

Siemens (Pakistan) Engineering Co. Ltd.

(Annual Report 1996)

Siemens Pakistan at a glance

	1992	1993	1994	1995	1996
New orders	1,745,915	3,035,894	2,423,941	1,858,815	3,572,735
Sales	1,712,162	1,910,477	2,072,466	2,246,820	2,579,836
Capital investments	89,043	60,434	82,675	37,644	115,628
Net income	80,922	108,855	104,848	192,288	228,665
as a percent of sales	4.7	5.7	5.1	8.6	8.9
as a percent of equity	34.9	34.3	26.3	33.9	29.6
Dividend	19,565	23,479	23,479	23,479	23,479
as a percent of share capital	25	30	30	30	30
Employees (at Sept 30)	1,382	1,318	1,273	1,323	1,350

*Amounts in thousand Rupees.***Corporate Objectives**

Our prime objective is to offer to our customers quality products and services at competitive prices to their complete satisfaction.

We constantly endeavor to maintain our position as market leaders and technology pace-setters in all areas of our operations and to continuously improve our efficiency and competitive strength.

To enhance their creativity and job satisfaction, we provide our employees, opportunity for personal development, limited only by their own ability and drive; we consider this to be an important means of achieving our corporate goals.

By continually improving our performance, we aim to generate earnings sufficient to ensure a secure future for the Company and to protect and increase shareholders' investment.

Local presence, backed fully by the high-tech engineering expertise of Siemens world wide, is our special strength. We are an integral part of national economy with a strong sense of responsibility to society and the environment.

Company information**Board of Directors**

S.Babar Ali, Lahore, Chairman
M.Sulger, Karachi, Managing Director
M.Asadullah Sheikh, Karachi (until October 9,1996)
Razi-ur-Rahman Khan, Karachi (effective October 10,1996)
R. Koch, Munich
Mutiur Rahman, Karachi
R. Schlotfeldt, Munich
H. Steffen, Erlangen

Management

Managing Director	M. Sulger
Power Engineering Division	B.Saeed
Products and Services Division	Sohail Wajahat
Telecommunication Division	K.A.Abbasi
Transportation Systems and Medical Engineering Division	Farhat Ali
Finance & Business Administration Division	K.D.V. Ansari

Bankers

ABN Amro Bank
 American Express Bank Limited
 ANZ Grindlays Bank plc.
 Bank of America
 Banque Indosuez
 Citibank N.A.
 Deutsche Bank AG
 Habib Bank AG Zurich
 Habib Bank Limited
 Hongkong and Shanghai Banking Corporation
 Muslim Commercial Bank Limited
 Societe Generale The French and International Bank
 Standard Chartered Bank

Auditors

Taseer Hadi Khalid & Company, Karachi

Legal Advisors

Orr Dignam & Company, Karachi
 S.Imran Bokhari, Lahore

Registered Office

llaco House
 Abdullah Haroon Road
 P.O. Box No. 7158
 Karachi-74400

Directors' report

Your Directors take pleasure in presenting their report and the audited accounts for the year ended September 30, 1996 alongwith the Auditors' report.

(Rupees in thousand)

Net profit for the year after taxation	228,665
Unappropriated profit brought forward	49

Available for appropriation	228,714
Transfer to asset replacement reserve	58,000
Transfer to revenue reserve - general	147,000
Proposed final dividend @ 30 %	23,479

Unappropriated profit carried forward	235
	=====

The earning per share (EPS) amounted to Rs 29.22

Mr. Razi-ur-Rahman Khan was co-opted as Director in place of Mr. M. Asadullah Sheikh with effect from October 10, 1996. The Board welcomes Mr. Razi-ur-Rahman Khan.

No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year of the Company to which this Balance Sheet relates and the date of the Directors' Report.

The present auditors, Messrs

Taseer Hadi Khalid &
Company retire and being
eligible, offer themselves for
re-appointment.

The statement of pattern of the
shareholding of the Company
as at September 30,1996 is
shown on page 37.

The Company is a subsidiary
of Siemens AG, which is
incorporated in Germany.

The Board endorses the
contents of the Chief
Executive Officer's general
review.

Karachi, November 27, 1996

M. Sulger
Chief Executive Officer

S. Babar Ali
Chairman

Corporate Structure

Managing Director

Divisions

Telecommunication
Transportation Systems & Medical Engineering
Power Engineering
Products & Services
Finance & Business Administration

Business Units

Private Networks
Telecom Networks
Special Systems
Siemens Nixdorf
Medical Sales
Medical Technical Services
Transportation Systems
Solar
Transmission & Distribution
Transformers
Switchboards
Power Generation
Diesel Generating Sets
Industries, & Building Automation
Field Services, Traffic Control Systems
Motors & Alternators
Standard Products

Central Depts.

Finance & Accounting
Information Systems
Central Imports
Central Purchases & General Services Head Office

Corporate Depts.

Human Resources & Industrial Relations
Corporate Security & General Services S.I.T.E.
Corporate Quality & Logistics
Corporate Communication
Corporate Audit

Joint ventures of Siemens A. G. with Pakistan Telecommunication Corp
Telephone Industries of Pakistan (Pvt) Ltd., Haripur.
Carrier Telephone Industries (Pvt) Ltd, Islamabad.

Regional Offices:

Karachi, Lahore, Islamabad, Quetta, Peshawar, Faisalabad.

Management report

General Review

During the year under review the economy of the country remained sluggish. The rupee continued to depreciate bringing cost increases in all our inputs. Persisting inflationary pressure coupled with additional burden of regulatory duties and increased rate of sales tax had an impact on operations.

New Orders almost doubled from previous year to Rs 3,573 million which included orders for local supplies and services to two private power plants.

Sales recorded a growth of 15% over the previous year. Orders in hand amounted to Rs. 3,000 million at the close of the year.

Profit before tax increased to Rs 380 million. The increase in profit has been contributed mainly on certain large projects under execution for a couple of years. There has, however, been a negative impact on the profit by the business units having manufacturing activities due to 'go-slow' and strike restored to by the Employees Union and also due to general strikes in the city.

After very lengthy negotiations with the Employees Union an agreement was signed in March, 1996 for payment of bonus to the employees for the business years 1993/95.

The debt equity ratio improved from 17:83. The current ratio, however, went down from 1.8 to 1.5 which resulted partly due to non payment of our trade debts by public sector customers owing to shortages of funds and partly due to deliberate build up of stocks to cover against adverse devaluation effects.

Capital investment of Rs 116 million was made mainly for development of infrastructure at manufacturing premises including construction of new building for Head Office, which is progressing according to schedule. Investments have also been made in production machinery and equipment as well

as in information technology for modernisation and rationalisation.

We paid to the Government Rs 497 million, 40% more than in last year, towards duties and taxes.

The corporate structure has been further streamlined by reducing the number of operating divisions from 5 to 4 and by regrouping for better service to customers.

I would like to thank our employees whose dedicated efforts made the good results possible despite adverse economic conditions.

M. Sulger
Chief Executive Officer

Power Engineering Division

Sales Rs 1462 million + 18%
New Orders Rs 1656 million + 72%

This division is responsible for the business field ENERGY and comprises the following 4 business units:

Power Generation

The year under review saw considerable activity in the private sector and several power companies were able to achieve financial close. Among these was also the 412 MW Rousch power station to be located at Sidhnaï, Punjab, in which Siemens AG has equity participation. This is another major investment of Siemens AG in Pakistan and is an example of its strong local commitment. This combined cycle plant using gas & steam turbines will be the third power plant of its kind we have built in the country. The 400 MW Kot Addu plant, similar to the Guddu plant is nearing completion and will be handed over to WAPDA before the end of the year. Another plant being built by us is a 7.5 MW steam power plant with 4 MW Diesel unit - a co-generation project - for National Refinery.

Transmission & Distribution

This unit executes turnkey contracts and is currently involved in major grid station projects of WAPDA and KESC. We were able to successfully complete the Multan 500kV Project this year. Work on the

GIS Projects of KESC is in progress. The new business includes a grid station for the Japan Power Project. Next year we expect more business from Independent power producers (IPPs) as well as WAPDA and KESC.

Switchboards

The loading of the switchboard unit was satisfactory and it was able to achieve its targets on account of orders from WAPDA, KESC, and private customers for power plants and cement plants. The unit was able to consolidate and improve its position as manufacturer and supplier of Vacuum Circuit Breakers.

Transformers

Distribution Transformers:
Sales were higher than in the previous year. Production was affected by industrial action of workers but otherwise and due to rationalization measures, vendor development and use of prime quality materials, the negative impact was minimised. Siemens is the largest supplier of Distribution Transformers to WAPDA and KESC and thus makes an important contribution to rural electrification.

Power Transformers: The first of a series of 40 MVA power transformers was produced at the factory in Karachi. This huge transformer, which measures 8.2m (L) x 5.8m (H) x 4.6m (w) and weighs 85 tons shall be used in the K.E.S.C. network in its on going 5th power project. This was an important milestone in local manufacturing of transformers. However, the loading on the factory was less than satisfactory because of excessive delays in orders processing by our main customers.

Products and Services

Division

Sales	Rs 637 million- 2%
New Order	Rs 1495 million+ 125%

This division is mainly active in the INDUSTRY business field. It consists of the following business units.

Diesel Generating Sets

Inspite of the relatively low

demand we were able to achieve 35% increase in incoming orders and maintain sales level compared to previous year. This was possible due to the fact that we remain the main manufacturers/assemblers of diesel generating sets and are thus able to offer tailor made solutions to our customers for various applications. We also have a clear edge on our competitors in offering better quality, advisory support and backup services throughout the country. In future, we intend to enhance the scope of our supply. This together with some orders that are in the finalization stage foretell of satisfactory improvement in the next business year.

Standard Products

Business Unit Standard products is responsible for sales and marketing of all the low voltage standard products of Siemens. A newly formed but growing unit, it caters for a vast range of drives, components, accessories and other standard items. It has shown considerable growth during the year.

Field Services, Traffic Control Systems

The strength of field services are its qualified, trained and experienced professional engineers and technicians who form the back bone of the unit. These multi disciplined engineers, technicians and craftsmen are involved in the execution of major contracts/projects all over Pakistan and outside the country.

The unit has the capability, experience and expertise in project/construction business in all the major disciplines. It has testing and calibration of instruments as per international standards. It has acquired the capability and the competence to handle turnkey projects for erection, commissioning and engineering.

The jobs undertaken by the Unit during the year 1995 - 96 were mechanical, electrical and instrumentation and control installation, commissioning and rigging of heavy equipment in

cement, power project buildings and process industry projects.

Industries, Building Systems & Automation

The unit was successful in securing several orders in cement and diesel power plant engineering services from local as well as foreign markets on turnkey basis.

Through its competence and know-how in engineering, testing and documentation tools, the unit has successfully undertaken many important projects in cement, chemical, food, steel and power houses and is already taking up the challenge of the market by executing complex projects abroad e.g. in Saudi Arabia, Malaysia and Vietnam.

Motors and Alternators

The business of motors and alternators faced sluggish market conditions due to reduction of duties and taxes on imported motors. The unit was nevertheless able to improve its performance through strict control on manufacturing process and costs.

The unit was able to secure several orders from sugar, chemical and fertilizer industries. The unit developed special three phase motors for package type air - conditioning units and single phase motors for garment industry, thus helping to off set adverse market conditions.

Export of hollow shaft motors to Bangladesh saw an increase and further enhancement is expected. Another positive indicator was the launch of schemes by the government that will create enhanced demand for Hollowshaft motors.

Telecommunication Division

Sales Rs 204 million + 22%
New Orders Rs 199 million + 28%

Telecom Networks

In the Public Switching Business the turnover achieved was below target, mainly due to lack of funds with Pakistan Telecommunication Corporation Limited (PTCL). Towards the end of their financial year, PTCL approached TIP/Siemens to

implement a crash program of 100,000 lines. Inspire of very short notice we were able to execute the order.

On the transport equipment side, Siemens with its joint venture partner Carrier Telephone Industries (CTI) continues to have over 80% market share in this latest technology. However, orders for SDH Terminals were less than expected due to shortage of funds mentioned. During the year, through heavy commitment of manpower and financial resources, we have developed local capability for servicing of high - tech equipment and are negotiating a contract with PTCL which will provide the advantages of improved contacts, faster reaction time and lower prices for the customers.

Private Networks

We consolidated our position in this high value segment amidst demanding customers like Stock Exchange brokers and banks becoming their preferred supplier, because of our ability to cater to their high standards of efficiency, multiple line access requirement, quality and price competitiveness of equipment.

Small capacity market segment (8-16 lines), which typically require low budget solutions also received our close attention with satisfactory results.

The introduction of state-of-the-art Hicom 300 system was another success. It is an Integrated Services Digital Network (ISDN) system which therefore offers seamless integration of voice and data networks. Main customers included government organizations, oil companies and engineering Industries.

Another favorable development was the introduction of ISDN facility by PTCL. We are the only supplier of ISDN communication products in the country compatible to the protocol standardized by PTCL.

Special Systems

A major achievement was the completion of the extended range VHF Radio Communication facility commissioned by the Civil

Aviation Authority of Pakistan. It goes to the credit of the highly motivated and trained professionals at Siemens Pakistan that they designed this whole system locally and also supervised the manufacture of many of its vital components including Terrestrial communication system, power and ancillary equipment. This system enables the controllers at the two Area Control Centers located at Karachi and Lahore to communicate with the aircraft in the entire Pakistan air space and makes the Pakistan Air Traffic Control System one of the most modern systems in the region.

Transportation Systems and Medical Engineering Division

Sales Rs 277 million + 40%
New Orders Rs 223 million +186%

Medical Engineering

Business volume substantially increased over the last year. During the year under review, Siemens introduced state-of-the-art medical technology in the private and public health care sectors. Few of the reference installations are: computed tomography at Neuro Spinal Medical, Karachi and angiography equipment at Armed Forces Institute of Cardiology Rawalpindi.

Siemens secured large orders for completely equipping Ayub Medical College Abbottabad and Haytabad Medical Complex the two major hospitals established in NWFP under OPEC financing.

Children Hospital Quetta which Siemens is executing on turnkey basis inclusive of all civil works, engineering services and medical equipment with commitment for three years after sales service, is now in the finishing stage.

National Institute for Handicapped, Islamabad which is equipped with high-tech medical diagnostic equipment inclusive of latest MRI and Spiral C.T. scanners is nearing completion. This institute will be the referral institute with latest diagnostic facilities.

The target of our service

department is to provide a response time of not more than two hours and equipment up-time of not less than 95%.

Transportation Systems

The activities related to transportation system viz: railway signalling, light rail train projects etc have been now consolidated into a business unit titled "Transportation Systems".

Siemens maintains its position as a market leader in the field of railway signalling. A large signalling order it secured for 94 stations is now under installation and stations are being systematically handed over to

Pakistan railways. To-date 13 stations have been handed over. Siemens is actively following up mass transit project in Lahore, for which OECF financing from Japan is committed to Government of Pakistan.

Locally manufactured products and services

Transformers

- * Distribution transformers
- * Power transformers upto 220 kV/60MVA
- * 11 kV Auto transformers with OLTC for use as Voltage Stabilizers
- * Furnace transformers
- * Reactors
- * Neutral Earthing transformers

Low voltage motors

- * 3-phase squirrel cage induction type for horizontal and vertical applications, 1HP to 500HP 2,4,6, poles.
- * 3-phase vertical hollow shaft motors for deepwell, turbine pump 1HP to 250HP 2,4,6 poles.
- * Single phase, fractional HP motors for household and AC applications.
- * Special motors e.g.
 - Pole changing motors
 - Brake motors
 - Gear motors
 - Explosion proof motors

Low voltage switchboards

- * Switchboards upto 6300 Amps
- * Motor Control Centers, fixed or draw out
- * Hard wired or programmable logic controls
- * Starter units

- * Special switchboards e.g.
marine type according to
various classification societies
- * Controlgear for thyristor fed
DC drives
- * Controlgear for variable speed
AC drives
- * Power factor improvement
plants
- * Relay and Control Panels

Instrumentation and control panels

- * Open - loop & closed-loop
control panels with PLCs
(SIMATIC) for automation and
control
- * Control desk in mosaic
technique
- * Software

High voltage switchboards

- * Upto 15 kV, indoor
- * Short circuit rating upto 40 kA
- * Basic impulse level upto 170 kV
- * SF 6 Ring Main Units
- * High Voltage Grid Sub-station
upto 220 kv, with local engineering
and locally manufactured
components (Partly)

Switchgear components

- * HV vacuum circuit breakers
 - 2500 Amps, 25 kA.
15kV/36 kV/95 kV
 - 1250 Amps, 25 kA,
15kV/36 kV/95 kV
 - 800 Amps, 25 kA,
15kV/36 kV/95 kV
 - 800 Amps, 20 kA,
12 kV/28 kV/75 kV
- * LV air break contractors upto
45 Amps
- * MV & LV insulators
- * LV current transformers

Package transformers substations

For outdoor and indoor installations
Self-contained, factory-wired
Separate sections for HV, LV
and transformers

DC power supply equipment

- * Thyristor controlled rectifier
panels for telephone exchanges
upto 200 A for 48V and 60V,
battery panels upto 1500 A.H.

Diesel generating sets

- * Upto 1000 kVA, 400V, 50Hz.
Continuous, or stand by duty
Automatic mains failure units
Skid-mounted or mobile

X-ray equipment

- * Design and manufacture of
mobile and stationary medical
and diagnostic X-ray units in the

range of 50 mA to 500 mA.
Stationary units are produced
with bucky table.

Traffic control systems

Traffic signal controller for vehicular
traffic along with pedestrian crossing.
Vehicular/pedestrian signal heads
(PVC/aluminium) 300 mm or 200mm.
Normal tubular and hanging type
(cantilever) poles for signal heads
mounting.

Railway signalling equipment

Complete design and manufacture
of system and power supply Racks
for Auto Block, Tokenless and Track
Circuiting Systems. Completely wired
Track Cabinets, Control and Indication
panels, and Assembly of Signal Groups.

Repair/installation and service

* Besides repair and service of all
electrical equipments qualified and
trained staff is also available to
undertake installation and
maintenance of electrical/electronic
equipment in complex projects. Our
expertise in repair is not just limited
to Siemens products but we
undertake repair of non-Siemens
equipments as well.

* A repair laboratory is available
which undertakes repair of Printed
Circuit Boards.

* Mechanical installation

Notice of meeting

Notice is hereby given that the
Forty-fourth Annual General Meeting
of the shareholders of Siemens
(Pakistan) Engineering Company
Limited will be held on Thursday,
February 06, 1997 at
B-72, Estate Avenue, S.I.T.E.,
Karachi at 9:30 a.m. to transact the
following business:

1. To confirm the minutes of the
Annual General Meeting of the
shareholders of the Company
held on February 12, 1996.
2. To receive and adopt the
audited accounts for the year
ended September 30, 1996 and
reports of the directors and
auditors thereon.
3. To declare the dividend.
4. To appoint auditors and to fix
their remuneration. The present
auditors, Messrs. Taseer Hadi Khalid
& Company retire and being eligible
offer themselves for re-appointment.

5. To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

Notes:

1. The Share Transfer Books of the Company will remain closed from January 28, 1997 to February 08, 1997 (both days inclusive).

2. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him/her. Proxy forms must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting. A member shall not be entitled to appoint more than one proxy.

If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

Every proxy shall have the right to attend, speak and vote in the place of the member appointing him/her at the meeting

A Proxy must be a member.

By order of the Board
M. Haleem Khan
Company Secretary

Karachi; January 15, 1997

Auditors' report to the members

We have audited the annexed balance sheet of Siemens (Pakistan) Engineering Company Limited as at September 30, 1996 and the related profit and loss account and statement of changes in financial position, together with the notes forming parts thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and, after due verification thereof, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) our opinion:

(i) the balance sheet and profit and loss account together

with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 September 1996 and of the profit and the changes in financial position for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The accounts of Siemens (Pakistan) Engineering Company Limited for the year ended 30 September 1995 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion on these accounts.

TASEER HADI KHALID & COMPANY
Chartered Accountants

Karachi; November 27, 1996

Balance Sheet as at September 30, 1996

	Note	Rupees in thousand	
		1996	1995
Share capital and reserves			
Authorised capital			
20,000,000 ordinary shares of Rs. 10 each.		200,000	200,000
		=====	=====
issued, subscribed and fully paid-up capital	3	78,263	78,263

Reserves	4	694,269	489,269
		235	49
		-----	-----
Unappropriated profit		772,767	567,581
Redeemable capital	5	102,096	120,066
Long-term liabilities	6	2,174	33,458
Deferred liabilities			
Provisions for employees			
- retirement gratuities	2.2	1,937	45,048
- long service bonus	2.3	7,182	5,803
		9,119	50,851
Current liabilities			
Short-term finances			
	7	420,945	14,023
Current maturity of redeemable capital	5	17,970	15,689
Creditors, accrued expenses and other liabilities	8	613,431	558,552
Provision for taxation	2.4	82,030	71,330
Unclaimed dividend		766	23,479
Proposed dividend		23,479	23,479
Contingency and commitments	10	1,158,621	683,722
		-----	-----
		2,044,777	1,455,676
		=====	=====
Tangible fixed assets	2.5		
Operating assets	11	173,609	157,605
Capital work-in-progress	12	61,472	2,312
		-----	-----
		235,081	159,917
Deferred taxation	2.4 & 13	7,386	59,585
Long-term trade debts, deposits, prepayments and other receivables	2.6 & 14	32,572	40,220
Current assets			
Stocks	2.7 & 15	465,199	88,786
Trade debts	2.8 & 16	999,212	790,258
Loans	17	31	43
Advances	18	50,668	40,376
Trade deposits and shod - term prepayments	19	33,587	37,309
Marketable Securities	20	10,000	
Other receivables	21	16,981	20,031
Cash and bank balances	22	194,060	219,153
		1,769,738	1,195,956
		-----	-----
		2,044,777	1,455,678
		=====	=====

The annexed notes form an integral part of these accounts.

Profit and Loss account for the year ended
September 30, 1996

Rupees in thousand

Note	1996	1995
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Net sales	23	2,579,836	2,246,820
Less: Cost of goods sold	24	1,923,249	1,814,662
Gross profit		656,587	432,158
Commission and allowances earned		83,282	149,209
		739,869	581,367
Less: Selling and administration expenses	25	298,241	263,877
Operating profit		441,628	317,490
Other income	26	1,330	1,176
		442,958	318,666
Less:			
Financial charges(net)	27	36,552	31,345
Other charges	28	26,122	15,495
		62,674	46,840
Profit before taxation		380,284	271,826
Less: Taxation	29	151,619	79,538
Profit after taxation		228,665	192,288
Unappropriated profit brought forward		49	240
Available for appropriation		228,714	192,528
Appropriations			
Transfer to asset replacement reserve		58,000	29,000
Transfer to revenue reserve - general		147,000	140,000
Proposed final dividend @ 30% (1995: @30%)		23,479	23,479
		228,479	192,479
Unappropriated profit carried forward		235	49
		=====	=====

The annexed notes form an integral part of these accounts.

Cash Flow Statement

for the year ended September 30, 1996

	Note	Rupees in thousand	
		1996	1995
Cash flow from operating activities			
Cash generated from operations	30	(90,539)	306,103
Payments to employees gratuity fund		(28,915)	(12,408)
Payments to employees for long service bonus		(571)	(475)
Financial charges paid-(net)		(32,273)	(34,665)
Taxes paid		(88,720)	(95,528)
Long-term trade debts, deposits, prepayments and other receivables-(net)		7,648	30,413
Net cash inflow/(outflow) from operating activities		(233,370)	193,440
Cash flow from investing activities			
Capital expenditure		(115,628)	(20,979)
Proceeds from sale of fixed assets		1,926	1,357
Investments made		(10,000)	-
Net cash (outflow) from investing activities		(123,702)	(19,622)

Cash flow from financing activities		
Repayment of redeemable capital	(15,689)	(13,697)
Repayment of long-term liabilities	(31,284)	(34,965)
Dividends paid	(23,362)	(23,362)
	-----	-----
Net cash (outflow)/inflow from financing activities	(70,335)	(72,024)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	(427,407)	101,794
Cash and cash equivalents at the beginning of the year	211,967	110,173
	-----	-----
Cash and cash equivalents at the end of the year	31 (215,440)	211,967
	=====	=====

The annexed notes form an integral part of these accounts.

**Notes to and forming part of the accounts for the year ended
September 30, 1996**

1. Legal Status and Operations

The Company is incorporated in Pakistan as a public limited company and its shares are quoted on the Karachi, Islamabad and Lahore Stock Exchanges. The Company is principally engaged in the manufacture, installation and sale of electronic and electrical capital goods and also executes projects on turnkey basis.

2. Significant Accounting Policies

2.1 Accounting convention

These accounts are prepared under the 'historical cost' convention, except that certain long term trade debts, deposits and other receivables are discounted to their present values.

2.2 Employees retirement benefits

The Company operates a defined benefit plan i.e. funded gratuity scheme for its all regular permanent employees except expatriates. Contributions are made annually to the fund on the basis of actuarial recommendations at the rate of 8.33% of basic salary and dearests allowance and additionally a book provision of 1.86% is also made as per actuarial recommendation. An actuarial valuation is performed once every three years and the most recent actuarial valuation of the scheme was carried out at September 30, 1995, which reflected the fair value of the fund's assets and the liabilities at Rs.113.264 million and Rs.133.501 million respectively. The actuarial valuation was carried out using "Attained Age Method". Main valuation as-

assumptions used for actuarial valuation were as under;

- Expected rate of increase in salaries 10% per annum.
- Expected rate of interest on investment 12% per annum.
- Withdrawal from service at 2% per annum upto age of 40 years.

In addition, the Company also operates a defined contribution plan i.e. Provident Fund for all its regular permanent employees. Contributions are made equally by the company and the employees at the rate of 10% of basic salary and dearness allowance to the fund.

2.3 Provision for employees long service bonus

The Company accounts on accrual basis its obligations towards long service bonus payable to its employees who are expected to complete twenty five years of service.

2.4 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates available, if any.

Deferred

The Company accounts for deferred taxation on all major timing differences using the liability method.

2.5 Tangible fixed assets and depreciation

Operating fixed assets are stated at cost less accumulated depreciation. Cost in relation to self manufactured fixed assets includes direct cost of materials, labour and applicable manufacturing overheads. Capital work-in-progress is stated at cost. Items costing Rs. 10,000 or less individually are not capitalized and charged off in the year of purchase.

Depreciation is charged to income applying the straight line method whereby the cost of an asset is written off over its estimated service life.

The full annual rate of depre-

ciation is applied on the cost of additions while no depreciation is charged on assets deleted during the year.

Maintenance and normal repairs are charged to income as incurred.

Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Profit or loss on sale or retirement of fixed assets is included in income currently.

2.6 Long-term trade debts, deposits, prepayments and other receivables

Long-term trade debts, deposits and other receivables, except those on which mark-up is earned by the Company and utility deposits, are discounted to their present values. Consistent with prior years utility deposits are charged off over a period of five years.

2.7 Stocks

Stocks are valued at the lower of cost and net realisable value. Finished goods, both manufactured and purchased, are valued at average cost.

Cost in relation to raw materials is arrived at on a moving average basis except components which are valued at average cost. The cost of supply and erection contracts-in-progress, work-in-process, and finished goods includes direct materials, labour and applicable production overheads. Goods-in-transit are valued at actual cost accumulated to the balance sheet date.

Net realisable value is arrived at by considering the depletion span and technical obsolescence of stocks and the replacement cost thereof.

The cost of stores and spares is charged to income in the year of purchase.

2.8 Trade debts

Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

2.9 Research and development

Expenditure incurred on research and development and fixed assets acquired specifically

for this purpose are charged to income currently.

2.10 Warranty obligations

'The Company accounts for its warranty obligations on accrual basis.

2.11 Foreign currencies

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at the balance sheet date except where forward exchange purchases have been made for payment of liabilities, in which case the contracted rates are applied. Foreign exchange gains and losses are included in income currently.

2.12 Revenue recognition

Sales are recognized when deliveries are made or services are rendered to the customers. In case of export, sales are recorded when goods have been shipped. Commission income is recognized on receipt of credit.

Revenue from long term construction contracts is recognized on the percentage of completion method. Contract revenue and contract costs relating to construction contracts are recognized as revenue and expenses respectively by reference to stage of completion of contract activity at the balance sheet date. Stage of completion is determined on the basis of evaluation made by the customer, consultant or engineer. Expected losses on contracts are recognized as an expense immediately.

In respect of certain sales contracts, the price differentials are accounted for in the year in which they are finally determined.

Refunds of customs duty and sales tax for goods sold to the government specified areas and projects are accounted for on receipt basis and credited to purchases.

2.13 Marketable Securities

Marketable securities are valued at lower of cost or market value.

3. Issued, Subscribed and fully paid-up capital

Ordinary shares of Rs 10 each

1996 1995
Rupees in thousand

2,118,300 issued for cash	21,183	21,183
81,700 issued for consideration other than cash	817	817
4,099,480 issued for cash as right shares	40,995	40,995
1,526,800 issued as bonus shares	15,268	15,268
-----	-----	-----
7,826,280	78,263	78,263
=====	=====	=====

Siemens Aktiengesellschaft, Germany held 4,973,680 ordinary shares (1995:4,973,680 ordinary shares) of Rs. 10 each of the Company as at September 30,1996.

Rupees in thousand
Note 1996 1995

4. Reserves

Movement in and composition of reserves is as follows:

Capital reserves

Share premium

At the beginning and end of the year	24,969	24,969
--------------------------------------	--------	--------

Other

At the beginning and end of the year	4,300	4,300
--------------------------------------	-------	-------

29,269 29,269

Revenue reserves

Asset replacement reserve

At the beginning of the year	150,000	121,000
------------------------------	---------	---------

Transfer from profit and loss appropriation account	58,000	29,000
---	--------	--------

208,000 150,000

At the end of the year

General

At the beginning of the year	310,000	170,000
------------------------------	---------	---------

Transfer from profit and appropriation account	147,000	140,000
--	---------	---------

457,000 310,000

At the end of the year

665,000 460,000

694,269 489,269

=====

5. Redeemable capital (non- participatory)

Secured

National Investment Trust Limited	5.1	120,066	135,755
-----------------------------------	-----	---------	---------

Less: Current maturity of redeemable

capital shown under current liabilities	17,970	15,689
---	--------	--------

102,096 120,066

=====

5.1 The Company has entered into an Investment Agreement with National Investment Trust Limited (NIT) for the sale and repurchase of 'investment property' under which the Company has issued in favour of NIT or their nominee 'term finance certificates' (TFCs) of the amount of purchase price payable to NIT as referred to in paragraph 5.1.2 below.

5.1.1. Under the Investment Agreement, the Company has agreed to sell the 'investment property', when acquired, to NIT for a sum of Rs. 150 million.

5.1.2 The Company has also agreed to purchase the 'investment properly' from NIT for a sum of Rs. 307.569 million which amount is redeemable in twelve instalments according to the following repayment schedule:

Repayment date	Instalments Rupees in thousand
Repaid upto 30.09.1996	136,434
Repayable on or before 28.12.1996	17,114

28.06.1997	17,114
28.12.1997	17,114
28.06.1998	17,114
28.12.1998	17,114
28.06.1999	17,113
28.12.1999	17,113
28.06.2000	17,113
28.12.2000	17,113
28.06.2001	17,113

	307,569
	=====

5.1.3 Financial charge has been allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

5.1.4 The TFCs are secured by an unconditional guarantee issued by Deutsche Bank, Karachi, which is in turn secured by the Company's counter guarantee and equitable mortgage of Company's immovable properties.

5.1.5 In view of the substance of the transactions, sale and repurchase of assets referred to above and in note 7 below have not been recorded in these accounts.

	Note	1996 Rupees in thousand	1995
6. Long-term liabilities			
Long-term retention money		2,174	33,458
		-----	-----
		2,174	33,458
		=====	=====
Short-term finances			
(Under mark-up arrangements and accrued mark-up and central excise duty thereon)			
From banking companies			
Running finances including export refinance	7.1 & 7.2	409,500	7,186
Accrued mark-up		11,117	6,831
Accrued central excise duty		328	6
		-----	-----
		420,945	14,023
		=====	=====

7.1 Running finances

The Company has arranged short-term running finances from various banks. Under these arrangements the aggregate sale price of Rs.543.600 million (1995: Rs.361.600 million) represents funds made available from different banks against which the aggregate purchase price (net of prompt payment rebates) eventually payable to those banks on or before September 30, 1996 has been determined to be Rs.619.752 million (1995 : Rs.414.222 million). The mark-up on these short-term running finances ranges between Rs.0.3836 to Rs.0.3900 per Rs. 1,000 per diem or pad thereof on the price outstanding. If the Company makes default in repaying the above aggregate purchase price by their respective due dates then the aggregate purchase price will increase to Rs.678.537 million (1995: Rs.450.541 million). Finances under mark-up arrangements are secured by the joint hypothecation of stocks of finished goods, work-in-process, raw materials, components and present and future trade debts.

7.2 Other facilities granted by the banks and amounts remaining unutilized thereof as at September 30, 1996 are as follows:

	Rupees in thousand	
	1996	1995
Export refinance		
(including for supplies against international tenders)		
- limit		
- unutilized portion	95,000	95,000
Letters of credit	95,000	95,000
- limit		
- unutilized portion	1,000,312	527,131
	854,360	366,289
	=====	=====
Guarantees		
- limit	3,432,159	2,520,001

- unutilized portion	1,688,714	952,613
	=====	=====

8. Creditors, accrued expenses and other liabilities

Creditors	195,049	168,207
Accruals		
For contract obligations	115,259	112,148
Others	163,055	156,266
Unexpired portion of maintenance contracts	2,122	1,831
Bills payable	19,077	12,414
Accrued interest on secured loan	1,048	-
Accrued mark-up on redeemable capital	4,217	4,768
Warranty obligations and other contingencies	48,050	57,963
Sales tax	24,245	17,113
Provision for penalty	1,000	1,000
Workers' profits participation fund - note 9	20,400	14,685
Workers' welfare fund	6,163	6,312
Other liabilities	13,746	5,845
	-----	-----
	613,431	558,552
	=====	=====
Amount payable to associated undertakings included in creditors, accrued expenses and other liabilities	20,810	6,189
	=====	=====

9. Workers' profits participation fund

Balance at the beginning of the year	14,685	9,554
Add: Interest paid on funds utilized in Company's business	1,652	806
	-----	-----
	16,337	10,360
Less: Amount paid to fund's trustees	16,337	10,360
	-----	-----
	-	-
Add: Amount allocated for the year	20,400	14,685
	-----	-----
Balance at the end of the year	20,400	14,685
	=====	=====

10. Contingency and commitments

10.1 There existed at September 30, 1996 contingent liability amounting to Rs. 3.084 million in respect of guarantees to a financial institution against loans given to the Company's executives.

10.2 At September 30, 1996 capital expenditure contracted for but not incurred amounted to Rs. 26.379 million (1995:Rs.3.915).

10.3 The Company has acquired certain plant and machinery, equipment and vehicles on lease. Commitments for minimum lease payments under such non-cancellable operating leases entered into by the Company are as follows:

Years		
1995-96	-	29,363
1996-97	18,679	18,679
1997-98	7,859	7,901
1998-99	1,564	1,564
	-----	-----
	28,102	57,507
	=====	=====

11. Operating assets

11.1 The following is a statement of operating assets:

Cost at	Cost at	Accumulated	Accumulated	Net book	Depreciation
---------	---------	-------------	-------------	----------	--------------

	October 1, 1995	Additions/ (deletions)	September 30, 1996	depreciation October 1, 1995	depreciation at September 30, 1996	value at September 30 1996	Rates as a % of cost	for the year Amount
Leasehold lands	53,149		53,149	6,079	7,407	45,742	2.50	1,328
Buildings on leasehold	69,844	2,194	72,038	15,203	17,263	54,775	2.5 & 10	2,058
Plant and machinery	104,881	13,045 (843)	117,083	73,100	82,881	34,202	10,20 & 25	10,593
Tools and patterns	56,834	3,149 (24)	59,959	56,145	58,385	1,574	50	2,264
Furniture and equipmen	85,390	24,469 (2,742)	107,117	64,466	79,862	27,255	20 & 33.3	17,845
Transport	17,389	13,611 (1,203)	29,797	14,889	19,736	10,061	25 & 50	5,451
1996	387,487	56,468 (4,812)	439,143	229,882	265,534	173,609		39,539
1995	370,804	18,667 (1,984)	387,487	201,604	229,882	157,605		29,963
	=====	=====	=====	=====	=====	=====	=====	=====

11.2 Details of disposal of some operating assets during the year:

Original Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Mode of Disposal	Name and address of purchaser
Furniture & equipment					
154	123	31	100	Tender	Esbahani Industries D-111, Central Avenue, SITE
27	18	9	33	Insurance Claim	EFU General Insurance Karachi House, Karachi
100	33	67	0	Misplaced	
130	104	26	15	Tender	Mr. Atta, Wapda Colony Guddu.
30	24	6	0	Scrapped	
25	20	5	25	Negotiation	Mr. Ghulam Rasool Solangi Shahi Bazar, Guddu.
85	17	68	75	Trade - In	Jaffer Brothers(Pvt) Ltd Abdullah Haroon Road,
13	8	5	0	Scrapped	
27	16	11	0	Scrapped	
13	13	0	0	Company Policy	Mr. Ahmed All Executive
13	13	0	0	Company Policy	Mr. Sohail Wajahat Executive
13	13	0	0	Company Policy	Mr. Rizwanullah Executive
13	13	0	0	Company Policy	Mr. K.D.V. Ansari Executive
20	12	8	8	Negotiation	Mr. D' Cruz Former Executive
17	3	14	14	Negotiation	Mr. Artwet Assi Former Executive
20	4	16	16	Negotiation	Mr, A. Razzak Former Executive
20	0	20	20	Negotiation	Mr. Majid Latif Former Executive

Transport	599	0	599	625 Insurance Claim	EFU General Insurance Karachi House, Karachi
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Rupees in thousand
1996 1995

12. Capital work-in-progress

Building under construction	38,253	540
Plant and machinery under installation	6,472	976
Tools and patterns	-	796
Others	16,747	-
	-----	-----
	61,472	2,312
	=====	=====

13. Deferred taxation

This is composed of the following:

Debit balances arising in respect of provisions for

- employees retirement gratuities	109	14,866
- employees long service bonus	403	1,915
- other liabilities and accruals	2,936	20,604
- doubtful debts and trade deposits	3,058	17,795
Discounting of long-term trade debts and security deposits	400	2,943
Balance arising due to accelerated accounting depreciation allowances	480	1,462
	-----	-----
	7,386	59,585
	=====	=====

14. Long-term trade debts, deposits, prepayments and other receivables

Trade debts

Secured - others	-	3,047
Unsecured		
Associated undertaking	365	1,302
Others	37,387	42,375
Less: Discounting	7,139	8,819
	-----	-----
	30,613	37,905

Security deposits	1,959	23,871
Less: Discounting	-	98
	-----	-----
	1,959	2,289

Non-current portion of prepaid rentals and
insurance premiums

	-	26
	-----	-----
	32,572	40,220
	=====	=====

15. Stocks

Raw materials and components	310,912	239,350
Goods-in-transit	115,528	28,333
Work-in-process	124,617	119,863
Supply and erection contracts-in-progress	368,329	181,697
Finished goods	85,389	85,518
	-----	-----
	1,004,775	654,761
Less: Advances from customers	539,576	565,975
	-----	-----
	465,199	88,786
	=====	=====

16. Trade debts

Considered good		
Secured	30,583	12,091

Unsecured		
Due from associated undertakings	12,860	48,552
Others	955,769	729,615
	-----	-----
	968,629	778,167
	-----	-----
	999,212	790,258
Considered doubtful- others	52,730	52,077
	-----	-----
	1,051,942	842,335
Less: Provision for doubtful debts	52,730	52,077
	-----	-----
	999,212	790,258
The maximum amount due at the end of any month during the year from associated undertakings	=====	=====
	125,204	90,791
	=====	=====

17. Loans

Considered good

This amount represents loans given to Company's employees other than executives

	31	43
	=====	=====

18. Advances

Considered good

Advances to

Suppliers

44,946 38,379

Others

3,054 790

Advances to

Executives

1,812 411

Other employees

856 796

	-----	-----
	2,668	1,207
	-----	-----

	50,668	40,376
	=====	=====

The maximum amount due at the end of any month during the year from

Executives	2,361	411
	=====	=====

19. Trade deposits and short-term prepayments

Trade deposits

21,099 21,318

Short-term prepayments

14,257 17,837

	-----	-----
	35,356	39,155
	-----	-----

Less: Provision for doubtful trade deposits

1,769 1,846

	-----	-----
	33,587	37,309
	=====	=====

Marketable securities (un-quoted)

Japan Power Generation Limited.

1,000,000 ordinary shares of Rs. 10 each.

10,000 -

Mr. Zafar Mahmood is the Chief Executive of the Company.

	=====	=====
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21. Other Receivables

Due from

Associated undertakings

8,288 12,324

WAPDA

1,530 869

Others

2,687 3,189

Interest receivable

4,476 3,649

	-----	-----
	16,981	20,031
	=====	=====

The maximum amount due at the end of any

month during the year from associated undertakings	8,288	12,324
--	-------	--------

=====	=====	=====
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22. Cash and bank balances

Cash in hand	-	431
Cheques in hand	8,156	8,115
Balances with banks		
Current accounts	51,581	6,540
Deposit accounts	134,323	104,067
Amount placed with banks under special arrangements	-	100,000

-----	-----	-----
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194,060	219,153	
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=====	=====	=====
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23. Net Sales

Gross sales		
Local	2,569,346	2,241,970
Export	11,529	5,116

-----	-----	-----
-------	-------	-------

2,580,875	2,247,086	
-----------	-----------	--

Less: Commission	1,039	266
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-----	-----	-----
-------	-------	-------

2,579,836	2,246,820	
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=====	=====	=====
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23.1 Goods purchased for resale

The profit and loss account includes the following operational results of goods purchased for resale:

Sales	204,621	93,494
Less: Cost of goods sold	173,610	80,639

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31,011	12,855	
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Less: Selling and administration expenses allocated	23,655	10,976
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7,356	1,879	
-------	-------	--

Profit on trading		
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=====	=====	=====
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24. Cost of goods sold

Opening stock of finished goods	85,518	34,268
Cost of goods manufactured and services rendered - note 24.1	1,878,041	1,830,811
Finished goods purchased	45,079	35,101

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2,008,638	1,900,180	
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Less: Closing stock of finished goods	85,389	85,518
---------------------------------------	--------	--------

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Cost of goods sold	1,923,249	1,814,662
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=====	=====	=====
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24.1 Cost of goods manufactured and services rendered

Opening stock		
Raw materials and components	239,350	315,550
Goods-in-transit	28,333	46,151
Work-in-process	119,863	144,891
Supply and erection contracts-in-progress	181,697	236,073

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-------	-------	-------

569,243	742,665	
---------	---------	--

Purchases	1,731,262	1,223,775
Salaries, wages and employees welfare cost - note 25.1	247,134	243,615
Fuel, power and water	34,682	28 284
Repairs and maintenance	24,365	17 010
Stores and spares	14 042	7 743

Rent, rates and taxes	5,591	3 466
Rentals of non-cancellable operating leases	20 136	23 769
Insurance	32,719	26 936
Depreciation	26,624	20,972
Travelling and conveyance	48 210	35,092
Stationery, telex and telephone	26 935	20,384
Other manufacturing expenses	31,472	17,820
	-----	-----
	2,812,415	2,411,531
Less: Closing stock		
Raw materials and components	310,912	239,350
Goods-in-transit	115,528	28,333
Work-in-process	124,617	119,863
Supply and erection contracts-in-progress	368,329	181,697
	-----	-----
	919,386	569,243
	-----	-----
	1,893,029	1,842,288
Less:		
Transfers to fixed assets	1,418	886
Services charged and expenses allocated to selling and administration	893	1,117
Sale of scrap net of sales tax	11,306	8,101
Services charged and expenses allocated to research and development	1,371	1,373
	-----	-----
	14,988	11,477
	-----	-----
	1,878,041	1,830,811
	=====	=====

25. Selling and administration expenses

Salaries, wages and employees welfare cost - note 251	127,045	116,357
Fuel, power and water	8,581	5,990
Repairs and maintenance	7,202	8,573
Advertising and sales promotion	3,813	3,138
Rent, rates and taxes	8,959	7,862
Rentals of non-cancelable operating leases	7,128	6,871
insurance	3,333	2,804
Auditors' remuneration - note 32	670	887
Bad debts net of recoveries of amounts written off in previous years	-	250
Liquidated damages for late deliveries net of recoveries	18,322	2,325
Provision for doubtful debts, trade deposits and other receivables	576	10,728
Depreciation	12,915	8,991
Traveling and conveyance	26,791	21,508
Transportation charges	35,896	25,711
Stationery, telex and telephone	24,392	32,792
Donations - note 34	579	105
Other expenses	11 735	11,378
Recovered expenditure	(589)	(3,510)
Services charged and expenses allocated by manufacturing units	893	1,117
	-----	-----
	298,241	263,877
	=====	=====

25.1 Salaries, wages and employees welfare cost shown under cost of goods manufactured and services rendered (note 24.1) and selling and administration expenses (note 25) include;

- Gratuity	(14,196)	9,181
- Provident Fund	9,708	8,596

26. Other income

Profit on sale of fixed assets	1,001	1,058
Balances no longer payable written back	-	80
Others	329	38

	-----	-----
	1,330	1,176
	=====	=====
27. Financial Charges (net)		
Interest		
- on long-term loan	-	678
- on workers' profits participation fund	1,652	806
	-----	-----
	1,652	1,484
Mark-up on redeemable capital	17,987	20,049
Mark-up on short-term finances	26,931	13,695
Charges on finances under export refinancing scheme	(1,785)	3,907
Exchange loss/(gain)	(6,111)	4,180
Commission on guarantees	4,820	4,581
Bank charges for services	3,055	1,165
Excise duty on short-term finances	2,156	1,046
	-----	-----
Gross financial charges	48,705	50,107
Less: Financial income		
Mark-up from trade debtors		
- associated undertakings	5,851	11,021
- others	765	2,495
Income on amounts placed with banks		
- under special arrangements	1,100	796
- under deposit account	4,402	4,420
Interest on other receivables	35	30
	-----	-----
Total financial income	12,153	18,762
	-----	-----
Net financial charges	36,552	31,345
	=====	=====
28. Other charges		
Research and development	1,827	1,418
Discounting of long-term trade debts and deposits	(1,778)	(6,982)
Workers' profits participation fund	20,400	14,685
Workers' welfare fund	5,673	6,374
	-----	-----
	26,122	15,495
	=====	=====
29. Taxation		
Current		
For the year	101,638	89,979
For prior years	(2,218)	(10,441)
	-----	-----
	99,420	79,538
Deferred		
For the year	2,743	(4,965)
For prior years	49,456	4,965
	-----	-----
	52,199	-
	-----	-----
	151,619	79,538
	=====	=====
30. Cash generated from operations		
Profit before taxation	380,284	271,826
Adjustment for non cash charges and other items:		
Depreciation	39,539	29,963
(Profit) on sale of fixed assets	(1,001)	(1,058)
Provision for employees retirement gratuities	(14,196)	9,181
Provision for employees long service bonus	1,950	1,199
Financial charges (net)	36,552	31,345

Working capital changes - note 30.1	(533,667)	(36,353)
	-----	-----
	(90,539)	306,103
	=====	=====

30.1 Working capital changes

Decrease/(increase) in current assets		
Stocks	(376,413)	270,799
Trade debts	(208,954)	(200,562)
Loans	12	(10)
Advances	(10,292)	56,272
Trade deposits and short-term prepayments	3,722	(11,235)
Other receivables	3,876	(177)
	-----	-----
	(588,049)	115,087
(Decrease)/increase in current liabilities		
Creditors, accrued expenses and other liabilities	54,382	(151,440)
	-----	-----
	(533,667)	(36,353)
	=====	=====

31. Cash and Cash equivalents

Cash and bank balances-note 22	194,060	219,153
Short-term finances under mark-up arrangements-note 7	(409,500)	(7,186)
	-----	-----
	(215,440)	211,967

32. Auditors' remuneration

Audit fee	328	285
Tax representation and advisory services	-	355
Special reports and certifications, audits of workers' profits participation/gratuity funds and other services - note 32.1	280	173
Out of pocket expenses	62	74
	-----	-----
	670	887

32.1 These also include professional charges relating to previous auditors.

33. Long term construction contracts

Contract revenue for the year	504,253	596,016
Contract costs incurred to date	1,691,481	1,437,006
Recognized profit to date	70,257	55,699
Advances received	194,717	294,791
Retention money receivable	128,867	36,956
Unbilled Cost	119,381	54,360

34. Donations

No director or his spouse has any interest in the donee's fund except Mr. S.Babar Ali, who is member of Layton Rahmatullah Benevolent Trust and President of W.W.F. World Wild Fund to which donation of Rupees one hundred thousand and Rupees thirty thousand respectively (1995: Rs.100,000 & Rs. Nil respectively) was given during the year.

35. Penalties

The Company has paid Rupees twenty seven thousand four hundred and twenty seven (1995: Rupees one hundred and ten thousand) as penalties during the year to the Collector of Customs, Government of Pakistan.

36. Remuneration of Chief Executive, Alternate Directors and Executives

The aggregate amounts charged in the financial statements in respect of remuneration and fringe benefits of the chief executive, alternate directors and executives of the Company are as follows:

1996		1995	
Chief Executive	Alternate Directors	Chief Executive	Alternate Directors
(Rupees in thousand)		(Rupees in thousand)	
		Executives	Executives

Managerial remuneration	2,265	3,323	106,221	2,162	2,576	88,550
Retirement benefits and Company's contribution to provident fund	-	164	4,809	-	679	14,020
Perquisites and benefits:						
Rent, utilities and maintenance	205	1,909	3,828	159	1,335	4,609
Group insurance		6	514	-	5	378
Club subscriptions	25	41	38	25	21	61
Long service bonus	-	-	635	-	-	469
Medical expenses and leave fares	2	69	2,759	62	153	5,527
	-----	-----	-----	-----	-----	-----
	2,497	5,512	11 8,804	2,408	4,769	11 3,614
	=====	=====	=====	=====	=====	=====
Number of persons	1	3	278	1	3	220

36.1 In addition to the above remuneration and fringe benefits of fifty one (1995: Fifty five) expatriate executives hired for certain projects amounted to Rs. 14.891 million (1995: 15.631 million).

36.2 The aggregate amount charged in these accounts in respect of directors' fees paid to six directors and their alternates (1995: seven directors) was Rupees five thousand (1995: Rupees four thousand).

36.3 The Chief Executive, alternate directors and thirty six executives (1995: thirty one) have been provided with free use of Company's cars and the Chief Executive has also been provided with Company's owned and maintained unfurnished accommodation.

36.4 The Chief Executive, alternate directors and one hundred and twelve executives (1995: one hundred and twelve executives) have been provided with telephone facility at their residences.

37. Transactions with associated undertakings

	1996	1995
	Rupees in thousand	
Sales	237,562	129,258
Purchases	151,135	87,738
Commission earned	73,379	107,794
Interest income	5,851	11,021
Recovered expenditures	559	3,480
Commission paid	599	246

38. Plant capacity and actual production

	Sanctioned/ Installed Capacity	Actual Production 1996	Actual Production 1995
Electric motors	300,000 HP	163,213 HP	151,234 HP
Motors controlgears and controlboards	150,000 HP	16,998 HP	19,360 HP
Electric transformers	2,000 MVA	1,226 MVA	1,228 MVA
Generating sets	40,000 KVA	6,060 KVA	24,895 KVA
Switchgears and distribution boards	4,500 Nos.	2,348 Nos.	1,809 Nos.
Electro-medical equipment	350 Nos.	7 Nos.	3 Nos.

The under utilization of capacity is mainly attributed to lack of orders as well as imports by the private and public sectors.

39. Comparative figures

Prior year figures have been reclassified, wherever necessary, for the purposes of comparison.

Pattern of Holdings of the Shares as at September 30, 1996

Number of Shareholders	Shareholding		Total Shares held
	From	To	
332	1	100	shares 13,830
604	101	500	shares 133,860
62	501	1 000	shares 46,080
50	1,001	5,000	shares 98,750
6	5,001	10,000	shares 40,420

2	10,001	15,000	shares	22 660
1	15,001	20,000	shares	15,970
2	25,001	30,000	shares	56,520
1	250,001	300 000	shares	286,330
1	2,135,001	2,140,000	shares	2,138,180
1	4,970,001	4,975,000	shares	4,973,680
-----				-----
1,062				7,826,280
=====				=====

Categories of Shareholders	Number	Shares held	Percentage
Individuals	1,048	331,720	4.20
Investment companies	2	2,145,920	27.40
Insurance companies	5	346,360	4.40
Joint stock companies	2	4,980,610	63.60
Financial institutions	2	5,880	0.10
Modaraba companies	2	4,000	0.10
Others			
1) Habib Bank Limited	1	11,790	0.20
A/c. Mohammad Amin			
Wakf Estate			

	1,062	7,826,280	100%
=====			

Siemens Nationwide

	Address	Telephone	Fax	Telex
Karachi				
Corporate Management	Ilaco House	(021) 5662200-19	(021) 5680341	20541 SIEK PK
Private Networks	Abdullah Haroon Road		(021) 5684679	
Medical Engineering	P.O. Box 7158			
Power Generation	Karachi - 74400			
Transmission & Distribution				
Industries; Building Systems and Automation				
Transformers	B - 72, S.I.T.E.	(021) 2574910-19	(021) 2563563	21618 MTF GM PK
Switchboards	Karachi - 75700		(021) 2577790	
Motors & Alternators			(021) 2577791	
Diesel Generating Sets			(021) 2578804	
Field Services/Traffic Control Systems			(021) 2578804	
Standard Products				
Lahore				
Regional Management	State Life Building	(042) 6278758-10	(042) 6370936-7	44874 SIEL PK
Medical Engineering -	34-A, Sir Aga Khan Rd.	(042) 6368374	(042) 6363126	
Transportation Systems	RO. Box 293	(042) 6370932	(042) 6370932	
Solar				
Branch Offices	Lahore - 54000			
Field Services	67, Shah Jamal, Lahore	(042) 7561603-4	(042) 7561609	
Medical Engineering - Service		(042) 7580938	(042) 7561742	
Islamabad				
Regional Management	23 West Jinnah Ave.	(051) 272200-14	(051) 272223	5855 SLEIB PK
Telecommunication	RO. Box 1129		(051) 272219	
Branch Offices	Islamabad - 44000			
Representative Offices				
Quetta				
	5-6 Patel Bagh	(081) 831311-2	(081) 831313	
	Off :Quarry Road			
	RO. Box 21			
	Quetta- 87300			
Peshawar				
	Defence Officers	(0521) 276029	(0521) 276187	

Colony
Street No. 4
RO. Box 341
Peshawar - 25000

Faisalabad

1st Floor, Chenab Plaz (0411) 717556 (0411) 717336
16, Chenab Market
Susan Road,
RO. Box 2018
Faisalabad - 38000