

45.3.1(a) *Exposure to currency risk*

The Group's exposure to currency risk as at the reporting date is as follows:

(Rupees in thousand)	USD		EURO	
	2,013	2,012	**2,013**	2,012
Financial liabilities				
Foreign bills payable	75,110	190,129	-	78,782
Financial assets	-	-	-	-
Net exposure	75,110	190,129	-	78,782

Commitments outstanding at year end amounted to Rs. 581 million (2012: Rs. 670 million relating to letters of credit for import of stores, spare parts and raw material.

45.3.1(b) Exchange rates applied during the year

All foreign currency balances are denominated in United States Dollars (US $). Spot exchange rates applied are as follows:s

(Rupees)	**December 31, 2013**	December 31, 2012
USD	105.10	97.10
EURO	144.97	128.31

45.3.1(c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit for the year by Rs. 3.76 million (2012: Rs. 13.45 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

45.3.1(d) Currency risk management

The Group manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

45.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates

45.3.2(a) Interest/mark-up bearing financial instruments

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. the Group's interest/mark-up bearing financial instruments as at the reporting date are as follows:

(Rupees in thousand)	December 31, 2013	December 31, 2012
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	41,653	41,653
Financial liabilities	8,646,088	10,050,793

45.3.2(b) Fair value sensitivity analysis for fixed rate instruments

The Group does not have any fixed rate financial instruments

45.3.2(c) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 110.566 million (2012: Rs. 124.734 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

45.3.2(d) Interest rate risk management

The Group manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

45.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. the Group is exposed to price risk in respect of its investments in equity securities. However, the risk is minimal as these investments are held for strategic purposes rather than trading purposes. the Group does not actively trade in these investments.

46. Capital management

The Group's objective when measuring capital is to safeguard the Group's ability to continue as going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure through debt and equity balance. the Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue of new shares. Consistent with others in industry, the Group monitors capital on the basis of gearing ratio. During the period, the Group's strategy was to maintain the gearing ratio between 30% to 40% and 'A' credit rating. The gearing ratios as at the reporting date are as follows:

	Unit	2013	2012
Total debt	Rupees '000'	3,685,879	3,235,702
Total equity	Rupees '000'	11,157,726	7,781,834
Total capital employed		14,843,605	11,017,536
Gearing ratio	% age	24.83	29.37

As part of its capital management, the Group has successfully completed re-structuring of long term debts as referred to in note 10 and 11.

The Group is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

47. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

(Rupees in thousand)	Directors December 31, 2013	Directors December 31 2012	Executives December 31, 2013	Executives December 31 2012
Remuneration	30,019	22,378	150,499	143,439
House rent	3,037	2,223	32,552	27,255
Utilities	2,749	2,238	13,608	13,522
Bonus	-	-	8,623	-
Post employment benefits	1,678	1,056	14,113	14,213
Reimbursable expenses				
Motor vehicles expenses	1,152	720	26,358	9,544
Medical expenses	338	259	7,830	5,776
	38,973	28,874	253,583	213,749
Number of persons	5	4	122	109

47.1 No remuneration and benefits have been paid to Chief Executive Officer.

47.2 Chief executive, directors and executives have been provided with free use of the Group's cars.

48. Segment information

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

Information about the Group's reportable segments as at the reporting date is as follows:

Segments	**Nature of Business**
Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers and Engineering, Procurement and Construction Contracting.
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Air conditioners, Microwave ovens, Televisions, Generators and Washing Machines.

(Rupees in thousand)	POWER DIVISION		APPLIANCES DIVISION		TOTAL	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Revenue	8,685,156	8,709,368	7,784,022	9,060,520	16,469,178	17,769,888
Finance cost	916,050	998,433	903,430	1,051,621	1,819,480	2,050,054
Depreciation and amortization	358,015	333,590	363,106	372,760	721,121	706,350
Segment profit/(loss) before tax	412,385	85,871	371,300	56,159	783,685	142,030
Segment assets	12,985,109	10,927,950	11,725,437	12,921,597	24,710,546	23,849,547

(Rupees in thousand)	December 31, 2013	December 31, 2012
48.1 Reconciliation of segment profit		
Total profit for reportable segments	783,685	142,030
Un-allocated other (expenses)/income	(8,780)	18,890
Profit before taxation	774,905	160,920
48.2 Reconciliation of segment assets		
Total assets for reportable segments	24,710,546	23,849,547
Other corporate assets	2,432,170	1,365,237
Total assets	27,142,716	25,214,784
48.3 Information about major customers		
Revenue derived from WAPDA Distribution Companies	4,186,720	7,193,967

49. Employees provident fund trust

The following information is based on the latest audited financial statements of the Pak Elektron Limited Employees Provident Trust for the year ended June 30, 2013.

		2013	2012
Size of the fund - total assets	Rupees '000'	237,175	225,069
Cost/fair value of investments	Rupees '000'	156,410	164,310
Percentage of investments made	% age	65.95	73.00

The break-up of investments is as follows:

	2013		2012	
	Rupees in thousand	%	Rupees in thousand	%
Government securities	40,000	25.57	40,500	24.65
Deposit accounts with commercial banks	116,410	74.43	123,810	75.35
	156,410	100.00	164,310	100.00

50. Events after the reporting period

50.1 Subsequent to the reporting period, National Bank of Pakistan ('NBP') has approved restructuring of debt finances under a broad restructuring arrangement with PEL, whereby long term finances obtained from NBP have been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amounting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.

50.2 The Board of Directors of PEL in their meeting held on April 07, 2013 have resolved to issue 10% fully paid bonus shares out of the Share Premium Account in accordance with section 83 of the Companies Ordinance, 1984. The issue is subject to approval of shareholders in the forthcoming annual general meeting of the Company. Accordingly, the impact of the issue will be recognized for in the financial statements of the Group in the subsequent period.

51. Plant capacity and actual production

	Unit	Annual production capacity	2013 Actual production during the year	2012 Actual production during the year
Transformers / Power Transformers	MVA	5,000	2,537	3,967
Switchgears	Nos.	9,000	8,021	1,780
Energy meters	Nos.	1,700,000	277,732	264,148
Air conditioners	Tonnes	90,000	1,720	919
Refrigerators/deep freezers	Cfts.	5,000,000	3,306,428	3,042,064

51.1 Under utilization of capacity is mainly attributable to reduced demand.

52. Non-cash financing activities

During the year, short term borrowings amounting to Rs. 500 million were converted into long term finances. See note 11.

53. Date of authorization for issue

These financial statements were authorized for issue on April 07, 2013 by the Board of Directors of PEL.

54. Number of employees

Total number of employees of the Group as at the reporting date are 5,874 (2012: 5,872). Average number of persons employed by the Group during the year are 5,920 (2012: 5,870).

55. Recoverable amounts and impairment

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

56. Reclassifications

Private Placed Term Finance Certificates and Sukuk Funds collectively amounting to Rs. 2,464.286 million (2012: Rs. 2,464.286 million previously classified as 'Long Term Finances' have been reclassified as 'Redeemable Capital' in accordance with the requirements of Fourth Schedule to the Companies Ordinance, 1984 as amended vide S.R.O. 183(I)/2013 issued by the Securities and Exchange Commission of Pakistan

57. General

Figures have been rounded off to the nearest thousand rupees. Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year. However, there were no significant reclassifications other those referred to in note 56.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Standalone Financial Statements

Auditors' Report to the Members

We have audited the annexed balance sheet of **PAK ELEKTRON LIMITED** ("the Company") as at December 31, 2013 and the related profit and loss account / statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit. The financial statements of the Company for the year ended December 31, 2012 were audited by another auditor whose report dated April 09, 2013 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account / statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2013 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Rahman Sarfaraz Rahim Iqbal Rafiq
(Chartered Accountants)

Engagement Partner: Zubair Irfan Malik
Date: April 07, 2014
Place: Lahore

Balance Sheet
as at December 31, 2013

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	6	4,000,000	2,500,000
Issued, subscribed and paid-up capital	7	3,130,689	1,668,264
Capital reserve	8	529,740	164,134
Accumulated profit		2,473,853	1,906,460
TOTAL EQUITY		6,134,282	3,738,858
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	9	4,612,256	3,873,505
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital	10	2,464,286	2,464,286
Long term finances	11	3,233,175	3,123,200
Liabilities against assets subject to finance lease	12	30,685	33,555
Deferred taxation	13	2,348,002	1,905,840
Deferred income	14	47,535	50,037
		8,123,683	7,576,918
CURRENT LIABILTIES			
Trade and other payables	15	872,858	1,558,305
Accrued interest/mark-up		1,454,626	1,245,579
Short term borrowings	16	4,948,101	6,815,091
Current portion of non-current liabilities	17	422,019	78,947
		7,697,604	9,697,922
TOTAL LIABILITIES		15,821,287	17,274,840
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY AND LIABILITIES		26,567,825	24,887,203

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Balance Sheet
as at December 31, 2013

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	14,818,060	13,811,250
Intangible assets	20	348,962	310,969
Long term investments	21	8,395	10,316
Long term deposits	22	119,677	65,898
		15,295,094	14,198,433
CURRENT ASSETS			
Stores, spares and loose tools	23	285,771	126,792
Stock in trade	24	3,776,686	3,673,456
Trade debts	25	5,193,123	5,581,876
Advances	26	879,586	527,751
Trade deposits and short term prepayments	27	453,055	290,799
Other receivables		25,289	19,662
Short term investments	28	22,785	11,663
Advance income tax	29	376,948	271,584
Cash and bank balances	30	259,488	185,187
		11,272,731	10,688,770
TOTAL ASSETS		26,567,825	24,887,203

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Profit and Loss Account / Statement of Comprehensive Income

for the year ended December 31, 2013

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
Revenue	31	15,425,873	17,751,060
Sales tax and discount	31	(1,865,543)	(1,864,895)
Revenue - net		13,560,330	15,886,165
Cost of sales	32	(11,542,346)	(14,131,659)
Gross profit		2,017,984	1,754,506
Other income	33	27,172	23,538
Distribution cost	34	(204,950)	(289,864)
Administrative expenses	35	(252,309)	(232,144)
Other expenses	36	(35,974)	(4,648)
		(493,233)	(526,656)
Operating profit		1,551,923	1,251,388
Finance cost	37	(1,093,727)	(1,188,667)
Profit before taxation		458,196	62,721
Provision for taxation	38	(92,586)	(12,470)
Profit after taxation		365,610	50,251
Other comprehensive income		-	-
Total comprehensive income		365,610	50,251
Earnings per share - basic and diluted	39	2.30	0.06

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Cash Flow Statement
for the year ended December 31, 2013

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	40	1,071,762	574,799
Payments for:			
Interest/markup on borrowings		(781,063)	(659,629)
Income tax		(202,797)	(153,459)
Net cash generated from/(used in) operating activities		87,902	(238,289)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(333,606)	(280,724)
Purchase of intangible assets		(41,620)	-
Proceeds from disposal of property, plant and equipment		34,412	17,457
Long term deposits made		(53,779)	(5,265)
Proceeds from disposal of short term investments		438	-
Net cash used in investing activities		(394,155)	(268,532)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		(35,638)	(27,012)
Repayment of liabilities against assets subject to finance lease		(44,849)	(44,535)
Net (decrease)/increase in short term borrowings		(1,366,990)	640,231
Proceeds from issue of ordinary shares		1,828,031	-
Net cash generated from financing activities		380,554	568,684
NET INCREASE IN CASH AND CASH EQUIVALENTS		74,301	61,863
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		185,187	123,324
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	41	259,488	185,187

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Statement of Changes in Equity
for the year ended December 31, 2013

(Rupees in thousand)	Note	Issued subscribed and paid-up capital	Capital reserve	Accumulated profit	Total equity
Balance as at January 01, 2012		1,668,264	164,134	1,665,649	3,498,047
Comprehensive income					
Profit after taxation		-	-	50,251	50,251
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	50,251	50,251
Incremental depreciation		-	-	190,560	190,560
Transaction with owners		-	-	-	-
Balance as at December 31, 2012		1,668,264	164,134	1,906,460	3,738,858
Comprehensive income					
Profit after taxation		-	-	365,610	365,610
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	365,610	365,610
Incremental depreciation		-	-	201,783	201,783
Transaction with owners					
Issue of right ordinary shares	7.1.1	1,462,425	365,606	-	1,828,031
Balance as at December 31, 2013		3,130,689	529,740	2,473,853	6,134,282

The annexed notes from 1 to 57 form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS
for the year ended December 31, 2013

1. Reporting entity

Pak Elektron Limited ('the Company') was incorporated in Pakistan on March 03, 1956 as a Public Limited Company under the Companies Act, 1913 (replaced by 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 all three Stock Exchanges of Pakistan. 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 and 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, microwave ovens, televisions, generators and washing machines.

These financial statements are the separate financial statements of the Company in which investments in subsidiary and associated entities are accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements are prepared and presented separately.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.2 Basis of measurement

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

2.3 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.3.1 Depreciation method, rates and useful lives of property, plant and equipment

The Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.3.2 Recoverable amount and impairment

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of value in use requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Trade and other receivables

The Company assesses the recoverability of its trade debts and other receivables if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired.

Investments in equity securities

The Company reviews the carrying amounts of its investments in equity securities for possible indications of impairment. Indicators considered include financial position of the investee entity and changes in values of investment by reference to active market, if any.

2.3.3 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

2.3.4 Taxation

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.3.5 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.3.6 Net realizable values

The Company reviews the net realizable values of stock in trade to assess any diminution in the respective carrying amounts. Net realizable value is determined with reference to estimated selling prices less estimated costs necessary to make the sale.

2.4 Functional currency

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

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, leasehold land, buildings and plant and machinery. Freehold land, buildings and plant and machinery are measured at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Leasehold land is measured at historical cost. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation, including borrowing costs referred to in note 3.19.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When significant parts of an item of operating fixed assets have different useful lives, they are recognized as separate items.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method, with the exception of computer hardware and allied items, which are depreciated using straight line method, over the useful life of each operating fixed asset using rates specified in note 19 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

Surplus arising on revaluation of items of property, plant and equipment is carried on balance sheet after reversing deficit relating to the same item previously recognized in profit or loss, if any. Deficit arising on revaluation is recognized in profit or loss after reversing the surplus relating to the same item previously carried on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit every year, through statement of changes in equity.

3.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

3.2 Intangible assets

3.2.1 Goodwill

Goodwill represents the excess of the cost of business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. This is stated at cost less any accumulated impairment losses, if any.

3.2.2 Technology transfer

The intangible assets in respect of technology transfer are amortized over the useful life of plant and machinery involved in use of such technology. Amortization of intangible commences when it becomes available for use.

3.2.3 Computer software and ERP

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. These costs are amortized over their estimated useful lives. Amortization of intangible commences when it becomes available for use.

3.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held for capitalization are classified as property, plant and equipment through capital work in progress.

3.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Moving average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.5 Employee benefits

3.5.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

3.5.2 Post-employment benefits

The Company operates an approved funded contributory provident fund for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of ten percent of basic salary and cost of living allowance, where applicable, to cover the obligation. Contributions are charged to profit or loss.

3.6 Financial instruments

3.6.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

3.6.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

3.6.2(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

3.6.2(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are either designated as such on initial recognition or are classified as held for trading. Financial assets are designated as financial assets at fair value through profit or loss if the Company manages such assets and evaluates their performance based on their fair value in accordance with the

Company's risk management and investment strategy. Financial assets are classified as held for trading when these are acquired principally for the purpose of selling and repurchasing in the near term, or when these are part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of profit taking, or where these are derivatives, excluding derivatives that are financial guarantee contracts or that are designated and effective hedging instruments. Financial assets in this category are presented as current assets.

3.6.2(c) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

3.6.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

3.6.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

3.6.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

3.8 Preference share capital

Preference share capital is recognized as equity in accordance with the interpretation of the provision of the Companies Ordinance, 1984, including those pertaining to implied classifications of preference shares.

3.9 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

3.10 Investments in equity securities

3.10.1 Investments in subsidiaries, associates and other un-quoted equity securities

Investments in subsidiaries, associates and other un-quoted equity securities are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated impairment losses, if any.

3.10.2 Investments in other quoted equity securities

These on initial recognition, are designated as 'investments at fair value through profit or loss' and are recognized at cost. Subsequent to initial recognition, these are measured at fair value. Gains and losses arising from changes in fair value are recognized in profit or loss.

3.11 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

3.12 Ijarah transactions

Ujrah payments under an Ijarah are recognized as an expense in the profit or loss on a straight-line basis over the Ijarah terms unless another systematic basis are representative of the time pattern of the user's benefit, even if the payments are not on that basis.

3.13 Trade and other payables

3.13.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.13.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

3.14 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

3.15 Trade and other receivables

3.15.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

3.15.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

3.16 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

- Revenue from different sources is recognized as follows:

- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.

- Commission income is recognized on receipt of credit advice from supplier.

- Interest income is recognized using effective interest method.

- Dividend income is recognized when right to received payment is established.

- Contract revenue relating to long term construction contracts are recognized as revenue by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying ‘cost-to-date method’. Under cost-to-date method stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost.

3.17 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

3.18 Contract costs

Contract costs relating to long term construction contracts are recognized as expenses by reference to stage of completion of contract activity at the reporting date. Stage of completion of a contract is determined by applying ‘cost-to-date method’. Under cost-to-date method, stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. Expected losses on contracts are recognized as an expense immediately.

3.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

3.20 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

3.20.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

3.20.2 Deferred taxation

Deferred tax is accounted for using the' balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.21 Government grants

Government grants that compensate the Company for expenses or losses already incurred are recognized in profit or loss in the period in which these are received and are deducted in reporting the relevant expenses or losses. Grants relating to property, plant and equipment are recognized as deferred income and an amount equivalent to depreciation charged on such assets is transferred to profit or loss.

3.22 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

3.23 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are carried at cost.

3.24 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

3.25 Impairment

3.25.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

3.25.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

3.26 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

3.27 Basis of allocation of common expenses

Distribution, administrative and finance cost are allocated to PEL Marketing (Private) Limited ('PMPL') on the basis of percentage of operating fixed assets used by PMPL, under the interservices agreement between the Company & PMPL.

3.28 Warranty costs

The company accounts for its warranty obligations when the underlying product or service sold or rendered. The provision is based on historical warranty data and weighing all possible outcomes against their associated possibilities.

3.29 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating income and expenses, share of profit/(loss) of associates, finance costs, and provision for taxes.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

4. New/revised approved accounting standards and amendments effective during the year

4.1 The following new/revised approved accounting standards and amendments are effective in the current year and relevant to the Company.

Fourth Schedule to the Companies Ordinance, 1984

The Securities and Exchange Commission of Pakistan through S.R.O. 183(I)/2013 has notified certain amendments in the Fourth Schedule to the Companies Ordinance, 1984. These amendments have principally clarified certain matters, changed some of the presentation and classification requirements and incorporated additional disclosure requirements. The Company has adopted these changes which have resulted in reclassification of certain long term debts as 'Redeemable Capital' and additional disclosures made in the financial statements. However, no change in accounting policy was required and accordingly there was no impact on the amounts reported in these financial statements.

IAS 1 - Presentation of Financial Statements ('Amendments')

The amendments renamed 'statement of comprehensive income' as 'statement of profit or loss and other comprehensive income' and require entities to group items presented as other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently, i.e. those that might be reclassified and those that will not be reclassified, and require tax associated with items presented before tax to be shown separately for each of the two groups, without changing the option to present items of other comprehensive income either before tax or net of tax. However, the amendments allow entities to use the name "statement of comprehensive income". The adoption of amendment does not have any impact on these financial statements as the Company has no other comprehensive income to report.

IAS 27 - Separate Financial Statements (Revised 2011)

The revised standard supersedes IAS 27 - Consolidated and Separate Financial Statements (Revised 2008). The revised standard carries forward existing accounting and disclosure requirements for separate financial statements with some minor clarifications. The adoption of revised standard does not have any material impact on the financial statements of the Company.

IAS 28 - Investments in Associates and Joint Ventures (Revised 2011)

The revised standard supersedes IAS 28 - Investments in Associates (revised 2008). The revised standard makes amendments to apply IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations to investment, or a portion thereof, in an associate or joint venture, that meets the criteria to be classified as held for sale. The adoption of revised standard does not have any material impact on the financial statements of the Company.

4.2 The following new/revised approved accounting standards and amendments are effective in the current year but are either not relevant to the Company or have not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IFRS 10 - Consolidated Financial Statements (2011)

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities. The standard is effective for current year but has not been adopted as the same has not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IFRS 11 - Joint Arrangements (2011)

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers. The standard is effective for the current year but is not relevant to the Company as at the reporting date.

IFRS 12 - Disclosure of Interests in Other Entities (2011)

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard is effective for current year but has not been adopted as the same has not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IFRS 13 - Fair Value Measurement (2011)

The standard establishes a single framework for measuring fair value where that is required by other standards. The standard is effective for current year but has not been adopted as the same has not been notified for adoption under section 234 of the Companies Ordinance, 1984.

IAS 19 - Employee Benefits (Revised 2011)

The revised standard requires actuarial gains and losses to be recognized immediately in other comprehensive income and removes the corridor method as well as the option to recognize all changes in defined benefit obligation and plan assets in profit or loss. The revision is effective for the current year but is not relevant to the Company as at the reporting date.

IFRIC 20 - Stripping Cost in the Production Phase of a Surface Mining (2011)

The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The Interpretation is effective for annual periods beginning on or after January 01, 2013. The interpretation is effective for the current year but is not relevant to the Company as at the reporting date.

Annual Improvements 2009-2011(effective for annual periods beginning on or after January 01, 2013)

The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

IFRS 1 – First-time Adoption of International Financial Reporting Standards

The amendments clarify that an entity may apply IFRS 1 if its most recent previous annual financial statements did not contain an explicit and unreserved statement of compliance with International Financial Reporting Standards even if the entity applied IFRS 1 in the past. The standard is not relevant to the Company.

IAS 1 - Presentation of Financial Statements

The amendments clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position. The adoption of this amendment does not have any material impact on the Company.

IAS 16 - Property, Plant and Equipment

The amendments clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The adoption of this amendment does not have any material impact on the Company.

IAS 32 - Financial Instruments: Presentation

The amendments clarify that IAS 12 - Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12. The adoption of this amendment does not have any material impact on the Company.

IAS 34 - Interim Financial Reporting

The amendments align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 - Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The adoption of this amendment does not have any material impact on the Company.

Government Loans (Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards)

The amendments address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to International Financial Reporting Standards. The amendments are not relevant to the Company.

Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7 - Financial Instruments: Disclosures)

The amendments contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The adoption of these amendments does not have any material impact on the financial statement of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 - Financial Instruments: Presentation)

The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The adoption of these amendments does not have any material impact on the financial statement of the Company.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities)

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. The adoption of these amendments does not have any material impact on the financial statement of the Company.

5. New/revised approved accounting standards and amendments not yet effective

The following standards, interpretations and amendments are in issue which is not effective as at the reporting date. These are not expected to have any significant impact on the financial statements of the Company, except for increase in disclosures in certain cases.

5.1 New and Revised Approved Accounting Standards and Interpretations

IFRS 9 - Financial Instruments: Classification and Measurement (2010)

The revised standard incorporates new requirements for the classification and measurement of financial instruments and carries over existing derecognition requirements from IAS 39 - Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 01, 2018.

IFRIC 21 - Levies (2013)

The interpretation provides guidance on when to recognize a liability for levy imposed by a government. The Interpretation is effective for annual periods beginning on or after January 01, 2014.

5.2 Amendments to Approved Accounting Standards and Interpretations

Investment Entities (Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption. The amendments are effective for annual periods beginning on or after January 01, 2014.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 – Impairment of Assets)

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount is determined using a present value technique. The amendments are effective for annual periods beginning on or after January 01, 2014.

Novation of Derivative and Continuation of Hedge Accounting (Amendments to IAS 39 – Financial Instruments: Recognition and Measurement)

The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met. The amendments are effective for annual periods beginning on or after January 01, 2014.

Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)

The amendments narrow scope amendments applicable to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendments are effective for annual periods beginning on or after July 01, 2014.

Offsetting financial assets and financial liabilities (Amendments to IAS 32 – Financial Instruments: Presentation)

The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments are effective for annual periods beginning on or after January 01, 2014.

6. Authorized capital

December 31, 2013 (Number of shares)	December 31 2012 (Number of shares)		December 31, 2013 (Rupees in thousand)	December 31, 2012 (Rupees in thousand)
300,000,000	150,000,000	Ordinary shares of Rs. 10 each	3,000,000	1,500,000
62,500,000	62,500,000	'A' class preference shares of Rs. 10 each	625,000	625,000
37,500,000	37,500,000	'B' class preference shares of Rs. 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
400,000,000	250,000,000		4,000,000	2,500,000

7. Issued, subscribed and paid-up capital

December 31, 2013 (Number of shares)	December 31 2012 (Number of shares)		December 31, 2013 (Rupees in thousand)	December 31, 2012 (Rupees in thousand)
		Ordinary shares of Rs. 10 each		
169,991,928	23,749,434	Issued for cash	1,699,919	237,494
		Issued for other than cash:		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- against conversion of preference shares	60,408	60,408
91,532,718	91,532,718	- as fully paid bonus shares	915,328	915,328
268,111,239	121,868,745		2,681,113	1,218,688
		'A' class preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash	449,576	449,576
313,068,831	166,826,337		3,130,689	1,668,264

7.1 Reconciliation between ordinary shares in issue as at the beginning and end of the year is as follows:

(Number of shares)	Note	December 31, 2013	December 31, 2012
As at beginning of the year		121,868,745	121,868,745
Issue of right ordinary shares	7.1.1	146,242,494	-
As at end of the year		268,111,239	121,868,745

7.1.1 During the year, the Company issued 146,242,494 right ordinary shares at 120 ordinary shares for every 100 ordinary shares already held, at Rs. 12.5 per ordinary share, including a premium of Rs. 2.5 per share.

7.2 ‘A’ class preference shares

7.2.1 Current status of original issue

The Company, in the December 2004, issued ‘A’class preference shares to various institutional investors amounting to Rs. 605 million against authorized share capital of this class amounting to Rs. 625 million. In January 2010, the Company sent out notices to all preference shareholders seeking conversion of outstanding preference shares into ordinary shares of the Company in accordance with the option available to the investors under the original terms of the issue. As at the reporting date outstanding balance of preference shares amounts to Rs. 449.58 million representing investors who did not opt to convert their holdings into the ordinary shares of the Company. Subsequently, the Company offered re-profiling of preference shareholders to these remaining investors. See note 7.2.2.

The Securities and Exchange Commission of Pakistan (‘SECP’) issued order to Lahore Stock Exchange Limited (‘LSE’) dated February 6, 2009 against the listing of these preference shares. However, the Company took up the matter with the honorable Lahore High Court which granted the stay order against the said order of SECP and also directed LSE not to delist the shares. The matter is pending adjudication to date.

7.2.2 Re-profiling of preference shares

The Company offered re-profiling of shares to preference shareholders, who did not convert their preference shares into ordinary shares in response to the conversion notices issued by the Company. The Company has appointed an Advisor who has confirmed that the investors to the instrument have, in principle, agreed to the Re-profiling Term Sheet and commercial terms and conditions therein. SECP has allowed the Company to proceed with the re-profiling subject to fulfillment of legal requirements. The legal documentation has been prepared and circulated amongst the concerned investors and signed on April 20, 2011, except for National Bank of Pakistan, which is expected to be completed in the ensuing year.

The revised terms of re-profiling are:

Coupon Rate

Investors will be entitled to an annual coupon rate at one year KIBOR plus 1% on cumulative basis, payable if and when declared by the Board of Directors of the Company.

Voting Right

Preference shares do not carry any voting rights.

Call Option

The Company shall have the option to redeem the issue in full or in part, within ninety days of the end of the financial year, commencing from the expiry of the 6th anniversary of the issue date (“Redemption Period”) by giving at least thirty days notice.

The redemption will be at the option of the Company and subject to availability of funds and compliance with the provisions of Section 85 of the Companies Ordinance 1984.

The Company shall create a Capital Redemption Reserve Fund in accordance with the provisions of the Companies Ordinance 1984.

Conversion Option

Preference shares will be convertible only at the option of the investors into ordinary shares of the Company at the conversion date, i.e. last business day of each financial quarter commencing from the 7th (seventh) anniversary of the issue date. This option will be available from 7th (seventh) anniversary till the 9th (ninth) anniversary of the issue. During this period the investors can convert up to 25% of their preferred shares at the conversion ratio by giving a thirty days notice to the issuer.

In case the issuer does not exercise the redemption option within 60 days of 9th (ninth) anniversary of the issue, the investors will have the option to convert their entire holding of preference shares in full or a part at conversion price on the conversion date by giving a 30 days notice to the Company.

Conversion Ratio

The conversion of preference shares will be based on the conversion ratio A/B, where:

Conversion between 7th and 9th anniversary

A = Preference share price, i.e. issue price plus any cumulative unpaid dividends.

B = Minimum conversion price, i.e. 32.5% discount to the average price of the common share quoted in the daily quotation of Karachi Stock Exchange during the 360 working days prior to the conversion date.

Conversion after the 9th anniversary

A = Rs. 10 plus unpaid dividend.

B = Spot price of PEL ordinary shares on conversion date.

7.2.3 Accumulated preference dividend

As on December 31, 2012 an amount of approximately Rs. 170.839 million has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the respective term sheet with the Investor.

As per the opinion of Company's legal counsel, the provision of cumulative dividend at 9.5% p.a. will prevail on account of preference dividend, as the approval process of the revised terms of reprofiling from different quarters is not yet complete.

7.2.4 Classification of preference shares as equity

Preference shares have been classified and treated as part of equity on the following basis:

- These shares were issued under the provisions of section 85 of the Companies Ordinance, 1984 ('the Ordinance') read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.

- The issue was duly approved by the shareholders of the Company in general meeting.
- Return of allotment was filed under section 73(1) of the Ordinance.

- The Company is required, under the revised terms of reprofiling, to create a Capital Redemption Reserve Fund in accordance with section 85 of the Ordinance.

- The requirements of the Ordinance take precedence over the requirements of International Financial Reporting Standards.

- The revised terms provide the preference shareholders with the right to convert their holdings into ordinary shares of the Company.

Further, the matter regarding the classification of redeemable preference shares as either debt or equity instrument has been examined by the Institute of Chartered Accountants of Pakistan ('ICAP'). ICAP has advised the Securities and Exchange Commission of Pakistan ('SECP') to make necessary amendments in the Companies Ordinance, 1984, and / or to issue a clarification in order to remove the inconsistency between the Companies Ordinance, 1984 and the International Financial Reporting Standards. Pending the decision of SECP in this matter, the preference share capital has been classified as equity in these financial statements.

8. Capital reserve

This represents premium on issue of ordinary shares. The movement during the year is as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
As at beginning of the year		164,134	164,134
Recognized during the year	7.1.1	365,606	-
As at end of the year		529,740	164,134

9. Surplus on revaluation of property, plant and equipment

As at beginning of the year		3,873,505	3,962,040
Surplus recognized during the year			
Surplus on revaluation		1,387,543	156,962
Deferred taxation		(447,009)	(54,937)
		940,534	102,025
Incremental depreciation transferred to accumulated profits			
Incremental depreciation for the year		(310,435)	(293,169)
Deferred taxation		108,652	102,609
		(201,783)	(190,560)
As at end of the year		4,612,256	3,873,505

10. Redeemable capital - secured

These represent interest/mark-up/profit based debt securities issued to institutional and other investors. The details are as as follows:

Description	Dec. 31 2013 (Rupees in thousand)	Dec. 31 2012 (Rupees in thousand)	Pricing	Security	Arrangements and Repayment
Sukuk Funds	514,286	514,286	Three months KIBOR plus 1.75% per annum (2012: Three months KIBOR plus 1.75% per annum) subject to floor and cap of 10% and 25% respectively.	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of refinance of existing machinery with diminishing musharka facility. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in six equal quarterly installments commencing from June 2015.
Sukuk Funds	1,100,000	1,100,000	Three months KIBOR plus 1% per annum (2012: Three months KIBOR plus 1% per annum) subject to floor and cap of 8% and 25% respectively.	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of refinance of existing machinery with diminishing musharka facility. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in sixteen equal quarterly installments commencing from June 2015.
Private Placed Term Finance Certificates	850,000	850,000	Six months KIBOR plus 3% per annum (2012: Six months KIBOR plus 3% per annum).	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of financing the capacity expansion program of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in fifty two stepped-up monthly installments commencing from June 2015.
Total	2,464,286	2,464,286			
Current portion presented under current liabilities	-	-			
	2,464,286	2,464,286			

11. Long term finances - secured

These represent long term finance utilized under interest/mark-up/profit arrangements from banking companies and financial institutions. The details are as as follows:

Description	Dec. 31 2013 (Rupees in thousand)	Dec. 31 2012 (Rupees in thousand)	Pricing	Security	Arrangements and Repayment
Demand Finance	54,270	54,270	Six months KIBOR plus 1.75% per annum (2012: Six months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in sixteen equal quarterly installments commencing from December 2007. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million.

Description	Dec. 31 2013 (Rupees in thousand)	Dec. 31 2012	Pricing	Security	Arrangements and Repayment
					Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.
Demand Finance	432,385	432,385	Three months KIBOR plus 1.75% per annum (2012: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing set-up of a new transformer manufacturing plant and was repayable in eighteen equal quarterly installments, after the expiry of six months grace period, commencing from December 2009. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.
Demand Finance	342,859	342,859	Three months KIBOR plus 1.75% per annum (2012: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in twelve equal quarterly installments commencing from March 2011. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.
Demand Finance	375,000	375,000	Six months KIBOR plus 1.75% per annum (2012: Six months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in twelve equal quarterly installments commencing from December 2010. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.

Description	Dec. 31 2013 (Rupees in thousand)	Dec. 31 2012 (Rupees in thousand)	Pricing	Security	Arrangements and Repayment
Term Finance	450,000	450,000	Three months KIBOR plus 3% per annum (2012: Three months KIBOR plus 3% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and personal guarantees of sponsoring directors of the Company.	This finance was obtained from Pak Libya Holdings Company (Private) Limited for meeting operational expenses of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till February 2015 with the outstanding liability payable in eighteen equal quarterly installments commencing from February 2015.
Demand Finance	898,927	898,927	Three months KIBOR plus 1.75% per annum (2012: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for long term working capital requirements and was repayable in sixteen equal quarterly installments commencing from March 2012. In the previous years, the Company applied for reprofiling of Demand Finance to NBP. Subsequent to the reporting date NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amouting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.
Term Finance	305,469	323,437	One month KIBOR plus 3.5% per annum (2012: One month KIBOR plus 3.5% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and building and lien over balances in collection accounts and installment reserve accounts.	The finance was obtained from Standard Chartered Bank (Pakistan) Limited for long term working capital requirements of the Company and has been rescheduled twice after the disbursement. As per the latest arrangement, the finance is repayable in 48 monthly installments starting September 2012.
Term Finance	269,381	287,051	One month KIBOR plus 3.5% per annum (2012: One month KIBOR plus 3.5% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and building and lien over balances in collection accounts and installment reserve accounts.	The finance was obtained from Standard Chartered Bank (Pakistan) Limited for long term working capital requirements of the Company and has been rescheduled twice after the disbursement. As per the latest arrangement, the finance is repayable in 48 monthly installments starting September 2012.
Term Finance	300,000	-	Six months KIBOR plus 3% per annum.	Charge on present and future operating fixed assets of the Company.	The finance has obtained from Faysal Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twenty three equal quarterly installments commencing from June 2014.
Term Finance	200,000	-	Three months KIBOR plus 3% per annum.	Charge on present and future current assets of the Company.	The finance has obtained from Summit Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twelve equal quarterly installments commencing from September 2015.
Total	3,628,291	3,163,929			
Current portion presented under current liabilities	(395,116)	(40,729)			
	3,233,175	3,123,200			

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
12. Liabilities against assets subject to finance lease			
Present value of minimum lease payments	12.1 & 12.2	57,588	71,773
Current portion presented under current liabilities	12.1 & 12.2	(26,903)	(38,218)
		30,685	33,555

12.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from six months to one year KIBOR plus 3% to 5.8% per annum (2012: six months KIBOR plus 5.5% to 5.8% per annum). Lease rentals are payable monthly over a tenor of 3 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

12.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
Not later than one year		33,486	47,439
Later than one year but not later than five years		33,780	38,433
Total future minimum lease payments		67,266	85,872
Finance charge allocated to future periods		(9,678)	(14,099)
Present value of future minimum lease payments		57,588	71,773
Not later than one year	17	(26,903)	(38,218)
Later than one year but not later than five years		30,685	33,555
13. Deferred taxation			
Deferred tax liability on taxable temporary differences	13.1	4,084,860	3,713,014
Deferred tax asset on deductible temporary differences	13.1	(1,736,858)	(1,807,174)
		2,348,002	1,905,840

13.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2013			
(Rupees in thousand)	**As at January 01**	**Recognized in profit or loss**	**Recognized in equity**	**As at December 31**
Deferred tax liabilities				
Operating fixed assets - owned	1,667,149	29,283	-	1,696,432
Operating fixed assets - leased	96,324	4,207	-	100,531
Surplus on revaluation of property, plant and equipment	1,949,541	(108,653)	447,009	2,287,897
	3,713,014	(75,163)	447,009	4,084,860
Deferred tax assets				
Provisions	(194,658)	(33,768)	-	(228,426)
Unused tax losses and credits	(1,612,516)	104,084		(1,508,432)
	(1,807,174)	70,316	-	(1,736,858)
	1,905,840	(4,847)	447,009	2,348,002

(Rupees in thousand)	2012 As at January 01	Recognized in profit or loss	Recognized in equity	As at December 31
Deferred tax liabilities				
Operating fixed assets - owned	1,641,774	25,375	-	1,667,149
Operating fixed assets - leased	88,454	7,870		96,324
Surplus on revaluation of property, plant and equipment	2,052,148	(102,607)	-	1,949,541
	3,782,376	(69,362)	-	3,713,014
Deferred tax assets				
Provisions	(162,890)	(31,768)	-	(194,658)
Unused tax losses and credits	(1,646,136)	33,620		(1,612,516)
	(1,809,026)	1,852	-	(1,807,174)
	1,973,350	(67,510)	-	1,905,840

13.2 The Government of Pakistan vide Finance Act, 2013 has notified a reduced tax rate of 34% for tax year 2014 only, however deferred tax has been recognized using tax rate of 35% (2012: 35%) as the impact of reduction in tax rate for one tax year is immaterial.

(Rupees in thousand)	**December 31, 2013**	December 31, 2012
14. Deferred income		
As at beginning of the year	50,037	52,670
Recognized in profit or loss	(2,502)	(2,633)
As at end of the year	47,535	50,037

14.1 The UNIDO vide its contract number 2000/257 dated December 15, 2000 out of the multilateral fund for the implementation of the Montreal Protocol, has given grant-in-aid to the Company for the purpose of phasing out ODS at the Refrigerator and Chest Freezer Plant of the Company. The total grant-in-aid of US $ 1,367,633 (Rs. 91,073,838) comprises the capital cost of the project included in fixed assets amounting to US $ 1,185,929 (Rs. 79,338,650) and grant recoverable in cash of US $ 181,704 (Rs. 11,735,188) being the incremental operating cost for six months.

The grant recoverable in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 2.502 million (2012: Rs. 2.633 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

(Rupees in thousand)	Note	**December 31, 2013**	December 31, 2012
15. Trade and other payables			
Trade creditors - unsecured		467,576	573,326
Foreign bills payable - secured	15.1	75,110	268,911
Accrued liabilities		108,152	92,720
Advances from customers - unsecured		103,870	349,805
Employees' provident fund		8,283	8,581
Compensated absences		32,649	14,537
Advance against contracts	43	5,815	78,901
Sales tax payable		10,720	134,727
Workers' Profit Participation Fund	15.2	24,676	3,368
Workers' Welfare Fund	15.3	9,377	17,862
Other payables - unsecured		26,630	15,567
		872,858	1,558,305

15.1 Foreign bills payable are secured against bills of exchange accepted by the Company in favour of suppliers.

(Rupees in thousand)		Note	December 31, 2013	December 31, 2012
15.2	**Workers' Profit Participation Fund**			
	As at beginning of the year		3,368	-
	Interest on fund utilized by the Company	37	308	-
	Charged to profit or loss for the year	36	24,676	3,368
	Paid during the year		(3,676)	-
	As at end of the year		24,676	3,368
15.3	**Workers' Welfare Fund**			
	As at beginning of the year		17,862	16,582
	Charged to profit or loss for the year	36	9,377	1,280
	Paid/adjusted during the year		(17,862)	-
	As at end of the year		9,377	17,862
16	**Short term borrowings**			
	Secured			
	Short term finances utilized under interest/mark-up arrangements from			
	- banking companies	16.1	4,487,043	6,537,347
	- non banking finance companies	16.2	229,463	-
			4,716,506	6,537,347
	Unsecured			
	Book overdraft	16.4	231,595	277,744
			4,948,101	6,815,091

16.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/ mark-up at rates ranging from 10.83% to 13.30% (2012: 11.72% to 14.21%) per annum. These facilities are secured by pledge / hypothecation of raw materials and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and personal guarantees of the sponsoring directors of the Company. These facilities are generally for a period of one year and renewed at the end of the period.

16.2 These facilities have been obtained from NBFCs for purchase of raw material and carry mark-up at rates ranging from 11.33% to 11.84% per annum. This facility is secured by charge over operating fixed assets of the Company and personal guarantees of the directors of the Company.

16.3 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 1,010 million (2012: Rs. 1,345 million).

16.4 This represents cheques issued by the Company in excess of balances at bank which have been presented for payments in the subsequent period.

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
17. Current portion of non-current liabilities			
Long term finances	11	395,116	40,729
Liabilities against assets subject to finance lease	12	26,903	38,218
		422,019	78,947

18. Contingencies and commitments

18.1 Contingencies

18.1.1 Various banking and insurance companies have issued guarantees, letters of credit and discounted receivables on behalf of the Company as detailed below:

(Rupees in thousand)	December 31, 2013	December 31, 2012
Tender bonds	458,360	213,874
Performance bonds	1,301,957	1,352,641
Advance guarantees	579,670	874,935
Custom guarantees	90,379	93,781
Foreign guarantees	98,693	141,321

18.1.2 The Company may have to indemnify its Directors for any losses that may arise due to personal guarantees given by them for securing the debts of the Company, in case the Company defaults.

(Rupees in thousand)	December 31, 2013	December 31, 2012
18.2 Commitments		
18.2.1 Commitments under irrevocable letters of credit	580,755	669,926

18.2.2 Commitments under ijarah contracts

The aggregate amount of ujrah payments for Ijarah financing and the period in which these payments will become due are as follows:

- payments not later than one year	1,434	20,047
- payments later than one year	1,478	338
	2,912	20,385

19. Property, plant and equipment

	2013												
	COST / REVALUED AMOUNT							DEPRECIATION					
	As at January 01	Additions	Disposals	Transfers	Revaluation	As at December 31	Rate	As at January 01	For the year	Adjustment	Revaluation	As at December 31	Net book value as at December 31
			(Rupees in thousand)				%		(Rupees in thousand)				
Assets owned by the Company													
Leasehold land	13,256	-	-	-	-	13,256	-	-	-	-	-	-	13,256
Freehold land	428,857	-	-	-	110,375	539,232	-	-	-	-	-	-	539,232
Building on leasehold land	1,659,558	-	-	94,689	-	1,754,247	5	463,058	59,819	-	-	522,877	1,231,370
Building on freehold land	2,618,622	-	-	71,547	60,631	2,750,800	5	334,456	114,686	-	10,127	459,269	2,291,531
Plant and machinery	11,985,930	265,346	(2,641)	167,240	1,761,426	14,177,301	5	2,952,595	486,852	(968)	534,762	3,973,241	10,204,060
Office equipment and fixtures	178,468	2,702	(995)	-	-	180,175	10	82,454	9,624	(455)	-	91,623	88,552
Computer hardware and allied items	85,649	5,540	(276)	-	-	90,913	30	75,826	6,953	(276)	-	82,503	8,410
Vehicles	130,670	18,963	(47,081)	10,735	-	113,287	20	74,346	11,225	(15,544)	-	70,027	43,260
	17,101,010	292,551	(50,993)	344,211	1,932,432	19,619,211		3,982,735	689,159	(17,243)	544,889	5,199,540	14,419,671
Assets subject to finance lease													
Plant and machinery	325,207	-	-	-	-	325,207	5	45,009	14,010	-	-	59,019	266,188
Vehicles	83,244	30,664	-	(10,735)		103,173	20	16,459	14,325	(6,241)	-	24,543	78,630
	408,451	30,664	-	(10,735)	-	428,380		61,468	28,335	(6,241)	-	83,562	344,818
	17,509,461	323,215	(50,993)	333,476	1,932,432	20,047,591		4,044,203	717,494	(23,484)	544,889	5,283,102	14,764,489
Capital work in progress													
Building on leasehold land	94,689	-	-	(94,689)	-	-		-	-	-	-	-	-
Building on freehold land	83,099	37,982	-	(71,547)	-	49,534		-	-	-	-	-	49,534
Plant and machinery	168,204	3,073	-	(167,240)	-	4,037		-	-	-	-	-	4,037
	345,992	41,055	-	(333,476)	-	53,571		-	-	-	-	-	53,571
	17,855,453	364,270	(50,993)	-	1,932,432	20,101,162		4,044,203	717,494	(23,484)	544,889	5,283,102	14,818,060

	2012												
	COST / REVALUED AMOUNT							DEPRECIATION					
	As at January 01	Additions	Disposals	Transfers	Revaluation	As at December 31	Rate	As at January 01	For the year	Adjustment	Revaluation	As at December 31	Net book value as at December 31
	(Rupees in thousand)						%	(Rupees in thousand)					
Assets owned by the Company													
Leasehold land	13,256	-	-	-	-	13,256	-	-	-	-	-	-	13,256
Freehold land	326,832	-	-	-	102,025	428,857	-	-	-	-	-	-	428,857
Building on leasehold land	1,659,558	-	-	-	-	1,659,558	5	418,097	44,961	-	-	463,058	1,196,500
Building on freehold land	2,618,622	-	-	-	-	2,618,622	5	196,224	138,232	-	-	334,456	2,284,166
Plant and machinery	11,763,658	226,303	(4,031)	-	-	11,985,930	5	2,481,266	472,478	(1,149)	-	2,952,595	9,033,335
Office equipment and fixtures	177,848	2,242	(1,622)	-	-	178,468	10	72,889	10,566	(1,001)	-	82,454	96,014
Computer hardware and allied items	80,671	5,582	(604)	-	-	85,649	30	71,180	4,661	(15)	-	75,826	9,823
Vehicles	125,199	23,961	(23,076)	4,586	-	130,670	20	73,119	11,813	(10,586)	-	74,346	56,324
	16,765,644	258,088	(29,333)	4,586	102,025	17,101,010		3,312,775	682,711	(12,751)	-	3,982,735	13,118,275
Assets subject to finance lease													
Plant and machinery	325,207		-	-	-	325,207	5	30,262	14,747	-	-	45,009	280,198
Vehicles	31,756	56,074	-	(4,586)	-	83,244	20	13,741	4,987	(2,269)	-	16,459	66,785
	356,963	56,074	-	(4,586)	-	408,451		44,003	19,734	(2,269)	-	61,468	346,983
Capital work in progress													
Building on leasehold land	94,689	-	-	-	-	94,689		-	-	-	-	-	94,689
Building on freehold land	66,417	16,682	-	-	-	83,099		-	-	-	-	-	83,099
Plant and machinery	162,250	5,954	-	-	-	168,204		-	-	-	-	-	168,204
	323,356	22,636	-	-	-	345,992		-	-	-	-	-	345,992
	17,445,963	336,798	(29,333)	-	102,025	17,855,453		3,356,778	702,445	(15,020)	-	4,044,203	13,811,250

19.1 Disposal of operating fixed assets

Description (Rupees in thousand)	Cost	Accumulated depreciation	Net Book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyers
Plant and machinery							
Furnace	538	197	341	300	(41)	Negotiation	Atlantic Corporation
Furnace	2,103	771	1,332	1,150	(182)	Negotiation	Atlantic Corporation
	2,641	968	1,673	1,450	(223)		
Office equipment and furniture							
Photocopier machine	345	95	250	700	450	Negotiation	EFU Insurance
Photocopier machine	650	360	290	1,300	1,010	Negotiation	EFU Insurance
	995	455	540	2,000	1,460		
Computer hardware and allied items							
iMac Intel Core 2Duo 3 06Ghz 4GB Ram	223	223	-	90	90	Negotiation	Bitflow
Laptop Compaq Presario 61 231	53	53	-	44	44	Negotiation	EFU Insurance
	276	276	-	134	134		
Vehicles							
Honda Civic	1,557	1,067	490	440	(50)	As per Company Policy	M.Raza Khan
Suzuki Bolan	515	355	160	502	342	Negotiation	Habib Younas
Suzuki Alto	533	365	168	203	35	As per Company Policy	Yasir Saeed
Toyota Hilux	2,375	1,682	693	1,150	457	Negotiation	Irfan Ahmed
Toyota Hilux	2,375	1,599	776	1,300	524	Negotiation	Muhammad Bilal Khan
Toyota Corolla	943	646	297	239	(58)	As per Company Policy	Ashar Abbas
Suzuki Cultus	590	514	76	416	340	Negotiation	Bilal Saeed
Toyota Corolla	872	577	295	166	(129)	As per Company Policy	Rashid Hussain
Suzuki Mehran	433	305	128	272	144	As per Company Policy	Basharat Amin
Suzuki Cultus	754	483	271	216	(55)	As per Company Policy	Junaid Alam
Suzuki Cultus	754	483	271	212	(59)	As per Company Policy	Sami Saeed
Daihatsu Coure	620	377	243	262	19	As per Company Policy	Ashfaq Hussain
Suzuki Mehran	474	322	152	291	139	As per Company Policy	Tahir Ishtiaq Ahmad
Toyota Corolla	1,309	1,071	238	257	19	As per Company Policy	Ahmed Khan
Suzuki Mehran	539	330	209	394	185	As per Company Policy	Nazir Ahmed
Suzuki Mehran	445	225	220	325	105	As per Company Policy	Syed Husnain Naqvi
Toyota Corolla	945	608	337	282	(55)	As per Company Policy	Faryal Ahmed
Suzuki Alto	530	260	270	271	1	As per Company Policy	Ghulam Mohayuddin
Toyota Corolla	949	597	352	282	(70)	As per Company Policy	Naseer ud din Butt
Suzuki Mehran	413	248	165	267	102	As per Company Policy	Muhammad Asghar
Suzuki Mehran	424	254	170	266	96	As per Company Policy	Sohail Fazal Bhatti
Suzuki Cultus	756	478	278	565	287	As per Company Policy	Asghar Khan
Suzuki Mehran	444	253	191	114	(77)	As per Company Policy	Khalid Farooq
Suzuki Mehran	470	278	192	116	(76)	As per Company Policy	Attique Ahmad
Suzuki Mehran	465	285	180	114	(66)	As per Company Policy	Atif Imtiaz
Suzuki Mehran	444	263	181	283	102	As per Company Policy	M. Zafar
Suzuki Cultus	741	433	308	377	69	As per Company Policy	Tariq Mehmood
Suzuki Mehran	504	324	180	308	128	As per Company Policy	M. Nawaz
Suzuki Mehran	539	342	197	295	98	As per Company Policy	M. Hussain
Suzuki Alto	644	375	269	287	18	As per Company Policy	M. Ismail
Suzuki Cultus	814	464	350	299	(51)	As per Company Policy	Kashif Maqsood
Suzuki Cultus	60	28	32	477	445	Negotiation	Saeed Ahmad
Suzuki Mehran	39	14	25	177	152	As per Company Policy	Shabir ul Haq
Toyota Corolla	1,477	392	1,085	1,420	335	Negotiation	Toyota Walton
Toyota Land Cruiser	12,000	394	11,606	9,508	(2,098)	Negotiation	Orix Leasing
Suzuki Mehran	120	-	120	295	175	As per Company Policy	Masood Ul Hassan
Suzuki Mehran	120	-	120	175	55	As per Company Policy	Fayaz Hussain bukhari
Toyota Corolla	101	-	101	235	134	As per Company Policy	Abdul Waheed Butt
Honda City	202	-	202	194	(8)	As per Company Policy	Qasim Ali
Toyota Corolla	110	-	110	210	100	As per Company Policy	Jalil Ur Rehman
Toyota Corolla	132	-	132	375	243	As per Company Policy	Mehdi Hassan
Toyota Land Cruiser	3,200	1,773	1,427	1,582	155	As per Company Policy	Haroon A Khan
Suzuki Mehran	54	-	54	198	144	As per Company Policy	Bilal Mehmood
Suzuki Liana	210	-	210	600	390	Negotiation	Jawad Aslam
Honda City	143	-	143	488	345	As per Company Policy	Faisal Jawad
Suzuki Mehran	440	251	189	180	(9)	As per Company Policy	Khalid umar
others	4,503	3,070	1,433	3,943	2,510	Negotiation	Various Individuals
	47,081	21,785	25,296	30,828	5,532		
2013	50,993	23,484	27,509	34,412	6,903		
2012	29,333	15,020	14,313	17,457	3,144		

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
19.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	32	674,619	686,431
Administrative and general expenses	35	42,875	16,014
		717,494	702,445

19.3 Revaluation of property, plant and equipment

Most recent valuation of freehold land was carried out by an independent valuer, Empire Enterprises as on December 31, 2012 and was incorporated in the financial statements for the year ended December 31, 2012. Last valuation of buildings on freehold land and plant and machinery was carried out by an independent valuer, Maricon Consultants (Private) Limited, on July 01, 2013 and has been incorporated in these financial statements. Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been as follows:

	2013		
(Rupees in thousand)	**Cost depreciation**	**Accumulated value**	**Book**
Freehold land	175,929	-	175,929
Buildings on freehold land	3,287,050	699,216	2,587,834
Plant and machinery	6,373,188	1,807,329	4,565,859

	2012		
(Rupees in thousand)	Cost depreciation	Accumulated value	Book
Freehold land	175,929	-	175,929
Buildings on freehold land	3,120,814	706,711	2,414,103
Plant and machinery	5,949,237	1,556,518	4,392,719

The basis of revaluation used by the valuer are as follows:

Land
Revalued amount of land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighbourhood and adjoining areas.

Building
Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company.

Plant and machinery
Revalued amount of plant and machinery has been determined by reference to present depreciated replacement values after taking in to consideration present physical condition, remaining useful economic lives, technological obsolescence and level of preventive maintenance carried out by the Company.

20. Intangible assets

(Rupees in thousand)	Note	2013 Cost As at January 01	Additions	As at December 31	Accumulated Amortization As at January 01	For the period	As at December 31	Net book value as at December 31
Technology transfer agreement	20.1	75,434	41,620	117,054	18,169	3,036	21,205	95,849
Goodwill	20.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	20.3	5,057	-	5,057	3,276	591	3,867	1,190
Intangible assets under development - ERP		31,441	-	31,441	-	-	-	31,441
		424,273	41,620	465,893	113,304	3,627	116,931	348,962

(Rupees in thousand)	Note	2012 Cost As at January 01	Additions	As at December 31	Accumulated Amortization As at January 01	For the period	As at December 31	Net book value as at December 31
Technology transfer agreement	20.1	75,434	-	75,434	15,155	3,014	18,169	57,265
Goodwill	20.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	20.3	5,057	-	5,057	2,385	891	3,276	1,781
Intangible assets under development - ERP		31,441	-	31,441	-	-	-	31,441
		424,273	-	424,273	109,399	3,905	113,304	310,969

20.1 The Company has obtained technology of single phase meters, three phase digital meters and also of power transformers from different foreign companies. These are amortized on the same rate as of the depreciation of the relevant plant.

20.2 Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired at the time of acquisition of Pel Appliances Limited and Pel Daewoo Electronics Limited by Pak Elektron Limited. In view of cancelation of LG license, goodwill related to Pel Daewoo Electronics Limited was fully impaired by providing impairment loss of Rs. 140.569 million in December 31, 2011.

20.3 The Company has acquired different software for its business purpose. These have been amortized @ 33% per annum on reducing balance method.

21. Long term investments

These represent investments in ordinary shares of related parties and are carried at cost. The details are as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
PEL Marketing (Private) Limited - Unquoted			
10,000 (2012: 10,000) ordinary shares of Rs. 10 each		100	100
Relationship: wholly-owned subsidiary			
Ownership Interest: 100%			
Kohinoor Power Company Limited - Quoted			
2,910,600 (2012: 2,910,600) ordinary shares of Rs. 10 each	21.1	8,295	10,216
Relationship: associate			
Ownership Interest: 23.1%			
Market value per share Rs. 2.85 (2012: Rs. 3.51)			
		8,395	10,316

(Rupees in thousand)		Note	December 31, 2013	December 31, 2012
21.1	Details of investment are as follows:			
	Cost of investment		54,701	54,701
	Accumulated impairment		(46,406)	(44,485)
			8,295	10,216
22.	**Long term deposits**			
	Deposits with leasing companies		77,958	28,926
	Current portion classified under current assets		(7,345)	(8,598)
			70,613	20,328
	Other deposits		49,064	45,570
			119,677	65,898
23.	**Stores, spares and loose tools**			
	Stores		3,433	2,230
	Spares		232,452	94,232
	Loose tools		66,592	47,036
			302,477	143,498
	Provision for slow moving and obsolete items		(16,706)	(16,706)
			285,771	126,792
23.1	There are no spare parts held exclusively for capitalization as at the reporting date.			
24.	**Stock in trade**			
	Raw material			
	- in stores		1,989,723	2,123,456
	- in transit		483,565	472,123
	Provision for slow moving and obsolete items		(14,412)	(10,913)
			2,458,876	2,584,666
	Work in process		1,043,870	855,069
	Finished goods		278,744	238,525
	Provision for slow moving and obsolete items		(4,804)	(4,804)
			273,940	233,721
			3,776,686	3,673,456

24.1 Entire stock in trade is carried at cost being lower than net realizable value.

24.2 Stock in trade value at Rs. 1.629 million (2012: Rs. 1.719) is pledged as security with providers of debt finances.

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
25. Trade debts - unsecured			
Considered good			
- against sale of goods		3,526,780	3,948,762
- against execution of contracts		1,666,343	1,633,114
		5,193,123	5,581,876
Considered doubtful	25.1	440,082	357,957
		5,633,205	5,939,833
Impairment allowance for doubtful debts	35	(440,082)	(357,957)
		5,193,123	5,581,876
25.1 Movement in impairment allowance			
As at beginning of the year		357,957	287,169
Provision for the year		82,125	70,788
As at end of the year		440,082	357,957
26. Advances			
Advances to suppliers and contractors - unsecured			
- considered good		590,881	400,419
- considered doubtful		153,255	153,255
Impairment allowance for doubtful advances		(153,255)	(153,255)
		590,881	400,419
Advances to employees - unsecured			
- considered good	26.1	57,254	47,302
- considered doubtful		1,449	1,449
Impairment allowance for doubtful advances		(1,449)	(1,449)
		57,254	47,302
Retention money for contracts in progress	43	231,451	80,030
		879,586	527,751
26.1 These include advances for			
- purchases		34,249	33,302
- expenses		16,899	9,520
- traveling		4,047	3,280
- others	26.1.1	2,059	1,200
		57,254	47,302

26.1.1 These represent unsecured and interest advances to employees against future salaries in accordance with the Company policy. No advances have been given to any of the directors or executives of the Company.

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
27. Trade deposits and short term prepayments			
Security deposits			
- considered good		29,177	72,060
- considered doubtful		5,379	5,379
Impairment allowance for doubtful deposits		(5,379)	(5,379)
		29,177	72,060
Current portion of long term deposits	22	7,345	8,598
Margin deposits		381,657	174,207
Prepayments		33,833	34,891
Letters of credit		1,043	1,043
		453,055	290,799

28. Short term investments

These represent investments in listed equity securities. These have classified as investment at fair value through profit or loss and have been carried at fair value. The details are as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
Standard Chartered Bank (Pakistan) Limited	28.1	22,785	11,365
Wateen Telecom Limited	28.2	-	298
		22,785	11,663
28.1 Standard Chartered Bank (Pakistan) Limited			
915,070 (2012: 915,070) ordinary shares of Rs. 10 each Market value: Rs.24.90 (2012: Rs. 12.42) per share			
As at beginning of the year		11,365	7,312
Gain due to changes in fair value		11,420	4,053
As at end of the year		22,785	11,365
28.2 Wateen Telecom Limited			
100,000 (2012: 100,000) ordinary shares of Rs. 10 each Market value: Nil (2012: Rs. 2.98) per share			
As at beginning of the year		298	179
Sold during the year		(298)	-
Gain due to changes in fair value		-	119
As at end of the year		-	298
29. Advance income tax			
Advance income tax/income tax refundable		474,381	351,015
Provision for taxation	38	(97,433)	(79,431)
		376,948	271,584

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
30. Cash and bank balances			
Cash in hand		3,978	2,653
Cash at banks			
- current accounts		213,857	140,881
- deposit/saving accounts	30.1	41,653	41,653
		259,488	185,187

30.1 This represents deposit account under lien with Trust Investment Bank Limited carrying return at the rate of 3 months KIBOR plus 1% per annum (2012: 3 months KIBOR plus 1% per annum).

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
31. Revenue			
Contact revenue	43	2,026,964	1,795,415
Sale of goods			
- local		12,699,267	13,634,720
- exports		699,642	2,320,925
		15,425,873	17,751,060
Sales tax and excise duty		(1,864,767)	(1,861,857)
Trade discounts		(776)	(3,038)
		(1,865,543)	(1,864,895)
		13,560,330	15,886,165
32. Cost of sales			
Finished goods at the beginning of the year		238,525	294,560
Cost of goods manufactured	32.1	10,018,609	12,577,168
Finished goods purchased		-	174,265
		10,018,609	12,751,433
Finished goods at the end of the year		(278,744)	(238,525)
Cost of goods sold		9,978,390	12,807,468
Contract cost	43	1,563,956	1,324,191
		11,542,346	14,131,659

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
32.1 Cost of goods manufactured			
Work-in-process at beginning of the year		855,069	939,364
Raw material and components consumed		8,046,330	10,393,734
Direct wages		524,608	540,724
Factory overheads:			
- salaries, wages and benefits		265,828	248,842
- traveling and conveyance		16,718	12,705
- electricity, gas and water		330,039	278,609
- repairs and maintenance		78,419	84,281
- vehicles running and maintenance		26,678	25,983
- insurance		26,700	37,852
- depreciation	19.2	674,619	686,431
- amortization of intangible assets		3,627	3,905
- provision for obsolete and slow moving stock	24	3,499	3,311
- carriage and freight		22,293	31,553
- erection and testing		172,992	133,416
- other factory overheads		15,060	11,527
		1,636,472	1,558,415
		11,062,479	13,432,237
Work-in-process at end of the year		(1,043,870)	(855,069)
		10,018,609	12,577,168

32.2 These include charge in respect of employees retirement benefits amounting to Rs. 33.335 million (2012: Rs. 30.452 million).

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
33. Other income			
Gain on financial instruments			
Gain due to changes in fair value of short term investments	28	11,420	4,172
Reversal of impairment on long term investments	21	-	5,821
Return on bank deposits		3,094	3,152
Gain on disposal of short term investments	28	140	-
		14,654	13,145
Other income			
Gain on disposal of property, plant and equipment	19.1	6,903	3,144
Gain on sale and lease back activities		-	3,399
Amortization of grant-in-aid	14	2,502	2,633
Others		3,113	1,217
		12,518	10,393
		27,172	23,538

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
34. Distribution cost			
Salaries, wages and benefits	34.1	51,095	79,821
Traveling and conveyance		17,286	14,563
Rent, rates and taxes		327	820
Electricity, gas, fuel and water		450	690
Repairs and maintenance		794	799
Vehicles running and maintenance		5,864	6,880
Printing and stationery		1,982	1,445
Postage, telegrams and telephones		1,515	1,844
Entertainment and staff welfare		1,606	-
Advertisement and sales promotion		3,178	9,297
Freight and forwarding		71,163	130,620
Contract and tendering		337	-
Warranty period services		36,304	42,572
Others		13,049	513
		204,950	289,864

34.1 These include charge in respect of employees retirement benefits amounting to Rs. 9.2 million (2012: Rs. 7.207 million).

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
35. Administrative expenses			
Salaries, wages and benefits	35.1	64,789	48,753
Traveling and conveyance		3,379	6,590
Rent, rates and taxes		6,208	15,085
Ujrah payments		3,190	14,523
Legal and professional		16,764	5,568
Electricity, gas and water		13,911	11,060
Auditors' remuneration	35.2	3,180	3,410
Repairs and maintenance		696	4,435
Vehicles running and maintenance		5,354	6,707
Printing, stationery and periodicals		497	1,753
Postage, telegrams and telephones		1,635	3,027
Entertainment and staff welfare		4,844	3,504
Advertisement		207	54
Insurance		1,899	675
Provision for doubtful debts, advances and security deposits		82,125	90,151
Depreciation	19.2	42,875	16,014
Others		756	835
		252,309	232,144

35.1 These include charge in respect of employees retirement benefits amounting to Rs. 19.254 million (2012: Rs. 17.236 million).

(Rupees in thousand)		Note	December 31, 2013	December 31, 2012
35.2	**Auditor's remuneration**			
	Annual statutory audit		2,000	2,000
	Half yearly review		600	600
	Review report under Code of Corporate Governance		430	430
	Out of pocket expenses		150	380
			3,180	3,410
36.	**Other expenses**			
	Loan on financial instruments			
	Impairment loss on long term investments		1,921	-
	Others			
	Workers' Profit Participation Fund	15.2	24,676	3,368
	Workers' Welfare Fund	15.3	9,377	1,280
			34,053	4,648
			35,974	4,648
37.	**Finance cost**			
	Interest / mark-up on borrowings:			
	long term finances		690,263	773,193
	liabilities against assets subject to finance lease		9,987	9,174
	short term borrowings		289,860	298,945
			990,110	1,081,312
	Interest on Workers' Profit Participation Fund		308	-
	Bank charges and commission		103,309	107,355
			1,093,727	1,188,667
38.	**Provision for taxation**			
	Current taxation:			
	for the year	29 & 38.1	97,433	79,431
	for prior year		-	549
			97,433	79,980
	Deferred taxation	13.1	(4,847)	(67,510)
			92,586	12,470

38.1 Provision for current tax has been made in accordance with section 113 of the Income Tax Ordinance, 2001 ('the Ordinance'). There is no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

38.2 Assessments upto tax year 2012 has been finalized under the relevant provisions of the Ordinance.

		Unit	2013	2012
39.	**Earnings per share - basic and diluted**			
	Earnings			
	Profit after taxation	Rupees '000'	365,610	50,251
	Preference dividend for the year	Rupees '000'	(42,710)	(42,710)
	Profit attributable to ordinary shareholders	Rupees '000'	322,900	7,541
	Shares			
	Weighted average number of ordinary shares outstanding during the year	No. of shares	140,111,257	123,913,728
	Earnings per share	Rupees	2.30	0.06

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

39.2 There is no diluting effect on the basic earnings per share of the Company as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable. The affect of conversion rights under the revised terms, as referred to in note, cannot be assessed until the re-profiling has been concluded.

39.3 Weighted average number of ordinary shares outstanding during the year has been adjusted for bonus element in the issue of right ordinary shares during the year for all periods presented in these financial statements.

39.4 As referred to in note 50.2, the Board of Directors of the Company has resolved to issue 10% fully bonus shares to ordinary shareholders. The weighted average number of shares for the subsequent period will be adjusted for the impact of bonus issue retrospectively after the shares are issued. The earnings per share for the current period, reported in subsequent period, after the issue of bonus shares will be Rs. 1.93 per share.

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
40. Cash generated from operations			
Profit before taxation		458,196	62,721
Adjustments for non-cash and other items			
Interest/mark-up on borrowings		990,110	1,081,312
Gain on disposal of property, plant and equipment		(6,903)	(3,144)
Amortization of deferred income		(2,502)	(2,633)
Amortization of intangible assets		3,627	3,905
Gain on disposal of short term investments		(140)	-
Gain on sale and lease back activities		-	(3,399)
(Reversal of impairment)/Impairment loss on long term investments		1,921	(5,821)
Changes in fair value of financial assets at fair value through profit or loss		(11,420)	(4,172)
Provision for doubtful debts, advances and security deposits		82,125	90,151
Provision for obsolete and slow moving stock		3,499	3,311
Depreciation		717,494	702,445
		1,777,811	1,861,955
		2,236,007	1,924,676
Changes in working capital			
Stores, spares and loose tools		(158,979)	(18,473)
Stock in trade		(106,729)	460,778
Trade debts		306,628	(1,878,381)
Advances		(351,835)	78,445
Trade deposits and short term prepayments		(162,256)	(69,241)
Other receivables		(5,627)	(2,421)
Trade and other payables		(685,447)	79,416
		(1,164,245)	(1,349,877)
Cash generated from operations		1,071,762	574,799
41. Cash and cash equivalents			
Cash and bank balances		259,488	185,187
		259,488	185,187

42. Transactions and balances with related parties

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

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

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

(Rupees in thousand)			Note	December 31, 2013	December 31, 2012
42.1	**Transactions with related parties**				
	Nature of Relationship	**Nature of transaction**			
	Subsidiary	Sale of goods		5,595,356	5,215,470
		Allocation of common expenses		1,119,882	1,234,906
	Associated companies	Purchase of services		91,526	96,197
	Key management personnel	Short term employee benefits	47	40,043	27,818
		Post employment benefits		1,678	1,056
42.2	**Balances with related parties**				
	Nature of Relationship	**Nature of balances**			
	Key management personnel	Short term employee benefits payable		25,842	21,458
	Other related parties			-	-
43.	**Long term construction contracts**				
	Contract revenue for the year		31	2,026,964	1,795,415
	Cost incurred to date			4,925,630	3,361,674
	Contract costs for the year		32	1,563,956	1,324,191
	Gross profit realized to date			1,503,424	1,240,415
	Balance of advance received		15	5,815	78,901
	Retention money receivable		26	231,451	80,030
	Gross amount due from customers			278,420	17,882
	Gross amount due to customers			51,209	6,165
	Estimated future costs to complete projects in progress		43.1	630,208	633,752

43.1 As part of the application of percentage of completion method on contract accounting, the project costs are estimated. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
44. Financial instruments			
44.1 Financial instruments by class and category			
44.1.1 Financial assets			
Cash in hand		3,978	2,653
Loans and receivables			
Trade debts		5,193,123	5,581,876
Advances		233,510	81,230
Deposits		488,792	275,193
Other receivables		25,289	19,662
Cash at banks		255,510	182,534
		6,196,224	6,140,495
Financial assets at fair value through profit or loss			
Short term investments		22,785	11,663
		6,222,987	6,154,811
44.1.2 Financial liabilities			
Financial liabilities at amortized cost			
Long term finances		3,628,291	3,163,929
Liabilities against assets subject to finance lease		57,588	71,773
Short term borrowings		4,948,101	6,815,091
Accrued interest/mark-up		1,454,626	1,245,579
Trade and other payables		718,400	973,642
		10,807,006	12,270,014

44.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts. Further, there are no fair value estimation uncertainties.

44.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

44.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

45. Financial risk exposure and management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

45.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

45.1.1 Maximum exposure to credit risk

The gross carrying amount of financial assets, other than cash in hand, represents maximum exposure to credit risk. The maximum exposure to credit risk as at the reporting date is as follows:

(Rupees in thousand)	Note	December 31, 2013	December 31, 2012
Loans and receivables			
Trade debts	22	5,633,205	5,939,833
Advances	25	233,510	81,230
Deposits		494,171	280,572
Other receivables		25,289	19,662
Cash at banks	30	255,510	182,534
		6,641,685	6,503,831
Financial assets at fair value through profit or loss			
Short term investments	28	22,785	11,663
		6,664,470	6,515,494

45.1.2 Concentration of credit risk

There is no concentration of credit risk geographically. Maximum exposure to credit risk by type of counterparty is as follows:

(Rupees in thousand)	December 31, 2013	December 31, 2012
Customers	5,633,205	5,939,833
Banking companies and financial institutions	749,681	463,106
Investments	22,785	11,663
Others	258,799	100,892
	6,664,470	6,515,494

45.1.3 Credit quality and impairment

The manner in which the company assesses the credit quality of its financial assets depends on the type of counter-party. The Company conducts major types of transactions with the following counter-parties.

45.1.3 (a) Trade debts

Trade debts are essentially due from customers against sale of electrical goods. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

(Rupees in thousand)	2013		2012	
	Gross carrying amount	Accumulated Impairment	Gross carrying amount	Accumulated Impairment
1 year or less	4,694,600	-	5,288,851	-
1 to 2 years	358,753	-	208,217	-
2 to 3 years	175,683	35,913	116,596	31,788
3 year and above	404,169	404,169	326,169	326,169
	5,633,205	440,082	5,939,833	357,957

There is no single significant customer in the trade debts of the Company. The maximum exposure to credit risk for trade debts as at the reporting date by type of customer is:

(Rupees in thousand)	December 31, 2013	December 31, 2012
General customers	5,213,419	5,589,373
Corporate customers	419,786	350,460
	5,633,205	5,939,833

In determining the recoverability of a trade debt, the Company considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further provision required in excess of the allowance for doubtful debts.

45.1.3 (b) Banks and investments

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a credit rating of at least A3 in short term and BBB in long term. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

(Rupees in thousand)			December 31, 2013	December 31, 2012
Name of bank	**Rating agency**	**Ratings short term / long term**		
Al Baraka Bank (Pakistan) Limited	JCR-VIS	A-1 / A	63	6,307
Allied Bank Limited	JCR-VIS	A1+ / AA	124	590
Askari Bank Limited	PACRA	A1+ / AA	606	951
Bank Alfalah Limited	PACRA	A1+ / AA	5,630	7,414
Bank Al Habib Limited	PACRA	A1+ / AA+	560	144
Bank Islami Pakistan Limited	PACRA	A1 / A	62	25
Barclays Bank PLC	S & P	A-1 / A	85	85
Burj Bank Limited	JCR-VIS	A-1 / A	3,455	529
Faysal Bank Limited	PACRA	A1+ / AA	580	1,941
Habib Bank Limited	JCR-VIS	A-1+ / AAA	5,152	2,970
Habib Metropolitan Bank Limited	PACRA	A1+ / AA+	2,165	10,137
JS Bank Limited	PACRA	A1 / A+	273	35
KASB Bank Limited	PACRA	A3 / BBB	73,875	4,161
MCB Bank Limited	PACRA	A1+ / AAA	1,395	35,259
Meezan Bank	JCR-VIS	A-1+ / AA	284	607
National Bank of Pakistan	JCR-VIS	A-1+ / AAA	2,874	32,790
NIB Bank Limited	PACRA	A1+ / AA-	4,939	14,855
Samba Bank Limited	JCR-VIS	A-1 / AA-	256	231
Silk Bank Limited	JCR-VIS	A-2 / A-	1,432	68
Sindh Bank Limited	JCR-VIS	A-1 / AA-	131	533
Soneri Bank Limited	PACRA	A1+ / AA-	245	763
Standard Charted Bank (Pakistan) Limited	PACRA	A1+ / AAA	816	2,419
Summit Bank Limited	JCR-VIS	A-2 / A-	114	638
The Bank Of Khyber	PACRA	A2 / A-	1	1,015
The Bank Of Punjab	PACRA	A1+ / AA-	3,132	15,138
Trust Investment Bank Limited	PACRA	A3 / BBB-	161,653	41,653
United Bank Limited	JCR-VIS	A-1+ / AA+	630	1,276

45.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

45.1.5 Credit risk management

As mentioned in note 45.1.3 to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed..

45.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

45.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

(Rupees in thousand)	2013				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Long term finances	3,628,291	7,723,793	1,024,309	6,699,484	-
Liabilities against assets subject to finance lease	57,588	67,266	33,486	33,780	-
Short term borrowings	4,948,101	4,948,101	4,948,101	-	-
Accrued interest/mark-up	1,454,626	1,454,626	1,454,626	-	-
Trade and other payables	718,400	718,400	718,400	-	-
	10,807,006	14,912,186	8,178,922	6,733,264	-

(Rupees in thousand)	2012				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Long term finances	3,163,929	7,595,318	730,992	6,864,326	-
Liabilities against assets subject to finance lease	71,773	85,872	47,439	38,433	-
Short term borrowings	6,815,091	6,815,091	6,815,091	-	-
Accrued interest/mark-up	1,245,579	1,245,579	1,245,579	-	-
Trade and other payables	973,642	973,642	973,642	-	-
	12,270,014	16,715,502	9,812,743	6,902,759	-

45.2.2 Liquidity risk management

The responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note of short term borrowing in these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

45.3 Market risk

45.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency.

45.3.1(a) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

(Rupees in thousand)	USD 2,013	USD 2,012	EURO 2,013	EURO 2,012
Financial liabilities				
Foreign bills payable	75,110	190,129	-	78,782
Financial assets	-	-	-	-
Net exposure	75,110	190,129	-	78,782

Commitments outstanding at year end amounted to Rs. 581 million (2012: Rs. 670 million relating to letters of credit for import of stores, spare parts and raw material.

45.3.1(b) Exchange rates applied during the year

All foreign currency balances are denominated in United States Dollars (US $). Spot exchange rates applied are as follows:

(Rupees)	December 31, 2013	December 31, 2012
USD	105.10	97.10
EURO	144.97	128.31

45.3.1(c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit for the year by Rs. 3.76 million (2012: Rs. 13.45 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

45.3.1(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

45.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

45.3.2(a) Interest/mark-up bearing financial instruments

The effective interest/mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/mark-up bearing financial instruments as at the reporting date are as follows:

(Rupees in thousand)	December 31, 2013	December 31, 2012
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	41,653	41,653
Financial liabilities	8,633,980	10,050,793

45.3.2(b) Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial instruments

45.3.2(c) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 110.566 million (2012: Rs. 124.734 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

45.3.2(d) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

45.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is exposed to price risk in respect of its investments in equity securities. However, the risk is minimal as these investments are held for strategic purposes rather than trading purposes. The Company does not actively trade in these investments.

46. Capital management

The Company's objective when measuring capital is to safeguard the Company's ability to continue as going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure through debt and equity balance. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue of new shares. Consistent with others in industry, the Company monitors capital on the basis of gearing ratio. During the period, the Company's strategy was to maintain the gearing ratio between 30% to 40% and 'A' credit rating. The gearing ratios as at the reporting date are as follows:

	Unit	2013	2012
Total debt	Rupees '000'	3,685,879	3,235,702
Total equity	Rupees '000'	10,746,538	7,612,363
Total capital employed		14,432,417	10,848,065
Gearing ratio	% age	25.54	29.83

As part of its capital management, the Company has successfully completed re-structuring of long term debts as referred to in note 10 and 11.

The Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

47. Remuneration of chief executive, directors and executives

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	Directors		Executives	
(Rupees in thousand)	**December 31, 2013**	December 31 2012	**December 31, 2013**	December 31 2012
Remuneration	30,019	22,378	150,499	143,439
House rent	3,037	2,223	32,552	27,255
Utilities	2,749	2,238	13,608	13,522
Bonus	-	-	8,623	-
Post employment benefits	1,678	1,056	14,113	14,213
Reimbursable expenses				
Motor vehicles expenses	1,152	720	26,358	9,544
Medical expenses	338	259	7,830	5,776
	38,973	28,874	253,583	213,749
Number of persons	5	4	122	109

47.1 No remuneration and benefits have been paid to Chief Executive Officer.

47.2 Chief executive, directors and executives have been provided with free use of the Company's cars.

48. Segment information

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

Information about the Company's reportable segments as at the reporting date is as follows:

Segments	**Nature of Business**
Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers and Engineering, Procurement and Construction Contracting.
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Air conditioners, Microwave ovens, Televisions, Generators and Washing Machines.

(Rupees in thousand)	POWER DIVISION		APPLIANCES DIVISION		TOTAL	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Revenue	8,685,156	8,709,368	4,875,174	7,176,797	13,560,330	15,886,165
Finance cost	916,050	998,433	177,698	190,234	1,093,748	1,188,667
Depreciation and amortization	358,015	333,590	363,106	372,760	721,121	706,350
Segment profit/(loss) before tax	412,780	85,871	54,196	(42,040)	466,976	43,831
Segment assets	12,985,109	10,927,950	11,146,373	12,594,016	24,131,482	23,521,966

(Rupees in thousand)	December 31, 2013	December 31, 2012
48.1 Reconciliation of segment profit		
Total profit for reportable segments	466,976	43,831
Un-allocated other (expenses)/income	(8,780)	18,890
Profit before taxation	458,196	62,721
48.2 Reconciliation of segment assets		
Total assets for reportable segments	24,131,482	23,521,966
Other corporate assets	2,436,343	1,365,237
Total assets	26,567,825	24,887,203
48.3 Information about major customers		
Revenue derived from WAPDA Distribution Companies	4,186,720	7,193,967
Revenue derived from PEL Marketing (Private) Limited	5,595,356	5,215,470

49. Employees provident fund trust

The following information is based on the latest audited financial statements of the Pak Elektron Limited Employees Provident Trust for the year ended June 30, 2013.

		2013	2012
Size of the fund - total assets	Rupees '000'	237,175	225,069
Cost/fair value of investments	Rupees '000'	156,410	164,310
Percentage of investments made	% age	65.95	73.00

The break-up of investments is as follows:

	2013		2012	
	Rupees in thousand	%	Rupees in thousand	%
Government securities	40,000	25.57	40,500	24.65
Deposit accounts with commercial banks	116,410	74.43	123,810	75.35
	156,410	100.00	164,310	100.00

50. Events after the reporting period

50.1 Subsequent to the reporting period, National Bank of Pakistan ('NBP') has approved restructuring of the debt financing under a broad restructuring arrangement with the Company, whereby long term finances obtained from NBP have been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. Under the scheme of restructuring this issue would be partially converted into ordinary shares amounting to Rs. 500 million and into preference shares amounting to Rs. 1,150 million. The said conversion will be executed after the completion of corporate and regulatory approvals.

50.2 The Board of Directors of PEL in their meeting held on April 07, 2013 have resolved to issue 10% fully paid bonus shares out of the Share Premium Account in accordance with section 83 of the Companies Ordinance, 1984. The issue is subject to approval of shareholders in the forthcoming annual general meeting of the Company. Accordingly, the impact of the issue will be recognized for in the financial statements of the Company in the subsequent period.

51. Plant capacity and actual production

	Unit	Annual production capacity	2013 Actual production during the year	2012 Actual production during the year
Transformers / Power Transformers	MVA	5,000	2,537	3,967
Switchgears	Nos.	9,000	8,021	1,780
Energy meters	Nos.	1,700,000	277,732	264,148
Air conditioners	Tonnes	90,000	1,720	919
Refrigerators/deep freezers	Cfts.	5,000,000	3,306,428	3,042,064

51.1 Under utilization of capacity is mainly attributable to reduced demand.

52. Non-cash financing activities

During the year, short term borrowings amounting to Rs. 500 million were converted into long term finances. See note 11.

53. Date of authorization for issue

These financial statements were authorized for issue on April 07, 2014 by the Board of Directors of the Company.

54. Number of employees

Total number of employees of the Company as at the reporting date are 5,343 (2012: 5,352). Average number of persons employed by the Company during the year are 5,389 (2012: 5,349).

55. Recoverable amounts and impairment

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

56. Reclassifications

Private Placed Term Finance Certificates and Sukuk Funds collectively amounting to Rs. 2,464.286 million (2012: Rs. 2,464.286 million previously classified as 'Long Term Finances' have been reclassified as 'Redeemable Capital' in accordance with the requirements of Fourth Schedule to the Companies Ordinance, 1984 as amended vide S.R.O. 183(I)/2013 issued by the Securities and Exchange Commission of Pakistan

57. General

Figures have been rounded off to the nearest thousand rupees. Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year. However, there were no significant reclassifications other those referred to in note 56.

NASEEM SAIGOL	**HAROON A. KHAN**
Chief Executive Officer	Director

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number: 000802

2. Name of the Company: PAK ELEKTRON LIMITED

3. Pattern of holding of the shares held by the shareholders as at: 31-12-2013

4. Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
660	1	100	19,287
614	101	500	200,926
473	501	1,000	408,034
1,116	1,001	5,000	3,066,000
345	5,001	10,000	2,771,867
125	10,001	15,000	1,566,924
97	15,001	20,000	1,783,582
60	20,001	25,000	1,424,283
42	25,001	30,000	1,182,995
25	30,001	35,000	831,586
17	35,001	40,000	648,211
17	40,001	45,000	737,037
25	45,001	50,000	1,242,911
12	50,001	55,000	629,934
7	55,001	60,000	417,429
9	60,001	65,000	565,480
5	65,001	70,000	342,995
5	70,001	75,000	370,500
8	75,001	80,000	627,631
3	80,001	85,000	249,400
3	85,001	90,000	269,200
4	90,001	95,000	375,539
25	95,001	100,000	2,496,500
6	100,001	105,000	613,753
4	105,001	110,000	432,376
1	110,001	115,000	113,000
1	115,001	120,000	119,550
8	120,001	125,000	988,908
2	125,001	130,000	258,500
3	130,001	135,000	398,770
1	135,001	140,000	140,000
2	140,001	145,000	290,000
6	145,001	150,000	896,000
1	155,001	160,000	155,938
2	160,001	165,000	328,000
1	165,001	170,000	168,949
2	170,001	175,000	350,000
2	185,001	190,000	374,125
1	190,001	195,000	192,000
13	195,001	200,000	2,600,000
1	200,001	205,000	205,000
2	205,001	210,000	415,500
1	210,001	215,000	215,000
2	220,001	225,000	445,117
1	230,001	235,000	235,000
2	240,001	245,000	486,000
2	245,001	250,000	500,000

4. Number of Shareholders	Shareholding From	To	Total Shares Held
1	270,001	275,000	275,000
1	285,001	290,000	290,000
6	295,001	300,000	1,799,723
1	325,001	330,000	330,000
1	330,001	335,000	332,739
1	345,001	350,000	350,000
1	350,001	355,000	354,200
1	395,001	400,000	399,000
2	400,001	405,000	807,500
1	405,001	410,000	408,500
2	440,001	445,000	883,500
1	480,001	485,000	483,500
4	495,001	500,000	2,000,000
2	500,001	505,000	1,004,270
1	505,001	510,000	507,000
1	535,001	540,000	535,629
1	570,001	575,000	575,000
1	625,001	630,000	625,020
2	665,001	670,000	1,335,500
1	670,001	675,000	673,589
1	695,001	700,000	700,000
1	795,001	800,000	800,000
1	990,001	995,000	993,473
1	995,001	1,000,000	1,000,000
1	1,040,001	1,045,000	1,045,000
1	1,145,001	1,150,000	1,147,000
1	1,430,001	1,435,000	1,432,620
1	1,975,001	1,980,000	1,976,109
1	2,045,001	2,050,000	2,050,000
1	2,535,001	2,540,000	2,537,856
1	3,045,001	3,050,000	3,050,000
1	3,090,001	3,095,000	3,091,086
1	3,285,001	3,290,000	3,288,300
1	4,595,001	4,600,000	4,599,015
2	5,795,001	5,800,000	11,600,000
1	7,935,001	7,940,000	7,939,415
1	8,815,001	8,820,000	8,815,529
1	9,670,001	9,675,000	9,671,653
1	11,370,001	11,375,000	11,374,500
1	18,210,001	18,215,000	18,212,167
1	45,255,001	45,260,000	46,257,622
1	79,410,001	79,415,000	79,410,487
3,819			**268,111,239**

Classification of Ordinary shares by Categories as at December 31, 2013

Categories of Shareholders	No. of Shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	9	157,789,205	58.8521
Associated Companies, undertakings and related party	1	9,671,653	3.6073
NIT and ICP	2	2,213	0.0008
Banks Development Financial Institutions Non Banking Financial Institution	9	23,646,035	8.8195
Insurance Companies	2	3,091,104	1.1529
Modarabas and Mutual Funds	1	3,050,000	1.1376
General Public	3693	64,468,307	24.0454
Others (to be specified)			
Pension Funds	1	673,589	0.2512
Other Companies	5	786,155	0.2932
Joint Stock Companies	79	4,898,087	1.8269
Foreign Companies	17	34,891	0.0130
	3819	**268,111,239**	**100.0000**

Information under clause XIX (i) of the code of Corporate Governance as on December 31, 2013

Sr. No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:		
1	SAIGOLS (PVT) LIMITED	9,671,653	3.6073
	Mutual Funds:		
1	MCBFSL - TRUSTEE NAMCO BALANCED FUND (CDC)	3,050,000	1.1376
	Directors, CEO and their Spouse and Minor Chidren:		
1	MR. M. NASEEM SAIGOL (CDC)	79,410,487	29.6185
2	MR. M. AZAM SAIGOL (CDC)	1,432,620	0.5343
3	MR. MUHAMMAD MURAD SAIGOL	6,692	0.0025
4	MR. MUHAMMAD ZEID YOUSUF SAIGOL	7,946,107	2.9637
5	MR. HAROON AHMED KHAN	6,692	0.0025
6	SYED MANZAR HASSAN	1,100	0.0004
7	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL SAIGOL (CDC)	55,073,151	20.5412
8	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	2,537,856	0.9466
9	MR. MUNAAF IBRAHIM	11,374,500	4.2424
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:	9,198,561	3.4309
	Shareholders holding five percent or more voting intrest in the listed company		
1	MR. M. NASEEM SAIGOL. (CDC)	79,410,487	29.6185
2	MRS. AMBER HAROON SAIGOL (CDC)	55,073,151	20.5412
3	NATIONAL BANK OF PAKISTAN	22,845,437	8.5208

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:

S. No.	NAME	SALE	PURCHASE	RIGHT
1	MR. M. NASEEM SAIGOL (CDC)	0	0	43,314,811
2	MR. M. AZAM SAIGOL (CDC)	0	0	781,429
3	MR. MUHAMMAD MURAD SAIGOL	0	0	3,650
4	MR. MUHAMMAD ZEID YOUSUF SAIGOL	0	0	4,334,240
5	MR. HAROON AHMED KHAN	0	0	3,650
6	SYED MANZAR HASSAN	0	0	600
7	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL SAIGOL (CDC)	0	0	30,039,900
8	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	0	0	1,384,285
9	MR. MUNAAF IBRAHIM	0	0	4,043,400

Form of Proxy
58th Annual General Meeting

LEDGER FOLIO | **SHARES HELD**

I / We ____

of ____

appoint ____

(or of ____

failing him) ____

(being a member of the Company) as my / our proxy to attend and vote for me / us and on my / our behalf at the 58th Annual General Meeting of the Company to be held on April 29, 2014 at factory premises, 14-Km, Ferozepur Road, Lahore at 11:00 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this __________________ day of ______________________ 2014.

Signed by the said

____

REVENUE STAMP

Witnesses:

1) Name ________________________

Address ________________________

CNIC No. ________________________

2) Name ________________________

Address ________________________

CNIC No. ________________________

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 54 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank Gulberg-V, Lahore, the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.

2. For CDC Account Holders / Corporate Entities in addition to the above the following requirement have to be met.

   (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form.

   (ii) In came of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

   (iii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary
PAK ELEKTRON LIMITED
17 - Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.

www.pel.com.pk

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