Life-changing Engineering

Interim Financial Report for the six months ended June 30, 2016

PEL

Pak Elektron Limited

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman - Non Executive
Mr. M. Murad Saigol	Chief Executive Officer - Executive/ Certified (DTP)
Mr. M. Azam Saigol	Director - Non Executive
Mr. Muhammad Zeid Yousuf Saigol	Director - Executive/Certified (DTP)
Syed Manzar Hassan	Director - Executive
Mr. Asad Ullah Khawaja	Director - NIT Nominee/Independent
Sheikh Muhammad Shakeel	Director - Non Executive
Mr. Wajahat A. Baqai	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Mr. Usman Shahid	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Mr. Khalid Siddiq Tirmizey	Director - BOP Nominee U/S 182 of the Ordinance/ Non Executive
Mirza Babur Baig	Director - BOP Nominee U/S 182 of the Ordinance/ Non Executive

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

Mr. M. Azam Saigol	Chairman/Member
Mr. M. Murad Saigol	Member
Mr. Asad Ullah Khawaja	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

SHARE REGISTRAR

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

BANKERS

Albaraka Islamic Bank
Askari Bank Limited
Bank Alfalah Limited
Bank of Khyber
Bank of Punjab

BANKERS *(Cont'd)*

Burj Bank Limited
Escort Investment Bank
Faysal Bank Limited
Bank Islami Pakistan
MCB Bank, Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pak Libya Holding Company (Private) Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank
Summit Bank Limited
Saudi Pak Industrial and agricultural investment
Company Limited
United Bank Limited

REGISTERED OFFICE

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

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ISLAMABAD

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

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Naun Er Road, Shanghai,
China
Tel: 86-21-64567713
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WORKS

14-K.M. Ferozepur Road,
Lahore
Tel: 042-35920151-9

TRANSFORMER FACILITY

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

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, 2016 duly reviewed by the Company's Auditors. During the period, sales growth is witnessed at 24.21%, consisting of Rs. 20.01 billion against Rs. 16.11 billion of corresponding period of last year. This increase is followed by profitability of Rs.2.265 billion against Rs.2.127 billion respectively of preceding period, showing a growth of 6.5 %. Earnings per share achieved is Rs. 4.81 as compared to adjusted EPS of Rs. 4.66 of corresponding period of last year and has improved by 3.22%. Management is also pleased to apprise that your Company has also attain a reduction of 13% in finance cost, amounting to Rs. 123 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 and stable Rupee USD parity. Similar trend of considerable improvement is observed in net profit after tax.

Summary of key profitability measures is presented below:

Rupees in million	**Half year ended 30 June 2016**	Half year ended 30 June 2015	Increase/ (Decrease)
Revenue	20,010	16,110	3,900
Gross profit	5,052	4,677	375
Finance cost	821	944	(123)
Profit before taxation	2,701	2,571	130
Profit after taxation	2,265	2,127	138
Earnings per share (Rupees)	4.81	4.66	

Considering the period in review, overall economy of the country illustrated a growing trend. By inculcating challenging issues of energy shortage, high distribution network requirement, law and order situation in the country and defeating inflation, current government is expected to be committed to convene objectives for feasible national & international market business atmosphere in the region.

The well-directed effort of the government to transform the economy and improve perception of underlying macros has gained further momentum in the fiscal year 2016. Pakistan is now on the track towards successful completion of the IMF program (under the 3-year Extended Fund Facility) by end September 2016. The strong build up in exchange reserves which currently stand at a record level of USD 23 billion has led to a stable exchange rate in during the first half 2016 and improvement in the country's import cover. The low interest rate regime, along with an improved energy situation is setting up the rebound in economic activity. Most importantly the Pakistan stock market's reclassification to the MSCI's emerging markets index in June 2016 reflects the global investors' positive outlook on the country. Further CPEC, a multi-billion dollar project, related activities are also gaining its momentum and to harmonize with challenging world, your Company is well positioned to grab the upcoming opportunities. The company is spending on capital expenditure in both Appliances and Power related products of the Company to meet the growing requirements of the market.

APPLIANCES DIVISION

We are pleased to apprise that Appliance Division once again recorded a comprehensive growth in volume and prices. Appliance Division achieved its ever highest sales volumes of Rs. 13.244 billion in first six month resulting in a growth of 30.65% as compare to corresponding period of last year. In terms of revenue, Refrigerator and Split Air Conditioners showed a tremendous growth over the last year. Diversified, highly efficient and durable models in all appliances products have increased the demand of company's appliances. Sturdy marketing and advertising strategies, constant cost effective measures and extensive R & D initiatives proved to be pronounced reasons in appliances division's growth and achievements. As a result of R&D, "Inverter Series" of PEL Air Conditioners and Refrigerators are introduced this year, being energy efficient, it is well received in market and the demand for the same is growing rapidly due to its economies.

Appliances Division sales in first half of the year are much higher as compare to second half of the year. The Company is enduring with its focused marketing and distribution efforts to further strengthen its position in the market and cross the previous record of sales of second half of the year. To cater the consistent market demand Your Company has resumed the production and Sales of water dispensers. The added range will give boost to sales of existing products as well. Appliances market is looking good and your company is well positioned to make higher supplies to make higher sales and profitability Insha Allah. Management will continue with proved new corporate as well as operational and marketing approaches to cope-up with stakeholders' expectations.

POWER DIVISION

Power Division has attained a promising growth in the period under review especially in transformer business, including Distribution Transformers and Power Transformers. Sales achieved during the period are Rs. 6.766 billion i.e 13.3% higher as compare to the corresponding period of previous year. Major aspects consisting of this rise are elevated orders from the WAPDA/DISCOs as well as high sale orders from the Private Sectors.

For the first time in Pakistan, Your Company has successfully launched Green Transformers, which used biodegradable fluid instead of conventional mineral oil. The new Green Transformers features to reduced carbon footprint with increased efficiency and lower line losses. These Transformers are approved by KEMA-Netherlands "A lab of global reputation". Having edge over competitors, your Company will grasp more local market share and explore further export horizons.

WAPDA utilities to overcome the energy losses, are introducing tempering free “Smart Meters" with 2 way communication and "Meter Reader Free Regime". Alhamdulillah your Company is well prepared to avail this opportunity catch. Prototypes of these "Smart Meters" have been approved by Authorities.

We are optimistic that surge in demand of products will pick up further in future due to the quality products and after sales services offered by us. Your Company is continuously performing R&D on new prototypes of different power products to increase the efficiency with costs effective measures and without compromising on quality. Government initiatives to get rid of load shedding through enhanced Electricity Generation Capacity, T&D Infrastructure Augmentation and low line losses has played a vital role in increase in present demand/sales of your company's products and certainly it will follows in future as well. The EPC order intake is ever high at this point of time and we are confident to deliver more in the near future.

FUTURE OUTLOOK

PEL has attained a sound and competitive position in both appliances and power sectors of the country since many years by using latest technology, meeting frequent customers' needs and fulfilling after sales responsibilities. Our strategic marketing presence in local and international market makes us able to endure in achieving and protecting the consistency in continuous growth. We are certain to reap opportunities in 2nd half of the year, majorly in power division. Owing to introduction of underground electrification across the country, augmentation of T&D sector and export opportunities, your directors are optimistic that it will lead to a great assistance in financial and operational growth of the company and the economy as well. Directors are obliged on protract back-up of company's stakeholders.

DIVIDENDS

We are pleased to announce that the Board of Directors have approved cash dividend of 12.5% amounting to Rs. 622.102 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

Lahore
August 19, 2016

M. Murad Saigol
Chief Executive Officer

Condensed Interim
Consolidated Financial Information

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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED 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, 2016 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, 2016 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 consist 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: *ZUBAIR IRFAN MALIK*

Date: *AUGUST 19, 2016*
Place: *LAHORE*

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2016

Rupees in thousands	Note	June 30 2016	December 31 2015
		(Un-Audited)	*(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	4,431,029
Share premium		4,279,947	1,293,858
Accumulated profit		10,260,455	7,891,437
TOTAL EQUITY		19,966,794	13,616,324
ADVANCES AGAINST ISSUE OF ORDINARY SHARES		-	1,575,252
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		4,700,504	4,804,200
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - *Secured*	8	3,515,401	3,879,209
Long term finances - *Secured*	9	1,774,543	2,186,511
Liabilities against assets subject to finance lease - *Secured*	10	73,920	61,349
Deferred taxation	11	2,220,908	2,261,892
Deferred income		41,828	42,900
		7,626,600	8,431,861
CURRENT LIABILTIES			
Trade and other payables		868,145	815,179
Accrued interest/mark-up		229,672	260,904
Short term borrowings	12	4,538,789	4,668,901
Current portion of non-current liabilities		1,557,486	1,976,655
		7,194,092	7,721,639
TOTAL LIABILITIES		14,820,692	16,153,500
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		39,487,990	36,149,276

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

M. MURAD SAIGOL
Chief Executive Officer

Rupees in thousands	Note	June 30 2016	December 31 2015
		(Un-Audited)	*(Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*14*	16,149,829	15,509,612
Intangible assets		330,990	338,321
Long term investments	*15*	20,927	8,906
Long term deposits		247,567	289,784
Long term advances		1,101,607	571,991
		17,850,920	16,718,614
CURRENT ASSETS			
Stores, spares and loose tools		769,558	793,379
Stock in trade		7,480,414	6,181,986
Trade debts		8,499,175	7,700,373
Due against construction work in progress - *unsecured, considered good*		1,195,825	1,023,647
Short term advances		1,055,018	913,881
Short term deposits and prepayments		1,327,570	1,331,229
Other receivables - *unsecured, considered good*		446,528	390,118
Short term investments		21,824	85,524
Advance income tax/income tax refundable		214,478	432,838
Cash and bank balances		626,680	577,687
		21,637,070	19,430,662
TOTAL ASSETS		39,487,990	36,149,276

SYED MANZAR HASSAN
Director

CONDENSED INTERIM
CONSOLIDATED PROFIT AND LOSS ACCOUNT/STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

Rupees in thousands	Note	Six months ended June 30, 2016	Six months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2015
		(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
Revenue	16	20,009,585	16,109,990	12,260,057	10,241,261
Sales tax and discounts		(3,223,903)	(2,285,351)	(1,972,654)	(1,578,193)
Revenue -*net*		16,785,682	13,824,639	10,287,403	8,663,068
Cost of sales	17	(11,733,657)	(9,147,984)	(6,987,468)	(5,665,494)
Gross profit		5,052,025	4,676,655	3,299,935	2,997,574
Distribution cost		(952,384)	(672,342)	(598,542)	(417,351)
Administrative expenses		(472,989)	(416,813)	(235,027)	(228,287)
Other expenses		(124,622)	(86,311)	(87,020)	(83,511)
		(1,549,995)	(1,175,466)	(920,589)	(729,149)
		3,502,030	3,501,189	2,379,346	2,268,425
Other income		21,689	16,272	9,979	9,746
Operating profit		3,523,719	3,517,461	2,389,325	2,278,171
Finance cost		(821,267)	(943,967)	(426,967)	(472,819)
		2,702,452	2,573,494	1,962,358	1,805,352
Share of loss of associate		(1,196)	(2,716)	(514)	(277)
Profit before taxation		2,701,256	2,570,778	1,961,844	1,805,075
Provision for taxation	18	(435,934)	(443,883)	(228,086)	(410,792)
Profit after taxation		2,265,322	2,126,895	1,733,758	1,394,283
Other comprehensive income		-	-	-	-
Total comprehensive income		2,265,322	2,126,895	1,733,758	1,394,283
Earnings per share					
Basic and diluted (Rupees)	19	4.81	4.66	3.72	3.09

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 CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

Rupees in thousands	Six months ended June 30, 2016	June 30, 2015
	(Un-Audited)	(Un-Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**2,701,256**	2,570,778
Adjustments for non-cash and other items	**1,253,407**	1,304,749
Operating profit before changes in working capital	**3,954,663**	3,875,527
Changes in working capital	**(2,278,641)**	(2,344,149)
Cash generated from operations	**1,676,022**	1,531,378
Payments for:		
Interest/mark-up on borrowings	**(852,499)**	(1,079,921)
Income tax	**(258,558)**	(138,231)
Net cash generated from operating activities	**564,965**	313,226
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(987,089)**	(179,849)
Proceeds from disposal of property, plant and equipment	**24,235**	5,713
Proceeds from sale of short term investments	**64,776**	-
Long term deposits	**42,217**	(985)
Long term advances	**(685,212)**	-
Net cash used in investing activities	**(1,541,073)**	(175,121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	**-**	1,562,633
Repayment of long term finances	**(487,963)**	(1,841,572)
Redemption of redeemable capital	**(723,421)**	(177,350)
Repayment of liabilities against assets subject to finance lease	**(39,603)**	(49,088)
Proceeds from sale and lease back activity	**-**	36,852
Net (decrease)/increase in short term borrowings	**(130,112)**	357,364
Proceeds from issue of right ordinary shares	**2,406,200**	-
Net cash generated from/(used in) financing activities	**1,025,101**	(111,161)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**48,993**	26,944
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**577,687**	340,086
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**626,680**	367,030

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, 2016

Rupees in thousands	Note	Issued subscribed and paid-up capital	Share premium	Accumulated profit	Total equity
Balance as at January 01, 2015 - *Audited*		4,431,029	1,293,858	5,301,554	11,026,441
Comprehensive income					
Profit after taxation		-	-	2,126,895	2,126,895
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	2,126,895	2,126,895
Incremental depreciation - *net of deferred taxation*		-	-	104,017	104,017
Balance as at June 30, 2015 - *Un-audited*		4,431,029	1,293,858	7,532,466	13,257,353
Balance as at July 01, 2015 - *Un-audited*		4,431,029	1,293,858	7,532,466	13,257,353
Comprehensive income					
Profit after taxation		-	-	753,126	753,126
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	753,126	753,126
Incremental depreciation - *net of deferred taxation*		-	-	103,527	103,527
Transaction with owners					
Interim dividend on ordinary shares @ Rs. 1.25 per share		-	-	(497,682)	(497,682)
Balance as at December 31, 2015 - *Audited*		4,431,029	1,293,858	**7,891,437**	**13,616,324**
Balance as at January 01, 2016 - *Audited*		**4,431,029**	**1,293,858**	**7,891,437**	**13,616,324**
Comprehensive income					
Profit after taxation		**-**	**-**	**2,265,322**	**2,265,322**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**2,265,322**	**2,265,322**
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**	**10,260,455**	**19,966,794**

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, 2016 (Un-Audited)

1 REPORTING ENTITY

The Group comprises of the following companies

Parent Company

Pak Elektron Limited ("PEL") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (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 (EPC).

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

Subsidiary Company

PEL Marketing (Private) Limited ("PMPL") was incorporated in Pakistan on August 11, 2011 as a private limited company under the Companies Ordinance, 1984. 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, 2015.

This condensed interim financial information has been subjected to limited scope review by the auditors. The comparative interim balance sheet as at December 31, 2015 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, 2015 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 ended June 30, 2016 and June 30, 2015 are neither audited nor reviewed.

2.1 Statement of compliance

This condensed interim consolidated 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/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.

IFRS 14 - Regulatory Deferral Accounts (2014)

The standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)

The amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)

The amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles in IFRS 3 - Business Combinations and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 - Joint Arrangements and disclose the information required by IFRS 3 - Business Combinations and other IFRSs for business combinations.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)

The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated and adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 - Employee benefits)

The amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value, that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity, that when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries and that

An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12 - Disclosure of Interests in Other Entities.

Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)

The amendments include 'bearer plants' within the scope of IAS 16 - Property, Plant and Equipment rather than IAS 41 - Agriculture, allowing such assets to be accounted for as property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16 - Property, Plant and Equipment, introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales and clarify that produce growing on bearer plants remains within the scope of IAS 41 - Agriculture.

Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)

The amendments address perceived impediments to preparers exercising their judgement in presenting their financial reports by clarifying that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply; clarifying that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss and provides additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1 - Presentation of Financial Statements.

Annual Improvements 2012-2014

Annual Improvements 2010-2012 cycle makes changes to the following standards:

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations: Adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued

IFRS 7 - Financial Instruments: Disclosures: Provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements

IAS 19 - Employee Benefits: Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34 - Interim Financial Reporting: Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

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: Classification and Measurement (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
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
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017

The Group intends to adopt these new/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.

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

The amendments clarify the following:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to deductible temporary differences 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 deductable temporary differences.

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax laws restrict utilization of tax losses, an entity would assess a deferred tax asset in combination with deferred tax assets of the same type.

Adoption of this amendment may result in material adjustment to deferred tax assets. 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, 2015.

6 AUTHORIZED SHARE CAPITAL

June 30 2016	December 31 2015		June 30 2016	December 31 2015
Number of shares			Rupees in thousands	
			(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	A' Class preference shares of Rs. 10 each	625,000	625,000
37,500,000	37,500,000	B' Class preference shares of Rs. 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30 2016	December 31 2015		Note	June 30 2016	December 31 2015
Number of shares				Rupees in thousands	
				(Un-Audited)	(Audited)
		Ordinary shares of Rs. 10 each			
372,751,051	273,214,754	Issued for cash		3,727,511	2,732,148
		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	- 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	398,145,188		7.1	4,976,816	3,981,453
		A' class Preference shares of Rs. 10 each			
44,957,592	44,957,592	Issued for cash	7.2	449,576	449,576
542,639,077	443,102,780			5,426,392	4,431,029

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

Number of shares	Note	**June 30 2016**	December 31 2015
		(Un-Audited)	*(Audited)*
As at beginning of the year		**398,145,188**	398,145,188
Issue of right ordinary shares	*7.1.1*	**99,536,297**	-
As at end of the year		**497,681,485**	398,145,188

7.1.1 During the year, the PEL issued 99,536,297 (December 31, 2015: nil) right ordinary shares at 1 ordinary share for every 4 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, 2015.

Rupees in thousands	**June 30 2016**	December 31 2015
	(Un-Audited)	*(Audited)*
8 REDEEMABLE CAPITAL - *SECURED*		
As at beginning of the period/year	**4,955,485**	5,629,976
Redeemed during the period/year	**(723,421)**	(674,491)
As at end of the period/year	**4,232,064**	4,955,485
Current maturity presented under current liabilities	**(716,663)**	(1,076,276)
	3,515,401	3,879,209
9 LONG TERM FINANCES - *SECURED*		
As at beginning of the period/year	**3,017,427**	3,102,060
Obtained during the period/year	**-**	2,062,633
Repaid during the period/year	**(487,963)**	(2,147,266)
As at end of the period/year	**2,529,464**	3,017,427
Current maturity presented under current liabilities	**(754,921)**	(830,916)
	1,774,543	2,186,511
10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	**159,822**	130,812
Current maturity presented under current liabilities	**(85,902)**	(69,463)
	73,920	61,349

11 DEFERRED TAXATION

Deferred tax has been recognized using tax rate of 31% (December 31, 2015: 32%) of temporary differences

12 SHORT TERM BORROWINGS

The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs. 3,639 million (December 31, 2015: Rs. 1,705 million).

13 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2015, with the exception of the following:

Rupees in thousands	Note	June 30 2016	December 31 2015
		(Un-Audited)	*(Audited)*
Tender bonds		**312,966**	453,543
Performance bonds		**2,108,009**	2,036,786
Advance guarantees		**726,134**	1,272,820
Custom guarantees		**77,644**	73,253
Foreign guarantees		**158,000**	101,295
Letters of credit		**1,328,278**	1,842,222
Ijarah commitments		**126,816**	138,143
14 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	*14.1*	**16,030,680**	15,446,465
Capital work in progress		**119,149**	63,147
		16,149,829	15,509,612
14.1 Operating fixed assets			
Net book value at the beginning of the period/year		**15,446,465**	14,407,147
Additions during the period/year			
Plant and machinery		**959,102**	1,826,424
Office equipment and furniture		**1,811**	8,208
Computer hardware and allied items		**2,855**	19,266
Vehicles		**35,932**	51,608
		999,700	1,905,506
Net book value of assets disposed during the period/year		**(24,291)**	(126,446)
Depreciation for the period/year		**(391,194)**	(739,742)
Net book value at the end of the period/year		**16,030,680**	15,446,465

Rupees in thousands	Note	June 30 2016	December 31 2015
		(Un-Audited)	(Audited)

15 LONG TERM INVESTMENTS

These represent investments in ordinary shares of associated company.
The details are as follows:

	Note	June 30 2016	December 31 2015
Kohinoor Power Company Limited - *quoted*			
2,910,600 shares (December 31, 2015: 2,910,600 shares) `of Rs. 10 each	*15.1*	20,927	8,906
Nature of relationship: Associate			
Ownership interest: 23.10% (December 31, 2015: 23.10%)			
		20,927	8,906

15.1 Kohinoor Power Company Limited

	June 30 2016	December 31 2015
Cost of investment	54,701	54,701
Shares of post acquisition losses - *net of dividend received*	(2,552)	(1,356)
Accumulated impairment	(31,222)	(44,439)
	20,927	8,906

Rupees in thousands	Six months ended June 30, 2016	Six months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2015
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)

16 REVENUE

	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Contract revenue	241,069	1,874,325	82,857	1,280,923
Sale of goods				
Local	17,824,493	13,851,241	11,601,797	8,823,782
Export	1,944,023	384,424	575,403	136,556
	20,009,585	16,109,990	12,260,057	10,241,261
Sales tax and excise duty	(2,064,377)	(1,856,560)	(1,197,790)	(1,216,906)
Discounts	(1,159,526)	(428,791)	(774,864)	(361,287)
	16,785,682	13,824,639	10,287,403	8,663,068

Rupees in thousands	Six months ended June 30, 2016 (Un-Audited)	Six months ended June 30, 2015 (Un-Audited)	Three months ended June 30, 2016 (Un-Audited)	Three months ended June 30, 2015 (Un-Audited)
17 COST OF SALES				
Raw material consumed	9,566,847	6,943,894	5,774,042	4,438,607
Direct wages	365,165	311,126	181,871	154,720
Factory overheads	1,044,784	944,996	522,158	499,738
	10,976,797	8,200,016	6,478,071	5,093,065
Work in process				
- at the beginning of the period	1,143,657	1,262,830	841,205	1,138,270
- at the end of the period	(686,421)	(1,017,814)	(686,421)	(1,017,814)
	457,236	245,016	154,784	120,456
Cost of goods manufactured	11,434,033	8,445,032	6,632,855	5,213,521
Finished goods				
- at the beginning of the period	1,125,190	877,489	1,305,434	908,314
- purchases during the period	-	-	-	-
- at the end of the period	(1,016,420)	(1,267,846)	(1,016,420)	(1,267,845)
	108,770	(390,357)	289,014	(359,531)
Cost of goods sold	11,542,803	8,054,675	6,921,869	4,853,990
Contract cost	190,854	1,093,309	65,599	811,504
	11,733,657	9,147,984	6,987,468	5,665,494

18 PROVISION FOR TAXATION

Provision for current tax has been made in accordance with Section 18 'Income from Business' of the Income Tax Ordinance, 2001 ('the Ordinance')

	Unit	Six months ended June 30, 2016 (Un-Audited)	Six months ended June 30, 2015 (Un-Audited)
19 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	*Rupees' 000*	2,265,322	2,126,895
Preference dividend for the period	*Rupees' 000*	(21,355)	(21,355)
Profit for the period attributable to ordinary shareholders		2,243,967	2,105,540
Shares			
Weighted average number of ordinary shares outstanding during the period	*No. of shares*	466,498,435	451,832,618
		466,498,435	451,832,618
Earnings per share - *Basic and diluted*	*Rupees*	4.81	4.66

19.1 Weighted average number of ordinary shares outstanding during the six months period ended June 30, 2016 has been adjusted for the issue of right ordinary shares issued thereafter.

19.2 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.

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

Transactions with key management personnel are limited to payment of short term and post employment benefits, issue of ordinary shares, advances against issue of ordinary shares and dividend payments. The Group in the normal course of business carries out various transactions with its 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:

Rupees in thousands		Six months ended June 30, 2016	Six months ended June 30, 2015
		(Un-Audited)	*(Un-Audited)*
20.1 Transactions with related parties			
Nature of relationship	**Nature of transaction**		
Associated companies	Services acquired	**116,518**	77,249
Provident Fund Trust	Contribution for the period	**31,976**	31,075
Key management personnel	Short term employee benefits	**25,753**	22,371
	Post employment benefit plan	**763**	1,292
Directors and Sponsors	Issue of ordinary shares	**2,053,227**	-

Rupees in thousands		June 30 2016	December 31 2015
		(Un-Audited)	*(Audited)*
20.2 Balances with related parties			
Nature of relationship	**Nature of balances**		
Provident Fund Trust	Contribution payable	**10,856**	10,234
Key management personnel	Short term employee benefits payable	**4,390**	3,618
Directors and Sponsors	Advance against issue of ordinary shares	**-**	1,575,252

21 FINANCIAL INSTRUMENTS

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

Rupees in thousands	June 30 2016 (Un-Audited)	December 31 2015 (Audited)
21.1 Financial assets		
Cash in hand	12,675	9,557
Loans and receivables		
Long term deposits	446,528	260,522
Long term advances	1,149,335	688,000
Trade debts	8,499,175	7,700,373
Due against construction work in progress - *unsecured, considered good*	1,195,825	1,023,647
Short term advances	6,819	5,445
Short term deposits and prepayments	1,140,982	1,144,641
Other receivables - *unsecured, considered good*	446,528	390,118
Cash at banks	614,005	568,130
	13,499,197	11,780,876
Financial assets at fair value through profit or loss		
Short term investments	21,824	20,040
Held-to-maturity investments		
Short term investments	-	65,484
	13,533,696	11,875,957
21.2 Financial liabilities		
Financial liabilities at amortized cost		
Redeemable capital	4,232,064	4,955,485
Long term finances	2,529,464	3,017,427
Liabilities against assets subject to finance lease	159,822	130,812
Trade creditors - *unsecured*	287,408	318,331
Foreign bills payable - *secured*	134,132	61,553
Accrued liabilities	166,668	156,887
Employees' provident fund	10,856	10,234
Compensated absences	22,919	24,740
Unclaimed dividend	3,048	4,105
Other payables - *unsecured*	6,983	6,110
Accrued interest/mark-up	229,672	260,904
Short term borrowings	4,538,789	4,668,901
	12,321,825	13,615,489

22 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

22.1 Assets and liabilities measured at fair value

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:

Financial instruments	Hierarchy	Valuation techniques and key inputs	June 30 2016	December 31 2015
			Rupees in thousands	
			(Un-Audited)	*(Audited)*
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	**21,824**	20,040

22.2 Assets and liabilities not measured at fair value

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

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 (EPC)
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, Water Dispensers and other Home Appliances.

Information about operating segments as at June 30, 2016 and for the six months then ended is as follows:

	Six months ended June 30, 2016 *(Un-audited)*			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees in thousands			
Revenue from external customers	6,765,618	13,243,967	-	20,009,585
Segment profit before taxation	728,267	2,124,847	(151,858)	2,701,256

	Six months ended June 30, 2015 *(Un-audited)*			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees in thousands			
Revenue from external customers	5,973,285	10,136,705	-	16,109,990
Segment profit before taxation	874,516	1,769,017	(72,755)	2,570,778

	As at June 30, 2016 *(Un-audited)*			
	Power Division	**Appliances Division**	**Unallocated Items**	**Total**
	Rupees in thousands			
Segment assets	**19,914,632**	**19,156,465**	**416,893**	**39,487,990**

	As at December 31, 2015 *(Audited)*			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees in thousands			
Segment assets	20,193,421	15,178,096	777,759	36,149,276

24 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Parent Company in their meeting held on August 19, 2016 has approved interim cash dividend on ordinary shares at Rs. 1.25 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 Parent Company and authorized for issue on August 19, 2016.

27 GENERAL

27.1 There are no other significant activities since December 31, 2015 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.

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

Condensed Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of PAK ELEKTRON LIMITED ("the Company") as at June 30, 2016 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, 2016 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 consist 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: ***ZUBAIR IRFAN MALIK***

Date: ***AUGUST 19, 2016***
Place: ***LAHORE***

CONDENSED INTERIM BALANCE SHEET

AS AT JUNE 30, 2016

Rupees in thousands	Note	June 30 2016	December 31 2015
		(Un-Audited)	*(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	4,431,029
Share premium		4,279,947	1,293,858
Accumulated profit		6,366,686	5,258,423
TOTAL EQUITY		16,073,025	10,983,310
ADVANCES AGAINST ISSUE OF ORDINARY SHARES		-	1,575,252
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		4,700,504	4,804,200
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - *Secured*	8	3,515,401	3,879,209
Long term finances - *Secured*	9	1,774,543	2,186,511
Liabilities against assets subject to finance lease - *Secured*	10	73,920	61,349
Deferred taxation	11	1,789,491	1,804,911
Deferred income		41,828	42,900
		7,195,183	7,974,880
CURRENT LIABILTIES			
Trade and other payables		783,101	730,201
Accrued interest/mark-up		229,672	260,904
Short term borrowings	12	4,538,789	4,668,901
Current portion of non-current liabilities		1,557,486	1,976,655
		7,109,048	7,636,661
TOTAL LIABILITIES		14,304,231	15,611,541
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		35,077,760	32,974,303

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

M. MURAD SAIGOL
Chief Executive Officer

Rupees in thousands	Note	June 30 2016	December 31 2015
		(Un-Audited)	*(Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	16,149,829	15,509,612
Intangible assets		330,990	338,321
Long term investments	15	21,027	9,006
Long term deposits		247,567	289,784
		16,749,413	16,146,723
CURRENT ASSETS			
Stores, spares and loose tools		769,558	793,379
Stock in trade		6,986,170	5,485,816
Trade debts		5,163,033	5,583,326
Due against construction work in progress - *unsecured, considered good*		1,195,825	1,023,647
Short term advances		1,055,018	913,881
Short term deposits and prepayments		1,327,570	1,331,229
Other receivables - *unsecured, considered good*		446,528	390,118
Short term investments		21,824	85,524
Advance income tax/income tax refundable		845,570	793,282
Cash and bank balances		517,251	427,378
		18,328,347	16,827,580
TOTAL ASSETS		35,077,760	32,974,303

SYED MANZAR HASSAN
Director

CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT/STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

Rupees in thousands	Note	Six months ended June 30, 2016	Six months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2015
		(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
Revenue	16	13,449,584	12,413,563	7,826,049	7,776,069
Sales tax and discounts		(2,064,377)	(1,856,560)	(1,197,790)	(1,216,906)
Revenue -*net*		11,385,207	10,557,003	6,628,259	6,559,163
Cost of sales	17	(9,023,915)	(8,321,030)	(5,157,467)	(5,210,710)
Gross profit		2,361,292	2,235,973	1,470,792	1,348,453
Distribution cost		(286,907)	(206,917)	(178,449)	(118,965)
Administrative expenses		(262,999)	(235,421)	(128,377)	(126,280)
Other expenses		(94,496)	(86,311)	(65,936)	(83,511)
		(644,402)	(528,649)	(372,762)	(328,756)
		1,716,890	1,707,324	1,098,030	1,019,697
Other income		20,493	12,509	9,465	7,054
Operating profit		1,737,383	1,719,833	1,107,495	1,026,751
Finance cost		(500,949)	(590,136)	(236,938)	(294,296)
Profit before taxation		1,236,434	1,129,697	870,557	732,455
Provision for taxation	18	(231,867)	(203,826)	(169,668)	(182,373)
Profit after taxation		1,004,567	925,871	700,889	550,082
Other comprehensive income		-	-	-	-
Total comprehensive income		1,004,567	925,871	700,889	550,082
Earnings per share					
Basic and diluted (Rupees)	19	2.11	2.00	1.50	1.22

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 CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2016

Rupees in thousands	Six months ended June 30, 2016 (Un-Audited)	June 30, 2015 (Un-Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,236,434	1,129,697
Adjustments for non-cash and other items	885,361	950,918
Operating profit before changes in working capital	2,121,795	2,080,615
Changes in working capital	(1,369,406)	(909,885)
Cash generated from operations	752,389	1,170,730
Payments for:		
Interest/mark-up on borrowings	(532,181)	(726,090)
Income tax	(299,575)	(138,231)
Net cash (used in)/generated from operating activities	(79,367)	306,409
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(987,089)	(179,849)
Proceeds from disposal of property, plant and equipment	24,235	5,713
Proceeds from sale of short term investments	64,776	-
Long term deposits	42,217	(985)
Net cash used in investing activities	(855,861)	(175,121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	-	1,562,633
Repayment of long term finances	(487,963)	(1,841,572)
Redemption of redeemable capital	(723,421)	(177,350)
Proceeds from sale and lease back activity	-	36,852
Repayment of liabilities against assets subject to finance lease	(39,603)	(49,088)
Net (decrease)/increase in short term borrowings	(130,112)	359,678
Proceeds from issue of right ordinary shares	2,406,200	-
Net cash generated from/(used in) financing activities	1,025,101	(108,847)
NET INCREASE IN CASH AND CASH EQUIVALENTS	89,873	22,441
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	427,378	287,935
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	517,251	310,376

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, 2016

Rupees in thousands	*Note*	Issued subscribed and paid-up capital	Share premium	Accumulated profit	Total equity
Balance as at January 01, 2015 - *Audited*		4,431,029	1,293,858	3,876,195	9,601,082
Comprehensive income					
Profit after taxation		-	-	925,871	925,871
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	925,871	925,871
Incremental depreciation - *net of deferred taxation*		-	-	104,017	104,017
Balance as at June 30, 2015 - *Un-audited*		4,431,029	1,293,858	4,906,083	10,630,970
Balance as at July 01, 2015 - *Un-audited*		4,431,029	1,293,858	4,906,083	10,630,970
Comprehensive income					
Profit after taxation		-	-	746,495	746,495
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	746,495	746,495
Incremental depreciation - *net of deferred taxation*		-	-	103,527	103,527
Transaction with owners					
Interim dividend on ordinary shares @ Rs. 1.25 per share		-	-	(497,682)	(497,682)
Balance as at December 31, 2015 - *Audited*		4,431,029	1,293,858	5,258,423	10,983,310
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**

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, 2016 (Un-Audited)

1 REPORTING ENTITY

Pak Elektron Limited ("the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (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 (EPC).

Appliances Division: manufacturing, assembling and distribution of refrigerators, deep freezer, air conditioners, microwave ovens, water dispensers 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, 2015.

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, 2015 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, 2015 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 ended June 30, 2016 and June 30, 2015 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/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.

IFRS 14 - Regulatory Deferral Accounts (2014)

The standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)

The amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)

The amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles in IFRS 3 - Business Combinations and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 - Joint Arrangements and disclose the information required by IFRS 3 - Business Combinations and other IFRSs for business combinations.

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)

The amendment clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment, introduces a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated and adds guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 - Employee benefits)

The amendment addresses issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value, that a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity, that when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries and that An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12 - Disclosure of Interests in Other Entities.

Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)

The amendments include 'bearer plants' within the scope of IAS 16 - Property, Plant and Equipment rather than IAS 41 - Agriculture, allowing such assets to be accounted for as property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16 - Property, Plant and Equipment, introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales and clarify that produce growing on bearer plants remains within the scope of IAS 41 - Agriculture.

Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)

The amendments address perceived impediments to preparers exercising their judgement in presenting their financial reports by clarifying that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply; clarifying that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss and provides additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1 - Presentation of Financial Statements.

Annual Improvements 2012-2014

Annual Improvements 2010-2012 cycle makes changes to the following standards:

IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations: Adds specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued

IFRS 7 - Financial Instruments: Disclosures: Provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements

IAS 19 - Employee Benefits: Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

IAS 34 - Interim Financial Reporting: Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

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: Classification and Measurement (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
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
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017

The Company intends to adopt these new/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.

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

The amendments clarify the following:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to deductible temporary differences 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 deductable temporary differences.

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax laws restrict utilization of tax losses, an entity would assess a deferred tax asset in combination with deferred tax assets of the same type.

Adoption of this amendment may result in material adjustment to deferred tax assets. 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, 2015.

6 AUTHORIZED SHARE CAPITAL

June 30 2016	December 31 2015		June 30 2016	December 31 2015
Number of shares			Rupees in thousands	
			(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	A' Class preference shares of Rs. 10 each	625,000	625,000
37,500,000	37,500,000	B' Class preference shares of Rs. 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

June 30 2016	December 31 2015		Note	June 30 2016	December 31 2015
Number of shares				Rupees in thousands	
				(Un-Audited)	*(Audited)*
		Ordinary shares of Rs. 10 each			
372,751,051	273,214,754	Issued for cash		3,727,511	2,732,148
		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	- 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	398,145,188		*7.1*	4,976,816	3,981,453
		A' class Preference shares of Rs. 10 each			
44,957,592	44,957,592	Issued for cash	*7.2*	449,576	449,576
542,639,077	443,102,780			5,426,392	4,431,029

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

Number of shares	Note	June 30 2016	December 31 2015
		(Un-Audited)	*(Audited)*
As at beginning of the year		**398,145,188**	398,145,188
Issue of right ordinary shares	*7.1.1*	**99,536,297**	-
As at end of the year		**497,681,485**	398,145,188

7.1.1 During the year, the Company issued 99,536,297 (December 31, 2015: nil) right ordinary shares at 1 ordinary share for every 4 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, 2015.

Rupees in thousands	June 30 2016	December 31 2015
	(Un-Audited)	*(Audited)*

8 REDEEMABLE CAPITAL - *SECURED*

As at beginning of the period/year	**4,955,485**	5,629,976
Redeemed during the period/year	**(723,421)**	(674,491)
As at end of the period/year	**4,232,064**	4,955,485
Current maturity presented under current liabilities	**(716,663)**	(1,076,276)
	3,515,401	3,879,209

9 LONG TERM FINANCES - *SECURED*

As at beginning of the period/year	**3,017,427**	3,102,060
Obtained during the period/year	**-**	2,062,633
Repaid during the period/year	**(487,963)**	(2,147,266)
As at end of the period/year	**2,529,464**	3,017,427
Current maturity presented under current liabilities	**(754,921)**	(830,916)
	1,774,543	2,186,511

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	**159,822**	130,812
Current maturity presented under current liabilities	**(85,902)**	(69,463)
	73,920	61,349

11 DEFERRED TAXATION

Deferred tax has been recognized using tax rate of 31% (December 31, 2015: 32%) of temporary differences

12 SHORT TERM BORROWINGS

The aggregate un-availed short term borrowing facilities as at reporting date amounts to Rs. 3,639 million (December 31, 2015: Rs. 1,705 million).

13 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2015, with the exception of the following:

Rupees in thousands	Note	June 30 2016	December 31 2015
		(Un-Audited)	*(Audited)*
Tender bonds		312,966	453,543
Performance bonds		2,108,009	2,036,786
Advance guarantees		726,134	1,272,820
Custom guarantees		77,644	73,253
Foreign guarantees		158,000	101,295
Letters of credit		1,328,278	1,842,222
Ijarah commitments		126,816	138,143
14 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	*14.1*	16,030,680	15,446,465
Capital work in progress		119,149	63,147
		16,149,829	15,509,612
14.1 Operating fixed assets			
Net book value at the beginning of the period/year		15,446,465	14,407,147
Additions during the period/year			
Plant and machinery		959,102	1,826,424
Office equipment and furniture		1,811	8,208
Computer hardware and allied items		2,855	19,266
Vehicles		35,932	51,608
		999,700	1,905,506
Net book value of assets disposed during the period/year		(24,291)	(126,446)
Depreciation for the period/year		(391,194)	(739,742)
Net book value at the end of the period/year		16,030,680	15,446,465

Rupees in thousands	Note	June 30 2016	December 31 2015
		(Un-Audited)	*(Audited)*
15 LONG TERM INVESTMENTS			
These represent investments in ordinary shares of related parties. The details are as follows:			
PEL Marketing (Private) Limited - *unquoted*			
10,000 shares (December 31, 2015: 10,000 shares) of Rs. 10 each		100	100
Nature of relationship: Subsidiary			
Ownership interest: 100% (December 31, 2015: 100%)			
Kohinoor Power Company Limited - *quoted*			
2,910,600 shares (December 31, 2015: 2,910,600 shares) `of Rs. 10 each	*15.1*	20,927	8,906
Nature of relationship: Associate			
Ownership interest: 23.10% (December 31, 2015: 23.10%)			
		21,027	9,006
15.1 Kohinoor Power Company Limited			
Cost of investment		54,701	54,701
Accumulated impairment		(33,774)	(45,795)
		20,927	8,906

Rupees in thousands	Six months ended June 30, 2016	Six months ended June 30, 2015	Three months ended June 30, 2016	Three months ended June 30, 2015
	(Un-Audited)	*(Un-Audited)*	***(Un-Audited)***	*(Un-Audited)*
16 REVENUE				
Contract revenue	241,069	1,874,325	82,857	1,280,923
Sale of goods				
Local	11,264,492	10,154,814	7,167,789	6,358,590
Export	1,944,023	384,424	575,403	136,556
	13,449,584	12,413,563	7,826,049	7,776,069
Sales tax and excise duty	(2,064,377)	(1,856,560)	(1,197,790)	(1,216,906)
Discounts	-	-	-	-
	11,385,207	10,557,003	6,628,259	6,559,163

Rupees in thousands	Six months ended June 30, 2016 (Un-Audited)	Six months ended June 30, 2015 (Un-Audited)	Three months ended June 30, 2016 (Un-Audited)	Three months ended June 30, 2015 (Un-Audited)
17 COST OF SALES				
Raw material consumed	7,059,033	5,529,805	4,257,168	3,374,264
Direct wages	365,165	311,126	181,870	154,720
Factory overheads	1,044,784	944,996	522,159	499,738
	8,468,982	6,785,927	4,961,197	4,028,722
Work in process				
- at the beginning of the period	1,143,657	1,262,830	841,205	1,138,270
- at the end of the period	(686,421)	(1,017,814)	(686,421)	(1,017,814)
	457,236	245,016	154,784	120,456
Cost of goods manufactured	8,926,218	7,030,943	5,115,981	4,149,178
Finished goods				
- at the beginning of the period	429,020	700,790	498,064	754,040
- purchases during the period	-	-	-	-
- at the end of the period	(522,177)	(504,012)	(522,177)	(504,012)
	(93,157)	196,778	(24,113)	250,028
Cost of goods sold	8,833,061	7,227,721	5,091,868	4,399,206
Contract cost	190,854	1,093,309	65,599	811,504
	9,023,915	8,321,030	5,157,467	5,210,710

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.

	Unit	Six months ended June 30, 2016 (Un-Audited)	Six months ended June 30, 2015 (Un-Audited)
19 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	*Rupees' 000*	1,004,567	925,871
Preference dividend for the period	*Rupees' 000*	(21,355)	(21,355)
Profit for the period attributable to ordinary shareholders		983,212	904,516
Shares			
Weighted average number of ordinary shares outstanding during the period	*No. of shares*	466,498,435	451,832,618
		466,498,435	451,832,618
Earnings per share - *Basic and diluted*	*Rupees*	2.11	2.00

19.1 Weighted average number of ordinary shares outstanding during the six months period ended June 30, 2016 has been adjusted for the issue of right ordinary shares issued thereafter.

19.2 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.

19.3 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, advances against 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:

Rupees in thousands		Six months ended June 30, 2016	Six months ended June 30, 2015
		(Un-Audited)	*(Un-Audited)*
20.1 Transactions with related parties			
Nature of relationship	**Nature of transaction**		
Subsidiary	Sale of goods and services	**8,111,837**	6,994,832
Associated companies	Services acquired	**116,518**	77,249
Provident Fund Trust	Contribution for the period	**31,976**	31,075
Key management personnel	Short term employee benefits	**25,753**	22,371
	Post employment benefit plan	**763**	1,292
Directors and Sponsors	Issue of ordinary shares	**2,053,227**	-

Rupees in thousands		June 30 2016	December 31 2015
		(Un-Audited)	*(Audited)*
20.2 Balances with related parties			
Nature of relationship	**Nature of balances**		
Provident Fund Trust	Contribution payable	**10,856**	10,234
Key management personnel	Short term employee benefits payable	**4,390**	3,618
Directors and Sponsors	Advance against issue of ordinary shares	**-**	1,575,252

21 FINANCIAL INSTRUMENTS

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

Rupees in thousands	June 30 2016	December 31 2015
	(Un-Audited)	*(Audited)*
21.1 Financial assets		
Cash in hand	8,584	8,470
Loans and receivables		
Long term deposits	247,567	260,522
Trade debts	5,163,033	5,583,326
Due against construction work in progress - *unsecured, considered good*	1,195,825	1,023,647
Short term advances	1,055,018	5,445
Short term deposits and prepayments	1,327,570	1,144,641
Cash at banks	508,667	418,908
	9,497,680	8,436,489
Financial assets at fair value through profit or loss		
Short term investments	21,824	20,040
Held-to-maturity investments		
Short term investments	-	65,484
	9,528,088	8,530,483
21.2 Financial liabilities		
Financial liabilities at amortized cost		
Redeemable capital	4,232,064	4,955,485
Long term finances	2,529,464	3,017,427
Liabilities against assets subject to finance lease	159,822	130,812
Trade creditors - *unsecured*	287,408	318,331
Foreign bills payable - *secured*	134,132	61,553
Accrued liabilities	166,668	117,725
Employees' provident fund	10,856	10,234
Compensated absences	22,919	24,740
Unclaimed dividend	3,048	4,105
Other payables - *unsecured*	6,983	6,110
Accrued interest/mark-up	229,672	260,904
Short term borrowings	4,538,789	4,668,901
	12,321,825	13,576,327

22 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

22.1 Assets and liabilities measured at fair value

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:

Financial instruments	Hierarchy	Valuation techniques and key inputs	June 30 2016	December 31 2015
			Rupees in thousands	
			(Un-Audited)	*(Audited)*
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	**21,824**	20,040

22.2 Assets and liabilities not measured at fair value

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

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 (EPC)
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, Water Dispenser and other Home Appliances.

Information about operating segments as at June 30, 2016 and for the six months then ended is as follows:

	Six months ended June 30, 2016 *(Un-audited)*			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees in thousands			
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

	Six months ended June 30, 2015 *(Un-audited)*			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees in thousands			
Revenue from external customers	5,973,285	6,440,278	-	12,413,563
Segment profit before taxation	874,538	328,982	(73,823)	1,129,697

	As at June 30, 2016 *(Un-audited)*			
	Power Division	**Appliances Division**	**Unallocated Items**	**Total**
	Rupees in thousands			
Segment assets	**19,859,918**	**14,122,029**	**1,095,813**	**35,077,760**

	As at December 31, 2015 *(Audited)*			
	Power Division	Appliances Division	Unallocated Items	Total
	Rupees in thousands			
Segment assets	20,118,266	11,717,734	1,138,303	32,974,303

24 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company in their meeting held on August 19, 2016 has approved interim cash dividend on ordinary shares at Rs. 1.25 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 19, 2016.

27 GENERAL

27.1 There are no other significant activities since December 31, 2015 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.

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director