

PAK ELEKTRON LIMITED

**CONDENSED INTERIM FINANCIAL
REPORT**

FOR THE HALF YEAR ENDED

JUNE 30, 2011

DIRECTORS' REVIEW

Results for the second quarter ended June 30, 2011 are annexed. Sales for the half year amounted to Rs. 7.906 billion as compared to Rs. 12.253 billion in the corresponding period last year. This reduction in sales is the main reason for the loss suffered during the 6 months which is at Rs. 699 Million.

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

	Rupees in thousands		
	2011	2010	Increase / (decrease)
Sales	7,906,883	12,253,938	(4,347,055)
Gross Profit	903,764	2,252,092	(1,348,328)
Profit / (loss) before tax	(634,974)	434,591	(1,069,565)
Profit / (loss) after tax	(699,198)	275,249	(974,447)
Earnings per share – Basic - Rupees	(6.01)	2.34	

As mentioned in our review on 1st quarter's accounts, reasons for the major drop in profitability have been stoppage of distribution transformers' ordering and carrying of LG Air conditioners' extra ordinary inventories and their consequential effect on other businesses. Although major LG inventories have been liquidated but we had to do this by offering substantial discounts over & above our normal selling price which has also affected the profitability. Ordering of distribution transformers although has been resumed but it has already left negative effect on profitability of the Company.

Power division's sales remained suppressed due to delay in finalization of transformer orders by distribution companies which was resumed in May 2011. Orders from DISCOs have now started coming steadily and we are confident that our order book and Sales revenue as well as profitability will take a big boost in the coming quarters. Presently, we have confirmed orders in Power Division worth Rs 6 billion and further orders are in the pipeline.

In Appliances division, sales have been less over corresponding period due to non-supply of products but it is encouraging to note that demand for our products still remained steady and consistent. Launch of new designs of Refrigerators under the brand name of "Desire" has been very well received in the market and we are hopeful that this is going to bring additional revenue & profits for the Company in future.

Government through finance bill 2011 abolished Federal Excise Duty @ 10% which was imposed last year on Air conditioners & Deep Freezers along with waiver of other output taxes to the extent of 3.5% on all home appliances products. This should bring stability in consumer prices which would help in better off take in the remaining part of the year and especially for Air conditioners in the next season.

The Company has decided to renege the LG brand association on account of issues faced by the Company in last one year or so. The agreement for disassociation has been amicably reached with LG Korea. Under this strategy we are confident that we would be able to concentrate more on PEL brand and its promotion.

In anticipation of ensuing cash crunch, the Company in its efforts for cash conservation went into long term debt re-profiling. The basis of re-profiling is moratorium of two years in its principal repayments. So far we have concluded re-profiling of almost all of our long term debt.

Despite all odds directors are optimistic that with the current power division order booking and market share of appliances division, the company would be able to gradually come out of this loss situation by the end of the current 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

Naseem Saigol
Chairman

Lahore, August 29, 2011

AUDITOR’S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

“We have reviewed the accompanying condensed interim balance sheet of Pak Elektron Limited (“the Company”) as at June 30, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the “condensed interim financial information”). Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on his interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2011 and 2010 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months ended June 30, 2011.

Scope of Review

We conducted our review in accordance with international Standard on review Engagements 2410, “Review of interim Financial Information performed by the independent Auditor of the Entity”. A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in and audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

M. Yousuf Adil Saleem & Co.

(Chartered Accountants)

Mohammed Saleem

(Engagement Partner)

Date: - August 29, 2011

Lahore.

PAK ELEKTRON LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT JUNE 30, 2011

		Un-Audited June 30 2011	Audited December 31 2010
EQUITY AND LIABILITIES	Note	(Rupees in thousand)	
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	2,298,811	2,897,716
		<u>3,967,075</u>	<u>4,565,980</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		4,062,333	4,162,626
NON-CURRENT LIABILITIES			
Long-term financing - secured	6	5,681,789	4,954,333
Liabilities against assets subject to finance lease		36,454	14,776
Deferred taxation		2,751,515	2,751,515
Deferred income		64,420	74,935
CURRENT LIABILITIES			
Trade and other payables		1,329,628	1,496,489
Interest / mark-up accrued on loans and other payables		286,162	380,197
Short-term borrowings	7	6,352,470	5,895,077
Current portion of:			
- long-term financing	6	-	1,138,026
- liabilities against assets subject to finance lease		47,053	96,185
		<u>8,015,313</u>	<u>9,005,974</u>
CONTINGENCIES AND COMMITMENTS	8		
		<u>24,578,899</u>	<u>25,530,139</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT JUNE 30, 2011

		Un-Audited June 30 2011 (Rupees in thousand)	Audited December 31 2010
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	9	13,370,429	13,434,709
Intangible assets		456,813	457,744
		<u>13,827,242</u>	<u>13,892,453</u>
Long-term investments	10	7,975	13,447
Long-term deposits		57,201	75,515
CURRENT ASSETS			
Stores, spare parts and loose tools		100,503	108,405
Stock-in-trade		4,561,552	5,652,089
Trade debts		4,098,851	3,924,775
Advances		867,155	680,611
Deposits, short-term prepayments and other receivables		848,048	812,281
Other financial assets		25,485	26,810
Cash and bank balances		184,887	343,753
		10,686,481	11,548,724
		<u>24,578,899</u>	<u>25,530,139</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT / CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2011

		Six months ended		Three months ended	
		June 30 2011	June 30 2010	June 30 2011	June 30 2010
Note	(Rupees in thousand).....			
Revenue	11	7,906,883	12,253,938	4,560,391	7,395,397
Less: sales tax and discount	11	1,484,470	1,625,980	890,672	1,102,329
Revenue - net		6,422,413	10,627,958	3,669,719	6,293,068
Cost of sales	12	5,518,649	8,375,866	3,189,274	5,057,800
Gross profit		903,764	2,252,092	480,445	1,235,268
Other operating income		12,375	15,073	7,117	18,012
		916,139	2,267,165	487,562	1,253,280
Distribution cost		379,879	626,305	200,334	357,980
Administrative expenses		299,199	410,230	143,530	244,706
Other operating expenses		6,670	45,577	355	30,769
Finance cost		864,691	752,187	354,158	386,222
Share of (loss) / profit of associate		(674)	1,725	(1,999)	1,189
(Loss) / profit before taxation		(634,974)	434,591	(212,814)	234,792
Provision for taxation		64,224	159,342	36,697	89,412
(Loss) / profit for the period		(699,198)	275,249	(249,511)	145,380
Other comprehensive income		-	-	-	-
Total comprehensive (loss) / income for the period		(699,198)	275,249	(249,511)	145,380
(Loss) / earnings per share - Rs.					
Basic	13	(6.01)	2.34	(2.17)	1.24
Diluted	13	(6.01)	1.96	(2.17)	1.03

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2011

	June 30 2011	June 30 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(634,974)	434,591
Adjustments for:		
Depreciation on property, plant and equipment	334,980	346,157
Amortization of intangible assets	2,071	2,251
Share of loss / (profit) of associate	674	(1,725)
Provision for impairment in value of investments	4,798	8,448
Finance cost	864,691	752,187
Loss due to change in the fair value of other financial assets	1,325	4,920
Amortization of grant-in-aid	(1,386)	(1,459)
Gain on sales and lease back activities	(9,129)	(14,126)
Loss / (gain) on disposal of property, plant and equipment	115	(4,123)
	1,198,139	1,092,530
Operating cash flow before working capital changes	563,165	1,527,121
Working capital changes	541,306	(329,747)
Cash generated from operations	1,104,471	1,197,374
Finance cost paid	(958,726)	(758,648)
Compensated absences paid	(6,559)	(2,767)
Income tax paid	(71,832)	(163,009)
	(1,037,117)	(924,424)
Net cash from operating activities	67,354	272,950
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(281,503)	(257,047)
Proceeds from disposal of property, plant and equipment	86,025	40,404
Payments of intangible assets	(1,140)	(30,064)
Decrease / (increase) in long-term deposits	26,366	(3,530)
Increase in other financial assets	-	(1,000)
Net cash used in investing activities	(170,252)	(251,237)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(410,570)	(411,035)
Proceeds from long-term financing	-	281,379
Payment of liabilities against assets subject to finance lease	(102,791)	(48,353)
Net increase in short term borrowings	457,393	463,325
Dividend paid	-	(21,093)
Net cash from financing activities	(55,968)	264,223
Net (decrease) / increase in cash and cash equivalents	(158,866)	285,936
Cash and cash equivalents at beginning of the period	343,753	123,263
Cash and cash equivalents at end of the period	184,887	409,199

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

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

FOR THE SIX MONTHS ENDED JUNE 30, 2011

	Share capital	Capital reserves		Revenue reserves	Total
		Premium on issue of shares	Reserve for bonus shares	Un-appropriated profits	
..... (Rupees in thousand)					
Balance as at January 01, 2010	1,593,720	131,931	-	2,461,255	4,186,906
Total comprehensive income for the period					
Profit for the period after taxation	-	-	-	275,249	275,249
Other comprehensive income - net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	-	275,249	275,249
Transfer to un-appropriated profits on account of incremental depreciation charged during the period - net of deferred taxation	-	-	-	105,572	105,572
Distribution to owners					
Final dividend 2009: Rs. 0.95 per preference share	-	-	-	(21,093)	(21,093)
Transferred to reserve for bonus shares	-	-	106,747	(106,747)	-
Issue of bonus shares	106,747	-	(106,747)	-	-
Totoal transactions with owners	106,747	-	-	(127,840)	(21,093)
Balance as at June 30, 2010	1,700,467	131,931	-	2,714,236	4,546,634
Balance as at January 01, 2011	1,668,264	164,134	-	2,733,582	4,565,980
Total comprehensive loss for the period					
Loss for the period after taxation	-	-	-	(699,198)	(699,198)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(699,198)	(699,198)
Transfer to un-appropriated profits on account of incremental depreciation charged during the period	-	-	-	100,293	100,293
Balance as at June 30, 2011	1,668,264	164,134	-	2,134,677	3,967,075

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

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

FOR THE SIX MONTHS ENDED JUNE 30, 2011

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 appliances.

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

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

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

This condensed interim financial information 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 information of the Company for the six months period ended June 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.

This condensed interim financial information does 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 information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2010.

3 AUTHORIZED CAPITAL

150,000,000 (December 31, 2010: 150,000,000) ordinary shares of Rs. 10 each

100,000,000 (December 31, 2010: 100,000,000) preference shares of Rs. 10 each divided in to:

62,500,000 class A preference shares of Rs. 10 each

37,500,000 class B preference shares of Rs. 10 each

	Un-audited June 30 2011	Audited December 31 2010
	1,500,000	1,500,000
	625,000	625,000
	375,000	375,000
	1,000,000	1,000,000
	2,500,000	2,500,000

PAK ELEKTRON LIMITED

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

FOR THE SIX MONTHS ENDED JUNE 30, 2011

agreed terms.

		Un-audited June 30 2011	Audited December 31 2010
		(Rupees in thousand)	
7	SHORT-TERM BORROWINGS		
	Secured		
	Borrowings from:		
	- banking companies	5,789,411	5,335,445
	- non banking finance companies (NBFCs)	45,444	77,778
		5,834,855	5,413,223
	Unsecured		
	Overdraft	517,615	481,854
		6,352,470	5,895,077

7.1 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 14.58% to 18.73% per annum (December 31, 2010: 14.27% to 18.30% 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. 7,378 million. (December 31, 2010: Rs. 7,271 million).

8 CONTINGENCIES AND COMMITMENTS

8.1 CONTINGENCIES

There was no change in the status of contingencies as disclosed in the annual financial statements for year ended December 31, 2010; except for the following:

Tender bonds	233,462	248,101
Performance bonds	1,010,277	668,771
Advance guarantees	402,429	547,367
Custom guarantees	58,847	13,051
Bills discounted	2,397,791	2,366,697
Foreign guarantees	106,540	94,074

8.2 COMMITMENTS

Letters of credit	326,501	751,506
-------------------	---------	---------

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	40,694	65,881
Later than one year but not later than five years	47,786	59,437

9 PROPERTY, PLANT AND EQUIPMENT

Operating assets	9.1	12,996,194	13,136,061
Capital work-in-progress		374,235	298,648
		13,370,429	13,434,709
9.1 Operating assets			
Written down value at beginning of the period / year		13,136,061	13,436,534
Additions / transfer during the period / year	9.1.1	281,253	480,392
		13,417,314	13,916,926
Written down value of the assets disposed off	9.1.2	(84,585)	(82,850)
Adjustment upon transfer of assets		(1,555)	-

PAK ELEKTRON LIMITED

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

FOR THE SIX MONTHS ENDED JUNE 30, 2011

		(334,980)	(698,015)
		12,996,194	13,136,061
		Un-audited	Audited
		June 30	December 31
		2011	2010
		(Rupees in thousand)	
9.1.1	Additions / transfer during the period / year		
	Freehold land	20	56,019
	Building on freehold land	9	-
	Plant and machinery	191,764	369,432
	Office equipment and furniture	1,038	24,739
	Computer Hardware and allied items	1,087	13,033
	Vehicles	17,335	15,944
	Leasehold plant and machinery	70,000	1,225
		<u>281,253</u>	<u>480,392</u>

9.1.2 During the six months ended June 30, 2011, property, plant and equipment with a carrying amount of Rs. 86.140 million were disposed off, resulting in a loss on disposal of Rs. 0.115 million which has been included in other operating expenses.

10 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 (2010: 2,910,600 shares)		
Share of post acquisition profit - net of dividend received	66,238	66,912
	120,939	121,613
Less: provision for impairment in value of investment	112,964	108,166
	7,975	13,447
Market value per share (Rupees)	2.74	4.62

10.1 The share of profit for the year ended June 30, 2011 has been taken from un-audited financial statements of Kohinoor Power Company Limited for the year ended June 30, 2011.

	Un-audited		Un-audited	
	Six months ended		Three months ended	
	June 30	June 30	June 30	June 30
	2011	2010	2011	2010
------(Rupees in thousand)-----				
11 REVENUE				
Contract revenue	63,306	107,885	56,703	64,731
Sales - local	7,692,851	11,962,679	4,412,945	7,201,697
Sales - export	150,726	183,374	90,743	128,969
	<u>7,906,883</u>	<u>12,253,938</u>	<u>4,560,391</u>	<u>7,395,397</u>
Less: - sales tax and excise duty	1,142,422	1,274,295	690,554	822,925
- trade discounts	342,048	351,685	200,118	279,404
	<u>1,484,470</u>	<u>1,625,980</u>	<u>890,672</u>	<u>1,102,329</u>
	<u>6,422,413</u>	<u>10,627,958</u>	<u>3,669,719</u>	<u>6,293,068</u>

PAK ELEKTRON LIMITED

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

FOR THE SIX MONTHS ENDED JUNE 30, 2011

	Un-audited Six months ended		Un-audited Quarter ended	
	June 30 2011	June 30 2010	June 30 2011	June 30 2010
	------(Rupees in thousand)-----			
12 COST OF SALES				
Raw material consumed	3,972,678	6,989,822	2,431,178	4,387,831
Direct wages	263,104	283,536	154,011	144,946
Factory overhead	693,282	733,611	388,422	421,433
	<u>4,929,064</u>	<u>8,006,969</u>	<u>2,973,611</u>	<u>4,954,210</u>
Work-in-process				
-at beginning of period	874,748	756,549	808,203	548,912
-at end of period	(486,629)	(559,321)	(486,629)	(559,321)
	<u>388,119</u>	<u>197,228</u>	<u>321,574</u>	<u>(10,409)</u>
Cost of goods manufactured	<u>5,317,183</u>	<u>8,204,197</u>	<u>3,295,185</u>	<u>4,943,801</u>
Finished goods				
-at beginning of period	780,642	838,729	581,374	863,829
-finished goods purchased	25,017	101,739	4,595	51,334
-at end of period	(774,527)	(847,682)	(774,527)	(847,682)
	<u>31,132</u>	<u>92,786</u>	<u>(188,558)</u>	<u>67,481</u>
Cost of sales	<u>5,348,315</u>	<u>8,296,983</u>	<u>3,106,627</u>	<u>5,011,282</u>
Contract cost	<u>170,334</u>	<u>78,883</u>	<u>82,647</u>	<u>46,518</u>
	<u><u>5,518,649</u></u>	<u><u>8,375,866</u></u>	<u><u>3,189,274</u></u>	<u><u>5,057,800</u></u>

	Six months ended	
	June 30 2011	June 30 2010
	(Rupees in thousand)	
13 (LOSS) / EARNINGS PER 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 / year	(699,198)	275,249
Less: dividend payable on preference shares	33,044	-
(Loss) / earnings attributable to ordinary shares	<u>(732,242)</u>	<u>275,249</u>

Number of shares

(numbers)

Weighted average number of ordinary shares for the purpose of basic earnings per share	121,868,745	117,421,650
Effect of dilutive potential ordinary shares	50,381,120	23,155,000
	<u>172,249,865</u>	<u>140,576,650</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>(6.01)</u>	<u>2.34</u>
Diluted earnings per share (Rupees)	<u>(4.06)</u>	<u>1.96</u>

The effect of the conversion of the convertible preference shares into ordinary shares is anti dilutive for the six month ended June 30, 2011, accordingly the diluted EPS is restricted to the basic EPS.

PAK ELEKTRON LIMITED

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

FOR THE SIX MONTHS ENDED JUNE 30, 2011

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise 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	Un-audited
		June 30 2011	June 30 2010
		(Rupees in thousand)	
Compensation of Key Management Personnel	Remuneration and other benefits	7,960	10,202
	Post employment benefits	134	355

16 RESTRUCTURING OF LONG TERM FINANCING

During the period, the Company applied to the lenders of long term financing for restructuring of finance facilities disclosed in note 6 of this condensed interim financial information. Formal approval has been granted and other formalities for restructuring of the facilities are in process.

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on _____.

18 OTHERS

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

NASEEM SAIGOL
Chief Executive Officer

HAROON A. KHAN
Managing Director

PAK ELEKTRON LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2011

14 SEGMENT REPORTING

An operating segment is a component of the entity:

- 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),
- 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
- 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 Un-audited Six months ended		Appliances Division Un-audited Six months ended		Consolidated Un-audited Six months ended	
	Jun 30, 2011	Jun 30, 2010	Jun 30, 2011	Jun 30, 2010	Jun 30, 2011	Jun 30, 2010
	----- (Rupees in thousands) -----					
Total Revenue	<u>2,015,089</u>	<u>4,189,286</u>	<u>4,407,324</u>	<u>6,438,672</u>	<u>6,422,413</u>	<u>10,627,958</u>
Interest Expenses	<u>271,304</u>	<u>296,494</u>	<u>593,387</u>	<u>455,693</u>	<u>864,691</u>	<u>752,187</u>
Deprecation & Amortization	<u>174,045</u>	<u>174,614</u>	<u>163,006</u>	<u>173,794</u>	<u>337,051</u>	<u>348,408</u>
Segment (loss) / profit before tax	<u>(295,394)</u>	<u>201,982</u>	<u>(343,174)</u>	<u>257,567</u>	<u>(638,568)</u>	<u>459,549</u>
	<u>Un-audited</u>	<u>Audited</u>	<u>Un-audited</u>	<u>Audited</u>	<u>Un-audited</u>	<u>Audited</u>
	<u>Jun 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Jun 30, 2011</u>	<u>Dec 31, 2010</u>	<u>Jun 30, 2011</u>	<u>Dec 31, 2010</u>
	----- (Rupees in thousands) -----					
Segment Assets	<u>10,516,791</u>	<u>10,062,854</u>	<u>11,975,874</u>	<u>12,645,971</u>	<u>22,492,665</u>	<u>22,708,825</u>
Segment Liabilities	<u>301,035</u>	<u>536,228</u>	<u>262,693</u>	<u>506,281</u>	<u>563,728</u>	<u>1,042,509</u>

RECONCILIATION OF SEGMENT (LOSS) / PROFIT

	Six months ended June 30, 2011 June 30, 2010 (Rupees in thousands)	
Total (loss) / profit for reportable segments	(638,568)	459,549
Other operating Income	10,938	18,894
Other operating expenses	(6,670)	(45,577)
Share of (loss) / profit of associate	(674)	1,725
(Loss) / profit before taxation	<u>(634,974)</u>	<u>434,591</u>

RECONCILIATION OF REPORTABLE SEGMENT ASSETS

	Un-audited Jun 30, 2011	Audited Dec 31, 2010
Total Assets for reportable segments	22,492,665	22,708,825
Other corporate assets	2,086,234	2,821,314
TOTAL ASSETS	<u>24,578,899</u>	<u>25,530,139</u>

RECONCILIATION OF REPORTABLE SEGMENT LIABILITIES

	Un-audited Jun 30, 2011	Audited Dec 31, 2010
Total Liabilities for reportable segments	563,728	1,042,509
Other corporate liabilities	15,985,268	15,759,024
TOTAL LIABILITIES	<u>16,548,996</u>	<u>16,801,533</u>

The revenue from transactions with single external customer equals to 27% (June 30, 2010: 28%) of the entity's revenue. All revenue from that customer relates to Power Division.