

Siemens (Pakistan) Engineering Company Limited

Annual Report 2001

Corporate Objectives

* Our prime objective is to offer 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.

Siemens - Global network of innovation

Corporate Structure

Chief Executive Officer

Divisions

Information &
Communication,
Medical Solution

Power
Transmission &
Distribution

Industrial, Power
Project & Technical
Services

Automation,
Drives,
Standard Products

Finance &
Business
Administration

Business Units

Information &
Communication,
Public Networks

Transmission &
Distribution

Industrial Projects

Diesel Generating
Sets

Central Depts. **Corporate Depts.**
Finance & Human
Controlling Resources

Private Carriers
Networks

Transformers

Process
Automation

Motors and
Alternators

Security & Industrial
General Services Relations

Enterprise
Networks

Switchboards

Engineering &
Construction

Standard Products

Organization & Quality
Information

Medical Solution

Services

Maintenance &
Services

Household
Appliances

Audit Communication

Special systems

Power Generation

Rail Transportation

Information
Technology

Solar Systems

Siemens AG's other investments in Pakistan

Telephone Industries of Pakistan (Pvt) Limited, Haripur
Carrier Telephone Industries (Pvt.) Limited, Islamabad
Rousch (Pakistan) Power Limited, Abdul Hakim

Regional Offices
Karachi, Lahore, Islamabad, Quetta, Peshawar

Contents

Company Information & Siemens Pakistan at a glance
Directors' Report
Managing Director's General Review
Company Performance
Management Report Business Segments
Information & Communication, Medical Solutions
Power Transmission & Distribution
Industrial, Power Projects & Technical Services
Automation, Drives, Standard Products
Locally Manufactured Products & Services
Notice of Meeting
Auditors' Report to the Members
Balance Sheet
Profit and Loss Account
Cash Flow Statement
Statement of Changes in Equity
Notes to the Accounts
Pattern of Shareholding
Siemens Nationwide

Company Information

Board of Directors

Syed Babar Ali, Lahore	Chairman
Sohail Wajahat Siddiqui, Karachi	Managing Director
Karl-Friedrich Hunke, Munich	Director
Tariq Iqbal Khan, Karachi	Director (co-opted on 18.10.2001)
Konrad Pernstich, Erlangen	Director
Rolf Schlotfeldt, Munich	Director
Masood Karim Shaikh, Karachi	Director (co-opted on 24.09.2001)
Abdul Latif Uqaili, Karachi	Director (upto 17.10.2001)
Dr. Amjad Waheed, Karachi	Director (upto 23.09.2001)
Mohammad Haleem Khan	Company Secretary

Management

Sohail Wajahat Siddiqui	Chief Executive Officer
Tertius Vermeulen	Chief Financial Officer
Parvez Iftikhar	Information & Communication, Medical Solutions Division
Mohammad Ilyas	Power Transmission & Distribution Division
Nasim A. Siddiqui	Industrial, Power Projects & Technical Services Division
Sohail Wajahat Siddiqui	Automation, Drives, Standard Products Division

Bankers

ABN Amro Bank
American Express Bank Limited
Citibank NA
Deutsche Bank AG
Habib Bank Limited
Hongkong & Shanghai Banking Corporation Limited
Mashreq Bank psc
Muslim Commercial Bank Limited
Societe Generale, The French and International Bank
Standard Chartered Bank
Standard Chartered Grindlays Bank Limited
Union Bank Limited

Auditors

Taseer Hadi Khalid & Company, Karachi

Legal Advisor

Syed Imran Bokhari, Advocates, Lahore

Registered Office

B-72, Estate Avenue, Sindh Industrial Trading Estates
Karachi-75700

Siemens Pakistan at a glance*Rupees in '000*

<i>As at September 30</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
Reserves & share capital	969,896	1,166,023	1,168,671	1,317,797	1,469,942
New orders	2,273,846	2,862,009	3,295,311	5,371,934	4,130,505
Sales	3,065,315	2,632,576	3,327,335	3,582,253	4,460,459
Export of goods & services	108,860	150,118	181,368	304,311	555,168
profit after tax	220,608	219,606	114,173	266,521	253,887
as a percent of sales (%)	7.2	8.3	3.4	7.4	5.7
as a percent of equity (%)	22.7	18.8	9.8	18.6	17.3
Dividend	23,479	88,046	46,958	117,395	101,742
as a percent of share capital (%)	30	112.5	60	150	130
Earnings per share-Rs.	28.19	28.06	14.59	34.06	32.44
Number of permanent employees	1,256	1,218	1,207	1,221	1,252

Directors' Report

Dear Shareholders,

I am pleased to present the Directors' report and the audited accounts for the year ended September 30, 2001 along with the Auditors' report.

Changes in the Board of Directors

The election of Directors was held on December 11, 2000 in an Extra-ordinary General Meeting of the Shareholders. All the Directors were re-elected except for Mr. Klaus Voges and Mr. Asadullah Khawaja who retired and in their places Mr. Konrad Pernstich and Mr. Abdul Latif Uqaili were elected respectively.

Dr. Amjad Waheed resigned w.e.f. September 23, 2001 and in his place Mr. Masood Karim Shaikh was co-opted. Mr. Tariq Iqbal Khan was co-opted vice Mr. Abdul Latif Uqaili w.e.f. October 18, 2001.

On behalf of the Board I express my sincere thanks and appreciation to Mr. Asadullah Khawaja, Dr. Amjad Waheed, Mr. Klaus Voges and Mr. Abdul Latif Uqaili for their valuable services to the Board and welcome Mr. Masood Karim Shaikh, Mr. Tariq Iqbal Khan and Mr. Konrad Pernstich on the Board.

Financial Statements

The financial statements of the company have been audited and approved without qualification by Taseer Hadi Khalid & Company.

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 Board commends the performance of the Management of the Company in achieving good result in the background of difficult economic environment prevailing in the country. The Board appreciates the efforts of the Management in increasing exports of the Company and assures its continued support in achieving Company's objectives.

The Board endorses the contents of the Management report attached hereto.

It is proposed to appropriate the net income of the Company as under:

(Rupees in thousand)

Net profit for the year after taxation	253,887
Unappropriated profit brought forward	265

Available for appropriation	254,152
Appropriations	
Transfer to asset replacement reserve	(79,000)
Transfer to revenue reserve - general	(73,000)

Proposed final dividend @ 130%	(101,742)

	(253,742)

Unappropriated profit carried forward	410

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

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

The statement of pattern of the shareholding of the Company as at 30 September, 2001 is shown on page 47.

On behalf of the Board

S. Babar Ali
Chairman

November 22, 2001

Management Report

General Review

The prevailing recessionary conditions in the country were further compounded by the global slowdown and September 11 tragedy. The lack of progress with the privatisation programme and the further decline in governmental infrastructure projects together with the stagnation in private sector capital investment led to fierce competition in a shrinking market.

We tried to offset this by diversification through export and new business fields and strict asset management. Export Sales increased by 83% to US \$ 8.9 million compared to the previous year and our IT business expanded exponentially.

The decline in New Orders by 23% to Rs. 4.1 billion is attributable to the lack of expansion in the local power and distribution sector.

The sharp increase in sales of 25% to Rs. 4.5 billion is mainly due to the execution of a power grid station project.

The gross profit and profit before tax decreased by 6% as the price erosion due to the competitive market could only be offset partially through cost savings.

Profit after tax, however decreased by 5%, as savings achieved in financial charges led to net financial income. This was made possible by the execution of a comprehensive asset management programme.

Despite the adverse economic situation we continued our policy of capital investment for modernization and improvement to remain ahead of the competition. The investment for the year amounted to Rs. 147 million in plant and machinery, transport and IT equipment.

We paid to the Exchequer Rs. 577 million as duties and taxes.

As a good corporate citizen we continued our contribution in the area of environmental protection. In the field of education we give awards to the best students of engineering universities in Pakistan besides scholarships to students for tertiary education in Medicine, Engineering and Business fields.

We thank all our Managers, Officers and Workers for their dedicated and devoted efforts towards achieving these results in the background of a difficult economic situation.

Sohail Wajahat Siddiqui
Managing Director &
Chief Executive Officer

Information & Communication, Medical Solutions

Sales	Rs. 551 million	9%
New Orders	Rs. 609 million	5%

Information & Communication (Public Networks)

Major orders include one from PTCL for the replacement of various EMD Exchanges having 300,000

lines with the world- renowned EWSD digital switching system. We are providing the capability in selected Exchanges in major cities of Pakistan for next generation services such as Internet supplementary services, ADSL, Data offload etc. Another order has been received from PTCL for 600 S-RAL Digital Radio Terminals to be installed to expand PTCL's Telephony infrastructure in the country.

Services

This Unit is also providing services to the customers in Pakistan and around the world. Our service experts are now recognized nationally as well as internationally.

In order to maintain quality service and quick response to the customers we have established Service Centers in all major cities of Pakistan. Our engineers are trained on various technologies i.e. EWSD, D900, SDH, Radio, RBS, Access Network, Intelligent Network, Internet solutions to cater for the needs of domestic and international market.

Pakistan's domestic market has a great potential for expansion and we have been able to train and sell the services in the domestic market for all the above technologies. Our engineers are in the International pool of Service Division of Siemens AG and have successfully executed projects in European and Asian countries.

In order to be able to react in the shortest possible time to the market requirements and to improve the quality of our manpower we have established a Training Center with the latest testing equipment.

Our test exchange is utilized to test new features and network solutions for EWSD and D900 switches. We have added S-RAL digital microwave radio system and ONU (Optical Network Unit) to our test facility and are in the process of adding SDH family with Network management system. Radio Base station is also to be added to the facility in the near future.

The above test facility will serve as the basis for testing and developing complete network solutions for the IT market thereby ensuring the emergence of yet another Competence Center in the house of Siemens.

Private Carrier Networks

Pakistan Telecommunication Industry is gradually being de-regulated, inviting new opportunities for private investors to set up their infrastructure to either deliver voice and data applications or deliver content like Internet, Video, etc. to the general public.

Private Carriers Business Unit was established with this concept in mind back in mid-98 to serve such potential operators in establishing their networks. We have 10 ISP set-ups in Karachi alone. The Unit provides complete, single-source solutions for the rapidly growing information and communication market in the private sector, offering products, systems, service and support for set-up and care of complete carrier networks. This includes service and consultation for commissioning to user training. Presently we are performing network upgrade for Mobilink and for several ISPs.

The strategic approach is to transfer the networks of today to the Information Highway of tomorrow. Our strategy of 'A Universe of One (TM)' with its optimized solutions is the Siemens concept for present and future networks. It covers our whole portfolio of products and services.

Enterprise Networks

The trade and industry remained stagnant affecting the growth in this sector.

Voice Business (Hicom)

Our Hicom 150E Office Com. Release 2.2 (less than 100 line systems) was successful. Orders of more than 100 systems were received despite tough competition from International and local manufacturing companies.

Successful launch of HICOM 150E Office pro (100 to 250 line systems) continued with greater market penetration. 25 systems were sold. We sold a higher percentage of digital terminals per system due to success of Optiset, the new digital telephone set.

We received orders also for Hicom 300E/H (more than 250 line systems) from prestigious organizations like President House, Lahore International Airport, LUMS, Shell Pakistan, Union Bank, Jang Group and Board of Intermediate & Secondary Education.

First Call Center Solution with unified messaging (integration of Voice, Fax, Email and Mobile SMS) was sold to DHL Pakistan. This is an opening of new business segment for Enterprise Network.

Partner Business (Data)

Enterprise data networking business has shown tremendous growth. We have supplied, installed and commissioned data communication solutions for our customers. These solutions included data switching solutions on Local Area Networks and Wide Area Networks as well as structured cabling solutions based on copper and optic fibre cables. Our customers range from leading edge local companies to multinational institutions.

With our local expertise and product portfolio from Siemens Global Partners, we are in the unique position to offer our customers best of class solutions. Our Global Partners are market leaders in their respective fields of specialization and offer solutions which address demands of specific market segments. These range from simple data switching solutions for small groups within an office; to complex connectivity solutions spread across the entire country using data switching and routing to address functionality, reliability and security issues.

Mobile Phone Business

The Government of Pakistan has announced zero custom duty and zero sales tax on mobile phones and also permitted import of mobile phones to recognized handset manufacturers and their representatives. This had a positive impact on our business. An order of 30,000 Mobile sets was received.

Services

The Service Contracts for Maintenance of Telephone

Systems have grown steadily. We have introduced the facility of Remote Maintenance for Hicom 150 systems for our customers to cut services cost and improve the service response resulting in better customer satisfaction.

Medical Solutions

During the year, the business of Medical Solutions achieved a higher growth compared to the previous years and we were able to increase our market share.

The major share of our business came from public sector.

Under a grant by KfW we supplied and installed 73 baby incubators in various hospitals of the Government of the Punjab. We also supplied various medical equipment to D.G. Health Services, Azad Kashmir, Civil Works, Islamabad and Health Services, Northern Areas.

In private sector we received an order from Neuro Spinal and Medical (Pvt) Ltd for Magnetom Concerto, a new generation of open MRI system with permanent magnet. Also, order for Linear Accelerator, Primus was received from Dr. Zia-ud-din Hospital Karachi and Cardiac Angiography machine from Gulab Devi Hospital, Lahore.

Special Systems

Special feature of the year was the successful completion of National Frequency Management & Monitoring System Project. The project entails state-of-the-art fixed and mobile monitoring stations and caters for frequencies in the MF-HF, VHF and UHF bands, including terrestrial, satellite and microwave signals. Presently the project is in the operation and maintenance phase and our engineers are successfully maintaining it. Another project nearing completion is UHF Extended Range ground-to-air Communication Project for Civil Aviation Authority.

An order has been received from the Civil Aviation Authority for supply, installation and commissioning of Control Tower Equipment for New Passenger Terminal Complex, Lahore International Airport. The project combines major systems like Weather Monitoring and Reporting, VHF Communication and Crisis Management.

Rail Transportation

The completed project of Track Circuiting at 94 stations is under one year Supervision and Maintenance. Rehabilitation of Pakistan Railways has assumed top priority of the Government which may provide business possibilities in future.

Solar Systems

Besides normal business with PTCL solar power was introduced for water pumping. A project for solar powered submersible pump was completed in a remote village of Distt. Sargodha. Solar power is a technology of future and we expect good business for solar power projects in remote areas of the country.

Power Transmission & Distribution

Sales Rs. 2,313 million +70%

New Orders Rs. 1,097 million 63%

Transmission & Distribution

Due to financial difficulties with our major customers in this field, no large order was received during the year. Work on orders already in hand progressed as planned. We are presently working on a project for 132 kV Substations for the Dubai Electricity & Water Authority. This project, for which besides other services, the complete engineering was done by us, is nearing completion. This project is a milestone and we intend to build on its success.

Our efforts for increasing export business continued. We have participated in tenders floated by utilities in the region like Iraq, Dubai and Bahrain and look forward to further success in the near future.

Another project which is fast nearing completion is Medium Voltage Power Distribution System for the new Lahore Airport Terminal Building.

Transformers

The domestic market which mainly consists of utilities and Industrial sector remained stagnant. Our efforts to expand the export business continued and bore results. Based on past performance in export markets, we received several new orders for Power and Distribution Transformers from Kuwait, Saudi Arabia, Philippines, Bangladesh etc. To serve local and export customers even better, we launched successfully a new plate type radiator design Distribution Transformer series with the advantages of compact size and improved electrical performance. Production of this new series was made possible by making a sizable investment in latest manufacturing equipment and extensive manpower training.

Switchboards

Business for the year under review showed a positive growth as compared to that of last year. Despite unfavourable investment climate both in the public & private sectors, a number of orders specially in the textile sector were successfully executed.

For the Medium Voltage panels manufactured for WAPDA, successful type-tests were carried out at independent Laboratories KEMA, Holland and Rawat, Pakistan. Supplementing the above was another large order of more than 100 Medium Voltage & Low Voltage panels which were supplied for the under construction Lahore International Airport Terminal Building.

Our continuous endeavors to compete in the Middle East resulted in the export of substantial number of MV package type sub-stations to Kuwait and LV Switchboards to UAE.

Another feature of our exports this year was the engineering services to Turkey.

Services

This Business Unit was formed a year ago with the specific purpose of providing all kinds of services, from regular maintenance to asset management of plant and equipment, related to Power Transmission and

Distribution. This year we were able to achieve our target for new orders.

Utility and Industry are now becoming increasingly aware of the fact that maintenance jobs should be outsourced and handled by the experts in the field in order to achieve maximum reliability and availability of plant and equipment.

On the enhanced services side, the Network Study of Engro Chemical Pakistan Ltd. was completed successfully and implementation of the results of the Study has started. Orders for such Network Studies and Consultancy are expected from the Utilities and large industrial customers in future.

Industrial, Power Projects & Technical Services

Sales	Rs. 1,054 million	15%
New Orders	Rs. 1,844 million	+34%

Industrial Projects

Due to incentives being offered by the Government of Pakistan the Oil & Gas sector is receiving interest of foreign investors. The Bosicor Refinery Project (30,000 BPD) is under execution. Under a contract with Taisei of Japan we will provide power supply, safety, ventilation and supervision control system for Kohat Tunnel, the first of its kind in Pakistan. This 1.8 KM Tunnel will provide an important link on the Indus Highway.

Process Automation

PAS continued to maintain its growth and its position as a Centre of Competence for the cement industry in the region.

In the International Market major orders include Sharjah Cement Project, UAE (Instrumentation and Control system) and the substation control system for Dubai Electric & Water Authority.

The unit has also maintained its position in the local market and is currently implementing Coal Mill solutions (Electrical and Automation Solution) in a number of cement plants in Pakistan.

PAS is also continuing to provide services of its engineers to Siemens Germany for a number of international cement projects.

Besides cement and substation control, significant orders have been received in Water Management (SCADA system and Electrical), chemical and sugar industry.

Engineering & Construction

The major projects include electrification works of prestigious Bagh-e-Quaid-e-Azam, mechanical erection of Steam Turbine for Al-Taweelah Power Project in Abu Dhabi.

In the mechanical erection activities we received orders for complete mechanical erection works of LASMO's Bhit Field, HVAC works for Lahore International Airport, mechanical works for BP Pakistan and LASMO Kadanwari.

In the electrical works, the major new orders include MCB Tower - Pakistan's tallest building and Khimji Building for Cardiac Services- Aga Khan University Hospital.

Maintenance & Services

The activities of this Business Unit include Operation and Maintenance of diesel power plants, industrial plants and large buildings. Major contracts include Operation & Maintenance of the plant of Japan Power Generation Ltd., Lasmo Oil, ABL Building, IBM Towers, PSO Building and Engro NPK plant. The unit is carrying out on-call services, spare parts procurement, condition monitoring, calibration service, motor maintenance and rewinding, shutdown maintenance and predictive/preventive/corrective maintenance. It has added to its activities the inspection & maintenance of Storage Tank farms.

Power Generation

Siemens contribution in Pakistan's power generation has been significant not only in the public sector but also in the private sector. The 412 MW power plant for Rousch Power, an Independent Power Producer is the third combined cycle power plant in Pakistan built by Siemens. To date, the company has added over 2,500 MW to Pakistan's power generation capacity. Our range of plants cover all sizes of thermal & hydro power plants for public and private utilities & industries.

We have established a Regional Service Center for the maintenance and service of power plants to provide first hand services to power plant owners and operators.

Information Technology

Our entry in the IT Business has been a great success and Siemens Pakistan is now one of the leading IT Companies in Pakistan. Being the Value Added Re-seller of SAP in Pakistan we have successfully implemented SAP Enterprise Resource Management solutions in several large packaging and automotive industries. We are presently in the process of implementing IT solutions in several large and small set-ups, notable among them are computerization of accounting of the Federal Government of Pakistan based on SAP platform and chemical & petrochemical industry for an integrated IT solution encompassing Financials, Human Resource, Production Planning, Plant Maintenance and Quality Management.

We are also setting up LAN, WAN and Computer Hardware Solution for Karachi Port.

We also operate the SAP Authorized Training Centre which conducted its academy for the first time in Lahore and has plans for Islamabad also. Our instructors are imparting knowledge and sharing their know-how in Pakistan and abroad.

Automation, Drives, Standard Products

Sales	Rs. 542 million	+ 46 %
New Orders	Rs. 580 million	+ 65 %

Diesel Generating Sets

The demand for diesel generating sets has been increasing and we being the only major local manufacturer improved our market share. Besides major orders from Pakistan Railways, McDonald's and Government of Balochistan for coastal areas we expanded our exports to Sri Lanka, Philippines, Myanmar, Bangladesh and Congo.

To offer more options to our customers we are manufacturing diesel generating sets with engines of Volvo and Detroit Diesel.

Motors and Alternators

The market of motors remained stagnant. Due to lack of funds no major project in the public sector was undertaken. Imports of motors under the Afghan Transit Trade and under the guise of scrap continued unabated making it difficult for the local manufacturers to compete. Exports remained confined to Bangladesh besides airconditioner motors which were exported to the UAE.

Standard Products

Development of industry specific solutions in variable speed drives and programmable logic controllers resulted in enhancement of our market share. We organized various technical seminars to apprise our customers about latest products of industrial automation.

Similarly in other product groups namely switchgear components, medium voltage and Uninterruptable Power Supply (UPS) we have achieved significant growth.

Household Appliances

in its inaugural year Siemens household appliances carved a niche in the local appliance market due to superior quality and state-of-the-art design. A Dealer network for large and small domestic appliances has been established in Karachi. Plans are underway for expansion of distribution network in Lahore, Islamabad and other major cities. Service and after - sales support team is fully operational to fulfill the needs of our customers.

Locally Manufactured Products and Services

INFORMATION & COMMUNICATION,

MEDICAL SOLUTIONS:

Information & Communication

Services

- * Installation and Commissioning Supervision of Public digital exchanges (EWSD) and Mobile Switching Centres(D 900).
- * Operation and maintenance support providing round the clock technical assistance for EWSD and D 900 Switching Systems.
- * Expert services for SDH and Digital Microwave Radio equipment.
- * Training centre for Switching and Transmission networks for Siemens and customers.
- * Installation & Commissioning of Internet Services.
- * Installation & Commissioning of Voice Mail System.

Products

Manufacturing is carried out at Siemens joint ventures Telephone Industries of Pakistan (Pvt.) Ltd., (TIP), Haripur and Carrier Telephone Industries (Pvt.) Ltd., (CTI), Islamabad. Both factories carry out majority of equipment repair locally. Following products are produced locally:

- * Digital Switching System EWSD
- * Small Digital Exchanges (SDE) for Rural Areas
- * Containers for Switching Systems Telephone sets
- * Digital Microw services for all areas of electrical transmission and
- * SDH Optic Fibrdistribution even for non-Siemens products involving:
- * Rectifier panels for telephone exchanges.
- * Outdoor telephone distribution cabinets and boxes.

Rail Transportation

* 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.

Medical Solutions

Services

We offer economical and complete solution to customers for execution of projects on turnkey basis, project management, inclusive of engineering, construction, supplies, installation, commissioning, customer training and long term maintenance.

Products

X-ray Equipment

In year 2000 we successfully launched high frequency 200mA and 300mA stationary X-ray units with input power 5kVA.

The less input power requirement of the unit was appreciated and very well taken in the market. The introduction of high frequency units also guarantees good image quality, less dose to the patient and short exposure time.

We have also started manufacturing X-ray Units with Floating Table Tops.

POWER TRANSMISSION & DISTRIBUTION

Services

Repair of power transformers upto 125 MVA.
PTD Services also provides technical support and

- * Upgrading and Retrofitting of Electrical Installations
- * Maintenance and spare parts
- * Customer Training
- * Network Analysis and Consultancy
- * Asset Management, Operation and Integrated Service Contracts

Products

Transformers

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

- * Rectifier transformers
- * Furnace transformers
- * Reactors
- * Neutral earthing transformers

Low Voltage Switchboards

- * Switchboards upto 6300 Amps upto 100 kA
- * Motor Control Centers fixed or draw-out type
- * Hard wired or programmable logic controls
- * Motor 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 for 132/220/500 kV substations
- * Control Desk
- * Bus Tie Duct
- * Distribution Boards

Medium Voltage Switchboards

- * Upto 17.5 kV, indoor
- * Short circuit rating upto 40 kA
- * Basic impulse level upto 95 kV
- * SF 6 Ring Main Units

Switchgear Components

- * MV Vacuum circuit breakers
 - 3100 Amps, 40 kA, 15 kV/36 kV/95 kV
 - 1250 Amps, 40 kA, 15 kV/36 kV/95 kV
 - 800 Amps, 40 kA, 17.5 kV/38 kV/95 kV
 - 800 Amps, 12.5 kA, 12 kV, 28 kV, 75kV
- * MV Insulators

Package Transformers Substations

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

Transmission and Distribution Projects

Business Unit Transmission and Distribution (TD) can offer complete range of Transmission and Distribution Solutions upto 500 kV, including the following:

- * Project Management
- * Engineering
- * GIS or AIS Gridstations
- * Outdoor/Indoor Conventional Gridstations
- * Transmission Lines
- * Numerical Protection Systems
- * Conventional and Digital Control Systems
- * SCADA and Communication Systems
- * System Studies

Due to its expertise in executing turnkey projects, TD has been designated as "Center of Competence" for HV Substations in the region

INDUSTRIAL, POWER PROJECTS & TECHNICAL SERVICES

Services

Engineering and Construction

- * Project Management
- * Design and engineering of electromechanical system
- * Construction for renovation, upgradation and expansion

- * Procurement
- * Construction and Installation
- * Testing & Commissioning
- * Operation and Maintenance
- * PCB repairs
- * After-Sales Service and Spare Parts support
- * Customer Training

Service Centre

Our service centre provides technical support and services for almost all areas of Power Plant including:

- * Minor and major inspections
- * Overhauls
- * Routine and schedule maintenance
- * Maintenance contracts
- * Calibration of instruments
- * Condition monitoring
- * Vibration analysis
- * Electrical and I & C Systems

Information Technology

- * Infra-Structure Solutions
- * IT solution for Industrial Plants
- * SAP R/3 ERP system

Products

Traffic Control Systems

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

Industrial Projects, Process and Automation

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

AUTOMATION, DRIVES, STANDARD PRODUCTS

Diesel Generating Sets

- * Up to 1000 kVA; 3 phase, 400 V, 50Hz.
- * Baseload, Prime power or Standby duty
- * Automatic Mains Failure units
- * Manual Changeover units
- * Synchronizing units-Manual or Automatic
- * Sound attenuated / Weatherproof versions
- * Skid, Trailer / Trolley mounted
- * Installation, Testing (in house and at site) and Commissioning
- * Maintenance, Repairs and Overhauls with full backup support including supply of spares

Low Voltage Motors

- * 3 phase squirrel cage induction type motors for horizontal and vertical applications, 1 HP to 500 HP, 2,4 & 6 poles;
- * 3 phase vertical hollow shaft motors for deep well, turbine pumps, 7.5HP to 250HP, 2,4 & 6 poles;
- * Single phase motors for domestic and industrial applications and fan motors for Air Conditioners;
- * Special motors e.g.
 - Pole changing motors
 - Brake motors
 - Geared motors
 - Explosion proof motors

Service and Repair

* Service and repair of all electrical equipment is available. Our expertise in repairs is not just limited to Siemens products but we undertake repairs of non-Siemens equipment as well.

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

Notice of Meeting

Notice is hereby given that the Forty-ninth Annual General Meeting of the shareholders of Siemens (Pakistan) Engineering Company Limited will be held on Monday, January 14, 2002 at B-72, Estate Avenue, S.I.T.E., Karachi at 10:00 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 January 15, 2001.
2. To receive and adopt the audited accounts for the year ended September 30, 2001 and reports of the directors and auditors thereon.
3. To declare the dividend
4. To appoint auditors and to fix their remuneration
5. To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

By order of the Board

(M. Haleem Khan)
Company Secretary

Karachi: December 22, 2001.

Notes:

1. The Share Transfer Books of the Company will remain closed from January 4, 2002 to January 15, 2002 (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.

3. Individual CDC account holders shall produce their original National Identity Card at the time of attending the meeting and corporate entity shall produce the Board's Resolution/Power of Attorney with specimen signature of the nominee.

Auditors Report to the Members

We have audited the annexed balance sheet of Siemens (Pakistan) Engineering Company Limited as at 30 September 2001 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part 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 purposes .of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, 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) in 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan,- and, 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 2001 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: November 22, 2001
Karachi

Taseer Hadi Khalid & Co.
Chartered Accountants

Balance Sheet as at 30 September 2001

	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees in '000)</i>	
SHARE CAPITAL AND RESERVES			
Authorized 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		1,391,269	1,239,269
Unappropriated profit		410	265
		-----	-----
		1,469,942	1,317,797
DEFERRED LIABILITIES			
Provisions for employees			
- retirement gratuities	2.3 & 4	--	3,114
- long service bonus	2.4	9,778	9,704
		-----	-----
		9,778	12,818
CURRENT LIABILITIES			

Short-term finances under mark-up arrangements	5	26,180	879,738
Creditors, accrued expenses and other liabilities	6	1,530,116	1,287,639
Provision for taxation	2.8	56,561	14,093
Unclaimed dividend		1,707	1,247
Proposed dividend		101,742	117,395
		-----	-----
		1,716,306	2,300,112
		-----	-----
CONTINGENCIES AND COMMITMENTS	7	3,196,026	3,630,727
		=====	=====
TANGIBLE FIXED ASSETS			
Operating assets	2.7 & 8	469,349	401,466
Capital work-in-progress	9	8,971	10,603
		-----	-----
		478,320	412,069
DEFERRED TAXATION	2.8 & 10	33,521	21,821
LONG TERM LOANS	11	13,804	23,709
LONG-TERM TRADE DEBTS			
AND OTHER RECEIVABLES	2.9 & 12	34,708	78,693
CURRENT ASSETS			
Stocks	2.10 & 13	1,143,398	1,051,264
Trade debts	2.11 & 14	1,101,945	1,698,927
Loans & Advances	15	33,402	75,960
Trade deposits and short-term prepayments	16	39,231	38,834
Marketable securities	17	12,550	5,350
Other receivables	18	101,788	28,070
Cash and bank balances	19	203,359	196,030
		-----	-----
		2,635,673	3,094,435
		-----	-----
		3,196,026	3,630,727
		=====	=====

The annexed notes form an integral part of these accounts.

Sohail Wajahat Siddiqui
Chief Executive Officer

S. Babar Ali
Director

Profit and Loss Account as at 30 September 2001

	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees in '000)</i>	
Net sales	20	4,460,459	3,582,253
Cost of goods sold	21	(3,621,426)	(2,697,794)
		-----	-----
Gross profit		839,033	884,459
Commission and allowances earned		63,348	34,441
		-----	-----
		902,381	918,900
Selling and administration expenses	22	(499,933)	(455,496)
		-----	-----
Operating profit		402,448	463,404
Other income	23	11,092	5,894
		-----	-----
		413,540	469,298
Financial (income)/charges - (net)	24	(18,341)	50,270
Other charges/(credits) - (net)	25	28,076	(2,345)

		9,735	47,925
Profit before taxation		403,805	421,373
Taxation	26	(149,918)	(154,852)
Profit after taxation		253,887	266,521
Unappropriated profit brought forward		265	139
Available for appropriation		254,152	266,660
Appropriations			
Transfer to asset replacement reserve		(79,000)	(75,000)
Transfer to revenue reserve - general		(73,000)	(74,000)
Proposed final dividend @ 130% (2000: @ 150%)		(101,742)	(117,395)
		(253,742)	(266,395)
Unappropriated profit carried forward		410	265
Earnings per share - basic and diluted	27	32.44	34.06

The annexed notes form an integral part of these accounts.

Sohail Wajahat Siddiqui
Chief Executive Officer

S. Babar Ali
Director

Cash Flow Statement as at 30 September 2001

	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees in '000)</i>	
Cash flow from operating activities			
Cash generated from operations	28	1,176,630	601,861
Payments to employees gratuity fund		(3,114)	(11,180)
Payments to employees for long service bonus		(771)	(597)
Financial charges paid- (net)		(2,368)	(55,316)
Taxes paid		(119,150)	(142,662)
Long-term trade debts and other receivables - (net)		43,985	72,526
Long term loans		9,905	(1,246)
Net cash inflow from operating activities		1,105,117	463,386
Cash flow from investing activities			
Capital expenditure		(146,927)	(83,663)
Proceeds from sale of fixed assets		7,923	6,112
Net cash (outflow) from investing activities		(139,004)	(77,551)
Cash flow from financing activities			
Payment of long-term loans / liabilities		--	(9,618)
Short-term loans		--	(765,000)
Dividends paid		(11 6,935)	(83,451)
Net cash (outflow) from financing activities		(116,935)	(858,069)
Net increase/(decrease) in cash and cash equivalents		849,178	(472,234)
Cash and cash equivalents at the beginning of the year		(671,391)	(199,157)
Cash and cash equivalents at the end of the year	29	177,787	(671,391)

The annexed notes form an integral part of these accounts.

Sohail Wajahat Siddiqui
Chief Executive Officer

S. Babar Ali
Director

Statement of Changes in Equity as at 30 September 2001

	<i>Share capital</i>	<i>Share premium</i>	<i>Other capital reserve</i>	<i>Assets replacement reserve</i>	<i>General reserve</i>	<i>Unappropriated profit</i>	<i>Total</i>
	<i>(Rupees in '000)</i>						
Balance as on 30 September 1999	78,263	24,969	4,300	388,000	673,000	139	1,168,671
Profit for the year	--	--	--	--	--	266,521	266,521
Transfer to reserves	--	--	--	75,000	74,000	(149,000)	--
Proposed final dividend	--	--	--	--	--	(117,395)	(117,395)
Balance as on 30 September 2000	78,263	24,969	4,300	463,000	747,000	265	1,317,797
Profit for the year	--	--	--	--	--	253,887	253,887
Transfer to / (from) reserves	--	--	--	79,000	73,000	(152,000)	--
Proposed final dividend	--	--	--	--	--	(101,742)	(101,742)
Balance as on 30 September 2001	78,263	24,969	4,300	542,000	820,000	410	1,469,942

The annexed notes form an integral part of these accounts.

Sohail Wajahat Siddiqui
Chief Executive Officer

S. Babar Ali
Director

Notes to the Accounts as at 30 September 2001

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 under contracts.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These accounts have been prepared in accordance with accounting standards issued by the International Accounting Standards Committee (IASC), interpretations issued by the Standing Interpretations Committee of the IASC as applicable in Pakistan and the requirements of the Companies Ordinance, 1984.

2.2 Accounting convention

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

2.3 Employees retirement benefits

Defined Benefit Plan

The Company operates a defined benefit plan i.e. funded gratuity scheme for its regular permanent employees except expatriates. Provisions are made in the accounts to cover obligations on the basis of actuarial valuation carried out under the projected unit credit method.

Defined Contribution Plan

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

2.4 Provision for employees long service bonus

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

2.5 Warranty obligations

The Company accounts for its warranty obligations on accrual basis.

2.6 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

2.7 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. Items costing Rs 10,001 to Rs.20,000 are depreciated over the period of 12 months from the month in which they are put to use.

Depreciation is charged to profit and loss account applying the straight line method whereby the cost of an asset is written off over its estimated service life. Depreciation on additions is charged from the month in which asset is put to use and on disposals upto the month of deletion.

Maintenance and normal repairs are charged to income as and when incurred.

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

2.8 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation Or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.9 Long-term loans, trade debts, deposits, prepayments and other receivables

Long-term loans, 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. Utility deposits are charged off over a period of five years.

2.10 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 and components is arrived at on a moving average basis. 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 cost comprising invoice value plus other charges incurred thereon.

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.

2.11 Trade debts

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

2.12 Research and development

Expenditure incurred on research and development and fixed assets acquired specifically for this purpose are charged to current year's income.

2.13 Foreign currencies

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in income currently.

2.14 Revenue recognition

Sales are recognized when deliveries are made, goods are specifically contractually appropriated or services are rendered to customers. In case of export, sales are recorded when goods have been shipped. Commission income is recognised 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 / duty draw back for goods exported or supplied against international tenders are accounted for on receipt basis and credited to purchases.

2.15 Marketable Securities

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

2.16 Provisions

A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an out flow of resources embodying economics benefits will be required to settle the obligation and a reliable estimate can be used of the amount of obligation.

3. ISSUED, SUBSCRIBED AND FULLY PAID-UP CAPITAL

	<i>2001</i>	<i>2000</i>
	<i>(Rupees in '000)</i>	
Ordinary shares of Rs 10 each		
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 (2000: 4,973,680 ordinary shares) of Rs. 10 each of the Company as at 30 September 2001.

4. STAFF RETIREMENT BENEFIT

4.1 The recent actuarial valuation of gratuity scheme was carried out at 30 September 2001. The projected unit credit method, using the following significant financial assumptions, has been used for the actuarial valuation:

- Discount rate 14% per annum compound.
- Expected rate of increase in salaries 11.83% per annum.
- Expected rate of return on plan assets 14% per annum.

Contributions to the fund are made at 8.05% of the members salaries as recommended by the actuary.

The amounts recognised in the balance sheet are as follows:

	<i>(Rupees in '000)</i>
Fair value of plan assets	239,789
Present value of defined benefit obligation	(182,375)
-----	-----
Excess of plan assets over defined benefit obligations	57,414
=====	=====

4.2 The following amounts have been charged/credited in the profit and loss accounts in respect of these benefits:

Current service cost	12,191
Interest cost	21,802

Expected return on plan assets	(30,350)
Expenses for the year	(3,643)
Adjustment	64,171
Income credited	60,528

This represents income recognised on adoption of Revised International Accounting Standard 19 "Employee Benefits". It also includes provision written back of Rs. 3.114 million appearing in the books as on 30 September 2000. The above adjustment has been recommended in the Actuarial Valuation Report of the Gratuity Fund. This income has been reflected in note 21.1 and 22 under the heading 'salaries, wages and employees welfare costs.'

5. SHORT-TERM FINANCES

From banking companies			
Running finances under mark-up arrangements	5.1 & 5.2	25,572	867,421
Accrued mark-up thereon		608	12,317
		26,180	879,738

5.1 Running finances - secured

The Company has arranged short term running finances from various banks. Under these arrangements the aggregate sale price of Rs. 2,406 million (2000: Rs. 2,307 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 30 September 2001 has been determined to be Rs. 2,725 million (2000: Rs. 2,584 million). The mark up on these short term running finances ranges between 13% to 16% per annum or part 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. 3,151 million (2000: Rs. 2,981 million). Finance under mark up arrangements are secured by the joint hypothecation of stocks of finished goods, work-in-progress, raw materials, components and present and future trade debts.

5.2 The running finance facility is fully interchangeable to avail export refinances and short term loans / advances.

5.3 Other facilities granted by the banks and amounts remaining unutilized thereof as at 30 September 2001 are as follows:

	2001	2000
	(Rupees in '000)	
Letters of credit		
- limit	2,207,875	1,616,425
- unutilized portion	1,926,116	393,980
Guarantees		
- limit	2,150,850	2,347,700
- unutilized portion	1,092,932	1,099,352

6. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Creditors	395,371	215,787
Accruals		
- For contract obligations	502,410	423,357
- Others	233,255	153,951
Advances from customers		
- For goods	92,185	83,423
- For services	218,718	319,739
Unexpired portion of maintenance contracts	4,838	3,900
Warranty obligations and other contingencies	15,665	6,474
Sales tax	8,047	16,479
Provision for penalty	1,000	1,000
Workers' profits participation fund	6.1	21,797
	21,797	22,073

Workers' welfare fund	21,324	12,948
Other liabilities	15,506	28,508
	-----	-----
	1,530,116	1,287,639
	=====	=====
Amount payable to associated undertakings included in creditors, accrued expenses and other liabilities	7,728	24,656
	=====	=====

6.1 Workers' profits participation fund

Balance at the beginning of the year	22,073	15,943
Add: Interest paid on funds utilized in Company's business	3,266	1,022
	-----	-----
	25,339	16,965
Amount paid to fund's trustees	(25,339)	(16,965)
	-----	-----
	--	--
Add: Amount allocated for the year	21,797	22,073
	-----	-----
Balance at the end of the year	21,797	22,073
	=====	=====

7. CONTINGENCIES AND COMMITMENTS

7.1 At 30 September 2001 capital expenditure contracted for but not incurred amounted to Rs. 1 6.271 million (2000: Rs. 51.956 million).

7.2 The company is contesting certain cases in the High Court of Sindh mainly relating to sales tax on advances from customers and installation sales revenue. The company's management and legal advisor are of the view that the cases have no factual sound legal footing and the final outcome of the cases will be in company's favour. Accordingly no provision has been made in the accounts against the demand raised by the Sales Tax Authorities.

8. OPERATING ASSETS

	<i>(Rupees in '000)</i>							
	<i>Cost at 1 October 2000</i>	<i>Additions/ (deletions)/ transfers*</i>	<i>Cost at 30 September 2001</i>	<i>Accumulated depreciation 1 October 2000</i>	<i>Depreciation/ Amortisation for the year/ (deletion)/ transfers*</i>	<i>Accumulated depreciation at 30 September 2001</i>	<i>Net book value at 30 September 2001</i>	<i>Depreciation rates as a % of cost</i>
Leasehold lands	53,149	--	53,149	12,724	1,328	14,052	39,097	2.5
Buildings on leasehold lands	223,994	--	223,994	38,470	5,841	44,311	179,683	2.5 & 10
Plant and machinery	224,648	79,023 (1,650) 260*	302,281	140,427	21,060 (1,502) 7*	159,992	142,289	10, 20, 25 & 100
Tools and patterns	75,389	9,543 (328) (4,817)*	79,787	68,253	6,336 (328) (4,066)*	70,195	9,592	50
Furniture and equipment	196,302	30,221 (20,709) 4,648*	210,462	147,936	27,438 (20,239) 4,150*	159,285	51,177	20, 25, 33.33 & 100
Transport	86,629	29,772 (4,092) (91)*	112,218	50,835	16,832 (2,869) (91)*	64,707	47,511	25 & 50
	-----	-----	-----	-----	-----	-----	-----	
2001	860,111	148,559 (26,779)	981,891	458,645	78,835 (24,938)	512,542	469,349	

2000	798,980	73,760 (12,629)	860,111	400,289	69,002 (10,646)	458,645	401,466
------	---------	--------------------	---------	---------	--------------------	---------	---------

8.1 Depreciation has been allocated as follows:

	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees in '000)</i>	
Cost of goods manufactured	21.1	50,510	46,311
Selling and administration expenses	22	28,325	22,691
		78,835	69,002

8.2 Detail of assets deleted during the year including items sold by negotiation

	<i>(Rupees in '000)</i>					
<i>Original Cost</i>	<i>Accumulated depreciation</i>	<i>Net Book Value</i>	<i>Sale Proceeds</i>	<i>Mode of Disposal</i>	<i>Name and address of purchaser</i>	
Plant and machinery						
	956	884	72	--Scrapped		
	68	29	39	--Scrapped		
	12	4	8	--Scrapped		
	27	13	14	--Scrapped		
	16	10	6	--Scrapped		
Items with book value below Rs. 5,000	571	562	9	--Scrapped		
	1,650	1,502	148	--		
Tools and patterns						
Items with book value below Rs. 5,000	328	328	--	--		
Furniture and equipment						
	411	390	21	--Scrapped		
	25	18	7	--Scrapped		
	22	14	8	--Scrapped		
	39	20	19	--Scrapped		
	115	67	48	70 Insurance claim	E.F.U. Karachi	
	400	78	322	395 Insurance claim	E.F.U. Karachi	
	20	13	7	--Scrapped		
	20	13	7	--Scrapped		
	20	20	--	--Co. Policy	Mr. Ilyas Executive	
	20	7		13 Co. Policy	Mr. Pervez Akhter Former Executive	
	14	8	6	--Scrapped		
Items with book value below Rs. 5,000	19,603	19,591	13	6		
	20,709	20,239	471	484		
Transport						
	889	222	667	905 Insurance claim	E.F.U. Karachi	

440	211	229	420 Insurance claim	E.F.U. Karachi
679	410	269	650 Insurance claim	E.F.U. Karachi
625	625	--	125 Co. Policy	Mr. G.H. Mala Former Executive
54	54	--	242 Negotiation	Mr. Sheeraz Arif Khan Executive
58	58	--	213 Negotiation	Mr. Fahimuddin Executive
87	58	29	87 Negotiation	Mr. Mansoor Farooqui Executive
29	29	--	157 Negotiation	Mr. Mushtaq Kazmi Executive
74	74	--	14 Negotiation	Mr. Tahir Javed Executive

Items with book value
below Rs. 5,000

1,157	1,128	28	4,626	
-----	-----	-----	-----	
4,092	2,869	1,222	7,439	
=====	=====	=====	=====	
Total	26,779	24,938	1,841	7,923
=====	=====	=====	=====	

2001 **2000**
(Rupees in '000)

9. CAPITAL WORK-IN-PROGRESS

Plant, machinery and equipment under installation	6,124	2,806
Advance to suppliers	2,847	7,797
	-----	-----
	8,971	10,603
	=====	=====

10. DEFERRED TAXATION

This is composed of the following:

Debit balances arising in respect of provisions for		
- employees retirement gratuities	--	291
- employees long service bonus	1,027	908
- other liabilities and accruals	3,496	1,007
- doubtful debts	10,122	7,623
- stocks	7,026	5,628
- contract delays	11,964	6,387
Discounting of long-term loans, trade debts and security deposits	2,870	2,914
Credit balance arising due to accelerated tax depreciation allowances	(2,984)	(2,937)
	-----	-----
	33,521	21,821
	=====	=====

11. LONG TERM LOANS

Due from Executives	30,440	28,359
Less: Receivable within one year	(5,403)	-4,650
	-----	-----
	25,037	23,709
Less: Discounting on long term loans	(11,233)	--
	-----	-----
	13,804	23,709
	=====	=====

Outstanding for periods

- Recoverable in exceeding three years	16,423	11,526
- Others	8,614	12,183
	-----	-----
	25,037	23,709
	=====	=====

Maximum amount outstanding at the end of any month
during the year against loans to Executives

34,317	23,709
--------	--------

=====

11.1 This represents real estate loans provided interest free to executives in accordance with Company's policy. The loans are secured, against the respective assets for which the loans have been granted and are recoverable in one to ten years in monthly equal installments.

12. LONG-TERM TRADE DEBTS AND OTHER RECEIVABLES

Trade debts - considered good

Unsecured

Others	39,828	99,878
Less: Discounting	(8,1 03)	(23,304)

31,725 76,574

Security deposits

2,983 2,119

34,708 78,693

=====

13. STOCKS

Raw materials and components	304,566	203,569
Goods-in-transit	42,824	18,187
Work-in-process	165,957	134,553
Supply and erection contracts-in-progress - net of provision for losses	517,072	543,419
Finished goods	112,979	151,536

14. TRADE DEBTS

Considered good

Secured	153,129	151,536
---------	---------	---------

Unsecured

Due from associated undertakings	483,519	901,291
Others	465,297	646,100

Considered doubtful- others

Provision for doubtful debts

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

15. LOANS AND ADVANCES

Short term loans to:

- Chief Executive	--	2,325
- Executives	5,403	4,650
- Other employees	30	70

Considered good

Advances to:

- Suppliers	23,785	65,857
- Others	1,166	944

Advances to:

- Executives	2,350	2,053
--------------	-------	-------

- Other employees	668	61
	-----	-----
	3,018	2,114
	-----	-----
	33,402	75,960
	=====	=====

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

	16,138	19,841
	=====	=====

16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits	42,919	45,267
Short-term prepayments	4,304	1,409
	-----	-----
	47,223	46,676
Provision for doubtful trade deposits	(7,992)	(7,842)
	-----	-----
	39,231	38 834
	=====	=====

17. MARKETABLE SECURITIES - LISTED

Japan Power Generation Limited		
1,000,000 ordinary shares of Rs.10 each.	10,000	10,000
Provision for diminution in value	(7,450)	(4,650)
	-----	-----
	2,550	5,350
Term Finance Certificates- Orix Leasing Pakistan Limited	10,000	--
	-----	-----
	12,550	5,350
	=====	=====

17.1 Market price of the above mentioned securities as at 30 September 2001 was Rs. 12.550 million (2000: Rs.5.350 million).

18. OTHER RECEIVABLES

Considered good		
Due from associated undertakings	5,181	13,229
Receivable from staff gratuity fund	4.1 57,414	--
Sales tax refundable	20,033	12,255
Interest receivable	9,000	--
Others	10,160	2,586
	-----	-----
	101,788	28,070
	=====	=====

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

	10,388	22,517
	=====	=====

19. CASH AND BANK BALANCES

Cheques in hand	17,204	42,602
Balances with banks		
- Current accounts	44,061	45,446
- Deposit accounts	142,094	107,982
	-----	-----
	203,359	196,030
	=====	=====

20. NET SALES

Gross sales		
- Export - Goods	452,708	235,005
- Export - Services	102,460	69,306
- Against International Tenders	264,948	455,916
- Other - Goods	1,613,647	1,464,364
- Services	2,033,779	1,364,149
	-----	-----

		4,467,542	3,588,740
Commission paid		(7,083)	(6,487)
		-----	-----
		4,460,459	3,582,253
		=====	=====

21. COST OF GOODS SOLD

Opening stock of finished goods		151,536	137,556
Cost of goods manufactured and services rendered	21.1	3,449,636	2,653,137
Finished goods purchased		133,233	58,637
		-----	-----
		3,734,405	2,849,330
Closing stock of finished goods		(112,979)	(151,536)
		-----	-----
Cost of goods sold		3,621,426	2,697,794
		=====	=====

21.1 COST OF GOODS MANUFACTURED AND SERVICES RENDERED**Opening stock**

Raw materials and components		203,569	216,678
Goods-in-transit		18,187	52,500
Work-in-process		134,553	137,174
Supply and erection contracts-in-progress		543,419	525,345
		-----	-----
		899,728	931,697

Purchases		2,958,761	2,067,341
Salaries, wages and employees welfare cost	21.2	288,516	257,470
Fuel, power and water		43,585	46,855
Repairs and maintenance		45,824	34,461
Stores and spares		6,582	5,093
Rent, rates and taxes		12,332	11,790
Liquidated damages for late deliveries-net of recoveries		57,245	4,455
Insurance		13,576	16,641
Depreciation	8.1	50,510	46,311
Traveling and conveyance		66,908	65,169
Stationery, telex and telephone		24,754	30,236
Other manufacturing expenses		36,079	53,513
		-----	-----
		4,504,400	3,571,032

Closing stock			
Raw materials and components		(304,566)	(203,569)
Goods-in-transit		(42,824)	(18,187)
Work-in-process		(165,957)	(134,553)
Supply and erection contracts-in-progress		(517,072)	(543,419)
		-----	-----
		(1,030,419)	(899,728)
		-----	-----
		3,473,981	2,671,304

Transfer to fixed assets		(13,078)	(6,818)
Services charged and expenses allocated to selling and administration		(1,825)	(1,183)
Sale of scrap net of sales tax		(9,442)	(10,166)
		-----	-----
		(24,345)	(18,167)
		-----	-----
		3,449,636	2,653,137
		=====	=====

21.2 Details of salaries, wages and employees welfare cost

Salaries, wages and employees welfare cost		316,048	243,060
		-----	-----
Gratuity fund contribution (reversal) / charge - net		(34,564)	7,526
Provident fund contribution		7,032	6,884

	(27,532)	14,410
	288,516	257,470

22. SELLING AND ADMINISTRATION EXPENSES

Salaries, wages and employees welfare cost	22.1	196,058	168,078
Fuel, power and water		27,523	23,799
Repairs and maintenance		22,248	13,847
Advertising and sales promotion		15,208	13,262
Rent, rates and taxes		13,003	11,114
Insurance		4,453	4,066
Auditors' remuneration	30	1,585	1,478
Provision for doubtful debts, trade deposits and other receivables		15,066	37,630
Bad debts and deposits written off		3,780	2,466
Depreciation	8.1	28,325	22,691
Traveling and conveyance		52,213	42,035
Transportation charges		54,366	55,753
Stationery, telex and telephone		38,725	31,798
Donations	22.2	747	74
Other expenses		27,332	26,336
Recovered expenditure		(2,524)	(114)
Services charged and expenses allocated by manufacturing units		1,825	1,183
		499,933	455,496

22.1 Details of salaries, wages and employees welfare cost:

Salaries, wages and employees welfare cost		216,488	158,074
Gratuity fund contribution (reversal) / charge - net		(25,964)	5,289
Provident fund contribution		5,534	4,715
		(20,430)	10,004
		196,058	168,078

22.2 No director or his spouse has any interest in the donee's fund.

23. OTHER INCOME

Profit on sale of fixed assets		6,082	4,129
Balances no longer payable written back		4,843	801
Others		167	964
		11,092	5,894

24. FINANCIAL (INCOME)/CHARGES - NET

Interest on workers' profits participation fund		3,266	1,022
Mark-up on short-term loans and finances		62,258	124,406
Commission on guarantees		6,059	7,476
Bank charges for services		11,665	12,619
Gross financial charges		83,248	145,523
Financial income			
Mark-up from trade debtors			
- associated undertakings		(6,618)	(44,365)
- others		(113)	(552)
Income on amounts placed with banks under deposit accounts		(62,854)	(506)
Exchange gain		(32,004)	(49,618)
Interest / markup on other receivables		--	(212)

Gross financial income	(101,589)	(95,253)
	(18,341)	50,270

25. OTHER CHARGES/(CREDITS) - NET

Provision for/(reversal of) diminution in the value of marketable securities

Provision for/(reversal of) diminution in the value of marketable securities	2,800	(850)
Research and development cost	378	81
Reversal of discounting on long-term loans, trade debts, advances and other receivables	(3,968)	(20,649)
Workers' profits participation fund	21,797	22,073
Workers' welfare fund net of refunds received	7,069	(3,000)
	28,076	(2,345)

26. TAXATION

Current

- For the year	175,089	162,457
- For prior years	(13,472)	(10,214)

161,617 152,243

Deferred

- For the year	(9,030)	(2,033)
- For prior years	(2,669)	4,642

(11,699) 2,609

149,918 154,852

26.1 The income tax assessments of the Company have been finalised upto and including assessment year 2000-2001 (income year 1998-99). Appeals for the assessment years from 1986-87 to 2000-2001 mainly relating to disallowances are pending before various Appellate Authorities against which full provisions have been made.

27. EARNINGS PER SHARE

Profit after taxation for the year	253,887	266,521
------------------------------------	---------	---------

(No. of shares in '000)

Weighted average number of ordinary shares	7,826	7,826
--	-------	-------

(Rupees)

Earnings per share	32.44	34.06
--------------------	-------	-------

28. CASH GENERATED FROM OPERATIONS*(Rupees in '000)*

Profit before taxation	403,805	421,373
Adjustment for non cash charges and other items:		
Depreciation	78,835	69,002
(Profit) on sale of fixed assets	(6,082)	(4,129)
Provision for employees retirement gratuities	--	12,815
Provision for employees long service bonus	845	1,500
Financial charges (net)	(18,341)	50,270
Working capital changes	717,568	51,030
	1,176,630	601,861

28.1 Working capital changes

Decrease/(increase) in current assets

Stocks	(92,134)	82,788
Trade debts	596,982	(320,255)
Loans and Advances	42,558	76,831
Trade deposits and short-term prepayments	(397)	6,271
Marketable Securities	(7,200)	(850)
Other receivables	(64,718)	23,104
	-----	-----
	475,091	(132,111)
(Decrease)/increase in current liabilities		
Creditors, accrued expenses and other liabilities	242,477	183,141
	-----	-----
	717,568	51,030
	=====	=====

29. CASH AND CASH EQUIVALENTS

Cash and bank balances	19	203,359	196,030
Short-term finances under mark-up arrangements	5	(25,572)	(867,421)
		-----	-----
		177,787	(671,391)
		=====	=====

30. AUDITORS' REMUNERATION

Audit fee		440	440
Tax representation and advisory services		762	890
Special reports and certifications, audits of workers' profits participation/gratuity funds and other services		260	50
Out of pocket expenses		123	98
		-----	-----
		1,585	1,478
		=====	=====

31. LONG TERM CONSTRUCTION CONTRACTS

Contract revenue for the year		1,304,739	419,826
		=====	=====
Contract costs incurred to date		2,078,761	1,711,445
		=====	=====
Gross profit realized to date		168,255	207,962
		=====	=====
Balance of advances received		20,013	77,677
		=====	=====
Retention money receivable		309,523	69,482
		=====	=====
Gross amount due from customers		124,306	11,399
		=====	=====

32. EMPLOYEES

Number of employees as on 30 September		1,252	1,221
		=====	=====

33. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

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

	<i>2001</i>		<i>2000</i>	
	<i>Chief Executive</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Executives</i>
	<i>(Rupees in '000)</i>			
Managerial remuneration	2,451	260,149	2,298	205,892
Retirement benefits and company's contribution to provident fund	(511)	(37,695)	132	17,215
Perquisites and benefits:				
- Group and medical insurance	17	9,163	8	3,557
- Club subscriptions	674	159	100	112
- Long service bonus	41	1,081	154	930

- Rent and others	825	1,208	1,738	1,503
	-----	-----	-----	-----
	3,497	234,065	4,430	229,209
	=====	=====	=====	=====
Number of persons	1	552	1	504
	=====	=====	=====	=====

33.1 In addition to the above, remuneration and fringe benefits of five (2000: five) expatriate executives hired for certain projects amounted to Rs. 1.6 million (2000: Rs. 0.862 million).

33.2 The aggregate amount charged in these accounts in respect of directors' fee paid to six directors (2000: six directors) was Rupees four thousand (2000: Rupees four thousand five hundred). In addition to this, fees paid to three alternate directors (2000: three alternate directors) of Rupees three thousand five hundred (2000: Rupees two thousand).

33.3 The Chief Executive and ninety six executives (2000: seventy four) have been provided with free use of Company's cars and one executive (2000: one executive) has also been provided with Company's owned and maintained unfurnished accommodation.

33.4 The Chief Executive and one hundred and thirty two executives (2000: one hundred and sixteen) have been provided with telephone facility at their residences.

34. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Sales	1,696,320	492,321
	=====	=====
Purchases	431,138	154,177
	=====	=====
Commission and allowances earned	57,779	34,441
	=====	=====
Financial income	6,618	44,365
	=====	=====
Recovered expenditures	2,151	114
	=====	=====
Recoverable in normal course of business	--	266,215
	=====	=====
Commission paid	5,521	500
	=====	=====

35. PLANT CAPACITY AND ACTUAL PRODUCTION

	<i>Capacity</i>	<i>Actual Production 2001</i>	<i>Actual Production 2000</i>
Electric motors	300,000 HP	59,390 HP	138,908 HP
Motors control gears and control boards	150,000 HP	7,200 HP	10,415 HP
Electric transformers	2,000 MVA	1,242 MVA	1,138 MVA
Generating sets	40,000 KVA	35,864 KVA	25,131 KVA
Switchgears and distribution boards	4,500 Nos.	1,829 Nos	2,121 Nos
Electro-medical equipment	350 Nos.	03 Nos	5 Nos

The under utilization of capacity is mainly attributed to reduced demand owing to recession and imports by private and public sectors.

36. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Company's financial assets and liabilities included in current assets and liabilities on the balance sheet are carried at amounts that approximate fair value.

37. FINANCIAL ASSETS AND LIABILITIES AS ON SEPTEMBER 30, 2001

Interest/mark-up rate risk arises from the possibility that changes in interest/mark-up rates will affect the value of financial instruments. The Company is exposed to interest/mark-up rate risk in respect of following:

<i>Interest/mark-up Bearing</i>			<i>Non-interest Bearing</i>				
<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub-total</i>	<i>2001 Total</i>	<i>2000 Total</i>

Financial Assets

Loans to employees	--	--	--	5,403	25,037	30,440	30,440	30,754
Trade deposits	--	--	--	34,927	2,983	37,910	37,910	39,544
Trade debts	--	--	--	1,101,945	39,828	1,141,773	1,141,773	1,798,805
Marketable securities	10,000	--	10,000	2,550	--	2,550	12,550	5,350
Other receivables	--	--	--	81,755	--	81,755	81,755	15,815
Cash and bank balances	142,094	--	142,094	61,265	--	61,265	203,359	196,030
2001	152,094	--	152,094	1,287,845	67,848	1,355,693	1,507,787	2,086,298
2000	107,982	--	107,982	1,852,610	125,706	1,978,316	2,086,298	--

Financial Liabilities

Running finance under mark-up arrangements	26,180	--	26,180	--	--	--	26,180	867,421
Creditors, accrued expenses and other liabilities	21,797	--	21,797	1,292,207	--	1,292,207	1,314,004	732,308
Unclaimed dividend	--	--	--	1,707	--	1,707	1,707	1,247
Proposed dividend	--	--	--	101,742	--	101,742	101,742	117,395
2001	47,977	--	47,977	1,395,656	--	1,395,656	1,443,633	1,718,371
2000	889,494	--	889,494	828,877	--	828,877	1,718,371	--

Effective Mark up Rates

	2001	2000
	%	%
Running finances	13	12
Short term loans	--	10

38. CREDIT RISK AND CONCENTRATIONS OF CREDIT RISK

The Company endeavors to cover the credit risks on government sector trade debts by restricting credit facility to the projects which are financed by multilateral financial institutions and/or financed by special allocation of funds by the provincial/federal governments. Credit risk on private sector is covered to the maximum extent possible through legally binding contracts with availability of adequate finance for the project from the sponsors and lenders.

The sector wise analysis of the trade receivables is given below:

	2001		2000	
	(Rupees in '000)	%	(Rupees in '000)	%
Government sector				
Energy	120,229	9	234,289	12
Communication	120,708	9	138,369	7
Aviation	19,293	1	18,693	
Health	40,443	3	36,143	2
Mining	100	0	19,768	1
Others	196,358	15	256,531	13
Sub-total	497,131	38	703,793	35
Private sector				
Energy (including Independent Power Producers)	51,734	4	811,412	41
Cement Industry	30,952	2	40,334	2
Communication	24,400	2	13,667	
Dealers and agents	36,126	3	46,738	2
Foreign trade	540,066	41	274,193	14
Others	129,172	10	105,856	5
Sub-total	812,450	62	1,292,200	65
Total	1,309,581	100	1,995,993	100

Above analysis also includes advances to suppliers and trade deposits.

39. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings, especially group companies. In respect of anticipated future transactions, the following forward exchange contracts have been taken at the balance sheet date to hedge the foreign currency liabilities to group companies and others which are due within the next 6 months.

	2001	2000
	(Rupees in '000)	
Forward Exchange contracts		
- Purchased value	160,256	215,127
	=====	=====
- Fair value	164,788	230,706
	=====	=====

40. INFORMATION ABOUT BUSINESS SEGMENTS

(Rupees in '000)

	<i>Energy</i>	<i>Rotary machines and products</i>	<i>Industry automation and services</i>	<i>Information and communication</i>	<i>Other operations</i>	<i>Eliminations</i>	<i>Consolidated</i>
2001							
REVENUE							
External sales	2,464,763	542,494	901,911	282,200	269,091	--	4,460,459
Inter-segment sales	204,371	80,247	153,091	14,057	1,490	(453,256)	--
	-----	-----	-----	-----	-----	-----	-----
Total revenue	2,669,134	622,741	1,055,002	296,257	270,581	(453,256)	4,460,459
	=====	=====	=====	=====	=====	=====	=====
RESULT							
Segment result	197,046	27,997	59,665	87,211	65,449	--	437,368
Unallocated corporate expenses							(42,154)

Operating profit							395,214
Interest expense							(65,524)
Interest income							69,585
Income taxes							(145,388)

Net profit							253,887
							=====
OTHER INFORMATION							
Segment assets	1,264,716	413,993	830,150	204,802	118,806	--	2,832,467
Unallocated corporate assets							363,559

Consolidated total assets							3,196,026
							=====
Segment liabilities	756,935	87,280	212,470	115,896	51,993		1,224,574
Unallocated corporate liabilities							501,510

Consolidated total liabilities							1,726,084
							=====
Capital expenditure	63,593	9,315	39,289	13,062	3,643		
Depreciation	19,400	8,137	21,880	7,526	2,715		
Non-cash expenses other than depreciation	372	226	128	(62)	100		

Unallocated						168	
2000							
External sales	1,525,900	370,426	1,083,226	404,293	198,409	--	3,582,253
Inter-segment sales	142,183	77,938	42,172	20,487	5,603	(388,383)	--
	-----	-----	-----	-----	-----	-----	-----
Total revenue	1,668,063	448,364	1,225,398	424,780	204,012	(398,383)	3,582,253
	=====	=====	=====	=====	=====	=====	=====
RESULT							
Segment result	214,477	33,309	97,274	111,985	63,405	--	520,450
Unallocated corporate expenses							(19,072)

Operating profit							501,378
Interest expense							(125,428)
Interest income							45,423
Income taxes							(154,852)

Net profit							266,521
							=====
OTHER INFORMATION							
Segment assets	1,577,634	371,021	658,090	192,697	70,621	--	2,870,063
Unallocated corporate assets							760,664

Consolidated total assets							3,630,727
							=====
Segment liabilities	592,310	55,517	82,518	123,488	58,559	--	912,392
Unallocated corporate liabilities							1,400,538

Consolidated total liabilities							2,312,930
							=====
Capital expenditure	32,388	7,885	27,302	9,004	2,071	--	
Depreciation	12,754	5,883	17,840	3,463	786	--	
Non-cash expenses other than depreciation	4,662	1,314	3,608	1,618	1,009	--	
Unallocated	--	--	--	--	2,104	--	

40.1 In order to comply with the requirements of International Accounting Standard 14 "Segment Reporting" the activities of company have been grouped into five segments of related products and services. The energy segment mainly relates to supply and installation of transformers, switchboards, and other related power generation, transmission, and distribution equipment. Rotary machines and product segment includes diesel generating set, motors, alternators and drives etc. Industry automation and services segment includes designing, engineering and construction services in electrical field, mechanical field and information technology services. Information and communication segment covers supply and installation of telecommunication and other related equipments. Other operations include supply and services of health care equipments, solar equipments and installation of railway signaling.

40.2 The above mentioned segments do not necessarily match with the organisational structure of the company.

41. GENERAL

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

41.2 Figure have been rounded off to the nearest thousand of rupees.

Sohail Wajahat Siddiqui
Chief Executive Officer

S. Babar Ali
Director

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF

AS AT SEPTEMBER 30, 2001

<i>Number of Shareholders</i>	<i>Shareholding</i>			<i>Total Shares held</i>
	<i>From</i>	<i>To</i>		
333	1	100	shares	13,763
521	101	500	shares	119,667
57	501	1,000	shares	41,420
40	1,001	5,000	shares	83,840
5	5,001	10,000	shares	31,390
2	10,001	15,000	shares	22,660
1	25,001	30,000	shares	28,200
1	35,001	40,000	shares	35,500
1	45,001	50,000	shares	46,920
1	195,001	200,000	shares	200,000
1	270,001	275,000	shares	273,330
1	1,955,001	1,960,000	shares	1,955,910
1	4,970,001	4,975,000	shares	4,973,680
-----				-----
965				7,826,280
=====				=====

Categories of Shareholders

	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	945	318,573	4.00
Investment Companies	3	1,960,277	25.00
Insurance Companies	4	348,460	4.50
Joint Stock Companies	8	4,986,490	63.70
Financial Institutions	1	200,000	2.60
Others			
1) Habib Bank Ltd. A/c. Mohammad Amin Wakf Estate	1	11,790	
2) Al-Bawany Foundation	1	300	0.20
3) Naeem Securities Ltd.	1	250	
4) KHI -- Occasional Trading	1	140	
-----	965	7,826,280	100%
=====			

Siemens Nationwide

	<i>Address Code</i>	<i>Telephone No.</i>	<i>Fax No.</i>
Karachi (021)			
Corporate Management	1	2574910-19	2566218
Power Transmission & Distribution (PTD) Division	1	2573970	2566214
Transmission & Distribution	1	2566213	2566213
Transformers	1	2563564	2577791
Switchboards	1	2579250	2577790
PTD Services	1	2567461	2563563
Industrial, Power Projects & Technical Services (IPS) Division	1	2560591	2578804
Power Generation	1	2561057	2566805
Industrial Projects	1	2567462	2567463
IP-Traffic Control Systems	1	2560592	2567463
Engineering & Construction	1	2568397	2566216

Maintenance & Services	1	2573854	2578804
IT Services / SAP	1	2566804	2566217
Process & Automation Solutions	1	2574078	2566216
Automation, Drives, Standard Products (ADP) Division	1	2577793	2576200
Small & Large Drives (Motors & DG Sets)	1	2561058	2576200
Standard Products	1	2561056	2563563
Siemens Household Appliances	1	2561056	2563563
Sales Outlet	2	5682104	5673907
Information & Communication, Medical Solutions (ICM) Division (Bus. Unit & Br.)	2	5662200-10	5684679
ICN-EN (Business Unit)	2	5683747	5686606
ICN-EN Services	2	5673565	5686606
ICN Sales Private Carriers (Branch))	2	5674623	5684679
Special Systems (Branch)	2	5673553	5684679
Medical Solutions Sales (Branch)	2	5673568	5689896
Medical Solutions Tech. Services (Branch)	2	5671271	5689896
Rail Transportation (Branch)	1	2560599	2560599
Lahore (042)			
Regional Office	3	6278758-67	6363126
ICM Division (Business Unit & Branches)	4	6278758-67	6363126
Medical Solutions (Business Unit)	4	6370927	6369631
Medical Solutions Sales (Branch)	4	6369444	6364220
Medical Solutions Tech. Services (Branch)	5	5871006-07	5717943
Information Communication Networks-Enterprise Networks (Branch)	4	6369410	6369631
Solar Systems (Business Unit)	4	6302841	6369631
Rail Transportation (Business Unit)	4	6364225	6370936
PTD Division (Bus. Unit and Branches)	3	6278758-67	6363126
Transmission & Distribution (Branch)	3	6368375	6370932
Transformers (Branch)	3	6370930	6368040
Switchboards (Branch)	3	6368375	6370932
PTD Services (Branch)	3	6278758	6370932
IPS Division (Branches)	3	5871010-16	5717798
Power Generation(Branch)	3	5871010-16	5717798
Industrial Projects (Branch)	5	5717756	5717798
IP-Traffic Control Systems (Branch)	5	5717756	5717798
Engineering & Construction (Branch)	5	5871010-16	5717798
Maintenance & Services (Branch)	5	5871010-16	5717798
IT Services (Branch)	5	5871010-16	5717798
Process & Automation Solutions (Branch)	5	5871010-16	5717798
Automation, Drives, Standard Products Division (Branches)	3	6278758-67	6363126
Small & Large Drives (Motors & DG Sets) Br.	3	6370935	6303038
Standard Products (Branch)	3	6364193	6303038
Islamabad (051)			
Regional Office	6	2272200-14	2272219
Information & Communication, Medical Solutions (ICM) Division	6	2272217	2272223
		2821257	2272223
ICN-EN (Br.) (Sales, Services & Installation)	6	2272200	2272219
ICN Sales PTCL	6	2828416	2826807
ICN Services	6	2272228	2272237
Special Systems	6	2272236	2272219
ICN PrC Sales	6	2272218	2272219

Medical Solutions Sales	6	2273055	22,72219
Medical Solutions. Tech. Services	6	2826707	2272231

PTD Division (Branches)	6	2272200-14	2272219
--------------------------------	---	------------	---------

Transformers (Branch)	6	2272200-14	2272219
Switchboards (Branch)	6	2826224	2826298
Transmission & Distribution (Branch)	6	2272200-14	2272219
PTD Services (Branch)	6	2826224	2826298

IPS Division (Branches)	6	2272200-14	2272219
--------------------------------	---	------------	---------

Industrial Projects (Branch)	6	2274994	2272222
IP-Traffic Control Systems (Branch)	6	2822776	2272231
Power Generation (Branch)	6	2272200-14	2272219
Engineering & Construction (Branch)	6	2822776	2272231
IT Services (Branch)	6-A	2872107	2872449

ADP Division (Branches)			
--------------------------------	--	--	--

Small & Large Drives (Motors & DG Sets)		2276804	2272219
Standard. Products		2276804	2272219

Representative Offices			
-------------------------------	--	--	--

Quetta (081)	7	831311-12	831313
		833766	831313

P T D
I C M
I P S
A D P

Peshawar (091)	8	276029	276187
-----------------------	---	--------	--------

Medical Solutions
Sales & Services

Address Code:			
----------------------	--	--	--

1. B-72, Estate Avenue, S.I.T.E., Karachi-75700
2. Ilaco House, Abdullah Haroon Road, P.O. Box No.7158, Karachi-74400
3. Akhvan House, 38-Sir Aga Khan Road, P.O. Box No.293, Lahore-54000
4. State Life Building 15-3, Sir Aga Khan Road, P.O. Box No.293, Lahore-54000
5. 64 C III, Gulberg-III, Lahore
6. 23-West Jinnah Avenue, P.O. Box No. 1129, Islamabad-44000
- 6-A. E-1, 1st Floor, Ali Plaza, F-6/G-6, Islamabad-44000
7. 5-6 Patel Bagh, Off: Quarry Road, P.O. Box No.21, Quetta-87300
8. 6th Floor, State Life Building The Mall, P.O. Box No.341, Peshawar-25000