

PAK ELEKTRON LIMITED

**CONDENSED INTERIM FINANCIAL
REPORT**

FOR THE HALF YEAR ENDED

JUNE 30, 2010

DIRECTORS' REVIEW

Directors are pleased to present results for the half year ended June 30, 2010. After the change of financial year to calendar year, this is the first set of half yearly accounts on the basis of new financial year. Sales during the half year at Rs. 12.25 billion have registered an increase of 15.93% over previous period and profits increased by Rs. 153.54 million to Rs. 275,249 million. Summary of financial results is as under:

	<u>Rupees in thousands</u>		
	<u>2010</u>	<u>2009</u>	<u>Increase/ (Decrease)</u>
Sales	12,253,938	10,570,170	1,683,768
Gross Profit	2,252,092	2,034,865	217,227
Finance cost	752,187	751,602	585
Profit before tax	434,591	189,066	245,525
Profit after tax	275,249	121,708	153,541
Earnings per share – Basic (Rupees)	2.34	0.82	

In Power division, sales have remained steady however “orders in hand” position has increased from last period which should ensure a significant increase over corresponding period in remaining six months. New Transformer Facility which commenced production towards the end of last year was formally inaugurated by Prime Minister of Pakistan on 31st July 2010. As we have been mentioning in our early reviews, this facility is aimed to bring innovation, production and cost efficiencies resulting in an improved product with world class design and technology. This would also help in attracting export orders.

The recent devastating floods in the country will have colossal impact on society and economy. At the same time it will bring opportunities for areas such as re-building infrastructure of Power distribution systems and demand for more appliances products especially refrigerator when the first phase of rehabilitation is over in 4 to 6 months time.

Sales in Appliances division grew over corresponding period. LG Brand which was inducted into Appliances division last year, has been the main reason for growth. Conditions during last six months remained conducive and in most of the product categories, we achieved our targets. In Split ACs, however, due to delay in shipments by suppliers, we have not been able to achieve planned sales resulting into higher inventories. LG business, after having some initial expected difficulties, is now getting smoother and we are anticipating this business to yield healthy revenues and profits in future. Based on up gradation of Refrigerator and launch of new models in Microwave ovens and Water dispensers, we have set challenging targets for PEL brand for next year.

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

Haroon A. Khan
Managing Director

Lahore, August 31, 2010

PAK ELEKTRON LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT JUNE 30, 2010

		Un-Audited June 30 2010 (Rupees in thousand)	Audited December 31 2009
EQUITY AND LIABILITIES	Note		
SHARE CAPITAL AND RESERVES			
Authorized capital	3	<u>2,500,000</u>	<u>2,500,000</u>
Issued, subscribed and paid up capital	4	1,700,467	1,593,720
Reserves	5	<u>2,846,167</u>	<u>2,593,186</u>
		4,546,634	4,186,906
SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT		4,268,197	4,373,769
NON-CURRENT LIABILITIES			
Long-term financing	6	3,812,260	4,079,149
Liabilities against assets subject to finance lease	7	65,373	119,368
Deferred taxation		2,935,479	2,883,631
Deferred income		85,523	101,108
CURRENT LIABILITIES			
Trade and other payables		1,314,938	1,284,080
Interest / mark-up accrued on loans and other payables		327,302	333,763
Short-term borrowings	8	5,170,215	4,706,890
Current portion of:			
- long-term financing	6	920,830	783,597
- liabilities against assets subject to finance lease	7	88,601	82,959
		<u>7,821,886</u>	<u>7,191,289</u>
CONTINGENCIES AND COMMITMENTS	9		
		<u>23,535,352</u>	<u>22,935,220</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT JUNE 30, 2010

		Un-Audited June 30 2010	Audited December 31 2009
ASSETS	Note	(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	10	13,331,746	13,457,138
Intangible assets		538,947	511,134
		<u>13,870,693</u>	<u>13,968,272</u>
Long-term investments	11	16,183	22,906
Long-term deposits		97,788	92,152
CURRENT ASSETS			
Stores, spare parts and loose tools		116,563	90,721
Stock-in-trade		3,799,652	3,826,744
Trade debts		3,831,169	3,227,219
Advances		643,796	825,807
Deposits, short-term prepayments and other receivables		726,707	730,614
Other financial assets		23,602	27,522
Cash and bank balances		409,199	123,263
		9,550,688	8,851,890
		<u>23,535,352</u>	<u>22,935,220</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the half year and quarter ended June 30, 2010

	Note	Half year ended		Quarter ended	
		June 30 2010	June 30 2009	June 30 2010	June 30 2009
(R u p e e s i n t h o u s a n d)					
Revenue	12	12,253,938	10,570,170	7,395,397	6,061,318
Less: sales tax and discount	12	1,625,980	1,019,560	1,102,329	534,024
Revenue - net		10,627,958	9,550,610	6,293,068	5,527,294
Cost of sales	13	8,375,866	7,515,745	5,057,800	4,393,919
Gross profit		2,252,092	2,034,865	1,235,268	1,133,375
Other operating income		15,073	26,573	18,012	47,478
		2,267,165	2,061,438	1,253,280	1,180,853
Distribution cost		626,305	617,752	357,980	366,217
Administrative expenses		410,230	454,714	244,706	300,576
Other operating expenses		45,577	52,118	30,769	42,870
Finance cost		752,187	751,602	386,222	409,789
Share of profit of associate		1,725	3,814	1,189	2,887
Profit before taxation		434,591	189,066	234,792	64,288
Provision for taxation		159,342	67,358	89,412	29,987
Profit for the period		275,249	121,708	145,380	34,301
Earnings per share - Rs.					
Basic	14	2.34	0.82	1.24	0.19
Diluted	14	1.96	0.82	1.03	0.19

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

NASEEM SAIGOL
Chief Executive OfficerHAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the half year and quarter ended June 30, 2010

	Half year ended		Quarter ended	
	June 30	June 30	June 30	June 30
	2010	2009	2010	2009
Note	(R u p e e s i n t h o u s a n d)			
Profit for the period	275,249	121,708	145,380	34,301
Other comprehensive income	-	-	-	-
Total Comprehensive income for the period	<u>275,249</u>	<u>121,708</u>	<u>145,380</u>	<u>34,301</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

NASEEM SAIGOL
Chief Executive OfficerHAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the half year ended June 30, 2010

	June 30 2010	June 30 2009
(Rupees in thousand)		
Cash flows from operating activities		
Profit before taxation	434,591	189,066
Adjustments for:		
Depreciation on property, plant and equipment	346,157	145,121
Amortization of intangible assets	2,251	994
Share of profit of associate	(1,725)	(3,814)
Provision for impairment in value of investments	8,448	36,588
Finance cost	752,187	751,602
Loss due to change in the fair value of other financial assets	4,920	492
Amortization of grant-in-aid	(1,459)	(3,150)
Gain on sales and lease back activities	(14,126)	(9,672)
(Gain)/loss on disposal of property, plant and equipment	(4,123)	1,722
	<u>1,092,530</u>	<u>919,883</u>
Cash generated from operations before working capital changes	1,527,121	1,108,949
Working capital changes	(329,747)	689,867
Cash generated from operations	<u>1,197,374</u>	<u>1,798,816</u>
Finance cost paid	(758,648)	(681,847)
Compensated absences paid	(2,767)	(14,198)
Income tax paid	(163,009)	(178,506)
	<u>(924,424)</u>	<u>(874,551)</u>
Net cash used in operating activities	<u>272,950</u>	<u>924,265</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(257,047)	(1,869,220)
Proceeds from disposal of property, plant and equipment	40,404	4,610
Payments of intangible assets	(30,064)	(13,029)
Proceeds from sale and leaseback activities	-	110,269
(Increase)/decrease in long-term deposits	(3,530)	201
Increase in other financial assets	(1,000)	-
Net cash used in investing activities	<u>(251,237)</u>	<u>(1,767,169)</u>
Cash flows from financing activities		
Repayment of long-term financing	(411,035)	(160,548)
Proceeds from long-term financing	281,379	1,653,237
Payment of liabilities against assets subject to finance lease	(48,353)	(37,526)
Net increase/(decrease) in short term borrowings	463,325	(716,030)
Dividend paid	(21,093)	-
Net cash from financing activities	<u>264,223</u>	<u>739,133</u>
Net increase/(decrease) in cash and cash equivalents	<u>285,936</u>	<u>(103,771)</u>
Cash and cash equivalents at beginning of the period	<u>123,263</u>	<u>296,829</u>
Cash and cash equivalents at the end of the period	<u>409,199</u>	<u>193,058</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the half year ended June 30, 2010

	Share capital	Capital reserves		Revenue reserves	Total
		Premium on issue of shares	Reserve for bonus shares	Unappropriated profits	
..... (Rupees in thousand)					
Balance as at December 31, 2008 -restated	1,496,677	131,931	-	2,209,950	3,838,558
Profit for the period	-	-	-	121,708	121,708
Transfer to unappropriated profits on account of incremental depreciation charged during the period - net of deferred taxation	-	-	-	47,092	47,092
Balance as at June 30, 2009	1,496,677	131,931	-	2,378,750	4,007,358
Profit for the period	-	-	-	161,251	161,251
Final dividend for the year ended June 30, 2009 @ Rs. 0.95 per preference share	-	-	-	(49,994)	(49,994)
Transferred to reserve for bonus shares	-	-	97,043	(97,043)	-
Issue of bonus shares	97,043	-	(97,043)	-	-
Transfer to unappropriated profits on account of incremental depreciation charged during the period - net of deferred taxation	-	-	-	68,291	68,291
Balance as at December 31, 2009	1,593,720	131,931	-	2,461,255	4,186,906
Profit for the period	-	-	-	275,249	275,249
Dividend	-	-	-	(21,093)	(21,093)
Transferred to reserve for bonus shares	-	-	106,747	(106,747)	-
Issue of bonus shares	106,747	-	(106,747)	-	-
Transfer to unappropriated profits on account of incremental depreciation charged during the period - net of deferred taxation	-	-	-	105,572	105,572
Balance as at June 30, 2010	1,700,467	131,931	-	2,714,236	4,546,634

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the half year ended June 30, 2010

1 GENERAL INFORMATION

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 has also been appointed as the official distributor of LG Electronics for five domestic products in the previous reporting period.

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

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

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

This condensed interim financial report is presented in Pak Rupees, which is the functional currency of the Company and figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

2 BASIS OF PREPARATION

This condensed interim financial report of the Company for the six months period ended June 30, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the six months period ended December 31, 2009.

After due approval of Security and Exchange Commission of Pakistan, the Company changed its financial year from June 30 to December 31 with effect from December 31, 2009. Accordingly, comparative balance sheet has been extracted from audited financial statements of the Company for six months period ended December 31, 2009 whereas comparative figures of profit and loss account; statement of comprehensive income; cash flow statement; and statement of changes in equity have been extracted from the un-audited/ un-reviewed interim condensed financial information of the Company for six-months period ended June 30, 2009.

2.1 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended December 31, 2009.

3 AUTHORIZED CAPITAL

	Un-audited June 30 2010 (Rupees in thousand)	Audited December 31 2009
150,000,000 (2009: 150,000,000) ordinary shares of Rs. 10 each	1,500,000	1,500,000
100,000,000 (2009: 100,000,000) preference shares of Rs. 10 each divided in to:		
62,500,000 class A preference shares of Rs. 10 each	625,000	625,000
37,500,000 class B preference shares of Rs. 10 each	375,000	375,000
	1,000,000	1,000,000
	<u>2,500,000</u>	<u>2,500,000</u>

PAK ELEKTRON LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the half year ended June 30, 2010

4	ISSUED, SUBSCRIBED AND PAID UP CAPITAL		Note	Un-audited June 30 2010 (Rupees in thousand)	Audited December 31 2009
	June 30 2010 Number of shares	December 31 2009			
	23,749,434	23,749,434	In cash	237,494	237,494
			Other than cash:		
	137,500	137,500	-against machinery	1,375	1,375
	408,273	408,273	-issued on acquisition of Pel Appliances Limited	4,083	4,083
	1,593,725	1,593,725	-issued against conversion of preference shares	15,937	15,937
	<u>91,532,718</u>	<u>80,858,023</u>	-as bonus shares	<u>915,328</u>	<u>808,581</u>
	<u>117,421,650</u>	<u>106,746,955</u>	4.1	<u>1,174,217</u>	<u>1,067,470</u>
			Fully paid A class preference shares of Rs. 10 each		
	<u>52,625,000</u>	<u>52,625,000</u>	In cash	<u>526,250</u>	<u>526,250</u>
	<u>170,046,650</u>	<u>159,371,955</u>	4.2	<u>1,700,467</u>	<u>1,593,720</u>
				Un-audited	Audited
4.1	Reconciliation of number of shares of Rs. 10 each:			June 30 2010	December 31 2009
	Ordinary shares			Number of shares	
	At beginning of year			106,746,955	97,042,687
	Add: - Issued during the year as bonus shares			<u>10,674,695</u>	<u>9,704,268</u>
	At end of year			<u>117,421,650</u>	<u>106,746,955</u>
4.2	The Company is in the process of re-issue cum conversion of preference shares and has recently obtained approval of the Securities and Exchange Commission of Pakistan (SECP) for conversion of 22.67% preference shares and re-profiling of 77.33% preference shares.				
				Un-Audited June 30 2010	Audited December 31 2009
5	RESERVES			(Rupees in thousand)	
	Capital:				
	Premium on issue of shares			131,931	131,931
	Revenue:				
	Unappropriated profits			<u>2,714,236</u>	<u>2,461,255</u>
				<u>2,846,167</u>	<u>2,593,186</u>
6	LONG-TERM FINANCING - SECURED				
	Balance at beginning of the period			4,862,746	4,170,766
	Add: obtained during the period		6.1	<u>281,378</u>	<u>959,242</u>
				<u>5,144,124</u>	<u>5,130,008</u>
	Less: paid during the period			<u>411,034</u>	<u>267,262</u>
				<u>4,733,090</u>	<u>4,862,746</u>
	Less: current portion			<u>920,830</u>	<u>783,597</u>
				<u>3,812,260</u>	<u>4,079,149</u>
6.1	There were further disbursements received against existing facilities amounting to Rs. 281.378 million during the period. Details, terms and conditions are summarized below:				

PAK ELEKTRON LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the half year ended June 30, 2010

During the period, disbursement against Demand Finance IV - SUKUK amounting to Rs. 171.429 million was received. This carries markup rate of 6 months KIBOR + 250 bps (December 31, 2009: 6 months KIBOR + 250 bps). KIBOR will be set on the last working day before start of the calendar half year for which mark-up is to be applied. The loan was secured against first joint pari passu charge of Rs. 2,400 million on Fixed assets of the Company. This loan has been obtained from National Bank of Pakistan, and has a limit up to Rs. 342.856 million. Principal amount shall be paid in twelve quarterly installments of Rs. 28.571 million in arrears. Grace period of one and half year up to March 31, 2011 is applicable.

During the period, disbursement against Demand Finance III amounting to Rs. 108.95 million was received. This carries markup at the rate of 6 months KIBOR + 250 bps (December 31, 2009: 6 months KIBOR + 250 bps). KIBOR will be set on the last working day before start of the calendar half year for which mark-up is to be applied. This loan was secured against first joint pari passu charge of Rs. 2,400 million on Fixed assets of the Company. This loan has been obtained from National Bank of Pakistan to support the Capacity Expansion Program (CAPEX) of the company. This loan has the limit upto 400 million. Mark-up shall be paid on quarterly basis. Principal amount will be paid in 16 quarterly installments of Rs. 25 million each, with 1st installment becoming due on December 31, 2010.

	Un-audited June 30 2010	Audited December 31 2009
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	(Rupees in thousand)	
Present value of minimum lease payments	153,974	202,327
Less: current portion	88,601	82,959
	<u>65,373</u>	<u>119,368</u>
8 SHORT-TERM BORROWINGS		
Secured		
Borrowings from:		
- banking companies	4,646,812	4,234,131
- non banking finance companies (NBFCs)	100,000	100,000
	4,746,812	4,334,131
Unsecured		
Overdraft	423,403	372,759
	<u>5,170,215</u>	<u>4,706,890</u>

8.1 During the period the Company has obtained new facilities from various banking companies under mark-up arrangements for working capital requirements carrying mark-up at the rate ranging from 14.50% to 17.50% per annum (December 31, 2009: 14.45% to 17.76% per annum). These new facilities are secured against the pledge/hypothecation of raw material and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and other assets amounting to Rs. 1,845 million. (December 31, 2009: Rs. 4,550 million)

9 CONTINGENCIES AND COMMITMENTS

9.1 CONTINGENCIES

There was no change in the status of contingencies as disclosed in the annual financial statements for the six-months period ended December 31, 2009; except for the following:

Tender bonds	89,498	204,293
Performance bonds	656,291	637,473
Advance guarantees	249,023	181,864
Custom guarantees	4,711	13,051
Bills discounted	1,997,566	1,853,454
Foreign guarantees	94,074	9,393

PAK ELEKTRON LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the half year ended June 30, 2010

	Note	Un-audited June 30 2010 (Rupees in thousand)	Audited December 31 2009
9.2 COMMITMENTS			
Letters of credit		<u>1,449,896</u>	<u>1,590,575</u>
The aggregate amount of ujarah payments for ijarah financing and the period in which these payments will become due are as follows:			
Not later than one year		83,227	95,748
Later than one year but not later than five years		67,180	66,010
10 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	10.1	13,205,628	13,436,534
Capital work-in-progress		<u>126,118</u>	<u>20,604</u>
		<u>13,331,746</u>	<u>13,457,138</u>
10.1 Operating assets			
Balance at beginning of the period		13,436,534	7,522,585
Add:			
surplus on revaluation of property, plant & equipment		-	2,493,480
additions / transfers during the period (at cost)	10.1.1	<u>151,532</u>	<u>3,691,379</u>
		<u>13,588,066</u>	<u>13,707,444</u>
Less:			
written down value of the assets disposed off	10.1.2	36,281	54,330
depreciation charged during the period		<u>346,157</u>	<u>216,580</u>
		<u>13,205,628</u>	<u>13,436,534</u>
10.1.1 Additions during the period			
Freehold land		35,924	2,077
Building on leasehold land		-	32,075
Building on freehold land		-	1,737,980
Plant and machinery		77,607	1,836,723
Office equipment and furniture		19,706	20,069
Computer Hardware & allied items		7,140	3,805
Vehicles		9,930	7,047
Leasehold plant and machinery		-	44,000
Leasehold vehicles		<u>1,225</u>	<u>7,603</u>
		<u>151,532</u>	<u>3,691,379</u>
10.1.2 During the half year ended June 30, 2010, property, plant and equipment with a carrying amount of Rs. 36.281 million (December 31, 2009: 54.330 million) were disposed off, resulting in a gain on disposal of Rs. 4.123 million (December 31, 2009: 0.748 million), which has been included in other income.			
11 LONG-TERM INVESTMENTS			
Investment in associate at equity method			
Kohinoor Power Company Limited			
Ownership interest %		<u>23.10</u>	<u>23.10</u>
		(Rupees in thousand)	
Cost of investment		<u>54,701</u>	54,701
2,910,600 shares (2009: 2,910,600 shares)			
Share of post acquisition profit - net of dividend received		<u>63,348</u>	61,623
		118,049	116,324
Less: provision for impairment in value of investment		<u>101,866</u>	93,418
		<u>16,183</u>	<u>22,906</u>
Market Value per share (Rupees)		<u>5.56</u>	<u>7.87</u>

PAK ELEKTRON LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the half year ended June 30, 2010

- 11.1 The share of profit for the year ended June 30, 2010 has been taken from un-audited financial statements of Kohinoor Power Company Limited for the year ended June 30, 2010.

12	REVENUE	Un-audited Half year ended		Un-audited Quarter ended	
		June 30 2010	June 30 2009	June 30 2010	June 30 2009
----- (R u p e e s i n t h o u s a n d) -----					
	Contract revenue	107,885	850,119	64,731	645,177
	Sales - local	11,962,679	9,458,715	7,201,697	5,181,705
	Sales - export	183,374	261,336	128,969	234,436
		<u>12,253,938</u>	<u>10,570,170</u>	<u>7,395,397</u>	<u>6,061,318</u>
	Less: - sales tax and excise duty	1,274,295	903,355	822,925	486,893
	- trade discounts	351,685	116,205	279,404	47,131
		<u>1,625,980</u>	<u>1,019,560</u>	<u>1,102,329</u>	<u>534,024</u>
		<u>10,627,958</u>	<u>9,550,610</u>	<u>6,293,068</u>	<u>5,527,294</u>
13	COST OF SALES	Un-audited Half year ended		Un-audited Quarter ended	
		June 30 2010	June 30 2009	June 30 2010	June 30 2009
----- (R u p e e s i n t h o u s a n d) -----					
	Raw material consumed	6,989,822	4,868,211	4,387,831	2,791,433
	Direct wages	283,536	260,832	144,946	133,691
	Factory overhead	733,611	543,839	421,433	263,316
		<u>8,006,969</u>	<u>5,672,882</u>	<u>4,954,210</u>	<u>3,188,440</u>
	Work-in-process				
	-at beginning of period	756,549	505,703	548,912	456,226
	-at end of period	(559,321)	(397,145)	(559,321)	(397,145)
		<u>197,228</u>	<u>108,558</u>	<u>(10,409)</u>	<u>59,081</u>
	Cost of goods manufactured	<u>8,204,197</u>	<u>5,781,440</u>	<u>4,943,801</u>	<u>3,247,521</u>
	Finished goods				
	-at beginning of period	838,729	1,446,038	863,829	1,054,786
	-finished goods purchased	101,739	52,455	51,334	13,605
	-at end of period	(847,682)	(403,736)	(847,682)	(403,736)
		<u>92,786</u>	<u>1,094,757</u>	<u>67,481</u>	<u>664,655</u>
	Cost of goods sold	<u>8,296,983</u>	<u>6,876,197</u>	<u>5,011,282</u>	<u>3,912,176</u>
	Contract cost	78,883	639,548	46,518	481,743
		<u>8,375,866</u>	<u>7,515,745</u>	<u>5,057,800</u>	<u>4,393,919</u>

PAK ELEKTRON LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the half year ended June 30, 2010

		Half year ended	
		June 30	June 30
		2010	2009
		(Rupees in thousand)	
14	EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED		
	The calculation of basic and diluted earnings per ordinary share is based on the following data:		
	Earnings		
	Profit for the year	275,249	121,708
	Less: dividend payable on preference shares	-	24,997
	Earnings attributable to ordinary shares	<u>275,249</u>	<u>96,711</u>
	Number of shares		
		(numbers)	
	Weighted average number of ordinary shares for the purpose of basic earnings per share	117,421,650	117,421,650
	Effect of dilutive potential ordinary shares	23,155,000	27,697,368
		<u>140,576,650</u>	<u>145,119,018</u>
	Basic and diluted earnings per share have been calculated through dividing earnings as stated above by weighted average number of ordinary shares.		
	Basic earnings per share (Rupees)	<u>2.34</u>	<u>0.82</u>
	Diluted earnings per share (Rupees)	<u>1.96</u>	<u>0.82</u>

PAK ELEKTRON LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the half year ended June 30, 2010

16 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors, key management personnel and post employment benefit plans. The Company in ordinary course of business carries out transactions with various related parties. Nature and description of significant related party transactions along with monetary value are as follows:

Relationship with the Company	Nature of transaction	Un-audited	Audited
		June 30 2010	December 31 2009
		(Rupees in thousand)	
Related party	purchase of services	88,082	25,373
	Sales	2,653	6,010
Compensation of Key Management Personnel	Remuneration and other	10,202	10,780
	Post employment benefits	355	457

16.1 All transactions with related parties have been carried out on commercial terms and conditions.

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on August 31, 2010.

18 OTHERS

There are no other significant activities since December 31, 2009 affecting this condensed interim financial report.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For the Half year ended June 30, 2010

15 Segment Reporting

An operating segment is a component of the 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.

Types of Segments	Nature of Business
(i) Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers, Construction of Grid Stations and Electrification work.
(ii) Appliances Division	Manufacturing, assembling and sales of Refrigerators, Air conditioners, Microwave oven, Televisions, Generators and Washing Machines.

	Power Division		Appliances Division		Consolidated	
	Half year ended		Half year ended		Half year ended	
	Jun 30, 2010	Jun 30, 2009	Jun 30, 2010	Jun 30, 2009	Jun 30, 2010	Jun 30, 2009
----- (Rupees in thousands) -----						
Total Revenue	4,189,286	4,567,917	6,438,672	4,982,693	10,627,958	9,550,610
Less : Intersegment Sales	-	-	-	-	-	-
	<u>4,189,286</u>	<u>4,567,917</u>	<u>6,438,672</u>	<u>4,982,693</u>	<u>10,627,958</u>	<u>9,550,610</u>
Interest Expenses	<u>296,494</u>	<u>348,239</u>	<u>455,693</u>	<u>403,363</u>	<u>752,187</u>	<u>751,602</u>
Deprecation & Amortization	<u>174,614</u>	<u>28,558</u>	<u>173,794</u>	<u>117,557</u>	<u>348,408</u>	<u>146,115</u>
Segment Profit before Tax	<u>201,982</u>	<u>117,694</u>	<u>257,567</u>	<u>98,697</u>	<u>459,549</u>	<u>216,391</u>
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009	Jun 30, 2010	Dec 31, 2009
----- (Rupees in thousands) -----						
Segment Assets	<u>9,225,484</u>	<u>9,386,354</u>	<u>11,280,181</u>	<u>11,954,412</u>	<u>20,505,665</u>	<u>21,340,766</u>
Segment Liabilities	<u>410,423</u>	<u>439,972</u>	<u>432,825</u>	<u>557,932</u>	<u>843,248</u>	<u>997,904</u>

RECONCILIATION OF SEGMENT PROFITS

	Half year ended	
	Jun 30, 2010	Jun 30, 2009
(Rupees in thousands)		
Total Profit for Reportable Segments	459,549	216,391
Other operating Income	18,894	20,979
Other operating expenses	(45,577)	(52,118)
Share of profit of associate	1,725	3,814
Profit before Taxation	<u>434,591</u>	<u>189,066</u>

RECONCILIATION OF REPORTABLE SEGMENT ASSETS

	Un-audited	Audited
	Jun 30, 2010	Dec 31, 2009
(Rupees in thousands)		
Total Assets for Reportable Segments	20,505,665	21,340,766
Other Corporate Assets	3,029,687	1,594,454
TOTAL ASSETS	<u>23,535,352</u>	<u>22,935,220</u>

RECONCILIATION OF REPORTABLE SEGMENT LIABILITIES

	Un-audited	Audited
	Jun 30, 2010	Dec 31, 2009
(Rupees in thousands)		
Total Liabilities for Reportable Segments	843,248	997,904
Other Corporate Liabilities	13,877,273	13,376,641
TOTAL LIABILITIES	<u>14,720,521</u>	<u>14,374,545</u>

The revenue from transactions with single external customer amount to 28% of the entity's revenue. All revenue from that customer relates to Power Division.