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COMPANY INFORMATION

Board of Directors

Mr. M. Naseem Saigol	(Chief Executive Officer)
Mr. M. Azam Saigol	
Mr. Murad Saigol	
Mr. Zeid Yousaf Saigol	
Mr. Mohammed Abdullah Haroon Saigol	
Mr. Haroon Ahmad Khan	(Managing Director)
Mr. Akber Hasan Khan	(NBP Nominee U/S 182 of the Ordinance)
Ms. Tahira Raza	(NBP Nominee U/S 182 of the Ordinance)
Mr. M. Khurram Khawaja	(NBP Nominee U/S 182 of the Ordinance)
Mr. Syed Zubair Ahmad Shah	(NIT Nominee)

Audit Committee

Mr. M. Azam Saigol	Chairman/Member
Ms. Tahira Raza	Member
Mr. Syed Zubair Ahmad Shah	Member
Mr. Haroon Ahmad Khan	Member

Company Secretary

Mr. M. Omer Farooq

Chief Financial Officer

Syed Manzar Hasan
FCA

Auditors

M/s Yousaf Adil Saleem & Co.
Chartered Accountants
(A member firm of Deloitte Touche Tohmatsu)

Karachi

Kohinoor Building
25-West Wharf Road, Karachi
Tel: 021-32200951-4
Fax: 021-32310330

Legal Advisors

M/s Hassan & Hassan Advocates

Islamabad

Room # 1404, 14th Floor
Green Trust Tower, Blue Area, Islamabad
Tel: 051-2824543, 2828941
Fax: 051-2273858

Registered Office

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore
Tel: 042-35718274-5, 35717364-5
Fax: 042-35715105
E-mail: shares@saigols.com

China

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

Shares Registrar

Corplink (Pvt) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore
Tel: 042-35839182, 35887262, 35916719
Fax: 042-35869037

Bankers

Al Baraka Islamic Bank
Bank Alfalah Limited
Bank of Khyber
Bank of Punjab
Deutsche Bank
Dawood Islamic Bank
Faysal Bank Limited
Habib Metropolitan Bank
KASB Bank Limited
Meezan Bank Limited
My Bank Limited
National Bank of Pakistan
NIB Bank Limited
SILK Bank Limited
Soneri Bank Limited
Standard Chartered Bank

Works

14 Km, Ferozpur Road, Lahore
Tel: 042-35811951-7 (7 Lines)
Website: www.pel.com.pk

Transformer Facility

34 Km, Ferozpur Road,
Keath Village, Lahore
Tel: 042-35935151-2

DIRECTORS' REVIEW

Results for the third quarter ended September 30, 2011 are annexed. Sales for the period ended amounted to Rs. 11.446 billion as compared to Rs. 16.719 billion in the corresponding period last year. This reduction in sales is the main reason for the loss suffered during 9 months which is at Rs. 663 Million.

Summary of financial results for the nine months is as under:

	(Rupees in thousand)		
	2011	2010	Increase / (decrease)
Sales	11,446,275	16,719,612	(5,273,337)
Gross Profit	1,449,488	3,149,584	(1,700,096)
Profit / (loss) before tax	(1,020,003)	549,878	(1,569,881)
Profit / (loss) after tax	(663,002)	349,696	(1,012,698)
Earnings per share – Basic - Rupees	(5.85)	2.87	

As explained in earlier reviews of the quarterly accounts, drop in profitability over corresponding period has been due to significant reduction in sales owing to two back to back unfortunate incidents in Power and appliances division of the company.

a) Holding of LG air conditioners inventory by Customs authorities due to erroneous shipping documentation by LG (supplier). This has resulted in stuck up inventory of over Rs. One billion which had to be carried by the company over one year.

b) Stoppage in distribution transformers ordering for almost one year due to delays in Governmental approvals to change in specifications of transformers. Unfortunately this delay was immediately after the Company has made a huge Capital expenditure in its new state of the art transformers factory.

Company has been facing both of the above stated incidents since last financial year and simultaneously kept on honoring its long term financial obligations. Unusual delays in resolution of above issues has depleted company's working capital.

Consequent to above events we are in the process of re-profiling of our long term debts and in certain cases short term debts as well to get cushion in the working capital enabling increase in the sales of the company.

Your company has sizeable orders, deliveries against these orders are underway. We expect improvement in Power division's sales for almost all power division products from the current quarter.

In Appliances division after a very successful launch of our new Desire series refrigerator, demand for our products remained steady. Supply has been inconsistent resulting in shortage of sales and drop in profitability. However It is encouraging to note that despite irregular supplies in the current year, Company's market share in home appliances has not been affected and as soon as current liquidity problem is over, we will be able to realize the true potential of our brand by ensuring smooth and regular supplies in future.

Recent announcement of reduction in mark up rates by State Bank of Pakistan by 150 bps would certainly help industry in getting out of this liquidity crunch. We welcome this move as this will reduce financial cost of the industry.

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

Lahore
October 28, 2011

Naseem Saigol
Chairman

CONDENSED INTERIM BALANCE SHEET

As at September 30, 2011 (Un-Audited)

		Un-Audited September 30 2011	Audited December 31 2010
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	3	2,500,000	2,500,000
Issued, subscribed and paid up capital	4	1,668,264	1,668,264
Reserves	5	2,385,153	2,897,716
		4,053,417	4,565,980
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		4,012,187	4,162,626
NON-CURRENT LIABILITIES			
Long-term financing	6	5,517,091	4,954,333
Liabilities against assets subject to finance lease	7	36,508	14,776
Deferred taxation		2,394,514	2,751,515
Deferred income		60,031	74,935
CURRENT LIABILITIES			
Trade and other payables		1,152,890	1,496,489
Interest / mark-up accrued on loans and other payables		576,292	380,197
Short-term borrowings	8	6,282,916	5,895,077
Current portion of:			
- long-term financing	6	138,132	1,138,026
- liabilities against assets subject to finance lease	7	49,291	96,185
		8,199,521	9,005,974
CONTINGENCIES AND COMMITMENTS	9		
		24,273,269	25,530,139

The annexed notes form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

		Un-Audited September 30 2011	Audited December 31 2010
ASSETS	Note	(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	10	13,187,582	13,434,709
Intangible assets		455,779	457,744
		13,643,361	13,892,453
Long-term investments	11	6,170	13,447
Long-term deposits		70,575	75,515
CURRENT ASSETS			
Stores, spare parts and loose tools		121,450	108,405
Stock-in-trade		4,821,707	5,652,089
Trade debts		3,848,712	3,924,775
Advances		747,155	680,611
Deposits, short-term prepayments and other receivables		924,927	812,281
Other financial assets		24,753	26,810
Cash and bank balances		64,459	343,753
		10,553,163	11,548,724
		24,273,269	25,530,139

HAROON A. KHAN
Managing Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the Period ended September 30, 2011 (Un-Audited)

	Note	Period ended		Quarter ended	
		September 30 2011	September 30 2010	September 30 2011	September 30 2010
		(Rupees in thousand)			
Revenue	12	11,446,275	16,719,612	3,539,392	4,465,674
Less: sales tax and discount	12	2,086,167	2,026,867	601,697	400,887
Revenue - net		9,360,108	14,692,745	2,937,695	4,064,787
Cost of sales	13	7,910,620	11,543,161	2,391,971	3,167,295
Gross profit		1,449,488	3,149,584	545,724	897,492
Other operating income		14,904	29,764	2,529	14,691
		1,464,392	3,179,348	548,253	912,183
Distribution cost		600,329	884,319	220,450	258,014
Administrative expenses		445,930	544,323	146,731	134,093
Other operating expenses		19,220	59,240	12,550	13,663
Finance cost		1,413,760	1,144,188	549,069	392,001
Share of profit/(loss) of associate		(5,156)	2,600	(4,482)	875
(Loss) / profit before taxation		(1,020,003)	549,878	(385,029)	115,287
Provision for taxation		(357,001)	200,182	(134,760)	40,840
(Loss) / profit for the period		(663,002)	349,696	(250,269)	74,447
Earnings per share		Rupees	Rupees	Rupees	Rupees
Basic	14	(5.85)	2.87	(2.19)	0.61
Diluted	14	(5.85)	2.47	(2.19)	0.53

The annexed notes form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the Period ended September 30, 2011 (Un-Audited)

	Period ended		Quarter ended	
	September 30 2011	September 30 2010	September 30 2011	September 30 2010
	(Rupees in thousand)			
(Loss) / profit for the period	(663,002)	349,696	(250,269)	74,447
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income for the period	(663,002)	349,696	(250,269)	74,447

The annexed notes form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

CONDENSED INTERIM CASH FLOW STATEMENT
For the Period ended September 30, 2011 (Un-Audited)

	September 30 2011	September 30 2010
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) /profit before taxation	(1,020,003)	549,878
Adjustments for:		
Depreciation on property, plant and equipment	509,654	519,838
Amortization of intangible assets	1,965	3,960
Share of loss / (profit) of associate	5,156	(2,600)
Provision for impairment in value of investments	2,121	10,953
Finance cost	1,413,760	1,144,188
Loss due to change in the fair value of other financial assets	2,057	7,534
Amortization of grant-in-aid	(2,079)	(2,188)
Gain on sales and lease back activities	(12,825)	(18,691)
Loss/(gain) on disposal of property, plant and equipment	9,886	(5,883)
	1,929,695	1,657,111
Cash generated from operations before working capital changes	909,692	2,206,989
Working capital changes	525,199	(974,604)
Cash generated from operations	1,434,891	1,232,385
Finance cost paid	(1,217,665)	(1,105,530)
Compensated absences paid	(10,885)	(3,705)
Income tax paid	(152,531)	(232,668)
	(1,381,081)	(1,341,903)
Net cash generated / (used in) operating activities	53,810	(109,518)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(348,823)	(300,992)
Proceeds from disposal of property, plant and equipment	86,378	45,253
Payments of intangible assets	(1,140)	(34,882)
Increase in long-term deposits	4,940	2,474
Increase in other financial assets	-	(51,000)
Net cash used in investing activities	(258,645)	(339,147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(437,136)	(569,974)
Proceeds from long-term financing	-	1,130,378
Payment of liabilities against assets subject to finance lease	(25,162)	(71,608)
Net increase in short term borrowings	387,839	227,975
Dividend paid	-	(21,093)
NET CASH FROM FINANCING ACTIVITIES	(74,459)	695,678
Net (decrease)/ increase in cash and cash equivalents	(279,294)	247,013
Cash and cash equivalents at beginning of the period	343,753	123,263
Cash and cash equivalents at the end of the period	64,459	370,276

The annexed notes form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HARON A. KHAN
Managing Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Period ended September 30, 2011 (Un-Audited)

(Rupees in thousand)

	Share capital	Capital reserves		Revenue reserves	Total
		Premium on issue of shares	Reserve for bonus shares	Unappropriated profits	
Balance as at December 31, 2009	1,593,720	131,931	-	2,461,255	4,186,906
Profit for the period	-	-	-	349,696	349,696
Dividend				(21,093)	(21,093)
Transferred to reserve for bonus shares			106,747	(106,747)	-
Issue of bonus shares	106,747		(106,747)	-	-
Conversion of preference shares	(32,203)	32,203	-	-	-
Transfer to unappropriated profits on account of incremental depreciation charged during the period - net of deferred taxation	-	-	-	158,357	158,357
Balance as at September 30, 2010	1,668,264	164,134	-	2,841,468	4,673,866
Loss for the period	-	-	-	(160,672)	(160,672)
Transfer to unappropriated profits on account of incremental depreciation charged during the period - net of deferred taxation	-	-	-	52,786	52,786
Balance as at December 31, 2010	1,668,264	164,134	-	2,733,582	4,565,980
Loss for the period	-	-	-	(663,002)	(663,002)
Transfer to unappropriated profits on account of incremental depreciation charged during the period - net of deferred taxation	-	-	-	150,439	150,439
Balance as at September 30, 2011	1,668,264	164,134	-	2,221,019	4,053,417

The annexed notes form an integral part of these financial statements.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Period ended September 30, 2011 (Un-Audited)

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 is currently organized into two main operating divisions - Power Division & Appliances Division. The Company's major 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 nine months period ended September 30, 2011 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 year ended December 31, 2010.

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, 2010.

	Un-audited September 30 2011	Audited December 31 2010
	(Rupees in thousand)	
3. AUTHORIZED CAPITAL		
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
	2,500,000	2,500,000

			Un-audited September 30 2011	Audited December 31 2010
		Note	(Rupees in thousand)	
4. ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
September 30 2011	December 31 2010			
Number of shares				
		Ordinary Shares of Rs. 10/- each fully paid		
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 Appliance Ltd.	4,083	4,083
6,040,820	6,040,820	-issued against conversion of preference shares	60,408	60,408
91,532,718	91,532,718	-as bonus shares	915,328	915,328
121,868,745	121,868,745	4.1	1,218,688	1,218,688
		Fully paid A class preference shares of Rs. 10/- each		
44,957,592	44,957,592	In cash	449,576	449,576
166,826,337	166,826,337		1,668,264	1,668,264
			(Number of shares)	
4.1 Reconciliation of number of ordinary shares of Rs. 10 each:				
At beginning of the period / year			121,868,745	106,746,955
Add: - Issued as bonus shares			-	10,674,695
- Issued against conversion of preference shares			-	4,447,095
At end of the period / year			121,868,745	121,868,745
			Un-audited September 30 2011	Audited December 31 2010
			(Rupees in thousand)	
5. RESERVES				
Capital:				
Premium on issue of shares			164,134	164,134
Revenue:				
Un-appropriated profits			2,221,019	2,733,582
			2,385,153	2,897,716

	Un-audited September 30 2011	Audited December 31 2010
(Rupees in thousand)		
6. LONG-TERM FINANCING - SECURED		
Balance at beginning of the period / year	6,092,359	4,862,745
Add: obtained during the period / year	-	2,029,305
	6,092,359	6,892,050
Less: paid during the period / year	437,136	799,691
	5,655,223	6,092,359
Less: current portion	138,132	1,138,026
	5,517,091	4,954,333
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	85,799	110,961
Less: current portion	49,291	96,185
	36,508	14,776
8. SHORT-TERM BORROWINGS		
Secured		
Borrowings from:		
- banking companies	5,722,216	5,335,445
- non banking finance companies (NBFCs)	45,444	77,778
	5,767,660	5,413,223
Unsecured		
Overdraft	515,256	481,854
	6,282,916	5,895,077

9. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies as disclosed in the annual financial statements for the year ended December 31, 2010.

		Un-audited September 30 2011	Audited December 31 2010
	Note	(Rupees in thousand)	
10. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	10.1	12,812,499	13,136,061
Capital work-in-progress		375,083	298,648
		13,187,582	13,434,709
10.1 Operating assets			
Balance at beginning of the period / year		13,136,061	13,436,534
Additions / transfers during the period / year	10.1.1	283,911	480,392
		13,419,972	13,916,926
Written down value of the assets disposed off	10.1.2	(96,264)	(82,850)
Adjustment upon transfer of assets		(1,555)	-
Depreciation charged during the period		(509,654)	(698,015)
		12,812,499	13,136,061
10.1.1 Additions during the period			
Freehold land		120	56,019
Building on freehold land		100	-
Plant and machinery		195,231	369,432
Office equipment and furniture		1,038	24,739
Computer Hardware & allied items		1,087	13,033
Vehicles		16,335	15,944
Leasehold plant and machinery		70,000	1,225
		283,911	480,392

10.1.2 During the period ended September 30, 2011, property, plant and equipment with a carrying amount of Rs. 96.264 million (December 31, 2010: 82.850 million) were disposed off, resulting in a loss on disposal of Rs. 9.886 million (December 31, 2010: 5.933 million profit), which has been included in other operating expenses.

	Un-audited September 30 2011	Audited December 31 2010
Note	(Rupees in thousand)	
11. LONG-TERM INVESTMENTS		
Investment in associate at equity method		
Kohinoor Power Company Limited		
Ownership interest %	23.10	23.10
	(Rupees in thousand)	
Cost of investment	54,701	54,701
2,910,600 shares (2009: 2,910,600 shares)		
Share of post acquisition profit - net of dividend received	61,756	66,912
	116,457	121,613
Less: provision for impairment in value of investment	110,287	108,166
	6,170	13,447
Market Value per share (Rupees)	2.12	4.62

	Un-audited Period ended		Un-audited Quarter ended	
	September 30 2011	September 30 2010	September 30 2011	September 30 2010
	(Rupees in thousand)			
12. REVENUE				
Contract revenue	90,896	119,678	27,590	11,793
Sales - local	11,171,281	16,353,502	3,478,430	4,390,823
Sales - export	184,098	246,432	33,372	63,058
	11,446,275	16,719,612	3,539,392	4,465,674
Less: - sales tax and excise duty	1,674,752	1,608,318	532,330	334,023
- trade discounts	411,415	418,549	69,367	66,864
	2,086,167	2,026,867	601,697	400,887
	9,360,108	14,692,745	2,937,695	4,064,787

	Un-audited Period ended		Un-audited Quarter ended	
	September 30 2011	September 30 2010	September 30 2011	September 30 2010
	(Rupees in thousand)			
13. COST OF SALES				
Raw material consumed	5,697,305	9,411,443	1,724,627	2,421,621
Direct wages	394,655	434,327	131,551	150,791
Factory overhead	1,039,923	1,118,623	346,641	385,012
	7,131,883	10,964,393	2,202,819	2,957,424
Work-in-process				
-at beginning of period	874,748	756,549	486,629	559,321
-at end of period	(747,658)	(570,751)	(747,658)	(570,751)
	127,090	185,798	(261,029)	(11,430)
Cost of goods manufactured	7,258,973	11,150,191	1,941,790	2,945,994
Finished goods				
-at beginning of period	780,642	838,729	774,527	847,682
-finished goods purchased	88,906	173,720	63,889	71,981
-at end of period	(443,125)	(712,828)	(443,125)	(712,828)
	426,423	299,621	395,291	206,835
Cost of goods sold	7,685,396	11,449,812	2,337,081	3,152,829
Contract cost	225,224	93,349	54,890	14,466
	7,910,620	11,543,161	2,391,971	3,167,295

	Period ended	
	September 30 2011	September 30 2010
	(Rupees in thousand)	
14. EARNINGS PER ORDINARY SHARE - BASIC AND DILUTED		
The calculation of basic and diluted (loss) / earnings per ordinary share is based on the following data:		
(Loss) / earnings		
(Loss) / profit for the period	(663,002)	349,696
Less: dividend payable on preference shares	49,566	-
(Loss) / earnings attributable to ordinary shares	(712,568)	349,696
Number of shares	(numbers)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	121,868,745	121,868,745
Effect of dilutive potential ordinary shares	57,665,662	19,781,337
	179,534,407	141,650,082
Basic and diluted (loss) / earnings per share have been calculated through dividing (loss) / earnings as stated above by weighted average number of ordinary shares.		
Basic (loss) / earnings per share (Rupees)	(5.85)	2.87
Diluted (loss) / earnings per share (Rupees)	(3.69)	2.47

15. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 28, 2011.

16. OTHERS

There are no other significant activities since December 31, 2010 affecting this condensed interim financial report.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director