

Interim Financial Report
for the half year ended June 30, 2015



Pak Elektron Limited



CONTENTS

STAKEHOLDERS' INFORMATION

Corporate Information	02
Directors' Review	03

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

Auditors' Report to the Members	07
Condensed Interim Consolidated Balance Sheet	08
Condensed Interim Consolidated Profit and Loss Account / Statement of Comprehensive Income	10
Condensed Interim Consolidated Cash Flow Statement	11
Condensed Interim Consolidated Statement of Changes in Equity	12
Condensed Interim Notes to the Consolidated Financial Information	13

CONDENSED INTERIM SEPARATE FINANCIAL INFORMATION

Auditors' Report to the Members	25
Condensed Interim Balance Sheet	26
Condensed Interim Profit and Loss Account / Statement of Comprehensive Income	28
Condensed Interim Cash Flow Statement	29
Condensed Interim Statement of Changes in Equity	30
Condensed Interim Notes to the Financial Information	31

CORPORATE INFORMATION

Board of Directors

Mr. M. Naseem Saigol

Chairman - *Executive*

Mr. M. Murad Saigol

Chief Executive - *Executive/Certified (DTP)*

Mr. M. Azam Saigol

Director - *Non Executive*

Mr. Muhammad Zeid Yousuf Saigol

Director - *Executive/Certified (DTP)*

Mr. Haroon Ahmad Khan

Director - *Executive/Certified (DTP)*

Syed Manzar Hassan

Director - *Executive*

Syed Zubair Ahmad Shah

Director - *NIT Nominee/Independent*

Mr. Wajahat A. Baqai

Director - *NBP Nominee U/S 182 of the Ordinance/Non Executive*

Mr. Akbar Hassan Khan

Director - *NBP Nominee U/S 182 of the Ordinance/Non Executive*

Mr. Usman Shahid

Director - *NBP Nominee U/S 182 of the Ordinance/Non Executive*

Mr. Khalid Siddiq Tirmizey

Director - *BOP Nominee U/S 182 of the Ordinance/Non Executive*

Mr. Munaf Ibrahim

Director - *Independent*

Audit Committee

Mr. M. Azam Saigol

Chairman/Member

Mr. Wajahat A. Baqai

Member

Syed Zubair Ahmad Shah

Member

Mr. Haroon Ahmad Khan

Member

Company Secretary

Muhammad Omer Farooq

Chief Financial Officer

Syed Manzar Hassan, FCA

HR & Remuneration Committee

Mr. M. Azam Saigol

Chairman/Member

Mr. Haroon Ahmad Khan

Member

Syed Zubair Ahmad Shah

Member

Syed Manzar Hassan

Member

Auditors

M/s Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Legal Advisor

M/s Hassan & Hassan Advocates

Share Registrar

Corplink (Private) Limited

Wings Arcade, 1-K Commercial Model Town, Lahore.

Tel: 042-35839182, 35887262

Fax: 042-35869037

Bankers

Albaraka Islamic Bank

Askari Bank Limited

Bank Alfalah Limited

Bank of Khyber

Bank of Punjab

Burj Bank Limited

Faysal Bank Limited

Bank Islami Pakistan

MCB Bank Limited

National Bank of Pakistan

NIB Bank Limited

Pak Brunei Investment Company Limited

Pak Libya Holding Company (Private) Limited

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank

Summit Bank Limited

Registered Office

17-Aziz Avenue, Canal Bank, Gulberg V, Lahore.

Tel: 042-35718274-6

Fax: 042-35762707

Email: shares@saigols.com

Works

14-K.M. Ferozepur Road, Lahore.

Tel: 042-35920151-9 (9 Lines)

Transformer Facility

34-K.M. Ferozepur Road, Keath Village, Lahore.

Tel: 042-35935151-2

Karachi

Kohinoor Building, 25-West Wharf Road, Karachi.

Tel: 021-32200951-4

Fax: 021-32310303

Islamabad

Room # 301, 3rd Floor, Green Trust Tower, Blue Area, Islamabad.

Tel: 051-2824543, 2828941

Fax: 051-2273858

China

206, No. 1007, Zhong Shan Naun Er Road, Shanghai, China.

Tel: 86-21-64567713

Fax: 86-21-54109971

DIRECTORS' REVIEW

Dear Shareholders

Your directors are pleased to present the un-audited interim financial information of the Company for the six months period ended June 30, 2015 duly reviewed by the Company's Auditors. Alhamdulillah, the period under review has turned out to be an impressive operational Period. During the period Company has achieved highest ever Sales of Rs.16.109Billion showing an increase of 23.28% in comparison to corresponding period of last year. This increase is followed by profitability of Rs.2.126 Billion against Rs.1.158 Billion of respectively preceding period showing a growth of 83.66 %. Earnings per share for the six months also show a significant improvement. EPS achieved is Rs. 5.29 as compare to Rs. 3.44 of corresponding period of last year showing a growth of 53.76%. Among other reasons this is due to improved capacity utilization, continued focus on cost controls, reduced raw material cost, R&D initiatives in main products and improve Rupee USD parity. Summarized results are as below:

Rupees in thousands	Six months ended June 30, 2015	Six Months ended June 30, 2014	Increase / (Decrease)
Sales	16,109,990	13,067,377	3,042,613
Gross Profit	4,676,655	3,465,218	1,211,437
Finance Cost	943,967	1,035,852	(91,885)
Profit before tax	2,570,778	1,426,991	1,143,787
Profit after tax	2,126,895	1,158,042	968,853
Earnings per share - Rupees	5.29	3.44	

Considering the period in review, overall economy of the country illustrated a growing trend. By inculcating challenging issues of energy shortage, high distribution network requirement, law and order situation in the country and defeating inflation, current government is seemed committed to convene objectives for feasible national & international market business atmosphere in the region.

In spite of all hindering factors surrounded by economy, Government is deemed to incline towards initiating new projects as well as to restart the delayed or halted projects to boost up economic activities in the country. The most significant event which may transform the landscape for Pakistan is the recent signing of the China Pakistan Economic Corridor (CPEC) – a multi-billion dollar project which aims at connecting Pakistan's Gwadar with Western China's Kashgar through heavy investments in transport infrastructure and energy related projects. It would serve as the largest stimulant for domestic and foreign investment in the future. Your company is well positioned to grab the upcoming opportunities.

APPLIANCES DIVISION

In the Period under review, Appliance Division achieved its ever highest sales volumes of Rs. 10.136 Billion resulting a growth of 24.20% as compare to corresponding period of last year. Refrigerator once again remained the shining star among all the products. Sturdy marketing and advertising strategies, constant cost effective measures and extensive R & D initiatives proved to be pronounced reasons in appliances division's growth and achievements. Stability of Country Law & Order situation has also played a key role in consumer buying and directly affected Consumer Electronics Market. In 2015, PEL has received a remarkable response of newly introduced PEL DESIRE GLASS DOOR series. These new series are designed to cater the different income classes and ensured that our quality and excellent engineered products reaches almost every house hold, as we claim there is "PEL in every home".

PEL Deep Freezer is well received among the corporate customers as well as at domestic level. Customization according to the requirement of the corporate customer is the Strength of PEL. By following international standards & Protocols, Product Quality and Strong After sales Service, PEL has created strong Good will with Customers Like Unilever (Walls), Engro Foods (O'more), Pakistan Dairies (Iglou) and PEPSI etc.

Due to the strong brand image, demand of our other range of home appliances like Split Air conditioners and Microwave Oven, has also increased during this period and accordingly the sales of these products is increased as compare to corresponding period of last year.

Insha Allah your Company will continue with proved new corporate as well as operational and marketing approaches to cope-up with stakeholders' expectations.

DIRECTORS' REVIEW

POWER DIVISION

Sale of Power division during the period under review is significantly high. Sales achieved during the period are Rs. 5.973 Billion i-e 21.76% higher as compare to the corresponding period of previous year. Elevated orders from WAPDA as well as high sales orders of EPC division are the major contributors in it.

Government of Pakistan, to overcome the "Energy Crises " Parallel to Energy Generation, is trying its level best for Augmentation of T&D Infrastructure with the Financial Support of International Lenders. In future years Installation & Up Gradation of Grid Stations activity will be at large. PEL being the leading manufacturer of Distribution Transformer, Power transformer, switch Gear and EPC Contractor, has positioned well to gain handsome share in it.

With reduction in raw material prices, electricity and gas shortages, your company will continue its focus on improving share holder's value through optimized efficient working capital management, tight cost controls and improved product & processes.

FUTURE OUTLOOK

Current market statistics illustrate that national and international opportunities to be focus in 2nd half of the year especially in Power sector. Your directors are optimistic that PEL's strategic market presence in power sector will help in succeeding the orders from WAPDA and private sector, resulting in increase in sale of second half of the year. Introduction of underground electrification across the country, augmentation of T&D sector and export opportunities will play a major role not only in financial and operational growth of your company but shall participate in economy as a whole as well.

We take this opportunity to thank all our stakeholders for their patronage and look forward to their continued support.

on behalf of the Board of Directors

Lahore
August 31, 2015

M. MURAD SAIGOL
Chief Executive Officer

CONDENSED INTERIM
CONSOLIDATED FINANCIAL INFORMATION

This page has been left blank intentionally

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim consolidated balance sheet of PAK ELEKTRON LIMITED ("the Company") as at June 30, 2015 and the related condensed interim consolidated profit and loss account/statement of comprehensive income, condensed interim consolidated cash flow statement, condensed interim consolidated statement of changes in equity and notes to the condensed interim consolidated financial statements for the six months period then ended (here-in-after referred to as "the condensed interim consolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review. The figures for the quarter ended June 30, 2015 of the condensed interim consolidated profit and loss account/statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

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 interim financial information consist 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 an 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 consolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Engagement Partner: ZUBAIR IRFAN MALIK

Date: AUGUST 31, 2015

Place: LAHORE

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2015

Rupees in thousands	<i>Note</i>	June 30 2015 <i>(Un-Audited)</i>	December 31 2014 <i>(Audited)</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	4	6,000,000	6,000,000
Issued, subscribed and paid-up capital	5	4,431,029	4,431,029
Share premium		1,293,858	1,293,858
Accumulated profit		7,532,466	5,301,554
		13,257,353	11,026,441
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		4,464,340	4,568,357
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - <i>Secured</i>	6	4,316,231	4,826,469
Long term finances - <i>Secured</i>	7	1,977,637	2,442,807
Liabilities against assets subject to finance lease - <i>Secured</i>	8	81,494	74,715
Deferred taxation		2,402,386	2,394,344
Deferred income		44,029	45,158
		8,821,777	9,783,493
CURRENT LIABILITIES			
Trade and other payables		810,976	881,429
Accrued interest/mark-up		364,574	500,528
Short term borrowings	9	4,600,625	4,243,261
Current portion of non-current liabilities		2,049,252	1,523,155
		7,825,427	7,148,373
CONTINGENCIES AND COMMITMENTS	10		
		34,368,897	32,526,664

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

M. MURAD SAIGOL
Chief Executive Officer

Rupees in thousands	Note	June 30 2015	December 31 2014
		(Un-Audited)	(Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	14,302,398	14,466,890
Intangible assets		341,601	344,008
Long term investments	12	68,669	63,890
Long term deposits		193,793	192,808
		14,906,461	15,067,596
CURRENT ASSETS			
Stores, spares and loose tools		497,699	462,140
Stock in trade		7,651,170	6,316,868
Trade debts		8,669,398	7,702,272
Advances, prepayments and other receivables		2,233,748	2,297,039
Short term investments		21,934	21,596
Advance income tax/income tax refundable		21,457	319,067
Cash and bank balances		367,030	340,086
		19,462,436	17,459,068
		34,368,897	32,526,664

HAROON A. KHAN
Director

CONDENSED INTERIM

CONSOLIDATED PROFIT AND LOSS ACCOUNT / STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (Un-Audited)

Rupees in thousands	Note	Six months ended		Quarter ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Gross sales	13	16,109,990	13,067,377	10,241,261	8,013,388
Sales tax and discounts		(2,285,351)	(1,981,728)	(1,578,193)	(1,266,083)
Net sales		13,824,639	11,085,649	8,663,068	6,747,305
Cost of sales	14	(9,147,984)	(7,620,431)	(5,665,494)	(4,495,933)
Gross profit		4,676,655	3,465,218	2,997,574	2,251,372
Distribution cost		(672,342)	(625,527)	(417,351)	(402,197)
Administrative expenses		(416,813)	(343,730)	(228,287)	(156,387)
Other operating expenses		(86,311)	(42,588)	(83,511)	(15,618)
		(1,175,466)	(1,011,845)	(729,149)	(574,202)
Other operating income		3,501,189	2,453,373	2,268,425	1,677,170
		16,272	15,351	9,746	9,212
Operating profit		3,517,461	2,468,724	2,278,171	1,686,382
Finance cost		(943,967)	(1,035,852)	(472,819)	(553,552)
		2,573,494	1,432,872	1,805,352	1,132,830
Share of loss of associate		(2,716)	(5,881)	(277)	(2,596)
Profit before taxation		2,570,778	1,426,991	1,805,075	1,130,234
Provision for taxation		(443,883)	(268,949)	(410,792)	(225,565)
Profit after taxation		2,126,895	1,158,042	1,394,283	904,669
Other comprehensive income		-	-	-	-
Total comprehensive income		2,126,895	1,158,042	1,394,283	904,669
Earnings per share - Basic and diluted	15	5.29	3.44	3.48	2.71

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (Un-Audited)

Rupees in thousands	June 30 2015	June 30 2014
	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,570,778	1,426,991
Adjustments for non-cash and other items	1,304,749	1,333,376
Operating profit before changes in working capital	3,875,527	2,760,367
Changes in working capital	(2,344,149)	(1,538,998)
Cash generated from operations	1,531,378	1,221,369
Payments for		
Interest/mark-up on borrowings	(1,079,921)	(1,881,285)
Income tax	(138,231)	(136,523)
Net cash generated from/ (used in) operating activities	313,226	(796,439)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(179,849)	(89,040)
Proceeds from disposal of property, plant and equipment	5,713	8,237
Purchase of short term investments	-	(50,219)
Long term deposits	(985)	(8,357)
Net cash used in investing activities	(175,121)	(139,379)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	1,562,633	1,788,670
Repayment of long term finances	(1,841,572)	-
Repayment of redeemable capital	(177,350)	-
Repayment of liabilities against assets subject to finance lease	(49,088)	(18,401)
Proceeds from sale and lease back activity	36,852	-
Net increase/ (decrease) in short term borrowings	357,364	(857,137)
Net cash (used in)/ generated from financing activities	(111,161)	913,132
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	26,944	(22,686)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	340,086	277,804
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	367,030	255,118

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2015

Rupees in thousands	Issued subscribed and paid-up capital	Advance against issue of ordinary shares	Share premium	Accumulated profit	Total equity
Balance as at January 01, 2014 - <i>Audited</i>	3,130,689	-	529,740	2,885,041	6,545,470
Comprehensive income					
Profit after taxation	-	-	-	1,158,042	1,158,042
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,158,042	1,158,042
Incremental depreciation - <i>net of deferred taxation</i>	-	-	-	106,223	106,223
Transaction with owners					
Issue of bonus shares	268,111	-	(268,111)	-	-
Balance as at June 30, 2014 - <i>Un-audited</i>	3,398,800	-	261,629	4,149,306	7,809,735
Comprehensive income					
Profit after taxation	-	-	-	1,083,427	1,083,427
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	1,083,427	1,083,427
Incremental depreciation - <i>net of deferred taxation</i>	-	-	-	68,821	68,821
Transaction with owners					
Issue of right ordinary shares	1,032,229	-	1,032,229	-	2,064,458
Balance as at December 31, 2014 - <i>Audited</i>	4,431,029	-	1,293,858	5,301,554	11,026,441
Comprehensive income					
Profit after taxation	-	-	-	2,126,895	2,126,895
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,126,895	2,126,895
Incremental depreciation - <i>net of deferred taxation</i>	-	-	-	104,017	104,017
Balance as at June 30, 2015 - <i>Un-audited</i>	4,431,029	-	1,293,858	7,532,466	13,257,353

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial information.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (Un-Audited)

1 REPORTING ENTITY

The Group comprises of the following companies

Parent Company

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

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

Power Division: manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations, engineering procurement and construction works (EPC).

Appliances Division: manufacturing, assembling and distribution of refrigerators, deep freezer, air conditioners, microwave ovens, washing machines and other home appliances.

Subsidiary Company

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

2 BASIS OF PREPARATION

This interim consolidated financial information is not audited and has been presented in condensed form and does not include all the information and disclosures as are required to be provided or made in a full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2014.

The comparative interim consolidated balance sheet as at December 31, 2014 and the related notes to the condensed interim consolidated financial information are based on audited financial statements. The comparative interim consolidated profit and loss account/statement of comprehensive income, interim consolidated cash flow statement, interim consolidated statement of changes in equity and related notes to the condensed interim consolidated financial information for the six months ended June 30, 2014 are based on unaudited, reviewed interim financial information.

2.1 Statement of compliance

This condensed interim consolidated financial information has been prepared in accordance with the requirements of 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 and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

This condensed interim consolidated financial information has been prepared under the historical cost convention except for property, plant and equipment at revalued amounts and certain financial instruments at fair value/amortized cost. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Group's functional currency.

3 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the financial statements of the Group for the year ended December 31, 2014.

4 AUTHORIZED SHARE CAPITAL

<i>(Un-Audited)</i>		<i>(Audited)</i>			
June 30	December 31			<i>(Un-Audited)</i>	<i>(Audited)</i>
2015	2014			June 30	December 31
				2015	2014
Number of shares				Rupees in thousands	
500,000,000	500,000,000	Ordinary shares of Rs. 10 each		5,000,000	5,000,000
62,500,000	62,500,000	A' Class preference shares of Rs. 10 each		625,000	625,000
37,500,000	37,500,000	B' Class preference shares of Rs. 10 each		375,000	375,000
100,000,000	100,000,000			1,000,000	1,000,000
600,000,000	600,000,000			6,000,000	6,000,000

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Un-Audited) June 30 2015 Number of shares	(Audited) December 31 2014		(Un-Audited) June 30 2015 Rupees in thousands	(Audited) December 31 2014
		Note		
Ordinary shares of Rs. 10 each				
273,214,754	273,214,754	Issued for cash	2,732,148	2,732,148
Issued for other than cash:				
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- shares issued on conversion of preference shares	60,408	60,408
118,343,841	118,343,841	- as fully paid bonus shares	1,183,439	1,183,439
398,145,188	398,145,188		3,981,453	3,981,453
A' class Preference shares of				
44,957,592	44,957,592	Rs. 10 each Issued for cash	449,576	449,576
443,102,780	443,102,780		4,431,029	4,431,029

5.1 There is no change in the status and classification of preference shares since December 31, 2014.

Rupees in thousands	(Un-Audited) June 30 2015	(Audited) December 31 2014
---------------------	---------------------------------	----------------------------------

6 REDEEMABLE CAPITAL - SECURED

As at beginning of the period/year	5,629,976	2,464,286
Issued during the period/year on settlement of long term finances	-	2,103,438
short term borrowings	-	1,062,252
	-	3,165,690
Paid during the period/year	(177,350)	-
As at end of the period/year	5,452,626	5,629,976
Current maturity presented under current liabilities	(1,136,395)	(803,507)
	4,316,231	4,826,469

- 6.1 During the period, a revision in debt equity swap transaction was signed between the Group and National bank of Pakistan (NBP) whereby 40 million ordinary shares will be issued at price formula given below to redeem the outstanding Privately Placed Term Finance Certificates amounting to Rs. 3,165.69 million and remaining balance, if any, will be redeemed in equal quarterly installments as per already approved tenor.

Issue Price = Market Price - C

Market price shall be the closing rate as per Karachi Stock Exchange quotation on the date of issue of sanction letter by the Securities and Exchange Commission of Pakistan.

Where C = S x [Market Price - 12.50]

Where S = Applicable NBP's profit sharing slab as below:

Market price share Rupees	NBP's share of profit %
Up to 25	50
26 to 35	50
36 to 45	50
46 to 55	40
56 and above	30

The afore-mentioned conversion into ordinary shares is under process and will be executed after completion of corporate and regulatory approvals.

Rupees in thousands	(Un-Audited)	(Audited)
	June 30 2015	December 31 2014

7 LONG TERM FINANCES - SECURED

As at beginning of the period/year	3,102,060	3,628,291
Obtained during the period/year	1,562,633	1,850,000
Settled through issue of PPTFCs	-	(2,103,441)
Repaid during the period/year	(1,841,572)	(272,790)
As at end of the period/year	2,823,121	3,102,060
Current maturity presented under current liabilities	(845,484)	(659,253)
	1,977,637	2,442,807

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	148,867	135,110
Current maturity presented under current liabilities	(67,373)	(60,395)
	81,494	74,715

9 SHORT TERM BORROWINGS

The aggregate un-availed short term borrowing facilities amounts to Rs. 969 million (December 31, 2014: Rs. 940 million).

10 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2014, with the exception of the following:

Rupees in thousands	Notes	(Un-Audited)	(Audited)
		June 30 2015	December 31 2014
Tender bonds		561,286	623,922
Performance bonds		1,687,089	1,444,751
Advance guarantees		1,041,336	698,430
Custom guarantees		113,254	130,800
Foreign guarantees		117,197	126,404
Letters of credit		1,324,898	1,429,003
11 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	11.1	14,239,251	14,407,147
Capital work in progress		63,147	59,743
		14,302,398	14,466,890
11.1 Operating fixed assets			
Net book value at the beginning of the period/year		14,407,147	14,764,490
Additions during the period/year			
Plant and machinery		155,425	330,313
Office equipment and furniture		5,176	3,738
Computer hardware and allied items		14,414	10,912
Vehicles		27,423	58,757
		202,438	403,720
Net book value of assets disposed during the period/year		(2,439)	(9,835)
Depreciation for the period/year		(367,895)	(751,228)
Net book value at the end of the period/year		14,239,251	14,407,147
12 LONG TERM INVESTMENTS			
Investment in related parties	12.1	9,197	8,150
Other investments	12.2	59,472	55,740
		68,669	63,890

Rupees in thousands	Notes	(Un-Audited)	(Audited)
		June 30 2015	December 31 2014

12.1 This represent investments in ordinary shares of associated company. The details are as follows:

Kohinoor Power Company Limited - <i>quoted</i>			
2,910,600 shares (December 31, 2014: 2,910,600 shares)			
of Rs. 10 each			
	12.1.1	9,197	8,150
Nature of relationship: Associate			
Ownership interest: 23.10% (December 31, 2014: 23.10%)			
		9,197	8,150
<hr/>			
12.1.1	Kohinoor Power Company Limited		
	Cost of investment	54,701	54,701
	Share of post acquisition profit - <i>net of dividend received</i>	9,413	12,129
		64,114	66,830
	Accumulated impairment	(54,917)	(58,680)
		9,197	8,150

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

Rupees in thousands	(Un-Audited)	(Audited)
	June 30 2015	December 31 2014

Silk Bank Limited - <i>Unquoted</i>		
17,698,489 preference shares of Rs. 2.5 each		
	55,740	-
As at beginning of the period/year	-	50,219
Acquired during the period/year	3,732	5,521
Amortization for the period/year		
As at end of the period/year	59,472	55,740

Rupees in thousands	Six months ended		Quarter ended	
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
	June 30 2015	June 30 2014	June 30 2015	June 30 2014
13 SALES - NET				
Contract revenue	1,874,325	1,713,242	1,280,923	1,049,656
Sale of goods				
Local	13,851,241	11,083,899	8,823,782	6,746,496
Export	384,424	270,236	136,556	217,236
Sales tax and excise duty	16,109,990	13,067,377	10,241,261	8,013,388
Discounts	(1,856,560)	(1,300,209)	(1,216,906)	(726,976)
	(428,791)	(681,519)	(361,287)	(539,107)
	13,824,639	11,085,649	8,663,068	6,747,305
14 COST OF SALES				
Raw material consumed	6,943,894	5,164,074	4,438,607	3,286,442
Direct wages	311,126	302,064	154,720	150,214
Factory overhead	944,996	903,925	499,738	460,533
	8,200,016	6,370,063	5,093,065	3,897,189
Work in process				
- at the beginning of the period	1,262,830	1,043,870	1,138,270	1,084,390
- at the end of the period	(1,017,814)	(908,450)	(1,017,814)	(908,450)
	245,016	135,420	120,456	175,940
Cost of goods manufactured	8,445,032	6,505,483	5,213,521	4,073,129
Finished goods				
- at the beginning of the period	877,489	385,437	908,314	491,031
- purchases during the period	-	-	-	-
- at the end of the period	(1,267,846)	(504,023)	(1,267,845)	(504,023)
	(390,357)	(118,586)	(359,531)	(12,992)
Cost of goods sold	8,054,675	6,386,897	4,853,990	4,060,137
Contract cost	1,093,309	1,233,534	811,504	435,796
	9,147,984	7,620,431	5,665,494	4,495,933

Rupees in thousands	Unit	Six months ended	
		(Un-Audited)	(Un-Audited)
		June 30 2015	June 30 2014

15 EARNINGS PER SHARE - BASIC AND DILUTED

Earnings			
Profit for the period attributable to ordinary shareholders	<i>Rupees' 000</i>	2,126,895	1,158,042
Dividend on preference shares	<i>Rupees' 000</i>	(21,355)	(21,355)
		2,105,540	1,136,687
Shares			
Weighted average number of ordinary shares outstanding during the period	<i>No. of shares</i>	398,145,188	330,313,047
Earnings per share - <i>Basic and diluted</i>	<i>Rupees</i>	5.29	3.44

15.1 Weighted average number of ordinary shares outstanding during the six months period ended June 30, 2014 has been adjusted for the bonus element in the issue of right ordinary shares issued thereafter.

15.2 There is no diluting effect on basic earnings per share of the Group as:

- i) The conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable.
- ii) The conversion of PPTFCs into 40 million ordinary shares as referred to in note 6.1 is subject to regulatory approvals. Therefore, NBP is currently not entitled to ordinary shares.

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

Rupees in thousands	Six months ended		
	(Un-Audited)	(Un-Audited)	
	June 30 2015	June 30 2014	
16.1 Transactions with related parties			
Nature of relationship	Nature of transaction		
Associated companies	Services acquired	77,249	70,843
	Sales of goods	-	508
Key management personnel	Short term employee benefits	22,371	20,924
	Contribution to post employment benefit plan	1,292	1,101

17 OPERATING SEGMENTS

The Group has two reportable segments, which offer different products and are managed separately.

Reportable segment	Principal activity
Power Division	Manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations, engineering procurement and construction works (EPC).
Appliances Division	Manufacturing, assembling and distribution of refrigerators, deep freezer, air conditioners, microwave ovens, washing machines and other home appliances.

Information about operating segments as at June 30, 2015 and for the six months then ended is as follows:

Rupees in thousands	Six months ended June 30, 2015			Total
	Power Division	Appliances Division	Unallocated Items	
Revenue from external customers	5,973,285	10,136,705	-	16,109,990
Segment profit/(loss) before taxation	874,516	1,769,017	(72,755)	2,570,778

Rupees in thousands	Six months ended June 30, 2014			Total
	Power Division	Appliances Division	Unallocated Items	
Revenue from external customers	4,905,904	8,161,473	-	13,067,377
Segment profit/(loss) before taxation	358,853	1,101,255	(33,117)	1,426,991

Rupees in thousands	As at June 30, 2015			Total
	Power Division	Appliances Division	Unallocated Items	
Segment assets	15,927,881	15,036,684	3,404,332	34,368,897

Rupees in thousands	As at December 31, 2014			Total
	Power Division	Appliances Division	Unallocated Items	
Segment assets	16,465,042	12,826,329	3,235,293	32,526,664

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information have been approved by the Board of Directors of Group and authorized for issue on August 31, 2015.

19 DIVIDEND

The Board of Directors of the Group in their meeting held on August 31, 2015 have approved cash dividend at 12.5% amounting to Rs. 497.682 million on the paid up value of ordinary share capital amounting to Rs. 3,981.453 million.

20 GENERAL

- 20.1 There are no other significant activities since December 31, 2014 affecting the condensed interim consolidated financial information.
- 20.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 20.3 Figures have been rounded off to the nearest thousand of Rupee unless stated otherwise.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

CONDENSED INTERIM
FINANCIAL INFORMATION

This page has been left blank intentionally

AUDITORS' REREPORT 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, 2015 and the related condensed interim profit and loss account/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 months period then ended (here-in-after referred to as "the condensed interim financial information"). Management is responsible for the preparation and 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 this condensed interim financial information based on our review. The figures for the quarter ended June 30, 2015 of the condensed interim profit and loss account/statement of comprehensive income have not been reviewed as we are required to review only cumulative figures for the six months period ended on that date.

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 interim financial information consist 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 an 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.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ZUBAIR IRFAN MALIK

Date: AUGUST 31, 2015

Place: LAHORE

CONDENSED INTERIM BALANCE SHEET

AS AT JUNE 30, 2015

Rupees in thousands	Note	June 30 2015	December 31 2014
		(Un-Audited)	(Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	4	6,000,000	6,000,000
Issued, subscribed and paid-up capital	5	4,431,029	4,431,029
Share premium		1,293,858	1,293,858
Accumulated profit		4,906,083	3,876,195
		10,630,970	9,601,082
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		4,464,340	4,568,357
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - Secured	6	4,316,231	4,826,469
Long term finances - Secured	7	1,977,637	2,442,807
Liabilities against assets subject to finance lease - Secured	8	81,494	74,715
Deferred taxation		2,056,980	2,048,938
Deferred income		44,029	45,158
		8,476,371	9,438,087
CURRENT LIABILITIES			
Trade and other payables		736,047	817,486
Accrued interest/mark-up		364,574	500,528
Short term borrowings	9	4,600,625	4,240,947
Current portion of non-current liabilities		2,049,252	1,523,155
		7,750,498	7,082,116
CONTINGENCIES AND COMMITMENTS	10		
		31,322,179	30,689,642

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

Rupees in thousands	<i>Note</i>	June 30 2015	December 31 2014
		<i>(Un-Audited)</i>	<i>(Audited)</i>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	14,302,398	14,466,890
Intangible assets		341,601	344,008
Long term investments	12	68,769	63,990
Long term deposits		193,793	192,808
		14,906,561	15,067,696
CURRENT ASSETS			
Stores, spares and loose tools		497,699	462,140
Stock in trade		6,879,303	6,140,170
Trade debts		6,142,148	6,025,103
Advances, prepayments and other receivables		2,233,748	2,297,039
Short term investments		21,934	21,596
Advance income tax/income tax refundable		330,410	387,963
Cash and bank balances		310,376	287,935
		16,415,618	15,621,946
		31,322,179	30,689,642

HAROON A. KHAN
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT / STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (Un-Audited)

Rupees in thousands	Note	Six months ended		Quarter ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Revenue	13	12,413,563	9,518,369	7,776,069	5,327,005
Sales tax and discounts		(1,856,560)	(1,300,209)	(1,216,906)	(726,976)
Net sales		10,557,003	8,218,160	6,559,163	4,600,029
Cost of sales	14	(8,321,030)	(6,664,927)	(5,210,710)	(3,704,939)
Gross profit		2,235,973	1,553,233	1,348,453	895,090
Distribution cost		(206,917)	(151,214)	(118,965)	(66,648)
Administrative expenses		(235,421)	(182,443)	(126,280)	(80,312)
Other operating expenses		(86,311)	(43,840)	(83,511)	(21,684)
		(528,649)	(377,497)	(328,756)	(168,644)
Other operating income		1,707,324	1,175,736	1,019,697	726,446
		12,509	8,218	7,054	6,674
Operating profit		1,719,833	1,183,954	1,026,751	733,120
Finance cost		(590,136)	(616,362)	(294,296)	(313,751)
Profit before taxation		1,129,697	567,592	732,455	419,369
Provision for taxation		(203,826)	(116,597)	(182,373)	(78,771)
Profit after taxation		925,871	450,995	550,082	340,598
Other comprehensive income		-	-	-	-
Total comprehensive income		925,871	450,995	550,082	340,598
Earnings per share - Basic and diluted	15	2.27	1.30	1.35	1.00

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (Un-Audited)

Rupees in thousands	June 30 2015	June 30 2014
	(Un-Audited)	(Un-Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,129,697	567,592
Adjustments for non-cash and other items	950,918	931,947
Operating profit before changes in working capital	2,080,615	1,499,539
Changes in working capital	(909,885)	(833,697)
Cash generated from operations	1,170,730	665,842
Payments for		
Interest/mark-up on borrowings	(726,090)	(1,479,857)
Income tax	(138,231)	3,476
Net cash generated from/ (used in) operating activities	306,409	(810,539)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(179,849)	(89,040)
Proceeds from disposal of property, plant and equipment	5,713	8,237
Purchase of short term investments	-	(50,219)
Long term deposits	(985)	(8,357)
Net cash used in investing activities	(175,121)	(139,379)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	1,562,633	1,788,670
Repayment of long term finances	(1,841,572)	-
Repayment of redeemable capital	(177,350)	-
Proceeds from sale and lease back activity	36,852	-
Repayment of liabilities against assets subject to finance lease	(49,088)	(18,401)
Net increase/ (decrease) in short term borrowings	359,678	(845,029)
Net cash (used in)/ generated from financing activities	(108,847)	925,240
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	22,441	(24,678)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	287,935	259,488
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	310,376	234,810

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2015

Rupees in thousands	Issued subscribed and paid-up capital	Share premium	Accumulated profit	Total equity
<i>Balance as at January 01, 2014 -Audited</i>	3,130,689	529,740	2,473,853	6,134,282
Comprehensive income				
Profit after taxation	-	-	450,995	450,995
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	450,995	450,995
Incremental depreciation - <i>net of deferred taxation</i>	-	-	106,223	106,223
Transaction with owners				
Issue of bonus shares	268,111	(268,111)	-	-
<i>Balance as at June 30, 2014- Un-audited</i>	3,398,800	261,629	3,031,071	6,691,500
Comprehensive income				
Profit after taxation	-	-	776,303	776,303
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	776,303	776,303
Incremental depreciation - <i>net of deferred taxation</i>	-	-	68,821	68,821
Transaction with owners	-	-	-	-
Issue of right ordinary shares	1,032,229	1,032,229	-	2,064,458
<i>Balance as at December 31, 2014 -Audited</i>	4,431,029	1,293,858	3,876,195	9,601,082
Comprehensive income				
Profit after taxation	-	-	925,871	925,871
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	925,871	925,871
Incremental depreciation - <i>net of deferred taxation</i>	-	-	104,017	104,017
<i>Balance as at June 30, 2015- Un-audited</i>	4,431,029	1,293,858	4,906,083	10,630,970

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2015 (Un-Audited)

1 REPORTING ENTITY

Pak Elektron Limited ("the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (now 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 manufacture 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 activities are as follows:

Power Division: manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations, engineering procurement and construction works (EPC).

Appliances Division: manufacturing, assembling and distribution of refrigerators, deep freezer, air conditioners, microwave ovens, washing machines and other home appliances.

2 BASIS OF PREPARATION

This interim financial information is not audited and has been presented in condensed form and does not include all the information and disclosures as are required to be provided or made in a full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2014.

The comparative interim balance sheet as at December 31, 2014 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account/statement of comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for the six months ended June 30, 2014 are based on unaudited, reviewed interim financial information.

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the requirements of 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 and directives issued under the Companies Ordinance, 1984 have been followed.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for property, plant and equipment at revalued amounts and certain financial instruments at fair value/amortized cost. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

2.3 Judgments, estimates and assumptions

The preparation of financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the

circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company's functional currency.

3 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and 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 of the Company for the year ended December 31, 2014.

4 AUTHORIZED SHARE CAPITAL

<i>(Un-Audited)</i> June 30 2015 Number of shares	<i>(Audited)</i> December 31 2014 Number of shares		<i>(Un-Audited)</i> June 30 2015 Rupees in thousands	<i>(Audited)</i> December 31 2014 Rupees in thousands
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
62,500,000	62,500,000	A' Class preference shares of Rs. 10 each	625,000	625,000
37,500,000	37,500,000	B' Class preference shares of Rs. 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>(Un-Audited)</i> June 30 2015 Number of shares	<i>(Audited)</i> December 31 2014		<i>(Un-Audited)</i> June 30 2015 Rupees in thousands	<i>(Audited)</i> December 31 2014
		<i>Note</i>		
Ordinary shares of Rs. 10 each				
273,214,754	273,214,754	Issued for cash	2,732,148	2,732,148
Issued for other than cash:				
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- on acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- shares issued on conversion of preference shares	60,408	60,408
118,343,841	118,343,841	- as fully paid bonus shares	1,183,439	1,183,439
398,145,188	398,145,188		3,981,453	3,981,453
A' class Preference shares of Rs. 10 each				
44,957,592	44,957,592	Issued for cash	449,576	449,576
		5.1		
443,102,780	443,102,780		4,431,029	4,431,029

5.1 There is no change in the status and classification of preference shares since December 31, 2014.

Rupees in thousands	<i>(Un-Audited)</i> June 30 2015	<i>(Audited)</i> December 31 2014
---------------------	--	---

6 REDEEMABLE CAPITAL - SECURED

As at beginning of the period/year	5,629,976	2,464,286
Issued during the period/year on settlement of long term finances	-	2,103,438
short term borrowings	-	1,062,252
	-	3,165,690
Paid during the period/year	(177,350)	-
As at end of the period/year	5,452,626	5,629,976
Current maturity presented under current liabilities	(1,136,395)	(803,507)
	4,316,231	4,826,469

- 6.1 During the period, a revision in debt equity swap transaction was signed between the Group and National bank of Pakistan (NBP) whereby 40 million ordinary shares will be issued at price formula given below to redeem the outstanding Privately Placed Term Finance Certificates amounting to Rs. 3,165.69 million and remaining balance, if any, will be redeemed in equal quarterly installments as per already approved tenor.

Issue Price = Market Price - C

Market price shall be the closing rate as per Karachi Stock Exchange quotation on the date of issue of sanction letter by the Securities and Exchange Commission of Pakistan.

Where C = S x [Market Price - 12.50]

Where S = Applicable NBP's profit sharing slab as below:

Market price share Rupees	NBP's share of profit %
Up to 25	50
26 to 35	50
36 to 45	50
46 to 55	40
56 and above	30

The afore-mentioned conversion into ordinary shares is under process and will be executed after completion of corporate and regulatory approvals.

Rupees in thousands	(Un-Audited)	(Audited)
	June 30 2015	December 31 2014

7 LONG TERM FINANCES - SECURED

As at beginning of the period/year	3,102,060	3,628,291
Obtained during the period/year	1,562,633	1,850,000
Settled through issue of PPTFCs	-	(2,103,441)
Repaid during the period/year	(1,841,572)	(272,790)
As at end of the period/year	2,823,121	3,102,060
Current maturity presented under current liabilities	(845,484)	(659,253)
	1,977,637	2,442,807

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	148,867	135,110
Current maturity presented under current liabilities	(67,373)	(60,395)
	81,494	74,715

9 SHORT TERM BORROWINGS

The aggregate un-availed short term borrowing facilities amounts to Rs. 969 million (December 31, 2014: Rs. 940 million).

10 CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments since December 31, 2014, with the exception of the following:

Rupees in thousands	Notes	(Un-Audited)	(Audited)
		June 30 2015	December 31 2014
Tender bonds		561,286	623,922
Performance bonds		1,687,089	1,444,751
Advance guarantees		1,041,336	698,430
Custom guarantees		113,254	130,800
Foreign guarantees		117,197	126,404
Commitments under irrevocable letters of credit		1,324,898	1,429,003
11 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	11.1	14,239,251	14,407,147
Capital work in progress		63,147	59,743
		14,302,398	14,466,890
11.1 Operating fixed assets			
Net book value at the beginning of the period/year		14,407,147	14,764,490
Additions during the period/year			
Plant and machinery		155,425	330,313
Office equipment and furniture		5,176	3,738
Computer hardware and allied items		14,414	10,912
Vehicles		27,423	58,757
		202,438	403,720
Net book value of assets disposed during the period/year		(2,439)	(9,835)
Depreciation for the period/year		(367,895)	(751,228)
Net book value at the end of the period/year		14,239,251	14,407,147
12 LONG TERM INVESTMENTS			
Investment in related parties	12.1	9,297	8,250
Other investments	12.2	59,472	55,740
		68,769	63,990

12.1 These represent investments in ordinary shares of related parties. The details are as follows:

Rupees in thousands	Notes	(Un-Audited)	(Audited)
		June 30 2015	December 31 2014
PEL Marketing (Private) Limited - <i>unquoted</i> 10,000 shares (December 31, 2014: 10,000 shares) of Rs. 10 each		100	100
Nature of relationship: Subsidiary Ownership interest: 100% (December 31, 2014: 100%)			
Kohinoor Power Company Limited - <i>quoted</i> 2,910,600 shares (December 31, 2014: 2,910,600 shares) of Rs. 10 each	12.1.1	9,197	8,150
Nature of relationship: Associate Ownership interest: 23.10% (December 31, 2014: 23.10%)			
		9,297	8,250
12.1.1 Kohinoor Power Company Limited			
Cost of investment		54,701	54,701
Accumulated impairment		(45,504)	(46,551)
		9,197	8,150

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

Rupees in thousands	(Un-Audited)	(Audited)
	June 30 2015	December 31 2014
Silk Bank Limited - <i>Unquoted</i> 17,698,489 preference shares of Rs. 2.5 each		
As at beginning of the period/year	55,740	-
Acquired during of the period/year	-	50,219
Amortization for the period/year	3,732	5,521
As at end of the period/year	59,472	55,740

Rupees in thousands	Six months ended		Quarter ended	
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
	June 30 2015	June 30 2014	June 30 2015	June 30 2014
13 SALES - NET				
Contract revenue	1,874,325	1,713,242	1,280,923	1,049,656
Sale of goods				
Local	10,154,814	7,534,891	6,358,590	4,060,113
Export	384,424	270,236	136,556	217,236
Sales tax and excise duty	12,413,563	9,518,369	7,776,069	5,327,005
Discounts	(1,856,560)	(1,300,209)	(1,216,906)	(726,976)
	-	-	-	-
	10,557,003	8,218,160	6,559,163	4,600,029
14 COST OF SALES				
Raw material consumed	5,529,805	4,174,800	3,374,264	2,460,556
Direct wages	311,126	302,064	154,720	150,214
Factory overhead	944,996	903,925	499,738	460,534
	6,785,927	5,380,789	4,028,722	3,071,304
Work in process				
- at the beginning of the period	1,262,830	1,043,870	1,138,270	1,084,390
- at the end of the period	(1,017,814)	(908,450)	(1,017,814)	(908,450)
	245,016	135,420	120,456	175,940
Cost of goods manufactured	7,030,943	5,516,209	4,149,178	3,247,244
Finished goods				
- at the beginning of the period	700,790	278,744	754,040	385,460
- purchases during the period	-	-	-	-
- at the end of the period	(504,012)	(363,560)	(504,012)	(363,560)
	196,778	(84,816)	250,028	21,900
Cost of goods sold	7,227,721	5,431,393	4,399,206	3,269,144
Contract cost	1,093,309	1,233,534	811,504	435,795
	8,321,030	6,664,927	5,210,710	3,704,939

15 EARNINGS PER SHARE - BASIC AND DILUTED

Rupees in thousands	Unit	Six months ended	
		(Un-Audited) June 30 2015	(Un-Audited) June 30 2014
Earnings			
Profit after taxation	<i>Rupees' 000</i>	925,871	450,995
Preference dividend for the period	<i>Rupees' 000</i>	(21,355)	(21,355)
Profit for the period attributable to ordinary shareholders		904,516	429,640
Shares			
Weighted average number of ordinary shares outstanding during the period	<i>No. of shares</i>	398,145,188	330,313,047
		398,145,188	330,313,047
Earnings per share - Basic and diluted		2.27	1.30

15.1 Weighted average number of ordinary shares outstanding during the six months period ended June 30, 2014 has been adjusted for the bonus element in the issue of right ordinary shares issued thereafter.

15.2 There is no diluting effect on basic earnings per share of the Company as:

- i) The conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable.
- ii) The conversion of PPTFCs into 40 million ordinary shares as referred to in note 6.1 is subject to regulatory approvals. Therefore, NBP is currently not entitled to ordinary shares.

16 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

Rupees in thousands	Six months ended	
	(Un-Audited)	(Un-Audited)
	June 30 2015	June 30 2014

16.1 Transactions with related parties

Nature of relationship	Nature of transaction		
Subsidiary	Sale of goods and services	6,994,832	6,412,396
Associated companies	Services acquired	77,249	70,843
	Sales of goods	-	508
Key management personnel	Short term employee benefits	23,371	20,924
	Contribution to post employment benefit plan	1,292	1,101

17 OPERATING SEGMENTS

The Company has two reportable segments, which offer different products and are managed separately.

Reportable segment	Principal activity
Power Division	Manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations, engineering procurement and construction works (EPC).
Appliances Division	Manufacturing, assembling and distribution of refrigerators, deep freezer, air conditioners, microwave ovens, washing machines and other home appliances.

Information about operating segments as at June 30, 2015 and for the six months then ended is as follows:

Rupees in thousands	Six months ended June 30, 2015			Total
	Power Division	Appliances Division	Unallocated Items	
Revenue from external customers	5,973,285	6,440,278	-	12,413,563
Segment profit/(loss) before taxation	874,538	328,982	(73,823)	1,129,697

Rupees in thousands	Six months ended June 30, 2014			Total
	Power Division	Appliances Division	Unallocated Items	
Revenue from external customers	4,905,904	4,612,465	-	9,518,369
Segment profit before taxation	358,853	244,360	(35,621)	567,592

Rupees in thousands	As at June 30, 2015			Total
	Power Division	Appliances Division	Unallocated Items	
Segment assets	15,927,881	11,737,567	3,656,731	31,332,179

Rupees in thousands	As at December 31, 2014			Total
	Power Division	Appliances Division	Unallocated Items	
Segment assets	16,464,371	10,973,135	3,252,136	30,689,642

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on August 31, 2015.

19 DIVIDEND

The Board of Directors of the Company in their meeting held on August 31, 2015 have approved cash dividend at 12.5% amounting to Rs. 497.682 million on the paid up value of ordinary share capital amounting to Rs. 3,981.453 million.

20 GENERAL

- 20.1 There are no other significant activities since December 31, 2014 affecting the condensed interim financial information.
- 20.2 Corresponding figures have been re-arranged where necessary to facilitate comparison. However, there are no significant reclassifications during the period.
- 20.3 Figures have been rounded off to the nearest thousand of Rupee unless stated otherwise.

M. MURAD SAIGOL
Chief Executive Officer

HAROON A. KHAN
Director

www.pel.com.pk



17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore.
Ph: (042) 35718274-5, 35717364-5