

## DIRECTORS' REVIEW

Directors are pleased to present results for the period ended March 31, 2009. Sales during the period at Rs. 10.056 billion registered an increase of 27% over corresponding period and operating profit also grew to Rs. 1.346 billion showing an increase of 25%. Net profit after tax of Rs. 226 million is lower by Rs. 43 million mainly due to an increase of Rs. 233 million in the financial charges. Summary of comparative financial results is, as under:

	<u>Rupees in thousands</u>		
	<u>2008-09</u>	<u>2007-08</u>	<u>Increase/ (Decrease)</u>
Sales	10,056,206	7,908,046	2,148,160
Gross Profit	2,204,441	1,765,758	438,683
Operating profit	1,345,755	1,078,362	267,393
Finance cost	962,887	729,378	233,509
Profit before tax	329,309	331,963	(2,654)
Profit after tax	226,245	269,491	(43,246)
Earnings per share – Basic (Rupees)	1.95	2.37	

In Appliances division, Company has achieved a milestone by having a strategic relationship with LG Electronics. LG is one of the three largest global players in the business of domestic appliances with an annual turnover of over US \$ 50 billion. Relationship with them, in the first stage, is to represent LG for sale and marketing of Air conditioners, Refrigerators, Microwave ovens, Washing machines and Vacuum Cleaners in the country. In the second stage which has also commenced, a technical collaboration is taking place whereby our manufacturing facilities are being made fit for producing LG brand products to be sold locally as well as worldwide. This relationship is expected to grow and widen very fast, InshaAllah.

Our current year's targets of Appliances division business are being achieved despite political & economic instability during the period under review. All these conditions, political as well as macroeconomic indicators are reflecting a healthy trend and we are hoping appliances business, after achieving our last quarter's targets, will show a robust growth in the coming year.

Our capabilities in Power division are taking a quantum leap with the construction of state of the art, international standard manufacturing facility for exportable transformers which is expected to commission in July this year. Export of transformers to Saudi Arabia and a few European markets has already started and we are hoping that this will gain momentum in the coming year. Development of 40 MVA/132 KV Power Transformer and digital meters of single and three phase types with advanced features like "time of the day" etc. are expected to significantly contribute to the growth of this business. With a stable political scenario in the country, we hope to see demand picking up for our power division products as Government's commitment towards elimination of power shortage coupled with system improvement plans would result in increased ordering for this division of our Company.

Our annual results, despite challenging conditions during the year are expected to reflect a healthy growth in all directions. For the next year's business a number of positive factors are expected to result in substantial growth of Company's profitability. These include lowering financial costs, stable exchange rates and declining prices of all our raw materials in the international markets.

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

For and on behalf of  
the Board of Directors

Naseem Saigol  
Chairman

Lahore, April 28, 2009

# PAK ELEKTRON LIMITED

## CONDENSED INTERIM BALANCE SHEET (Un-Audited)

AS AT MARCH 31, 2009

	Note	Un-Audited March 31 2009 (Rupees in thousand)	Audited June 30 2008		Note	Un-Audited March 31 2009 (Rupees in thousand)	Audited June 30 2008
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON-CURRENT ASSETS</b>			
Authorized capital	4	2,500,000	2,500,000	Property, plant and equipment	11	8,042,491	6,332,705
Issued, subscribed and paid up capital	5	1,496,677	1,496,677	Intangible assets		639,862	573,617
Reserves	6	131,931	131,931			8,682,353	6,906,322
Unappropriated profits	6	2,295,673	2,048,783				
		3,924,281	3,677,391				
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		2,912,726	1,940,365				
<b>NON-CURRENT LIABILITIES</b>				Long-term investments	12	25,613	52,945
Long-term financing	7	2,106,975	2,480,238	Long-term deposits		49,671	34,218
Liabilities against assets subject to finance lease	8	216,755	169,954				
Deferred taxation		1,496,405	1,438,405				
Deferred income		116,266	82,996				
<b>CURRENT LIABILITIES</b>				<b>CURRENT ASSETS</b>			
Trade and other payables		1,980,551	2,084,351	Stores, spare parts and loose tools		82,076	81,990
Interest / mark-up accrued on loans and other payables		312,175	220,104	Stock-in-trade		4,590,790	3,571,168
Short-term borrowings	9	4,529,070	3,868,988	Trade debts		3,473,752	4,207,741
Current portion of:				Advances		475,653	542,663
- long-term financing	7	552,350	331,701	Trade deposits and short-term prepayments		508,441	458,516
- liabilities against assets subject to finance lease	8	147,160	100,286	Other receivables		25,673	32,437
				Other financial assets		26,138	72,295
				Cash and bank balances		354,554	434,484
		7,521,306	6,605,430			9,537,077	9,401,294
<b>CONTINGENCIES AND COMMITMENTS</b>	10						
		18,294,714	16,394,779			18,294,714	16,394,779

The annexed notes from 1 to 17 form an integral part of these financial information.

NASEEM SAIGOL  
Chairman / Chief Executive Officer

HAROON A. KHAN  
Managing Director

# PAK ELEKTRON LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-Audited)

For the period ended March 31, 2009

	Note	Period ended		Quarter ended	
		March 31	March 31	March 31	March 31
		۲۰۰۹ (Rupees in thousand)	۲۰۰۸ (Rupees in thousand)	۲۰۰۹ (Rupees in thousand)	۲۰۰۸ (Rupees in thousand)
Revenue	13	10,056,206	7,908,046	4,508,852	3,484,095
Less: sales tax and discount	13	961,888	719,170	485,536	393,888
Revenue - net		9,094,318	7,188,876	4,023,316	3,090,207
Cost of sales	14	6,889,877	5,423,118	3,121,826	2,380,680
Gross profit		2,204,441	1,765,758	901,490	709,527
Other operating loss		(59,920)	(17,272)	(20,905)	(20,301)
		2,144,521	1,748,486	880,585	689,226
Distribution cost		525,851	436,187	251,535	208,146
Administrative expenses		308,428	226,625	154,138	107,894
Other operating expenses		24,407	24,584	9,248	7,843
Finance cost		962,887	729,378	341,813	259,260
Share of profit from associate		(6,361)	(251)	(927)	-
Profit before taxation		329,309	331,963	124,778	106,083
Provision for taxation		103,064	62,472	37,371	20,236
Profit for the period		226,245	269,491	87,407	85,847
Earnings per share		Rupees	Rupees	Rupees	Rupees
Basic	15	1.95	2.37	0.77	0.75
Diluted	15	1.92	2.37	0.74	0.75

The annexed notes from 1 to 17 form an integral part of these financial information.

NASEEM SAIGOL  
Chairman / Chief Executive Officer

HAROON A. KHAN  
Managing Director

# PAK ELEKTRON LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-Audited)

As at March 31, 2009

	Share capital	Capital reserves		Revenue reserves	Total
		Premium on issue of shares	Reserve for bonus shares	Unappropriated profits	
(Rupees in thousand)					
Balance as at June 30, 2007	1,368,591	69,118	-	1,803,565	3,241,274
Profit for the period	-	-	-	269,491	269,491
Transferred to reserve for bonus shares	-	-	190,899	(190,899)	-
Issue of bonus shares	190,899	-	(190,899)	-	-
Conversion of preference shares	(20,046)	20,046	-	-	-
Dividend for the year ended June 30, 2007	-	-	-	(57,475)	(57,475)
Transfer from surplus on revaluation of property, plant and equipment for current period-net of deferred tax	-	-	-	30,876	30,876
<b>Balance as at March 31, 2008</b>	<b>1,539,444</b>	<b>89,164</b>	<b>-</b>	<b>1,855,558</b>	<b>3,484,166</b>
Profit for the period	-	-	-	182,934	182,934
Conversion of preference shares	(42,767)	42,767	-	-	-
Transfer from surplus on revaluation of property, plant and equipment for current period-net of deferred tax	-	-	-	10,291	10,291
<b>Balance as at June 30, 2008</b>	<b>1,496,677</b>	<b>131,931</b>	<b>-</b>	<b>2,048,783</b>	<b>3,677,391</b>
Profit for the period	-	-	-	226,245	226,245
Dividend for the year ended June 30, 2008	-	-	-	(49,994)	(49,994)
Transfer from surplus on revaluation of property, plant and equipment for current period-net of deferred tax	-	-	-	70,639	70,639
<b>Balance as at March 31, 2009</b>	<b>1,496,677</b>	<b>131,931</b>	<b>-</b>	<b>2,295,673</b>	<b>3,924,281</b>

The annexed notes from 1 to 17 form an integral part of these financial information.

NASEEM SAIGOL  
Chairman / Chief Executive Officer

HAROON A. KHAN  
Managing Director

# PAK ELEKTRON LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (Un-Audited)

For the period ended March 31, 2009

	March 31 2009 ( Rupees in thousand )	March 31 2008
Cash flows from operating activities		
Profit before taxation	329,309	331,963
Adjustments for:		
Depreciation on property, plant and equipment	264,334	174,080
Amortization of intangible assets	3,507	26,907
Share of profit from associate	(6,361)	(251)
(Reversal) / provision for impairment in value of investments	33,693	(5,544)
Finance cost	962,887	729,378
Provision for compensated absences	(10,243)	-
Loss due to change in the fair value of investments	46,157	47,049
Amortization of grant-in-aid	(2,363)	(2,487)
Amortization of deferred income	(11,845)	-
Gain on disposal of property, plant and equipment	274	(660)
	<u>1,280,040</u>	<u>968,472</u>
	1,609,349	1,300,435
Working capital changes:		
Increase in stores, spares and loose tools	(86)	(2,869)
Increase in stock in trade	(1,019,622)	(724,143)
Decrease/(increase) in trade debts	733,989	(573,815)
Decrease/(increase) in loans and advances	67,010	(130,337)
Decrease/(increase) in trade deposits and short-term prepayments	30,701	(25,043)
Decrease/(increase) in other receivables	6,764	(99,050)
Decrease in trade and other payables	(93,557)	(423,383)
	<u>(274,801)</u>	<u>(1,978,640)</u>
Cash (used in) / generated from operations	1,334,548	(678,205)
Finance cost paid	(870,816)	(650,691)
Income tax paid	(127,709)	(72,408)
	<u>(998,525)</u>	<u>(723,099)</u>
Net cash used in operating activities	<u>336,023</u>	<u>(1,401,304)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(888,661)	(414,839)
Payments for intangible assets	(69,752)	(19,791)
Proceeds from disposal of property, plant and equipment	11,275	11,052
Proceeds from sale and leaseback activities	192,593	-
Decrease/(Increase) in long-term deposits	(13,370)	3,948
Net cash used in investing activities	<u>(767,915)</u>	<u>(419,630)</u>
Cash flows from financing activities		
Increase / (decrease) in long-term financing	(152,614)	1,173,998
Payment of liabilities against assets subject to finance lease	(105,512)	(100,977)
Dividend paid	(49,994)	(57,475)
Net cash from financing activities	<u>(308,120)</u>	<u>1,015,546</u>
Net decrease in cash and cash equivalents	(740,012)	(805,388)
Cash and cash equivalents at beginning of the period	(3,434,504)	(2,507,076)
Cash and cash equivalents at the end of the period	<u>(4,174,516)</u>	<u>(3,312,464)</u>

The annexed notes from 1 to 17 form an integral part of these financial information.

NASEEM SAIGOL  
Chairman / Chief Executive Officer

HAROON A. KHAN  
Managing Director

# PAK ELEKTRON LIMITED

## SELECTED EXPLANATORY NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the period ended March 31, 2009

### 1 GENERAL INFORMATION

- 1.1** Pak Elektron Limited ("PEL" or "the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (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 of switchgears, energy meters, power transformers, distribution transformers, construction of grid stations and electrification works.

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

- 1.2** This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

### 2 BASIS OF PREPARATION

- 2.1** This condensed interim financial information has been prepared in accordance with the directives issued by the Securities & Exchange Commission of Pakistan and is in compliance with the International Accounting Standard - 34 "Interim Financial Reporting " and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984 and listing regulations of Karachi Stock Exchange.
- 2.2** This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2008. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2008 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited interim financial information for the period ended on March 31, 2008.

### 3 ACCOUNTING POLICIES

Accounting policies, related judgments, estimates and assumptions adopted for preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended June 30, 2008.

### 4 AUTHORIZED CAPITAL

		March 31	June 30	
		2009	2008	
		( Rupees in thousand )		
March 31	June 30			
2009	2008			
Number of shares				
150,000,000	150,000,000	Ordinary shares of Rs. 10/-each	1,500,000	1,500,000
100,000,000	100,000,000	Preference shares of Rs. 10/-each	1,000,000	1,000,000
<b>250,000,000</b>	<b>250,000,000</b>		<b>2,500,000</b>	<b>2,500,000</b>

			March 31	June 30
			2009	2008
			( Rupees in thousand )	
<b>5</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
	March 31	June 30		
	2009	2008		
	<b>Number of shares</b>	<b>Fully paid Ordinary Shares of Rs. 10/- each</b>		
	23,749,434	23,749,434	Issued for cash	237,494
	71,153,755	71,153,755	Issued for bonus shares	711,538
	1,593,725	1,593,725	Issued against conversion of preference shares	15,937
	137,500	137,500	Issued for consideration other than cash against machinery	1,375
	408,273	408,273	Issued on acquisition of Pel Appliances Ltd.	4,083
	<u>97,042,687</u>	<u>97,042,687</u>		<u>970,427</u>
			<b>Fully paid A class preference shares of Rs. 10/- each</b>	
	<u>52,625,000</u>	52,625,000	Issued for cash	526,250
	<u>149,667,687</u>	<u>149,667,687</u>		<u>1,496,677</u>
<b>6</b>	<b>RESERVES</b>			
	<b>Capital:</b>			
	Premium on issue of shares		131,931	131,931
	<b>Revenue:</b>			
	Unappropriated profits		2,295,673	2,048,783
			<u>2,427,604</u>	<u>2,180,714</u>
<b>7</b>	<b>LONG TERM FINANCING - SECURED</b>			
	Balance at beginning of the period / year		2,811,939	1,559,720
	Add: obtained during the period / year		450,000	2,103,971
			<u>3,261,939</u>	3,663,691
	Less: paid during the period / year		602,614	851,752
			<u>2,659,325</u>	2,811,939
	Less: Current portion		552,350	331,701
			<u>2,106,975</u>	<u>2,480,238</u>
<b>8</b>	<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
	Present value of minimum lease payments		363,915	270,240
	Less: Current portion payable within next twelve months		147,160	100,286
			<u>216,755</u>	<u>169,954</u>
<b>9</b>	<b>SHORT TERM BORROWINGS</b>			
	<b>Secured:</b>			
	Banking companies		4,333,340	3,068,037
	Non banking finance companies (NBFCs)		-	625,290
			<u>4,333,340</u>	<u>3,693,327</u>
	<b>Unsecured:</b>			
	Overdraft		195,730	175,661
			<u>4,529,070</u>	<u>3,868,988</u>

## 10 CONTINGENCIES AND COMMITMENTS

There are no significant contingencies except as disclosed in the notes to the financial statements for the year ended June 30, 2008.

		<b>March 31</b>	June 30
		<b>2009</b>	2008
		<b>( Rupees in thousand )</b>	
<b>11 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	11.1	<b>7,428,757</b>	6,195,166
Capital work-in-progress		<b>613,734</b>	137,539
		<b>8,042,491</b>	<b>6,332,705</b>
<b>11.1</b> Balance at beginning of the period		<b>6,195,166</b>	4,038,085
Add: -surplus on revaluation of property, plant and equipment		<b>1,043,000</b>	1,751,325
-additions / transfers during the period (at cost)		<b>611,656</b>	702,421
		<b>7,849,822</b>	6,491,831
Less: -written down value of the assets disposed off		<b>156,731</b>	54,820
-depreciation charged during the period		<b>264,334</b>	241,845
		<b>7,428,757</b>	<b>6,195,166</b>

## 12 LONG-TERM INVESTMENTS

### Investment in associate at equity method

Kohinoor Power Company Limited

		<b>Ownership interest %</b>	
		<b>23.10</b>	<b>23.10</b>
		<b>(Rupees in thousand)</b>	
Cost of investment		<b>54,701</b>	54,701
2,910,600 shares (June 30, 2008: 2,772,000 shares)			
Share of post acquisition profit - net of dividend received		<b>56,298</b>	49,937
		<b>110,999</b>	104,638
Less: provision for impairment in value of investment		<b>85,386</b>	51,693
		<b>25,613</b>	52,945
Market value per share (Rupees)		<b>8.80</b>	19.10



13 REVENUE - NET	Period Ended		Quarter Ended	
	March 31	March 31	March 31	March 31
	2009	2008	2009	2008
Local	9,576,746	7,575,226	4,284,614	3,384,103
Export	44,651	27,506	26,900	20,985
Contract revenue	434,809	305,314	197,338	79,007
	10,056,206	7,908,046	4,508,852	3,484,095
Less:				
Sales tax & excise duty	853,401	625,249	416,462	328,637
Discount	108,487	93,921	69,074	65,251
	9,094,318	7,188,876	4,023,316	3,090,207
14 COST OF SALES	Period Ended		Quarter Ended	
	March 31	March 31	March 31	March 31
	2009	2008	2009	2008
Raw material and components	5,054,646	4,365,581	2,096,815	1,671,304
Direct wages	353,634	339,304	127,141	123,180
Factory Overhead	715,160	549,760	280,523	191,347
	6,123,440	5,254,645	2,504,479	1,985,831
(Increase)/decrease in work in process				
Opening Inventory	577,855	429,383	505,703	645,924
Closing Inventory	456,226	487,151	456,226	487,151
	121,629	(57,768)	49,477	158,773
	6,245,069	5,196,877	2,553,956	2,144,604
Finished Goods Purchased	491,156	215,281	38,850	94,901
(Increase)/decrease in finished goods				
Opening Inventory	865,370	390,460	1,446,038	699,012
Closing Inventory	1,054,786	619,225	1,054,786	619,225
	(189,416)	(228,765)	391,252	79,787
Contract cost	343,068	239,725	137,768	61,388
	6,889,877	5,423,118	3,121,826	2,380,680

**15 EARNING PER SHARE - Basic and Diluted**

The calculation of basic and diluted earning per share is based on following data:

	<b>March 31</b>	March 31
	<b>2009</b>	2008
	<b>(Rupees in thousand)</b>	
<b>Earnings</b>		
Net profit after tax	<b>226,245</b>	269,491
Less: Dividend on preference shares	<b>37,495</b>	43,106
Earnings for the purpose of basic earnings per share	<b><u>188,750</u></b>	<u>226,385</u>
<b>Number of shares</b>	<b>(numbers)</b>	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>97,042,687</b>	95,448,962
Effect of dilutive potential ordinary shares	<b>21,050,000</b>	11,862,745
	<b><u>118,092,687</u></b>	<u>107,311,707</u>
<b>Basic earnings per share (rupees)</b>	<b>1.95</b>	2.37
<b>Diluted earnings per share (rupees)</b>	<b><u>1.92</u></b>	<u>2.37</u>

**16 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on April 28, 2009 by the Board of Directors of the Company.

**17 GENERAL**

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**NASEEM SAIGOL**  
Chairman / Chief Executive Officer

**HAROON A. KHAN**  
Managing Director