

## SIEMENS ANNUAL REPORT 2003

### Board of Directors

Syed Babar Ali, Lahore  
Sohail Wajahat Siddiqui, Karachi  
Tariq Iqbal Khan, Karachi  
Joachim Moeller, Erlangen  
Konrad Pernstich, Erlangen  
Rolf Schlotfeldt, Munich  
Masood Karim Shaikh, Karachi  
Tertius Vermeulen, Karachi  
Gerhard Wilcke, Karachi  
Mohammad Haleem Khan  
Management  
Sohail Wajahat Siddiqui  
Gerhard Wilcke  
Parvez Iftikhar  
Mohammad Ilyas  
Nasim A. Siddiqui  
Sohail Wajahat Siddiqui  
Medical Solutions, Transportation  
Systems & Solar

### Bankers

ABN Amro Bank  
American Express Bank Limited  
Citibank NA  
Deutsche Bank AG  
Habib Bank Limited  
Hongkong & Shanghai Banking Corporation Limited  
Mashreq Bank psc  
Meezan Bank Limited  
Muslim Commercial Bank Limited  
Standard Chartered Bank  
Union Bank Limited

### Auditors

Taseer Hadi Khalid & Company, Karachi  
Registered Office  
B-72, Estate Avenue, Sindh Industrial Trading Estates  
Karachi-75700

Chairman  
Managing Director  
Director  
Director (effective 01 .01 .2003)  
Director  
Director  
Director  
Director (until 14.1 1.2002)  
Director  
Company Secretary  
Chief Executive Officer  
Chief Financial Officer  
Information & Communication  
Power Transmission & Distribution  
Industrial Solutions & Power Generation  
Automation & Drives

Dear,ShareHolders

I am pleased to present the Directors' Report and the audited financial statements for the year ended September 30, 2003 along with the Auditors' Report.

Compliance with the Code of Corporate governance.

The Board of Directors of your Company remained actively engaged during the year in performing its duties under the Code of Corporate Governance. The Statement of Compliance with the Best Practices of Corporate Governance is annexed to this report.

### Change in the Board

Mr. Konrad Pernstich resigned on December 31, 2002 and the vacancy has been filled by Mr. Joachim Moeller. The Board appreciates the valuable services rendered by Mr. Pernstich and welcomes Mr. Moeller.

The term of office of present directors will expire in December, 2003. The election is scheduled on December 1, 2003.

### Audit Committee

The Board has constituted an Audit Committee with specific terms of reference comprising the following:

Mr. Masood Karim Shaikh, Chairman (Non-executive director)  
Mr. Tariq Iqbal Khan, Member (Non-executive director)  
Mr. Rolf Schlotfeldt, Member (Non-executive director)  
Mr. M. Haleem Khan Secretary (Company Secretary)

The Audit Committee reviewed the quarterly, half yearly and yearly financial statements, the internal audit plan, material audit findings and recommendations of the Internal Auditor. The minutes of the Audit Committee Meetings were circulated to all members, Directors and the CFO within a fortnight. The Committee also discussed with the External Auditors of the Company the major issues and their observations contained in their letter to the Management. Internal Audit Reports have been provided to the External Auditors for their review.

### Corporate and Finance Reporting Fund

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- Approved International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and there were no departures there from.
- The system of internal control has been designed to manage the various risks being faced by the company and is being continuously reviewed by the management and internal audit for further improvements thereon. The process of review will continue and any weakness in controls will be removed.

- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchanges of Pakistan.

- Key operating and financial data for the last six years is shown on page 1
- Outstanding taxes and levies, if any, are given in Note to the audited financial statements.
- The value of investments based on respective un-audited accounts of funds are as follows:

Provident Fund as on June 30, 2003 Rs. 321.647 million

Gratuity Fund as on September 30, 2003 Rs.204.463 million

The audit of accounts of these funds is currently in progress.

- During the last business year five meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of Director	No. of Meetings attended	No. of Meetings required to attend
Syed Babar Ali	4	5
Tariq Iqbal Khan	3	5
Rolf Schlotfeldt	1	5
Masood Karim Shaikh	3	5
Joachim Moeller	0	3
Sohail Wajahat Siddiqui	5	5
Gerhard Wilcke	3	4
Konrad Pernstich	1	2
Tertius Vermeulen	2	2

- No trade in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children.

#### Financial Statements

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company, Taseer Hadi Khalid & Company and their report is attached with the financial statements.

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

#### Appropriations

Your directors propose to appropriate the net income of the Company as under:

	(Rupees in '000)
Net profit after taxation for the year	349,971
Unappropriated profit brought forward	550
Available for appropriation	350,521
Appropriations	
Transfer to asset replacement reserve	100,000
Transfer to revenue reserve - general	48,000
Interim dividend paid @ 130%	101,005
Proposed final dividend @ 130%	101,005
	(350,010)
	;
Unappropriated profit carried forward	511

During the year under review the economy of Pakistan grew steadily and all the macro economic indicators point to a positive trend. Growth in exports, increase in foreign exchange reserves and check on inflation with steady reduction in interest rates provided ample reasons for increased investments in the industrial sector. The investments in the infrastructure of the country, particularly in the electricity generation and distribution systems, remained below the needed level due to intended privatization of the power utilities. The oil and gas sector continued to grow at a faster rate along with Information and Communication sector. Thanks to our diversified portfolio we were able to increase our business volume in the growing sectors.

New Orders increased by 23% over the last year. The major inflow is in the power and distribution transformers from local utilities as well as from overseas customers besides large orders in the Information & Communication field.

Sales increased by 20% to which the main contribution was from Information & Communication, Industrial Solutions, particularly in the oil and gas installation projects and from supplies of transformers.

Gross profit however declined to 17% compared to 21% achieved last year. An extraordinary appreciation of Euro in relation to Pak Rupee resulted in increased cost of inputs originating from Europe which could not be passed on to the local market in which our competition is mainly with US Dollar denominated inputs. The worst hit was our business of Rotating Machines, i.e. Motors and Generating Sets which suffered heavy erosion of margins. Alternative sources are being explored to offset the negative impact of rising Euro.

Profit before tax increased in absolute terms on account of increased sales but qualitatively remained at the last year's level. The negative effect of the qualitative reduction of gross profit was offset by reduction of selling and administration expenses from 10% last year to 8.7%, by higher commission income and by higher financial income due to exchange gain as against exchange losses incurred in the last year.

Profit after tax decreased by 10% compared to last year as the tax charge based on presumptive tax regime on contracts revenue is higher this year.

Orders in hand at the end of the year are considered satisfactory.

Capital investments of Rs.103 million were made for modernization and replacements to keep our infrastructure at the required standard.

Our contribution to the Exchequer as duties and taxes amounted to Rs.954 million.

The Executive Management Committee comprises of the following:

- CEO
- CFO
- Heads of Operational Divisions

This committee, which meets regularly, reviews the result of its operations, formulates strategic plans of marketing, production and investments, finalize annual and seasonal budgets and takes corrective Human Resource

Sustainable success is our first priority. Through introduction of Siemens Leadership Framework we strive to achieve outstanding results for achieving business excellence. We measure our performance not only in terms of financial results but also focus on improving our processes, increasing customer satisfaction and employee motivation. This enables a more balanced evaluation of our management's performance. We believe that these measures are central to ensuring our long term success.

As a global network of innovation we provide hi tech products and solutions. We invest in our

and views the vocational training, continuing education, development, safety and health of its employees as high priorities.

The company supports educational initiatives, promotes sports and cultural events and provides help medals to the best students in recognition of their academic achievements in the field of engineering. We organize regular visits of students from engineering and technical institutions and employees of our large customers to our manufacturing complex. Such visits are part of the curriculum of many of the institutions.

Siemens has a well established apprentice training center where young men are exposed to latest technology and trained for the industry. The three year course imparts knowledge in electrical and mechanical trades during which period the apprentices get stipend paid by the company. The trained apprentices are much sought after not only by the local engineering industry but also by this sector in the region.

Siemens has a policy of helping institutions which work for collective benefit to the society. Citizen Police Liaison Committee is among many such institutions which received our help in the shape of equipment. We also sponsored inter-school cricket tournament and provided cricket kits to the winners for promotion of the game and to encourage budding talents from various schools.

The environmental compatibility of the company's production processes, products and solutions are the responsibility of every corporate citizen.

We monitor regularly the waste water effluent discharged through our production processes, washrooms and canteen areas to ensure adherence to the National Environmental Quality Standards of the Government of Pakistan.

All the fire extinguishers have been converted to dry chemical powder from BCF Halon Gas which was contributing to depletion of ozone layer.

All metallic and oil waste out of our production processes is disposed of for recycling.

The Management places on record its deep appreciation and sincere thanks to the Board of Directors whose whole-hearted support and guidance on key issues of business were among the key factors of our achievements. We also acknowledge with thanks the efforts and contribution made by our Managers, Officers and workers in achieving the results in a challenging and competitive environment.

The short and medium term outlook largely depends on the continuation of the economic and fiscal policies of the government. There is a back log of the much needed infrastructure development in power, water, transportation, communication and public health sectors and we are ready to play our part in those projects of vital importance to the country.

Sales	Rs. 1,098 million	+40%
New Order	Rs. 1,166 million	+39%

**Locally Manufactured Products and INFORMATION & COMMUNICATION:**

**Services**

A Installation and Commissioning Supervision of Public digital exchanges (EWSD) and Mobile Switching Centers (D 900).

A Operation and maintenance support providing round the clock technical assistance for EWSD and D 900 Switching Systems.

A Expert services for SDH and Digital Microwave Radio equipment.

A Training center for Switching and Transmission networks for Siemens and customers.

A Installation & Commissioning of Internet Services.

A Installation and Commissioning of Voice Mail System.

**Products**

Manufacturing is carried out at Siemens joint

**Services**

A Containers for switching Systems Telephone sets

A Digital Microwave Radio System

A SDH Optic Fibre Transmission equipment

A Rectifier panels for telephone exchanges

A Outdoor telephone distribution cabinets and boxes

**•POWER TRANSMISSION & DISTRIBUTION: |**

**Services**

A Center of Competence for Network Planning

A Upgrading and Retrofitting of Electrical Installations

A Maintenance and Spare Parts

A Customer Training

A Network Analysis and Consultancy

A Engineering for System Protection

A Asset Management, Operation and Integrated

Service Contracts

A System Studies

ventures Telephone Industries of Pakistan (Pvt.) Ltd., (TIP), Haripur and Carrier Telephone Industries (Pvt.) Ltd., (CTI), Islamabad. Both factories also carry out majority of equipment repair locally. Following products are produced locally:  
 A Digital Switching System EWSD  
 A Analog Telephone Sets

Products

Transformers  
 A Distribution transformers  
 A Power transformers upto 145 kV/60 MVA  
 A 11kV Auto transformers with OLTC for use as Voltage Stabilizers  
 A Rectifier transformers

Sales Rs. 182 million - 8%

New Orders Rs.1 64 million -35%

Medical Solutions are at CMH Rawalpindi, Ziauddin Hospital Karachi

Notice of Meeting

Notice is hereby given that the Fifty-first Annual General Meeting of the shareholders of Siemens (Pakistan) Engineering Company Limited will be held on Wednesday, December 31, 2003 at B-72, Estate Avenue, S.I.T.E., Karachi at 9:00 a.m. to transact the following business:

Ordinary Business

1. To confirm the Minutes of the Extra-Ordinary General Meeting of the shareholders of the Company held on December 1, 2003.
2. To receive and adopt the audited financial statements for the year ended September 30, 2003 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.

Special Business

6. To approve the holding of office of profit as Chief Financial Officer by Mr. Gerhard Wilcke, the Director of the Company

By order of the Board

M. Haleem Khan

Notes:

1. The Share Transfer Books of the Company will remain closed from December 23, 2003 to January 1, 2004 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxy forms in order to be valid must be received at the Registered Office of the Company not less than 48 hours before the time of meeting. A member shall not be entitled to appoint more than one proxy. A proxy must be a member.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No.I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
  - i) In case of individuals, the account holder or sub-account holder and/or the person, whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or original passport at the time of attending the meeting. The shareholders registered on CDS are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
  - ii) In case of a corporate entity the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. The statement in regard to special business is enclosed for the members.

Low Voltage Motors

A 3-phase squirrel cage induction types motors for horizontal and vertical applications, 1HP to 500HP, 2, 4 & 6 poles  
 A 3-phase squirrel cage induction motors for horizontal and vertical applications in energy saving design with elegant surface finish, 1HP to 25HP, 2, 4 & 6 poles  
 A 3-phase vertical hollow shaft motors for deep well turbine pumps, 7.5HP to 250HP, 2, 4 & 6 poles  
 A Single phase motors for domestic and industrial applications  
 A Fan motors for Air Conditioners  
 A Special Motors  
 \* Pole changing Motors  
 \* Brake Motors  
 \* Geared Motors  
 \* Explosion proof Motors  
 \* Motors for textile applications

A Turnkey operation and maintenance contracts  
 A Genuine back up spare parts inventory  
 A Installation, Testing and Commissioning

MEDICAL SOLUTIONS, TRANSPORTATION SYSTEMS & SOLAR:

Rail Transportation  
 A Complete design and manufacture of system and power supply Racks for Auto Block, Tokenless and Track Circuiting Systems.  
 A 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.

Service and Repair

A Pre and post purchase consultancy services for power solutions  
 A Maintenance, Repairs and Overhauls with full backup support

14. The Board has arranged orientation courses for its directors to apprise them of their duties and

responsibilities.

15. The Head of Internal Audit has access to the Chairman of the Audit Committee.
16. The CFO and the Company Secretary are qualified to hold their offices.
17. The Company Secretary attends the Board Meetings of the Company.
18. The Company publishes its quarterly unaudited financial statements along with the Directors' Review.
19. The statutory auditors carried out limited scope review of the half yearly financial statements of the Company.
20. The Annual Reports including the financial statements are circulated within three months of the close of the Company's financial year.
21. All material information as required under the relevant rules has been provided to the stock exchanges and to the Security & Exchange Commission of Pakistan within the prescribed time limit.
22. All quarterly, half yearly and annual financial statements presented to the Board for approval were duly signed by the CEO and the CFO before presenting to Board for its approval.
23. The directors, CEO, CFO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
24. The directors' report has been prepared in compliance with the requirements of the Code and Section 236 of the Companies Ordinance 1984 and fully describes the salient matters required to be disclosed.
25. The Company has complied with all the corporate and financial reporting requirements of the Code.
26. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors.
27. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
28. The Company has an internal audit function in place. The function is managed by suitably qualified and experienced staff. The internal audit activities are further supplemented by financial audit carried out by regional audit team.
29. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
30. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

Statement of Compliance with the best practices of Code of Corporate Governance

1. The Board comprises seven directors, including the CEO and the CFO who are the only executive directors. The Company encourages representation of independent non-executive directors. There are three independent non-executive directors, one of whom is the Chairman and two represent the National Investment Trust Limited (NIT).
2. All the directors have given declaration that they were aware of their duties and powers under the relevant laws and the Company's Memorandum and Articles of Association and the listing regulations of the stock exchanges of Pakistan.
3. The directors have confirmed that none of the directors of the Company (except for one representing NIT who has been exempt from the restriction) is serving as a director in ten or more other listed companies.
4. All the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any dues to any banking company, a DPI or NBFIs.
5. None of the directors or their spouses is engaged in business of stock brokerage.
6. The Company elects its directors every three years. During the year there was one casual vacancy which was filled by the directors within 30 days.
7. The Company has adopted a Statement of Ethics & Business Practices which has been signed by all the directors and employees of the Company.
8. The Board of Directors has issued a Vision and Mission Statement. All significant policies of the Company have been incorporated in the Company's Code of Corporate Governance. The level of materiality for the business has been defined by the Board.
9. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. The appointment, remuneration and terms and conditions of employment of the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and the Company Secretary have been approved by the Board of Directors.
10. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated. The roles and responsibilities of the Chairman and the Chief Executive Officer are clearly defined.
11. The Board meets at least once in every quarter.
12. Written notices and agenda of Board Meetings are circulated not less than seven days before the meetings.
13. The Minutes of the Board Meetings are appropriately recorded, signed by the Chairman and circulated within 30 days from the date of meetings.

Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Siemens (Pakistan) Engineering Company Limited to comply with the Listing Regulation No. 37, 36 and Chapter VIII of the Karachi, Islamabad and Lahore Stock Exchanges respectively where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

31. It is confirmed that the Company has complied with all material principles and the corporate and financial reporting requirements of the Code as mentioned in this Statement of Compliance with the best practices of Corporate Governance.

Siemens (Pakistan) Engineering Company Limited  
Balance Sheet  
As at 30 September 2003

	Note	2003 (Rupees in 000)	2002
<b>SHARE CAPITAL AND RESERVES</b>			
Share Capital			
-Authorised			
20,000,000 (2002: 20,000,000) ordinary shares of Rs. 10 each		200,000	200,000
-Issued, subscribed and fully paid-up	3	77,96	78,263
Reserves			
Unappropriated profit		1,812,935	1,680,269
		511	550
		1,891,142	1,759,082
<b>LONG TERM LIABILITY</b>			
Retention money		-	41,449
<b>DEFERRED LIABILITY</b>			
Provision for employees' long service bonus	2.4	6,786	6,990
<b>CURRENT LIABILITIES</b>			
Short-term running finances	5	773	2,667
Creditors, accrued expenses and other liabilities	6	2,68,469	1,661,627
Provision for taxation	2.7	204,100	161,860
Unclaimed dividend		2,395	2,205
Proposed dividend		101,005	101,742
		2,476,742	1,930,101
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	4,374,670	3,737,622

**Auditors' Report to the Members**

We have audited the annexed balance sheet of Siemens (Pakistan) Engineering Company Limited as at 30 September 2003 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 except for the change as indicated in note 2.14 with which we concur
  - 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 2003 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.

#### Siemens (Pakistan) Engineering Company Limited

##### Cash Flow Statement

For the year ended 30 September 2003

	2003	2002
	Note (Rupees in '000)	
Cash flows from operating activities		
Cash generated from operations	28 906,110	611,216
Payments to employees for long service bonus	-1,327	-1,083
Financial income received / (charges paid) - (net)	16,697	-61,756
Taxes paid	-239,836	-93,711
Long-term trade debts and deposits	36,410	-13,355
Long-term liabilities	-41,449	41,449
Long-term loans	-2,866	-1,118
Net cash flows from operating activities	673,739	481,642
Cash flows from investing activities		
Capital expenditure	-103,195	-117,210
Proceeds from sale of fixed assets	9,402	10,263
Net cash flows from investing activities	-93,793	-106,947
Cash flows from financing activities		
Dividends paid	-202,557	-101,244
Buy back of shares	-15,901	-
Net cash flows from financing activities	-218,458	-101,244
Net increase in cash and cash equivalents	361,488	273,451
Cash and cash equivalents at beginning of the year	451,238	177,787
Cash and cash equivalents at end of the year	29 812,726	451,238

The annexed notes 1 to 41 form an integral part of these financial statements.

#### Siemens (Pakistan) Engineering Company Limited

##### Statement of Changes in Equity

For the year ended 30 September 2003

	Share premium	Issued, Capital subscribed and paid up and purchase share capital	Other capital reserve	Assets replacement reserve	General reserve	Unappropriated profit	Total
Balance as at 30 September 2001	24,926	263		4,300	542,000	820,000	410 1,469,942
Profit for the year ended 30 September 2002							390,882 390,882
Transfer to reserves					189,000	100,000	-289,000
Final dividend @ 130 percent							-101,742 -101,742
Balance as at 30 September 2002	24,926	263		4,300	731,000	920,000	550 1,759,082
Buy back of shares	(56,715)	334					-15,901
Transfer to Capital Repurchase Reserve			567			-567	
Profit for the year ended 30 September 2003							349,971 349,971
Transfer to reserves					100,000	48,000	-148,000
Interim dividend @ 130 percent							-101,005 -101,005
Proposed final dividend @ 1 30 percent							-101,005 -101,005
Balance as at 30 September 2003	9,659	6	567	4,311	BMM	967,433	511

economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

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

The company accounts for its warranty obligations on accrual basis.

##### Borrowing costs

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

##### 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 capitalised 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 capitalised and the assets so replaced, if any, are retired.

Gains or losses on sale or retirement of fixed assets are included in income currently.

**Taxation****I Current**

Provision for current taxation is based on taxability of certain income streams of the company under presumptive tax regime at the applicable tax rates and remaining income streams are chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any.

**I 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 when it is probable that future taxable profits will be available against which the deductible temporary differences 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.

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

Siemens (Pakistan) Engineering Company Limited Notes to and forming part of the Financial Statements

For the year ended 30 September 2003

**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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****2.1 Basis of preparation**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

**2.2 Accounting convention**

These financial statements have been prepared under the 'historical cost' convention, except that certain financial instruments have been included at fair value in accordance with the recognition/ measurement criteria mentioned in the relevant international accounting standard applicable to such instruments and also 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 funded gratuity scheme for its regular permanent employees except expatriates. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. Actuarial gains/ losses exceeding 10 percent of the higher of projected benefit obligation and fair value of plan assets are amortised over average future service of the employees.

**Defined Contribution Plan**

The company also operates a provident fund scheme for all its regular permanent employees. Equal monthly contributions are made to the fund, both by the company and the employees at the rate of 10 percent of basic salary and cost of living allowance wherever applicable.

**2.4 Provisions**

A provision is recognised in the balance sheet when the company has legal or constructive obligation as a result of past event, and it is probable that an outflow of resources embodying

determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. The application of method used is dependent on the nature of each contract. Expected losses on contracts are recognised 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.

**Reason and effect of change in an accounting policy**

With effect from 1 April 2003, contract revenue on long term construction contracts valuing less than Rs. 10 million is being recognised using completed contract method. Previously percentage of completion (milestone) method was used for revenue recognition of such contracts. The change was considered necessary as it will result in a more appropriate presentation of transactions in the financial statements of the company as such contracts are usually for short duration. The impact of this change on the results of the company is considered to be immaterial.

**3. ISSUED, SUBSCRIBED AND FULLY PAID-UP****SHARE CAPITAL**

	Note	2003 (Rupees in Thousand)	2002
Ordinary shares of Rs. 10 each			
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		23552	40,995
1,526,800 Issued as bonus shares		25382	567
(56,683) Shares bought back	-	2352	8956
		77,696	78,623

3.1 Siemens Aktiengesellschaft, Germany (Siemens AG) held 4,973,680 ordinary shares (2002: 4,973,680 ordinary shares) of Rs. 10 each of the company as at 30 September 2003.



3.2 In pursuance of a special resolution passed at the Annual General Meeting held on 30 December 2002, regarding buy back of its own shares under section 95A of the Companies Ordinance, 1984, the company purchased all the shares for which applications from the shareholders were received up to 28 February 2003. These shares were cancelled on 24 March 2003 and the share capital of the company was reduced to Rs. 77.696 million.

earned by the company and utility deposits, are discounted to their present values. Utility deposits are charged off over a period of five years.

#### 2.9 Investments

Available for sale investments are initially recognised at cost and measured at subsequent reporting dates at fair value. The fair value is determined on the basis of year-end bid prices. Surplus / deficit arising from re-measurement is taken to profit and loss account.

#### 2.10 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of finished goods, both manufactured and purchased, is determined on weighted average basis. 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 and 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

Trade debts are carried at original invoice amount less an estimate for doubtful receivables. Bad debts are written off when identified.

#### 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 recognised when deliveries are made, or when goods are specifically contractually appropriated. Service revenue is recognised over the contractual period or as and when services are rendered to customers. Commission income is recognised on receipt of credit note.

Contract revenue and contract costs relating to long term construction contracts are recognised as revenue and expenses respectively by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying either 'contract milestone method or cost to cost method. Under milestone method stage of completion of a contract is determined on the basis of evaluation made by the customer, consultant or engineer, whereas, under cost-to-cost method stage of completion of a contract is

### 4. STAFF RETIREMENT BENEFIT - Defined benefit plan

4.1 The actuarial valuation of gratuity scheme was carried out at September 30, 2003. The projected unit credit method, using the following significant financial assumptions, has been used for the actuarial valuation:

Discount rate 8% per annum compound (2002: 12%).

Expected rate of increase in salaries 5.94% per annum (2002: 8.89%).

Expected rate of return on plan assets 8% per annum (2002: 11%).

The amounts recognised in the balance sheet are as follows:

	Note	2003 (Rupees in '000)	2002
Fair value of plan assets		326,788	284,008
Present value of defined benefit obligation		-204,715	-196,898
Surplus		122,073	87,110
Unrecognised net gain		-73,250	-35,556
Surplus carried forward in the balance sheet		48,823	51,554
4.2 Movement in net asset in the balance sheet is as follows:			
Opening balance of net asset		51,554	57,414
Expense recognised for the year		-2,731	-5,860
Closing balance of net asset		48,823	51,554
4.3 The following amounts have been charged in the profit and loss account in respect of these benefits:			
Current service cost		14,369	13,898
Interest cost		20,764	24,389
Expected return on plan assets		-30,347	-32,427
Expense for the year		4,786	5,860
Recognition of actuarial gain		-2,055	-
Expense recognised in the financial statements		2,731	5,860

(Rupees in '000)

Original	Accumulated	Net book	Sale	Mode of
----------	-------------	----------	------	---------

	cost	depreciation	value	proceeds	disposal
Plant and machinery					
	82	57	25		Scrapped
	32	19	13		Scrapped
	47	28	19		Scrapped
	22	13	9		Scrapped
	64	11	53		Scrapped
Items with book value below Rs. 5,000	713	713	-		
	960	841	119	-	
Tools and patterns					
Items with book value below Rs. 5,000	626	626	-		
	626	626	•	-	
Furniture and equipment					
	55	49	6	8	Negotiation
	70	58	12		Scrapped
	55	38	17		Scrapped
	59	28	31		Scrapped
	28	21	7	-	Scrapped
	21 21 51	21 21 51		14 14 23	Negotiation
					Negotiation
					Negotiation
	47	47	-	20	Negotiation
	17 20	17 20	•	14	Negotiation
					Company policy
	19	19		-	Company policy
	20	20			Company policy
	20 20	20 20		8 8	Company policy Company policy
	20	20		14	Company policy
	20 20	20 20		7 8	Company policy
					Company policy
	20	20		7	Company policy
	20	18	2	17	Company policy
	13	5	8		Scrapped
Items with book value below Rs. 5,000	19,997	19,993	4	24	
	20,633	20,546	87	186	
Transport					
	440	440	.	176	Company Policy
	679	679	.	272	Company Policy
	679	679	-	272	Company Policy
	804	804	.	322	Company Policy
					Company Policy
	829 520	829 336	184	332 208	Negotiation
	573	573	.	232	Company Policy
	744	744	-	298	Company Policy
	676	676	-	270	Company Policy
	689	689	.	276	Company Policy
	679	665	14	272	Negotiation
	916	916	-	290	Company Policy
	995	539	456	456	Negotiation
	729	608	121	428	Negotiation
	785	213	572	800	Insurance claim
	939	215	724	955	Insurance claim
Items with book value below Rs. 5,000	2,560	2,559	1	3,357	
	14,236	12,164	2,072	9,216	
Total	36,455	34,177	2,278	9,402	

6.1 Workers' profits participation fund

	(Rupees in '000)	
Balance at beginning of the year	21121	21,797
Interest paid on funds utilised in company's business	339	3,086
Amount allocated for the year	32,984	26,930
Amount paid to the fund	-30,185	-24,883
Balance at end of the year	32,968	26,930

## 7. CONTINGENCIES AND COMMITMENTS

7.1 As at 30 September 2003 capital expenditure contracted for but not incurred amounted to Rs. 24.128 million (2002: Rs. 18.816 million).

7.2 The company has been made party to a legal suit along with two other Siemens entities for infringement of intellectual property rights of an individual. The plaintiff has prayed the court for recovery of cost and damages of Rs. 20 billion. The company considers that the suit has no merit and accordingly no provision has been made

there against.

7.3 The company is contesting certain cases in the High Court of Sindh mainly relating to sales tax on sales of electric motors, advances from customers, sale of fixed assets and installation services 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 financial statements against the demand raised by the Sales Tax Authorities amounting to Rs 435.5 million (2002: 530.8 million) including sales tax and additional sales tax thereon.

#### 8. OPERATING ASSETS

	Cost at 1 October 2002	Additions/ (deletions)	Cost at 30 September 2003	Accumulated depreciation 1 October 2002	Depreciation / amortisation for the year/ (deletion)	Accumulated depreciation / amortisation at 30 September	(Rupees in '000)	
							Net book value at 30 September 2003	Depreciation / amortisation rates as a % of cost
Tangible							2003	
Leasehold lands		53,149		53,149	15,381	1,329	16,710	36,439
Buildings on leasehold lands		223,994 -		223,994	50,123	5,810	55,933	168,061 2.5 & 10
Plant and machinery		338,223	19,673	356,936	184,558	26,468	210,185	146,751 10,20,25 &100
			-960			-841		
Tools and patterns		86,326	1,652	87,352	76,542	7,081	82,997	1355
			-626			-626		
Furniture and equipment		247,491	23,641	250,499	185,934	30,527	195,915	54,584 20,25,33.33 &100
			-20,633			-20,546		
Transport		136,857	37,820	160,441	80,805	27,498	96,139	64,302 25&50
			-14,236			-12,164		
Intangible								
Software			1,115	1,115 -		44	44	1,071
								33.33
		981,891	123,273	1,086,040	512,542	97,576	593,343	492,697
			-19,124			-16,775		

Note 2003 2002

Rupees in thousand

Cost of sales	21.1	68,598
Selling and administration expenses	22	28,978
		97,576

#### 12. LONG-TERM TRADE DEBTS AND DEPOSITS

	2003 (Rupees in '000)	2002
Trade debts - unsecured		
Considered good		
Due from associated undertakings	5,508	43,287
Due from others	5,766	3,690
	11,274	46,977
Considered doubtful - others	181	44
	11,455	47,021
Provision for doubtful debts	-181	-44
	11,274	46,977
Discounting to present value	-2178	-1,464
	9,196	45,513
Security deposits	2,457	2,550
	11,653	48,063

#### 13. STOCKS

Raw materials and components	250,343	298,164
Goods-in-transit	102,722	111,362
Work-in-process	175,966	166,022
Supply and erection contracts-in-progress	1,096,240	830,121
Finished goods	108,751	176,841
	1,734,022	1,582,510
Provision for slow moving and obsolete items	(148,44)	-124,261
	1,585,478	1,458,249

#### 14. TRADE DEBTS

Considered good		
Secured		
Due from others	139,441	145,188
Unsecured		
Due from associated undertakings	359,441	336,740
Due from others	657,645	509,126
	1,017,086	845,866
	1,156,527	991,054
Considered doubtful - others	86,397	95,941
	1,242,924	1,086,995
Provision for doubtful debts	52512	(95,941]
	1,156,527	991,054

The maximum amount due at end of any month during the year from associated undertakings		.	568,780
		376,280	

## OTHER RECEIVABLES

	Note	2003 (Rupees in '000)	2002
Considered good			
Due from associated undertakings		42421	.
Sales tax refundable		424121	18,797
Interest receivable		785622	1,520
Others		44221	17,108
		58693	37,425
The maximum amount due at end of any month during the year from associated undertakings		121121	
		23251	1,794

## CASH AND BANK BALANCES

With banks			
- Current accounts		62,444	33,249
- Deposit accounts		607,416	374,372
Cheques in hand		142,857	46,235
Cash in hand		782	49
		1412112	453,905

## NET SALES

- Export - Goods		452354	644,487
- Services		36,913	24,871
- Against International Tenders		171,106	32,726
- Other - Goods		3,092,719	2,371,437
- Services		2,032,224	1,776,362
Gross sales		5,818,739	4,849,883
Commission paid		785645	-13,587
Net sales		14442101	4,836,296

## 15. LOANS AND ADVANCES

	Note	2003 (Rupees in '000)	2002
Considered good			
Loans to			
- Executives		4,985	4,718
- Other employees		66	4
		5,053	4,722
Advances to			
- Suppliers		10,363	9,420
- Others		823	431
Advances to			
- Executives		2,124	1,847
- Other employees		179	154
		2,303	2,001
		18,542	16,574
The maximum amount due at end of any month during the year from executives		8,161	23,002

## TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits		54,898	59,708
Short-term prepayments	16.1	50,776	55,007
		105,674	114,715
Provision for doubtful trade deposits		-7,647	-8,818
		98,027	105,897

This includes Rs. 48.823 million (2002: Rs. 51.554 million) representing excess contribution in funded employees gratuity scheme.

## INVESTMENTS

		2003 (Rupees in '000)	2002
Available for sale			
Japan Power Generation Limited			
1,000,000 ordinary shares of Rs.10 each.		10,000	10,000
Revaluation deficit		125422	-7,250
		8,150	2,750

## 21.2 Details of salaries, wages and employees welfare cost:

	Note	2003 (Rupees in '000)	2002
Salaries, wages and employees welfare cost		679,664	595,191
Gratuity fund contribution		1,730	3,646
Provident fund contribution		9,065	8,162
		10,795	11,808
		690,459	606,999

## SELLING AND ADMINISTRATION EXPENSES

Salaries, wages and employees welfare cost	22.1	226,072	205,622
Fuel, power and water		33,125	31,946
Repairs and maintenance		25,729	22,391
Advertising and sales promotion		20,775	24,096
Rent, rates and taxes		16,075	14,626
Insurance		2,973	5,529
Auditors' remuneration	30	1,659	1,666
(Reversal) / provision for doubtful debts, trade deposits and other receivables		-10,578	413
Bad debts and deposits written off			390
Depreciation	8. 1	27,555	28,978
Travelling and conveyance		42,398	40,391
Transportation charges		33,748	33,534
Stationery, telex and telephone		38,550	36,737
IT, networking and data communication		22,781	11,593
Legal and professional		6,857	6,428
Donations	22.2	623	847
Other expenses		12,383	14,960
Services charged and expenses allocated by manufacturing units		5,415	4,071
		506.14	484,218

## Details of salaries, wages and employees welfare cost:

Salaries, wages and employees welfare cost		219,696	198,155
Gratuity fund contribution		1,001	2,214
Provident fund contribution		5,375	5,253
		6,376	7,467
		226,072	205,622

## 26.1 Reconciliation of tax charge for the year

	Note	2003 (Rupees in '000)	2002
<b>Accounting profit</b>		616,919	510,234
Enacted tax rate		35%	35%
Tax on accounting profit at enacted rate		215,922	178,582
Tax effect of income assessed under Presumptive Tax Regime (PTR)		31,659	3,104
Tax effect of expenses that are not allowable in determining taxable income		4,402	5,600
Tax credit under section 107 (AA) of the Income Tax Ordinance, 1979	-		-7,333
Net effect of deferred tax relating to prior years recognised in current year	-		-57,209
Decrease / (increase) in deferred tax asset resulting from change in income assessed under PTR		2,829	-11,989
Prior years' tax charge		12,136	8,597
		266,948	119,352

**Profit after taxation**

		349,971	390,882
		(No. of shares in '000)	
Weighted average number of ordinary shares		7,797	7,826
		(Rupees)	
Basic and diluted earnings per share		44.89	49.95

## CASH GENERATED FROM OPERATIONS

		2003 (Rupees in '000)	2002
Profit before taxation		616,919	510,234
Adjustment for non cash charges and other items:			
Depreciation		98,757	97,576
Profit on sale of fixed assets		-7,124	-7,914
Provision / (reversal) for employees long service bonus		1,123	-1,704
Financial (income) / charges - net		-16,925	69,161
Working capital changes	28.1	213,360	-56,137
	906,110	611,216	

## OTHER INCOME

		2003 (Rupees in '000)	2002
Profit on sale of fixed assets		7,124	7,914
Balances no longer payable written back		4,476	1,226
Others		512	-
		12,112	9,140

## FINANCIAL (INCOME) / CHARGES - NET

Financial charges			
Interest on workers' profits participation fund		3,239	3,086
Mark-up on short-term loans and finances		5,523	32,336
Mark-up on trade payables to associated undertakings		421	-
Exchange loss		-	51,723

Commission on guarantees	9,428	6,438
Bank charges for services	16,959	17,282
Gross financial charges	35,570	110,865
Financial income		
Mark-up from trade debtors	-2,202	-951
Income on amounts placed with banks under deposit accounts	-26,242	-40,753
Exchange gain	-24,051	-
Gross financial income	-52,495	-41,704
Net financial (income) / charges	-16,925	69,161
OTHER CHARGES / (CREDITS) - NET		
Change in par value of investment	-5,400	-200
Research and development cost	1,017	56
Charge / (reversal) of discounting on long-term loans and trade debts	187	-7,462
Workers' profits participation fund	32,984	26,930
Workers' welfare fund - net of refunds	6,214	-1,306
	35,002	18,018
TAXATION		
Current		
- For the year	269,940	190,412
- For prior years	12,136	8,597
	282,076	199,009
Deferred	-15,128	-79,657
	266,948	119,352
	2003	2002
32. EMPLOYEES		
Number of employees as at 30 September	1,276	1,282

#### REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTOR 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 were as follows:

	Chief Executive	2003 Director	Executives	Chief Executive	2002 Director	Executives
			Rupees in '000			
Managerial remuneration		11,703	3,600	327,611	8,818	279,862
Retirement benefits and company's contribution to provident fund		414	-	12,994	366	14,429
Perquisites and benefits:						
- Group and medical insurance		17	17	10,558	17	10,226
- Long service bonus		33	-	638	140	-1,372
- Rent and others		877	1,946	532	864	1,055
		13,044	5,563	352,333	10,205	304,200
Number of persons	1	1	636	1	616	

33.1 In addition to the above, remuneration and fringe benefits of six (2002: two) expatriate executives hired for certain projects amounted to Rs. 1.965 million (2002: Rs. 0.422 million).

33.2 The aggregate amount charged in these accounts in respect of directors' fee paid to three directors (2002: five directors) was Rupees five thousand (2002: Rupees five thousand). In addition to this, fee paid to one alternate director (2002 : two alternate directors) was Rupees two thousand (2002: Rupees three thousand five hundred).

33.3 The Chief Executive, director and fifty three executives (2002: sixty four) have been provided with free use of company's cars and the director has also been provided with company's owned and maintained furnished accommodation.

33.4 The Chief Executive, director and seventy eight executives (2002: sixty seven) have been provided with telephone facility at their residences.

#### 40. INFORMATION BUSINESS SEGMENTS

2003	Energy	Rotary machines and products	Industry automation and services	Information and communication	Other operations	Eliminations	(Rupees in '000) Consolated
REVENUE							
External sales	1,954,140	638,447	1,939,892	1,015,292	264,357		5,812,128
Inter-segment sales	236,403	90,847	213,697	42,931	970	-584,848 *	
Total revenue	2,190,543	729,294	2,153,589	1,058,223	265,327	-584,848	5,812,128
RESULT							
Segment result	269,874	-54,614	161,916	208,089	51,591		12122
Unallocated corporate expenses							-9,133
Operating profit							28,444
Interest expense							-266,948
Interest income							349,971
Income taxes							
Net profit							
OTHER INFORMATION							
Capital expenditure	34,193	10,513	8,285	10,340	4,701		
Depredation Non-cash expenses other than depreciation	24,185	8,742	26,608	12,592	2,958		
	-257	26	199	18	-172		
ASSETS AND LIABILITIES							



Segment assets	1,510,024	341,233	1,368,320	436,418	84,490	3,748,485
Unallocated corporate assets						634,186
Consolidated total assets						4,374,678
Segment liabilities	741,268	106,705	393,042	358,762	44,119	2,483,528
Unallocated corporate liabilities					562341	
Consolidated total liabilities					2,483,528	

## 2002

REVENUE						
External sales	1,848,609	494,446	1,513,742	653,660	325,839	4,836,296
Inter-segment sale	124,277	89,481	186,135	96,280	1490	-
Total revenue	1,972,886	583,927	1,699,877	749,940	327,329	4,836,296

RESULT						
Segment result	197,225	28,870	91,536	153,321	58,624	529,576
Unallocated corporate expenses						-25,624
Operating profit						503,952
Interest expense						-35,422
Interest income						41,704
Income taxes						-119,352
Net profit						390,882

## OTHER INFORMATION

Capital expenditure	25,413	12,644	38,380	11,957	2,904	
Depreciation	22,593	8,510	28,246	10,846	3,246	
Non-cash expenses other than depreciation	-576	-511	-25	-162	16	
ASSETS AND LIABILITIES						
Segment assets	1,203,503	468,587	1,062,903	330,075	193,685	3,258,753
Unallocated corporate assets						478,869
Consolidated total assets						3,737,622
Segment liabilities	672,776	91,268	344,166	203,996	54,310	1,366,516
Unallocated corporate liabilities						612,024
Consolidated total liabilities						1,978,540

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 The financial statements were authorised for issue by the Board of Directors in their meeting held on 14 November 2003.

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

Categories of shareholders	Number	Shares held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	1		
Director Mr. S. Babar Ali		500	0.01
Chief Executive Officer	Nil		
Executives	Nil		
Associated Companies, Undertakings and related parties	1		
Siemens AG, Germany		4,973,680	64
NITand ICP	2	1,984,377	25.54
National Bank of Pakistan-Trustee Deptt (NIT)		1,982,810	
Investment Corporation of Pakistan (ICP)		1,567	
Banks, Development Financial Institutions & Non Banking Financial Institutions	1		
National Bank of Pakistan		200,000	2.58
Insurance Companies	3	301,160	3.88
Adamjee Insurance Co Ltd	233,430		
IGI Insurance Co Ltd	67,720		
The Crescent Star Insurance Co Ltd	10		
Modarabas and Mutual Funds	1		
9th ICP Mutual Fund		4,900	0.06
Public Sector Companies and Corporations	1		
Pakistan National Shipping Corporation		6,930	0.09
Shareholders holding 10% or more voting interest			
Siemens AG, Germany	4,973,680		
National Bank of Pakistan-Trustee Deptt. (NIT)	1,982,810		
General Public	811		
Local		230,340	2.97
Others	14	67,710	0.87

Javed Omer Vohra & Co Ltd	41,000		
Habib Bank Ltd, A/C Mohammed Amin			
Wakf Estate	11,790		
Adamjee Foundation	6,970		
Crescent Steel & Allied Products Ltd	5,300		
Munaf Sattar Securities Ltd	760		
Majlis Ehya-e-Islam	500		
Fortune Securities Ltd	500		
Naeem Securities Ltd	250		
Irfan Mazhar Securiteis Ltd	200		
Taurus Securities Ltd	140		
Y.S. Securities & Services Ltd	100		
Ace Securities Ltd	100		
Progressive Inv.Management Ltd	60		
Lakhani Securites Ltd	40		
Total	835	7,769,597	100