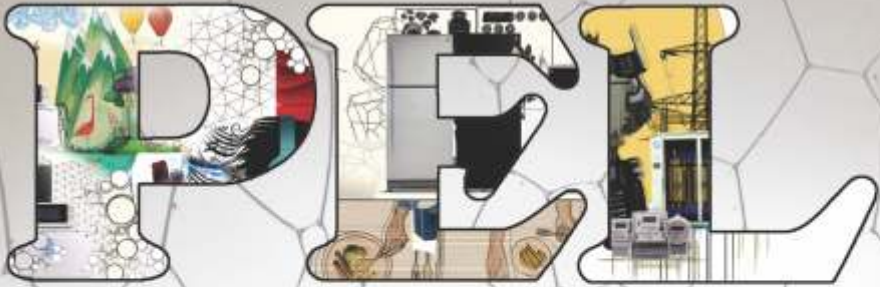


Interim Financial Report
for the half year ended June 30, 2017



Embracing Excellence



Pak Elektron Limited

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol
Mr. M. Murad Saigol
Mr. M. Azam Saigol
Mr. Muhammad Zeid Yousuf Saigol
Syed Manzar Hassan
Sheikh Muhammad Shakeel
Mr. Asad Ullah Khawaja
Mr. Usman Shahid
Mr. Jamal Baquar
Ms. Azra Naila Uzair

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

AUDIT COMMITTEE

Mr. Asad Ullah Khawaja	Chairman/Member
Mr. M. Azam Saigol	Member
Mr. Usman Shahid	Member
Sheikh Muhammad Shakeel	Member

HR & REMUNERATION COMMITTEE

Mr. Asad Ullah Khawaja	Chairman/Member
Mr. M. Azam Saigol	Member
Mr. Usman Shahid	Member
Syed Manzar Hassan	Member

COMPANY SECRETARY

Muhammad Omer Farooq

CHIEF FINANCIAL OFFICER

Syed Manzar Hassan, FCA

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

M/s Hassan & Hassan Advocates

SHARIAH ADVISOR

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

COMPANY REGISTRATION NO.

0000802

NATIONAL TAX NO. (NTN)

2011386-2

STATUS OF COMPANY

ESC (Economically Significant Company)

REGISTERED OFFICE

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

BANKERS

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

SHARE REGISTRAR

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

WORKS

14-K.M. Ferozpur Road,
Lahore
Tel: 042-35920151-9 (9-Lines)
Website: www.pel.com.pk

TRANSFORMER FACILITY

34-K.M.
Ferozpur 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

DIRECTORS' REVIEW

Your directors are pleased to present the un-audited interim financial information of the Company for the six months period ended June 30, 2017 duly reviewed by the Company's Auditors. During the period, sales growth is witnessed at 29.11% consisting of Rs. 25.835 billion against Rs. 20.010 billion of corresponding period of last year. This increase is followed by pre-tax profitability of Rs. 3.250 billion against Rs. 2.702 billion respectively of preceding period, showing a growth of 20%. An earnings per share achieved is Rs. 5.44 as compared to adjusted EPS of Rs. 4.79 of corresponding period of last year and has improved by 13.5%. Management is also pleased to apprise that your Company has also attained a reduction of 12% in finance cost, amounting to Rs. 97 million, as compared to corresponding period of last year. The overall positivity has been achieved through continued focus on cost savings besides stringent controls over production costs, improved capacity utilization, stable Rupee USD parity and global commodity market. Similar trend of considerable improvement is observed in net profit after tax which is higher by 20% as compared to the corresponding period of last year.

Summary of operating results is presented below:

Rupees in million	Half year ended June 30, 2017	Half year ended June 30, 2016	Increase/ (Decrease)
Revenue	25,835	20,010	5,825
Gross Profit	5,910	5,052	858
Finance Cost	724	821	(97)
Profit before taxation	3,250	2,702	548
Profit after taxation	2,731	2,265	466
Earnings per share - Rupees	5.44	4.79	

The economy of the country continued to remain on the sound footing during the first half of the year. Underlying macros remained largely stable which played a progressive role for the achievement of above results, although heightened political noise surrounded the market sentiment. With the ongoing progress on the CPEC program, Pakistan remained on track of sustainable economic growth. Inflation remained well-controlled and recorded with the average H1'17 CPI at 4.4%. It is backed by improved business confidence, reduced input prices and enhanced energy supply. Large Scale Manufacturing (LSM) continued on its upwards trajectory with a year on year growth of 5.7% during 11M FY'17. GDP growth stood at 5.3% during FY'17, an increase from 4.7% of FY'16. The USD-PKR exchange rate remained stable and within the Rs. 104 – 105 range with nominal appreciation of 0.24% over Dec'16.

CPEC, a multi-billion dollar project, related activities are also gaining its momentum and to harmonize with challenging world, it would serve as the largest stimulant for domestic and foreign investment in the country. Your Company is well positioned to grab these upcoming opportunities.

APPLIANCES DIVISION

We are pleased to apprise that Appliance Division once again recorded an ample growth in volume and prices. Appliance Division achieved its ever highest sales of Rs. 19.654 billion in first six months resulting in a growth of 48.40% as compared to corresponding period of last year. In terms of revenue, Home Appliances Products including Refrigerators and Split Air Conditioners showed a tremendous growth over the last year. Split Air Conditioner business attained a remarkable multiple growth of 229% as compared to the last year's comparable period. Refrigerators and Deep Freezers are grown by 25% and 42% respectively as compared to the last year's comparable period. Demand of appliance's product is highly influenced by sturdy, diversified, reliable and durable product range, we offered to the market. Customer focused and market appealing advertising strategies, promotional campaigns, stringent cost control measures and extensive R&D creativities are the pronounced reasons to achieve the record breaking growth and achievements of the division. The launch of 'Intello' series in the market contributed manifold towards the growth of this division. "Inverter Series" with heat and cold functionality of PEL Air Conditioners are introduced in current year and being "energy efficient" product, received an overwhelming response from market and customers which has expanded the revenue base.

Company is enduring its focus on product orientation, positioning and distribution strategies to place the appliances products to every corner of the country in particular and across globe in general. Production and sales of Water dispenser resumed in previous year, has been continued in this years as well. To cater the consistent

market demand, your Company has widen its product range. The added range will give boost to sales of existing products as well. As a result of growing country's macro-economic indicators, appliances market is looking bullish and your company is well positioned to make higher supplies and converting it in to higher sales and profitability Insha Allah. Management will continue with proved new corporate as well as operational and marketing philosophy to cope-up with stakeholders' expectations.

POWER DIVISION

Power Division Business remained sluggish during the period, due to delay in ordering from WAPDA Discos as the international lenders focused on energy generating projects. But the Augmentation of T&D Infrastructure can't be further afforded to be delayed otherwise transmission of the electricity after its generation will be a great challenge for the Government. However, in second quarter performance indicates a recovery momentum and it is expected that your company will meet its business plans in second half of the year due to the better order intake. Your Company, Alhamdulillah, for the first time, is prequalified with "K Electric Private limited" for supply of Switch Gear Equipments and also have secured orders. Opening of this avenue will further strengthen the company's order book and its revenues as well.

In first half of the year sale of Energy Meter has been increased by 114% as compared to corresponding period of the previous year. Beside this, sales in the EPC business, has increased by 391% as compared to corresponding period of the previous year.

We being key electrical equipment supplier assure our contribution towards government's efforts of economic growth by revival of current Industry and planned further growth. A continuous R&D activity is in action to further improve product quality and equipment efficiency. Our EPC department is also receiving its due share in market. In Karachi, we have been successful in getting orders from private sector like Bahria town Karachi and Getzpharma. Grid Station Installation will further flourish due to T&D Infrastructure Augmentation motives and boom in housing sector due to speedy urbanization and we expect that it will further enhance the opportunities in this sector.

FUTURE OUTLOOK

Your company is well positioned to grasp upcoming future opportunities as result of growing economic indicators and CPEC activities. Home Appliances penetration level will improve due to increase in Per Capita Income and smooth electricity supply. Under CPEC arrangements an industrial boom is expected in recent future years owing to the planned Special Economic Zones- SEZs across the China Pak Economic Corridor as a result of which robust demand of Electrical Equipment is expected. EPC Business will also flourish in Grid Station Installation area due to enhanced electricity distribution requirements. Company is also knocking export opportunities for electrical equipment supply. We appreciate the company's stakeholders for their trust, faith and confidence which they have put in their company. Your directors are optimistic that with positive developments around the country, your company will certainly take advantage of it, by supplying quality products and meeting customer prerequisites.

DIVIDENDS

We are pleased to announce that the Board of Directors has approved an interim cash dividend of 15% amounting to Rs. 746.522 million on the paid up value of ordinary share capital amounting to Rs. 4,976.816 million.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Lahore
August 10, 2017

M. Murad Saigol
Chief Executive Officer

ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز بخوشی پہلے چھ ماہ کی رپورٹ بشمول کمپنی کے عبوری غیر آڈٹ شدہ مالیاتی گوشوارے برائے مدت ختمہ 30 جون 2017ء کمپنی ڈائریکٹرز کی نظر ثانی کے بعد پیش کر رہے ہیں۔ زیر جائزہ مدت میں کمپنی کے محصولات 25,835 ملین روپے رہے جو کہ گذشتہ سال اسی مدت میں 20,010 ملین روپے کے مقابلے میں 29.11 فیصد زیادہ ہیں اس طرح کمپنی کو گذشتہ سال اسی مدت کے 2,702 ملین روپے کے مقابلے میں 20 فیصد اضافے کے ساتھ 3,250 ملین روپے کا منافع قبل از ٹیکس حاصل ہوا۔ فی حصص آمدنی گذشتہ سال اسی مدت کے 4.79 روپے کے مقابلے میں 5.44 روپے رہی۔ کمپنی ہمسرت آپ کو مطلع کرتی ہے کہ اس مدت میں گذشتہ سال کے مقابلے میں مالیاتی اخراجات میں 12 فیصد کمی واضح کی ہوئی ہے جو کہ 97 ملین روپے بنتی ہے۔ مجموعی طور پر اس مثبتیت کے حصول میں جو عناصر کارفرما رہے وہ پیداواری لاگت میں کمی، بے نظریہ پیداواری صلاحیت میں اضافہ، ڈالر کے مقابلے میں روپے کی قیمت میں استحکام اور بین الاقوامی حامل مال کی مارکیٹ میں استحکام ہیں۔ ترقی کا یہی رجحان کمپنی کے خالص منافع بعد از ٹیکس میں دیکھا گیا جو کہ گذشتہ سال اسی مدت کے مقابلے میں 20 فیصد زیادہ رہا۔ کاروبار کے متعلق اعداد و شمار کا خلاصہ درج ذیل ہے۔

روپے بلین میں	چھ ماہ ختمہ 30 جون 2017ء	چھ ماہ ختمہ 30 جون 2016ء	اضافہ / (کمی)
مجموعی آمدنی	25,835	20,010	5,825
خام منافع	5,910	5,052	858
مالی لاگت	724	821	(97)
منافع قبل از ٹیکس	3,250	2,702	548
منافع بعد از ٹیکس	2,731	2,265	466
فی حصص آمدنی روپے	5.44	4.79	

ابتدائی نصف سال میں ملک کے معاشی عشریے سیاسی عدم استحکام کے باوجود مضبوط رہے، جس نے کمپنی کے نتائج میں بہتری لانے میں کلیدی کردار ادا کیا ہے۔ چائینہ پاک راہداری کے منصوبے میں جاری ترقی سے پاکستان کی معیشت بھی ترقی کے راستے پر گامزن رہی۔ سال کے پہلے حصے میں افراط زر کی شرح 4.4 فیصد رہی جس کے بنیادی عوامل بڑھتا ہوا کاروباری اعتماد، خام مال کی قیمتوں میں کمی کا رجحان اور بجلی کی فراہمی میں تسلسل ہے۔ بڑے پیمانے کی پیداواری صنعت کی سالانہ نمو 5.7 فیصد رہی ہے۔ 2017ء میں GDP کی نمو 2016ء کی 4.70 فیصد کے مقابلے میں 5.3 فیصد رہی ہے۔ امریکی ڈالر اور پاکستانی روپے کے باہمی تبادلے کی شرح میں استحکام رہا ہے اور زر مبادلہ کی شرح 104 روپے سے 105 روپے کی شرح میں رہی جو کہ دسمبر 2016ء کے مقابلے میں صرف 0.24 فیصد کی معمولی تبدیلی ہے۔ چائینہ پاک راہداری کاروباروں ڈالر کا منصوبہ اپنی تکمیل کی طرف کامیابی سے گامزن ہے اس کی وجہ سے ملک میں اندرونی اور بیرونی سرمایہ کاری کی حوصلہ افزائی ہوگی اور آپ کی کمپنی نے ان مواقع سے بھرپور فائدہ اٹھانے کی تیاری کر رکھی ہے۔

اپلائنسز ڈویژن:

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ اپلائنسز ڈویژن نے ایک دفعہ پھر اپنے کاروباری حجم اور مصنوعات کی قیمت میں گراں قدر نمو حاصل کی ہے۔ اپلائنسز ڈویژن نے پہلے چھ ماہ کے دوران تاریخ کی بلند ترین 19,654 ملین روپے کی محصولات کا ریکارڈ قائم کیا ہے۔ جو کہ گذشتہ سال اسی مدت کے مقابلے میں 48.40 فیصد زیادہ ہے۔ محصولات میں اضافے کے اعتبار سے ریفریجریٹرز اور سیلٹ اینڈ کنڈیشنر نے نمایاں کارکردگی دکھائی ہے۔ سیلٹ اینڈ کنڈیشنر نے گذشتہ سال کے محصولات کے مقابلے میں 229 فیصد کا قابل ذکر اضافہ کیا ہے۔ ریفریجریٹرز اور ڈیپ فریژرز کا کاروبار بلتیریب 25 فیصد اور 42 فیصد سے گذشتہ سال کے مقابلے میں زیادہ رہا ہے۔ اپلائنسز مصنوعات کی طلب میں بڑھتی مصنوعات کی پائیداری، متنوع، قابل اعتماد اور بہتر کارکردگی سے مشروط ہوتی ہے۔ اس ڈویژن میں ریکارڈ اضافے کی وجہ کمپنی کی گاہک اور مارکیٹ کے مزاج کے مطابق تشہیری مہم، پیداواری لاگت پر قابو اور مسلسل تحقیقی عمل ہے۔ Intello Series کے مارکیٹ میں متعارف کروانے سے بھی اس ڈویژن کے محصولات میں چنداں اضافہ ہوا ہے۔ کمپنی نے موجودہ سال میں Inverter Series کی کم بجلی استعمال کرنے والے اینڈ کنڈیشنر متعارف کروائے ہیں۔ جو کہ مارکیٹ میں ہاتھوں ہاتھ لگنے گئے ہیں اور اس ڈویژن کی بہتر کارکردگی کی بنیادی وجہ ہیں۔ جس نے محصولات کی بہتری میں بنیادی کردار ادا کیا۔

کمپنی مخصوص اپنی مصنوعات کو ملک کے ہر حصے میں پہنچانے کی حکمت عملی پر توجہ مرکوز کر رہی ہے اور عمومی طور پر پوری دنیا میں مصنوعات کا تعارف کمپنی کے پروگرام میں شامل ہے۔ واٹر ڈیپینسز جو کہ گذشتہ سال مارکیٹ میں متعارف کروایا گیا تھا، اس کی سیل اس سال بھی جاری رہی۔ مارکیٹ کی طلب کو پورا کرنے کے لئے آپ کی کمپنی نے مصنوعات کی رینج میں اضافہ کیا ہے۔ نئی مصنوعات کمپنی کی پہلے سے متعارف کردہ مصنوعات کی سیل میں اضافے کا باعث بنیں گی۔ ملک کے اقتصادی عشریوں کی نمو کے باعث گھر کی آلات کی مارکیٹ میں نمایاں بہتری آئے گی اور آپ کی کمپنی کی صورت حال سے فائدہ اٹھاتے ہوئے اپنی سبزر اور منافع جات کو بڑھانے کے لئے اچھے طریقے سے تیار ہے۔ انشاء اللہ کمپنی انتظامیہ سے کاروبار پر آپریشنل اور مارکیٹنگ کے فلسفہ جات سے ہم آہنگ ہو کر اپنے اسٹیک ہولڈرز کی توقعات پر پورا اترے گی۔

پاور ڈویژن:

پاور ڈویژن کا کاروبار اس عرصہ میں قدرے سست روی کا شکار رہا ہے اور یہ بنیادی طور پر اوپڈا کی تقسیم کار کمپنیوں سے ملنے والے آرڈرز کے اوقات کی وجہ سے ہے۔ بیرونی مالیاتی اداروں نے بجلی پیدا کرنے سے متعلقہ منصوبوں کو ترقی دینے سے لیکن زیادہ دیر تک بجلی کی تقسیم کاری کے نیت درک کو نظر انداز نہیں کیا جاسکتا کیونکہ بجلی کی مصارف تک رسائی کے بغیر اس کی پیداوار کوئی فائدہ نہیں۔ اس لئے ایک حکومت

کے سامنے بجلی کی تقسیم کاری کے ہیٹ ورک کو مضبوط کرنا ایک بڑا چیلنج ہے۔ تاہم دوسری سہ ماہی میں پاور ڈویژن کے کاروبار میں بہتری کے آثار نمایاں ہوئے ہیں۔ آپ کی کمپنی الحمد للہ بجلی دفعہ K Electric Limited میں سوچ گئی کی سپلائی کیلئے کوالیفائی کر گئی ہے اور امید ہے کہ اس طریقے سے کمپنی کی آرڈر بک اور محصولات مزید بہتر ہوں گے۔

زیر جائزہ عرصہ میں انرجی میٹر کی سیل میں گزشتہ سال اسی مدت سے 114 فیصد کا اضافہ ہوا ہے اس کے علاوہ EPC؛ پارٹنٹ کے محصولات میں 391 فیصد کا اضافہ دیکھا گیا ہے۔
ہم Electrical Equipment کے کلیدی ترسیل کار ہونے کے ناطے سے حکومت کو صنعت کی بحالی اور عمو کے منصوبوں میں تعاون کا یقین دلاتے ہیں۔ ایک مسلسل تحقیقی عمل سے ہم مصنوعات کے معیار اور کارکردگی کو بہتر بنانے میں مصروف عمل ہیں۔ ہمارا EPC؛ پارٹنٹ مارکیٹ سے اپنا مناسب حصہ لے رہا ہے۔ کراچی میں ہم نئی شے جیسے بحریہ ناؤن کراچی اور Getzpharma سے آرڈر لینے میں کامیاب ہوئے ہیں۔ ہم امید کرتے ہیں کہ بجلی کی تقسیم کو بڑھانے کیلئے گرڈ امپروو کی تنصیب کا کام مزید زور پکڑے گا اور اسی طرح سے ہاؤسنگ یکسٹر میں عروج کی وجہ سے بھی اس کاروباری ڈویژن کے لئے مزید مواقع پیدا ہوں گے۔

مستقبل کے امکانات:

آپ کی کمپنی چائینہ پاک راہداری اور مثبت معاشی عشقاریوں کے نتیجے میں پیدا ہونے والے مواقع سے فائدہ اٹھانے کیلئے تیار ہے۔ گھریلو آلات کے استعمال کے بڑھتے ہوئے رجحانات، فی کس آمدنی میں اضافہ اور بجلی کی بہتر ترسیل کے نتیجے میں گھریلو استعمال کے آلات کی طلب میں اضافہ ہوگا۔ CPEC کی وجہ سے صنعتی ترقی میں آنے والے سالوں میں غیر معمولی اضافہ متوقع ہے بالخصوص چائینہ پاک راہداری کے منصوبہ میں شامل Special Economic Zones کے تحت انڈسٹریل اسٹیٹس بنائی جا رہی ہیں جس کے نتیجے میں Electrical Equipment کی طلب میں اضافہ ہوگا اور ان زونز میں لگنے والے گرڈ امپروو کی وجہ سے EPC کے کاروبار میں بھی مواقع پیدا ہوں گے۔ کمپنی Electrical Equipment کی برآمدات کے مواقع بڑھانے کیلئے پرعزم ہے۔ کمپنی کے اسٹیک ہولڈرز جس انتظامیہ پر اپنے اعتماد کا اظہار کیا ہے وہ قابل ستائش ہے۔ آپ کے ڈائریکٹرز پرامید ہیں اور ملک میں دیکھی جانے والی مثبت ترقی کے نتیجے میں پیدا ہونے والے مواقع سے استفادہ کرنے کیلئے بھی پرعزم ہیں۔

منافع:

ہم ہمسرت اعلان کرتے ہیں کہ کمپنی کے بورڈ آف ڈائریکٹرز نے 4,976.816 ملین روپے کے ادا شدہ سرمایہ پر 15 فیصد کے حساب سے غیر حتمی منافع منقسمہ جو کہ 746.522 ملین روپے بنتا ہے، کی منظوری دی ہے۔

اظہار تشکر:

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

برائے دلچسپی بورڈ آف ڈائریکٹرز

ایم مراد سہیل

چیف ایگزیکٹو آفیسر

لاہور

10 اگست 2017ء

Condensed Interim
Consolidated Financial Information

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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim consolidated balance sheet of **PAK ELEKTRON LIMITED** ("the Company") as at June 30, 2017 and the related condensed interim consolidated profit and loss account/statement of comprehensive income, condensed interim consolidated cash flow statement, condensed interim consolidated statement of changes in equity and notes to the condensed interim consolidated financial statements for the six months period then ended (here-in-after referred to as "the condensed interim consolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review. The figures for the three months period ended June 30, 2017 of the condensed interim consolidated profit and loss account/statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

Scope of Review

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

Conclusion

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: IRFAN RAHMAN MALIK

Date: August 10, 2017

Place: LAHORE

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

		June 30 2017	December 31 2016
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6	6,000,000	6,000,000
Issued, subscribed and paid-up capital	7	5,426,392	5,426,392
Capital reserve		4,279,947	4,279,947
Accumulated profit		13,969,773	11,134,131
TOTAL EQUITY		23,676,112	20,840,470
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		4,565,946	4,670,762
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - secured	8	2,787,786	3,151,594
Long term finances - secured	9	1,437,976	1,406,092
Liabilities against assets subject to finance lease	10	25,517	46,384
Deferred taxation	11	2,357,669	2,326,193
Deferred income		39,736	40,755
		6,648,684	6,971,018
CURRENT LIABILITIES			
Trade and other payables		895,106	915,100
Accrued interest/markup		246,566	159,422
Short term borrowings	12	8,204,813	4,981,662
Current portion of non-current liabilities		1,982,309	1,788,450
		11,328,794	7,844,634
TOTAL LIABILITIES		17,977,478	14,815,652
CONTINGENCIES AND COMMITMENTS	13		
		46,219,536	40,326,884

The annexed notes 1 to 27 form an integral part of this condensed interim consolidated financial information.

M. MURAD SAIGOL
Chief Executive Officer

		June 30 2017	December 31 2016
	Note	Rupees '000' <i>(Un-Audited)</i>	<i>Rupees '000'</i> <i>(Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	17,163,311	16,442,378
Intangible assets		320,411	323,656
Long term investments	15	20,665	26,341
Long term deposits		256,353	266,353
Long term advances		892,790	1,008,799
		18,653,530	18,067,527
CURRENT ASSETS			
Stores, spares and loose tools		828,365	812,915
Stock in trade		11,365,820	7,845,800
Trade debts - <i>unsecured</i>		10,442,027	8,433,424
Due against construction work in progress - <i>unsecured, considered good</i>		1,082,583	1,127,996
Short term advances - <i>unsecured</i>		985,884	954,881
Short term deposits and prepayments		1,245,263	1,258,874
Other receivables - <i>unsecured, considered good</i>		559,857	480,244
Short term investments		21,483	23,106
Advance income tax		446,893	769,907
Cash and bank balances		587,831	552,210
		27,566,006	22,259,357
TOTAL ASSETS		46,219,536	40,326,884

CONDENSED INTERIM

CONSOLIDATED PROFIT AND LOSS ACCOUNT/STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017 (Un-Audited)

	Note	Six months ended		Three months ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
		Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Revenue	16	25,835,287	20,009,585	14,021,584	12,260,057
Sales tax and discounts		(6,472,937)	(3,223,903)	(3,506,222)	(1,972,654)
Revenue - net		19,362,350	16,785,682	10,515,362	10,287,403
Cost of sales	17	(13,451,898)	(11,733,656)	(7,334,443)	(6,987,468)
Gross profit		5,910,452	5,052,026	3,180,919	3,299,935
Distribution cost		(1,264,317)	(952,384)	(649,910)	(598,542)
Administrative expenses		(546,044)	(472,989)	(268,288)	(235,027)
Other operating expenses		(141,121)	(124,622)	(71,206)	(87,020)
		(1,951,482)	(1,549,995)	(989,404)	(920,589)
Other operating income		3,958,970	3,502,031	2,191,515	2,379,346
		14,852	21,689	767	9,979
Operating profit		3,973,822	3,523,720	2,192,282	2,389,325
Finance cost		(724,455)	(821,267)	(338,448)	(426,967)
		3,249,367	2,702,453	1,853,834	1,962,358
Share of profit/(loss) of associate		462	(1,196)	(78)	(514)
Profit before taxation		3,249,829	2,701,257	1,853,756	1,961,844
Provision for taxation	18	(519,003)	(435,934)	(228,136)	(228,086)
Profit after taxation		2,730,826	2,265,323	1,625,620	1,733,758
Other comprehensive income		-	-	-	-
Total comprehensive income		2,730,826	2,265,323	1,625,620	1,733,758
Earnings per share - Basic and diluted	19	5.44	4.79	3.24	3.46

The annexed notes 1 to 27 form an integral part of this condensed interim consolidated financial information.

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017 (Un-Audited)

	June 30, 2017	June 30, 2016
	Rupees '000'	Rupees '000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,249,829	2,701,257
Adjustments for non-cash and other items	1,115,016	1,253,407
Operating profit before changes in working capital	4,364,845	3,954,664
Changes in working capital	(5,521,343)	(2,278,641)
Cash (used in)/generated from operations	(1,156,498)	1,676,023
Payments for		
Interest/markup on borrowings	(637,311)	(852,499)
Income tax	(164,513)	(258,559)
Net cash (used in)/generated from operating activities	(1,958,322)	564,965
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,167,284)	(987,089)
Purchase of intangible assets	(2,723)	-
Proceeds from disposal of property, plant and equipment	15,122	24,235
Proceeds from sale of short term investments	-	64,776
Long term deposits refunded	10,000	42,217
Long term advances recovered	74,609	-
Long term advances made	-	(685,212)
Net cash used in investing activities	(1,070,276)	(1,541,073)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	500,000	-
Repayment of long term finances	(245,300)	(487,963)
Redemption of redeemable capital	(373,331)	(723,421)
Repayment of liabilities against assets subject to finance lease	(40,301)	(39,603)
Net increase/(decrease) in short term borrowings	3,223,151	(130,112)
Proceeds from issue of right ordinary shares	-	2,406,200
Net cash generated from financing activities	3,064,219	1,025,101
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,621	48,993
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	552,210	577,687
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	587,831	626,680

The annexed notes 1 to 27 form an integral part of this condensed interim consolidated financial information.

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Issued subscribed and paid-up capital	Capital reserve	Accumulated profit	Total equity
Note	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Balance as at January 01, 2016 -Audited	4,431,029	1,293,858	7,891,437	13,616,324
Comprehensive income				
Profit after taxation	-	-	2,265,323	2,265,323
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,265,323	2,265,323
Incremental depreciation - net of deferred taxation	-	-	103,696	103,696
Transaction with owners				
Issue of right ordinary shares	7.1.1 995,363	2,986,089	-	3,981,452
Balance as at June 30, 2016- Un-audited	5,426,392	4,279,947	10,260,456	19,966,795
Balance as at July 01, 2016- Un-audited	5,426,392	4,279,947	10,260,455	19,966,794
Comprehensive income				
Profit after taxation	-	-	1,404,617	1,404,617
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,404,617	1,404,617
Incremental depreciation - net of deferred taxation	-	-	91,160	91,160
Transaction with owners				
Interim dividend on ordinary shares @ Rs. 1.25 per share	-	-	(622,102)	(622,102)
Balance as at December 31, 2016 -Audited	5,426,392	4,279,947	11,134,131	20,840,470
Balance as at January 01, 2017 -Audited	5,426,392	4,279,947	11,134,131	20,840,470
Comprehensive income				
Profit after taxation	-	-	2,730,826	2,730,826
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	2,730,826	2,730,826
Incremental depreciation - net of deferred taxation	-	-	104,816	104,816
Transaction with owners	-	-	-	-
Balance as at June 30, 2017- Un-audited	5,426,392	4,279,947	13,969,773	23,676,112

The annexed notes 1 to 27 form an integral part of this condensed interim consolidated financial information.

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

1 REPORTING ENTITY

The Group comprises of the following companies

Parent Company

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

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

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

Appliances Division: Manufacturing, assembling and distribution of refrigerators, deep freezers, air conditioners, microwave ovens, washing machines and other home appliances.

Subsidiary Company

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

2 BASIS OF PREPARATION

The financial information contained in this interim financial report is un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2016.

This condensed interim financial information has been subjected to limited scope review by the auditors. The comparative interim balance sheet as at December 31, 2016 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended June 30, 2016 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the three months period ended June 30, 2017 and June 30, 2016 are neither audited nor reviewed.

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

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

2.3 Judgments, estimates and assumptions

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

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

2.4 Functional currency

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

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

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

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12 - Income Taxes)

IAS 12 - Income Taxes has been amended to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Disclosure Initiative (Amendments to IAS 7 - Statement of Cash Flows)

IAS 7 - Statement of Cash Flows has been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities

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

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

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021

	Effective date (annual periods beginning on or after)
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40 - Investment Property)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle	January 01, 2018

The Group intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 234 of the Companies Ordinance, 1984 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Group's financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

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

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 15 – Revenue from Contracts with Customers (2014)

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

- Identify the contract with customer.

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

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

IFRS 16 – Leases (2016)

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has low value.

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

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Group for the year ended December 31, 2016.

6 AUTHORIZED SHARE CAPITAL

June 30 2017	December 31 2016		June 30 2017	December 31 2016
<i>No. of Shares</i>	<i>No. of Shares</i>		<i>Rupees '000'</i>	<i>Rupees '000'</i>
<i>(Un-Audited)</i>	<i>(Audited)</i>		<i>(Un-Audited)</i>	<i>(Audited)</i>
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
62,500,000	62,500,000	Class A preference shares of Rs 10 each	625,000	625,000
37,500,000	37,500,000	Class B preference shares of Rs 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30 2017	December 31 2016		June 30 2017	December 31 2016
<i>No. of Shares</i>	<i>No. of Shares</i>	<i>Note</i>	<i>Rupees '000'</i>	<i>Rupees '000'</i>
<i>(Un-Audited)</i>	<i>(Audited)</i>		<i>(Un-Audited)</i>	<i>(Audited)</i>
Ordinary shares of Rs. 10 each				
372,751,051	372,751,051	Issued for cash	3,727,511	3,727,511
		Issued for other than cash:		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- shares issued on conversion of preference shares	60,408	60,408
118,343,841	118,343,841	- as fully paid bonus shares	1,183,439	1,183,439
497,681,485	497,681,485		4,976,816	4,976,816
A' class Preference shares of Rs. 10 each				
44,957,592	44,957,592	Issued for cash	449,576	449,576
		7.2		
542,639,077	542,639,077		5,426,392	5,426,392

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

	<i>Note</i>	June 30 2017	December 31 2016
		<i>No. of shares</i> <i>(Un-Audited)</i>	<i>No. of shares</i> <i>(Audited)</i>
As at beginning of the period/year		497,681,485	398,145,188
Issue of right ordinary shares	7.1.1	-	99,536,297
As at end of the period/year		497,681,485	497,681,485

7.1.1 During the period, the Company issued nil (December 31, 2016: 99,536,297) right ordinary shares at Rs. nil (2016: Rs 25) ordinary share for every 100 ordinary shares already held, at Rs. 40 per ordinary share, including a premium of Rs. 30 per share.

7.2 There is no change in the status and classification of preference shares since December 31, 2016

	June 30 2017	December 31 2016
	Rupees '000' (Un-Audited)	<i>Rupees '000'</i> <i>(Audited)</i>
8 REDEEMABLE CAPITAL - SECURED		
As at beginning of the period/year	3,951,888	4,955,485
Redeemed during the period/year	(373,331)	(1,003,597)
As at end of the period/year	3,578,557	3,951,888
Current maturity presented under current liabilities	(790,771)	(800,294)
	2,787,786	3,151,594
9 LONG TERM FINANCES - SECURED		
As at beginning of the period/year	2,329,186	3,017,427
Obtained during the period/year	500,000	58,068
Repaid during the period/year	(245,300)	(746,309)
As at end of the period/year	2,583,886	2,329,186
Current maturity presented under current liabilities	(1,145,910)	(923,094)
	1,437,976	1,406,092
10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	71,145	111,446
Current maturity presented under current liabilities	(45,628)	(65,062)
	25,517	46,384

11 DEFERRED TAXATION

Deferred tax has been recognized using tax rate of 30% (December 31, 2016: 30%) of temporary differences.

12 SHORT TERM BORROWINGS

The aggregate un-availed short term borrowing facilities as at reporting date amount to Rs. 3,287 million (December 31, 2016: Rs. 5,895 million).

13 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2016, with the exception of the following:

	Note	June 30 2017	December 31 2016
		Rupees '000' (Un-Audited)	Rupees '000' (Audited)
Tender bonds		492,083	367,098
Performance bonds		2,574,433	2,356,679
Advance guarantees		689,242	857,272
Custom guarantees		92,645	77,645
Foreign guarantees		73,609	45,757
Letters of credit		2,083,246	4,236,154
Ijarah commitments		69,028	100,809
14 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	16,838,934	16,309,076
Capital work in progress		324,377	133,302
		17,163,311	16,442,378
14.1 Operating fixed assets			
Net book value at the beginning of the period/year		16,309,076	15,446,465
Additions during the period/year			
Building on leasehold land		386	12,662
Plant and machinery		895,108	1,610,214
Office equipment and furniture		8,525	11,558
Computer hardware and allied items		14,931	12,651
Vehicles		57,259	98,306
		976,209	1,745,391
Net book value of assets disposed during the period/year		(14,512)	(47,589)
Depreciation for the period/year		(431,839)	(835,191)
Net book value at the end of the period/year		16,838,934	16,309,076
15 LONG TERM INVESTMENTS			
This represents investments in ordinary shares of an associated company.			
The details are as follows:			
Kohinoor Power Company Limited -quoted			
2,910,600 shares (December 31, 2016: 2,910,600 shares)			
of Rs. 10 each			
	15.1	20,665	26,341
Nature of relationship: Associate			
Ownership interest: 23.10% (December 31, 2016: 23.10%)			
		20,665	26,341

	Note	June 30 2017	December 31 2016
		Rupees '000' (Un-Audited)	Rupees '000' (Audited)
15.1 Kohinoor Power Company Limited			
Cost of investment		54,701	54,701
Share of post acquisition profit <i>-net of dividend received</i>		(585)	(1,047)
		54,116	53,654
Accumulated impairment		(33,451)	(27,313)
		20,665	26,341
		Six months ended	Three months ended
		June 30, 2017	June 30, 2016
		June 30, 2017	June 30, 2016
		Rupees '000' (Un-Audited)	Rupees '000' (Un-Audited)
		Rupees '000' (Un-Audited)	Rupees '000' (Un-Audited)
16 REVENUE			
Contract revenue		698,834	241,069
Sale of goods			
Local		24,489,209	17,824,493
Export		647,244	1,944,023
		25,835,287	20,009,585
Sales tax and excise duty		(2,359,290)	(2,064,377)
Discounts		(4,113,647)	(1,159,526)
		19,362,350	16,785,682
17 COST OF SALES			
Raw material consumed		12,281,350	9,566,847
Direct wages		442,588	365,165
Factory overheads		1,150,001	1,044,784
		13,873,939	10,976,796
Work in process			
- at the beginning of the period		1,033,340	1,143,657
- at the end of the period		(1,017,135)	(686,421)
		16,205	457,236
Cost of goods manufactured		13,890,144	11,434,032
Finished goods			
- at the beginning of the period		1,895,253	1,125,190
- at the end of the period		(2,956,719)	(1,016,420)
		(1,061,466)	108,770
Cost of goods sold		12,828,678	11,542,802
Contract cost		623,220	190,854
		7,161,992	6,921,869
		13,451,898	6,987,468

18 PROVISION FOR TAXATION

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

		Six months ended	
		June 30, 2017	June 30, 2016
Unit		Rupees '000'	Rupees '000'
		(Un-Audited)	(Un-Audited)
19 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit for the period attributable to ordinary shareholders	Rupees' 000	2,730,826	2,265,323
Dividend on preference shares	Rupees' 000	(21,355)	(21,355)
		2,709,471	2,243,968
Shares			
Weighted average number of ordinary shares outstanding during the period	No. of shares	497,681,485	468,306,459
Earnings per share - <i>Basic and diluted</i>	Rupees	5.44	4.79

- 19.1 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.
- 19.2 There is no diluting effect on basic earnings per share of the Group as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable

20 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

		Six months ended	
		June 30, 2017	June 30, 2016
		Rupees '000'	Rupees '000'
		(Un-Audited)	(Un-Audited)
20.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Associated companies	Services acquired	123,900	116,518

		Six months ended	
		June 30, 2017	June 30, 2016
		Rupees '000' (Un-Audited)	Rupees '000' (Un-Audited)
Nature of relationship	Nature of transaction		
Provident Fund Trust	Contribution for the period	35,205	31,976
Key management personnel	Short term employee benefits	26,090	25,753
	Post employment benefit plan	800	763
Directors and Sponsors	Issue of ordinary shares	-	2,053,227
		June 30 2017	December 31 2016
		Rupees '000' (Un-Audited)	Rupees '000' (Audited)

20.2 Balances with related parties

Nature of relationship	Nature of balances		
Key management personnel	Short term employee benefits payable	-	3,452
Provident Fund Trust	Contribution payable	13,571	10,856

21 FINANCIAL INSTRUMENTS

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

		June 30 2017	December 31 2016
		Rupees '000' (Un-Audited)	Rupees '000' (Audited)
21.1	Financial assets		
	Cash in hand	20,334	6,301
	Loans and receivables		
	Long term deposits	256,353	234,020
	Long term advances	892,790	1,008,799
	Trade debts - <i>unsecured</i>	10,442,027	8,433,424
	Due against construction work in progress - <i>unsecured, considered good</i>	1,082,583	1,127,996
	Short term deposits and prepayments	1,245,263	1,024,102
	Other receivables	559,857	480,244
	Cash at banks	567,497	545,909
		15,046,370	12,854,494
	Financial assets at fair value through profit or loss		
	Short term investments	21,483	23,106
		15,088,187	12,883,901

	June 30 2017	December 31 2016
	Rupees '000' (Un-Audited)	<i>Rupees '000'</i> <i>(Audited)</i>
21.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Redeemable capital	3,578,557	3,951,888
Long term finances	2,583,886	2,329,186
Liabilities against assets subject to finance lease	71,145	111,446
Trade creditors - unsecured	207,535	326,895
Foreign bills payable - secured	246,912	88,391
Accrued liabilities	101,382	158,033
Employees' provident fund	12,151	10,856
Compensated absences	31,740	26,940
Unclaimed dividend	4,215	6,717
Other payables - unsecured	11,938	19,043
Accrued interest/markup	246,566	159,422
Short term borrowings	8,204,813	4,981,662
	15,300,840	12,170,479

22 FAIR VALUE MEASUREMENTS

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

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

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

22.1 Financial instruments measured at fair value

22.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	June 30 2017	December 31 2016
			Rupees '000' (Un-Audited)	<i>Rupees '000'</i> <i>(Audited)</i>
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	21,483	23,106

22.1.2 Non-recurring fair value measurements

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

22.2 Financial instruments not measured at fair value

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

22.3 Assets and liabilities other than financial instruments

22.3.1 Recurring fair value measurements

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

	Level 1	Level 2	Level 3	June 30, 2017 Rupees '000'	December 31, 2016 Rupees '000'
Freehold land	-	539,232	-	539,232	539,232
Buildings	-	2,957,531	-	2,957,531	3,032,978
Plant and machinery	-	12,839,354	-	12,839,354	12,263,722

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

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 26.962 million (December 31, 2016: Rs. 26.962 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 147.877 million (December 31, 2016: Rs. 151.649 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 541.968 million (December 31, 2016: Rs. 613.186 million).

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

22.3.2 Non-recurring fair value measurements

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

23 OPERATING SEGMENTS

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

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

Information about operating segments as at June 30, 2017 and for the six months then ended is as follows:

	Six months ended June 30, 2017			
	Power Division Rupees '000'	Appliances Division Rupees '000'	Unallocated Items Rupees '000'	Total Rupees '000'
Revenue from external customers	6,180,979	19,654,308	-	25,835,287
Segment profit before taxation	638,262	2,734,998	(123,431)	3,249,829

	Six months ended June 30, 2016			
	Power Division Rupees '000'	Appliances Division Rupees '000'	Unallocated Items Rupees '000'	Total Rupees '000'
Revenue from external customers	6,765,618	13,243,967	-	20,009,585
Segment profit before taxation	728,267	2,124,847	(151,858)	2,701,257

	As at June 30, 2017			
	Power Division Rupees '000'	Appliances Division Rupees '000'	Unallocated Items Rupees '000'	Total Rupees '000'
Segment assets	15,449,195	30,227,687	542,654	46,219,536

	As at December 31, 2016			
	Power Division Rupees '000'	Appliances Division Rupees '000'	Unallocated Items Rupees '000'	Total Rupees '000'
Segment assets	16,994,090	22,513,440	819,354	40,326,884

24 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Parent Company in their meeting held on August 10, 2017 has approved interim cash dividend on ordinary shares at Rs. 1.5 per ordinary share. There are no other significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial report.

25 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

26 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information has been approved by the Board of Directors of the Parent Company and authorized for issue on August 10, 2017.

27 GENERAL

- 27.1 There are no other significant activities since December 31, 2016 affecting the condensed interim consolidated financial information.
- 27.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 27.3 Figures have been rounded off to the nearest thousand of Rupee unless stated otherwise.

Condensed Interim
Financial Information

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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of PAK ELEKTRON LIMITED (“the Company”) as at June 30, 2017 and the related condensed interim profit and loss account/statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as “the condensed interim financial information”). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the three months period ended June 30, 2017 of the condensed interim profit and loss account/statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

Scope of Review

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

Conclusion

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Engagement Partner: *IRFAN RAHMAN MALIK*

Date: *August 10, 2017*

Place: *LAHORE*

CONDENSED INTERIM BALANCE SHEET

AS AT JUNE 30, 2017

		June 30 2017	December 31 2016
	Note	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6	6,000,000	6,000,000
Issued, subscribed and paid-up capital	7	5,426,392	5,426,392
Capital reserve		4,279,947	4,279,947
Accumulated profit		7,902,495	6,784,446
TOTAL EQUITY		17,608,834	16,490,785
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		4,565,946	4,668,386
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - <i>secured</i>	8	2,787,786	3,151,594
Long term finances - <i>secured</i>	9	1,437,976	1,406,092
Liabilities against assets subject to finance lease	10	25,517	46,384
Deferred taxation	11	1,628,905	1,598,160
Deferred income		39,736	40,755
		5,919,920	6,242,985
CURRENT LIABILITIES			
Trade and other payables		784,391	796,525
Accrued interest/markup		246,566	159,422
Short term borrowings	12	8,204,813	4,981,662
Current portion of non-current liabilities		1,982,309	1,788,450
		11,218,079	7,726,059
TOTAL LIABILITIES		17,137,999	13,969,044
CONTINGENCIES AND COMMITMENTS	13	39,312,779	35,128,215

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

		June 30 2017	December 31 2016
	<i>Note</i>	Rupees '000' (Un-Audited)	<i>Rupees '000' (Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	17,163,311	16,442,378
Intangible assets		320,411	323,656
Long term investments	15	20,765	26,441
Long term deposits		256,353	266,353
		17,760,840	17,058,828
CURRENT ASSETS			
Stores, spares and loose tools		828,365	812,915
Stock in trade		10,806,923	7,693,450
Trade debts - <i>unsecured</i>		3,967,426	3,842,374
Due against construction work in progress - <i>unsecured, considered good</i>		1,082,583	1,127,996
Short term advances - <i>unsecured</i>		985,884	954,881
Short term deposits and prepayments		1,245,263	1,258,874
Other receivables - <i>unsecured, considered good</i>		559,857	480,244
Short term investments		21,483	23,106
Advance income tax		1,559,161	1,419,797
Cash and bank balances		494,994	455,750
		21,551,939	18,069,387
TOTAL ASSETS		39,312,779	35,128,215

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT/STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017 (Un-Audited)

	Note	Six months ended		Three months ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
		Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Revenue	16	14,736,351	13,449,584	5,471,931	7,826,049
Sales tax and discounts		(2,359,290)	(2,064,377)	(1,066,903)	(1,197,790)
Revenue - net		12,377,061	11,385,207	4,405,028	6,628,259
Cost of sales	17	(10,155,378)	(9,023,915)	(3,807,029)	(5,157,467)
Gross profit		2,221,683	2,361,292	597,999	1,470,792
Distribution cost		(287,148)	(286,907)	(79,078)	(178,449)
Administrative expenses		(289,623)	(262,999)	(120,616)	(128,377)
Other operating expenses		(96,483)	(94,496)	(26,568)	(65,936)
		(673,254)	(644,402)	(226,262)	(372,762)
		1,548,429	1,716,890	371,737	1,098,030
Other operating income		14,852	20,493	227	9,465
Operating profit		1,563,281	1,737,383	371,964	1,107,495
Finance cost		(436,953)	(500,949)	(165,904)	(236,938)
Profit before taxation		1,126,328	1,236,434	206,060	870,557
Provision for taxation	18	(110,719)	(231,867)	126,359	(169,668)
Profit after taxation		1,015,609	1,004,567	332,419	700,889
Other comprehensive income		-	-	-	-
Total comprehensive income		1,015,609	1,004,567	332,419	700,889
Earnings per share - Basic and diluted	19	2.00	2.10	0.65	1.39

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017 (Un-Audited)

	June 30, 2017	June 30, 2016
	Rupees '000'	Rupees '000'
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,126,328	1,236,434
Adjustments for non-cash and other items	880,430	885,361
Operating profit before changes in working capital	2,006,758	2,121,795
Changes in working capital	(3,317,701)	(1,369,406)
Cash (used in)/generated from operations	(1,310,943)	752,389
Payments for		
Interest/mark-up on borrowings	(349,809)	(532,181)
Income tax	(219,338)	(299,575)
Net cash used in operating activities	(1,880,090)	(79,367)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,167,284)	(987,089)
Purchase of intangible assets	(2,723)	-
Proceeds from disposal of property, plant and equipment	15,122	24,235
Proceeds from sale of short term investments	-	64,776
Long term deposits refunded	10,000	42,217
Net cash used in investing activities	(1,144,885)	(855,861)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	500,000	-
Repayment of long term finances	(245,300)	(487,963)
Redemption of redeemable capital	(373,331)	(723,421)
Repayment of liabilities against assets subject to finance lease	(40,301)	(39,603)
Net increase/(decrease) in short term borrowings	3,223,151	(130,112)
Proceeds from issue of right ordinary shares	-	2,406,200
Net cash generated from financing activities	3,064,219	1,025,101
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,244	89,873
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	455,750	427,378
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	494,994	517,251

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

	Issued subscribed and paid-up capital Rupees '000'	Capital reserve Rupees '000'	Accumulated profit Rupees '000'	Total equity Rupees '000'
Balance as at January 01, 2016 -Audited	4,431,029	1,293,858	5,258,423	10,983,310
Comprehensive income				
Profit after taxation	-	-	1,004,567	1,004,567
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,004,567	1,004,567
Incremental depreciation - net of deferred taxation	-	-	103,696	103,696
Transaction with owners				
Issue of right ordinary shares 7.1.1	995,363	2,986,089	-	3,981,452
Balance as at June 30, 2016- Un-audited	5,426,392	4,279,947	6,366,686	16,073,025
Balance as at July 01, 2016- Un-audited	5,426,392	4,279,947	6,366,686	16,073,025
Comprehensive income				
Profit after taxation	-	-	946,326	946,326
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	946,326	946,326
Incremental depreciation - net of deferred taxation	-	-	93,536	93,536
Transaction with owners				
Interim dividend on ordinary shares @ Rs. 1.25 per share	-	-	(622,102)	(622,102)
Balance as at December 31, 2016 -Audited	5,426,392	4,279,947	6,784,446	16,490,785
Balance as at January 01, 2017 -Audited	5,426,392	4,279,947	6,784,446	16,490,785
Comprehensive income				
Profit after taxation	-	-	1,015,609	1,015,609
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,015,609	1,015,609
Incremental depreciation - net of deferred taxation	-	-	102,440	102,440
Transaction with owners	-	-	-	-
Balance as at June 30, 2017- Un-audited	5,426,392	4,279,947	7,902,495	17,608,834

The annexed notes 1 to 27 form an integral part of this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2017

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 (now the Companies Ordinance, 1984). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacture and sale of electrical capital goods and domestic appliances.

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

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

Appliances Division: Manufacturing, assembling and distribution of refrigerators, deep freezers, air conditioners, microwave ovens, washing machines and other home appliances.

2 BASIS OF PREPARATION

The financial information contained in this interim financial report is un-audited and has been presented in condensed form and does not include all the information as is required to be provided in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2016.

This condensed interim financial information has been subjected to limited scope review by the auditors of the company, as required by the Code of Corporate Governance. The comparative interim balance sheet as at December 31, 2016 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim statement of profit or loss and other comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the half year ended June 30, 2016 are based on unaudited, reviewed interim financial information. The interim profit and loss account and interim statement of profit or loss and other comprehensive income for the three months period ended June 30, 2017 and June 30, 2016 are neither audited nor reviewed.

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

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

2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result

of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

2.4 Functional currency

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

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

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

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12 - Income Taxes)

IAS 12 - Income Taxes has been amended to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Disclosure Initiative (Amendments to IAS 7 - Statement of Cash Flows)

IAS 7 - Statement of Cash Flows has been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

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

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

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

	Effective date (annual periods beginning on or after)
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40 - Investment Property)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle	January 01, 2018

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 234 of the Companies Ordinance, 1984 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

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

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 15 – Revenue from Contracts with Customers (2014)

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

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.

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

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

IFRS 16 – Leases (2016)

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has low value.

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

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended December 31, 2016.

6 AUTHORIZED SHARE CAPITAL

June 30 2017	December 31 2016		June 30 2017	December 31 2016
No. of Shares	No. of Shares		Rupees '000'	Rupees '000'
(Un-Audited)	(Audited)		(Un-Audited)	(Audited)
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
62,500,000	62,500,000	Class A preference shares of Rs 10 each	625,000	625,000
37,500,000	37,500,000	Class B preference shares of Rs 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30 2017	December 31 2016		June 30 2017	December 31 2016
No. of Shares	No. of Shares	Note	Rupees '000'	Rupees '000'
(Un-Audited)	(Audited)		(Un-Audited)	(Audited)
Ordinary shares of Rs. 10 each				
372,751,051	372,751,051	Issued for cash	3,727,511	3,727,511
		Issued for other than cash:		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- shares issued on conversion of preference shares	60,408	60,408
118,343,841	118,343,841	- as fully paid bonus shares	1,183,439	1,183,439
497,681,485	497,681,485		4,976,816	4,976,816
A' class Preference shares of Rs. 10 each				
44,957,592	44,957,592	Issued for cash	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392

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

	Note	June 30 2017	December 31 2016
		No. of shares (Un-Audited)	No. of shares (Audited)
As at beginning of the period/year		497,681,485	398,145,188
Issue of right ordinary shares	7.1.1	-	99,536,297
As at end of the period/year		497,681,485	497,681,485

7.1.1 During the period, the Company issued nil (December 31, 2016: 99,536,297) right ordinary shares at Rs. nil (2016: Rs 25) ordinary share for every 100 ordinary shares already held, at Rs. 40 per ordinary share, including a premium of Rs. 30 per share.

7.2 There is no change in the status and classification of preference shares since December 31, 2016

	June 30 2017	December 31 2016
	Rupees '000' (Un-Audited)	<i>Rupees '000'</i> <i>(Audited)</i>
8 REDEEMABLE CAPITAL - SECURED		
As at beginning of the period/year	3,951,888	4,955,485
Redeemed during the period/year	(373,331)	(1,003,597)
As at end of the period/year	3,578,557	3,951,888
Current maturity presented under current liabilities	(790,771)	(800,294)
	2,787,786	3,151,594
9 LONG TERM FINANCES - SECURED		
As at beginning of the period/year	2,329,186	3,017,427
Obtained during the period/year	500,000	58,068
Repaid during the period/year	(245,300)	(746,309)
As at end of the period/year	2,583,886	2,329,186
Current maturity presented under current liabilities	(1,145,910)	(923,094)
	1,437,976	1,406,092
10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	71,145	111,446
Current maturity presented under current liabilities	(45,628)	(65,062)
	25,517	46,384

11 DEFERRED TAXATION

Deferred tax has been recognized using tax rate of 30% (December 31, 2016: 30%) of temporary differences.

12 SHORT TERM BORROWINGS

The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs. 3,287 million (December 31, 2016: Rs. 5,895 million).

13 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2016, with the exception of the following:

	Note	June 30 2017	December 31 2016
		Rupees '000' (Un-Audited)	<i>Rupees '000'</i> <i>(Audited)</i>
Tender bonds		492,083	367,098
Performance bonds		2,574,433	2,356,679
Advance guarantees		689,242	857,272
Custom guarantees		92,645	77,645
Foreign guarantees		73,609	45,757
Letters of credit		2,083,246	4,236,154
Ijarah commitments		69,028	100,809
14 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14.1	16,838,934	16,309,076
Capital work in progress		324,377	133,302
		17,163,311	16,442,378
14.1 Operating fixed assets			
Net book value at the beginning of the period/year		16,309,076	15,446,465
Additions during the period/year			
Building on leasehold land		386	12,662
Plant and machinery		895,108	1,610,214
Office equipment and furniture		8,525	11,558
Computer hardware and allied items		14,931	12,651
Vehicles		57,259	98,306
		976,209	1,745,391
Net book value of assets disposed during the period/year		(14,512)	(47,589)
Depreciation for the period/year		(431,839)	(835,191)
Net book value at the end of the period/year		16,838,934	16,309,076

	Note	June 30 2017	December 31 2016
		Rupees '000' (Un-Audited)	<i>Rupees '000'</i> <i>(Audited)</i>
15 LONG TERM INVESTMENTS			
These represent investments in ordinary shares of related parties.			
The details are as follows:			
PEL Marketing (Private) Limited - <i>unquoted</i> 10,000 shares (December 31, 2016: 10,000 shares) of Rs. 10 each		100	100
Relationship: wholly-owned subsidiary Ownership interest: 100% (December 31, 2016: 100%)			
Kohinoor Power Company Limited - <i>quoted</i> 2,910,600 shares (December 31, 2016: 2,910,600 shares) of Rs. 10 each	<i>15.1</i>	20,665	26,341
Relationship: Associate Ownership interest: 23.10% (December 31, 2016: 23.10%)			
		20,765	26,441
15.1 Kohinoor Power Company Limited			
Cost of investment		54,701	54,701
Accumulated impairment		(34,036)	(28,360)
		20,665	26,341

	Six months ended		Three months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
16 REVENUE				
Contract revenue	698,834	241,069	163,224	82,857
Sale of goods				
Local	13,390,273	11,264,492	5,180,666	7,167,789
Export	647,244	1,944,023	128,041	575,403
	14,736,351	13,449,584	5,471,931	7,826,049
Sales tax and excise duty	(2,359,290)	(2,064,377)	(1,066,903)	(1,197,790)
	12,377,061	11,385,207	4,405,028	6,628,259
17 COST OF SALES				
Raw material consumed	8,578,283	7,059,033	3,628,040	4,257,168
Direct wages	442,588	365,165	198,263	181,870
Factory overheads	1,150,001	1,044,784	541,941	522,159
	10,170,872	8,468,982	4,368,244	4,961,197
Work in process				
- at the beginning of the period	1,033,340	1,143,657	1,054,129	841,205
- at the end of the period	(1,017,135)	(686,421)	(1,017,135)	(686,421)
	16,205	457,236	36,994	154,784
Cost of goods manufactured	10,187,077	8,926,218	4,405,238	5,115,981
Finished goods				
- at the beginning of the period	1,742,903	429,020	1,627,162	498,064
- at the end of the period	(2,397,822)	(522,177)	(2,397,822)	(522,177)
	(654,919)	(93,157)	(770,660)	(24,113)
Cost of goods sold	9,532,158	8,833,061	3,634,578	5,091,868
Contract cost	623,220	190,854	172,451	65,599
	10,155,378	9,023,915	3,807,029	5,157,467
18 PROVISION FOR TAXATION				

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

		Six months ended	
Unit		June 30, 2017	June 30, 2016
		Rupees '000' (Un-Audited)	Rupees '000' (Un-Audited)
19 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	Rupees' 000	1,015,609	1,004,567
Preference dividend for the period	Rupees' 000	(21,355)	(21,355)
Profit for the period attributable to ordinary shareholders		994,254	983,212
Shares			
Weighted average number of ordinary shares outstanding during the period	No. of shares	497,681,485	468,306,459
		497,681,485	468,306,459
Earnings per share - <i>Basic and diluted</i>	Rupees	2.00	2.10

- 19.1 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.
- 19.2 There is no diluting effect on basic earnings per share of the Company as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable

20 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, issue of ordinary shares and dividend payments. The Company in the normal course of business carries out various transactions with its subsidiary and associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

		Six months ended	
		June 30, 2017	June 30, 2016
		Rupees '000' (Un-Audited)	Rupees '000' (Un-Audited)
20.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Subsidiary	Sale of goods and services	12,134,539	8,111,837
Associated companies	Services acquired	123,900	116,518
Provident Fund Trust	Contribution for the period	35,205	31,976

		Six months ended	
		June 30, 2017	June 30, 2016
		Rupees '000'	Rupees '000'
		(Un-Audited)	(Un-Audited)
Nature of relationship	Nature of transaction		
Key management personnel	Short term employee benefits	26,090	25,753
	Post employment benefit plan	800	763
Directors and Sponsors	Issue of ordinary shares	-	2,053,227
		June 30	December 31
		2017	2016
		Rupees '000'	Rupees '000'
		(Un-Audited)	(Audited)

20.2 Balances with related parties

Nature of relationship	Nature of balances		
Provident Fund Trust	Contribution payable	13,571	10,856
Key management personnel	Short term employee benefits payable	-	3,452

21 FINANCIAL INSTRUMENTS

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

		June 30	December 31
		2017	2016
		Rupees '000'	Rupees '000'
		(Un-Audited)	(Audited)
21.1 Financial assets			
Cash in hand		16,129	5,451
Loans and receivables			
Long term deposits		256,353	234,020
Trade debts - <i>unsecured</i>		3,967,426	3,842,374
Due against construction work in progress - <i>unsecured, considered good</i>		1,082,583	1,127,996
Short term deposits and prepayments		1,245,263	1,018,723
Bank Balances		478,865	450,299
		7,030,490	6,673,412
Financial assets at fair value through profit or loss			
Short term investments		21,483	23,106
		7,068,102	6,701,969

	June 30 2017	December 31 2016
	Rupees '000' (Un-Audited)	Rupees '000' (Audited)
21.2 Financial liabilities		
Financial liabilities at amortized cost		
Redeemable capital	3,578,557	3,951,888
Long term finances	2,583,886	2,329,186
Liabilities against assets subject to finance lease	71,145	111,446
Trade creditors - <i>unsecured</i>	207,535	326,895
Foreign bills payable - <i>secured</i>	246,912	88,391
Accrued liabilities	67,122	123,773
Employees' provident fund	12,151	10,856
Compensated absences	31,740	26,940
Unclaimed dividend	4,215	6,717
Other payables - <i>unsecured</i>	11,938	19,043
Accrued interest/mark-up	246,566	159,422
Short term borrowings	8,204,813	4,981,662
	15,266,580	12,136,219

22 FAIR VALUE MEASUREMENTS

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

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

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

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

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

22.1 Financial instruments measured at fair value

22.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	June 30, 2017 Rupees '000'	December 31, 2016 Rupees '000'
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	21,483	23,106

22.1.2 Non-recurring fair value measurements

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

22.2 Financial instruments not measured at fair value

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

22.3 Assets and liabilities other than financial instruments

22.3.1 Recurring fair value measurements

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

	Level 1	Level 2	Level 3	June 30, 2017 Rupees '000'	December 31, 2016 Rupees '000'
Freehold land	-	539,232	-	539,232	539,232
Buildings	-	2,957,531	-	2,957,531	3,032,978
Plant and machinery	-	12,839,354	-	12,839,354	12,263,722

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

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 26.962 million (December 31, 2016: Rs. 26.962 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 147.877 million (December 31, 2016: Rs. 151.649 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the period/year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 641.968 million (December 31, 2016: Rs. 613.186 million).

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

22.3.2 Non-recurring fair value measurements

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

23 OPERATING SEGMENTS

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

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

Information about operating segments as at June 30, 2017 and for the six months then ended is as follows:

	Six months ended June 30, 2017			
	Power Division Rupees '000'	Appliances Division Rupees '000'	Unallocated Items Rupees '000'	Total Rupees '000'
Revenue from external customers	6,180,979	8,555,372	-	14,736,351
Segment profit before taxation	638,262	569,725	(81,659)	1,126,328
	Six months ended June 30, 2016			
	Power Division Rupees '000'	Appliances Division Rupees '000'	Unallocated Items Rupees '000'	Total Rupees '000'
Revenue from external customers	6,765,618	6,683,966	-	13,449,584
Segment profit before taxation	728,291	582,170	(74,027)	1,236,434
	As at June 30, 2017			
	Power Division Rupees '000'	Appliances Division Rupees '000'	Unallocated Items Rupees '000'	Total Rupees '000'
Segment assets	15,449,195	22,208,562	1,655,022	39,312,779
	As at December 31, 2016			
	Power Division Rupees '000'	Appliances Division Rupees '000'	Unallocated Items Rupees '000'	Total Rupees '000'
Segment assets	16,994,090	16,664,781	1,469,344	35,128,215

24 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company in their meeting held on August 10, 2017 has approved interim cash dividend on ordinary shares at Rs. 1.5 per ordinary share. There are no other significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial report.

25 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

26 DATE OF AUTHORIZATION FOR ISSUE

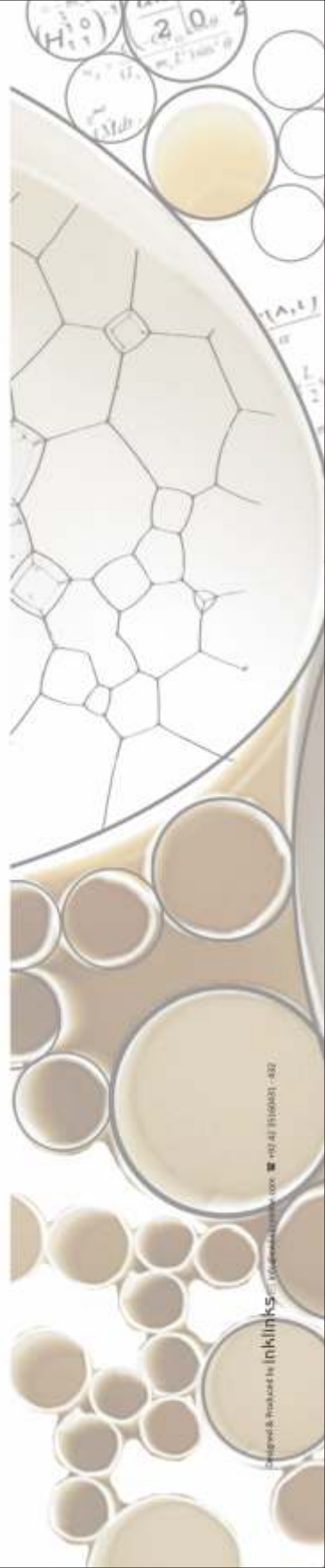
This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on August 10, 2017.

27 GENERAL

- 27.1 There are no other significant activities since December 31, 2016 affecting the condensed interim financial information.
- 27.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 27.3 Figures have been rounded off to the nearest thousand of Rupee unless stated otherwise.

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