Annual Report | 2014

PEL

Pak Elektron Limited

Pak Elektron Limited

Contents

Corporate Information

Board of Directors

Mr. M. Naseem Saigol	Chairman - *Executive*
Mr. M. Murad Saigol	Chief Executive - *Executive/Certified (DTP)*
Mr. M. Azam Saigol	Director - *Non Executive*
Mr. Muhammad Zeid Yousuf Saigol	Director - *Executive/Certified (DTP)*
Mr. Haroon Ahmad Khan	Director - *Executive/Certified (DTP)*
Syed Manzar Hassan	Director - *Executive*
Syed Zubair Ahmad Shah	Director - *NIT Nominee/Independent*
Mr. Wajahat A. Baqai	Director - *NBP Nominee U/S 182 of the Ordinance/Non Executive*
Mr. Akbar Hassan Khan	Director - *NBP Nominee U/S 182 of the Ordinance/Non Executive*
Mr. Khadim Hussain	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*
Mr. Munaf Ibrahim	Director - *Independent*

Audit Committee

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

HR & Remuneration Committee

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

Company Secretary

Muhammad Omer Farooq

Chief Financial Officer

Syed Manzar Hassan, FCA

Auditors

M/s 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: 042-35839182, 35887262
Fax: 042-35869037

Bankers

Albaraka Islamic Bank
Askari Bank Limited
Bank Alfalah Limited
Bank of Khyber
Bank of Punjab
Burj Bank Limited
Faysal Bank Limited
KASB Bank Limited
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

Registered Office

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

Works

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

Transformer Facility

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

Karachi

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

Islamabad

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

China

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

OUR VISION

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

OUR MISSION

To provide quality products and services to the complete satisfaction of our customers and maximize returns for all stakeholders through optimal use of resources.
To promote good governance, corporate values and a safe working environment with a strong sense of social responsibility.

Historical Overview

PEL's Journey through Time

1956 Incorporation of Pak Elektron Limited

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

1981 Manufacturing of Air Conditioners with assistance of Fujitsu Japan

2004 Acquired Technology from GANZ, Hungry to Produce Power Transformers

2006 Formal start of EPC Business Segment of the Company

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

2010 Inauguration of New Distribution Transformer Factory by Prime Minister of Pakistan under Technical Assistance from Pauwels, Belgium.

2011
- Launching of New Desire Series Refrigerator
- Prequalification with Saudi Electrical Company - SEC

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

1988
- Listing with all of Stock Exchanges
- Acquired License to manufacture VCBs from Hitachi, Japan

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

1994 Quality Management System Certification for Energy Meter ISO 9001 by SGS

1997 Acquired Technology from Carrier, USA to manufacture Air Conditioners

2000 Launching of new crystal series refrigerator under technical collaboration of Danfoss, Germany

2012 Launch of new Arctic series Refrigerator with new Aesthetics

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

2014 Launching of New Glass Door Refrigerator with New Aesthetics

Appliances Division

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

REFRIGERATOR

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

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

The Company has launched a new refrigerator range called ASPIRE. This is an affordable priced contemporary styled refrigerator .We have Run a 360 degree campaign.

The Aspire range has been very well received by customers across the country. With the Launch of the model we focused to catch the attention of customers who look for better aesthetics and beauty in affordable prices with simultaneously meet their requirement for roubust cooling function.

The company also focused on continuous improvement through R&D. A special attention is being given through different marketing campaigns to further strengthen the PEL Brand. The turnover of Refrigerators is increased by 22% over last year, at the same time we have improved our margins.

AIR CONDITIONER

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

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

DEEP FREEZER

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

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

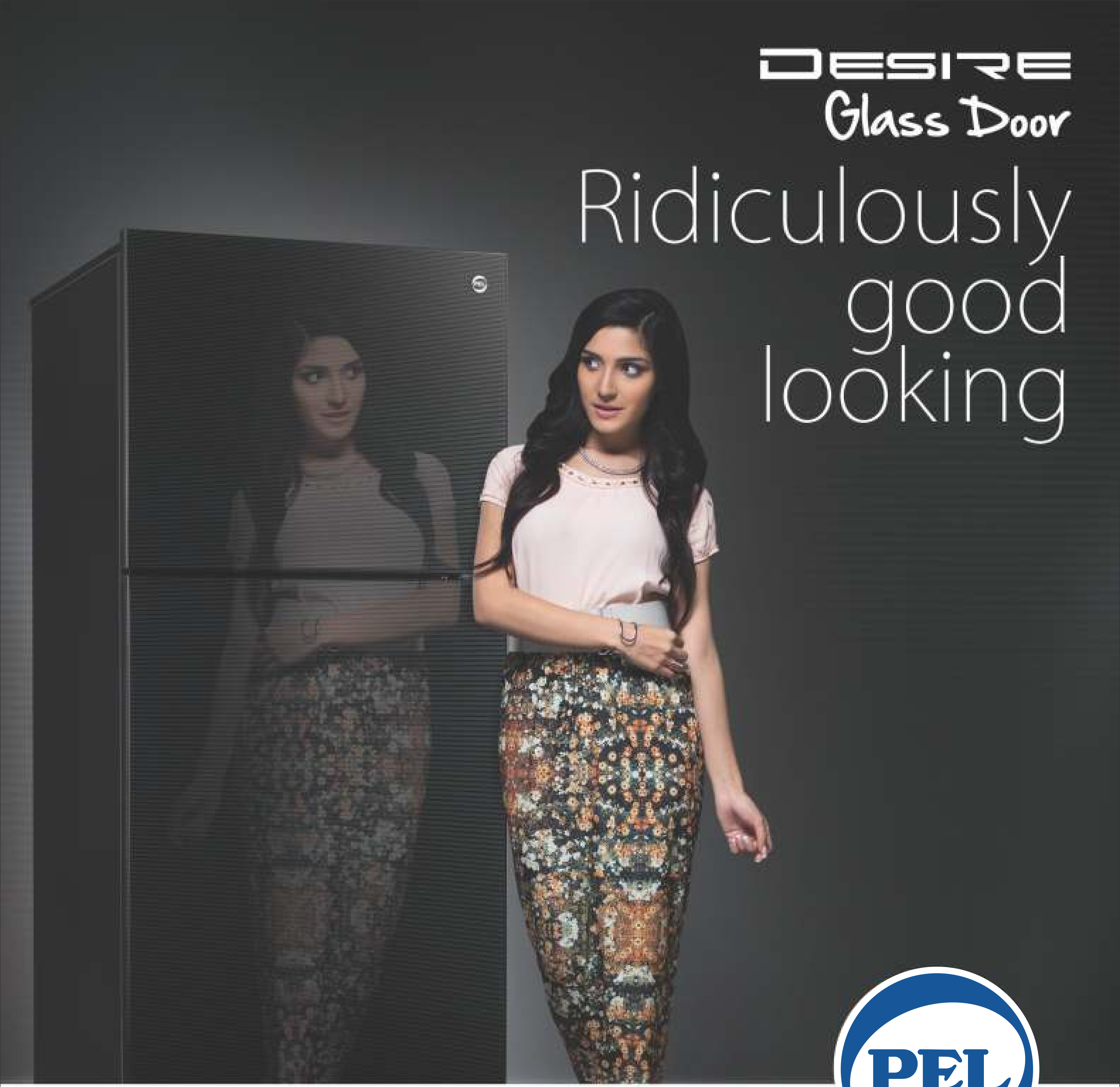
Through ongoing R&D we are improving the quality of our products and we have added Deep Freezer for the retail market as well & it is becoming more popular in retail market.

MICROWAVE OVEN

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

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

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



PEL
Change your life

LOW VOLTAGE START

The Low Volatage function regulates electric flow and will start the fridge safely even if the voltage is low.

SMART ECO CONTROL FUNCTION

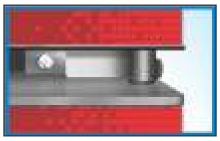
It helps control electricity consumption and runs the refrigerator at the most economical mode with maximum efficiency.

BOTTLE RACK/SEPARATOR

Keep your bottles and cans sorted and organized with this new feature

AROMA LOCK

A distinctive and exclusive Palladium-Carbon Based Deodorizer which slows food decay and removes unwanted odors.



STRONGER HINGES

New top quality door hinges mounted smartly to avoid door misalignment.

LED LIGHTS

Modern LED lights give a fresh feel in the refrigerator.

Power Division

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

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

POWER TRANSFORMERS

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

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

DISTRIBUTION TRANSFORMERS

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

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

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

SWITCH GEARS

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

EPC CONTRACTING

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

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

ENERGY METER

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

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

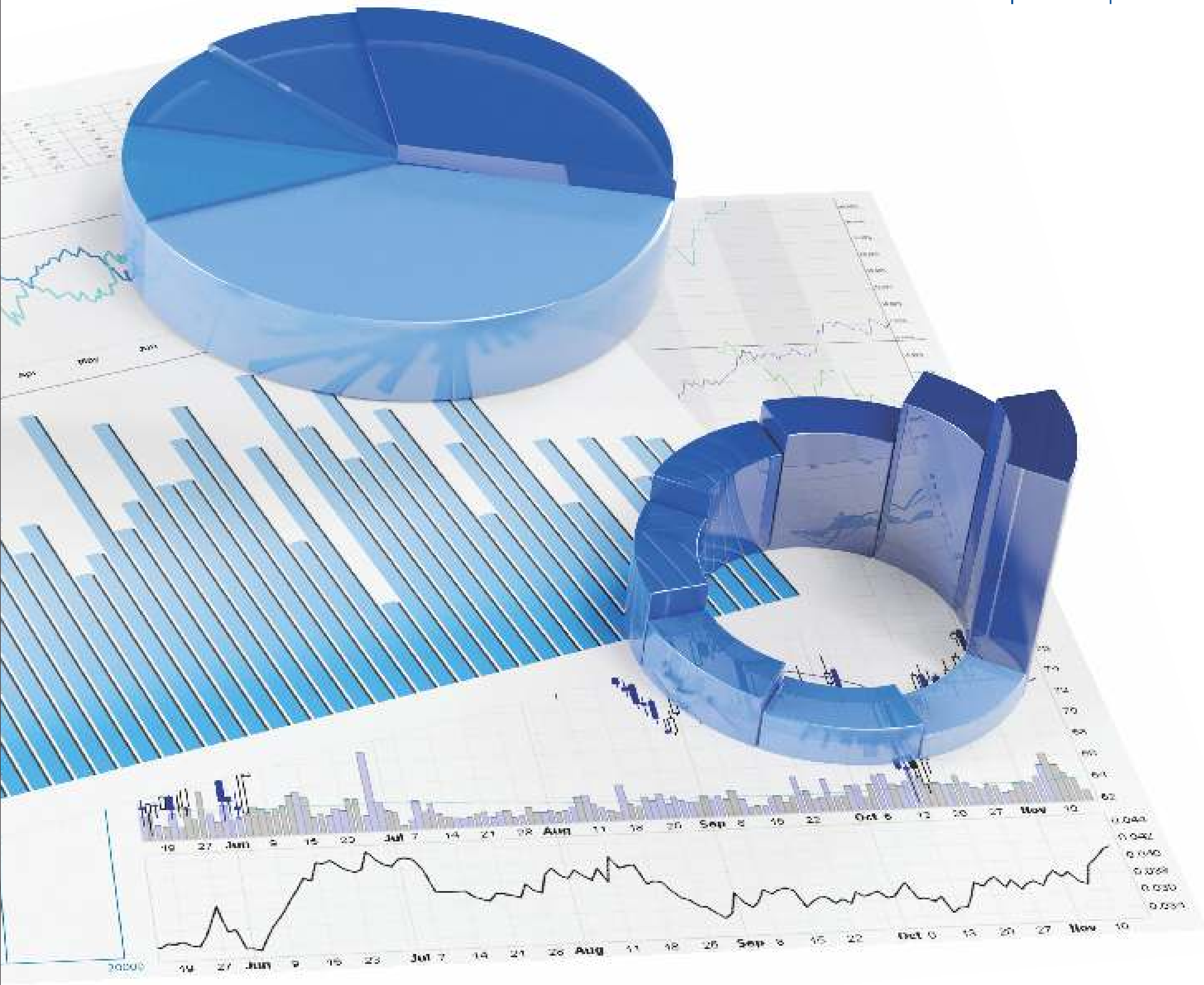
OPERATING HIGHLIGHTS

REVENUE

2015 turned out to be an excellent operational period. Revenue increased by 28% i.e. Rs.24.125 Billion against Rs. 18.856 Billion of the Preceding Year. Home Appliances Division of the Company achieved its Planned Volumes and Power Division also contributed well towards Volume Growth.

GROSS PROFIT

Due to wide ranging R&D, decrease in importation cost and Cost Control measures the Company achieved a substantial growth in the Gross Profits of Rs. 2.254 Billion, which is 56% over the last year.



PROFITABILITY

The Company earned After Tax Profit of Rs. 2.241 Billion against Rs. 607 Million of the previous year. This was due to better product margin and increased volumes. Earnings per share were Rs. 6.61 as compared to Rs. 3.01 per share in the previous year.

EQUITY RAISING

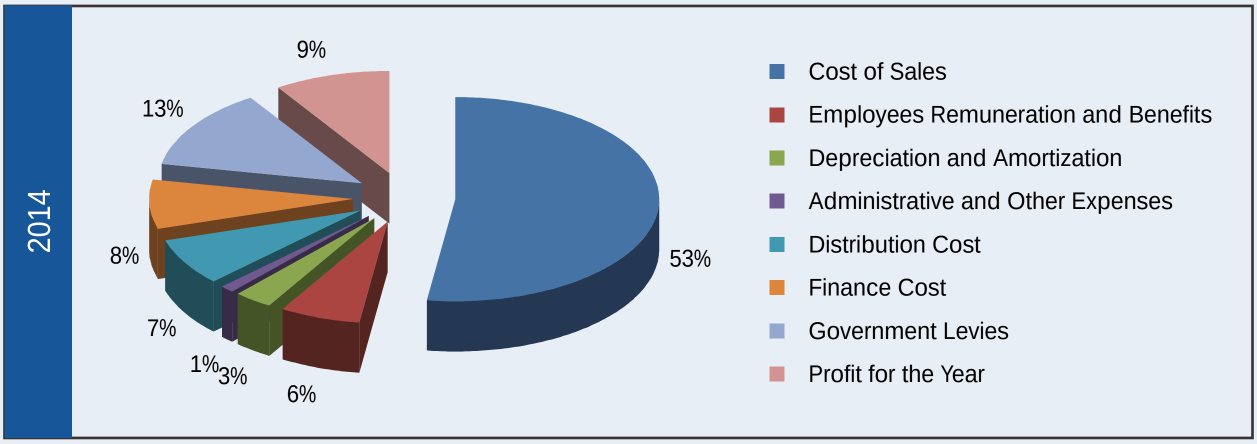
During the year under review, Company raised equity by issuing Right Shares worth Rs. 2.064 billion at 10% Premium. On the other side to benefit the shareholders.

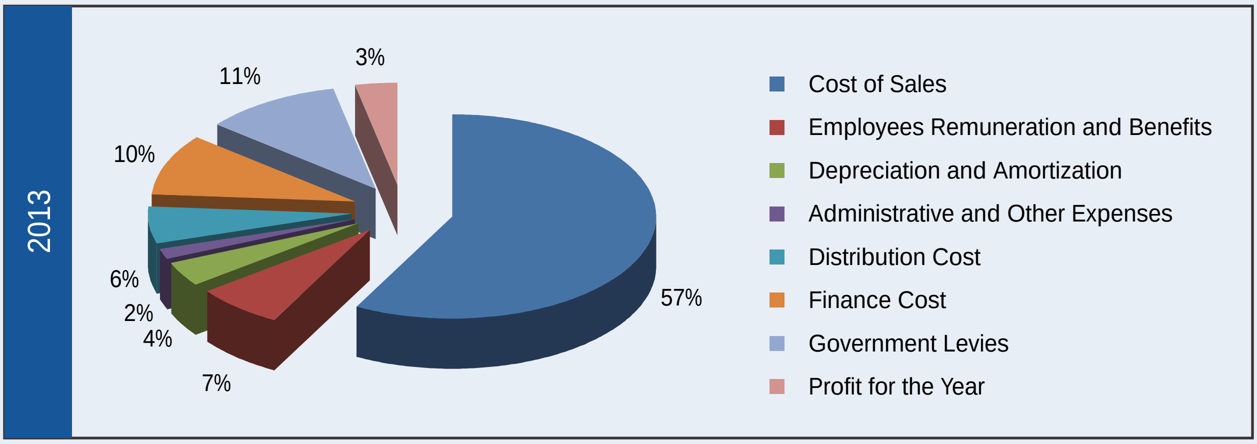
KEY OPERATING AND FINANCIAL DATA

Rupees in millions	2014	2013	2012	2011	2010	2009
FINANCIAL						
Gross Sales	24,126	18,856	20,294	13,723	19,895	16,118
Net Sales	20,518	16,469	17,770	11,343	17,523	14,622
Gross Profit	6,309	4,055	3,644	1,065	3,708	3,338
EBITDA	5,159	3,316	2,917	309	2,668	2,082
Financial Charges	1,893	1,819	2,051	1,413	1,624	1,373
Profit/(Loss) Before Tax	2,545	775	161	(1,802)	261	394
Profit/(Loss) after Tax	2,241	607	115	(1,163)	189	261
Earning/(Loss) Per Share - Basic	6.61	4.04	0.59	(9.90)	1.24	2.17
Share Capital						
- Ordinary	3,981	2,681	1,219	1,219	1,219	970
- Preference	450	450	450	450	450	526
Shareholder's Equity	11,026	6,545	3,908	3,603	4,566	4,007
Long Term Loans	7,344	5,728	5,621	4,571	4,969	3,597
Current Liabilities	7,148	7,782	9,832	9,629	9,006	6,554
Current Portion of LTL / LF	1,523	422	79	1,145	1,234	763
Non Current Assets	15,068	15,295	14,198	14,463	13,981	10,356
Fixed Assets	14,467	14,818	13,811	14,089	13,435	9,720
Current Assets	17,459	11,848	11,016	9,331	11,549	8,714
Total Assets	32,527	27,143	25,215	23,794	25,530	19,070
Current Ratio	2.44	1.52	1.12	0.97	1.28	1.33
Return on Equity	25.51%	11.62%	3.05%	(28.47%)	4.41%	6.77%
Debt Equity Ratio	0.32	0.34	0.42	0.38	0.36	0.35
Return on Capital Employed	20.86%	19.16%	22.63%	1.57%	16.83%	19.52%
DIVIDEND						
Cash Dividend	-	-	-	-	-	-
Stock Dividend	-	10%	-	-	-	10%
PRODUCTION DATA						
Transformer - MVA	3,097	2,537	3,967	2,029	2,999	2,466
Switchgears - Numbers	6,258	8,021	1,780	1,490	3,443	4,046
Energy Meter - Numbers	579,237	277,732	264,148	349,611	843,880	443,307
Air Conditioner - Numbers	9,712	1,720	919	39,565	91,952	28,581
Refrigerators/Deepfreezers - Cfts	4,152,270	3,306,428	3,042,064	2,660,387	3,660,858	3,156,604
Microwave Oven-Liters	236,391	-	-	-	-	-

Statement of Value Addition

Rupees in thousands	2014		2013	
Wealth Generation				
Contract Revenue	2,842,117		2,026,964	
Sales	21,283,599		16,829,452	
Value Added	24,125,716		18,856,416	
Other Income	32,483		46,219	
Wealth Created	24,158,199		18,902,635	
Wealth Distribution				
Cost of Sales	12,613,266	52%	10,945,419	58%
Employees Remuneration and Benefits	1,515,747	6%	1,306,677	7%
Depreciation and Amortization	756,416	3%	721,121	4%
Administrative and Other Expenses	311,026	1%	314,316	2%
Distribution Cost	1,794,325	7%	1,121,918	6%
Finance Cost	1,892,828	8%	1,819,459	10%
Government Levies	3,033,122	13%	2,066,398	11%
Profit for the Year	2,241,469	9%	607,327	3%
Wealth Distributed	24,158,199	100%	18,902,635	100%





HORIZONTAL AND VERTICAL ANALYSIS OF LIABILITIES

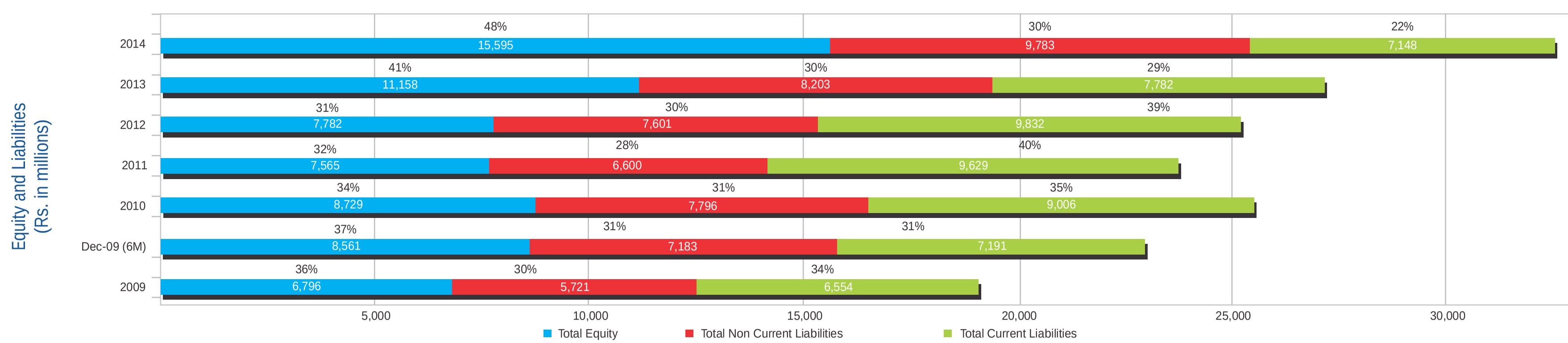
Pak Elektron Limited
Equity & Liability
Horizontal and Vertical Analysis

Horizontal Analysis

	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10	2010	10 Vs 09 (6M)	2009 (6M)	09 (6M)Vs 09	2009
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million
Total Equity	15,595	39.76	11,158	43.39	7,782	2.86	7,565	(13.33)	8,729	1.96	8,561	25.97	6,796
Total Non Current Liabilities	9,783	19.27	8,203	7.91	7,601	15.17	6,600	(15.33)	7,796	8.52	7,183	25.57	5,721
Total Current Liabilities	7,148	(8.14)	7,782	(20.85)	9,832	2.11	9,629	6.91	9,006	25.23	7,191	9.73	6,554
Total Equity and Liabilities	32,527	19.84	27,143	7.65	25,215	5.97	23,794	(6.80)	25,530	11.31	22,935	20.27	19,070

Vertical Analysis

	2014		2013		2012		2011		2010		2009 (6M)		2009	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Total Equity	15,595	47.94	11,158	41.11	7,782	30.86	7,565	31.79	8,729	34.19	8,561	37.33	6,796	35.64
Total Non Current Liabilities	9,783	30.08	8,203	30.22	7,601	30.15	6,600	27.74	7,796	30.53	7,183	31.32	5,721	30.00
Total Current Liabilities	7,148	21.98	7,782	28.67	9,832	38.99	9,629	40.47	9,006	35.28	7,191	31.35	6,554	34.37
Total Equity and Liabilities	32,527	100	27,143	100	25,215	100	23,794	100	25,530	100	22,935	100	19,070	100



Horizontal and Vertical Analysis of Assets

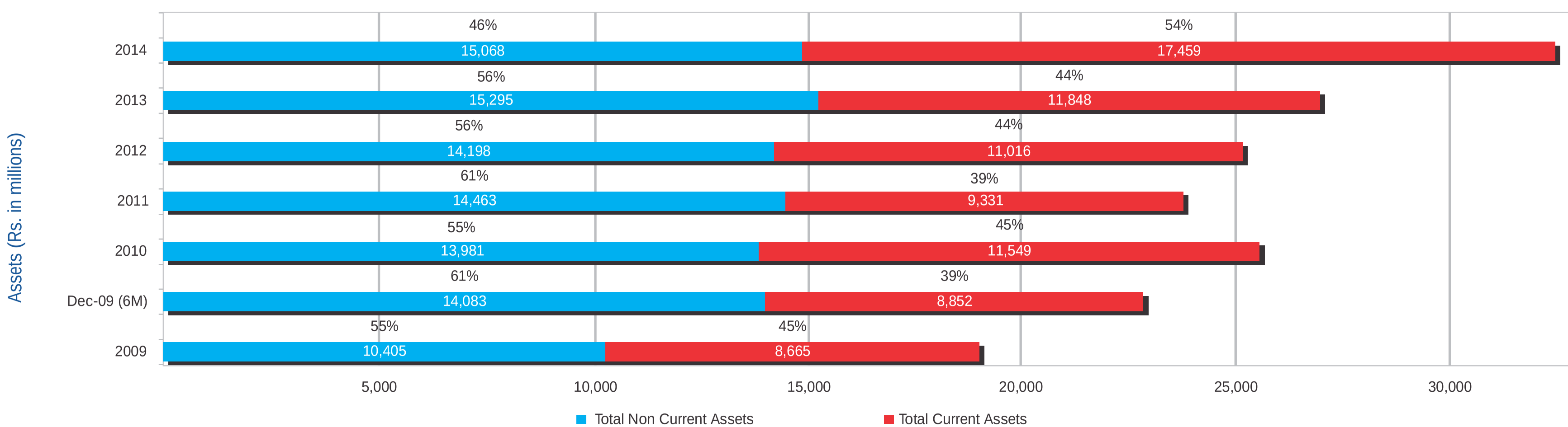
Pak Elektron Limited
Equity & Liability
Horizontal and Vertical Analysis

Horizontal Analysis

	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10	2010	10 Vs 09 (6M)	2009 (6M)	09 (6M)Vs 09	2009
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million
Total Non Current Assets	15,068	(1.49)	15,295	7.72	14,198	(1.83)	14,463	3.45	13,981	(0.72)	14,083	35.35	10,405
Total Current Assets	17,459	47.36	11,848	7.55	11,016	18.07	9,331	(19.21)	11,549	30.47	8,852	2.16	8,665
Total Assets	32,527	19.83	27,143	7.65	25,215	5.97	23,794	(6.80)	25,530	11.31	22,935	20.27	19,070

Vertical Analysis

	2014		2013		2012		2011		2010		2009 (6M)		2009	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Total Non Current Assets	15,068	46.32	15,295	56.35	14,198	56.31	14,463	60.79	13,981	54.76	14.,083	61.40	10,405	54.56
Total Current Assets	17,459	53.68	11,848	43.65	11,016	43.69	9,331	39.21	11,549	45.24	8,852	38.60	8,665	45.44
Total Assets	32,527	100	27,143	100	25,215	100	23,794	100	25,530	100	22,935	100	19,070	100



Horizontal Analysis of Profit and Loss

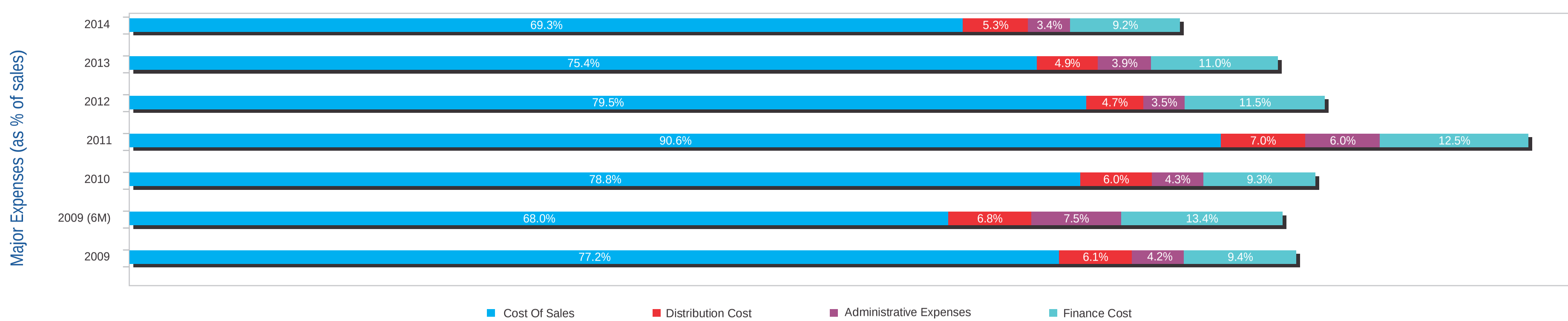
Pak Elektron Limited
Profit and Loss Account
Horizontal Analysis

	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10	2010	10 Vs 09 (6M)	2009 (6M)	09 (6M) Vs 09	2009
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million
Net Revenue	20,518	24.58	16,469	(7.32)	17,770	56.66	11,343	(35.27)	17,523	278.34	4,631	(68.32)	14,622
Cost of Sales	(14,209)	14.46	(12,414)	(12.12)	(14,126)	37.44	(10,278)	(25.60)	(13,815)	338.79	(3,148)	(72.10)	(11,284)
Gross Profit	6,309	55.59	4,055	11.29	3,644	242.16	1,065	(71.28)	3,708	150.02	1,483	(55.57)	3,338
Other Operating Income	32	(29.73)	46	27.45	36	(2.35)	37	(27.08)	51	25.13	41	9.76	37
Distribution Cost	(1,090)	34.66	(089)	(2.20)	(827)	4.34	(793)	(25.00)	(1,057)	235.38	(315)	(64.67)	(892)
Administrative Expenses	(690)	7.24	(643)	2.99	(624)	(8.60)	(683)	(9.05)	(751)	114.93	(349)	(42.62)	(609)
Other Operating Expenses	(114)	234.13	(34)	631.50	(5)	(3.93)	(5)	(93.21)	(71)	260.60	(20)	(83.09)	(117)
Operating Profit	4,449	70.12	2,615	17.61	2,224	(687.14)	(379)	(120.15)	1,880	123.92	839	(52.23)	1,757
Finance Cost	(1,893)	4.03	(1,819)	(11.25)	(2,050)	45.06	(1,413)	(12.96)	(1,624)	161.91	(620)	(54.84)	(1,373)
Share of Profit/Loss of Associate	(11)	(47.98)	(21)	64.98	(13)	25.26	(10)	(292.13)	5	116.94	2	(73.64)	9
Profit Before Taxation	2,545	228.55	775	381.49	161	(108.93)	(1,802)	(789.93)	261	17.72	222	(43.62)	394
Provision for Taxation	(304)	81.30	(168)	262.29	(46)	(107.24)	639	(984.82)	(72)	19.03	(61)	(54.42)	(133)
Profit/(Loss) for the year	2,241	269.19	607	429.58	115	(109.89)	(1,163)	(715.51)	189	17.22	161	(38.11)	261

Vertical Analysis of Profit and Loss

Pak Elektron Limited
Profit and Loss Account
Vertical Analysis

	2014		2013		2012		2011		2010		2009 (6M)		2009	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
Net Revenue	20,518	100.00	16,469	100.00	17,770	100.00	11,343	100.00	17,523	100.00	4,631	100.00	14,622	100.00
Cost of Sales	(14,209)	(69.25)	(12,414)	(75.38)	(14,126)	(79.05)	(10,278)	(90.61)	(13,815)	(78.84)	(3,148)	(67.98)	(11,284)	(77.17)
Gross Profit	6,309	30.75	4,055	24.62	3,644	20.50	1,065	9.39	3,708	21.16	1,483	32.02	3,338	22.83
Other Operating Income	32	0.16	46	0.28	36	0.20	37	0.33	51	0.29	41	0.88	37	0.25
Distribution Cost	(1,090)	(5.31)	(809)	(4.91)	(827)	(4.66)	(793)	(6.99)	(1,057)	(6.03)	(315)	(6.81)	(892)	(6.10)
Administrative Expenses	(690)	(3.36)	(643)	(3.91)	(624)	(3.51)	(683)	(6.02)	(751)	(4.29)	(349)	(7.55)	(609)	(4.17)
Other Operating Expenses	(114)	(0.55)	(34)	(0.21)	(5)	(0.03)	(5)	(0.04)	(71)	(0.41)	(20)	(0.43)	(117)	(0.80)
Operating Profit	4,449	21.68	2,615	15.88	2,224	12.51	(379)	(3.34)	1,880	10.73	839	18.12	1,757	12.02
Finance Cost	(1,893)	(9.23)	(1,819)	(11.05)	(2,050)	(11.54)	(1,413)	(12.46)	(1,624)	(9.27)	(620)	(13.38)	(1,373)	(9.39)
Share of Profit/Loss of Associate	(11)	(0.05)	(21)	(0.13)	(13)	(0.07)	(10)	(0.09)	5	0.03	2	0.05	9	0.06
Profit Before Taxation	2,545	12.41	775	4.70	161	0.91	(1,802)	(15.89)	261	1.49	222	4.79	394	2.69
Provision for Taxation	(304)	(1.48)	(168)	(1.02)	(46)	(0.26)	639	5.63	(72)	(0.41)	(61)	(1.31)	(133)	(0.91)
Profit/(Loss) for the year	2,241	10.92	607	3.69	115	0.65	(1,163)	(10.26)	189	1.08	161	(3.48)	261	1.78



Corporate Social Responsibility

PEL makes a difference in lot of lives through its philanthropic activities and its partnerships with different institutions which are working to uplift the living conditions of the marginalized members of our society.

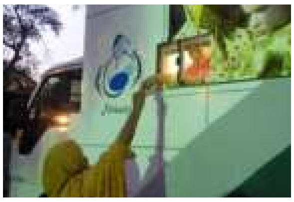
Pak Elektron Limited

Focusing on Community Well - Being

'Sustainability' is embedded in PEL's DNA; the growth of our organization is inevitably dependent on the well being of the community in which we operate. Our tagline, "There's a PEL in every home" is not restricted to PEL's direct presence in each home via its products. In fact, PEL makes a difference in lot of lives through its philanthropic activities and its partnerships with different institutions which are working to uplift the living conditions of the marginalized members of our society.

In order to raise Pakistan's ranking on human development index, PEL directs its efforts to shore up Pakistan's Millennium Development Goals of improving healthcare and increasing provision of education at all levels.

PEL joined hands with PAKPUR in its fight against infant mortality in remote areas by improving the reach of medical facilities to vulnerable mothers and babies. PEL endured the cost of their Mobile Health Unit (MHU) which was initially deputed for internally displaced persons' in Bannu and Waziristan.

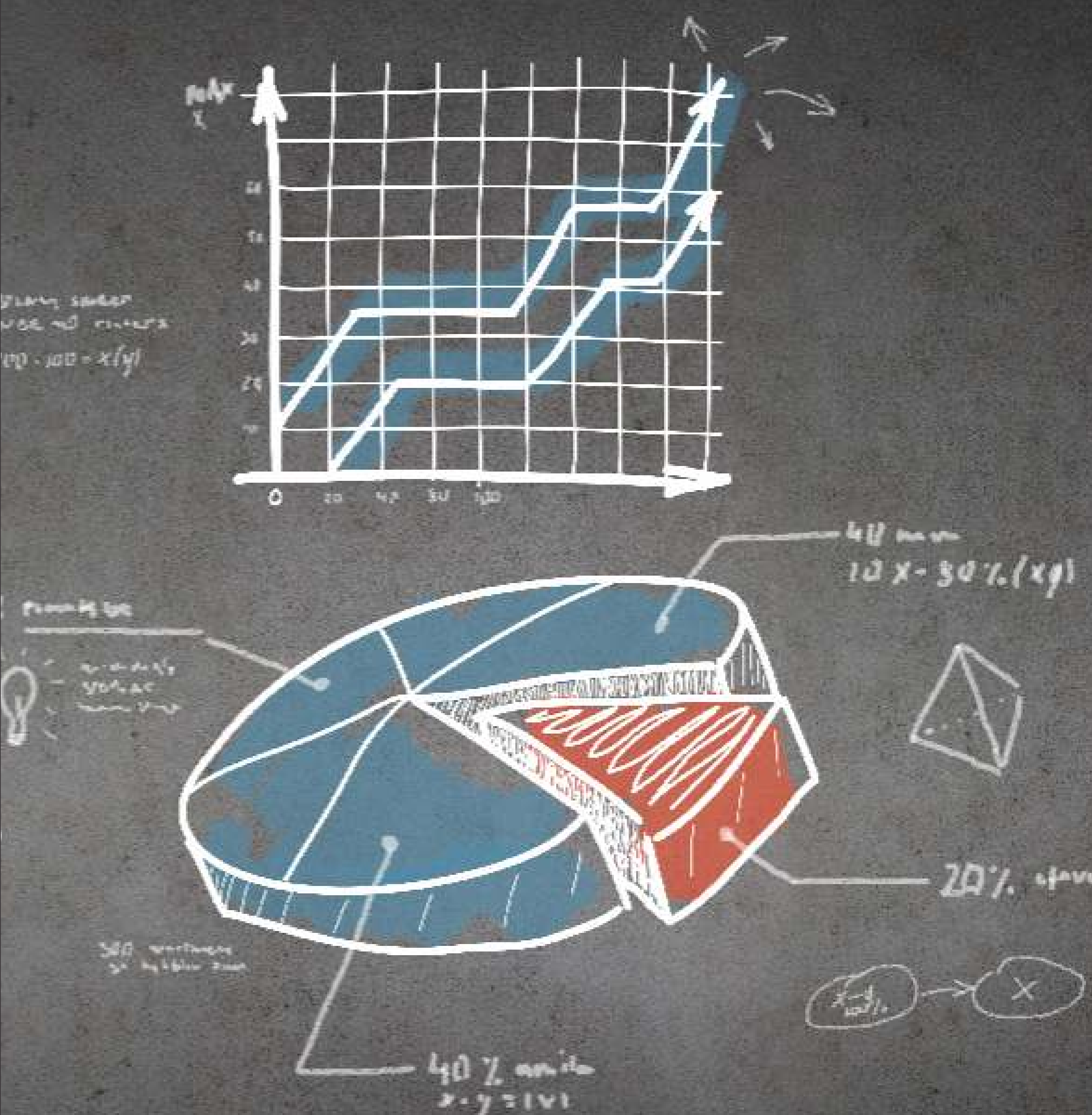


Our HR team members visited the Fountain House where they were given a full guided tour of all of their five rehabilitation centers catering to mentally challenged, drug addicts and transgender problems. Afterwards they met the psychologists to assess employable skills of the rehabilitated members and conducted on spot interviews. Alongside donating a significant amount to the institution, PEL is collaborating with Fountain House management to recruit recovered members in different fields within the organization.

PEL recently partnered with The Citizens Foundation (TCF) - a non-profit organization - which is working with the vision to remove barriers of class and improve the state of education in Pakistan. Our employees volunteered for Career Counseling activity for Grade 10 students at a TCF school in Faisalabad. Our volunteers enthusiastically engaged in one-to-one session to give back to the society by helping the kids shape their lives. On return, one of the employees said:

"The feeling of giving back to society was amazing and each of our team members ensured to add value to this collaboration."

To support smooth running of schools at orphanages, using its expertise PEL commissioned two 200 KVA transformers for SOS villages of Azad Jammu and Kashmir; one school is situated in Chuck Dhani Rawalkot and the other in Sand Gora Muzaffarabad. Both these transformers were delivered free of cost to SOS schools.



Directors' Report to the Shareholders

The Directors of the Company are pleased to present their report together with Company's audited consolidated financial statements for the year ended December 31, 2014.

OPERATING RESULTS AND PERFORMANCE OVERVIEW

The year under review has turned out to be Alhamdulillah, an impressive operational period. During the year the company has achieved revenue of Rs. 24.126 billion, showing an increase of 28% in comparison to last year. Further, the Gross Profits have also improved from 25% to 31%, thereby generating a Profit after Tax of Rs. 2,241 million in comparison to Rs. 607 million of previous year. Earning per share, despite increase in share capital, has improved from Rs. 3.01 to Rs. 6.61 per share.

Turnaround in major economic indicators which have substantially contributed to our profitability include appreciation in Pak Rupee, declining oil prices resulting in lower inflation, lowering interest rates and slight improvement in electricity supply. We are optimistic by the noticeable efforts of the government to improve the law and order situation in the country, which is an absolute necessity for economic growth. The government is facing challenges of power shortages, current account and fiscal deficits, massive losses in public sector enterprises, etc. We are confident that with improved governance the government would gradually surmount all these challenges.

Profitability for the year was mainly augmented by a boost in margins in our domestic appliances as a result of company's efforts of previous many years to improve product features in operational as well as aesthetic terms, bringing cost efficiencies and improved productivity. Appliances sales have demonstrated a growth of 41% during the year under review. In power Division, we have faced slow ordering from Distribution Companies for our power products. This is because of very slow decision making at the discos due to prevailing adhocism. Still the company has managed to achieve the growth in sales by 16% in Power Division. We foresee continuity in growth of domestic appliances and a surge in demand for power division products due to continued focus of the government on improvement of power distribution and supply infrastructure, and better margins all across our product lines.

Alhamdulillah your company is now come back on track from recovery to progress. In order to optimize the capital structure and at the same time to fuel the growth, the company went into second successive right shares issue worth Rs. 2.064 billion comprising of 103.223 million additional shares at a premium of Rs. 10 per share . Alhamdulillah the right issue was fully subscribed.

Summary of Results is as under:

Rupees in millions	2014	2013
Gross Sales	24,126	18,856
Gross Profit	6,309	4,055
Operating Profit	2,556	796
Financial Charges	1,893	1,819
Profit before tax	2,545	775
Profit after tax	2,241	607
Earnings per share (Basic) - Rupees	6.61	3.01

REFRIGERATORS

The year under review has witnessed major progress in PEL's Refrigerators' business as a result of major initiatives undertaken during last many years. One of the key factors of these initiatives was re-launching of R&D activities, few years ago, which have started yielding results by way of cost optimization, introducing automation and efficiency in production processes. This was complemented with launching of complete new series of Refrigerators with new generation aesthetics. In parallel to these initiatives, continuous marketing campaigns and tireless sales activities have played a major role in our growth. Resultantly sales of Refrigerators during the year under review have shown an impressive growth of 32% and this trend is expected to continue in the following years.

The overall trend of the market was also favorable due to gradually improving law and order situation along with the macro-economic indicators. Although there has been no major progress to control power shortage and outages, Refrigerator market has yet shown a modest growth as this product is gradually becoming a necessity for every household.

The necessity to meet basic storage requirement for the preservation of edibles in addition to requirements of cold water and ice have made refrigerators an essential item of use for every household. With the rise in prosperity, especially in rural areas, the demand for refrigerators is surging.

PEL has introduced a new series of elegant refrigerators that has a glass door as reflective as a mirror; hence the name of the series is "Glass Door". The response of this product is overwhelming and has set our hopes high for the future.

The company is also focused on continuous widening of product range in order to maximize market coverage and for this purpose new models and sizes are planned to be continuously introduced in the coming years. Energy efficient and more robust models capable to start at low voltage levels were also introduced. A number of initiatives with respect to product innovation which will be complemented with appropriate marketing campaigns are in pipeline.

DEEP FREEZERS

PEL Deep Freezer demand is increasing each year and we are capturing the market both in domestic and institutional level. During the year under review the sales of Deep Freezers has been enhanced substantially from previous year.

We have been retaining main corporate customers for many years due to our capability to produce customized products with a quick turnaround time. In addition, superior quality and prompt after sales service has also helped us to maintain and develop stronger relations with our corporate customers. We are getting repeat orders and adding new variants for our valued corporate customers like Unilever (Walls), Engro foods (O'more) & Pakistan Dairies (Igloo) etc.

Through ongoing R&D we are still improving the quality of our products and we have added a new slogan for deep freezers "sub say thanda" and it is becoming popular in retail market. Its new design for network has also been launched this year which is again a big success.

MICROWAVES AND SPLIT AIR CONDITIONERS

Our company has restarted the production of microwave ovens and split air conditioners in 2014. This has increased the company's profitability and gave dealers a complete range of home appliances to sell.

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

DISTRIBUTION TRANSFORMERS

In the year 2014 the distribution transformers sales relating to Discos has been on the lower side because of slow orderings from WAPDA / Power Distribution Companies (Discos). This has been compensated to quite an extent by increase in sales of transformers to private sector. This sluggish trend of ordering in utility market was due to reformation in government owned entities and prevailing adhoc cultures.

After successful introduction in Saudi Electricity Company (SEC), we are also gaining ground in the export market in Middle East, Africa, and Central Asia, with special focus on Afghanistan.

In its continuous quest for improvement in margins and profit, our Engineering Department introduced new prototypes in all ratings for Discos. Now PEL standard transformer for Discos has significant competitive advantage over its competitors in the local market.

PEL Unit-2 continues to be the flagship of the Company by maintaining its image of being the best state-of-the-art manufacturing set up in the region. With the highest quality human resource, manufacturing and design infrastructure, the Company is committed to not only to maintain, but enhance its image in local as well as global markets.

POWER TRANSFORMERS

Power Transformer is a high value product installed in Grid Stations used to convert the high voltage to medium voltage level. In the previous year company has supplied a quantity of 30 units and has managed to supply 40 units of Power Transformers in the year under review, registering a growth of 33%. We have also focused on developing private market for power transformers and have been able to deliver the same successfully to clients other than WAPDA.

Research in convertor and rectifier transformers is a promising new area in Power Transformer Industry. PEL, as always, has shown its commitment to innovative engineering solutions by investing for the same. PEL's design of 12MVA-24 Pulse Converter Transformer, Pakistan's first of its kind, has been recognized as the best engineering contribution in this category by "Institution of Engineers, Pakistan" and was awarded with National Excellence Award, highlighting a significant contribution to the industry.

Your company foresees a promising future for this business based on continuous Research and Development aimed at countering cost pressures due to increasing competition of cheaper imports, a sizeable order intake and further expected orders in pipeline.

ENERGY METER

Meter business has shown improved performance during the year under review as compared to the previous year. Your company has taken a number of initiatives in developing new products and adding new features in existing products. We feel proud to inform you that, during the year we have developed and got approval from National Transmission and Dispatch Company (NTDC) of the following products:

- Single Phase Electronic Energy Meter with RF module for the AMR (Automatic Meter Reading) project.
- Three Phase Whole Current Electronic Energy Meter with RF module for the AMR project.
- Development of LTCT, cost effective meter for local Market.
- DLMS Compliant LT/HT Electronic Energy Meter with GSM/GPRS Module.
- DLMS Compliant Three Phase Direct Connected Electronic Energy Meter with GSM/GPRS Module.

New designs are updated with the latest solid state electronics components with a focus to improve quality as well as to enhance the production capability.

LESCO and IESCO are now working in collaboration with ADB on the implementation of AMR / AMI (Advanced Metering Infrastructure) in Pakistan to ensure precise and efficient collection of metering revenue from their customers. Moreover, by adapting these technologies these power utilities are also expected to minimize theft. PEL Energy Meter section is especially focusing on this area.

We foresee further increase in meter sales in the year 2015 in the wake of ongoing electrification in the country. Keeping in view the future potential, growing demand for sophisticated solutions like remote metering, DLMS (Device Language Messaging Specifications) and AMI (Advanced Metering Infrastructure) compliant products have been developed and the company is well positioned to meet the challenge of these requirements and is working on the approval of above said meters for ADB program as well as for locally funded projects.

We are exploring export markets for these products and have received a number of enquiries from Afghanistan and other countries. Efforts are underway to secure bigger orders directly from Afghan utility as well as from private contractors who are working on different projects in Afghanistan and within Pakistan.

SWITCHGEAR

Significant improvement has been witnessed due to increase in housing sector activities. In addition a number of new orders from industry have also been secured. Sales value for this segment was higher by Rs. 115 million in comparison to preceding year.

We are pleased to inform that we have got Ring Main Unit (RMU) approved in NTDC/ WAPDA, for which till now, we are the only approved brand in the country. The product was developed by using LS Industrial Systems, South Korea make Load Break Switch especially for NTDC/ WAPDA after continuous efforts of almost two years. It is one of the main requirements of all housing projects having underground cabling system.

We have also successfully performed "Type testing" of WAPDA Medium Voltage (MV) Panels with LS VCBs. Tests were witnessed by WAPDA & KERI South Korea representatives as per international as well as WAPDA specs. This product was developed as result of almost three years of continuous efforts in collaboration with LS Industrial Systems, South Korea.

We have healthy orders outlook for the coming year based on economic revival of national Industry in Textile and Energy Sectors. The overall private business of Housing Schemes and upcoming Projects of Industrial Estates seem very promising in 2015. We are hopeful to increase our market share and switchgear business during the coming months.

We are pleased to inform you that Switchgear department has developed a number of cost effective components and brought changes in product design that will add further to our profitability in the coming years.

EPC CONTRACTING

This segment of company takes up turnkey contracts involving Engineering, Procurement and Construction (EPC) for building power infrastructure projects comprising electrical networks and grid stations up to 220 KV level.

As mentioned last year, work on DHA Broad Way project worth Rs. 1 billion stands now completed, and consequent to which, DHA has awarded another contract for housing electrification of DHA Phase -VII worth Rs. 1.8 billion to PEL. The work on this new project has also been substantially completed during the year under review. We are also actively pursuing new orders from housing sector, which has been major contributor towards EPC business growth. Side by side we are now following up with NTDC and DISCOS for upcoming 132 and 220 KV grid station orders. We have secured two major orders from MEPCO for the construction of five units of 132kv AIS Grid Stations worth Rs. 1.3 billion financed by Asian Development Bank. Progress on these projects is also well ahead of the targets. We are confident to secure healthy business in this sector in the coming years.

FUTURE OUTLOOK

During the financial year 2014, Pakistan's Economy has demonstrated 6 years highest level of GDP growth of 4.1%. Macro Economic Indicators have also showed the movement towards revival path. Moody's has up graded the country's external rating from "Negative" to "Stable". This improved perception will assist the Government to negotiate with foreign Investors on its agenda of Economic Revival especially to deal with present "Energy Crises". Persistently low oil prices will, on one side, keep domestic inflation controlled and, on the other side, keep our balance of payment in the country's favor. Pak Rupee is therefore also expected to remain strong and interest rates are also not expected to rise. The expected Investment in Energy Sector will help boost the economic activity in the country.

Owing to lower commodity prices in the international market, low domestic inflation, stable local currency together with improving prosperity and economic indicators, both margins and market sizes of all our appliances products are expected to further grow. Appliances Division has not only regained its market share but is also determined to consolidate its position in the complete range of domestic appliances in addition to further strengthening its market share in each product category. The Division is also actively focusing on consumer needs with improved product quality and after sale service.

Your Company, being T&D infrastructure development partner, is actively supporting Government's efforts to overcome the Energy Crises. PEL is obtaining its due Business Share in Electrical Equipment Manufacturing and EPC Division.

DIVIDEND AND EQUITY

Under current situation where company is making efforts to gain momentum and to build reserves no dividend is declared for the year ended December 31, 2014.

TRANSACTIONS WITH RELATED PARTIES

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

MATERIAL CHANGES

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

CODE OF CONDUCTS

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

EARNINGS PER SHARE

Basic earnings per share work out to Rs 6.61 (EPS 3.01 Dec 2013).

OPERATING AND FINANCIAL DATA

The key operating and financial data for six years is annexed.

CORPORATE GOVERNANCE-STATEMENT OF DIRECTORS' RESPONSIBILITIES

In compliance of the corporate governance, we give below the statements on Corporate and financial reporting framework:

- To the financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in listing regulations.
- Value of investments of Provident fund as on December 31, 2014 is Rs. 184.1 million.
- The board of directors presently comprises 12 individuals, out of which 6 are non executive directors while 6 are working executive directors.

PATTERN OF SHAREHOLDING

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

AUDITORS

M/s Rahma Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, Lahore, retires and being eligible, has offered them for re-appointment. As suggested by the Audit committee, the board of directors has recommended their re-appointment as auditors of the Company for the year ending December 31, 2015, at a fee to be mutually agreed.

BOARD MEETINGS

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

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

Name of Directors	Attendance
Mr. M Naseem Saigol	5
Mr. M. Azam Saigol	1
Mr. M. Murad Saigol	2
Mr. M. Zeid Yousaf Saigol	4
Mr. Haroon Ahmad Khan	5
Syed Manzar Hassan	5
Mr Khalid Siddiq Trimizey (BOP Nominee)	3
Syed Zubair Ahmed Shah (NIT Nominee)	3
Mr. Wajahat A. Baqai (NBP Nominee)	4
Ms. Tahira Raza (NBP Nominee) Through Mr. Irfan Ahmad (Resigned on 31-10-2014)	1
Mr. Khadim Hussain (NBP Nominee)	4
Mr. Akbar Hasan Khan (NBP Nominee) (appointed on 31-10-2014)	0
Mr.Munaf Ibrahim	2

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

Name of Directors	Attendance
Mr. M. Azam Saigol	1
Mr. Wajahat A. Baqai	3
Syed Zubair Ahmed Shah	2
Mr. Haroon Ahmed Khan	5

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

Name of Directors	Attendance
Mr. M. Azam Saigol	0
Syed Zubair Ahmed Shah	1
Mr. Haroon Ahmed Khan	1
Syed Manzar Hassan	0

ACKNOWLEDGEMENT

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

on behalf of the board

Lahore
April 02, 2015

M. Murad Saigol
Chief Executive Officer

PATTERN OF SHAREHOLDING

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number: 0000802

2. Name of the Company: PAK ELEKTRON LIMITED

3. Pattern of holding of the shares held by the shareholders as at: 31-12-2014

4. Number of shareholders	Shareholding From	Shareholding To	Total shares held
758	1	100	23,234
969	101	500	345,911
788	501	1,000	688,423
1,628	1,001	5,000	4,589,317
499	5,001	10,000	3,987,381
192	10,001	15,000	2,460,121
136	15,001	20,000	2,483,945
109	20,001	25,000	2,583,941
60	25,001	30,000	1,684,365
46	30,001	35,000	1,542,657
31	35,001	40,000	1,196,898
28	40,001	45,000	1,204,842
55	45,001	50,000	2,731,319
16	50,001	55,000	844,745
11	55,001	60,000	641,736
14	60,001	65,000	876,095
15	65,001	70,000	1,020,017
16	70,001	75,000	1,187,900
13	75,001	80,000	1,018,716
4	80,001	85,000	325,692
5	85,001	90,000	444,934
8	90,001	95,000	743,971
43	95,001	100,000	4,282,500
2	100,001	105,000	204,583
7	105,001	110,000	765,500
3	110,001	115,000	336,416
3	115,001	120,000	353,722
4	120,001	125,000	495,332
6	125,001	130,000	773,000
3	130,001	135,000	404,000
2	135,001	140,000	274,500
1	140,001	145,000	144,947
12	145,001	150,000	1,798,368
2	150,001	155,000	306,000
3	160,001	165,000	488,862
2	165,001	170,000	340,000
2	170,001	175,000	344,531
1	175,001	180,000	178,000
3	180,001	185,000	548,500
4	185,001	190,000	749,843
13	195,001	200,000	2,598,000
1	200,001	205,000	202,000
1	210,001	215,000	215,000
2	215,001	220,000	440,000
1	220,001	225,000	225,000
1	225,001	230,000	230,000
2	230,001	235,000	463,500
1	235,001	240,000	237,000
5	245,001	250,000	1,250,000
1	255,001	260,000	260,000
1	260,001	265,000	263,500
1	265,001	270,000	269,499
2	270,001	275,000	550,000
2	275,001	280,000	554,000
4	295,001	300,000	1,200,000
1	305,001	310,000	309,500
2	320,001	325,000	650,000
1	325,001	330,000	330,000
1	335,001	340,000	340,000
1	345,001	350,000	350,000
1	355,001	360,000	360,000
1	360,001	365,000	362,000

4. Number of shareholders	Shareholding From	To	Total shares held
1	370,001	375,000	375,000
1	380,001	385,000	380,115
4	395,001	400,000	1,600,000
1	425,001	430,000	430,000
3	430,001	435,000	1,299,500
3	445,001	450,000	1,347,810
1	455,001	460,000	455,500
1	485,001	490,000	486,850
2	490,001	495,000	989,116
4	495,001	500,000	2,000,000
2	500,001	505,000	1,003,950
1	510,001	515,000	512,841
1	545,001	550,000	550,000
1	575,001	580,000	578,000
1	585,001	590,000	587,000
1	590,001	595,000	592,820
3	595,001	600,000	1,800,000
1	605,001	610,000	609,000
1	610,001	615,000	614,000
1	625,001	630,000	630,000
1	630,001	635,000	635,000
1	635,001	640,000	638,000
1	645,001	650,000	650,000
2	740,001	745,000	1,483,447
1	800,001	805,000	804,000
1	805,001	810,000	809,000
1	825,001	830,000	827,500
1	855,001	860,000	859,500
2	865,001	870,000	1,735,423
1	905,001	910,000	910,000
1	970,001	975,000	975,000
1	985,001	990,000	986,000
2	995,001	1,000,000	2,000,000
1	1,015,001	1,020,000	1,017,000
1	1,050,001	1,055,000	1,051,000
1	1,105,001	1,110,000	1,105,250
1	1,160,001	1,165,000	1,160,520
1	1,175,001	1,180,000	1,175,120
1	1,250,001	1,255,000	1,251,247
1	1,275,001	1,280,000	1,277,000
1	1,310,001	1,315,000	1,314,500
1	1,385,001	1,390,000	1,388,000
1	1,405,001	1,410,000	1,409,500
1	1,505,001	1,510,000	1,508,500
1	1,635,001	1,640,000	1,637,500
1	1,765,001	1,770,000	1,770,000
1	1,845,001	1,850,000	1,850,000
1	2,120,001	2,125,000	2,123,000
1	2,125,001	2,130,000	2,127,440
1	2,195,001	2,200,000	2,200,000
1	2,250,001	2,255,000	2,255,000
1	2,970,001	2,975,000	2,970,219
1	3,110,001	3,115,000	3,110,500
1	3,765,001	3,770,000	3,768,715
1	3,770,001	3,775,000	3,774,735
1	4,295,001	4,300,000	4,300,000
1	4,590,001	4,595,000	4,590,261
1	4,725,001	4,730,000	4,728,000
1	5,015,001	5,020,000	5,017,000
1	5,025,001	5,030,000	5,029,750
1	9,485,001	9,490,000	9,488,500
1	11,790,001	11,795,000	11,790,030
1	12,505,001	12,510,000	12,508,617
1	12,510,001	12,515,000	12,511,950
1	81,780,001	81,785,000	81,783,627
1	117,920,001	117,925,000	117,924,572
5,633			398,145,188

Classification of Ordinary shares by Categories as at December 31, 2014

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	9	229,937,778	57.7522
Associated Companies, undertakings and related party	1	1,160,520	0.2915
NIT and ICP	3	12,511,051	3.1423
Banks Development Financial Institutions Non Banking Financial Institution	10	2,111,941	0.5304
Insurance Companies	4	12,717,780	3.1943
Modarabas and Mutual Funds	17	21,074,750	5.2932
General Public	5443	95,447,134	23.9729
Others (to be specified)			
Pension Funds	4	1,680,946	0.4222
Other Companies	14	3,556,250	0.8932
Joint Stock Companies	108	16,708,667	4.1966
Foreign Companies	20	1,238,371	0.3110
	5633	398,145,188	100.0000

Categories of Shareholding required under Code of Corporate Governance as on December 31, 2014

Sr. No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:		
1	SARITOW (PAKISTAN) LIMITED	9,671,653	3.6073
	Mutual Funds:		
1	CDC - TRUSTEE ABL STOCK FUND (CDC)	1,388,000	0.3486
2	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	130,000	0.0327
3	CDC - TRUSTEE ASKARI HIGH YEILD SCHEME - MT (CDC)	867,500	0.2179
4	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	200,000	0.0502
5	CDC - TRUSTEE FIRST HABIB STOCK FUND (CDC)	80,000	0.0201
6	CDC - TRUSTEE KASB ASSET ALLOCATION FUND (CDC)	100,000	0.0251
7	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND (CDC)	263,500	0.0662
8	CDC - TRUSTEE PAKSITAN SARMAYA MEHFOOZ FUND (CDC)	200,000	0.0502
9	CDC - TRUSTEE PAKISTAN STOCK MARKET FUND (CDC)	4,728,000	1.1875
10	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND (CDC)	80,000	0.0201
11	CDC - TRUSTEE UBL RETIREMENT SAVING FUND - EQUITY SUB FUND (CDC)	635,000	0.1595
12	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND (CDC)	4,300,000	1.0800
13	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND (CDC)	600,000	0.1507
14	EVLI EMERGING FRONTIER FUND (CDC)	5,029,750	1.2633
15	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND (CDC)	2,123,000	0.5332
16	MCBFSL - TRUSTEE NAMCO BALANCED FUND (CDC)	200,000	0.0502
17	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND (CDC)	150,000	0.0377
	Directors, CEO and their Spouse and Minor Children:		
1	MR. M. NASEEM SAIGOL (CDC)	117,924,572	29.6185
2	MR. M. AZAM SAIGOL (CDC)	2,127,440	0.5343
3	MR. MUHAMMAD MURAD SAIGOL	9,937	0.0025
4	MR. MUHAMMAD ZEID YOUSUF SAIGOL	11,799,967	2.9637
5	MR. HAROON AHMED KHAN	9,937	0.0025
6	SYED MANZAR HASSAN	1,633	0.0004
7	MR. MUNAF IBRAHIM	12,511,950	3.1426
8	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL SAIGOL (CDC)	81,783,627	20.5412
9	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	3,768,715	0.9466
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:	35,904,471	9.0179
	Shareholders holding five percent or more voting interest in the listed company		
1	MR. M. NASEEM SAIGOL (CDC)	117,924,572	29.6185
2	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL SAIGOL (CDC)	81,783,627	20.5412
3	NATIONAL BANK OF PAKISTAN		

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:

Sr. No.	Name	Sale	Purchase	Bonus	Right
1	MR. M. NASEEM SAIGOL (CDC)	0	0	7,941,048	30,573,037
2	MR. M. AZAM SAIGOL (CDC)	0	0	143,262	551,558
3	MR. MUHAMMAD MURAD SAIGOL	0	0	669	2,576
4	MR. MUHAMMAD ZEID YOUSUF SAIGOL	0	0	794,610	3,059,250
5	MR. HAROON AHMED KHAN	0	0	669	2,576
6	SYED MANZAR HASSAN	0	0	110	423
7	MR. MUNAF IBRAHIM	0	0	1,137,450	0
8	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL SAIGOL (CDC)	0	0	5,507,314	21,203,162
9	MRS. SEHYR SAIGOL W/O M. NASEEM SAIGOL (CDC)	0	0	253,785	977,074

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE

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

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

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

Category	Name
Independent Directors	Mr. Munaf Ibrahim Syed Zubair Ahmad Shah
Executive Directors	Mr. M. Naseem Saigol Mr. M. Murad Saigol Mr. M. Zeid Yousuf Saigol Mr. Haroon Ahmad Khan Syed Manzar Hassan
Non-Executive Directors	Mr. M. Azam Saigol Mr. Wajahat A. Baqai Mr. Akbar Hassan Khan Mr. Khadim Hussain Mr. Khalid Siddiq Tirmizey

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR and remuneration committee. Its comprises 4 members, of whom 3 are none executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.
21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore
April 02, 2015

M. Murad Saigol
Chief Executive Officer

Review Report to the Members

on Statement of Compliance with Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of Pak Elektron Limited for the year ended December 31, 2014 to comply with the requirements of Listing Regulation No 35 of the Karachi, Islamabad and Lahore Stock Exchanges where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with best practices contained in the Code as applicable to the Company for the year ended December 31, 2014.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: *ZUBAIR IRFAN MALIK*

Date: *APRIL 02, 2015*
Place: *LAHORE*

Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of PAK ELEKTRON LIMITED ("the Parent Company") and its subsidiary Company PEL MARKETING (PRIVATE) LIMITED as at December 31, 2014 and the related consolidated profit and loss account/ statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof ("consolidated financial statements"), for the year then ended. We have also expressed separate opinion on the financial statements of Pak Elektron Limited and its subsidiary company namely PEL Marketing (Private) Limited for the year ended December 31, 2014. These consolidated financial statements are the responsibility of the Parent Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of Pak Elektron Limited and its subsidiary company as at December 31, 2014 and the results of its operations for the year then ended.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: *ZUBAIR IRFAN MALIK*

Date: *APRIL 02, 2015*
Place: *LAHORE*

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2014

Rupees in thousands	Note	2014	2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	6	6,000,000	4,000,000
Issued, subscribed and paid-up capital	7	4,431,029	3,130,689
Capital reserve	8	1,293,858	529,740
Accumulated profit		5,301,554	2,885,041
TOTAL EQUITY		11,026,441	6,545,470
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	9	4,568,357	4,612,256
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital	10	4,826,469	2,464,286
Long term finances	11	2,442,807	3,233,175
Liabilities against assets subject to finance lease	12	74,715	30,685
Deferred taxation	13	2,394,344	2,426,847
Deferred income	14	45,158	47,535
		9,783,493	8,202,528
CURRENT LIABILITIES			
Trade and other payables	15	881,429	945,608
Accrued interest/mark-up		500,528	1,454,626
Short term borrowings	16	4,243,261	4,960,209
Current portion of non-current liabilities	17	1,523,155	422,019
		7,148,373	7,782,462
TOTAL LIABILITIES		16,931,866	15,984,990
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY AND LIABILITIES		32,526,664	27,142,716

The annexed notes from 1 to 55 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

Rupees in thousands	Note	2014	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	14,466,890	14,818,060
Intangible assets	20	344,008	348,962
Long term investments	21	63,890	8,295
Long term deposits	22	192,808	119,677
		15,067,596	15,294,994
CURRENT ASSETS			
Stores, spares and loose tools	23	462,140	285,771
Stock in trade	24	6,316,868	3,883,379
Trade debts	25	7,702,272	5,665,870
Advances	26	1,256,100	879,586
Trade deposits and short term prepayments	27	853,209	453,055
Other receivables		187,730	25,289
Short term investments	28	21,596	22,785
Advance income tax	29	319,067	354,183
Cash and bank balances	30	340,086	277,804
		17,459,068	11,847,722
TOTAL ASSETS		32,526,664	27,142,716

HAROON A. KHAN
Director

Consolidated Profit and Loss Account/Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees in thousands	Note	2014	2013
Revenue	31	24,125,716	18,856,416
Sales tax and discount	31	(3,607,686)	(2,387,238)
Revenue - *net*		20,518,030	16,469,178
Cost of sales	32	(14,208,775)	(12,414,101)
Gross profit		6,309,255	4,055,077
Other income	33	32,483	46,219
Distribution cost	34	(1,089,521)	(809,246)
Administrative expenses	35	(689,570)	(642,665)
Other expenses	36	(113,604)	(34,053)
		(1,892,695)	(1,485,964)
Operating profit		4,449,043	2,615,332
Finance cost	37	(1,892,828)	(1,819,459)
		2,556,215	795,873
Share of loss of associate	21.1.1	(10,924)	(20,968)
Profit before taxation		2,545,291	774,905
Taxation	38	(303,822)	(167,578)
Profit after taxation		2,241,469	607,327
Other comprehensive income		-	-
Total comprehensive income		2,241,469	607,327
Earnings per share - *basic and diluted*	39	6.61	3.01

The annexed notes from 1 to 55 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees in thousands	Note	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	40	(566,184)	1,782,543
Payments for:			
Interest/markup on borrowings		(2,747,954)	(1,505,739)
Income tax		(170,064)	(213,856)
Net cash (used in)/generated from operating activities		(3,484,202)	62,948
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(386,819)	(333,606)
Purchase of intangible assets		(234)	(41,620)
Proceeds from disposal of property, plant and equipment		15,744	34,412
Long term deposits made		(73,131)	(53,779)
Acquisition of short term investments		(50,219)	-
Proceeds from disposal of short term investments		-	438
Net cash used in investing activities		(494,659)	(394,155)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances obtained		1,850,000	-
Repayment of long term finances		(272,790)	(35,638)
Proceeds from sale and lease back activities		100,000	-
Repayment of liabilities against assets subject to finance lease		(45,826)	(44,849)
Net increase/(decrease) in short term borrowings		345,301	(1,354,882)
Proceeds from issue of ordinary shares		2,064,458	1,828,031
Net cash generated from financing activities		4,041,143	392,662
NET INCREASE IN CASH AND CASH EQUIVALENTS		62,282	61,455
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		277,804	216,349
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	41	340,086	277,804

The annexed notes from 1 to 55 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees in thousands	Note	Issued subscribed and paid-up capital	Capital reserve	Accumulated profit	Total equity
Balance as at January 01, 2013		1,668,264	164,134	2,075,931	3,908,329
Comprehensive income					
Profit after taxation		-	-	607,327	607,327
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	607,327	607,327
Incremental depreciation	*9*	-	-	201,783	201,783
Transaction with owners					
Issue of right ordinary shares		1,462,425	365,606	-	1,828,031
Balance as at December 31, 2013		3,130,689	529,740	2,885,041	6,545,470
Comprehensive income					
Profit after taxation		-	-	2,241,469	2,241,469
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	2,241,469	2,241,469
Incremental depreciation	*9*	-	-	175,044	175,044
Transaction with owners					
Issue of right ordinary shares	*7.1.2*	1,032,229	1,032,229	-	2,064,458
Issue of bonus ordinary shares	*7.1.1*	268,111	(268,111)	-	-
Balance as at December 31, 2014		4,431,029	1,293,858	5,301,554	11,026,441

The annexed notes from 1 to 55 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1 REPORTING ENTITY

The Group comprises of the following;

Parent Company

Pak Elektron Limited

Subsidiary Company

PEL Marketing (Private) Limited

1.1 Pak Elektron Limited - *Parent Company*

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

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

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

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

1.2 PEL Marketing (Private) Limited - *Subsidiary Company*

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

2 BASIS OF PREPARATION

2.1 Consolidated financial statements

These financial statements are the consolidated financial statements of the Group comprising Pak Elektron Limited, the Parent Company and PEL Marketing (Private) Limited, the Subsidiary Company.

A parent is an entity that has one or more subsidiaries

A subsidiary is an entity in which the Parent Company directly or indirectly controls, beneficially owns or holds more that fifty percent of the voting securities or otherwise has the power to elect and/or appoint more than fifty percent of its directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis and the carrying value of investment is eliminated against the Parent Company's share in the net assets of the Subsidiary Company.

Inter-company transactions, balances and unrealized gains/losses on transactions between the Parent and Subsidiary have been eliminated. Accounting policies of the Subsidiary Company are same as those of the Parent Company to ensure consistency in accounting treatments of like transactions.

2.2 Statement of compliance

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

2.3 Basis of measurement

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

2.4 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, 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 judgments 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.4.1 *Depreciation method, rates and useful lives of property, plant and equipment*

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

2.4.2 *Recoverable amount and impairment*

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

Goodwill

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

Trade and other receivables

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

Investments

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

2.4.3 *Revaluation of property, plant and equipment*

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

2.4.4 *Taxation*

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

2.4.5 *Provisions*

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

2.4.6 *Net realizable values*

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

2.5 Functional currency

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

3 NEW/REVISED STANDARDS/INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR

3.1 The following new/revised standards/interpretations and amendments are effective in the current year and relevant to the Group. The application of these standards do not have any material impact on the financial statements of the Group.

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

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount, based on fair value less costs to sell, is determined using a present value technique.

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

The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment focuses on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements

IFRIC 21 - Levies (2013)

The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS37 - Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of levy is certain.

The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognized progressively if the obligating event occurs over a period of time.
- If an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

3.2 The following new/revised standards/interpretations and amendments are effective in the current year but are not relevant to the Group.

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

The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met.

3.3 The following new/revised standards/interpretations and amendments are effective in the current year but have been notified for adoption under section 234 of the Companies Ordinance, 1984 for annual periods beginning on or after January 01, 2015.

IFRS 10 - Consolidated Financial Statements (2011)

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities.

IFRS 11 - Joint Arrangements (2011)

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers.

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

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement (2011)

The standard establishes a single framework for measuring fair value where that is required by other standards.

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

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

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

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption.

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)
Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)	July 01, 2014
Annual Improvements 2010-2012	July 01, 2014
Annual Improvements 2011-2013	July 01, 2014
Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)	July 01, 2014
Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)	January 01, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)	January 01, 2016
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).	January 01, 2016
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)	January 01, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)	January 01, 2016
Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)	January 01, 2016
Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2016
Annual Improvements 2012-2014	July 01, 2016
IFRS 14 – Regulatory Deferral Accounts (2014)	January 01, 2017
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2017
IFRS 9 – Financial Instruments: Classification and Measurement (2014)	January 01, 2018

The management anticipates that 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.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

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

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

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

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

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

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

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

5.1.2 Capital work in progress

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

5.2 Intangible assets

5.2.1 Goodwill

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

5.2.2 Technology transfer

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

5.2.3 Computer software and ERP

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

5.3 Stores, spares and loose tools

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

5.4 Stock in trade

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

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

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

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

5.5 Employee benefits

5.5.1 Short-term employee benefits

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

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

5.5.2 Post-employment benefits

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

5.6 Financial instruments

5.6.1 Recognition

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

5.6.2 Classification

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

5.6.2(a) Loans and receivables

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

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

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

5.6.2(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Assets in this category are presented as non-current assets except for maturities less than twelve months from the reporting date, where these are presented as current assets.

5.6.2(d) Financial liabilities at amortized cost

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

5.6.3 Measurement

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

5.6.4 De-recognition

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

5.6.5 Off-setting

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

5.7 Ordinary share capital

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

5.8 Preference share capital

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

5.9 Loans and borrowings

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

5.10 Investments in equity securities

Investments in associates

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

Investments in other quoted equity securities

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

5.11 Investments in debt securities

Investments in debt securities with fixed or determinable payments and fixed maturity that the Group has positive intention and ability to hold are classified as 'held-to-maturity investments'. These are recognized initially at fair value plus transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of investment on an effective interest basis.

5.12 Finance leases

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

5.13 Ijarah transactions

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

5.14 Trade and other payables

5.14.1 Financial liabilities

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

5.14.2 Non-financial liabilities

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

5.15 Provisions and contingencies

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

5.16 Trade and other receivables

5.16.1 Financial assets

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

5.16.2 Non-financial assets

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

5.17 Revenue

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

- Revenue from different sources is recognized as follows:
- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.
- Interest income is recognized using effective interest method.
- Dividend income is recognized when right to received payment is established.
- Contract revenue relating to long term construction contracts are recognized as revenue by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying 'cost-to-date method'. Under cost-to-date method stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost.

5.18 Comprehensive income

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

5.19 Contract costs

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

5.20 Borrowing costs

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

5.21 Income tax

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

5.21.1 Current taxation

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

5.21.2 Deferred taxation

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

5.22 Government grants

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

5.23 Earnings per share ('EPS')

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

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

5.24 Cash and cash equivalents

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

5.25 Foreign currency transactions and balances

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

5.26 Impairment

5.26.1 Financial assets

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

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

5.26.2 Non-financial assets

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

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

5.27 Dividend distribution to ordinary shareholders

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

5.28 Basis of allocation of common expenses

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

5.29 Warranty costs

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

5.30 Segment reporting

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

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

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

6 AUTHORIZED CAPITAL

2014	2013		2014	2013
Number of shares			Rupees in thousands	
500,000,000	300,000,000	Ordinary shares of Rs. 10 each	5,000,000	3,000,000
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	400,000,000		6,000,000	4,000,000

6.1 During the year, PEL increased its authorized capital for ordinary shares from 300,000,000 ordinary shares of Rs. 10 each to 500,000,000 ordinary shares of Rs. 10. each.

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
Number of shares			Rupees in thousands	
		Ordinary shares of Rs. 10 each		
273,214,754	169,991,928	Issued for cash	2,732,148	1,699,919
		Issued for other than cash:		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- against conversion of preference shares	60,408	60,408
118,343,841	91,532,718	- as fully paid bonus shares	1,183,439	915,328
398,145,188	268,111,239		3,981,453	2,681,113
		'A' class preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash	449,576	449,576
443,102,780	313,068,831		4,431,029	3,130,689

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

Number of shares	Note	2014	2013
As at beginning of the year		268,111,239	121,868,745
Issue of bonus ordinary shares	*7.1.1*	26,811,123	-
Issue of right ordinary shares	*7.1.2*	103,222,826	146,242,494
As at end of the year		398,145,188	268,111,239

7.1.1 During the year, PEL issued 26,811,124 fully paid bonus ordinary shares at 10 ordinary shares for every 100 ordinary shares already held. The issue was made entirely out of capital reserve. See note 8.

7.1.2 During the year, PEL issued 103,222,826 right ordinary shares at 35 ordinary shares for every 100 ordinary shares already held, at Rs. 20 per ordinary share, including a premium of Rs. 10 per share.

7.2 'A' class preference shares

7.2.1 *Current status of original issue*

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

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

7.2.2 *Re-profiling of preference shares*

PEL offered re-profiling of shares to preference shareholders, who did not convert their preference shares into ordinary shares in response to the conversion notices issued by PEL.The investors to the instrument have, in principle, agreed to the Re-profiling Term Sheet and commercial terms and conditions therein. SECP has allowed PEL to proceed with the re-profiling subject to fulfillment of legal requirements. The legal documentation was prepared and circulated amongst the concerned investors which was endorsed by the said investors except for National Bank of Pakistan, as a result of which the original time frame for reprofiling has lapsed. PEL is in the process of finalising another reprofiling exercise based on mutual agreement to be made amongst the existing investors.

7.2.3 *Accumulated preference dividend*

As on December 31, 2014 an amount of approximately Rs. 213.549 million has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the under process reprofiling exercise.

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

7.2.4 *Classification of preference shares as equity*

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

- These shares were issued under the provisions of section 85 of the Companies Ordinance, 1984 ('the Ordinance') read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The issue was duly approved by the shareholders of PEL in general meeting.
- Return of allotment was filed under section 73(1) of the Ordinance.
- PEL may be required, under the revised terms of reprofiling, to create a Capital Redemption Reserve Fund in accordance with section 85 of the Ordinance.
- The requirements of the Ordinance take precedence over the requirements of International Financial Reporting Standards.

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

8 CAPITAL RESERVE

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

Rupees in thousands	*Note*	2014	2013
As at beginning of the year		529,740	164,134
Recognized during the year	*7.1.2*	1,032,229	365,606
Issue of bonus shares	*7.1.1*	(268,111)	-
As at end of the year		1,293,858	529,740

8.1 This represents premium on issue of right ordinary shares recognized under Section 83(1) of the Companies Ordinance, 1984. See note 7.1.2.

8.2 This represents amount of premium applied by PEL in paying up ordinary shares issued as fully paid bonus shares in accordance with Section 83(2)d of the Companies Ordinance, 1984. See note 7.1.1.

Rupees in thousands	2014	2013

9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2014	2013
As at beginning of the year	4,612,256	3,873,505
Surplus recognized during the year		
Surplus on revaluation	-	1,387,543
Deferred taxation	-	(447,009)
	-	940,534
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	(261,259)	(310,435)
Deferred taxation	86,215	108,652
	(175,044)	(201,783)
Deferred tax adjustment attributable to changes in tax rates	131,145	-
As at end of the year	4,568,357	4,612,256

10 REDEEMABLE CAPITAL - SECURED

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

Description	2014	2013	Pricing	Security	Arrangements and repayment
	Rupees in thousands				
Sukuk Funds	514,286	514,286	Three months KIBOR plus 1.75% per annum (2013: Three months KIBOR plus 1.75% per annum) subject to floor and cap of 10% and 25% respectively.	Charge on present and future plant and machinery of PEL.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in six equal quarterly installments commencing from June 2015.
Sukuk Funds	1,100,000	1,100,000	Three months KIBOR plus 1% per annum (2013: Three months KIBOR plus 1% per annum) subject to floor and cap of 8% and 16% respectively.	Charge on present and future plant and machinery of PEL.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in sixteen equal quarterly installments commencing from June 2015.
Private Placed Term Finance Certificates	850,000	850,000	Six months KIBOR plus 3% per annum (2013: Six months KIBOR plus 3% per annum).	Charge on present and future operating fixed assets of PEL.	These were issued for the purpose of financing the capacity expansion program of PEL. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in fifty two stepped-up monthly installments commencing from June 2015.
Private Placed Term Finance Certificates	3,165,690	-	Three months KIBOR plus 2% per annum.	Charge on present and future operating fixed assets of PEL.	These were issued on conversion of long term finances amounting to Rs. 2,103 million and short term borrowings amounting to Rs. 1,062 million under a broad restructuring arrangement between PEL and the National Bank of Pakistan. Under the arrangement, the issue was to be converted into ordinary and preference shares of PEL to the extent of Rs. 500 million and Rs. 1,150 million with the remaining issue to be redeemed in twenty four equal quarterly installments with the first redemption due in March 2015. The afore-mentioned conversion into ordinary and preference shares is under process and will be executed after completion of corporate and regulatory approvals.
Total	5,629,976	2,464,286			
Current portion presented under current liabilities	(803,507)	-			
	4,826,469	2,464,286			

11 LONG TERM FINANCES - SECURED

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

Description	2014	2013	Pricing	Security	Arrangements and repayment
	Rupees in thousands				
Demand Finance	-	54,270	Six months KIBOR plus 1.75% per annum (2013: Six months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of PEL and personal guarantees of sponsoring directors of PEL.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in sixteen equal quarterly installments commencing from December 2007. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with PEL, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Demand Finance	-	432,385	Three months KIBOR plus 1.75% per annum (2013: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of PEL and personal guarantees of sponsoring directors of PEL.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing set-up of a new transformer manufacturing plant and was repayable in eighteen equal quarterly installments, after the expiry of six months grace period, commencing from December 2009. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with PEL, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Demand Finance	-	342,859	Three months KIBOR plus 1.75% per annum (2013: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of PEL and personal guarantees of sponsoring directors of PEL.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in twelve equal quarterly installments commencing from March 2011. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with PEL, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Demand Finance	-	375,000	Six months KIBOR plus 1.75% per annum (2013: Six months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of PEL and personal guarantees of sponsoring directors of PEL.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in twelve equal quarterly installments commencing from December 2010. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with PEL, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Term Finance	450,000	450,000	Three months KIBOR plus 3% per annum (2013: Three months KIBOR plus 3% per annum).	Charge over operating fixed assets and receivables of PEL, mortgage of PEL's land and personal guarantees of sponsoring directors of PEL.	This finance was obtained from Pak Libya Holdings Company (Private) Limited for meeting operational expenses of PEL. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till February 2015 with the outstanding liability payable in eighteen equal quarterly installments commencing from February 2015.

Description	2014	2013	Pricing	Security	Arrangements and repayment
	Rupees in thousands				
Demand Finance	-	898,927	Three months KIBOR plus 1.75% per annum (2013: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of PEL and personal guarantees of sponsoring directors of PEL.	This finance was obtained from the National Bank of Pakistan (NBP) for long term working capital requirements and was repayable in sixteen equal quarterly installments commencing from March 2012. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with PEL, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Term Finance	467,037	574,850	One month KIBOR plus 3.5% per annum (2013: One month KIBOR plus 3.5% per annum).	Charge over operating fixed assets and receivables of PEL, mortgage of PEL's land and building and lien over balances in collection accounts and installment reserve accounts.	The finance was obtained from Standard Chartered Bank (Pakistan) Limited for long term working capital requirements of PEL and has been rescheduled twice after the disbursement. As per the latest arrangement, the finance is repayable in forty eight monthly installments starting September 2012.
Term Finance	273,913	300,000	Six months KIBOR plus 3% (2013: six months KIBOR plus 3%) per annum.	Charge on present and future operating fixed assets of PEL.	The finance has obtained from Faysal Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twenty three equal quarterly installments commencing from June 2014.
Term Finance	200,000	200,000	Three months KIBOR plus 3% (2013: three months KIBOR plus 3%) per annum.	Charge on present and future current assets of PEL.	The finance has obtained from Summit Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twelve equal quarterly installments commencing from September 2015.
Term Finance	1,661,110	-	Three months KIBOR plus 0.85% per annum.	Bank guarantee of Rs. 1,890 million and personal guarantees of sponsoring directors of PEL.	The finance has obtained from NIB Bank Limited for settlement of long term finances obtained from NBP. The finance is repayable in twenty eight stepped-up quarterly installments commencing from April 2014.
Term Finance	50,000	-	Three months KIBOR plus 1% per annum.	Charge over present and future current assets of PEL, mortgage of PEL's land and building.	The finance has obtained from Silk Bank Limited for the purpose of financing capital expenditure. The finance is repayable in bullet on or before March 31, 2016
Total	3,102,060	3,628,291			
Current portion presented under current liabilities	(659,253)	(395,116)			
	2,442,807	3,233,175			

Rupees in thousands	Note	2014	2013

12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	*12.1 & 12.2*	135,110	57,588
Current portion presented under current liabilities	*12.1 & 12.2*	(60,395)	(26,903)
		74,715	30,685

12.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from six months to one year KIBOR plus 2% to 5.8% per annum (2013: six months to one year KIBOR plus 3% to 5.8% per annum). Lease rentals are payable monthly over a tenor ranging from 3 to 4 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Group. The Group also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

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

Rupees in thousands	Note	2014	2013
Not later than one year		75,379	33,486
Later than one year but not later than five years		83,599	33,780
Total future minimum lease payments		158,978	67,266
Finance charge allocated to future periods		(23,868)	(9,678)
Present value of future minimum lease payments		135,110	57,588
Not later than one year	*17*	(60,395)	(26,903)
Later than one year but not later than five years		74,715	30,685

13 DEFERRED TAXATION

Deferred tax liability on taxable temporary differences	*13.1*	3,625,677	4,084,860
Deferred tax asset on deductible temporary differences	*13.1*	(1,231,333)	(1,658,013)
		2,394,344	2,426,847

13.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Rupees in thousands	2014 As at January 01	2014 Recognized in profit or loss	2014 Recognized on balance sheet	2014 As at December 31
Deferred tax liabilities				
Operating fixed assets - owned	3,984,329	(250,153)	(131,145)	3,603,031
Operating fixed assets - leased	100,531	(77,885)	-	22,646
	4,084,860	(328,038)	(131,145)	3,625,677
Deferred tax assets				
Provisions	(228,426)	113,282	-	(115,144)
Unused tax losses and credits	(1,429,587)	313,398		(1,116,189)
	(1,658,013)	426,680	-	(1,231,333)
	2,426,847	98,642	(131,145)	2,394,344

Rupees in thousands	2013 As at January 01	2013 Recognized in profit or loss	2013 Recognized on balance sheet	2013 As at December 31
Deferred tax liabilities				
Operating fixed assets - owned	3,616,693	(79,373)	447,009	3,984,329
Operating fixed assets - leased	96,324	4,207	-	100,531
	3,713,017	(75,166)	447,009	4,084,860
Deferred tax assets				
Provisions	(194,658)	(33,768)	-	(228,426)
Unused tax losses and credits	(1,588,252)	158,665	-	(1,429,587)
	(1,782,910)	124,897	-	(1,658,013)
	1,930,107	49,731	447,009	2,426,847

13.2 Deferred tax has been recognized using tax rate of 33% (2013: 35%) of temporary differences.

Rupees in thousands	2014	2013
14 DEFERRED INCOME		
As at beginning of the year	47,535	50,037
Recognized in profit or loss	(2,377)	(2,502)
As at end of the year	45,158	47,535

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

The grant recoverable in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 2,377 million (2013: Rs. 2,502 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

Rupees in thousands	Note	2014	2013
15 TRADE AND OTHER PAYABLES			
Trade creditors - *unsecured*		338,771	467,576
Foreign bills payable - *secured*	*15.1*	83,140	75,110
Accrued liabilities		185,245	143,353
Advances from customers - *unsecured*		108,885	141,419
Employees' provident fund		8,574	8,283
Compensated absences		22,813	32,649
Advance against contracts	*43*	7,685	5,815
Workers' Profit Participation Fund	*15.2*	65,004	24,676
Workers' Welfare Fund	*15.3*	47,137	9,377
Other payables - *unsecured*		14,175	37,350
		881,429	945,608

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

Rupees in thousands	Note	2014	2013
15.2 Workers' Profit Participation Fund			
As at beginning of the year		24,676	3,368
Interest on fund utilized by the Group	*37*	2,350	308
Charged to profit or loss for the year	*36*	65,004	24,676
Paid during the year		(27,026)	(3,676)
As at end of the year		65,004	24,676

15.2.1 Interest on fund utilized by the Group has been recognized at 12.5% (2013: 12.5%) per annum.

Rupees in thousands	Note	2014	2013
15.3 Workers' Welfare Fund			
As at beginning of the year		9,377	17,862
Charged to profit or loss for the year	*36*	47,137	9,377
Paid/adjusted during the year		(9,377)	(17,862)
As at end of the year		47,137	9,377
16 SHORT TERM BORROWINGS			
Secured			
Short term finances utilized under interest/mark-up arrangements from			
- banking companies	*16.1*	3,890,293	4,487,043
- non banking finance companies	*16.2*	230,000	229,463
		4,120,293	4,716,506
Unsecured			
Book overdraft	*16.4*	122,968	243,703
		4,243,261	4,960,209

16.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/mark-up at rates ranging from 11.90% to 13.72% (2013: 10.83% to 13.30%) per annum. These facilities are secured by pledge / hypothecation of raw materials and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and personal guarantees of the sponsoring directors of PEL. These facilities are generally for a period of one year and renewed at the end of the period.

16.2 These facilities have been obtained from NBFCs for purchase of raw material and carry mark-up at rates ranging from 11.33% to 12.43% (2013: 11.33% to 11.84%) per annum. This facility is secured by charge over operating fixed assets of PEL and personal guarantees of the directors of PEL.

16.3 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 940 million (2013: Rs. 1,010 million).

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

Rupees in thousands	Note	2014	2013
17 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Redeemable capital	*10*	803,507	-
Long term finances	*11*	659,253	395,116
Liabilities against assets subject to finance lease	*12*	60,395	26,903
		1,523,155	422,019

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Various banking and insurance companies have issued guarantees on behalf of the Group as detailed below:

Rupees in thousands	2014	2013
Tender bonds	623,922	458,360
Performance bonds	1,444,751	1,301,957
Advance guarantees	698,430	579,670
Custom guarantees	130,800	90,379
Foreign guarantees	126,404	98,693

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

Rupees in thousands	2014	2013
18.2 Commitments		
18.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material	1,429,003	580,755

18.2.2 Commitments under ijarah contracts

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

Rupees in thousands	2014	2013
- payments not later than one year	7,488	806
- payments later than one year	11,252	1,478
	18,740	2,284

19 PROPERTY, PLANT AND EQUIPMENT

	2014												
	COST / REVALUED AMOUNT							DEPRECIATION					Net book value as at December 31
	As at January 01	Additions	Disposals	Transfers	Revaluation	As at December 31	Rate	As at January 01	For the year	Adjustment	Revaluation	As at December 31	
	Rupees in thousands							Rupees in thousands					
Assets owned by the Company													
Leasehold land	13,256	-	-	-	-	13,256	-	-	-	-	-	-	13,256
Freehold land	539,232	-	-	-	-	539,232	-	-	-	-	-	-	539,232
Building on leasehold land	1,754,247	-	-	-	-	1,754,247	5	522,877	61,562	-	-	584,439	1,169,808
Building on freehold land	2,750,800	-	-	-	-	2,750,800	5	459,269	114,549	-	-	573,818	2,176,982
Plant and machinery	14,432,508	330,587	-	(55,147)	-	14,707,948	5	4,023,066	527,511	(15,426)	-	4,535,151	10,172,797
Office equipment and fixtures	180,176	3,738	-	-	-	183,914	10	91,623	9,065	-	-	100,688	83,226
Computer hardware and allied items	90,913	10,912	-	-	-	101,825	30	82,503	6,910	-	-	89,413	12,412
Vehicles	129,712	4,877	(19,276)	-	-	115,313	20	79,715	9,337	(9,441)	-	79,611	35,702
	19,890,844	350,114	(19,276)	(55,147)	-	20,166,535		5,259,053	728,934	(24,867)	-	5,963,120	14,203,415
Assets subject to finance lease													
Plant and machinery	70,000	-	-	30,000	-	100,000	5	9,194	2,753	(9,447)	-	2,500	97,500
Vehicles	86,748	53,880	-	-		140,628	20	14,855	19,541	-	-	34,396	106,232
	156,748	53,880	-	30,000	-	240,628		24,049	22,294	(9,447)	-	36,896	203,732
	20,047,592	403,994	(19,276)	(25,147)	-	20,407,163		5,283,102	751,228	(34,314)	-	6,000,016	14,407,147
Capital work in progress													
Building on leasehold land	-	-	-	-	-	-		-	-	-	-	-	-
Building on freehold land	49,534	2,278	-	-	-	51,812		-	-	-	-	-	51,812
Plant and machinery	4,036	3,895	-	-	-	7,931		-	-	-	-	-	7,931
	53,570	6,173	-	-	-	59,743		-	-	-	-	-	59,743
	20,101,162	410,167	(19,276)	(25,147)	-	20,466,906		5,283,102	751,228	(34,314)	-	6,000,016	14,466,890

	2013												
	COST / REVALUED AMOUNT							DEPRECIATION					Net book value as at December 31
	As at January 01	Additions	Disposals	Transfers	Revaluation	As at December 31	Rate	As at January 01	For the year	Adjustment	Revaluation	As at December 31	
	Rupees in thousands						%	Rupees in thousands					
Assets owned by the Company													
Leasehold land	13,256	-	-	-	-	13,256	-	-	-	-	-	-	13,256
Freehold land	428,857	-	-	-	110,375	539,232	-	-	-	-	-	-	539,232
Building on leasehold land	1,659,558	-	-	94,689	-	1,754,247	5	463,058	59,819	-	-	522,877	1,231,370
Building on freehold land	2,618,622	-	-	71,547	60,631	2,750,800	5	334,456	114,686	-	10,127	459,269	2,291,531
Plant and machinery	12,241,137	265,346	(2,641)	167,240	1,761,426	14,432,508	5	2,991,610	497,662	(968)	534,762	4,023,066	10,409,442
Office equipment and fixtures	178,468	2,703	(995)	-	-	180,176	10	82,454	9,624	(455)	-	91,623	88,553
Computer hardware and allied items	85,649	5,540	(276)	-	-	90,913	30	75,826	6,953	(276)	-	82,503	8,410
Vehicles	157,830	18,963	(47,081)	-	-	129,712	20	88,450	13,050	(21,785)	-	79,715	49,997
	17,383,377	292,552	(50,993)	333,476	1,932,432	19,890,844		4,035,854	701,794	(23,484)	544,889	5,259,053	14,631,791
Assets subject to finance lease													
Plant and machinery	70,000		-	-	-	70,000	5	5,994	3,200	-	-	9,194	60,806
Vehicles	56,084	30,664	-	-	-	86,748	20	2,355	12,500	-	-	14,855	71,893
	126,084	30,664	-	-	-	156,748		8,349	15,700	-	-	24,049	132,699
	17,509,461	323,216	(50,993)	333,476	1,932,432	20,047,592		4,044,203	717,494	(23,484)	544,889	5,283,102	14,764,490
Capital work in progress													
Building on leasehold land	94,689	-	-	(94,689)	-	-		-	-	-	-	-	-
Building on freehold land	83,099	37,982	-	(71,547)	-	49,534		-	-	-	-	-	49,534
Plant and machinery	168,204	3,072	-	(167,240)	-	4,036		-	-	-	-	-	4,036
	345,992	41,054	-	(333,476)	-	53,570		-	-	-	-	-	53,570
	17,855,453	364,270	(50,993)	-	1,932,432	20,101,162		4,044,203	717,494	(23,484)	544,889	5,283,102	14,818,060

19.1 Disposal of operating fixed assets

2014							
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees in thousands						
Vehicles							
Suzuki Cultus	636	609	27	567	540	As per Company Policy	Habib Ullah
Suzuki Cultus	741	486	255	146	(109)	As per Company Policy	M.Nauman Aslam
Suzuki Cultus	741	486	255	146	(109)	As per Company Policy	Muhammad Hanif
Toyota Corolla	139	-	139	295	156	As per Company Policy	M.Tariq Irani
Honda Civic	161	-	161	315	154	As per Company Policy	Waseem Ishaq Khokhar
Suzuki Cultus	757	501	256	149	(107)	As per Company Policy	Shuakat Ali shah
Suzuki Mehran	504	331	173	308	135	As per Company Policy	Ishtiaq Ahmad
Suzuki Alto	669	431	238	470	232	As per Company Policy	Sahab Ali
Honda City	881	593	288	173	(115)	As per Company Policy	Liaqat Ali
Suzuki Alto	682	447	235	236	1	As per Company Policy	Tanveer Malik
Toyota Corolla	1,462	706	756	688	(68)	As per Company Policy	Zia-ul-Haq Chaudhry
Honda City	123	-	123	836	713	As per Company Policy	Ejaz Hyder
Suzuki Mehran	53	-	53	153	100	As per Company Policy	Salman Khalid
Toyota Corolla	1,462	720	742	688	(54)	As per Company Policy	Iftikhan Ahmad
Toyota Corolla	138	-	138	478	340	As per Company Policy	Javed Iqbal
Suzuki Mehran	499	350	149	306	157	As per Company Policy	Akbar Ali
Honda Civic	1,968	948	1,020	281	(739)	As per Company Policy	Syed Mohsin Gilani
Suzuki Alto	68	-	68	280	212	As per Company Policy	Shafqat Ali Khan
Toyota Corolla	127	-	127	264	137	As per Company Policy	Sh. Muhammad Hanif
Suzuki Alto	68	-	68	280	212	As per Company Policy	Shahid Ahmed
Daihatsu Cuore	76	-	76	405	329	As per Company Policy	Muhammad Shahid
Suzuki Mehran	53	-	53	142	89	As per Company Policy	Muhammad Rasheed
Suzuki Mehran	53	-	53	380	327	As per Company Policy	Feroz Hassan
Suzuki Alto	821	328	493	768	275	As per Company Policy	Raza Aftab
Suzuki Alto	67	-	67	274	207	As per Company Policy	Nadeem-Ud-Din
Suzuki Mehran	449	320	129	276	147	As per Company Policy	Mirza Riffat Ullah
Suzuki Mehran	53	-	53	144	91	As per Company Policy	Muhammad Ali
Daihatsu Cuore	71	-	71	269	198	As per Company Policy	Ch. Arshad Ali
Suzuki Alto	68	-	68	226	158	As per Company Policy	Muhammad Asif
Honda Civic	2,383	629	1,754	1,601	(153)	Negotiation	Athar Rafiq
Suzuki Cultus	87	-	87	472	385	As per Company Policy	Rooman Sabri
Suzuki Cultus	87	-	87	695	608	As per Company Policy	Amir Maqbool
Suzuki Mehran	53	-	53	136	83	As per Company Policy	Khalid Zahoor
Toyota Corolla	1,755	853	902	865	(37)	As per Company Policy	Mr.Javed Ahmad Khan
Honda Civic	171	-	171	750	579	As per Company Policy	Salman Rehmatullah
Suzuki Cultus	83	-	83	272	189	As per Company Policy	Mr. Adil Ashfaque
Others	1,067	703	364	1,010	646	Negotiation	Various Individuals
	19,276	9,441	9,835	15,744	5,909		

2013							
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees in thousands						
Plant and machinery							
Furnace	538	197	341	300	(41)	Negotiation	Atlantic Corporation
Furnace	2,103	771	1,332	1,150	(182)	Negotiation	Atlantic Corporation
	2, 641	968	1,673	1,450	(223)		
Office equipment and furniture							
Photocopier machine	345	95	250	700	450	Negotiation	EFU Insurance
Photocopier machine	650	360	290	1,300	1,010	Negotiation	EFU Insurance
	995	455	540	2,000	1,460		
Computer hardware and allied items							
iMac Intel Core 2Duo 3 06Ghz 4GB Ram	223	223	-	90	90	Negotiation	Bitflow
Laptop Compaq Presario 61 231	53	53	-	44	44	Negotiation	EFU Insurance
	276	276	-	134	134		
Vehicles							
Honda Civic	1,557	1,067	490	440	(50)	As per Company Policy	M.Raza Khan
Suzuki Bolan	515	355	160	502	342	Negotiation	Habib Younas
Suzuki Alto	533	365	168	203	35	As per Company Policy	Yasir Saeed
Toyota Hilux	2,375	1,682	693	1,150	457	Negotiation	Irfan Ahmed
Toyota Hilux	2,375	1,599	776	1,300	524	Negotiation	Muhammad Bilal Khan
Toyota Corolla	943	646	297	239	(58)	As per Company Policy	Ashar Abbas
Suzuki Cultus	590	514	76	416	340	Negotiation	Bilal Saeed
Toyota Corolla	872	577	295	166	(129)	As per Company Policy	Rashid Hussain
Suzuki Mehran	433	305	128	272	144	As per Company Policy	Basharat Amin
Suzuki Cultus	754	483	271	216	(55)	As per Company Policy	Junaid Alam
Suzuki Cultus	754	483	271	212	(59)	As per Company Policy	Sami Saeed
Daihatsu Coure	620	377	243	262	19	As per Company Policy	Ashfaq Hussain

2013							
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees in thousands						
Suzuki Mehran	474	322	152	291	139	As per Company Policy	Tahir Ishtiaq Ahmad
Toyota Corolla	1,309	1,071	238	257	19	As per Company Policy	Ahmed Khan
Suzuki Mehran	539	330	209	394	185	As per Company Policy	Nazir Ahmed
Suzuki Mehran	445	225	220	325	105	As per Company Policy	Syed Husnain Naqvi
Toyota Corolla	945	608	337	282	(55)	As per Company Policy	Faryal Ahmed
Suzuki Alto	530	260	270	271	1	As per Company Policy	Ghulam Mohayuddin
Toyota Corolla	949	597	352	282	(70)	As per Company Policy	Naseer ud din Butt
Suzuki Mehran	413	248	165	267	102	As per Company Policy	Muhammad Asghar
Suzuki Mehran	424	254	170	266	96	As per Company Policy	Sohail Fazal Bhatti
Suzuki Cultus	756	478	278	565	287	As per Company Policy	Asghar Khan
Suzuki Mehran	444	253	191	114	(77)	As per Company Policy	Khalid Farooq
Suzuki Mehran	470	278	192	116	(76)	As per Company Policy	Attique Ahmad
Suzuki Mehran	465	285	180	114	(66)	As per Company Policy	Atif Imtiaz
Suzuki Mehran	444	263	181	283	102	As per Company Policy	M. Zafar
Suzuki Cultus	741	433	308	377	69	As per Company Policy	Tariq Mehmood
Suzuki Mehran	504	324	180	308	128	As per Company Policy	M. Nawaz
Suzuki Mehran	539	342	197	295	98	As per Company Policy	M. Hussain
Suzuki Alto	644	375	269	287	18	As per Company Policy	M. Ismail
Suzuki Cultus	814	464	350	299	(51)	As per Company Policy	Kashif Maqsood
Suzuki Cultus	60	28	32	477	445	Negotiation	Saeed Ahmad
Suzuki Mehran	39	14	25	177	152	As per Company Policy	Shabir ul Haq
Toyota Corolla	1,477	392	1,085	1,420	335	Negotiation	Toyota Walton
Toyota Land Cruiser	12,000	394	11,606	9,508	(2,098)	Negotiation	Orix Leasing
Suzuki Mehran	120	-	120	295	175	As per Company Policy	Masood Ul Hassan
Suzuki Mehran	120	-	120	175	55	As per Company Policy	Fayaz Hussain bukhari
Toyota Corolla	101	-	101	235	134	As per Company Policy	Abdul Waheed Butt
Honda City	202	-	202	194	(8)	As per Company Policy	Qasim Ali
Toyota Corolla	110	-	110	210	100	As per Company Policy	Jalil Ur Rehman
Toyota Corolla	132	-	132	375	243	As per Company Policy	Mehdi Hassan
Toyota Land Cruiser	3,200	1,773	1,427	1,582	155	As per Company Policy	Haroon A Khan
Suzuki Mehran	54	-	54	198	144	As per Company Policy	Bilal Mehmood
Suzuki Liana	210	-	210	600	390	Negotiation	Jawad Aslam
Honda City	143	-	143	488	345	As per Company Policy	Faisal Jawad
Suzuki Mehran	440	251	189	180	(9)	As per Company Policy	Khalid umar
Others	4,503	3,070	1,433	3,943	2,510	Negotiation	Various Individuals
	47,081	21,785	25,296	30,828	5,532		
	50,993	23,484	27,509	34,412	6,903		

Rupees in thousands	Note	2014	2013
19.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	*32*	705,924	674,619
Administrative and general expenses	*35*	45,304	42,875
		751,228	717,494

19.3 Revaluation of property, plant and equipment

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

	2014		
	Cost *Rupees '000*	Accumulated depreciation *Rupees '000*	Net book value *Rupees '000*
Freehold land	189,184	-	189,184
Buildings	3,287,050	828,608	2,458,442
Plant and machinery	6,678,628	2,020,808	4,657,820

	2013		
	Cost *Rupees '000*	Accumulated depreciation *Rupees '000*	Net book value *Rupees '000*
Freehold land	189,184	-	189,184
Buildings	3,287,050	699,216	2,587,834
Plant and machinery	6,373,188	1,807,329	4,565,859

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

Land

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

Buildings

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

Plant and machinery

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

20 INTANGIBLE ASSETS

2014								
		Cost			Accumulated Amortization			Net book
Rupees in thousands	*Note*	As at January 01	Additions	As at December 31	As at January 01	For the period	As at December 31	value as at December 31
Technology transfer agreement	*20.1*	117,054	-	117,054	21,205	4,792	25,997	91,057
Goodwill	*20.2*	312,341	-	312,341	91,859	-	91,859	220,482
Software	*20.3*	5,057	-	5,057	3,867	396	4,263	794
Intangible assets under development - ERP		31,441	234	31,675	-	-	-	31,675
		465,893	234	466,127	116,931	5,188	122,119	344,008

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

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

20.2 Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired at the time of acquisition of PEL Appliances Limited and PEL Daewoo Electronics Limited by the Group. In view of cancelation of LG license, goodwill related to PEL Daewoo Electronics Limited was fully impaired by providing impairment loss of Rs. 140.569 million in December 31, 2011. The carrying value represents goodwill related to PEL Appliances Limited for which there is no indication of impairment.

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

Rupees in thousands	Note	2014	2013

21 LONG TERM INVESTMENTS

	Note	2014	2013
Investment in associate	*21.1*	8,150	8,295
Other investment	*21.2*	55,740	-
		63,890	8,295

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

	2014	2013
2,910,600 (2013: 2,910,600) ordinary shares of Rs. 10 each		
Percentage of ownership interest	23.10%	23.10%

Rupees in thousands	2014	2013
Cost of investment	54,701	54,701
Share of post acquisition profits - *net of dividend received*	12,129	23,053
	66,830	77,754
Accumulated impairment	(58,680)	(69,459)
	8,150	8,295

21.1.1 Extracts of financial statements of associated company

The assets and liabilities of Kohinoor Power Company Limited as at the reporting date and related revenue and profit for the half year then ended based on the un-audited financial statements for the year ended December 31, 2014 are as follows:

Rupees in thousands	2014	2013
Assets	233,207	281,745
Liabilities	10,476	11,723
Revenue	-	-
Loss for the year	47,291	90,771
Share of loss	10,924	20,968
Market value per share (Rupees)	2.80	2.85

21.2 This represents investment in convertible preference shares issued by Silk Bank Limited ('the Issuer') maturing on March 26, 2016. These shares are convertible into ordinary shares of the Issuer at the conversion ratio of 1:1 at the end of the tenor. The Group has the option to put these shares for sale at a strike price of Rs. 3.7 per share at the end of the tenor. The Issuer is entitled to exercise call option, which is exercisable in full or in parts at any time after one year of issue. The investment has been classified as 'held-to-maturity investment' and has been carried at amortized cost measured using an effective interest rate of 13.96% per annum. The details are as follows:

Rupees in thousands	Note	2014	2013
Silk Bank Limited - *Unquoted*			
17,698,489 preference shares of Rs. 2.5 each			
As at beginning of the year		-	-
Acquired during of the year		50,219	-
Amortization for the year	*33*	5,521	-
As at end of the year		55,740	-

22 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

Rupees in thousands	2014	2013
23 STORES, SPARES AND LOOSE TOOLS		
Stores	82,979	3,433
Spares	335,247	232,452
Loose tools	60,620	66,592
	478,846	302,477
Provision for slow moving and obsolete items	(16,706)	(16,706)
	462,140	285,771

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

	2014	2013
24 STOCK IN TRADE		
Raw material		
- in stores	3,151,231	1,989,723
- in transit	1,048,547	483,565
Provision for slow moving and obsolete items	(18,424)	(14,412)
	4,181,354	2,458,876
Work in process	1,262,830	1,043,870
Finished goods	877,488	385,437
Provision for slow moving and obsolete items	(4,804)	(4,804)
	872,684	380,633
	6,316,868	3,883,379

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

24.2 Stock in trade to the extent of Rs. 1,874 million (2013: Rs. 1,629) is pledged as security with providers of debt finances.

Rupees in thousands	*Note*	2014	2013
25 TRADE DEBTS - UNSECURED			
Considered good			
- against sale of goods		5,930,297	3,999,527
- against execution of contracts		1,771,975	1,666,343
		7,702,272	5,665,870
Considered doubtful	*25.1*	256,484	440,082
		7,958,756	6,105,952
Impairment allowance for doubtful debts	*35*	(256,484)	(440,082)
		7,702,272	5,665,870
25.1 Movement in impairment allowance			
As at beginning of the year		440,082	357,957
Recognized during the year		103,568	82,125
Written off during the year		(287,166)	-
As at end of the year		256,484	440,082

Rupees in thousands	Note	2014	2013
26 ADVANCES			
Advances to suppliers and contractors - *unsecured*			
- considered good		769,150	590,881
- considered doubtful		22,863	153,255
Impairment allowance for doubtful advances	*26.1*	(22,863)	(153,255)
		769,150	590,881
Advances to employees - *unsecured*			
- considered good	*26.2*	60,499	57,254
- considered doubtful		1,449	1,449
Impairment allowance for doubtful advances		(1,449)	(1,449)
		60,499	57,254
Retention money for contracts in progress	*43*	426,451	231,451
		1,256,100	879,586
26.1 Movement in impairment allowance			
As at beginning of the year		153,255	153,255
Recognized during the year		3,500	-
Written off during the year		(133,892)	-
As at end of the year		22,863	153,255
26.2 These include advances for			
- purchases		13,850	34,249
- expenses		36,899	16,899
- traveling		2,705	4,047
- others		7,045	2,059
		60,499	57,254

Rupees in thousands	2014	2013
27 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Security deposits		
- considered good	292,929	36,522
- considered doubtful	5,379	5,379
Impairment allowance for doubtful deposits	(5,379)	(5,379)
	292,929	36,522
Margin deposits	499,781	381,657
Prepayments	46,211	33,833
Letters of credit	14,288	1,043
	853,209	453,055

28 SHORT TERM INVESTMENTS

These represent investments in listed equity securities classified as 'financial assets at fair value through profit or loss'. The details are as follows:

Rupees in thousands	Note	2014	2013
Standard Chartered Bank (Pakistan) Limited - *Quoted*			
915,070 (2013: 915,070) ordinary shares of Rs. 10 each Market value: *Rs.23.6 (2013: Rs. 24.90) per share*			
As at beginning of the year		22,785	11,365
(Loss)/gain due to changes in fair value	*36*	(1,189)	11,420
As at end of the year		21,596	22,785

Rupees in thousands	Note	2014	2013
29 ADVANCE INCOME TAX			
Advance income tax/income tax refundable		524,247	472,030
Provision for taxation	38	(205,180)	(117,847)
		319,067	354,183
30 CASH AND BANK BALANCES			
Cash in hand		9,689	5,176
Cash at banks			
- current accounts		330,397	230,975
- deposit/saving accounts	30.1	-	41,653
		340,086	277,804

30.1 This represents amount under lien with Trust Investment Bank Limited carrying return at the rate of 3 months KIBOR plus 1% per annum.

Rupees in thousands	Note	2014	2013
31 REVENUE			
Contact revenue	43	2,842,117	2,026,964
Sale of goods			
- local		19,566,090	16,129,810
- exports		1,717,509	699,642
		24,125,716	18,856,416
Sales tax and excise duty		(2,617,159)	(1,864,767)
Trade discounts		(990,527)	(522,471)
		(3,607,686)	(2,387,238)
		20,518,030	16,469,178
32 COST OF SALES			
Finished goods at the beginning of the year		385,437	354,649
Cost of goods manufactured	32.1	12,752,448	10,880,933
Finished goods at the end of the year		(877,488)	(385,437)
Cost of goods sold		12,260,397	10,850,145
Contract cost	43	1,948,378	1,563,956
		14,208,775	12,414,101

Rupees in thousands	Note	2014	2013
32.1 Cost of goods manufactured			
Work-in-process at beginning of the year		1,043,870	855,069
Raw material and components consumed		10,752,331	8,908,654
Direct wages		540,346	524,608
Factory overheads:			
- salaries, wages and benefits		344,051	265,828
- traveling and conveyance		19,069	16,718
- electricity, gas and water		344,381	330,039
- repairs and maintenance		45,490	78,419
- vehicles running and maintenance		21,517	26,678
- insurance		29,340	26,700
- depreciation	19.2	705,924	674,619
- amortization of intangible assets	20	5,188	3,627
- provision for obsolete and slow moving stock	24	4,012	3,499
- carriage and freight		21,165	22,293
- erection and testing		126,057	172,992
- other factory overheads		12,537	15,060
		1,678,731	1,636,472
		14,015,278	11,924,803
Work-in-process at end of the year		(1,262,830)	(1,043,870)
		12,752,448	10,880,933

32.2 These include charge in respect of employees retirement benefits amounting to Rs. 37.47 million (2013: Rs. 33.335 million).

Rupees in thousands	Note	2014	2013
33 OTHER INCOME			
Gain on financial instruments			
Gain due to changes in fair value of short term investments	28	-	11,420
Reversal of impairment loss on long term investments	21	10,779	19,047
Amortization of held-to-maturity investments	21.2	5,521	-
Return on bank deposits		-	3,094
Gain on disposal of short term investments		-	140
		16,300	33,701
Other income			
Gain on disposal of property, plant and equipment	19.1	5,909	6,903
Amortization of grant-in-aid	14	2,377	2,502
Others		7,897	3,113
		16,183	12,518
		32,483	46,219
34 DISTRIBUTION COST			
Salaries, wages and benefits	34.1	285,723	209,799
Traveling and conveyance		52,568	31,964
Rent, rates and taxes		43,993	35,774
Electricity, gas, fuel and water		17,155	10,653
Repairs and maintenance		7,166	3,988
Vehicles running and maintenance		38,639	24,247
Printing and stationery		7,270	5,769
Postage, telegrams and telephones		15,965	14,103
Entertainment and staff welfare		24,940	13,244
Advertisement and sales promotion		150,680	110,805
Insurance		6,949	4,128
Freight and forwarding		292,386	235,411
Contract and tendering		530	337
Warranty period services		113,015	94,311
Others		32,542	14,713
		1,089,521	809,246

34.1 These include charge in respect of employees retirement benefits amounting to Rs. 18.26 million (2013: Rs. 16.08 million).

Rupees in thousands	Note	2014	2013
35 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	35.1	345,627	306,442
Traveling and conveyance		17,359	18,185
Rent, rates and taxes		29,108	33,695
Ujrah payments		3,590	20,180
Legal and professional		28,927	18,436
Electricity, gas and water		32,931	34,549
Auditors' remuneration	35.2	4,057	4,015
Repairs and maintenance		12,974	9,569
Vehicles running and maintenance		14,327	15,804
Printing, stationery and periodicals		4,854	5,059
Postage, telegrams and telephones		8,536	7,090
Entertainment and staff welfare		13,561	30,433
Advertisement		9,217	455
Insurance		8,837	12,092
Provision for doubtful debts, advances and security deposits		107,068	82,125
Depreciation	19.2	45,304	42,875
Others		3,293	1,661
		689,570	642,665

35.1 These include charge in respect of employees retirement benefits amounting to Rs. 27.11 million (2013: Rs. 24.86 million).

Rupees in thousands	Note	2014	2013
35.2 Auditors' remuneration			
Annual statutory audit		2,800	2,800
Half yearly review		600	600
Review report under Code of Corporate Governance		430	430
Out of pocket expenses		227	185
		4,057	4,015
36 OTHER EXPENSES			
Loss on financial instruments			
Loss due to changes in fair value of short term investments	28	1,189	-
Others			
Loss on sale and lease back activities		274	-
Workers' Profit Participation Fund	15.2	65,004	24,676
Workers' Welfare Fund	15.3	47,137	9,377
		112,415	34,053
		113,604	34,053
37 FINANCE COST			
Interest / mark-up on borrowings:			
redeemable capital		631,031	278,950
long term finances		428,518	411,313
liabilities against assets subject to finance lease		14,395	9,987
short term borrowings		719,912	1,014,536
		1,793,856	1,714,786
Interest on Workers' Profit Participation Fund	15.2	2,350	308
Bank charges and commission		96,622	104,365
		1,892,828	1,819,459

Rupees in thousands	Note	2014	2013

38 TAXATION

	Note	2014	2013
Current taxation	*29 & 38.1*	205,180	117,847
Deferred taxation			
for current year		101,669	49,731
adjustment attributable to changes in tax rates	*13.1*	(3,027)	-
		98,642	49,731
		303,822	167,578

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

38.2 Assessments upto tax year 2014 have been finalized under the relevant provisions of the Ordinance.

39 EARNINGS PER SHARE - BASIC AND DILUTED

	Unit	2014	2013
Earnings			
Profit after taxation	*Rupees '000'*	2,241,469	607,327
Preference dividend for the year	*Rupees '000'*	(42,710)	(42,710)
Profit attributable to ordinary shareholders	*Rupees '000'*	2,198,759	564,617

	Unit	2014	2013
Shares			
Weighted average number of ordinary shares for the purpose of diluted earnings per share	*No. of shares*	332,418,652	187,417,431
Earnings per share			
Basic and diluted	*Rupees*	6.61	3.01

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

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

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

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

39.5 The effect of issue of ordinary and preference shares on conversion of redeemable capital, as referred to in note 10, has not been considered for the purpose of calculation of earnings per share as the said issue is subject to various legal and regulatory approvals which are pending as at the reporting date.

Rupees in thousands	Note	2014	2013

40 CASH GENERATED FROM OPERATIONS

Profit before taxation		2,545,291	774,905
Adjustments for non-cash and other items			
Interest/mark-up on borrowings		1,793,856	1,714,786
Gain on disposal of property, plant and equipment		(5,909)	(6,903)
Amortization of grant-in-aid		(2,377)	(2,502)
Amortization of intangible assets		5,188	3,627
Amortization of held-to-maturity investments		(5,521)	-
Gain on disposal of short term investments		-	(140)
Share of loss of associate		10,924	20,968
Loss on sale and lease back activities		274	-
Reversal of impairment loss on long term investments		(10,779)	(19,047)
Changes in fair value of financial assets at fair value through profit or loss		1,189	(11,420)
Provision for doubtful debts, advances and security deposits		107,068	82,125
Provision for obsolete and slow moving stock		4,012	3,499
Depreciation		751,228	717,494
		2,649,153	2,502,487
		5,194,444	3,277,392
Changes in working capital			
Stores, spares and loose tools		(176,369)	(158,979)
Stock in trade		(2,437,501)	(97,298)
Trade debts		(2,139,970)	27,686
Advances		(380,014)	(351,835)
Trade deposits and short term prepayments		(400,154)	(162,256)
Other receivables		(162,441)	(5,627)
Trade and other payables		(64,179)	(746,540)
		(5,760,628)	(1,494,849)
Cash generated from operations		(566,184)	1,782,543

41 CASH AND CASH EQUIVALENTS

Cash and bank balances	30	340,086	277,804
		340,086	277,804

42 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

Rupees in thousands		Note	2014	2013
42.1 Transactions with related parties				
Nature of relationship	Nature of transactions			
Associated companies	Purchase of services		117,048	91,526
Key management personnel	Short term employee benefits	47	39,779	37,295
	Post employment benefits	47	2,039	1,678

Rupees in thousands		Note	2014	2013
42.2 Balances with related parties				
Nature of relationship	Nature of balances			
Key management personnel	Short term employee benefits payable		22,311	25,842
Other related parties			-	-

43 LONG TERM CONSTRUCTION CONTRACTS

	Note	2014	2013
Contract revenue for the year	31	2,842,117	2,026,964
Cost incurred to date		6,874,008	4,925,630
Contract costs for the year	32	1,948,378	1,563,956
Gross profit realized to date		2,134,153	1,503,424
Balance of advance received	15	7,685	5,815
Retention money receivable	26	426,451	231,451
Gross amount due from customers		908,959	278,420
Gross amount due to customers		79,749	51,209
Estimated future costs to complete projects in progress	43.1	154,223	630,208

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

44 FINANCIAL INSTRUMENTS

44.1 Financial instruments by class and category

44.1.1 Financial assets

Rupees in thousands	2014	2013
Cash in hand	9,689	5,176
Loans and receivables		
Trade debts	7,702,272	5,665,870
Advances	433,496	233,510
Deposits	792,710	418,179
Other receivables	187,730	25,289
Cash at banks	330,397	272,628
	9,446,605	6,615,476
Financial assets at fair value through profit or loss		
Short term investments	21,596	22,785
Held-to-maturity investments		
Short term investments	55,740	-
	9,533,630	6,643,437

Rupees in thousands	2014	2013
44.1.2 Financial liabilities		
Financial liabilities at amortized cost		
Redeemable capital	5,629,976	2,464,286
Long term finances	3,102,060	3,628,291
Liabilities against assets subject to finance lease	135,110	57,588
Short term borrowings	4,243,261	4,960,209
Accrued interest/mark-up	500,528	1,454,626
Trade and other payables	652,718	764,321
	14,263,653	13,329,321

44.2 Fair values of financial instruments

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

44.2.1 Methods of determining fair values

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

44.2.2 Discount/interest rates used for determining fair values

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

45 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

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

45.1 Credit risk

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

45.1.1 Maximum exposure to credit risk

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

Rupees in thousands	Note	2014	2013
Loans and receivables			
Trade debts	25	7,958,756	6,105,952
Advances	26	433,496	233,510
Deposits	27	798,089	423,558
Other receivables		187,730	25,289
Cash at banks	30	330,397	272,628
		9,708,468	7,060,937
Financial assets at fair value through profit or loss			
Short term investments	28	21,596	22,785
Held-to-maturity investments			
Short term investments	21.2	55,740	-
		9,785,804	7,083,722

45.1.2 Concentration of credit risk

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

Rupees in thousands	2014	2013
Customers	7,958,756	6,105,952
Banking companies and financial institutions	1,205,822	718,971
Others	621,226	258,799
	9,785,804	7,083,722

45.1.3 Credit quality and impairment

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

45.1.3 (a) Customers

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

	2014		2013	
Rupees in thousands	Gross carrying amount	Accumulated Impairment	Gross carrying amount	Accumulated Impairment
1 year or less	7,084,182	-	5,167,347	-
1 to 2 years	397,520	-	358,753	-
2 to 3 years	256,483	35,913	175,683	35,913
3 year and above	220,571	220,571	404,169	404,169
	7,958,756	256,484	6,105,952	440,082

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

Rupees in thousands	2014	2013
General customers	7,408,356	5,686,166
Corporate customers	550,400	419,786
	7,958,756	6,105,952

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

45.1.3 (b) Banking companies and financial institutions

Banking companies and financial institutions are counter-parties to security/margin deposits, bank balances and investments in equity and debt securities. The Group limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have reasonably high credit ratings. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

45.1.4 Collateral held

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

45.1.5 Credit risk management

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

45.2 Liquidity risk

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

45.2.1 Exposure to liquidity risk

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

	2014				
Rupees in thousands	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Redeemable capital	5,629,976	7,102,324	3,100,060	3,730,361	271,903
Long term finances	3,102,060	3,955,360	981,744	2,533,391	440,225
Liabilities against assets subject to finance lease	135,110	158,978	75,379	83,599	-
Short term borrowings	4,243,261	4,270,713	4,270,713	-	-
Accrued interest/mark-up	500,528	500,528	500,528	-	-
Trade and other payables	652,718	652,718	652,718	-	-
	14,263,653	16,640,621	9,581,142	6,347,351	712,128

	2013				
Rupees in thousands	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Redeemable capital	2,464,286	3,449,043	288,813	3,064,327	95,903
Long term finances	3,628,291	4,900,776	578,516	4,115,076	207,184
Liabilities against assets subject to finance lease	57,588	67,266	33,486	33,780	-
Short term borrowings	4,960,209	4,960,209	4,960,209	-	-
Accrued interest/mark-up	1,454,626	1,454,626	1,454,626	-	-
Trade and other payables	764,321	764,321	764,321	-	-
	13,329,321	15,596,241	8,079,971	7,213,183	303,087

45.2.2 Liquidity risk management

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

45.3 Market risk

45.3.1 Currency risk

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

45.3.1(a) Exposure to currency risk

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

Rupees in thousands	2014	2013
Financial liabilities		
Foreign bills payable	83,140	75,110
Financial assets	-	-
Net exposure	83,140	75,110

Commitments outstanding at year end amounted to Rs. 1,429 million (2013: Rs. 581 million) relating to letters of credit for import of stores, spare parts and raw material.

45.3.1(b) Exchange rates applied during the year

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

Rupees in thousands	2014	2013
Rupees per USD	100.20	105.10

45.3.1(c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit for the year by Rs. 4.16 million (2013: Rs. 3.76 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

45.3.1(d) Currency risk management

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

45.3.2 Interest rate risk

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

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

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

Rupees in thousands	2014	2013
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	-	41,653
Financial liabilities	12,987,439	10,866,671

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

The Group does not have any fixed rate financial instruments.

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

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 129.874 million (2013: Rs. 108.25 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

45.3.2(d) Interest rate risk management

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

45.3.3 Price risk

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

46 CAPITAL MANAGEMENT

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

	Unit	2014	2013
Total debt	*Rupees '000'*	7,343,991	5,728,146
Total equity	*Rupees '000'*	15,594,798	11,157,726
Total capital employed		22,938,789	16,885,872
Gearing ratio	*% age*	32.02	33.92

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

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

47 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Rupees in thousands	Directors		Executives	
	2014	2013	2014	2013
Remuneration	33,635	30,019	164,131	150,499
House rent	2,581	3,037	39,478	32,552
Utilities	2,391	2,749	14,724	13,608
Bonus	-	-	19,594	8,623
Post employment benefits	2,039	1,678	15,466	14,113
Reimbursable expenses				
Motor vehicles expenses	720	1,152	19,050	26,358
Medical expenses	452	338	10,585	7,830
	41,818	38,973	283,028	253,583
Number of persons	5	5	131	122

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

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

48 SEGMENT INFORMATION

An operating segment is a component of an entity:

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

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

(c) for which discrete financial information is available.

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

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

Rupees in thousands	Power Division		Appliances Division		Total	
	2014	2013	2014	2013	2014	2013
Revenue	11,216,551	9,695,156	12,909,165	9,161,260	24,125,716	18,856,416
Finance cost	919,223	916,050	973,605	903,409	1,892,828	1,819,459
Depreciation and amortization	372,374	358,015	384,042	363,106	756,416	721,121
Segment profit/(loss) before tax	965,245	412,385	1,672,091	371,300	2,637,336	783,685
Segment assets	16,465,042	12,985,109	12,826,329	11,725,437	29,291,371	24,710,546

Rupees in thousands		2014	2013
48.1	Reconciliation of segment profit		
	Total profit for reportable segments	2,637,336	783,685
	Un-allocated other (expenses)/income	(92,045)	(8,780)
	Profit before taxation	2,545,291	774,905
48.2	Reconciliation of segment assets		
	Total assets for reportable segments	29,291,371	24,710,546
	Other corporate assets	3,235,293	2,432,170
	Total assets	32,526,664	27,142,716
48.3	Information about major customers		
	Revenue derived from Multan Electric Power Company	1,359,994	1,331,488

49 EMPLOYEES PROVIDENT FUND TRUST

The following information is based on the un-audited financial statements of the Pak Elektron Limited Employees Provident Fund Trust for the year ended December 31, 2014.

		2014	2013
Size of the fund - *total assets*	*Rupees '000'*	279,784	247,592
Cost/fair value of investments	*Rupees '000'*	184,100	156,410
Percentage of investments made	*% age*	65.8	63.17

The break-up of investments is as follows:

	2014		2013	
	Rupees in thousands	*% age*	Rupees in thousands	*% age*
Government securities	100,000	54.32	40,000	25.57
Deposit accounts with commercial banks	84,100	45.68	116,410	74.43
	184,100	100.00	156,410	100.00

50 PLANT CAPACITY AND ACTUAL PRODUCTION

			2014	2013
	Unit	Annual production capacity	Actual production during the year	Actual production during the year
Transformers / Power Transformers	MVA	5,000	3,097	2,537
Switchgears	Nos.	9,000	6,258	8,021
Energy meters	Nos.	1,700,000	579,237	277,732
Air conditioners	Tonnes	90,000	9,712	1,720
Refrigerators/deep freezers	Cfts.	5,000,000	4,152,270	3,306,428
Microwave ovens	Liters	700,000	236,391	-

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

51 NON-CASH FINANCING ACTIVITIES

51.1 During the year, long term finances amounting to Rs. 2,103 million and short term borrowings amounting to Rs. 1,062 million were settled through issued privately placed term finance certificates amounting to Rs. 3,165 million. See note 10.

51.2 During the year, PEL issued 26,811,124 ordinary shares as fully paid bonus shares. See note 7.1.1.

52 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 02, 2015 by the Board of Directors of the Parent Company.

53 NUMBER OF EMPLOYEES

Total number of employees of the Group as at the reporting date are 6,119 (2013: 5,874). Average number of persons employed by the Group during the year are 6,087 (2013: 5,920).

54 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

55 GENERAL

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

M. MURAD SAIGOL	HAROON A. KHAN
Chief Executive Officer	Director

SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of PAK ELEKTRON LIMITED ("the Company") as at December 31, 2014 and the related profit and loss account/statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

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

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

b) in our opinion-

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

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account/statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2014 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: *ZUBAIR IRFAN MALIK*

Date: April 02, 2015
Place: LAHORE

BALANCE SHEET
AS AT DECEMBER 31, 2014

Rupees in thousands	Note	2014	2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	6	6,000,000	4,000,000
Issued, subscribed and paid-up capital	7	4,431,029	3,130,689
Capital reserve	8	1,293,858	529,740
Accumulated profit		3,876,195	2,473,853
TOTAL EQUITY		9,601,082	6,134,282
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	9	4,568,357	4,612,256
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital	10	4,826,469	2,464,286
Long term finances	11	2,442,807	3,233,175
Liabilities against assets subject to finance lease	12	74,715	30,685
Deferred taxation	13	2,048,938	2,348,002
Deferred income	14	45,158	47,535
		9,438,087	8,123,683
CURRENT LIABILTIES			
Trade and other payables	15	817,486	872,858
Accrued interest/mark-up		500,528	1,454,626
Short term borrowings	16	4,240,947	4,948,101
Current portion of non-current liabilities	17	1,523,155	422,019
		7,082,116	7,697,604
TOTAL LIABILITIES		16,520,203	15,821,287
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY AND LIABILITIES		30,689,642	26,567,825

The annexed notes from 1 to 55 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

Rupees in thousands	Note	2014	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	14,466,890	14,818,060
Intangible assets	20	344,008	348,962
Long term investments	21	63,990	8,395
Long term deposits	22	192,808	119,677
		15,067,696	15,295,094
CURRENT ASSETS			
Stores, spares and loose tools	23	462,140	285,771
Stock in trade	24	6,140,170	3,776,686
Trade debts	25	6,025,103	5,193,123
Advances	26	1,256,100	879,586
Trade deposits and short term prepayments	27	853,209	453,055
Other receivables		187,730	25,289
Short term investments	28	21,596	22,785
Advance income tax	29	387,963	376,948
Cash and bank balances	30	287,935	259,488
		15,621,946	11,272,731
TOTAL ASSETS		30,689,642	26,567,825

HAROON A. KHAN
Director

Profit and Loss Account/Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees in thousands	Note	2014	2013
Revenue	31	18,522,117	15,425,873
Sales tax and discount	31	(2,617,159)	(1,865,543)
Revenue - *net*		15,904,958	13,560,330
Cost of sales	32	(12,707,604)	(11,542,346)
Gross profit		3,197,354	2,017,984
Other income	33	21,704	27,172
Distribution cost	34	(334,004)	(204,950)
Administrative expenses	35	(418,108)	(252,309)
Other expenses	36	(87,455)	(35,974)
		(839,567)	(493,233)
Operating profit		2,379,491	1,551,923
Finance cost	37	(1,161,062)	(1,093,727)
Profit before taxation		1,218,429	458,196
Taxation	38	8,869	(92,586)
Profit after taxation		1,227,298	365,610
Other comprehensive income		-	-
Total comprehensive income		1,227,298	365,610
Earnings per share - *basic and diluted*	39	3.56	1.72

The annexed notes from 1 to 55 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees in thousands	Note	2014	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	40	(1,337,868)	1,071,762
Payments for:			
Interest/markup on borrowings		(2,019,898)	(781,063)
Income tax		(170,065)	(202,797)
Net cash (used in)/generated from operating activities		(3,527,831)	87,902
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(386,819)	(333,606)
Purchase of intangible assets		(234)	(41,620)
Proceeds from disposal of property, plant and equipment		15,744	34,412
Long term deposits made		(73,131)	(53,779)
Acquisition of short term investments		(50,219)	-
Proceeds from disposal of short term investments		-	438
Net cash used in investing activities		(494,659)	(394,155)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances obtained		1,850,000	-
Repayment of long term finances		(272,790)	(35,638)
Proceeds from sale and lease back activities		100,000	-
Repayment of liabilities against assets subject to finance lease		(45,826)	(44,849)
Net increase/(decrease) in short term borrowings		355,095	(1,366,990)
Proceeds from issue of ordinary shares		2,064,458	1,828,031
Net cash generated from financing activities		4,050,937	380,554
NET INCREASE IN CASH AND CASH EQUIVALENTS		28,447	74,301
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		259,488	185,187
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	41	287,935	259,488

The annexed notes from 1 to 55 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

Rupees in thousands	*Note*	Issued subscribed and paid-up capital	Capital reserve	Accumulated profit	Total equity
Balance as at January 01, 2013		1,668,264	164,134	1,906,460	3,738,858
Comprehensive income					
Profit after taxation		-	-	365,610	365,610
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	365,610	365,610
Incremental depreciation	*9*	-	-	201,783	201,783
Transaction with owners					
Issue of right ordinary shares		1,462,425	365,606	-	1,828,031
Balance as at December 31, 2013		3,130,689	529,740	2,473,853	6,134,282
Comprehensive income					
Profit after taxation		-	-	1,227,298	1,227,298
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	1,227,298	1,227,298
Incremental depreciation	*9*	-	-	175,044	175,044
Transaction with owners					
Issue of right ordinary shares	*7.1.2*	1,032,229	1,032,229	-	2,064,458
Issue of bonus ordinary shares	*7.1.1*	268,111	(268,111)	-	-
Balance as at December 31, 2014		4,431,029	1,293,858	3,876,195	9,601,082

The annexed notes from 1 to 55 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1 REPORTING ENTITY

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

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

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

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

2 BASIS OF PREPARATION

2.1 Separate financial statements

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

2.2 Statement of compliance

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

2.3 Basis of measurement

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

2.4 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, 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 judgments 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.4.1 *Depreciation method, rates and useful lives of property, plant and equipment*

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

2.4.2 *Recoverable amount and impairment*

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

Goodwill

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

Trade and other receivables

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

Investments

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

2.4.3 *Revaluation of property, plant and equipment*

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

2.4.4 *Taxation*

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

2.4.5 *Provisions*

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

2.4.6 *Net realizable values*

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

2.5 Functional currency

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

3 NEW/REVISED STANDARDS/INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR

3.1 The following new/revised standards/interpretations and amendments are effective in the current year and relevant to the Company. The application of these standards do not have any material impact on the financial statements of the Company.

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

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and introduce an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount, based on fair value less costs to sell, is determined using a present value technique.

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

The amendments update the application guidance in IAS 32 to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment focuses on four main areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- the application of simultaneous realization and settlement
- the offsetting of collateral amounts
- the unit of account for applying the offsetting requirements

IFRIC 21 - Levies (2013)

The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS37 - Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of levy is certain.

The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognized progressively if the obligating event occurs over a period of time.
- If an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached.

3.2 The following new/revised standards/interpretations and amendments are effective in the current year but are not relevant to the Company.

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

The amendments clarify that there is no need to discontinue hedge accounting if a hedge derivative is novated provided certain criteria are met.

3.3 The following new/revised standards/interpretations and amendments are effective in the current year but have been notified for adoption under section 234 of the Companies Ordinance, 1984 for annual periods beginning on or after January 01, 2015.

IFRS 10 - Consolidated Financial Statements (2011)

The standard replaces those parts of IAS 27 - Consolidated and Separate Financial Statements, that address when and how an investor should prepare consolidated financial statements and supersedes SIC 12 - Consolidation: Special Purpose Entities.

IFRS 11 - Joint Arrangements (2011)

The standard supersedes IAS 31 - Interest in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers.

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

The standard introduces disclosure requirements relating to interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13 - Fair Value Measurement (2011)

The standard establishes a single framework for measuring fair value where that is required by other standards.

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

The amendments provide transitional relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

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

The amendments provide exemption from consolidation of particular subsidiaries by certain entities defined as "Investment Entities" and require additional disclosures where such subsidiaries are excluded from consolidation pursuant to exemption.

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)
Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)	July 01, 2014
Annual Improvements 2010-2012	July 01, 2014
Annual Improvements 2011-2013	July 01, 2014
Contributions from employees or third parties (Amendments to IAS 19 – Employee Benefits)	July 01, 2014
Equity method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)	January 01, 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)	January 01, 2016

	Effective date (annual periods beginning on or after)
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	January 01, 2016
Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)	January 01, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)	January 01, 2016
Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)	January 01, 2016
Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)	January 01, 2016
Annual Improvements 2012-2014	July 01, 2016
IFRS 14 – Regulatory Deferral Accounts (2014)	January 01, 2017
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2017
IFRS 9 – Financial Instruments: Classification and Measurement (2014)	January 01, 2018

The management anticipates that 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.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

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

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

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

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

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

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

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

5.1.2 Capital work in progress

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

5.2 Intangible assets

5.2.1 Goodwill

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

5.2.2 Technology transfer

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

5.2.3 Computer software and ERP

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

5.3 Stores, spares and loose tools

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

5.4 Stock in trade

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

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

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

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

5.5 Employee benefits

5.5.1 Short-term employee benefits

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

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

5.5.2 Post-employment benefits

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

5.6 Financial instruments

5.6.1 Recognition

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

5.6.2 Classification

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

5.6.2(a) Loans and receivables

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

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

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

5.6.2(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Assets in this category are presented as non-current assets except for maturities less than twelve months from the reporting date, where these are presented as current assets.

5.6.2(d) Financial liabilities at amortized cost

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

5.6.3 Measurement

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

5.6.4 De-recognition

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

5.6.5 Off-setting

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

5.7 Ordinary share capital

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

5.8 Preference share capital

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

5.9 Loans and borrowings

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

5.10 Investments in equity securities

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

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

5.10.2 Investments in other quoted equity securities

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

5.11 Investments in debt securities

Investments in debt securities with fixed or determinable payments and fixed maturity that the Company has positive intention and ability to hold are classified as 'held-to-maturity investments'. These are recognized initially at fair value plus transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of investment on an effective interest basis.

5.12 Finance leases

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

5.13 Ijarah transactions

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

5.14 Trade and other payables

5.14.1 Financial liabilities

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

5.14.2 Non-financial liabilities

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

5.15 Provisions and contingencies

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

5.16 Trade and other receivables

5.16.1 Financial assets

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

5.16.2 Non-financial assets

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

5.17 Revenue

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

- Revenue from different sources is recognized as follows:
- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.
- Interest income is recognized using effective interest method.
- Dividend income is recognized when right to received payment is established.
- Contract revenue relating to long term construction contracts are recognized as revenue by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying 'cost-to-date method'. Under cost-to-date method stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost.

5.18 Comprehensive income

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

5.19 Contract costs

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

5.20 Borrowing costs

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

5.21 Income tax

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

5.21.1 Current taxation

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

5.21.2 Deferred taxation

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

5.22 Government grants

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

5.23 Earnings per share ('EPS')

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

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

5.24 Cash and cash equivalents

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

5.25 Foreign currency transactions and balances

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

5.26 Impairment

5.26.1 Financial assets

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

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

5.26.2 Non-financial assets

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

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

5.27 Dividend distribution to ordinary shareholders

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

5.28 Basis of allocation of common expenses

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

5.29 Warranty costs

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

5.30 Segment reporting

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

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

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

6 AUTHORIZED CAPITAL

2014	2013		2014	2013
Number of shares			Rupees in thousands	
500,000,000	300,000,000	Ordinary shares of Rs. 10 each	5,000,000	3,000,000
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	400,000,000		6,000,000	4,000,000

6.1 During the year, the Company increased its authorized capital for ordinary shares from 300,000,000 ordinary shares of Rs. 10 each to 500,000,000 ordinary shares of Rs. 10. each.

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
Number of shares			Rupees in thousands	
		Ordinary shares of Rs. 10 each		
273,214,754	169,991,928	Issued for cash	2,732,148	1,699,919
		Issued for other than cash:		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- against conversion of preference shares	60,408	60,408
118,343,841	91,532,718	- as fully paid bonus shares	1,183,439	915,328
398,145,188	268,111,239		3,981,453	2,681,113
		'A' class preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash	449,576	449,576
443,102,780	313,068,831		4,431,029	3,130,689

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

Number of shares	*Note*	2014	2013
As at beginning of the year		268,111,239	121,868,745
Issue of bonus ordinary shares	*7.1.1*	26,811,123	-
Issue of right ordinary shares	*7.1.2*	103,222,826	146,242,494
As at end of the year		398,145,188	268,111,239

7.1.1 During the year, the Company issued 26,811,124 fully paid bonus ordinary shares at 10 ordinary shares for every 100 ordinary shares already held. The issue was made entirely out of capital reserve. See note 8.

7.1.2 During the year, the Company issued 103,222,826 right ordinary shares at 35 ordinary shares for every 100 ordinary shares already held, at Rs. 20 per ordinary share, including a premium of Rs. 10 per share.

7.2 'A' class preference shares

7.2.1 *Current status of original issue*

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

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

7.2.2 *Re-profiling of preference shares*

The Company offered re-profiling of shares to preference shareholders, who did not convert their preference shares into ordinary shares in response to the conversion notices issued by the Company. The investors to the instrument have, in principle, agreed to the Re-profiling Term Sheet and commercial terms and conditions therein. SECP has allowed the Company to proceed with the re-profiling subject to fulfillment of legal requirements. The legal documentation was prepared and circulated amongst the concerned investors which was endorsed by the said investors except for National Bank of Pakistan, as a result of which the original time frame for reprofiling has lapsed. The Company is in the process of finalising another reprofiling exercise based on mutual agreement to be made amongst the existing investors.

7.2.3 *Accumulated preference dividend*

As on December 31, 2014 an amount of approximately Rs. 213.549 million has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the under process reprofiling exercise.

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

7.2.4 *Classification of preference shares as equity*

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

- These shares were issued under the provisions of section 85 of the Companies Ordinance, 1984 ('the Ordinance') read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The issue was duly approved by the shareholders of the Company in general meeting.
- Return of allotment was filed under section 73(1) of the Ordinance.
- The Company may be required, under the revised terms of reprofiling, to create a Capital Redemption Reserve Fund in accordance with section 85 of the Ordinance.
- The requirements of the Ordinance take precedence over the requirements of International Financial Reporting Standards.

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

8 CAPITAL RESERVE

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

Rupees in thousands	*Note*	2014	2013
As at beginning of the year		529,740	164,134
Recognized during the year	*7.1.2*	1,032,229	365,606
Issue of bonus shares	*7.1.1*	(268,111)	-
As at end of the year		1,293,858	529,740

8.1 This represents premium on issue of right ordinary shares recognized under Section 83(1) of the Companies Ordinance, 1984. See note 7.1.2.

8.2 This represents amount of premium applied by the Company in paying up ordinary shares issued as fully paid bonus shares in accordance with Section 83(2)d of the Companies Ordinance, 1984. See note 7.1.1.

Rupees in thousands	2014	2013

9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2014	2013
As at beginning of the year	4,612,256	3,873,505
Surplus recognized during the year		
Surplus on revaluation	-	1,387,543
Deferred taxation	-	(447,009)
	-	940,534
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	(261,259)	(310,435)
Deferred taxation	86,215	108,652
	(175,044)	(201,783)
Deferred tax adjustment attributable to changes in tax rates	131,145	-
As at end of the year	4,568,357	4,612,256

10 REDEEMABLE CAPITAL - SECURED

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

Description	2014	2013	Pricing	Security	Arrangements and repayment
	Rupees in thousand				
Sukuk Funds	514,286	514,286	Three months KIBOR plus 1.75% per annum (2013: Three months KIBOR plus 1.75% per annum) subject to floor and cap of 10% and 25% respectively.	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in six equal quarterly installments commencing from June 2015.
Sukuk Funds	1,100,000	1,100,000	Three months KIBOR plus 1% per annum (2013: Three months KIBOR plus 1% per annum) subject to floor and cap of 8% and 16% respectively.	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in sixteen equal quarterly installments commencing from June 2015.
Private Placed Term Finance Certificates	850,000	850,000	Six months KIBOR plus 3% per annum (2013: Six months KIBOR plus 3% per annum).	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of financing the capacity expansion program of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in fifty two stepped-up monthly installments commencing from June 2015.
Private Placed Term Finance Certificates	3,165,690	-	Three months KIBOR plus 2% per annum.	Charge on present and future operating fixed assets of the Company.	These were issued on conversion of long term finances amounting to Rs. 2,103 million and short term borrowings amounting to Rs. 1,062 million under a broad restructuring arrangement between the Company and the National Bank of Pakistan. Under the arranegement, the issue was to be converted into ordinary and preference shares of the Company to the extent of Rs. 500 million and Rs. 1,150 million with the remaining issue to be redeemed in twenty four equal quarterly installments with the first redemption due in March 2015. The afore-mentioned conversion into ordinary and preference shares is under process and will be executed after completion of corporate and regulatory approvals.
Total	5,629,976	2,464,286			
Current portion presented under current liabilities	(803,507)	-			
	4,826,469	2,464,286			

11 LONG TERM FINANCES - SECURED

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

Description	2014	2013	Pricing	Security	Arrangements and repayment
	Rupees in thousand				
Demand Finance	-	54,270	Six months KIBOR plus 1.75% per annum (2013: Six months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in sixteen equal quarterly installments commencing from December 2007. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Demand Finance	-	432,385	Three months KIBOR plus 1.75% per annum (2013: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing set-up of a new transformer manufacturing plant and was repayable in eighteen equal quarterly installments, after the expiry of six months grace period, commencing from December 2009. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Demand Finance	-	342,859	Three months KIBOR plus 1.75% per annum (2013: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in twelve equal quarterly installments commencing from March 2011. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Demand Finance	-	375,000	Six months KIBOR plus 1.75% per annum (2013: Six months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for the purpose of financing capital expenditure and was repayable in twelve equal quarterly installments commencing from December 2010. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Term Finance	450,000	450,000	Three months KIBOR plus 3% per annum (2013: Three months KIBOR plus 3% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and personal guarantees of sponsoring directors of the Company.	This finance was obtained from Pak Libya Holdings Company (Private) Limited for meeting operational expenses of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till February 2015 with the outstanding liability payable in eighteen equal quarterly installments commencing from February 2015.

Description	2014	2013	Pricing	Security	Arrangements and repayment
	Rupees in thousand				
Demand Finance	-	898,927	Three months KIBOR plus 1.75% per annum (2013: Three months KIBOR plus 1.75% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This finance was obtained from the National Bank of Pakistan (NBP) for long term working capital requirements and was repayable in sixteen equal quarterly installments commencing from March 2012. During the year, NBP has approved restructuring of the loan under a broad restructuring arrangement with the Company, whereby the finance has been settled through issue of Privately Placed Term Finance Certificates (PPTFC) amounting to Rs. 3,165 million. See note 10.
Term Finance	467,037	574,850	One month KIBOR plus 3.5% per annum (2013: One month KIBOR plus 3.5% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and building and lien over balances in collection accounts and installment reserve accounts	The finance was obatined from Standard Chartered Bank (Pakistan) Limited for long term working capital requirements of the Company and has been rescheduled twice after the disbursement. As per the latest arrangement, the finance is repayable in forty eight monthly installments starting September 2012.
Term Finance	273,913	300,000	Six months KIBOR plus 3% (2013: six months KIBOR plus 3%) per annum.	Charge on present and future operating fixed assets of the Company.	The finance has obtained from Faysal Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twenty three equal quarterly installments commencing from June 2014.
Term Finance	200,000	200,000	Three months KIBOR plus 3% (2013: three months KIBOR plus 3%) per annum.	Charge on present and future current assets of the Company.	The finance has obtained from Summit Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twelve equal quarterly installments commencing from September 2015.
Term Finance	1,661,110	-	Three months KIBOR plus 0.85% per annum.	Bank guarantee of Rs. 1,890 million and personal guarantees of sponsoring directors of the Company.	The finance has obtained from NIB Bank Limited for settlement of long term finances obtained from NBP. The finance is repayable in twenty eight stepped-up quarterly installments commencing from April 2014.
Term Finance	50,000	-	Three months KIBOR plus 1% per annum.	Charge over present and future current assets of the Company, mortgage of the Company's land and building.	The finance has obtained from Silk Bank Limited for the purpose of financing capital expenditure. The finance is repayable in bullet on or before March 31, 2016
Total	3,102,060	3,628,291			
Current portion presented under current liabilities	(659,253)	(395,116)			
	2,442,807	3,233,175			

Rupees in thousands	Note	2014	2013

12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2014	2013
Present value of minimum lease payments	12.1 & 12.2	135,110	57,588
Current portion presented under current liabilities	12.1 & 12.2	(60,395)	(26,903)
		74,715	30,685

12.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from six months to one year KIBOR plus 2% to 5.8% per annum (2013: six months to one year KIBOR plus 3% to 5.8% per annum). Lease rentals are payable monthly over a tenor ranging from 3 to 4 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

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

Rupees in thousands	Note	2014	2013
Not later than one year		75,379	33,486
Later than one year but not later than five years		83,599	33,780
Total future minimum lease payments		158,978	67,266
Finance charge allocated to future periods		(23,868)	(9,678)
Present value of future minimum lease payments		135,110	57,588
Not later than one year	17	(60,395)	(26,903)
Later than one year but not later than five years		74,715	30,685

13 DEFERRED TAXATION

	Note	2014	2013
Deferred tax liability on taxable temporary differences	13.1	3,625,677	4,084,860
Deferred tax asset on deductible temporary differences	13.1	(1,576,739)	(1,736,858)
		2,048,938	2,348,002

13.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Rupees in thousands	2014 As at January 01	Recognized in profit or loss	Recognized on balance sheet	As at December 31
Deferred tax liabilities				
Operating fixed assets - owned	3,984,329	(250,153)	(131,145)	3,603,031
Operating fixed assets - leased	100,531	(77,885)	-	22,646
	4,084,860	(328,038)	(131,145)	3,625,677
Deferred tax assets				
Provisions	(228,426)	113,282	-	(115,144)
Unused tax losses and credits	(1,508,432)	46,837		(1,461,595)
	(1,736,858)	160,119	-	(1,576,739)
	2,348,002	(167,919)	(131,145)	2,048,938

	2013 As at January 01 Rupees '000	Recognized in profit or loss Rupees '000	Recognized on balance sheet Rupees '000	As at December 31 Rupees '000
Deferred tax liabilities				
Operating fixed assets - owned	3,616,690	(79,370)	447,009	3,984,329
Operating fixed assets - leased	96,324	4,207	-	100,531
	3,713,014	(75,163)	447,009	4,084,860
Deferred tax assets				
Provisions	(194,658)	(33,768)	-	(228,426)
Unused tax losses and credits	(1,612,516)	104,084	-	(1,508,432)
	(1,807,174)	70,316	-	(1,736,858)
	1,905,840	(4,847)	447,009	2,348,002

13.2 Deferred tax has been recognized using tax rate of 33% (2013: 35%) of temporary differences.

Rupees in thousands	2014	2013
14 DEFERRED INCOME		
As at beginning of the year	47,535	50,037
Recognized in profit or loss	(2,377)	(2,502)
As at end of the year	45,158	47,535

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

The grant recoverable in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 2,377 million (2013: Rs. 2,502 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

Rupees in thousands	Note	2014	2013
15 TRADE AND OTHER PAYABLES			
Trade creditors - *unsecured*		338,771	467,576
Foreign bills payable - *secured*	15.1	83,140	75,110
Accrued liabilities		157,619	108,152
Advances from customers - *unsecured*		98,862	103,870
Employees' provident fund		8,574	8,283
Compensated absences		22,813	32,649
Advance against contracts	43	7,685	5,815
Workers' Profit Participation Fund	15.2	65,004	24,676
Workers' Welfare Fund	15.3	20,843	9,377
Other payables - *unsecured*		14,175	37,350
		817,486	872,858

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

Rupees in thousands	Note	2014	2013
15.2 Workers' Profit Participation Fund			
As at beginning of the year		24,676	3,368
Interest on fund utilized by the Company	37	2,350	308
Charged to profit or loss for the year	36	65,004	24,676
Paid during the year		(27,026)	(3,676)
As at end of the year		65,004	24,676

15.2.1 Interest on fund utilized by the Company has been recognized at 12.5% (2013: 12.5%) per annum.

Rupees in thousands	Note	2014	2013
15.3 Workers' Welfare Fund			
As at beginning of the year		9,377	17,862
Charged to profit or loss for the year	36	20,843	9,377
Paid/adjusted during the year		(9,377)	(17,862)
As at end of the year		20,843	9,377
16 SHORT TERM BORROWINGS			
Secured			
Short term finances utilized under interest/mark-up arrangements from			
- banking companies	16.1	3,890,293	4,487,043
- non banking finance companies	16.2	230,000	229,463
		4,120,293	4,716,506
Unsecured			
Book overdraft	16.4	120,654	231,595
		4,240,947	4,948,101

16.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/mark-up at rates ranging from 11.90% to 13.72% (2013: 10.83% to 13.30%) per annum. These facilities are secured by pledge / hypothecation of raw materials and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and personal guarantees of the sponsoring directors of the Company. These facilities are generally for a period of one year and renewed at the end of the period.

16.2 These facilities have been obtained from NBFCs for purchase of raw material and carry mark-up at rates ranging from 11.33% to 12.43% (2013: 11.33% to 11.84%) per annum. This facility is secured by charge over operating fixed assets of the Company and personal guarantees of the directors of the Company.

16.3 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 940 million (2013: Rs. 1,010 million).

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

Rupees in thousands	*Note*	2014	2013
17 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Redeemable capital	*10*	803,507	-
Long term finances	*11*	659,253	395,116
Liabilities against assets subject to finance lease	*12*	60,395	26,903
		1,523,155	422,019

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

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

Rupees in thousands	*Note*	2014	2013
Tender bonds		623,922	458,360
Performance bonds		1,444,751	1,301,957
Advance guarantees		698,430	579,670
Custom guarantees		130,800	90,379
Foreign guarantees		126,404	98,693

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

Rupees in thousands	*Note*	2014	2013
18.2 Commitments			
18.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material		1,429,003	580,755

18.2.2 Commitments under ijarah contracts

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

Rupees in thousands	*Note*	2014	2013
- payments not later than one year		7,488	806
- payments later than one year		11,252	1,478
		18,740	2,284

19 PROPERTY, PLANT AND EQUIPMENT

	2014												
	COST / REVALUED AMOUNT							DEPRECIATION					Net book
Rupees in thousands	As at January 01	Additions	Disposals	Transfers	Revaluation	As at December 31	Rate	As at January 01	For the year	Adjustment	Revaluation	As at December 31	value as at December 31
Assets owned by the Company													
Leasehold land	13,256	-	-	-	-	13,256	-	-	-	-	-	-	13,256
Freehold land	539,232	-	-	-	-	539,232	-	-	-	-	-	-	539,232
Building on leasehold land	1,754,247	-	-	-	-	1,754,247	5	522,877	61,562	-	-	584,439	1,169,808
Building on freehold land	2,750,800	-	-	-	-	2,750,800	5	459,269	114,549	-	-	573,818	2,176,982
Plant and machinery	14,432,508	330,587	-	(55,147)	-	14,707,948	5	4,023,066	527,511	(15,426)	-	4,535,151	10,172,797
Office equipment and fixtures	180,176	3,738	-	-	-	183,914	10	91,623	9,065	-	-	100,688	83,226
Computer hardware and allied items	90,913	10,912	-	-	-	101,825	30	82,503	6,910	-	-	89,413	12,412
Vehicles	129,712	4,877	(19,276)	-	-	115,313	20	79,715	9,337	(9,441)	-	79,611	35,702
	19,890,844	350,114	(19,276)	(55,147)	-	20,166,535		5,259,053	728,934	(24,867)	-	5,963,120	14,203,415
Assets subject to finance lease													
Plant and machinery	70,000	-	-	30,000	-	100,000	5	9,194	2,753	(9,447)	-	2,500	97,500
Vehicles	86,748	53,880	-	-		140,628	20	14,855	19,541	-	-	34,396	106,232
	156,748	53,880	-	30,000	-	240,628		24,049	22,294	(9,447)	-	36,896	203,732
	20,047,592	403,994	(19,276)	(25,147)	-	20,407,163		5,283,102	751,228	(34,314)	-	6,000,016	14,407,147
Capital work in progress													
Building on leasehold land	-	-	-	-	-	-		-	-	-	-	-	-
Building on freehold land	49,534	2,278	-	-	-	51,812		-	-	-	-	-	51,812
Plant and machinery	4,036	3,895	-	-	-	7,931		-	-	-	-	-	7,931
	53,570	6,173	-	-	-	59,743		-	-	-	-	-	59,743
	20,101,162	410,167	(19,276)	(25,147)	-	20,466,906		5,283,102	751,228	(34,314)	-	6,000,016	14,466,890

	2013												
	COST / REVALUED AMOUNT							DEPRECIATION					
Rupees in thousands	As at January 01	Additions	Disposals	Transfers	Revaluation	As at December 31	Rate	As at January 01	For the year	Adjustment	Revaluation	As at December 31	Net book value as at December 31
Assets owned by the Company													
Leasehold land	13,256	-	-	-	-	13,256	-	-	-	-	-	-	13,256
Freehold land	428,857	-	-	-	110,375	539,232	-	-	-	-	-	-	539,232
Building on leasehold land	1,659,558	-	-	94,689	-	1,754,247	5	463,058	59,819	-	-	522,877	1,231,370
Building on freehold land	2,618,622	-	-	71,547	60,631	2,750,800	5	334,456	114,686	-	10,127	459,269	2,291,531
Plant and machinery	12,241,137	265,346	(2,641)	167,240	1,761,426	14,432,508	5	2,991,610	497,662	(968)	534,762	4,023,066	10,409,442
Office equipment and fixtures	178,468	2,703	(995)	-	-	180,176	10	82,454	9,624	(455)	-	91,623	88,553
Computer hardware and allied items	85,649	5,540	(276)	-	-	90,913	30	75,826	6,953	(276)	-	82,503	8,410
Vehicles	157,830	18,963	(47,081)	-	-	129,712	20	88,450	13,050	(21,785)	-	79,715	49,997
	17,383,377	292,552	(50,993)	333,476	1,932,432	19,890,844		4,035,854	701,794	(23,484)	544,889	5,259,053	14,631,791
Assets subject to finance lease													
Plant and machinery	70,000		-	-	-	70,000	5	5,994	3,200	-	-	9,194	60,806
Vehicles	56,084	30,664	-	-	-	86,748	20	2,355	12,500	-	-	14,855	71,893
	126,084	30,664	-	-	-	156,748		8,349	15,700	-	-	24,049	132,699
	17,509,461	323,216	(50,993)	333,476	1,932,432	20,047,592		4,044,203	717,494	(23,484)	544,889	5,283,102	14,764,490
Capital work in progress													
Building on leasehold land	94,689	-	-	(94,689)	-	-		-	-	-	-	-	-
Building on freehold land	83,099	37,982	-	(71,547)	-	49,534		-	-	-	-	-	49,534
Plant and machinery	168,204	3,072	-	(167,240)	-	4,036		-	-	-	-	-	4,036
	345,992	41,054	-	(333,476)	-	53,570		-	-	-	-	-	53,570
	17,855,453	364,270	(50,993)	-	1,932,432	20,101,162		4,044,203	717,494	(23,484)	544,889	5,283,102	14,818,060

19.1 Disposal of operating fixed assets

2014							
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees in thousands						
Vehicles							
Suzuki Cultus	636	609	27	567	540	As per Company Policy	Habib Ullah
Suzuki Cultus	741	486	255	146	(109)	As per Company Policy	M.Nauman Aslam
Suzuki Cultus	741	486	255	146	(109)	As per Company Policy	Muhammad Hanif
Toyota Corolla	139	-	139	295	156	As per Company Policy	M.Tariq Irani
Honda Civic	161	-	161	315	154	As per Company Policy	Waseem Ishaq Khokhar
Suzuki Cultus	757	501	256	149	(107)	As per Company Policy	Shuakat Ali shah
Suzuki Mehran	504	331	173	308	135	As per Company Policy	Ishtiaq Ahmad
Suzuki Alto	669	431	238	470	232	As per Company Policy	Sahab Ali
Honda City	881	593	288	173	(115)	As per Company Policy	Liaqat Ali
Suzuki Alto	682	447	235	236	1	As per Company Policy	Tanveer Malik
Toyota Corolla	1,462	706	756	688	(68)	As per Company Policy	Zia-ul-Haq Chaudhry
Honda City	123	-	123	836	713	As per Company Policy	Ejaz Hyder
Suzuki Mehran	53	-	53	153	100	As per Company Policy	Salman Khalid
Toyota Corolla	1,462	720	742	688	(54)	As per Company Policy	Iftikhan Ahmad
Toyota Corolla	138	-	138	478	340	As per Company Policy	Javed Iqbal
Suzuki Mehran	499	350	149	306	157	As per Company Policy	Akbar Ali
Honda Civic	1,968	948	1,020	281	(739)	As per Company Policy	Syed Mohsin Gilani
Suzuki Alto	68	-	68	280	212	As per Company Policy	Shafqat Ali Khan
Toyota Corolla	127	-	127	264	137	As per Company Policy	Sh. Muhammad Hanif
Suzuki Alto	68	-	68	280	212	As per Company Policy	Shahid Ahmed
Daihatsu Cuore	76	-	76	405	329	As per Company Policy	Muhammad Shahid
Suzuki Mehran	53	-	53	142	89	As per Company Policy	Muhammad Rasheed
Suzuki Mehran	53	-	53	380	327	As per Company Policy	Feroz Hassan
Suzuki Alto	821	328	493	768	275	As per Company Policy	Raza Aftab
Suzuki Alto	67	-	67	274	207	As per Company Policy	Nadeem-Ud-Din
Suzuki Mehran	449	320	129	276	147	As per Company Policy	Mirza Riffat Ullah
Suzuki Mehran	53	-	53	144	91	As per Company Policy	Muhammad Ali
Daihatsu Cuore	71	-	71	269	198	As per Company Policy	Ch. Arshad Ali
Suzuki Alto	68	-	68	226	158	As per Company Policy	Muhammad Asif
Honda Civic	2,383	629	1,754	1,601	(153)	Negotiation	Athar Rafiq
Suzuki Cultus	87	-	87	472	385	As per Company Policy	Rooman Sabri
Suzuki Cultus	87	-	87	695	608	As per Company Policy	Amir Maqbool
Suzuki Mehran	53	-	53	136	83	As per Company Policy	Khalid Zahoor
Toyota Corolla	1,755	853	902	865	(37)	As per Company Policy	Mr.Javed Ahmad Khan
Honda Civic	171	-	171	750	579	As per Company Policy	Salman Rehmatullah
Suzuki Cultus	83	-	83	272	189	As per Company Policy	Mr. Adil Ashfaque
Others	1,067	703	364	1,010	646	Negotiation	Various Individuals
	19,276	9,441	9,835	15,744	5,909		

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees in thousands						
Plant and machinery							
Furnace	538	197	341	300	(41)	Negotiation	Atlantic Corporation
Furnace	2,103	771	1,332	1,150	(182)	Negotiation	Atlantic Corporation
	2,641	968	1,673	1,450	(223)		
Office equipment and furniture							
Photocopier machine	345	95	250	700	450	Negotiation	EFU Insurance
Photocopier machine	650	360	290	1,300	1,010	Negotiation	EFU Insurance
	995	455	540	2,000	1,460		
Computer hardware and allied items							
iMac Intel Core 2Duo 3 06Ghz 4GB Ram	223	223	-	90	90	Negotiation	Bitflow
Laptop Compaq Presario 61 231	53	53	-	44	44	Negotiation	EFU Insurance
	276	276	-	134	134		
Vehicles							
Honda Civic	1,557	1,067	490	440	(50)	As per Company Policy	M.Raza Khan
Suzuki Bolan	515	355	160	502	342	Negotiation	Habib Younas
Suzuki Alto	533	365	168	203	35	As per Company Policy	Yasir Saeed
Toyota Hilux	2,375	1,682	693	1,150	457	Negotiation	Irfan Ahmed
Toyota Hilux	2,375	1,599	776	1,300	524	Negotiation	Muhammad Bilal Khan

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	2013						
	Rupees in thousands						
Toyota Corolla	943	646	297	239	(58)	As per Company Policy	Ashar Abbas
Suzuki Cultus	590	514	76	416	340	Negotiation	Bilal Saeed
Toyota Corolla	872	577	295	166	(129)	As per Company Policy	Rashid Hussain
Suzuki Mehran	433	305	128	272	144	As per Company Policy	Basharat Amin
Suzuki Cultus	754	483	271	216	(55)	As per Company Policy	Junaid Alam
Suzuki Cultus	754	483	271	212	(59)	As per Company Policy	Sami Saeed
Daihatsu Coure	620	377	243	262	19	As per Company Policy	Ashfaq Hussain
Suzuki Mehran	474	322	152	291	139	As per Company Policy	Tahir Ishtiaq Ahmad
Toyota Corolla	1,309	1,071	238	257	19	As per Company Policy	Ahmed Khan
Suzuki Mehran	539	330	209	394	185	As per Company Policy	Nazir Ahmed
Suzuki Mehran	445	225	220	325	105	As per Company Policy	Syed Husnain Naqvi
Toyota Corolla	945	608	337	282	(55)	As per Company Policy	Faryal Ahmed
Suzuki Alto	530	260	270	271	1	As per Company Policy	Ghulam Mohayuddin
Toyota Corolla	949	597	352	282	(70)	As per Company Policy	Naseer ud din Butt
Suzuki Mehran	413	248	165	267	102	As per Company Policy	Muhammad Asghar
Suzuki Mehran	424	254	170	266	96	As per Company Policy	Sohail Fazal Bhatti
Suzuki Cultus	756	478	278	565	287	As per Company Policy	Asghar Khan
Suzuki Mehran	444	253	191	114	(77)	As per Company Policy	Khalid Farooq
Suzuki Mehran	470	278	192	116	(76)	As per Company Policy	Attique Ahmad
Suzuki Mehran	465	285	180	114	(66)	As per Company Policy	Atif Imtiaz
Suzuki Mehran	444	263	181	283	102	As per Company Policy	M. Zafar
Suzuki Cultus	741	433	308	377	69	As per Company Policy	Tariq Mehmood
Suzuki Mehran	504	324	180	308	128	As per Company Policy	M. Nawaz
Suzuki Mehran	539	342	197	295	98	As per Company Policy	M. Hussain
Suzuki Alto	644	375	269	287	18	As per Company Policy	M. Ismail
Suzuki Cultus	814	464	350	299	(51)	As per Company Policy	Kashif Maqsood
Suzuki Cultus	60	28	32	477	445	Negotiation	Saeed Ahmad
Suzuki Mehran	39	14	25	177	152	As per Company Policy	Shabir ul Haq
Toyota Corolla	1,477	392	1,085	1,420	335	Negotiation	Toyota Walton
Toyota Land Cruiser	12,000	394	11,606	9,508	(2,098)	Negotiation	Orix Leasing
Suzuki Mehran	120	-	120	295	175	As per Company Policy	Masood Ul Hassan
Suzuki Mehran	120	-	120	175	55	As per Company Policy	Fayaz Hussain bukhari
Toyota Corolla	101	-	101	235	134	As per Company Policy	Abdul Waheed Butt
Honda City	202	-	202	194	(8)	As per Company Policy	Qasim Ali
Toyota Corolla	110	-	110	210	100	As per Company Policy	Jalil Ur Rehman
Toyota Corolla	132	-	132	375	243	As per Company Policy	Mehdi Hassan
Toyota Land Cruiser	3,200	1,773	1,427	1,582	155	As per Company Policy	Haroon A Khan
Suzuki Mehran	54	-	54	198	144	As per Company Policy	Bilal Mehmood
Suzuki Liana	210	-	210	600	390	Negotiation	Jawad Aslam
Honda City	143	-	143	488	345	As per Company Policy	Faisal Jawad
Suzuki Mehran	440	251	189	180	(9)	As per Company Policy	Khalid umar
Others	4,503	3,070	1,433	3,943	2,510	Negotiation	Various Individuals
	47,081	21,785	25,296	30,828	5,532		
	50,993	23,484	27,509	34,412	6,903		

Rupees in thousands		Note	2014	2013
19.2	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	32	705,924	674,619
	Administrative and general expenses	35	45,304	42,875
			751,228	717,494

19.3 Revaluation of property, plant and equipment

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

Rupees in thousands	2014 Cost	2014 Accumulated depreciation	2014 Net book value
Freehold land	189,184	-	189,184
Buildings	3,287,050	828,608	2,458,442
Plant and machinery	6,678,628	2,020,808	4,657,820

Rupees in thousands	2013 Cost	2013 Accumulated depreciation	2013 Net book value
Freehold land	189,184	-	189,184
Buildings	3,287,050	699,216	2,587,834
Plant and machinery	6,373,188	1,807,329	4,565,859

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

Land

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

Buildings

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

Plant and machinery

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

20 INTANGIBLE ASSETS

		2014						
		Cost			Accumulated Amortization			Net book
Rupees in thousands	Note	As at January 01	Additions	As at December 31	As at January 01	For the period	As at December 31	value as at December 31
Technology transfer agreement	*20.1*	117,054	-	117,054	21,205	4,792	25,997	91,057
Goodwill	*20.2*	312,341	-	312,341	91,859	-	91,859	220,482
Software	*20.3*	5,057	-	5,057	3,867	396	4,263	794
Intangible assets under development - ERP		31,441	234	31,675	-	-	-	31,675
		465,893	234	466,127	116,931	5,188	122,119	344,008

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

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

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

Rs. 140.569 million in December 31, 2011. The carrying value represents goodwill related to PEL Appliances Limited for which there is no indication of impairment.

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

Rupees in thousands	Note	2014	2013
21 LONG TERM INVESTMENTS			
Investments in related parties	*21.1*	8,250	8,395
Other investments	*21.2*	55,740	-
		63,990	8,395

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

Rupees in thousands	Note	2014	2013
PEL Marketing (Private) Limited - *Unquoted*			
10,000 (2013: 10,000) ordinary shares of Rs. 10 each		100	100
Relationship: *wholly-owned subsidiary*			
Ownership Interest: *100%*			
Kohinoor Power Company Limited - *Quoted*			
2,910,600 (2013: 2,910,600) ordinary shares of Rs. 10 each	*21.1.1*	8,150	8,295
Relationship: *associate*			
Ownership Interest: *23.1%*			
Market value: *Rs. 2.80 (2013: Rs. 2.85) per share*			
		8,250	8,395

21.1.1 Details of investment are as follows:

Cost of investment		54,701	54,701
Accumulated impairment		(46,551)	(46,406)
		8,150	8,295

21.2 This represents investment in convertible preference shares issued by Silk Bank Limited ('the Issuer') maturing on March 26, 2016. These shares are convertible into ordinary shares of the Issuer at the conversion ratio of 1:1 at the end of the tenor. The Company has the option to put these shares for sale at a strike price of Rs. 3.7 per share at the end of the tenor. The Issuer is entitled to exercise call option, which is exercisable in full or in parts at any time after one year of issue. The investment has been classified as 'held-to-maturity investment' and has been carried at amortized cost measured using an effective interest rate of 13.96% per annum. The details are as follows:

Rupees in thousands	Note	2014	2013
Silk Bank Limited - *Unquoted*			
17,698,489 preference shares of Rs. 2.5 each			
As at beginning of the year		-	-
Acquired during of the year		50,219	-
Amortization for the year	*33*	5,521	-
As at end of the year		55,740	-

22 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

Rupees in thousands	2014	2013
23 STORES, SPARES AND LOOSE TOOLS		
Stores	82,979	3,433
Spares	335,247	232,452
Loose tools	60,620	66,592
	478,846	302,477
Provision for slow moving and obsolete items	(16,706)	(16,706)
	462,140	285,771

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

Rupees in thousands	2014	2013
24 STOCK IN TRADE		
Raw material		
- in stores	3,151,231	1,989,723
- in transit	1,048,547	483,565
Provision for slow moving and obsolete items	(18,424)	(14,412)
	4,181,354	2,458,876
Work in process	1,262,830	1,043,870
Finished goods	700,790	278,744
Provision for slow moving and obsolete items	(4,804)	(4,804)
	695,986	273,940
	6,140,170	3,776,686

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

24.2 Stock in trade to the extent of Rs. 1,874 million (2013: Rs. 1,629) is pledged as security with providers of debt finances.

Rupees in thousands	*Note*	2014	2013
25 TRADE DEBTS - UNSECURED			
Considered good			
- against sale of goods		4,253,128	3,526,780
- against execution of contracts		1,771,975	1,666,343
		6,025,103	5,193,123
Considered doubtful	*25.1*	256,484	440,082
		6,281,587	5,633,205
Impairment allowance for doubtful debts	*35*	(256,484)	(440,082)
		6,025,103	5,193,123

25.1 Movement in impairment allowance		
As at beginning of the year	440,082	357,957
Recognized during the year	103,568	82,125
Written off during the year	(287,166)	-
As at end of the year	256,484	440,082

Rupees in thousands	Note	2014	2013
26 ADVANCES			
Advances to suppliers and contractors - *unsecured*			
- considered good		769,150	590,881
- considered doubtful		22,863	153,255
Impairment allowance for doubtful advances	*26.1*	(22,863)	(153,255)
		769,150	590,881
Advances to employees - *unsecured*			
- considered good	*26.2*	60,499	57,254
- considered doubtful		1,449	1,449
Impairment allowance for doubtful advances		(1,449)	(1,449)
		60,499	57,254
Retention money for contracts in progress	*43*	426,451	231,451
		1,256,100	879,586
26.1 Movement in impairment allowance			
As at beginning of the year		153,255	153,255
Recognized during the year		3,500	-
Written off during the year		(133,892)	-
As at end of the year		22,863	153,255
26.2 These include advances for			
- purchases		13,850	34,249
- expenses		36,899	16,899
- traveling		2,705	4,047
- others		7,045	2,059
		60,499	57,254
27 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
- considered good		292,929	36,522
- considered doubtful		5,379	5,379
Impairment allowance for doubtful deposits		(5,379)	(5,379)
		292,929	36,522
Margin deposits		499,781	381,657
Prepayments		46,211	33,833
Letters of credit		14,288	1,043
		853,209	453,055

28 SHORT TERM INVESTMENTS

These represent investments in listed equity securities classified as 'financial assets at fair value through profit or loss'. The details are as follows:

Rupees in thousands	Note	2014	2013
Standard Chartered Bank (Pakistan) Limited - *Quoted*			
915,070 (2013: 915,070) ordinary shares of Rs. 10 each			
Market value: *Rs.23.6 (2013: Rs. 24.90) per share*			
As at beginning of the year		22,785	11,365
(Loss)/gain due to changes in fair value	*36*	(1,189)	11,420
As at end of the year		21,596	22,785

29 ADVANCE INCOME TAX

Rupees in thousands	Note	2014	2013
Advance income tax/income tax refundable		547,013	474,381
Provision for taxation	*38*	(159,050)	(97,433)
		387,963	376,948

30 CASH AND BANK BALANCES

Rupees in thousands	Note	2014	2013
Cash in hand		8,978	3,978
Cash at banks			
- current accounts		278,957	213,857
- deposit/saving accounts	*30.1*	-	41,653
		287,935	259,488

30.1 This represents amount under lien with Trust Investment Bank Limited carrying return at the rate of 3 months KIBOR plus 1% per annum.

31 REVENUE

Rupees in thousands	Note	2014	2013
Contact revenue	*43*	2,842,117	2,026,964
Sale of goods			
- local		13,962,491	12,699,267
- exports		1,717,509	699,642
		18,522,117	15,425,873
Sales tax and excise duty		(2,617,159)	(1,864,767)
Trade discounts		-	(776)
		(2,617,159)	(1,865,543)
		15,904,958	13,560,330

32 COST OF SALES

Rupees in thousands	Note	2014	2013
Finished goods at the beginning of the year		278,744	238,525
Cost of goods manufactured	*32.1*	11,181,272	10,018,609
Finished goods at the end of the year		(700,790)	(278,744)
Cost of goods sold		10,759,226	9,978,390
Contract cost	*43*	1,948,378	1,563,956
		12,707,604	11,542,346

Rupees in thousands	Note	2014	2013
32.1 Cost of goods manufactured			
Work-in-process at beginning of the year		1,043,870	855,069
Raw material and components consumed		9,181,155	8,046,330
Direct wages		540,346	524,608
Factory overheads:			
- salaries, wages and benefits		344,051	265,828
- traveling and conveyance		19,069	16,718
- electricity, gas and water		344,381	330,039
- repairs and maintenance		45,490	78,419
- vehicles running and maintenance		21,517	26,678
- insurance		29,340	26,700
- depreciation	*19.2*	705,924	674,619
- amortization of intangible assets	*20*	5,188	3,627
- provision for obsolete and slow moving stock	*24*	4,012	3,499
- carriage and freight		21,165	22,293
- erection and testing		126,057	172,992
- other factory overheads		12,537	15,060
		1,678,731	1,636,472
		12,444,102	11,062,479
Work-in-process at end of the year		(1,262,830)	(1,043,870)
		11,181,272	10,018,609

32.2 These include charge in respect of employees retirement benefits amounting to Rs. 37.47 million (2013: Rs. 33.335 million).

Rupees in thousands	Note	2014	2013
33 OTHER INCOME			
Gain on financial instruments			
Gain due to changes in fair value of short term investments	*28*	-	11,420
Amortization of held-to-maturity investments	*21.2*	5,521	-
Return on bank deposits		-	3,094
Gain on disposal of short term investments		-	140
		5,521	14,654
Other income			
Gain on disposal of property, plant and equipment	*19.1*	5,909	6,903
Amortization of grant-in-aid	*14*	2,377	2,502
Others		7,897	3,113
		16,183	12,518
		21,704	27,172
34 DISTRIBUTION COST			
Salaries, wages and benefits	*34.1*	96,105	51,095
Traveling and conveyance		31,720	17,286
Rent, rates and taxes		4,259	327
Electricity, gas, fuel and water		2,439	450
Repairs and maintenance		1,048	794
Vehicles running and maintenance		11,554	5,864
Printing and stationery		2,044	1,982
Postage, telegrams and telephones		2,427	1,515
Entertainment and staff welfare		6,232	1,606
Advertisement and sales promotion		1,950	3,178
Freight and forwarding		91,949	71,163
Contract and tendering		1,530	337
Warranty period services		51,976	36,304
Others		28,771	13,049
		334,004	204,950

34.1 These include charge in respect of employees retirement benefits amounting to Rs. 10.54 million (2013: Rs. 9.2 million).

Rupees in thousands	Note	2014	2013
35 ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	*35.1*	122,585	64,789
Traveling and conveyance		6,923	3,379
Rent, rates and taxes		9,568	6,208
Ujrah payments		1,525	3,190
Legal and professional		24,899	16,764
Electricity, gas and water		17,715	13,911
Auditors' remuneration	*35.2*	3,175	3,180
Repairs and maintenance		5,926	696
Vehicles running and maintenance		9,318	5,354
Printing, stationery and periodicals		2,062	497
Postage, telegrams and telephones		3,626	1,635
Entertainment and staff welfare		5,407	4,844
Advertisement		9,092	207
Insurance		4,581	1,899
Provision for doubtful debts, advances and security deposits		107,068	82,125
Depreciation	*19.2*	45,304	42,875
Others		39,334	756
		418,108	252,309

35.1 These include charge in respect of employees retirement benefits amounting to Rs. 21.37 million (2013: Rs. 19.25 million).

Rupees in thousands	Note	2014	2013
35.2 Auditors' remuneration			
Annual statutory audit		2,000	2,000
Half yearly review		600	600
Review report under Code of Corporate Governance		430	430
Out of pocket expenses		145	150
		3,175	3,180
36 OTHER EXPENSES			
Loss on financial instruments			
Impairment loss on long term investments	*21.1.1*	145	1,921
Loss due to changes in fair value of short term investments	*28*	1,189	-
		1,334	1,921
Others			
Loss on sale and lease back activities		274	-
Workers' Profit Participation Fund	*15.2*	65,004	24,676
Workers' Welfare Fund	*15.3*	20,843	9,377
		86,121	34,053
		87,455	35,974
37 FINANCE COST			
Interest / mark-up on borrowings:			
redeemable capital		294,450	278,950
long term finances		428,518	411,313
liabilities against assets subject to finance lease		14,395	9,987
short term borrowings		328,437	289,860
		1,065,800	990,110
Interest on Workers' Profit Participation Fund	*15.2*	2,350	308
Bank charges and commission		92,912	103,309
		1,161,062	1,093,727

Rupees in thousands	Note	2014	2013

38 TAXATION

Current taxation	29 & 38.1	159,050	97,433
Deferred taxation			
for current year		(164,892)	(4,847)
adjustment attributable to changes in tax rates	13.1	(3,027)	-
		(167,919)	(4,847)
		(8,869)	92,586

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

38.2 Assessments upto tax year 2014 have been finalized under the relevant provisions of the Ordinance.

	Unit	2014	2013

39 EARNINGS PER SHARE - BASIC AND DILUTED

Earnings			
Profit after taxation	Rupees '000	1,227,298	365,610
Preference dividend for the year	Rupees '000	(42,710)	(42,710)
Profit attributable to ordinary shareholders	Rupees '000	1,184,588	322,900
Shares			
Weighted average number of ordinary shares outstanding during the year	No. of shares	332,418,652	187,417,431
Earnings per share			
Basic and diluted	Rupees	3.56	1.72

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

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

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

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

39.5 The effect of issue of ordinary and preference shares on conversion of redeemable capital, as referred to in note 10, has not been considered for the purpose of calculation of earnings per share as the said issue is subject to various legal and regulatory approvals which are pending as at the reporting date.

Rupees in thousands	Note	2014	2013

40 CASH GENERATED FROM OPERATIONS

Profit before taxation		1,218,429	458,196
Adjustments for non-cash and other items			
Interest/mark-up on borrowings		1,065,800	990,110
Gain on disposal of property, plant and equipment		(5,909)	(6,903)
Amortization of grant-in-aid		(2,377)	(2,502)
Amortization of intangible assets		5,188	3,627
Amortization of held-to-maturity investments		(5,521)	-
Gain on disposal of short term investments		-	(140)
Loss on sale and lease back activities		274	-
Impairment loss on long term investments		145	1,921
Changes in fair value of financial assets at fair value through profit or loss		1,189	(11,420)
Provision for doubtful debts, advances and security deposits		107,068	82,125
Provision for obsolete and slow moving stock		4,012	3,499
Depreciation		751,228	717,494
		1,921,097	1,777,811
		3,139,526	2,236,007
Changes in working capital			
Stores, spares and loose tools		(176,369)	(158,979)
Stock in trade		(2,367,496)	(106,729)
Trade debts		(935,548)	306,628
Advances		(380,014)	(351,835)
Trade deposits and short term prepayments		(400,154)	(162,256)
Other receivables		(162,441)	(5,627)
Trade and other payables		(55,372)	(685,447)
		(4,477,394)	(1,164,245)
Cash generated from operations		(1,337,868)	1,071,762

41 CASH AND CASH EQUIVALENTS

Cash and bank balances	30	287,935	259,488
		287,935	259,488

42 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

Rupees in thousands		2014	2013
42.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Subsidiary	Sale of goods	7,189,611	5,595,356
	Allocation of common expenses	1,571,176	1,119,882
Associated companies	Purchase of services	117,048	91,526

Rupees in thousands		Note	2014	2013
Key management personnel	Short term employee benefits	47	39,779	37,295
	Post employment benefits	47	2,039	1,678

42.2 Balances with related parties

Nature of relationship	Nature of balances	2014	2013
Key management personnel	Short term employee benefits payable	22,311	25,842
Other related parties		-	-

43 LONG TERM CONSTRUCTION CONTRACTS

Rupees in thousands	Note	2014	2013
Contract revenue for the year	31	2,842,117	2,026,964
Cost incurred to date		6,874,008	4,925,630
Contract costs for the year	32	1,948,378	1,563,956
Gross profit realized to date		2,134,153	1,503,424
Balance of advance received	15	7,685	5,815
Retention money receivable	26	426,451	231,451
Gross amount due from customers		908,959	278,420
Gross amount due to customers		79,749	51,209
Estimated future costs to complete projects in progress	43.1	154,223	630,208

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

44 FINANCIAL INSTRUMENTS

44.1 Financial instruments by class and category

44.1.1 Financial assets

Rupees in thousands	2014	2013
Cash in hand	8,978	3,978
Loans and receivables		
Trade debts	6,025,103	5,193,123
Advances	433,496	233,510
Deposits	792,710	418,179
Other receivables	187,730	25,289
Cash at banks	278,957	255,510
	7,717,996	6,125,611
Financial assets at fair value through profit or loss		
Short term investments	21,596	22,785
Held-to-maturity investments		
Short term investments	55,740	-
	7,804,310	6,152,374

Rupees in thousands	2014	2013
44.1.2 Financial liabilities		
Financial liabilities at amortized cost		
Redeemable capital	5,629,976	2,464,286
Long term finances	3,102,060	3,628,291
Liabilities against assets subject to finance lease	135,110	57,588
Short term borrowings	4,240,947	4,948,101
Accrued interest/mark-up	500,528	1,454,626
Trade and other payables	625,092	729,120
	14,233,713	13,282,012

44.2 Fair values of financial instruments

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

44.2.1 Methods of determining fair values

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

44.2.2 Discount/interest rates used for determining fair values

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

45 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

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

45.1 Credit risk

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

45.1.1 Maximum exposure to credit risk

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

Rupees in thousands	Note	2014	2013
Loans and receivables			
Trade debts	*25*	6,281,587	5,633,205
Advances	*26*	433,496	233,510
Deposits	*27*	798,089	423,558
Other receivables		187,730	25,289
Cash at banks	*30*	278,957	255,510
		7,979,859	6,571,072
Financial assets at fair value through profit or loss			
Short term investments	*28*	21,596	22,785
Held-to-maturity investments			
Short term investments	*21.2*	55,740	-
		8,057,195	6,593,857

45.1.2 Concentration of credit risk

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

Rupees in thousands	Note	2014	2013
Customers		6,281,587	5,633,205
Banking companies and financial institutions		1,154,382	701,853
Others		621,226	258,799
		8,057,195	6,593,857

45.1.3 Credit quality and impairment

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

45.1.3 (a) Customers

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

	2014		2013	
Rupees in thousands	Gross carrying amount	Accumulated Impairment	Gross carrying amount	Accumulated Impairment
1 year or less	5,407,013	-	4,694,600	-
1 to 2 years	397,520	-	358,753	-
2 to 3 years	256,483	35,913	175,683	35,913
3 year and above	220,571	220,571	404,169	404,169
	6,281,587	256,484	5,633,205	440,082

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

Rupees in thousands	2014	2013
General customers	5,731,187	5,213,419
Corporate customers	550,400	419,786
	6,281,587	5,633,205

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

45.1.3 (b) Banking companies and financial institutions

Banking companies and financial institutions are counter-parties to security/margin deposits, bank balances and investments in equity and debt securities. The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have reasonably high credit ratings. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

45.1.4 Collateral held

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

45.1.5 Credit risk management

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

45.2 Liquidity risk

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

45.2.1 Exposure to liquidity risk

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

	2014				
Rupees in thousands	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Redeemable capital	5,629,976	7,102,324	3,100,060	3,730,361	271,903
Long term finances	3,102,060	3,955,360	981,744	2,533,391	440,225
Liabilities against assets subject to finance lease	135,110	158,978	75,379	83,599	-
Short term borrowings	4,240,947	4,270,713	4,270,713	-	-
Accrued interest/mark-up	500,528	500,528	500,528	-	-
Trade and other payables	625,092	625,092	625,092	-	-
	14,233,713	16,612,995	9,553,516	6,347,351	712,128

	2013				
Rupees in thousands	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
Redeemable capital	2,464,286	3,449,043	288,813	3,064,327	95,903
Long term finances	3,628,291	4,900,776	578,516	4,115,076	207,184
Liabilities against assets subject to finance lease	57,588	67,266	33,486	33,780	-
Short term borrowings	4,948,101	4,948,101	4,948,101	-	-
Accrued interest/mark-up	1,454,626	1,454,626	1,454,626	-	-
Trade and other payables	729,120	729,120	729,120	-	-
	13,282,012	15,548,932	8,032,662	7,213,183	303,087

45.2.2 Liquidity risk management

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

45.3 Market risk

45.3.1 Currency risk

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

45.3.1(a) Exposure to currency risk

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

Rupees in thousands	2014	2013
Financial liabilities		
Foreign bills payable	83,140	75,110
Financial assets	-	-
Net exposure	83,140	75,110

Commitments outstanding at year end amounted to Rs. 1,429 million (2013: Rs. 581 million) relating to letters of credit for import of stores, spare parts and raw material.

45.3.1(b) Exchange rates applied during the year

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

Rupees in thousands	2014	2013
Rupees per USD	100.20	105.10

45.3.1(c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit for the year by Rs. 4.16 million (2013: Rs. 3.76 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

45.3.1(d) Currency risk management

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

45.3.2 Interest rate risk

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

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

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

Rupees in thousands	2014	2013
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	-	41,653
Financial liabilities	12,987,439	10,866,671

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

The Company does not have any fixed rate financial instruments.

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

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 129.874 million (2013: Rs. 108.25 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

45.3.2(d) Interest rate risk management

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

45.3.3 Price risk

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

46 CAPITAL MANAGEMENT

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

	Unit	2014	2013
Total debt	*Rupees '000'*	7,343,991	5,728,146
Total equity	*Rupees '000'*	14,169,439	10,746,538
Total capital employed		21,513,430	16,474,684
Gearing ratio	*% age*	34.14	34.77

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

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

47 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Rupees in thousands	Directors 2014	Directors 2013	Executives 2014	Executives 2013
Remuneration	33,635	30,019	164,131	150,499
House rent	2,581	3,037	39,478	32,552
Utilities	2,391	2,749	14,724	13,608
Bonus	-	-	19,594	8,623
Post employment benefits	2,039	1,678	15,466	14,113
Reimbursable expenses				
Motor vehicles expenses	720	1,152	19,050	26,358
Medical expenses	452	338	10,585	7,830
	41,818	38,973	283,028	253,583
Number of persons	5	5	131	122

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

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

48 SEGMENT INFORMATION

An operating segment is a component of an entity:

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

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

(c) for which discrete financial information is available.

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

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

Rupees in thousands	Power Division 2014	Power Division 2013	Appliances Division 2014	Appliances Division 2013	Total 2014	Total 2013
Revenue	11,216,551	9,695,156	7,305,566	5,730,717	18,522,117	15,425,873
Finance cost	919,223	916,050	241,839	177,677	1,161,062	1,093,727
Depreciation and amortization	372,374	358,015	384,042	363,106	756,416	721,121
Segment profit/(loss) before tax	965,245	412,780	318,935	54,196	1,284,180	466,976
Segment assets	16,464,371	12,985,109	10,973,135	11,146,373	27,437,506	24,131,482

Rupees in thousands	2014	2013
48.1 Reconciliation of segment profit		
Total profit for reportable segments	1,284,180	466,976
Un-allocated other (expenses)/income	(65,751)	(8,780)
Profit before taxation	1,218,429	458,196

Rupees in thousands	2014	2013
48.2 Reconciliation of segment assets		
Total assets for reportable segments	27,437,506	24,131,482
Other corporate assets	3,252,136	2,436,343
Total assets	30,689,642	26,567,825
48.3 Information about major customers		
Revenue derived from Multan Electric Power Company	1,359,994	1,331,488
Revenue derived from PEL Marketing (Private) Limited	7,189,611	5,595,356

49 EMPLOYEES PROVIDENT FUND TRUST

The following information is based on the un-audited financial statements of the Pak Elektron Limited Employees Provident Fund Trust for the year ended December 31, 2014.

		2014	2013
Size of the fund - *total assets*	*Rupees '000'*	279,784	247,592
Cost/fair value of investments	*Rupees '000'*	184,100	156,410
Percentage of investments made	*% age*	65.8	63.17

The break-up of investments is as follows:

	2014		2013	
	Rupees in thousands	*% age*	*Rupees '000'*	*% age*
Government securities	100,000	54.32	40,000	25.57
Deposit accounts with commercial banks	84,100	45.68	116,410	74.43
	184,100	100.00	156,410	100.00

50 PLANT CAPACITY AND ACTUAL PRODUCTION

			2014	2013
	Unit	Annual production capacity	Actual production during the year	Actual production during the year
Transformers / Power Transformers	MVA	5,000	3,097	2,537
Switchgears	Nos.	9,000	6,258	8,021
Energy meters	Nos.	1,700,000	579,237	277,732
Air conditioners	Tonnes	90,000	9,712	1,720
Refrigerators/deep freezers	Cfts.	5,000,000	4,152,270	3,306,428
Microwave ovens	Liters	700,000	236,391	-

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

51 NON-CASH FINANCING ACTIVITIES

51.1 During the year, long term finances amounting to Rs. 2,103 million and short term borrowings amounting to Rs. 1,062 million were settled through issued privately placed term finance certificates amounting to Rs. 3,165 million. See note 10.

51.2 During the year, the Company issued 26,811,124 ordinary shares as fully paid bonus shares. See note 7.1.1.

52 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 02, 2015 by the Board of Directors of the Company.

53 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 5,656 (2013: 5,343). Average number of persons employed by the Company during the year are 5,629 (2013: 5,389).

54 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

55 GENERAL

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

M. MURAD SAIGOL	HAROON A. KHAN
Chief Executive Officer	Director

Notice of Annual General Meeting

Notice is hereby given that the 59th Annual General Meeting of Shareholders of Pak Elektron Limited will be held on Monday, April 27, 2015 at 11:00 A.M. at Factory Premises, 14-KM. Ferozepur Road, Lahore to transact the following business:-

1. To confirm the minutes of Extraordinary General Meeting held on October 15, 2014.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2014 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

Lahore
April 06, 2015

M. Omer Farooq
Company Secretary

Notes:

1. Share Transfer Books of the Company will remain closed from April 21, 2015 to April 27, 2015 (both days inclusive). Physical transfers/CDS Transactions IDs received in order at Company registrar office M/s Corplink (Private) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore on or before April 20, 2015 will be treated in time.
2. A member entitled to attend and vote at this Meeting may appoint another Member as proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.
3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.
4. Members are requested to notify the Company change in their addresses, if any.
5. SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)

   Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2014, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as : for filers of Income Tax return 10% and Non filers of Income Tax return 15%. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding proportion & No. of shares	Name & CNIC No.	Shareholding proportion & No. of shares

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided, For shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholder. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The company as per the new law, shall apply 15% rate of withholding tax if the shareholders name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

6. ZAKAT DECLARATIONS (CZ-50)

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Account Services on the CDC) or to our Registrars, M/s Corplink Private Limited, 1-K, Commercial Model Town, Lahore (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

Notes

Form of Proxy
59TH Annual General Meeting

LEDGER FOLIO

SHARES HELD

I / We ______________________________

of ______________________________

appoint ______________________________

(or of ______________________________

failing him) ______________________________

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 59th Annual General Meeting of the Company to be held on April 27, 2015 at factory premises, 14-Km, Ferozepur Road, Lahore at 11:00 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this ______________ day of ________________ 2015.

Signed by the said

____

REVENUE STAMP

Witnesses:

1) Name ______________	2) Name ______________
Address ______________	Address ______________
CNIC No. ______________	CNIC No. ______________

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 54 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank Gublerg-V, Lahore, the Registered Office of the Company not later than forty eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.

2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirement have to be met.

    (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form

    (ii) In came of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

    (iii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary
PAK ELEKTRON LIMITED
17 - Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.

www.pel.com.pk

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