



Annual Report 2009

Pakistan

Answers for Environment

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**SIEMENS**



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## Vision

To remain market leader and technology pace setter in the engineering and electronics industry by utilizing the high-tech engineering expertise of the Siemens Group worldwide. To maintain our strong and prominent local presence.

## Mission

To realize our vision by:

- Providing quality to our customers at competitive prices, to their complete satisfaction
- Generating earnings sufficient to ensure a secure future for the company and to protect and increase our shareholders / stakeholders' investment
- To enhance creativity and job satisfaction of our employees by providing opportunities for personal development, limited only by their own ability and drive
- To contribute to the national economy, whilst realizing strong sense of responsibility to society and the environment
- To enhance the investment of our customers through human excellence, our technology, our processes, our high standards of quality and financial strength
- To support and strive for technology transfer to Pakistan through our global resources and local presence



# History of Success

In 1870 when Werner Von Siemens, founder of the Siemens Company made the Indo – European telegraph line between Calcutta & London come true, he also laid the foundations for trans Continental Cooperation between Pakistan and his company that was to last till this day.

It actually started in 1922 when Siemens opened its first office in Lahore, since then Siemens has played an active & vital role in the country's economy.



Siemens first office in Lahore in 1922

Siemens (Pakistan) Engineering Co. founded as Private Limited Company in 1953



Switchboards production commenced in 1957

Conversion into Public Limited Company in 1963



Factory for Motors & Transformers in 1963

Introduction of Diesel Generating Sets in 1976



Power Transformers production started ~30MVA in 1981

Extension in Power Transformer rating 60MVA in 1987



Became first Value Added Reseller of SAP in 1998

Export order for 132 kV substation in Dubai, UAE in 2000



Launched 1.1 MVA DG Sets in 2002

Acquired Carrier Telephone Industries in 2005



Siemens Pakistan pioneered to manufacture 220 kV/250 MVA Power Transformers in Pakistan in 2007

Adding new chapters of success each day

# Year at a Glance

Apart from excellent financial results, 2009 was a year of progress in vital aspects of our business, such as product development, staff training and development, safety, environmental management and developing the synergies between our businesses.

## October 2008

- Agreement was signed with Aisha Steel Mills Ltd for implementation of SAP ERP Solution
- Contract was signed for supply of diagnostics equipment for state-of-the-art hospital of Al Razi Healthcare, a project of Dhabi group
- Contract was signed for supply of hospital equipment to Al Jawahir Technical Pakistan
- Siemens Pakistan was awarded contract for supply, installation, erection, testing & commissioning of Bahria Town 220KV Grid station

## November 2008

- Siemens Pakistan being the largest employer of Engineering Graduates in the country, won "Most Preferred Graduate Employer award in Engineering Sector". The details are available on page 53

## December 2008

- Contract was signed for Electro-Mechanical works for Sawan Gas Compression Station project with ABB Italy and 175MW Combined Cycle Power Plant for Doosan Heavy Industries and Construction (Private) Limited
- Another contract was executed with Bosicor Chemicals Pakistan Limited for erection, refurbishments and installation of their Chemical Plant
- Siemens Pakistan manufactured Transformers won the Brand of the Year Award 2008 thereby certifying that Siemens transformers are the first choice of the customers. The details are available on page 53

## February 2009

- Chief Compliance Officer of Siemens AG Dr. Andreas Pohlmann visited Siemens Pakistan to conduct Compliance road show with senior management of the Company. He informed that Siemens Pakistan has achieved the highest Compliance factor in the Siemens world and has listed itself in the top ten Companies of Siemens world. The details are available on page 50
- Contract was signed for Electrical work at Pakistan Telecommunication Employee Trust Tower

## March 2009

- Siemens Pakistan again joined the elitist club at the Karachi Stock Exchange (KSE) and secured 2nd position both for the years 2006 & 2007, among the top twenty five companies registered at this premier stock exchange of the country. The details are available on page 52





#### April 2009

- History was created when the first locally manufactured 220kV Transformer was rolled out and dispatched to WAPDA after a simple ceremony attended by WAPDA and Siemens officials

#### May 2009

- The Management Association of Pakistan honoured Siemens Pakistan as the best managed Company of Pakistan and awarded the first prize in the competition of Corporate Excellence Award in the whole Industrial Sector as well as in the Engineering Sector. The details are available on page 51
- Siemens Pakistan received certification under new ISO Standard 9001: 2008 for the quality management system by German certification body DQS

#### June 2009

- Annual Report 2008 was declared the Best Corporate Report of the country as well as in the Engineering Sector by the joint committee of the Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan. The details are available on page 51

#### July 2009

- Siemens Pakistan signed agreement for delivering SAP Enterprise Resource Planning system to Alka Private Limited
- Siemens Pakistan was awarded the Annual Environment Excellence Award 2009 by the National Forum for Environment & Health. The details are available on page 52
- Contract was signed for the construction of Grid Station on Turnkey basis for Islamabad Electric Supply

#### August 2009

- A contract was signed with School Education Department of Government of Punjab for setting up IT Labs in 1305 schools
- Siemens Pakistan Newsletter Siemens Ki Dunya was declared the best corporate newsletter of the country at the 39th International Calendar / Diary and Newsletter awards organized by the National Council for Culture and Arts
- Siemens Pakistan was awarded contract for design, supply, installation testing & commissioning of extension of 220 KV substation for National Transmission and Distribution Company

#### September 2009

- Contract was signed for Airfield Lighting System for New Benazir Bhutto International Airport, Islamabad

# Key Operating and Financial Data

## Six Years Summary

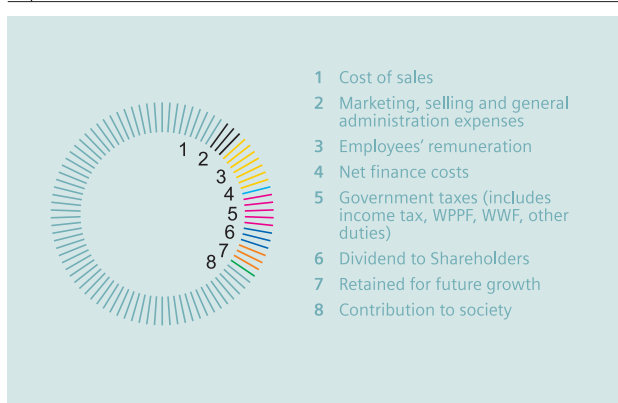
	2009	2008	2007	2006	2005	2004
	Rupees in '000					
<b>Trading Results</b>						
New orders	16,000,855	52,236,070	32,039,600	25,337,253	17,715,216	11,514,501
Net turnover	36,149,390	26,880,742	21,901,752	20,795,847	13,132,819	7,110,456
Export of goods and services	439,809	1,462,098	215,882	195,623	619,692	697,893
Contracts executed outside Pakistan	21,507,206	12,374,212	5,610,671	4,657,654	3,271,416	-
Gross profit	3,984,416	4,030,159	3,218,529	2,451,757	1,764,595	1,252,137
Operating profit	2,327,146	2,599,965	2,022,635	1,675,351	1,383,165	786,631
Profit before tax excluding profit on sale of discontinued operations	2,144,439	2,564,203	1,964,574	1,508,320	1,232,899	760,716
Profit before tax from discontinued operations	-	-	2,646,486	-	-	-
Profit after tax from continuing operations	1,365,169	1,679,068	680,286	724,536	778,846	415,562
Profit after tax from discontinued operations	-	-	1,801,036	-	-	-
Earnings before interest, taxes, depreciation and amortisation	2,440,439	2,796,014	2,359,850	1,797,018	1,411,864	884,648
Interim dividend	247,411	247,411	233,088	279,706	233,088	155,392
Final dividend	494,822	494,822	494,822	233,088	186,470	233,088
<b>Financial Position</b>						
Share capital	82,470	82,470	82,470	77,696	77,696	77,696
Reserves and Retained Earnings	6,828,723	6,205,787	5,268,952	2,644,116	2,383,286	2,070,616
Property, plant and equipment	1,662,500	1,589,664	1,532,620	1,477,252	602,876	525,462
Net current assets	3,230,868	2,767,305	2,368,659	565,110	1,333,299	1,411,527
Long-term / deferred liabilities	197,857	106,091	113,680	124,290	45,536	10,256
<b>Investors Information</b>						
Gross profit ratio	11.02%	14.99%	14.70%	11.79%	13.44%	17.61%
EBITDA Margin to sales	6.75%	10.40%	10.77%	8.64%	10.75%	12.44%
Return on equity / capital employed	19.75%	26.70%	46.37% *	26.62%	31.65%	19.20%
Inventory turnover ratio (in times)	7.18	5.89	6.65	7.66	5.79	3.69
Inventory turnover ratio (no. of days)	51	62	55	48	63	99
Debtor turnover ratio (in times)	2.93	3.03	3.66	5.86	9.70	6.76
Debtor turnover ratio (no. of days)	125	121	100	62	38	54
Creditor turnover ratio (in times)	2.53	2.17	2.54	2.89	2.96	2.43
Creditor turnover ratio (no. of days)	145	168	144	126	123	150
Operating cycle (no. of days)	176	183	155	125	101	153
Total assets turnover ratio (in times)	1.47	1.27	1.44	2.00	2.04	1.52
Fixed assets turnover ratio (in times)	22.23	17.22	14.55	19.99	23.28	13.90
Current ratio	1.19	1.15	1.20	1.06	1.25	1.50
Quick / acid test ratio	0.93	0.90	0.93	0.81	0.81	0.94
Price earning ratio	8.55	5.94	5.61 *	10.47	6.69	9.04
Cash dividend per share (Rs)	90	90	90	66	54	50
Dividend yield ratio	0.06	0.07	0.05	0.07	0.08	0.10
Dividend pay out ratio	54%	44%	29%	70%	54%	94%
Dividend cover ratio	1.84	2.26	3.34	1.42	1.86	1.06
Interest cover ratio	28.29	23.94	12.55 *	14.74	43.00	103.49
Breakup value per share (Rs)	838.03	762.49	648.89	350.30	316.73	276.49
Market value per share (Rs)	1,415	1,210	1,689	980	671	480
Share price during the year						
High (Rs)	1,415	2,054	1,869	1,365	719	579
Low (Rs)	685	1,209	975	650	480	341
Earnings per share (Rs)	165.53	203.60	300.87 *	93.57	100.24	53.10
Profit before tax to sales	5.93%	9.54%	8.97% *	7.25%	9.39%	10.70%
Profit after tax in percent of sales	3.78%	6.25%	11.33% *	3.48%	5.93%	5.84%
* Includes profit on sale of discontinued operations						
<b>Cash Flows</b>						
Net cash flow from operating activities	(1,871,088)	2,727,427	(2,247,614)	726,384	959,010	909,240
Net cash flow from investing activities	(157,611)	(109,946)	2,351,293	(709,136)	(192,549)	(128,509)
Net cash flow from financing activities	(742,233)	(1,072,879)	(134,462)	(464,982)	(464,946)	(255,796)
Net change in cash and cash equivalents	(2,770,932)	1,544,602	(30,783)	(447,734)	301,515	524,935

# Statement of Value Additions

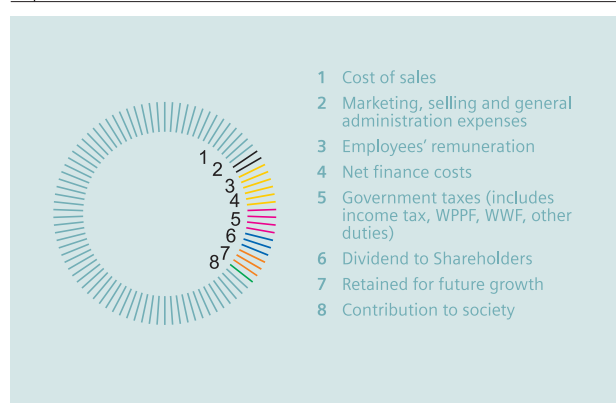
## For the year ended September 30, 2009

	2009		2008	
	Rupees in '000	%	Rupees in '000	%
<b>WEALTH GENERATED</b>				
Net sales	36,149,390	99.47	26,880,742	99.12
Commission and allowances earned	186,822	0.51	161,395	0.60
Other operating income	7,644	0.02	76,696	0.28
	<b>36,343,856</b>	<b>100.00</b>	<b>27,118,833</b>	<b>100.00</b>
<b>DISTRIBUTION OF WEALTH</b>				
Cost of sales (excluding employees' remuneration and other duties)	29,531,152	81.25	20,651,996	76.15
Marketing, selling and general administration expenses	907,282	2.50	806,864	2.98
Employees' remuneration	2,816,214	7.75	2,169,252	8.00
Net finance costs	182,707	0.50	35,762	0.13
Government taxes (includes income tax, WPPF, WWF, other duties)	1,539,402	4.24	1,774,734	6.54
Dividend to Shareholders	742,233	2.04	742,233	2.74
Retained for future growth	622,936	1.71	936,835	3.45
Contribution to society	1,930	0.01	1,157	0.01
	<b>36,343,856</b>	<b>100.00</b>	<b>27,118,833</b>	<b>100.00</b>

Distribution of Wealth 2009



Distribution of Wealth 2008



## Vertical Analysis

### Balance Sheet

#### Total equity and minority interest

Total non-current liabilities  
Total current liabilities

#### Total equity and liabilities

Total non-current assets  
Total current assets

#### Total assets

2009		2008	
Rupees in '000	%	Rupees in '000	%
6,911,193	28.49	6,288,257	25.38
197,857	0.82	106,091	0.43
17,149,395	70.69	18,381,034	74.19
<b>24,258,445</b>	<b>100.00</b>	<b>24,775,382</b>	<b>100.00</b>
3,878,182	15.99	3,627,043	14.64
20,380,263	84.01	21,148,339	85.36
<b>24,258,445</b>	<b>100.00</b>	<b>24,775,382</b>	<b>100.00</b>

### Profit and Loss Account

#### Net sales and services

Cost of sales  
Gross profit  
Commission and allowances earned

Marketing and selling expenses  
General administration expenses  
Other operating income

#### Profit from operations

Financial income  
Financial expenses  
Net finance costs

#### Profit before tax and sale of discontinued operations

Income tax expense

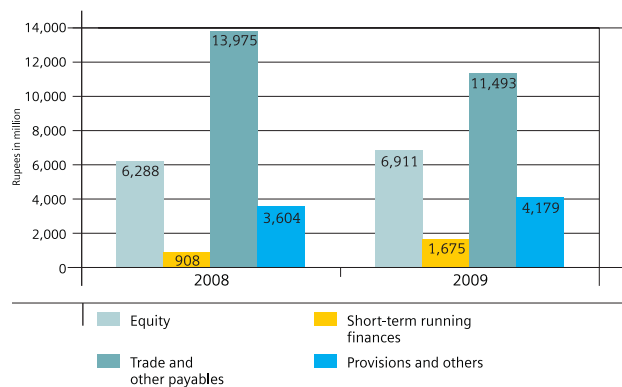
Profit before sale of discontinued operations

Profit on sale of discontinued operations – net of income tax

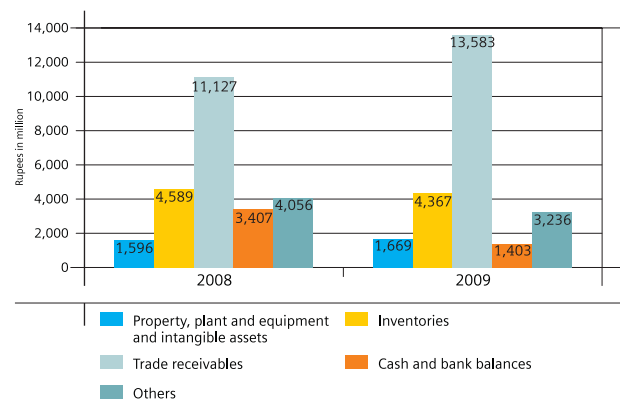
#### Profit for the year

36,149,390	100.00	26,880,742	100.00
(32,164,974)	(88.98)	(22,850,583)	(85.01)
3,984,416	11.02	4,030,159	14.99
186,822	0.52	161,395	0.60
4,171,238	11.54	4,191,554	15.59
(1,308,787)	(3.62)	(1,132,642)	(4.21)
(542,949)	(1.50)	(535,643)	(1.99)
7,644	0.02	76,696	0.29
(1,844,092)	(5.10)	(1,591,589)	(5.91)
2,327,146	6.44	2,599,965	9.68
153,937	0.43	218,030	0.81
(336,644)	(0.93)	(253,792)	(0.94)
(182,707)	(0.51)	(35,762)	(0.13)
2,144,439	5.93	2,564,203	9.54
(779,270)	(2.16)	(885,135)	(3.29)
1,365,169	3.77	1,679,068	6.25
-	-	-	-
1,365,169	3.77	1,679,068	6.25

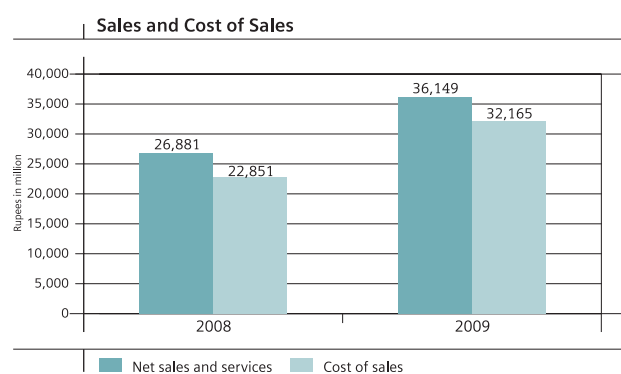
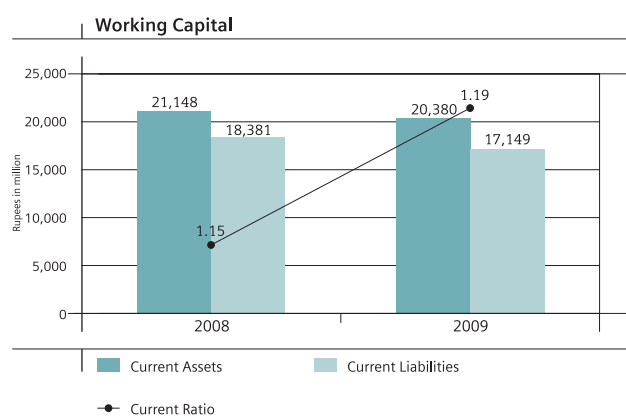
#### Total Equity and Liabilities



#### Total Assets



2007		2006		2005		2004	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
5,351,422	30.44	3,069,316	23.82	2,460,982	31.20	2,148,312	43.05
113,680	0.65	124,290	0.96	45,536	0.58	10,256	0.20
12,115,914	68.91	9,693,190	75.22	5,381,977	68.22	2,831,961	56.75
<b>17,581,016</b>	<b>100.00</b>	<b>12,886,796</b>	<b>100.00</b>	<b>7,888,495</b>	<b>100.00</b>	<b>4,990,529</b>	<b>100.00</b>
3,096,443	17.61	2,628,496	20.43	1,173,219	14.87	747,041	14.97
14,484,573	82.39	10,258,300	79.57	6,715,276	85.13	4,243,488	85.03
<b>17,581,016</b>	<b>100.00</b>	<b>12,866,796</b>	<b>100.00</b>	<b>7,888,495</b>	<b>100.00</b>	<b>4,990,529</b>	<b>100.00</b>
21,901,752	100.00	20,795,847	100.00	13,132,819	100.00	7,110,456	100.00
(18,683,223)	(85.30)	(18,344,090)	(88.21)	(11,368,224)	(86.56)	(5,858,319)	(82.39)
3,218,529	14.70	2,451,757	11.79	1,764,595	13.44	1,252,137	17.61
248,133	1.13	615,347	2.96	579,851	4.42	214,385	3.02
3,466,662	15.83	3,067,104	14.75	2,344,446	17.86	1,466,522	20.63
(986,460)	(4.50)	(1,003,475)	(4.83)	(744,098)	(5.67)	(532,000)	(7.48)
(570,943)	(2.61)	(440,988)	(2.12)	(292,956)	(2.23)	(194,678)	(2.74)
113,376	0.52	52,710	0.25	20,107	0.15	30,611	0.43
(1,444,027)	(6.59)	(1,391,753)	(6.67)	(1,016,947)	(7.75)	(696,067)	(9.79)
2,022,635	9.24	1,675,351	8.08	1,327,499	10.11	770,455	10.84
258,878	1.18	82,222	0.40	30,092	0.23	32,393	0.46
(316,939)	(1.45)	(249,253)	(1.20)	(124,692)	(0.95)	(42,132)	(0.59)
(58,061)	(0.27)	(167,031)	(0.80)	(94,600)	(0.72)	(9,739)	(0.13)
1,964,574	8.97	1,508,320	7.28	1,232,899	9.39	760,716	10.70
(980,880)	(4.48)	(783,784)	(3.77)	(454,053)	(3.46)	(348,154)	(4.90)
983,694	4.49	724,536	3.51	778,846	5.93	412,562	5.80
1,497,628	6.84	-	-	-	-	-	-
<b>2,481,322</b>	<b>11.33</b>	<b>724,536</b>	<b>3.51</b>	<b>778,846</b>	<b>5.93</b>	<b>412,562</b>	<b>5.80</b>



## Horizontal Analysis

	2009 Rupees in '000	2008 Rupees in '000	2007 Rupees in '000	2006 Rupees in '000
<b>Balance Sheet</b>				
<b>Total equity and minority interest</b>	<b>6,911,193</b>	6,288,257	5,351,422	3,069,316
Total non-current liabilities	197,857	106,091	113,680	124,290
Total current liabilities	17,149,395	18,381,034	12,115,914	9,693,190
<b>Total equity and liabilities</b>	<b>24,258,445</b>	24,775,382	17,581,016	12,886,796
Total non-current assets	3,878,182	3,627,043	3,096,443	2,628,496
Total current assets	20,380,263	21,148,339	14,484,573	10,258,300
<b>Total assets</b>	<b>24,258,445</b>	24,775,382	17,581,016	12,886,796
<b>Profit and Loss Account</b>				
Net sales and services	36,149,390	26,880,742	21,901,752	20,795,847
Cost of sales	(32,164,974)	(22,850,583)	(18,683,223)	(18,344,090)
Gross profit	3,984,416	4,030,159	3,218,529	2,451,757
Commission and allowances earned	186,822	161,395	248,133	615,347
	4,171,238	4,191,554	3,466,662	3,067,104
Marketing and selling expenses	(1,308,787)	(1,132,642)	(986,460)	(1,003,475)
General administration expenses	(542,949)	(535,643)	(570,943)	(440,988)
Other operating income	7,644	76,696	113,376	52,710
	(1,844,092)	(1,591,589)	(1,444,027)	(1,391,753)
Profit from operations	2,327,146	2,599,965	2,022,635	1,675,351
Financial income	153,937	218,030	258,878	82,222
Financial expenses	(336,644)	(253,792)	(316,939)	(249,253)
Net finance costs	(182,707)	(35,762)	(58,061)	(167,031)
Profit before tax and sale of discontinued operations	2,144,439	2,564,203	1,964,574	1,508,320
Income tax expense	(779,270)	(885,135)	(980,880)	(783,784)
Profit before sale of discontinued operations	1,365,169	1,679,068	983,694	724,536
Profit on sale of discontinued operations – net of income tax	-	-	1,497,628	-
<b>Profit for the year</b>	<b>1,365,169</b>	1,679,068	2,481,322	724,536

2005 Rupees in '000	2004 Rupees in '000	% increase / (decrease) over preceeding year					
		2009	2008	2007	2006	2005	2004
2,460,982	2,148,312	9.91	17.51	74.35	24.72	14.55	13.60
45,536	10,256	86.50	(6.68)	(8.54)	172.95	343.99	51.13
5,381,977	2,831,961	(6.70)	51.71	24.99	80.10	90.04	14.34
<b>7,888,495</b>	<b>4,990,529</b>	<b>(2.09)</b>	40.92	36.43	63.36	58.07	14.08
1,173,219	747,041	6.92	17.14	17.80	124.04	57.05	13.96
6,715,276	4,243,488	(3.63)	46.01	41.20	52.76	58.25	14.10
<b>7,888,495</b>	<b>4,990,529</b>	<b>(2.09)</b>	40.92	36.43	63.36	58.07	14.08
13,132,819	7,110,456	34.48	22.73	5.32	58.35	84.70	22.34
(11,368,224)	(5,858,319)	40.76	22.31	1.85	61.36	94.05	22.83
1,764,595	1,252,137	(1.14)	25.22	31.27	38.94	40.93	20.09
579,851	214,385	15.75	(34.96)	(59.68)	6.12	170.47	68.85
2,344,446	1,466,522	(0.48)	20.91	13.03	30.82	59.86	25.38
(744,098)	(532,000)	15.55	14.82	(1.70)	34.86	39.87	19.40
(292,956)	(194,678)	1.36	(6.18)	29.47	50.53	50.48	92.34
20,107	30,611	(90.03)	(32.35)	115.09	162.15	(34.31)	(52.62)
(1,016,947)	(696,067)	15.86	10.22	3.76	36.86	46.10	34.59
1,327,499	770,455						
30,092	32,393	(29.40)	(15.78)	214.85	173.24	(7.10)	-
(124,692)	(42,132)	32.65	(19.92)	27.16	99.89	195.96	18.45
(94,600)	(9,739)	410.90	(38.41)	(65.24)	76.57	871.35	72.62
1,232,899	760,716	(16.37)	30.52	30.25	22.34	62.07	23.31
(454,053)	(348,154)	(11.96)	(9.76)	25.15	72.62	30.42	30.42
778,846	412,562	(18.69)	70.69	35.77	(6.97)	88.78	17.88
-	-	-	(100.00)	-	-	-	-
<b>778,846</b>	<b>412,562</b>	<b>(18.69)</b>	(32.33)	242.47	(6.97)	88.78	17.88





# Overall Corporate Strategies

People Excellence, Portfolio Expansion, Operational Excellence and Corporate Responsibility as the four pillars of Company's initiative Fit4 2010 are the foundation stones of our strategy to achieve our vision and mission. These include:

- Ensuring management commitment to quality
- Embedding high level of quality in all spheres of our operations through professional tools and methodologies, ensuring that employees at all levels master these tools in carrying out their missions within the company, while observing all safety regimens, environmental preservations and applicable statutory and regulatory compliance
- Measuring and monitoring customer satisfaction, competitiveness and customer focus and benefit, implementing corrective measures where required and ensuring continual improvement
- Focused training and development of the employees for enhancing their technical and managerial expertise, making the company as an employer of choice, monitoring employees satisfaction and implementing measures for its continuous enhancement, continually taking cognizance of managerial practices detrimental to high performance culture
- Competence and knowledge management to focus on enhancing human excellence using professional methodologies with strategic planning and competence management as concurrent processes
- Monitoring performances of processes and taking timely action for their standardization and optimization



# We Stand for Our Values

Highest performance with the highest ethics

- Responsible - Committed to ethical and responsible actions
- Excellent - Achieving high performance and excellent results
- Innovative - Being innovative to create sustainable value

## Responsible

Our principles:

- We obey the law
- We respect the dignity of all people
- We foster health and safety
- We conduct business in a truthful and transparent manner
- We are fair in our relationship with competitors and stakeholders
- We honor commitments
- We respect property
- We strive for the protection of the environment
- We are committed to good corporate citizenship
- We are fully engaged and empowered to achieve the best results

## Excellent

Our principles:

- We set ourselves best-in-class and achieve them
- We are passionate
- We are willing to go the extra mile
- We are disciplined and act fast and decisively
- We always strive for improvements and perfect quality
- We deeply understand our customers' needs and challenges
- We systematically develop our personal skills and leverage our full potential
- We interact in an efficient and pragmatic way
- We embrace change to ensure we are competitive in the future

## Innovative

Our principles:

- We create innovations that give our customers a unique competitive edge
- We act as entrepreneurs
- We are creative and open to new ideas
- We are ingenious and visionary
- We are trendsetters
- We constantly challenge the status quo

# Condensed Business Conduct Guidelines

"Integrity guides our conduct towards our business partners, colleagues, shareholders and the general public." This basic statement of our corporate principles constitutes the foundation of our code of conduct & ethics as follows:

## 1. Basic Behavioral Requirements

### 1.1 Behavior which Complies with Law

Observance of law and the legal system is a fundamental principle for our Company. Every employee / director shall obey the laws and regulations of the legal systems within which he / she is acting. Violations of the law must be avoided under all circumstances.

Regardless of the sanction foreseen by the law, any director / employee guilty of a violation will be liable to disciplinary consequences because of the violation and dereliction of his / her duties.

### 1.2 Mutual respect, honesty and integrity

We respect the personal dignity, privacy, and personal rights of every individual. We work together with individuals of various ethnic backgrounds, cultures, religions, ages, disabilities, races, sexual identity, world view and gender. We are open, honest and stand by our responsibilities.

We are reliable partners and make no promises we cannot keep.

### 1.3 Responsibility for the Reputation of Siemens

To a substantial degree, the reputation of Siemens is determined by our actions and by the way each and every one of us presents and conducts himself/herself. Illegal or inappropriate behavior on the part of even a single employee / director can cause the Company considerable damage.

Every director / employee should be concerned with maintaining and promoting the good reputation of the Company.

### 1.4 Management, Responsibility and Supervision

The culture of integrity and compliance in an organization starts at the top. All managers must fulfill their duties of organization and supervision. All managers bear responsibility for all employees entrusted to them. All managers must earn respect by exemplary personal behavior, performance, openness, and social competence.

Each manager must also set clear, ambitious and realistic goals and lead by example.

Managers should permit their employees as much individual responsibility and lee-way as possible, while making it clear that compliance is required under all circumstances, at all times. All managers shall also be accessible in case employees wish to raise compliance concerns, ask questions or discuss a professional or personal problem. These responsibilities of managers do not relieve employees of their own responsibilities. It is the responsibility of all managers to see to it that there are no violations of laws within their area of responsibility that proper supervision could have prevented.

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In particular, the following duties apply to managers:

1. The manager must carefully select employees based on their personal and professional qualifications and suitability. The duty of due care increases with the significance of the task the employee must perform (duty of selection).
2. The manager must give precise, complete and binding instructions to employees, especially with regard to compliance with the law (duty to give instructions).
3. The manager must ensure that compliance with the law is continuously monitored (duty of monitoring).
4. The manager must clearly communicate to employees the importance of integrity and compliance in everyday business. He/she must also communicate that violations of the law are unacceptable and will have employment consequences (duty of communication).

## 2. Treatment of Business Partners and Third Parties

### 2.1 Fair Competition and Anti-Trust Laws

Every employee is obliged to abide by the rules of fair competition. Employees may not:

- talk to competitors about prices, output, capacities, sales, bids, profits, profit margins, costs, methods of distribution or any other parameter that determines or influences the Company's competitive behavior with the aim to solicit parallel behavior from the competitor,
- enter into an agreement with a competitor not to compete, to restrict dealings with suppliers, to submit bogus offers for bidding or to divide up customers, markets, territories or production programs,
- have any influence on the resale prices charged by our purchasers, or attempt to make them restrict the export or import of goods supplied by Siemens.

### 2.2 Anti-Corruption: Offering and Granting Advantages

We compete fairly for orders with the quality and the price of our innovative products and services, not by offering improper benefits to others. As a result, no employee may directly or indirectly offer, promise, grant or authorize the giving of money or anything else of value to a government official to influence official action or obtain an improper advantage

### 2.3 Anti-Corruption: Demanding and Accepting Advantages

Employees are not permitted to use their jobs to solicit, to demand, accept, obtain or be promised advantages.

### 2.4 Political Contributions, Charitable Donations and Sponsoring

Siemens does not make political contributions (donations to politicians, political parties or political organizations). As a responsible member of society, Siemens makes monetary or product donations for education and science, art and culture, and social and humanitarian projects.

### 2.5 Government Procurement

In all of Siemens' dealings and interactions with governments, we act in a manner that is transparent, honest and accurate.

### 2.6 Anti-money Laundering

It is Siemens' objective to conduct business with reputable customers, consultants and business partners who are involved in lawful business activities and whose funds are derived from legitimate sources. We do not facilitate money laundering.

## 2.7 Trade Controls

Siemens complies with applicable export controls and customs laws and regulations in the countries where it does business.

## 2.8 Working with Suppliers

Siemens as a company expects its suppliers to share Siemens' values and comply with all applicable laws.

## 3. Avoiding Conflicts Of Interest

It is the duty of Siemens employees to make business decisions in the best interest of Siemens, not based on their own personal interests. Conflicts of interest arise when employees engage in activities or advance personal interests at the expense of Siemens' interests.

### 3.1 Competing with Siemens

An employee may not operate or assist a company that competes with Siemens or engage in any competing activities.

### 3.2 Sideline Work

Employees may not engage in sideline work that competes with Siemens.

### 3.3 Interests in Third Companies

Employees who directly or indirectly hold or acquire a stake in a competitor company, must disclose this fact to their personnel department if this stake gives them the opportunity to exert influence on the management of that company.

## 4. Handling Of Company Property

There are many devices and pieces of equipment in Siemens offices and workshops. These are used for Company business only and not for personal gains.

## 5. Handling Of Information

### 5.1. Records and Financial Integrity

Open and effective communication requires accurate and truthful reporting. Siemens is also required to maintain sound processes and controls so that transactions are executed according to management's authorization.

### 5.2. Confidentiality

Confidentiality is maintained with regard to Siemens' internal confidential or proprietary information that has not been made known to the public.

### 5.3. Data Protection and Data Security

Access to the Intranet and Internet, worldwide electronic information exchange and dialogue, and electronic business dealings are all crucial to the effectiveness of each and every one of us, and for the success of the business as a whole. However, the advantages of electronic communication are tied to risks in terms of personal privacy protection and data security.

Personal data may only be collected processed, or used insofar as it is necessary for predetermined, clear, and legitimate purposes.

#### 5.4. Insider Trading Rules

People who have inside information with regard to Siemens or another company, such as a customer, supplier or joint venture partner whose securities are admitted to trading on a stock exchange or an organized securities market, are not allowed to trade in these companies' securities or in financial instruments the prices of which depend directly or indirectly on these companies' securities.

Inside information is any specific information which is not public knowledge relating to Siemens or such other issuer of insider securities, which, if it became publicly known, would likely have a significant effect on the price of the insider security.

### 6 Environment, Safety And Health

#### 6.1 Environment and Technical Safety

Protecting the environment and conserving natural resources are high priorities for our Company. Through management leadership and employee commitment, Siemens strives to conduct its operations in a manner that is safe for the environment and continually improves environmental performance.

#### 6.2 Work Safety

Protecting the health and safety of employees in the workplace is a high priority for Siemens. It is the responsibility of everyone to foster Siemens' efforts to conduct its operations in a safe manner.

### 7. Complaints And Comments

All employees may lodge a complaint with their supervisor, their compliance officer, personnel manager or some other personal unit designated for this purpose.

There is a special process for handling complaints related to accounting practices.

All complaints can be submitted both confidentially and anonymously, and all complaints will be investigated. Corrective measures will be implemented, if necessary.

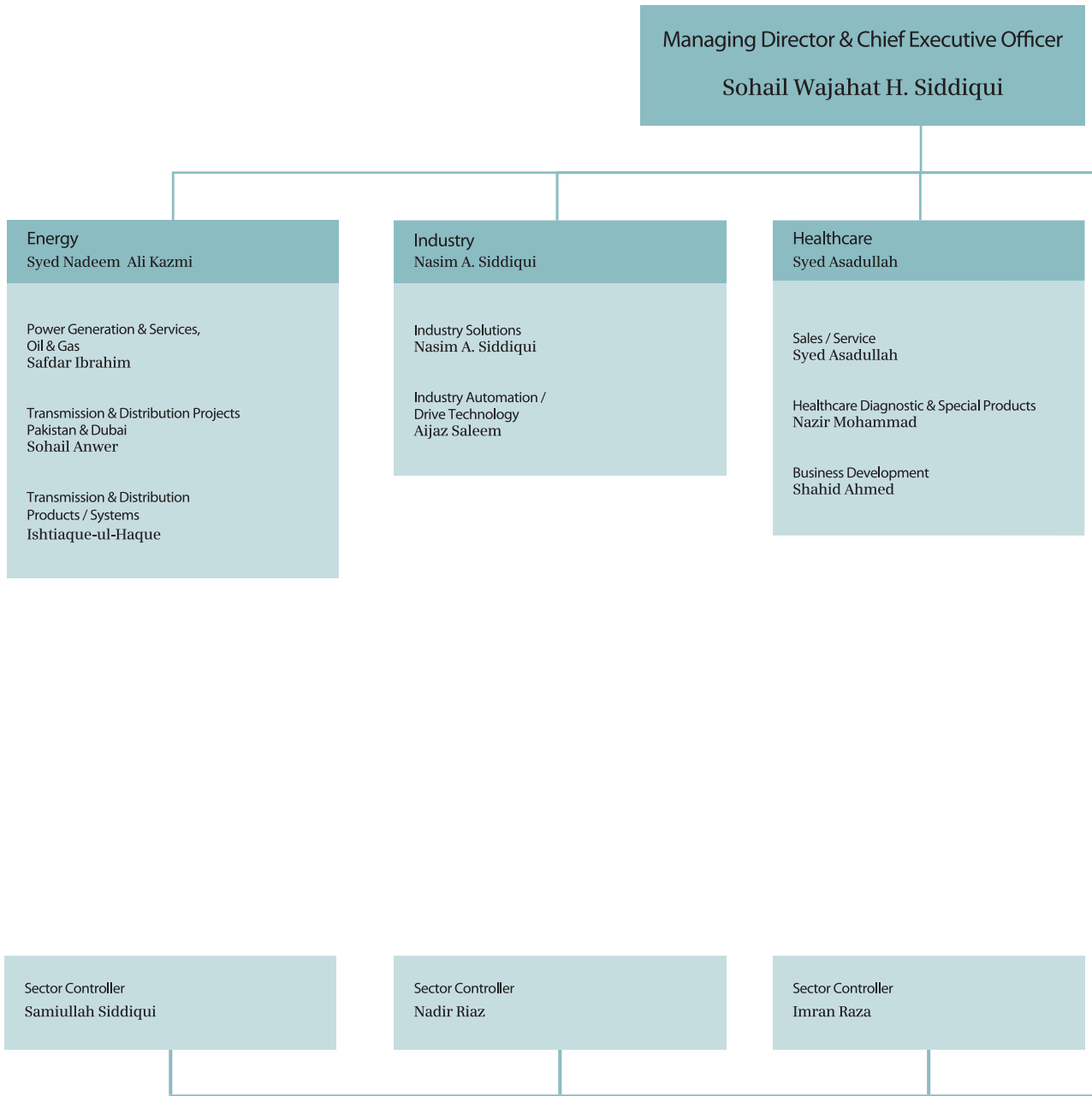
### 8. Compliance Implementation And Monitoring

The management of Siemens throughout the world shall actively foster the distribution of the Business Conduct Guidelines.

Compliance with the law and observance of the Business Conduct Guidelines is monitored worldwide in all Siemens companies on a regular basis. This is done in accordance with applicable national procedures and legal provisions.

An extensive compliance organization is in place in the Company to ensure that the Siemens compliance program is enforced.

# Corporate Structure





**Chief Financial Officer**  
Gerhard Wilcke

Corporate Financial Functions  
Rahim Dawood

Real Estate / Security / Shared Services  
Major (Rtd.) A.A. Zuberi

Company Secretary / Head of Accounting  
Mohammad Rafi

Corporate Information Technology / Data  
Privacy Protection & Business Continuity  
Asad Ahmed

Procurement Governance / Logistics /  
Export Control & Customs  
Ahmed Shaheen

Tax  
Shaikh Rashid

Human Resources  
Amin Bandhani

Legal  
Rahim Dawood

Industrial Relations  
Major (Rtd.) A.A. Zuberi

Corporate Communication  
Zia Zuberi

Corporate Quality and Process  
Excellence Management /  
PM@Siemens Coordination  
Mansoor Iqbal Khan

Business Development  
Mansoor Farooqui

Siemens One / top+  
Zaman Najmi

Regional Compliance Officer  
Naveed Ansari

Branch / Regional Management

Afghanistan

Karachi

Islamabad / Peshawar

Lahore / Sialkot / Multan

Quetta

Dubai

Hassanzadah

Gerhard Wilcke

Syed Asadullah

Imran Raza

S. Nadeem Ali Kazmi

Irfan Umar

# Company Information



## Board of Directors

Syed Babar Ali	Chairman
Sohail Wajahat H. Siddiqui	Chief Executive Officer
Gerhard Wilcke	Director and Chief Financial Officer
Joerg Steinhäuser	Director
Christian Knie	Director
Dr. Udo Niehage	Director
Tajammal Hussain Bokharee	Director
Zahid Hussain	Director

## Company Secretary

Mohammad Rafi

## Management

Sohail Wajahat H. Siddiqui	Chief Executive Officer
Nasim A. Siddiqui	Executive Director (Industry Sector)
S. Nadeem Ali Kazmi	Executive Director (Energy Sector)
Syed Asadullah	Director (Healthcare Sector)



#### Bankers

Bank Alfalah Limited  
Barclays Bank PLC  
BNP Paribas (Dubai)  
Deutsche Bank AG  
Habib Bank Limited  
HSBC Bank  
Middle East Limited  
MCB Bank Limited  
Meezan Bank Limited  
Royal Bank of Scotland  
Standard Chartered Bank  
Pakistan Limited

#### Auditors

Ernst & Young Ford Rhodes Sidat Hyder

#### Tax Advisor

KPMG Taseer Hadi & Co.

#### Registrar and Share Transfer Agent

THK Associates (Pvt.) Ltd., Karachi

#### Registered Office

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



**Zahid Hussain**  
Director

**Christian Knie**  
Director

**Dr. Udo Niehage**  
Director

**Sohail Wajahat H. Siddiqui**  
Chief Executive Officer



**Syed Babar Ali**  
Chairman



**Gerhard Wilcke**  
Director and  
Chief Financial Officer



**Joerg Steinhäuser**  
Director



**Tajammal Hussain Bokharae**  
Director



## Syed Babar Ali

### Chairman

Syed Babar Ali is the Chairman of the Company since December 16, 1991. Besides being Chairman of the Company, he is also Chairman of Ali Institute of Education, Acumen Fund, Babar Ali Foundation, Coca Cola Beverages Pakistan Ltd, Gurmani Foundation, IGI Insurance Ltd, IGI Investment Bank Ltd, National Management Foundation, Industrial Technical & Educational Institute, Tetra Pak Pakistan Ltd, Tri-Pack Films Ltd, Syed Maratib Ali Religious & Charitable Society and Sanofi-Aventis Pakistan Ltd. In addition to these, he is also director of Nestle Milkpak Ltd and BayerCropscience Pakistan (Pvt) Ltd

As an entrepreneur and industrialist, Syed Babar Ali envisioned and set up various renowned companies like Packages Limited, Nestle Pakistan Limited, Tetra Pak Pakistan Limited, IGI Insurance Company Limited, Tri-Pack Films Limited, and IGI Investment Bank.

As an educationist, he led the establishment of the Lahore University of Management Sciences (LUMS) in 1985 of which he is the first Pro-Chancellor. In 1992, he founded Ali Institute of Education for training of primary and secondary school teachers. He is a member of the Board of important educational institutions like Aitchison College, F.C. College, Kinnaird College, and Lahore School of Economics. He is a member of the Regional Advisory Board of London Business School and a Member of the Initiative on Social Enterprise of Harvard University.

He promoted the cause of the World Wide Fund for Nature (earlier World Wildlife Fund) where he served in various capacities, both in Pakistan and internationally, from 1972 to 1996. He was International President of WWF from 1996 to 1999 succeeding HRH Prince Philip, the Duke of Edinburgh. He is now Vice President Emeritus, WWF International, and President Emeritus WWF-Pakistan.

He is Co-Chair of South Asia Centre for Policy Studies currently based in Nepal.

He set up Babar Ali Foundation in 1985. The Foundation gives about a million dollars a year primarily for education and health in Pakistan.

He received honours and awards from the Government of Sweden, the Netherlands, an OBE from Britain (1997), and was awarded an Honorary Doctorate Degree of Laws from McGill University, Montreal, Canada (1997).



## Sohail Wajahat H. Siddiqui

Chief Executive Officer

Mr. Sohail Wajahat H. Siddiqui, was appointed as Managing Director and Chief Executive of the Company from October 1, 1999.

He serves as Chairman of Red Crescent Society Sindh Provincial Branch, Steering Committee Provincial Committee on Investment Sindh and Task Force on Investment - Sindh (BOI). He is also director on the Boards of KASB Finance (Private) Limited and Atlas Engineering.

Mr. Siddiqui serves as member of Board of Management, Engineering Development Board, Pakistan Engineering Council, Investment Facilitation Board, Sectoral Committee on Energy Sector, International Chamber of Commerce, Board of Directors Trade Development Authority of Pakistan Ministry of Commerce, Board of Governors Institute of Business Administration and Board of Governors Lahore University of Management Sciences. He remains member of the Young Presidents Organization (YPO).

In recognition of his outstanding contribution towards growth of telecom sector, introduction of SAP that brought efficiency and transparency to government and private organizations and tremendous growth in Siemens, the President of Pakistan on August 14, 2006 awarded him Sitara-i-Imtiaz.

He has done MS in Electronic Engineering, London, UK.

Mr. Siddiqui joined Siemens in 1980 and moved upto the position of General Manager in 1994. He worked as Senior Consultant for more than one year in Siemens AG, Germany before being appointed as Managing Director of the company.



## Tajammal Hussain Bokharee

Director

Mr Bokharee joined the Board of Siemens Pakistan on December 01, 2003.

He is a prominent banker who started his professional career from Standard Chartered Bank Limited in 1966 and held various positions till 1995 based in Karachi, Lahore and Malaysia. He has also served as Chief Executive Officer of Escort Investment Bank Limited until he moved to Merrill Lynch International Bank & Co. Dubai, UAE in 1997.

In 2002, he joined National Bank of Pakistan as Head of Corporate and Investment Banking Group. He has also been Group Chief of Special Assets Management Group of National Bank of Pakistan for three years till April 2009.

He is currently also serving on the Board of Pakistan PTA Limited.

He is an associate of Chartered Institute of Bankers, London and fellow of Institute of Bankers, Pakistan. He is also registered with National Association of Securities Dealers and New York Stock Exchange, USA.



## Zahid Hussain

Director

Mr Hussain is serving on the Board of Siemens Pakistan since December 14, 2007

He is currently leading the Oil & Gas Development Company Limited as the Managing Director and Chief Executive Officer. Additionally, he holds directorships in Sui Southern Gas Company Ltd. and Mari Gas Company Ltd.

He also represented Pakistan as High Commissioner / Ambassador of Republic of Kenya, United Republic of Tanzania, Republic of Uganda, Federal Democratic Republic of Ethiopia, Republic of Rwanda, State of Eritrea and Republic of Burundi. He is a permanent representative at United Nations Environment Programme (UNEP), United Nations Human Settlement Programme (UN – HABITAT) and African Union Commission.

He also served as Chief Executive of Iran – Pak Industries (Private) Limited, Chairman of State Petroleum Corporation, State Cement Corporation and Pakistan Industrial Development Corporation.

He is a law graduate and also holds a masters degree in International Relations.





## Dr. Udo Niehage

Director

Dr Niehage appointed as member of the Board of Directors with effect from April 10, 2008. Dr. Niehage is Chief Executive Officer of the Power Transmission Division, Energy Sector in Siemens AG, Germany, a position he holds since January 2008. He started his career at Siemens in 1988 as Head of Sales Engineer and Project Manager. In 1992, he moved to ABB in Mannheim, Germany, where he worked as Head of Engineering and Technology Department.

After various management positions at ABB in Germany and Switzerland, he joined as Head of Sales and Energy Trading at BEWAG AG in Berlin. In the year 2000, Dr. Niehage returned back to Siemens as Head of Medium Voltage Switchgear Sub-division. One year later, he became responsible for the whole Medium Voltage Division. From October 2003 until December 2007 Dr. Niehage was President of the Siemens AG Power Transmission and Distribution Group.

He also serves as director in Siemens Ltd. Australia, Siemens Energy, Inc., USA. Further, he is Chairman of the Board of Directors of Siemens Malaysia SDN BHD. After studying electrical engineering (power systems) and general business administration at Technical University TU Munich, Germany and at Technical University, RWTH Aachen, Germany, he received a doctor`s degree in engineering.



## Gerhard Wilcke

Director and Chief Financial Officer

Mr. Wilcke was appointed as director on November 15, 2002. He is also the Chief Financial Officer of the Company since 2002.

Mr. Wilcke, a German national, has diversified portfolio of experience of more than thirty years around the globe. He started his career from Unilever, Hamburg Germany. He joined Siemens AG back in December 1980 in the Defense Electronics Division, Munich Germany. Until 1991, he gathered exposure of various divisions of Siemens AG in Germany and was transferred to Siemens Plessey Electronic Systems, London United Kingdom. He also worked in Siemens Plessey Electronic Systems, Sydney Australia for five years until June 1998 where he served as Director Business Administration and Member of the Boards of Siemens Plessey Electronic Systems, Siemens Plessey Properties and Siemens Plessey Superannuation.

He also held the position of Vice President Business Administration of Airfield Solutions business of Siemens AG, Erlangen Germany for five years till his appointment as Chief Financial Officer of Siemens Pakistan.

He holds the Diploma in Economics from the University of Hannover.



## Joerg Steinhäuser

Director

Mr. Steinhäuser has recently been appointed as member of the Board of Siemens Pakistan with effect from July 30, 2009.

Mr. Steinhäuser is currently serving as Vice President Corporate Shareholding Controlling department of Siemens AG and is member of the Board of Siemens Limited, Egypt.

He possesses wide experiences in the field of finance in various capacities around the world including Chief Financial Officer ADB N.V. Belgium, Vice President Business Administration Business Segment Siemens AG, Head of Accounting Siemens N.V. Netherlands and Authorized Representative of Siemens International Holding N.V. Netherlands

He is Master of Economics (VWA).



## Christian Knie

Director

Mr. Knie also joined the Board of Siemens Pakistan with effect from July 30, 2009.

Mr. Knie, an Austrian national, has a diversified portfolio of experience of almost thirty years around the globe.

He started his career from Siemens AG Austria – SAGO in 1981. He was appointed as Chief Financial Officer of Paper and Steel Industry, Vienna in 1990. Since then he has been managing the financial affairs of various subsidiary companies and divisions of Siemens AG as CFO including Siemens Limited, Seoul.

Currently he holds position of Chief Financial Officer of Siemens, Egypt and is also Middle East Cluster CFO. The Middle East Cluster comprises of 18 countries which includes countries like Pakistan, UAE, Saudi Arabia, Bahrain, Oman, Qatar, Kuwait, Egypt, Iran etc.

He is Master in Business Administration from Heriott Watt University and Knightsbridge University, Denmark. He has also done his PhD from Western Pacific University, USA.



## Dear Shareholders

The Directors have great pleasure in presenting the Annual Report of your Company and the audited financial statements for the fiscal year ended on September 30, 2009 together with auditors' report thereon.

The Directors of your Company were actively involved in considering significant matters and decision making during the year in addition to performing their duties assigned to them by law, Articles of Association and the Code of Corporate Governance, with the objective of safeguarding the interest of the shareholders and promoting market confidence.

## Performance Outlook

### Country

During the last fiscal year the stress on macroeconomic stability mainly emanated from unsustainable balance of payment position and the falling value of rupee, escalating food and non-food inflation, and structural problems like power shortages resulting in perceptible slowdown in economic activity. The domestic and regional socio political upheavals and rapidly changing global economic environment added to multifaceted problems.

The economic growth of 2.0 percent achieved during 2008-09 seems reasonable although it implies definite slippage against 4.1 percent growth of the last year and this year's target of 4.5 percent. The industrial sector in general and large-scale manufacturing in particular has contributed to this slowdown in economic growth by posting dismal performance. The growth in large scale manufacturing (LSM) in the year 2009 is expected to be negative 7.7 as compared to 9.1 and 5.0 in the fiscal year 2007 and 2008, respectively. This remains a significant hindrance on chances of improving real GDP growth. The negative LSM growth and falling credit to the private sector are indication of falling real economic activity.

In the first quarter of calendar year 2009, some semblance of macroeconomic stability was beginning to emerge, as the government focused on restoring macroeconomic stability and entered into a Stand By Arrangement with International Monetary Fund in support of country's reform program. These reforms are showing some positive results and the economy benefited from a share decline in international commodity prices.

### Company

The year 2009 proved very challenging for the Company due to the global financial crisis particularly in the United Arab Emirates (UAE) and the prevailing weak economic situation in the country. These factors contributed to decreased order intake and profitability for the Company. Moreover, the cautious tendency of investors and reduced government spending also had an impact on the business operations.

## New Orders

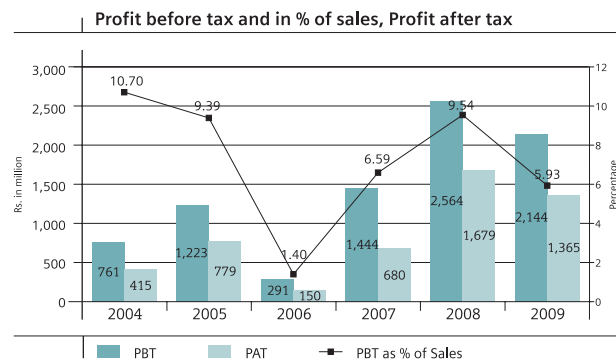
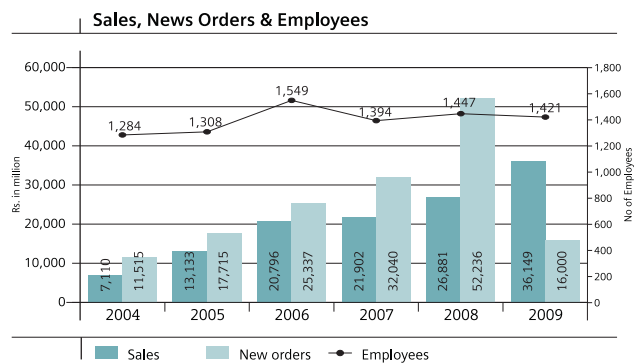
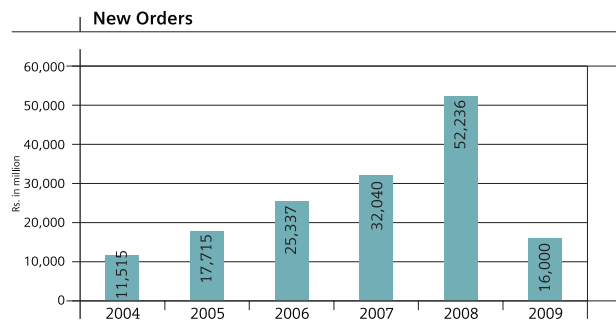
New orders of Rs. 16 billion have been received during the year showing a diminution of 69% over last year. This significant reduction in new order value is mainly attributable to two factors. Firstly, in the previous year we were able to secure extraordinary order intake due to boom in the UAE market. In the current year we were not able to secure any major order. Secondly, the local market also witnessed a dull situation not only because of the financial crisis but also due to the domestic economic and political conditions.

## Sales turnover

The Company was able to achieve the highest turnover volume in its history as the turnover reached to Rs 36 billion showing an increase of 34% over previous year mainly due to projects being undertaken in the energy sector. The total turnover includes business of Rs. 21.5 billion (2008: Rs. 12.4 billion) conducted in Dubai, UAE and in Afghanistan in the area of construction of High Voltage substations, registering growth of 74% over last year. This increase was attributable to execution of orders received in the previous year.

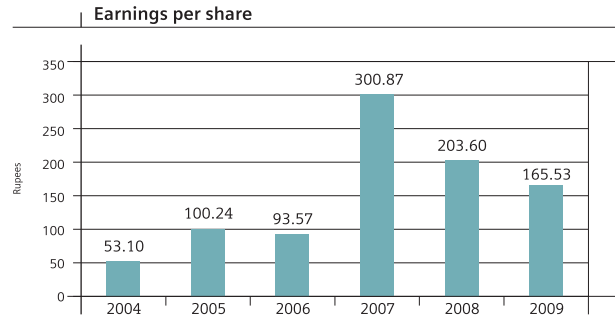
## Profitability

Despite all the odds in UAE and Pakistan market and the unfavorable business conditions, the Company has managed to achieve profit before tax of Rs. 2.1 billion, showing a decline of 16% as compared to the corresponding previous year. In line with profit before tax, profit after tax also recorded a decrease of 19%. The main contributor of erosion of profitability is the unfavorable exchange rate movement.



### Earnings per share

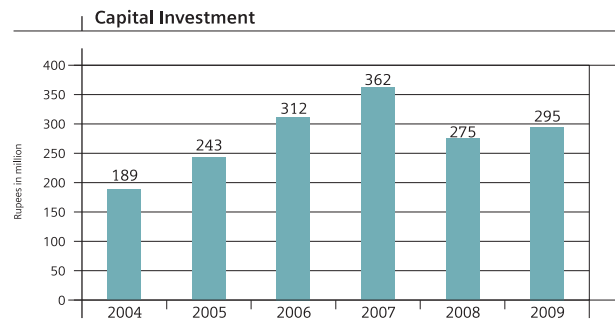
The earnings per share (EPS) after taxation was Rs 165.53 (2008: Rs. 203.60). As there is no movement in the number of shares, the only contributor to this decline in EPS is the low profitability.



### Capital Investment & Future Commitments

During the year, the Company strengthened its manufacturing capacity. The vapor face oven for large transformer was completed during the year at a cost of Rs 160 million including its building, which is an integral part of our new 220 Kv power transformer manufacturing facility commissioned last year. Rest of the capital investments were mainly undertaken on account of miscellaneous replacement, modernization, and capacity enhancement of plant and machinery, extension of office blocks and procurement of vehicles.

As of September 30, 2009, the financial commitments of the company towards procurement of capital goods were Rs 26.584 million.





## Wind Farm in Smøla

The first wind farm in Norway, located in Smøla. Erection was implemented in two phases. Phase 1: 20 wind turbines rated at 2.0 megawatts; phase 2: 48 wind turbines rated at 2.3 megawatts. Total installed capacity of wind farm 150.4 MW.



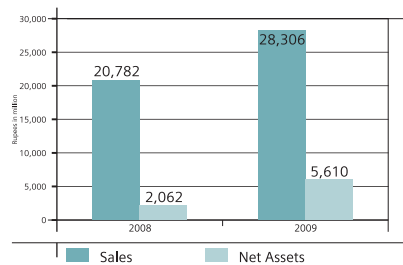
Manufacturing facility of power transformer



## Business Segments

### Energy

- Power Generation & Services, Oil & Gas
- Transmission and Distribution Projects
- Transmission and Distribution Products and Services



### Segment Performance

In the area of turnover and profitability, the Energy segment outperformed all other segments, with turnover of Rs. 28,306 million and before tax profit of Rs. 1,906 million. This achievement is mainly attributable to High Voltage substations business in Dubai, UAE. The current year's profitability was also affected significantly due to unfavorable exchange rate fluctuations. In the area of order intake the segment could not achieve the desired results. The major orders received during the year include:

- Supply of power and distribution transformers to various distribution companies
- Supply, Installation, Erection, Testing & Commissioning of Bahria Town 220KvGrid station
- Design, supply, installation, testing & commissioning of extension of 220 Kv substation for National Transmission and Distribution Company
- Construction of Grid Station on Turnkey basis for Islamabad Electric Supply

### Future Prospects

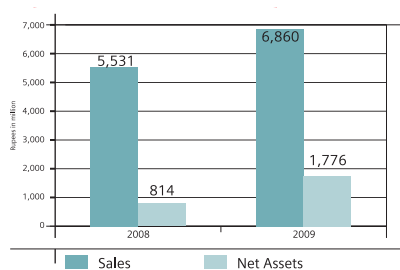
With the overall gap between the demand and supply situation of energy in Pakistan and the Government's commitment to overcome the shortage in the near future, the Energy Sector offers remarkable opportunities which never existed before. Moreover, with the increased environmental concerns, Pakistan is looking for alternative methods of electricity generation including Wind power. The willingness of private sector to invest in Wind power in Pakistan particularly Garo - Keti-Bandar area alongwith the expertise of Siemens bring the Energy Sector at an advantage to capture this segment in future.



Combined Cycle Power Plant for Doosan Heavy Industries and Construction (Private) Limited

## Industry

- Industry Solutions
- Industry Automation
- Drive Technologies



## Segment Performance

The Industry Segment was able to secure new orders of Rs 6,755 million during the year. The major orders include:

- School Education Department of Government of Punjab for setting up IT Labs in 1305 schools
- Airfield Lighting System for New Benazir Bhutto International Airport
- Electrical work at Pakistan Telecommunication Employee Trust Tower
- Well-head works for Bhit Gas Field
- Electro/Mechanical works for Sawan Gas Compression Station project
- 175MW Combined Cycle Power Plant for Doosan Heavy Industries and Construction (Private) Limited

The segment achieved a turnover during the year of Rs. 6,860 million up by 24% as compared to the previous year. The major turnover is coming from underground electrification of Defense Housing Authority, mechanical, electrical and instrumentation services for ABB SPA, supply of MV/LV switchgears, transformers and SCADA system for Atlas Power plant and supply of diesel generating sets to Water and Sanitation Agency. The segment profit declined by 35% and stood at Rs. 335.580 million. The profitability of the segment was affected mainly due to default in payment by some customers.

In addition to the significant projects mentioned above, the Industry segment offered a wide spectrum of products, services and solutions for customers in the areas of process and manufacturing industries, transport, buildings and utilities. In view of the power crisis in the country, we were also able to serve the industrial and corporate customers with our Diesel Generating Sets.

## Future Prospects

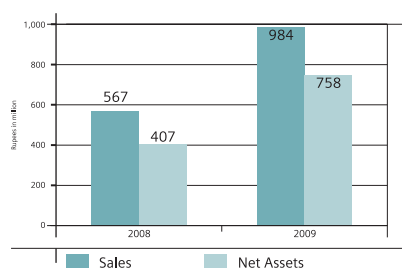
The Industry segment is well placed for securing sizable market share in future. The Public Sector Development Program has been budgeted to the tune of Rs 646 billion in 2009-2010 an increase of Rs 227 billion as compared to revised budget of last year. This huge investment in infrastructure by the government together with expected industrial growth in future, promises better prospects for Industry segment of the Company.



Artis FC - Siemens Cardiac Angiography machine installed at Tabba Heart Institute

## Healthcare

- Diagnostic Products
- Special Products



### Segment Performance

The Healthcare segment was able to achieve a significant growth in order intake and turnover with volume of Rs. 1,017 million and Rs. 984 million, respectively. However, the segment could not achieve the targets set for profitability. The major new orders include

- Supply of diagnostics equipment for state-of-the-art hospital of Al Razi Healthcare, a project of Dhabi group
- Supply of hospital equipment to Al Jawahir Technical Pakistan

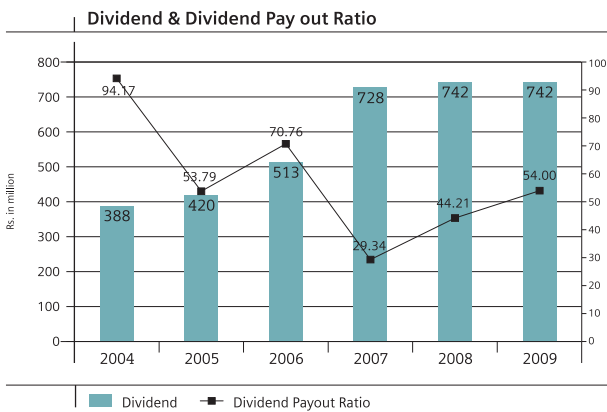
### Future Prospects

Pakistan's health indicators, health funding, and health and sanitation infrastructure are generally poor, particularly in rural areas. The current state of healthcare facilities, the size of population and its growth, open the door of opportunities for this segment of the Company. The keen interest of private groups is expected to improve the quality of life of common man as well as more business opportunities for the Company.

## Maximization of Shareholders Wealth

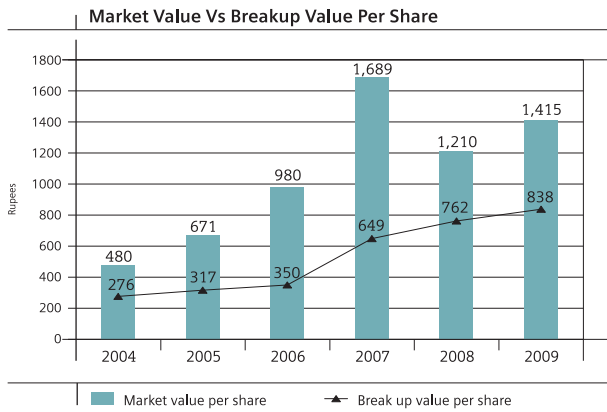
One of the social responsibilities of an institution is performance. The ultimate motive of the performance is to maximize the return of shareholders. With an excellent track record of performance, Siemens is able to successfully achieve this motive and prove socially responsible.

Siemens gives utmost importance to share its performance with its shareholders by declaring excellent cash dividends and resultantly appreciation of market price of its shares which is influenced by market forces.



### Dividend

Consistent with last years and considering the excellent performance during the financial year ended on September 30, 2009 and to appropriately meet the expectation of our valued members while conserving the resources to meet the future financial requirements, the Board of Directors recommends a final Dividend of Rs. 60 per ordinary share of Rs. 10 each (600%). This is in addition to the interim dividend of Rs 30 per ordinary share (300%), already paid, making total dividend for the year ended September 30, 2009 of Rs 90 per ordinary share (2008: Rs 90 per ordinary share i.e. 900%).



### Share Price Appreciation

The ordinary share of Rs 10 each of the company is valued at Rs 1,415 as at September 30, 2009, signifying not only the sound base of the Company built over years of continuous success but also the confidence of our members on the Company. The members of the company have benefited from investing in the Company and have witnessed manifold increase in worth of their holdings over decades.



### Appropriations

Following is the summary of appropriations made during the year.

	Rupees in '000
Unappropriated profit - October 01, 2008	2,558,569
Net profit for the year ended September 30, 2009	1,365,169
<b>Appropriations</b>	
Final Dividend @ Rs.60 per Ordinary share for the year ended September 30, 2008	(494,822)
Interim dividend @ Rs.30 per Ordinary share for the year ended September 30, 2009	(247,411)
Transfer to General Reserve	(500,000)
Unappropriated profit – September 30, 2009	<u>2,681,505</u>

## Business Risks and Challenges

Our business environment is influenced by conditions in the domestic, UAE and global economies, political uncertainties, law and order situations. Fiscal year 2009 was the worst year in the recent history on the national front with unprecedented high inflation and massive depreciation of local currency coupled with fast depleting foreign exchange reserves, political instability and worsening security situation.

The overall situation has started stabilizing in the country very late during the current fiscal year. The economic indicators together with the Reform Program under supervision of IMF, promises better business opportunities in the years to come. However, if the national economy continues to suffer alongwith the worsening law and order situation and if disruption continue or worsen, there can be no assurance that we will not experience an adverse effect that may be material to our revenues, results of operations, financial condition and ability to access capital.

These challenges require serious efforts, political will by the government and private sector. The economic reforms portrayed by the government needs to be consistently followed and on the other hand the private sector needs to strengthen the government by investing in the country to generate business and employment opportunities. The cohesiveness approach between government and private sector would ultimately put the country back on the track of growth and prosperity.

Our operations in Dubai have contributed significantly in our recent success. The real estate sector in Dubai has reportedly collapsed resulting in exit of private real estate property developers. This situation has impacted overall infrastructure development activities. As a result of the prevailing situation, we have not been able to secure any major order in Dubai during the current year despite our cost competitive edge in that market. Our inability to secure orders this year, affects our performance in the next year with respect to turnover and profitability, however, our committed team of professionals and engineers is keen to secure orders in the coming year.

We are in the process of strategic re-orientations and constantly perform cost-cutting initiatives, including previously announced Selling General and Administrative (SG&A) cost reduction program, capacity adjustments through consolidation of business activities as well as streamlining product portfolios. These measures impact our earnings results, and any future contribution of these measures to our profitability will be influenced by the actual savings achieved and by our ability to sustain these ongoing efforts.

The Company has a comprehensive risk management system which supports early recognition of developments likely to jeopardize the future performance of the company or to its future well being and helps pre-empting risks and capitalizing opportunities.





## Achievements

### Highest Compliance Factor

Quaid-e-Azam Muhammad Ali Jinnah, founder of Pakistan, in his first address to the Constituent Assembly of Pakistan said "One of the biggest curses from which India is suffering..... I do not say that the other countries are free from it, but I think our condition is much worse – is bribery and corruption. That really is a poison. We must put that down with an iron hand and I hope that you will take adequate measures...."

Chief Compliance Officer of Siemens AG Dr. Andreas Pohlmann visited Siemens Pakistan to conduct a Compliance road show with the senior management of the Company. He acknowledged the performance and achievement of Siemens Pakistan and informed the audience that Siemens Pakistan has achieved the highest Compliance factor in the Siemens world and has listed itself in the top ten companies of Siemens world. Despite low country rating in the area of Compliance, this performance is a great achievement for all of us and highlights the fact that the Board, management and employees are committed to the Company's values.

The Company has in true sense followed the advice of our founder which is widely acknowledged by Siemens AG.



### SAFA Best Presented Accounts Award 2008

The South Asian Federation of Accountants (SAFA) recently adjudged our Annual Report 2008 as the recipient of "Best Presented Accounts Award 2008" in the category of manufacturing sector and also the award of "Overall Winner - 2nd Runner up". The award distribution ceremony was held in Dhaka, Bangladesh.

This is a wonderful performance and the Board acknowledges and appreciates the whole team for this achievement. This shows that with focused approach, dedication and team work any objective can be achieved. These awards are conferred on the basis of evaluation administered by SAFA's committee for improvement in transparency, accountability & governance of the published annual reports of entities from South Asian Countries.

SAFA is an Apex Body of the South Asian Association for Regional Co-operation (SAARC) and a Regional Grouping of International Federation of Accountants (IFAC). SAFA represents over 170,000 accountants having membership of the National Chartered Accountancy and Cost and Management Accountancy institutions in the South Asian countries namely Pakistan, India, Bangladesh, Nepal, and Sri Lanka.



### Annual Report 2008 Judged Best Corporate Report - Pakistan

The Board feels immense pleasure in informing the shareholders that the Company's Annual Report 2008 was declared the Best Corporate Report of the Country as well as in the Engineering Sector. This is again an excellent performance.

The Award seeks to promote corporate accountability and transparency through the publication of timely, informative, factual and reader friendly annual reports.

The joint committee of the Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan, the two prestigious accounting bodies, annually hold this competition with the aim to encourage and give recognition to excellence in annual corporate reporting.



### Corporate Excellence Award by MAP

The Management Association of Pakistan honoured Siemens Pakistan as the best managed company of Pakistan and awarded the first prize in the category of Corporate Excellence Award in the whole Industrial Sector as well as in the Engineering Sector.

The aim of this award is recognizing and honoring companies showing outstanding performance and demonstrating progressive and enlightened management practices. This is remarkable as the Company's performance and management practices are acknowledged by a highly professional independent association, which deserves a huge applause.



### Top 25 Companies Award

Siemens again joins the elitist club at the Karachi Stock Exchange (KSE) and secured 2nd position both for the years 2006 & 2007, among the top twenty five companies registered at this premier stock exchange of the Country. This is a matter of pride for the company because the membership of the exchange stands close to 654 companies.

The KSE holds this competition to acknowledge best performing companies listed on the KSE. All companies are judged on the basis of a stringent criterion, set to focus on service to the shareholders and maximization of shareholders wealth.



### National Environmental Excellence Award

The Company views environmental protection and social responsibility as two key factors carrying equal weight in the development of the national economy. We own this with a strong sense of responsibility to the society and environment to protect and preserve the environment for our future generations.

In recognition of our efforts, the Company has been awarded once again the coveted Annual Environment Excellence Award 2009 by the National Forum for Environment & Health. This is the fifth year in a row that we have received this honor and the management is committed to promote such activities and policy implementations for fulfilling our commitment to the society.

National Forum for Environment & Health, commonly known as NFEH, is a purely Non-Governmental, Non-Profit and Voluntary Organization, established with an aim to facilitate, promote and help create environmental, healthcare and educational awareness.



### Brand of the Year Award

Siemens Pakistan manufactured Transformers won the Brand of the Year Award 2008 thereby certifying that Siemens transformers are the first choice of the customers.

Brand of the Year Award is a joint initiative of public and private sectors to identify and promote brand excellence in Pakistan and is the largest ever public private partnership project. Its international recognition and endorsement by the Brands Bureau International Limited London - UK makes it the most authentic and acclaimed Brands Award.



### Most Preferred Graduate Employer Award

Siemens Pakistan being the largest employer of Engineering Graduates in the Country, wins the coveted "Most Preferred Graduate Employer award in the Engineering Sector" by the Pakistan Society of Human Resource Management and judged by a neutral body, Engage Human Resources, on the basis of a survey of Universities in Pakistan and Employers.





## Future Outlook and Plans for Expansion

The global economic slide appears to be nearing a bottom and some Asian and Middle Eastern countries will be the ones recovering first. However, the future business outlook for Pakistan is very much dependent on the law and order situation of the country. Energy scarcity and increasing cost of doing business are also the major concerns. Apart from our conventional business in energy sector, we foresee business opportunities in alternate energy as well.

Growth in the industry sector will again be dependent on availability of electricity at a competitive rate and improvement of our country's perception in the international market. Investment from both private and public sector is expected in healthcare sector, mainly in the fields of diagnostics, cardiac care and cancer treatment.

Being now part of Middle East (ME) cluster, we have bright prospects of access to the markets of eighteen ME countries with the help of our local representatives in those countries. This opens a great opportunity for the Company and may prove beneficial for all of us in the long run. With our vision to remain market leader and technology pace setter, and tools of top+, we see no reason why we cannot achieve and surpass our targets.

## Market Share

We are focused on our Company's vision which is to remain market leader in the relevant business segments. We are constantly enhancing our local capabilities to maintain the trust of our valued customers and provide them solutions based on latest green technology as part of our worldwide portfolio. Our strategy of enhancing our local competence and taking leverage from our global resources will allow us to increase our market share in the country.

In view of the fact that Siemens is serving in various segments of the market as well as in the absence of any authentic source of information about the size of the market, it is quite difficult to calculate the Company's market share.



Dubai Sports City

## Siemens Presence

### Middle East Cluster

Siemens Pakistan is a subsidiary of Siemens Aktiengesellschaft, Germany (Siemens AG) which is incorporated in Germany and holds 66.10% shares of the Company. In view of organizational changes in the Siemens world, Siemens Pakistan has become part of the Middle East (ME) cluster. This cluster covers 18 countries including Saudi Arabia, Dubai, Egypt, Pakistan and other ME countries. These clusters have been formulated to achieve efficiency, high performance, sharing of expertise and cost effectiveness.

### Branch and Regional Offices

The Company operates with two fully functional branches in Dubai, United Arab Emirates and Kabul, Afghanistan. These branches were established in order to install appropriate administrative infrastructure to exploit the market potential and execute projects in an efficient manner. These branches are being headed by very senior management personnel with diverse knowledge of business and hand on experience in management affairs.

The Company also has regional offices in Islamabad, Peshawar, Lahore, Sialkot, Multan and Quetta. These offices help to serve the customers with a focused approach, being closer to them.

## Post Balance Sheet Events

There have been no material changes since September 30, 2009 to the date of this report except the declaration of final dividend which is subject to the approval of the Members at the 57th Annual General Meeting to be held on December 21, 2009. The effect of such declaration shall be reflected in the next year's financial statements.

# Corporate Governance

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure efficient conduct of affairs of the Company to achieve its goal of maximizing value for all its stakeholders. At Siemens the corporate governance framework involve the board in the strategic planning process, defines clear board and management power sharing arrangements, establishes processes for the timely reporting and review of information, and most importantly to allow effective and responsive actions to be made thereon. This has resulted in improved understanding of the respective roles of the board and management and the Board is able to introduce appropriate governance processes and procedures, under which management is free to manage, while the board is free to monitor, enquire and counsel.

The Board gives utmost importance to the international and local best practices of good governance and ensures that its principles remain to be the integral part of its operating, decision-making and monitoring processes. The Company respects the rights of its shareholders and encourages their active participation in all general meetings of the company. The company also recognizes its legal obligations towards all of its legitimate stakeholders and business partners. A code of conduct exists for directors, executives and other employees of the company which binds them to demonstrate ethical, honest and responsible attitude.

The Company strictly adheres to the principles of Corporate Governance mandated by the Securities and Exchange Commission of Pakistan and have implemented all the prescribed stipulations.

By implementing the Corporate Governance in its true spirit, the Board is successful in achieving the following objectives:

- Responsible, value-based management and monitoring focused on long-term success
- Goal-oriented and efficient cooperation between the management and the Board
- Respect for the interests of our shareholders and employees
- Transparency and responsibility in all our entrepreneurial decisions
- An appropriate risk management system





## Board of Directors

The Board was actively involved during the year in performing their duties including those required to be performed under various relevant laws and the Memorandum and Articles of Association of the Company, with the ultimate objective of safeguarding the interests of shareholders, increasing profitability of the Company with an ultimate goal to increase shareholders wealth and promoting market confidence.

### Composition of Board and Directors' Independence

The Board has an optimum combination of executive and non-executive directors in which six out of eight are non-executives. None of the directors on the Board is a director of more than 10 listed companies. All the directors represent diverse fields / professions and possess all the necessary skills and understanding to deal with various business issues and have the ability to review and challenge management performance. The Chairman of the Board is an independent non-executive director.

### The roles of the Chairman and Chief Executive Officer

There is a clear division of responsibilities between Chairman and Chief Executive Officer who is responsible for running the Company's business.

The Chairman is mainly responsible for the following matters pertaining to the leadership of the Board:

- Ensuring appropriate Board composition
- Ensuring effective Board processes
- Setting the Board's agenda
- Ensuring that Directors are properly briefed in order to take a full and constructive part in Board and Board Committee discussions
- Ensuring effective communication with shareholders
- Ensuring constructive relations between executive and non-executive directors

The Chief Executive Officer is entrusted with the whole powers of management of affairs of the Company, in accordance with the directions of the Board, which among others mainly include the following:

- Framing strategy proposals for the Board
- Formulating annual and periodic plans charting how this strategy will be delivered
- Appraising the Board of all matters which materially affect the Company and its performance, including any significantly underperforming Sector
- Leadership of executive management to enable the Company's businesses to meet the requirement of shareholders
- Ensuring adequate, well-motivated and incentivized management resources
- Ensuring succession planning
- Ensuring appropriate business processes including Internal Control System
- Ensuring effective Risk Management System



A meeting of Board of Directors

### Evaluation of Performance of Board of Directors

The Board of Directors act as governing trustees of the Company on behalf of the shareholders while carrying out the Company's mission and goals. In order to uphold the trust of stakeholders, the Board of Directors' performance warrants assessment. The Board of Directors set following evaluation criteria to judge its performance.

- Compliance with the legislative system in which Siemens Pakistan operates, particularly Companies Ordinance, 1984, listing regulations of Stock Exchanges, the Memorandum and Articles of Association of the Company
- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval
- Hiring, evaluating, management, compensating and supporting the Executive Directors and other key positions including Chief Executive Officer
- Appropriate delegations to Board Committees with members possessing adequate technical know how and experience
- Establishing adequate internal control system in the Company and its regular assessment through self assessment mechanism or / and internal audit activities
- Ensuring required quorum of Board meeting is available, to foster healthy discussion, deliberation and quality decisions on matters of significance
- Ensuring training of Board of Directors including new appointments such that each member is fully integrated in the Company and perform in accordance with the responsibilities entrusted

### Chief Executive Officer Performance Review

The Chief Executive Officer (CEO) is present in every meeting of the Board and provides detailed explanation on each item of the agenda and addresses any specific questions by the Board members. The performance of CEO is assessed through the evaluation system set by the Siemens Group for its subsidiaries. This evaluation takes into account various parameters including financials, employees, customers and processes.

### Significant Company's policies

The Board has approved all the significant policies of the Company including but not limited to policies relating to Human Resources, Risk Management, Business Operations, Investments, Donations, Signature Mandate and delegation of financial powers, etc.

## Meetings and Activities during the Year

During the year, four meetings of the Board were held to review and approve all issues and matters referred to it by audit and other committees of the Board, including periodical and annual financial statements, corporate and financial reporting framework, budgets and forecast including their analysis with actual, cash flow projections, management letter issued by the external auditors, major contracts and agreements, compliance with relevant laws and regulations including amendments during the year, acquisition and disposal of fixed assets, review of risks identified and their mitigation, accounting and internal control system, status of controls over Company's electronic data security and such other matters considered to be significant enough for the Board's attention by the Audit Committee or the management.

The Board also reviewed the status of legal cases filed by or against the Company and also approved initiation of out of court settlements. It was ensured that quorum should be present for all Board meetings in accordance with Memorandum and Articles of Association of the Company.

As required under listing regulation 35 (xxiv) of Karachi Stock Exchange, the Chief Executive Officer and Chief Financial Officer presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors. And the Board after consideration and approval, authorized the signing of financial statements for issuance and circulation. The half-yearly and annual financial statements were initialed by external auditors before its presentation to the Audit Committee and Board of Directors for their respective approvals.

The appointment, remuneration and terms and conditions of employment of the Chief Executive Officer and the Chief Financial Officer have been approved by the Board of Directors. The Chief Executive Officer and the Chief Financial Officer did not take part during discussion in the Board on their respective employment contracts. Further, the appointment, remuneration and terms and conditions of employment of the Company Secretary were also approved by the Chief Executive Officer with the approval of the Board.

The Chief Financial Officer, who is also a member of the Board, and the Company Secretary, attended all the Board meetings. Business segment heads were also invited to obtain detailed information on matters raised by the Board, audit committee or external auditors relevant to their respective areas of responsibility.

For all the Board meetings, the agenda and details of each item of agenda were circulated to all the members of the Board at least seven days before the meeting was scheduled. The minutes of all Board meetings and audit committee, duly signed by the respective chairman, have been circulated within 14 days of holding of these meetings. An action items list is also prepared after finalization and circulation of minutes of the meetings and status of each action item was provided to the Board and audit committee in their next meeting.

## Attendance Members

Attendance at Board meetings held during FY 2008-09

	Held	Eligible to Attend	Attended
<b>Non – Executive Independent</b>			
Syed Babar Ali, Esqr. – Chairman	4	4	3
Mr. Tajammal H. Bokharee	4	4	4
Mr. Zahid Hussain	4	4	3
<b>Non - Executive</b>			
Dr. Udo Niehage	4	4	1
Mr. Christian Knie			
(Appointed w.e.f July 30, 2009)	4	-	-
Mr. Joerg Steinhäuser			
(Appointed w.e.f July 30, 2009)	4	-	-
<b>Outgoing Directors</b>			
Mr. Klaus Stegemann	4	4	4
Mr. Stephan Schneider	4	4	3
<b>Executive</b>			
Mr Sohail W. H. Siddiqui	4	4	4
Mr. Gerhard Wilcke	4	4	4

The Board appreciates and is thankful to the non resident directors for their presence in person in the meetings of the Board in view of political and security situation.

### Changes in the Board of Directors

The Board would like to place on record its appreciation of the valuable contribution made by the outgoing director Mr. Klaus Stegemann and Mr. Stephen Schneider towards progress of the Company. The Board also welcomes Mr. Christian Knie and Mr. Joerg Steinhäuser who joined the Board in place of the outgoing directors and hope that the Company will benefit from their varied experience in their respective fields. The casual vacancies as and when occurred during the year were filled within 30 days of such vacancy in accordance with Listing Regulations. The directors appointed to fill the casual vacancy shall continue to act until the next election of the Board of directors on December 1, 2009. The new directors have been provided information on the powers, duties and liabilities of the directors under the Companies Ordinance, 1984, the Code of Corporate Governance, Memorandum and Articles of Association and listing regulations. All directors have signed declaration of awareness of their powers, duties and liabilities under these rules and regulations.

### Term of Office of Directors

In accordance with the provisions of Section 180 of the Companies Ordinance, 1984, the three years term of existing directors shall expire on November 30, 2009. Accordingly, the election of Directors shall take place in accordance with the provisions of the Companies Ordinance, 1984 on November 26, 2009. The Board of Directors in their meeting held on July 28, 2009 has fixed the number of Directors to be elected in this meeting as eight. The newly elected directors shall take charge with effect from December 01, 2009.

### Remuneration of Directors

The Company paid an aggregate amount of Rs. 132.137 million as remuneration to the Chief Executive Officer and Directors. The details of amounts charged in the financial statement in respect of remuneration and fringe benefits paid to the Executive and Non Executive Directors is set out in note 32 to the enclosed financial statements.

### Director's Conflict of Interest

During the year the Company entered into eight contracts valuing Rs. 101.873 million with companies in which some directors were interested due to common directorship. In compliance with Section 214 of the Companies Ordinance, 1984 the details of all such contracts were provided to all the directors as part of the agenda of each Board meeting.

The register of contracts maintained under section 219 of the Companies Ordinance, 1984 was also signed by all the directors except those directors who have interest in those contracts due to common directorship. No director has any interest in donations of the Company, except those already disclosed in the enclosed financial statements in note 22.1.

### Trading in Company's share by Directors and Executives

All Directors including the Chief Executive Officer, Chief Financial Officer, and Executives of the Company were delivered written notices by the Company Secretary to immediately inform in writing any trading in the Company's shares by themselves or by their spouses and to deliver a written record of the price, number of shares and form of share certificates within 4 days of such transaction to the Company Secretary.

### Professional Development

The Company has provided satisfactory information to foreign resident directors of their duties and responsibilities including new incoming directors. Other directors of the Company, being professionals and directors of other local companies have adequate exposure of corporate matters and are already aware of their duties and responsibilities. In addition to above, Company organized a customized Directors Education Program through Pakistan Institute of Corporate Governance for its existing directors. The program was held on October 29, 2009.

### Related Party Transactions

In order to comply with the requirements of listing regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of all related party transactions have been provided in note 34 of the financial statements.



# Board Committees

Audit  
Committee



Compliance  
Committee



Enterprise Risk  
Management  
Committee





# Management Committees

Executive  
Management  
Committee



Corporate  
Committee



Human  
Resource  
Council



## Board Committees

Committees	Duties and responsibilities	Members	Attendance	
			Eligible to Attend	Attended
<b>Audit Committee</b>	<p>The Audit Committee comprises of four non-executive directors. The terms of reference of the Audit Committee has been determined by the Board in accordance with the Code of Corporate Governance. Four meetings of the Committee were held during the year in which the following business was considered:</p> <ul style="list-style-type: none"> <li>■ Review of quarterly, half-yearly and annual financial statements before their consideration by the Board</li> <li>■ Detailed review of Board and Management letters issued by the external auditors and management's response thereto</li> <li>■ Review of compliance with all relevant laws and regulations and other statutory requirements</li> <li>■ Compliance with the best practices of corporate governance</li> <li>■ Determination of appropriate measures to safeguard Company's assets</li> <li>■ Review of related party transactions</li> <li>■ Review of status of action items from the previous meetings</li> <li>■ Review of internal audit progress reports and discussion on significant findings</li> </ul> <p>In view of work performed during the year, the audit committee concluded the following:</p> <ul style="list-style-type: none"> <li>■ The Company has complied, in all material respect, with the requirements of the listing regulations of all the Stock Exchanges and there was no departure from the best practices of Corporate Governance. The statement of ethics and business practices has been signed by all the directors and employees of the Company confirming adherence to the values and ethics</li> <li>■ The financial statements are reviewed and signed by the management of the Company before their submission to the audit committee and the Board, in acknowledgment that these financial statements present fairly its state of affairs and the result of its operations, cash flows, changes in equity and are in conformity with the books of accounts of Company</li> <li>■ Appropriate accounting policies have been consistently applied in the preparation of financial statements</li> <li>■ Accounting estimates are based on reasonable and prudent judgment</li> <li>■ Proper books of accounts are maintained by the Company</li> <li>■ 'Statement of Compliance with the Best Practices of Code of Corporate Governance' truly reflects how the Company complied with the code</li> <li>■ The financial statements comply with the provisions of the Companies Ordinance, 1984 and the requirements of International Accounting Standards, as applicable in Pakistan, and appropriate disclosures have been provided where necessary</li> <li>■ There are no significant doubts upon the Company's ability to continue as a going concern.</li> </ul>	<p><b>Non – executive Independent</b> Mr. Tajammal H. Bokharee – Chairman Mr. Zahid Hussain</p> <p><b>Non – executive</b> Mr. Christian Knie Mr. Joerg Steinhäuser Mr. Klaus Stegemann (Resigned on July 29, 2009) Mr. Stephan Schneider (Resigned on July 29, 2009)</p>	4	4
			4	3

Committees	Duties and responsibilities	Members	Attendance	
			Eligible to Attend	Attended
<b>Compliance Committee</b>	<p>Siemens has Zero tolerance for non-compliance behavior. Siemens' Compliance Program anchors ethical and legal behavior throughout the Company. It includes clear instructions to all employees to comply with all applicable laws. It also contains additional regulations regarding, for example, the processing of payments and proper dealings with business partners and consultants.</p> <p>In view of importance of the subject, the Board has constituted this Committee which comprises of two executive and three non- executive directors. The Regional Compliance Officer is also the member and secretary of this Committee. Four meetings of the Committee were held, in which the Committee performed following tasks, which were in line with their terms of reference:</p> <ul style="list-style-type: none"> <li>■ Review of the Company's overall compliance program to ensure that it is well communicated, supports lawful and ethical business conduct by the employees and reduce risks to the Company for non-compliance with laws and regulations relating to the Company's business</li> <li>■ Review the suggestions given by the Compliance Review Board and their implementation</li> <li>■ Overseeing Company's compliance related policies, programs and procedures to ensure adherence with relevant laws, Company's code of conduct and other relevant standards.</li> <li>■ Reviewing and monitoring the Company's compliance training initiatives on various topics</li> <li>■ Review of results of any Compliance Investigation and recommending appropriate measures</li> </ul> <p>The Committee is well satisfied with the implementation status and awareness of the Compliance program. As part of the annual internal audit plan approved by the audit committee, the Internal Auditor reviewed the compliance related controls and did not report any significant finding.</p>	<p><b>Non – executive</b>  Mr. Christian Knie – Chairman  Dr. Udo Niehage  Mr Joerg Steinhäuser  Mr. Klaus Stegemann - Chairman  (Resigned on July 29, 2009)</p> <p><b>Executive</b>  Mr Sohail W. H. Siddiqui  Mr. Gerhard Wilcke</p>	-	-
			4	3
			-	-
			4	4
			4	4
			4	4

Committees	Duties and responsibilities	Members	Attendance	
			Eligible to Attend	Attended
<b>Enterprise Risk Management Committee</b>	<p>Siemens Enterprise Risk Management (ERM) is a company-wide framework of methods and processes used to manage risks and seize opportunities related to the achievement of the Siemens business objectives. Siemens ERM approach is based on the globally accepted Committee of the Sponsoring Organization of the Treadway Commission (COSO) II framework.</p> <p>The Enterprise Risk Management Committee of Board of Directors ensures Company response system is robust enough to avoid, manage or mitigate the risks that may affect Company's earnings in short and long run. This Committee comprises of two executive and two non-executive directors. The committee also have two permanent members from Energy and Industry Segments. Four meetings of the Committee were held, in which the Committee performed following tasks, which were in line with their terms of reference:</p> <ul style="list-style-type: none"> <li>■ Review and assess the quality and effectiveness of the risk management system and ensure that the risk policies are effectively managed and incorporated in the management structure of the Company</li> <li>■ Review and assess the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work</li> <li>■ Ensure that comprehensive system of control is established and that the risks within the Company are identified, mitigated and appropriate strategies are in place to manage them</li> <li>■ Monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts</li> <li>■ Over see the risk management strategies to achieve current and accurate compliance with operational and legal requirements and identification of foreseeable trends that could significantly impact Siemens overall business objectives</li> <li>■ Review the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures</li> <li>■ Review the opportunities that are available to the Company and the likelihood to capture these opportunities</li> </ul> <p>On the basis of discussions held during the meetings, the Committee is satisfied with the quality and effectiveness of the Company's ERM system and its coverage. The Committee also recommended appropriate improvement measures to further strengthen the process.</p>	<p><b>Non – executive</b> Mr. Christian Knie – Chairman- Mr Joerg Steinhäuser Mr. Klaus Stegemann - Chairman (Resigned on July 29, 2009)</p> <p><b>Executive</b> Mr Sohail W. H. Siddiqui Mr. Gerhard Wilcke</p>	-	-
			-	-
			4	4
			-	-
			4	4

## Management Committees

Committees	Duties and responsibilities	Members	Attendance	
			Eligible to Attend	Attended
<b>Executive Management Committee</b>	<p>The executive management committee is composed of five members which include Chief Executive Officer, Chief Financial Officer and heads of each business Segment. Two meetings of the committee were held during the year under the chairmanship of Chief Executive Officer and attended by all the members. The committee considered following matters in their meetings:</p> <ul style="list-style-type: none"> <li>■ Ensure smooth operations of the Company and adequacy of operational, administrative and financial controls</li> <li>■ Reviews of segmental and overall budget of the Company before its submission to the Board</li> <li>■ Review of the results of operations, their analysis with the budget and forecast and to take corrective action where necessary</li> <li>■ Formulate and implementation of strategic plans of marketing, production, investments and to take corrective and preventive measures for mitigation of risks and for seizing business opportunities</li> <li>■ Review of major risks and challenges identified in the ERM process and to take appropriate measures to counter those risks and challenges, status of implementation of compliance program and to take appropriate action for any non compliance of the policies and procedures</li> <li>■ Human Resource management, related policies and procedures, people excellence, recruitment and training, succession planning and discussion and resolution of current issues</li> <li>■ Review and approval of changes in Organization, necessary to meet the operational and marketing challenges</li> <li>■ The Committee places before the Board of Directors all matters of significance and such matters which are required to be approved by it under the law</li> </ul>	<p><b>Members</b>            Mr Sohail W. H. Siddiqui            - Chairman            Mr Gerhard Wilcke            Mr Nasim A. Siddiqui            Syed Nadeem Ali Kazmi, Esqr.            Syed Asadullah, Esqr.</p> <p><b>Experts</b>            Mr. Rahim Dawood            Mr. Amin Bandhani            Major (Rtd) A.A. Zuberi</p>	<p>2 2 2 2 2</p> <p>2 2 2</p>	<p>2 2 2 2 2</p> <p>2 2 -</p>

Committees	Duties and responsibilities	Members	Attendance	
			Eligible to Attend	Attended
<b>Corporate Committee</b>	<p>The Corporate Committee consists of heads of all corporate departments, headed by the Chief Executive Officer. The committee meetings are held each quarter. The committee is entrusted with the following tasks:</p> <ul style="list-style-type: none"> <li>■ Review status of achievement of Corporate Department targets</li> <li>■ Considers the actionable items of Executive Management Committee</li> <li>■ Review Company's corporate priorities and directions</li> <li>■ Align corporate support functions in accordance to Company's business development strategies</li> <li>■ Review matters relating to industrial relations and business administration</li> <li>■ Establish and review policies and guidelines relating to quality management and product safety</li> <li>■ Review policies and guidelines of Information Security</li> <li>■ Ensure implementation of compliance guidelines</li> <li>■ Review matters relating to export control guidelines and procurement governance</li> <li>■ Cost saving measures and status of their implementation and results</li> </ul>	<p><b>Members</b></p> <p>Mr Sohail W. H. Siddiqui - Chairman</p> <p>Mr Gerhard Wilcke</p> <p>Mr Rahim Dawood</p> <p>Mr Amin Bandhani</p> <p>Mr Mohammad Rafi</p> <p>Major (Rtd) A.A. Zuberi</p> <p>Mr Zia ul Islam Zuberi</p> <p>Mr Zaman Najmi</p> <p>Mr Mansoor Farooqui</p> <p>Mr Mansoor Iqbal Khan</p> <p>Mr Ahmed Shaheen</p> <p>Mr Naveed I. Ansari</p> <p>Mr Asad Ahmed</p> <p>Mr. Imran Saeed</p> <p><b>Experts</b></p> <p>Mr. Naukhez Arsalan</p> <p>Mr. Ameen Imtiaz</p> <p>Mr. Burhan Yousuf</p> <p>Mr. Rashid Shaikh</p> <p>Mr. Rashid Iftikhar</p> <p>Mr. Zeeshan Rizvi</p> <p>Dr. Kamran Farooqui</p>	4	4
<b>Committees</b>	<b>Duties and responsibilities</b>	<b>Members</b>	<b>Attendance</b>	
			<b>Eligible to Attend</b>	<b>Attended</b>
<b>Human Resource Council</b>	<p>The Human Resource (HR) Council is a coordination and decision making body. The HR council regularly meets through out the year. The HR council is responsible for implementation of HR initiatives and plans. The HR council is committed to develop and make decisions on HR strategy and policy. Further the HR council review following on a quarterly basis:</p> <ul style="list-style-type: none"> <li>■ HR Calendar of events</li> <li>■ Ideas/Improvements and suggestions</li> <li>■ HR issues and complaints and corrective action plans</li> <li>■ Initiatives of Siemens global HR Council</li> </ul>	<p><b>Members</b></p> <p>Mr Sohail W. H. Siddiqui - Chairman</p> <p>Mr Gerhard Wilcke</p> <p>Mr Amin Bandhani</p> <p>Mr Mansoor Iqbal Khan</p> <p>Mr Asad Ahmed</p> <p>Mr Naukhez Arslan</p>	3	3



**Are alternative energies  
the only alternative?**

**Our environmental portfolio solutions for energy generation,  
transmission and consumption all add up to lower CO<sub>2</sub> emissions.**

Whether it's for the use of renewable energy or highly efficient power plants, low-loss energy transmission over long distances or energy efficient modernization of buildings: With the world's biggest green portfolio we help to lower costs and emissions. Thanks to our innovative solutions, our clients saved 148 million tons of CO<sub>2</sub> in 2008.

[siemens.com/answers](http://siemens.com/answers)

**SIEMENS**

## Internal Audit Function

In order to further strength the internal audit function in the Company and ensure absolute independence, the Board, on the recommendation of the audit committee, outsourced the Company's internal audit function to Corporate Finance Audit (CF A) department of Siemens AG. The partner of CF A responsible for the region has been appointed as Head of Internal Audit of the Company who directly reports to the Audit Committee. The Head of Internal Audit attended all the meetings of the audit committee. The audit committee considered following matters during the year relating to internal audit function:

- Ensuring at all times independence of the internal audit function and that the function has adequate resources and is appropriately placed within the company. For the purpose, the audit committee had held a separate meeting with the Head of Internal Audit and other members of the internal audit function in the absence of the Chief Financial Officer and the external auditors
- Reviewed audit reports and significant findings by internal audit on a quarterly basis
- Facilitated coordination between internal and external auditors to ensure efficiency and effectiveness and to avoid duplication of work
- Reviewed company's statement on internal control systems prior to endorsement by the Board of Directors, which was also signed by the SOA Officer of the Company

On the basis of these considerations the audit committee concluded that the Company's system of internal control is sound in design and has been effectively implemented and monitored.

## External Auditors

At the start of the current fiscal year, Siemens AG worldwide changed its external auditors and appointed Ernst & Young (E&Y) for the financial year 2009 in place of KPMG. Pursuant to such global change, KPMG Taseer Hadi & Co, Chartered Accountants, who were appointed as auditors of the Company in the last AGM, resigned from the office of external auditor effective December 31, 2008. In order to fill the casual vacancy in the office of external auditors, the Board of Directors, on the recommendation of audit committee, appointed Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, as external auditors for the fiscal year 2009.

The Audit Committee and Board of Directors would like to place on record its appreciation on the valuable contribution made by the KPMG Taseer Hadi & Co, Chartered Accountants, being preceding external auditors, during their terms in office. The external auditors attended those parts of the audit committee meetings in which the financial statements of the Company were considered by the Committee. The Audit Committee also held a separate meeting with the external auditors in the absence of Chief Financial Officer and Head of Internal Audit to discuss issues which the auditors' wants to bring to the Committee in the absence of management. The auditors' have confirmed that they have no issue of independence and they have already reported all their concerns in the Board and Management letters.

The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP. The external auditors have not been appointed to provide other servi-



ces except in accordance with the listing regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The present external auditors, Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants shall retire at the conclusion of Annual General Meeting on December 21, 2009 and being eligible, offer themselves for reappointment for the year 2009-10. As suggested by the Audit Committee, the Board recommends their reappointment for the year ending September 30, 2010.

## Legal Proceedings

The Company is subject to litigation risk which is one of the many dimensions of business in today's business environment including taxation related proceedings. The significant contingencies have been reported by the Company in relevant note 10 of the financial statements. During the year, there has been no significant new litigation initiated against the Company.

## Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under listing regulation 37 (xxv) of Karachi Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984 and listing regulations have been duly complied with.

## Pattern of Shareholding

Shares of the Company are listed on Karachi, Lahore and Islamabad stock exchanges. There were 826 shareholders of the Company as of September 30, 2009. The detailed pattern and categories of shareholding of the Company including shares held by directors and executives, if any, are annexed to this annual report on page 170 and 171.

## Investment in Retirement Benefits

The value of investments, made by the staff retirement funds operated by the Company as per their respective audited financial statements is as follows:

	(Rupees in million)
Provident Fund as on June 30, 2008	672.192
Gratuity Fund as on September 30, 2008	255.616

# Corporate Social Responsibility

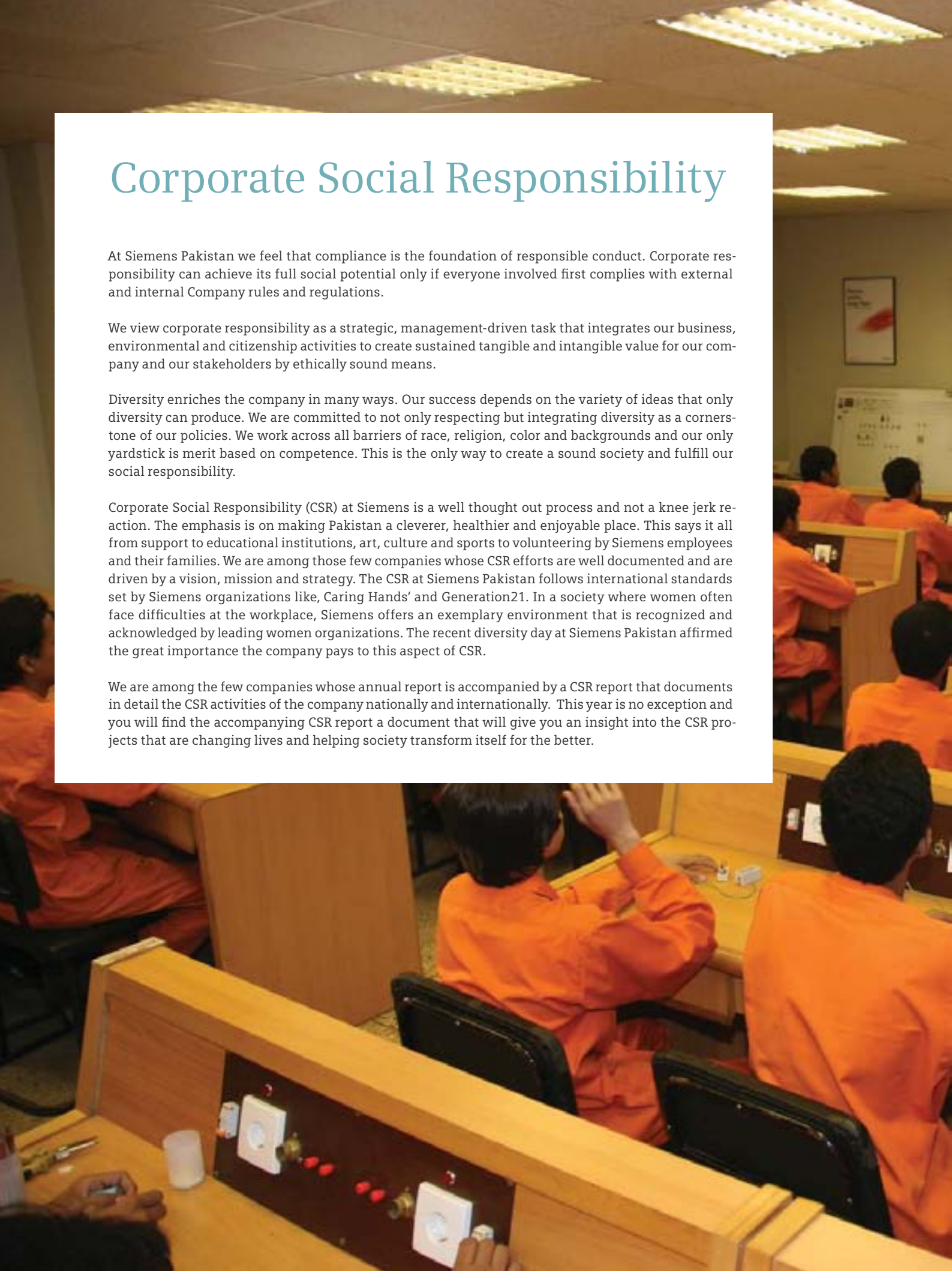
At Siemens Pakistan we feel that compliance is the foundation of responsible conduct. Corporate responsibility can achieve its full social potential only if everyone involved first complies with external and internal Company rules and regulations.

We view corporate responsibility as a strategic, management-driven task that integrates our business, environmental and citizenship activities to create sustained tangible and intangible value for our company and our stakeholders by ethically sound means.

Diversity enriches the company in many ways. Our success depends on the variety of ideas that only diversity can produce. We are committed to not only respecting but integrating diversity as a cornerstone of our policies. We work across all barriers of race, religion, color and backgrounds and our only yardstick is merit based on competence. This is the only way to create a sound society and fulfill our social responsibility.

Corporate Social Responsibility (CSR) at Siemens is a well thought out process and not a knee jerk reaction. The emphasis is on making Pakistan a cleverer, healthier and enjoyable place. This says it all from support to educational institutions, art, culture and sports to volunteering by Siemens employees and their families. We are among those few companies whose CSR efforts are well documented and are driven by a vision, mission and strategy. The CSR at Siemens Pakistan follows international standards set by Siemens organizations like, Caring Hands' and Generation21. In a society where women often face difficulties at the workplace, Siemens offers an exemplary environment that is recognized and acknowledged by leading women organizations. The recent diversity day at Siemens Pakistan affirmed the great importance the company pays to this aspect of CSR.

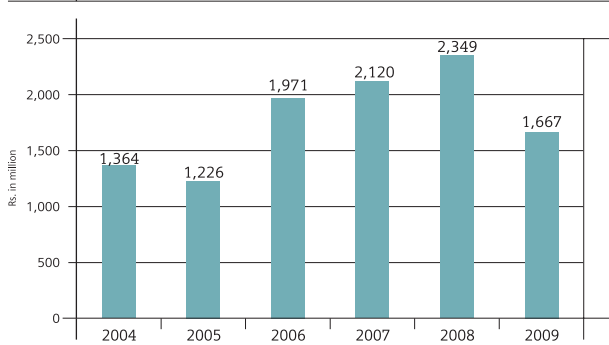
We are among the few companies whose annual report is accompanied by a CSR report that documents in detail the CSR activities of the company nationally and internationally. This year is no exception and you will find the accompanying CSR report a document that will give you an insight into the CSR projects that are changing lives and helping society transform itself for the better.





## Contributions

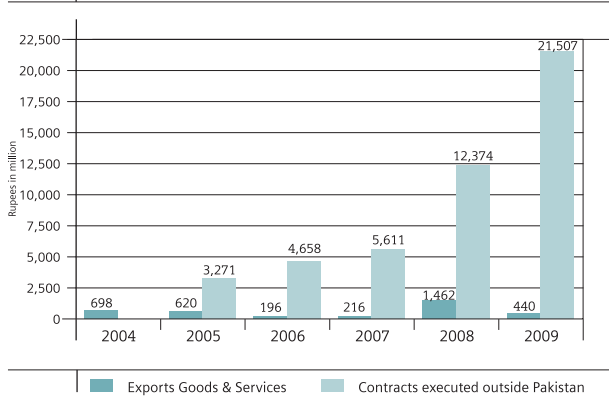
Contribution to National Exchequer



### Towards National Exchequer

The company has contributed Rs. 1,677 million to the National Exchequer during the period in the form of taxes, duties and other contributions. These contributions form 4.6% of Company's turnover.

Exports & Projects Executed Outside Pakistan



### Towards National Economy

- Sales and services executed outside Pakistan of Rs. 21,947 million (2008: Rs 13,836 million) and a sizeable amount of foreign currency attracted into Pakistan in terms of profits
- The Company has made purchases from local vendors amounting to Rs 4,216 million (2008: Rs 4,417 million) thereby taking part in increasing the local production
- The Company employs a big number of work force at all its locations and project sites. The total remuneration paid during the period amounts to Rs. 2,816 million (2008: Rs 2,169 million) which is a significant portion of the company's earnings

### Donations

The monetary donation given during the year aggregated to Rs 1.930 million (2008: Rs 1.157 million). The company contributions to the society are detailed in the accompanied CSR report.

*Siemens in harmony  
with community and  
environment*



## Environment, Occupational Health and Safety

We view environmental protection and social responsibility as two key factors carrying equal weight in the development of the national economy. We own this with a strong sense of responsibility to the society and environment to protect and preserve the environment for our future generations.

We recognize health and safety of our employees as an integral part of business management and endeavor to ensure it through supervision, awareness and motivation.

In recognition of these, we have been awarded once again the coveted Annual Environment Excellence award 2009 by the National Forum for Environment & Health. This is the fifth year in a row that we have received this honor and the management is committed to promote such activities and policy implementations for fulfilling our commitment to the society.

With a strong sense of responsibility to the preservation of the environment, we have accorded its due priority in our working practices. By gradually integrating it in our quality management system we have established an ISO 14001 compliant management system. Our commitment to the environment starts from the design of our products and we take all possible steps in the elimination of environmentally hazardous materials and ensure that all steps are taken in their safe disposal. This is in accordance with our Fit4 2010 program.

We manufacture and supply products ranging from simple components to complex plants and systems. Product safety concerns every one, from development and design, production to sales and service. We therefore manufacture products in such a manner that they are safe and ensure that the relevant legal requirements and regulations on product safety are followed. Product safety is an essential quality feature and we continue to monitor it closely through quality audits.



*Diversity, our strength  
at Siemens Pakistan*

## Human Excellence

### Our employees – A diverse, highly qualified team

Siemens Pakistan recognizes the importance of diversity as a managerial tool. Diversity initiatives are implemented for identified diverse strata's in our organization to deliver value, drive growth, increase productivity and creativity.

The core strategy of Siemens diversity management is based on three Cs; Composition, Connection and Communication. This strategy contributes to boost confidence and morale of our diverse workforce and help us make diversity our competitive edge. By anchoring diversity as key component of its strategy, Siemens Pakistan is making a conscious effort to capitalize on this advancement.

### Training activities

Knowledge, skills and attitudes of our employees are the secret behind the continuous and sustained growth at Siemens Pakistan . Human resources department is strongly committed towards constantly adding value to our most precious asset; "our employees". We have a thorough process of Training Need Analysis based on individual performances and future business needs.

Other than employee trainings, we have an apprenticeship training program, in which students are trained through extensive class room trainings as well as on the job training. All apprentices are paid to meet their expenses during this 3 year long apprenticeship.

We also run an internship program where students from leading technical and commercial universities are generally given a 6 weeks on the job orientation during summer and winter breaks of educational institutions.

### Education – The key to success

Siemens Pakistan has always regarded education as the noblest cause towards society. We provide educational opportunities to our employees and also spend time, effort and money in undertaking final year projects for students from different engineering universities.

Aiming for Human  
Excellence through  
efficient Human Resource  
Management



To honor hard work done by students in engineering universities of Pakistan, we confer gold medals upon students who secure top positions and their efforts are well recognized during Siemens Pakistan Annual Conference.

### New hires

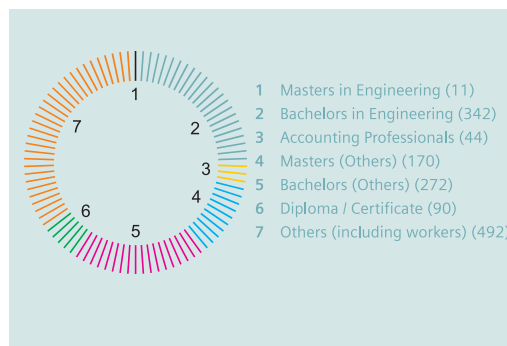
As a global company, we're continually recruiting and integrating the best and brightest people in all our markets. The ongoing transformation of our employee structure reflects our aspiration to create and maintain a first-class workforce worldwide.

Increasing new hiring demands is one of the evidence of our sustained growth in market place. Being a leading engineering employer, Siemens Pakistan attracts students from leading engineering universities and business schools. These engineers and business graduates are well scrutinized to match their knowledge and competencies with the requirements of the company.

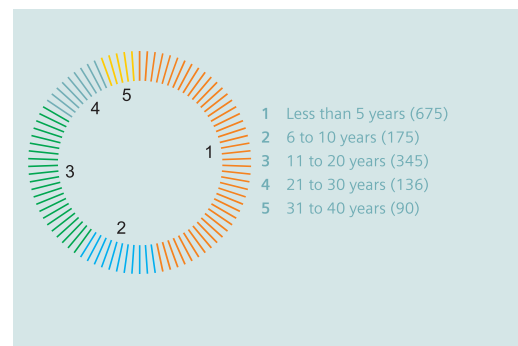
### Siemens Management Review

The Siemens Management Review (SMR) is the global succession planning process in Siemens. It is through the SMR that the company gets an overview of current leadership capabilities and the current succession situation. The early identification, development and retention of internal management potential is one of the company's most important tasks. The SMR is based on the results of the Performance Management Process, Siemens Leadership Framework, and the Round Table Discussions. Human Resources facilitate the Round Tables and the information is summarized for the SMR discussion.

#### Educational Portfolio of Employees



#### Service tenure of employees with Siemens Pakistan

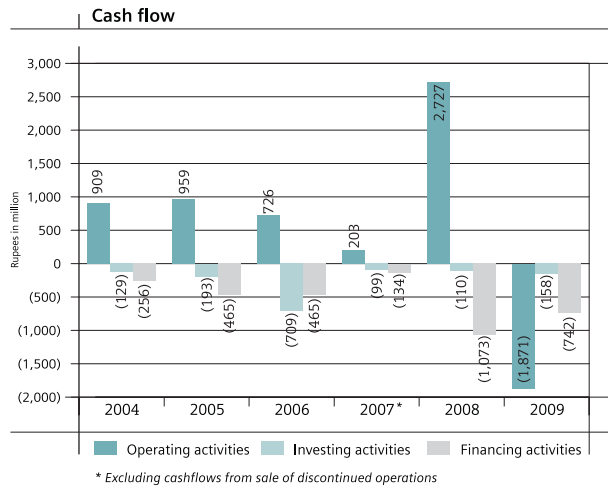


# Fund Management

## Financial Management

Siemens is committed to a strong financial profile, which gives us the financial flexibility to achieve our growth and portfolio optimization goals. Our principal source of Company financing is cash inflows from operating activities. Our Treasury generally manages cash and cash equivalents for the entire Company and has primary responsibility for keeping funds available as and when required. In addition to excess liquidity the Company has more than Rs. 4.7 billion credit lines with various banks.

At September 30, 2009 the Company held Rs. 1.403 billion in cash in various currencies which were managed by Treasury. Treasury carefully manages investments of cash and cash equivalents to optimize profits subject to strict risk and credit requirements.



## Cash Flow Management

In the area of cash flow, we've set a cash conversion target of "one minus the Company's growth rate." Positive cash flow is vital if we are to make the investments necessary to generate future growth.

The company gives utmost importance to its positive cash flows and controls its financing and investing activities accordingly. Company and segment level analysis of cash flows are performed on a monthly basis against budgets and forecasts and corrective actions are taken where necessary. A certain percentage of variable income of employees is based on positive cash flows in their areas of responsibility.

## Business Process Improvement Activities

"Times change and we change with them", so runs the ancient wisdom. No one in antiquity could ever have imagined that things would change as rapidly as they do nowadays. Our Siemens Management System top+ is Siemens response to these changes.





## Quality Management

Quality management forms an integral part of the business management of our company. We have been able to consistently achieve the level of quality required to satisfy stakeholders and to pursue further quality improvements. Our quality policy reflects our commitment to quality. While making quality a benchmark of our success, we adhere to the three cornerstones of its implementation strategy: to achieve customer satisfaction by providing best products and services through our highly trained and motivated employees and by utilizing efficient processes. The satisfaction of our customers is the measure for the quality of our solutions and services. Their confidence in Siemens comes from knowing that we stand behind what we say and do.

Continual improvement of our processes, methods and procedures is an ongoing process. Processes are consistently being measured, evaluated and revised to guarantee a consistent high-level of performance. This is supported by active employee involvement and awareness on quality. Quality talk sessions are also a regular feature for enhancing employees' contribution towards Quality.

Quality management recertification by a third party audit of ISO 9001:2008 was conducted this year without any recorded non conformity and we endeavor to maintain this record in the future.

## Siemens One and top+

Our portfolio and policies are based on the principle that all our businesses must capture No.1 and No.2 positions in profitable high-growth markets. Our portfolio priorities are clearly defined. To ensure strict resource allocation also in the future, we are concentrating on organic growth, the further streamlining of our portfolio and selective investments.

Focusing on the three sectors: Industry, Energy and Healthcare, we have taken a major step towards further sharpening our focus and streamlining our portfolio. We are going to continue implementing this strategy and closely examine our businesses in regard to their strategic and financial fit in their respective Sectors. Customer-centricity in the Information Age requires something more than perfect products and solutions from a vertical engineering structure. It requires someone to perfect the customer's performance zone – to integrate and simplify in the fastest way.

Siemens is aware of this demand and thus is neither a vertical organization chart nor an organization split up into business areas, but an integral whole revolving around the individual needs of customers as they confront complex business challenges – a concept we call Siemens One. Siemens One as an idea and attitude is a central element within our drive towards stronger customer focus, and helps us rethink our approach to total customer value. This one-company strategy is a direct response to increasing customer orientation in particular in current economic scenario. Unlike one-firm strategies of competitors, this united approach combines strategic account management with dedicated market development for fully aligned customer focus. An attitude or state of mind which unites Account Managers, Division Leaders, Regional Responsible and colleagues of the Market Development Boards throughout the Siemens global network.

The defining characteristics of this mindset are:

- The belief that Siemens exists for its customers, not the other way round, what we also define as our "Outside-In" approach
- An ability to translate complex customer challenges into total Siemens solutions
- The readiness to cross borders of every industrial and geographic kind in the pursuit of this vision

Siemens One is not a corporate program or a virtual organization or a consolidated sales channel. Siemens One is our answer for customers faced with complex and global challenges. Right along Siemens One, our top+ program is the path we are taking at Siemens to systematically lead our businesses to success and make them Best-in-Class – that is, better than our competitors.

top+ program has become firmly established throughout our company. Each of our businesses addresses specific challenges as efficiently as possible using the appropriate top+ program. They do this following the logic of goals, actions and consequences. The program rests on the tested, proven and excellent methodology of the top+ tools. Of all the available tools, only those were selected that enable a business to keep a step ahead of the competition. With the help of selected focus initiatives, top+ concentrates on the most important themes for the future of a business.

The first focus initiative is called SMART (Simple, Maintenance-friendly, Affordable, Reliable, Timely to market). The top+ SMART Initiative means high tech at low cost. It has two goals: leading positions in emerging markets and increased value-added in low-cost countries. Medium and low-end market segments offer enormous potential for the company, and have yet to be addressed by all businesses. The company needs to strengthen its position against new and aggressive competitors in the market. For us, low-cost means always fulfilling the customer's expectation and guaranteeing a high level of quality, while also incurring a lower level of production cost. Even in the business of low-cost products, our goal is always to be Best-in-Class.





## Acknowledgement

The Board of Directors wishes to express its sincere appreciation to our extremely valued shareholders, customers, suppliers, contractors and financial institutions, whose faith, cooperation and support over the years strengthened our relationship which plays a vital role in improving quality of our products and services and contribution to the society and national economy.

The Company is immensely proud of its human resources and thankful to all Executives, Officers and Workers for consistently delivering outstanding performance resulting in success and profitability for the Company, despite adverse conditions. We also appreciate the valuable contribution and active role of the members of the audit and other board committee in supporting and guiding the management on matters of great importance leading to success in achieving the targets of the Company.

We are also thankful for the excellent support and guidance provided to us by our parent company and the trust reposed by the shareholders on the management and Board of Directors. This support gives confidence and encouragement in achieving the targets and application of strategies.

On behalf of the Board




Syed Babar Ali  
Chairman



Sohail Wajahat H. Siddiqui  
Chief Executive Officer

Karachi, October 29, 2009

A portrait of Wolfgang Bloch, a middle-aged man with a grey beard and glasses, wearing a dark suit, white shirt, and a colorful patterned tie. He is smiling slightly and looking towards the camera. The background is a blurred industrial or office setting with blue and grey tones.

“With its focus on operational and product-based environmental protection, Siemens environmental program shows that the company is ready for the future, and demonstrates what can be achieved through the use of modern technology and environmental management.”

**Wolfgang Bloch,**

Head of Environmental Affairs &  
Technical Safety Department in  
Corporate Technology

# Environment and technical safety at Siemens: Research based Answers to our concern for the environment.

Our concern for the environment led us to search for answers through the use of technology to some of the most pressing questions in this area

- The public keeps a close watch on environmental impact of global corporations. This is especially true for Siemens as a major infrastructure supplier and service provider. Climate change, reduction of CO2 emissions, and more efficient use of energy are crucial issues today. That gives us a great opportunity to better position our energy-efficient, resource-conserving products and solutions, and opens up new growth markets for Siemens
- As part of product-based environmental protection, the environmental program calls for Siemens products to be developed according to our "Environmentally compatible products & systems" standards. It also calls for rigorous implementation by our suppliers of specifications limiting environmentally critical substances, and for providing our customers with more information through product environmental declarations
- One of our goals is to establish environmental management systems in line with the international ISO 14001 standards across the board at all of our environmentally relevant locations and to improve our environmental performance
- At the production facilities, our goal is to ensure that energy and water are used 20 percent more efficiently in proportion to revenues by 2011. Over the same period, this efficiency is to increase by 15 percent in the waste disposal area, and by 20 percent in terms of CO2 from power consumption, taking 2006 as the base-line year
- At office locations, Siemens Real Estate (SRE) has committed to increase resource efficiency through the Green Building initiative
- Eighty to ninety percent of a product's environmental impact is determined at beginning of product development. Here it is especially important to further increase the energy efficiency of our products and solutions. In 2009 we will honor the best ideas and implementations with the Siemens Environment Prize, which is awarded every three years

# The Siemens Environmental Portfolio



## Fossil Power Generation

- Combined Cycle Power Plants
- Modernization/upgrades of fossil power plants
- Fuel cells
- Combined heat and power plants
- Instrumentation & control



## Renewable Power Generation

- Wind power
- Components for wind power (e.g. gearbox)
- Solar
- Biomass



## Power Transmission / Power Distribution

- Grid access for offshore wind farms
- Gas-Insulated Lines
- High-voltage Direct Current Transmission
- Gas-Insulated Substations
- Grid control
- Siplink power connection for ships



## Solutions for Industry

- Drive technologies
- E-drives for ships
- Solutions for metals & mining
- Energy recovery for the pulp & paper industries
- Energy management & consulting



## Urban Mobility / Interurban Mobility

- Metro systems and trams
- Traffic management systems
- Parking management systems
- LED traffic lights and airfield lighting
- Regional trains & Locomotives
- High-speed trains & Rail automation & electrification





### Building Technologies

Energy-saving performance contracting  
Building modernization  
Components for heating,  
ventilation and air-conditioning



### Lighting (Osram)

Light-emitting diodes (LEDs)  
Energy-saving lamps (Dulux)  
Fluorescent lamps (Lumilux) and  
Electronic Control Gear (ECG)  
Halogen Energy Savers  
High-intensity discharge lamps (HQI, HCI, NAV)



### Healthcare

Refurbished systems  
Computed tomography: SOMATOM Definition  
Magnetic Resonance Imaging: MAGNETOM Avanto  
Magnetic Resonance Imaging: MAGNETOM ESSENZA



### Environmental Technologies

Water technologies  
Air pollution control



### IT Solutions and Services

Green data centers  
Thin client networks

# Energy



“To be the first choice for Customers through Customer Focus, Local Value Chain Portfolio and Operational Excellence”.

Nadeem Kazmi, Energy Sector Head

Samiullah Siddiqui, Energy Sector Controller



## Answers for the Environment

### Energy

- Higher efficiency means less fuel is consumed and fewer pollutants are emitted. Siemens combined cycle power plants will soon achieve efficiencies of more than 60 percent. Combined heat and power can even achieve overall efficiency factors of over 90 percent. Customized modernization projects can fully upgrade older facilities
- Over 6,400 Siemens wind turbines have been installed with a peak performance of 5,700 megawatts, reducing CO2 emissions by 8 million metric tons per year
- Thanks to high-voltage direct current (HVDC) transmission technology from Siemens, electricity can be transmitted over distances of up to 2,000 kilometers with minimum loss
- Variable-speed drives with frequency converters reduce the electricity consumption of pumps and fans by up to 60 percent
- Compared to conventional procedures, Siemens' Corex technology reduces CO2 and sulfur dioxide emissions resulting from iron production by 30 and 97 percent respectively

# Power Generation & Services, Oil & Gas

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From design and engineering studies to complete utility and industrial power plant solutions, from innovative wind turbine technology to conventional steam & gas turbines for electricity generation, we offer a combination of products & services that provide an answer to customer's requirements.

We are one of the leading solution providers in process compression, coal gasification, cogeneration power plants and instrumentation & control systems. Our services include long term service programs, complete overhauling of steam and gas turbines, I&C modifications and upgrades, balancing, fact finding and heat treatment services.

This year we have restructured ourselves in a way to achieve greater customer satisfaction. Our business is now categorized into four different divisions: Fossil, Oil & Gas, Renewable and Services.

## Fossil

The Fossil Power Generation Division offers highly efficient products and solutions for power generation based on fossil fuels. They range from individual gas and steam turbines and generators, to turn-key power plants. The division also develops instrumentation and control systems for every type of power plants.

The division was successful in supplying generators to Sapphire, Orient and Saif power projects along with I & C control system. These generators are currently under commissioning and shall add valuable power to the grid.

## Oil & Gas

Oil & gas division has enjoyed a great success in recent years. By the end of this year Siemens gas turbine compressor trains at two of our most prestigious field gas compression projects i.e. at Kandhkot and Sawan shall be fully commissioned. This will be helpful in bridging the gap between demand & supply of gas in the country.

In order to share the latest technological developments and to improve the awareness of the existing and potential customers from the oil and gas industry, we participated in the Pakistan Oil Gas Energy Exhibition for the 4th time in a row. Our presence in the exhibition was well regarded, at all levels, which enabled us in affirming our position for the upcoming Mega Oil & Gas projects in the country.

Providing environment  
friendly power solutions



## Services

Siemens provides a state-of-the-art concept for onsite extensive repair and overhauling services to its customers. With ever growing number of utility turbines in the region, we face stiff challenge for timely provision of trained manpower services.

Service Center Pakistan (SCP) has been a reliable regional hub for the required manpower services. The center was founded in 1997 and has a proven record of service not only in the country but also in South East Asia and the Gulf region. Service Center Pakistan is now part of headquarters' global resource program.

## Renewable

Due to the increased environmental concerns and increasing energy demand the world is looking for alternative methods of electricity generation. Siemens is one of the leading renewable energy solution providers in the world. With a portfolio having a wide range of turbines rating from 0.6 – 3.6 MW, we are committed to serve our customers in the renewable energy sector. We have also developed specified solutions for reducing the emission level in utility and industrial sector such as air pollution control systems, burner upgrades in gas turbines, etc.

According to Peter Loscher, CEO of Siemens AG 'Pakistan has a fast growing demand for energy and would certainly be a good area in terms of renewable energy. The question of cost efficiency depends on various factors including geographical conditions if e.g. either photovoltaic or solar thermal power plants will be the best choice for the customer.

Siemens can provide both the entire solar thermal power block or large-scale turnkey photovoltaic power plants. If you build in favorable conditions, even onshore wind farms can be profitable nowadays. The world's first project of its kind which produces energy at competitive prices and does not require any additional funding is an onshore wind farm build by Siemens in a mountain area in New Zealand.'

With acute power shortage in the country renewable forms of energy are being seriously considered by the government and Siemens is ready to provide answers to the energy needs of Pakistan in a safe and environmental friendly manner.



*56 grid station managed and controlled from single load despatch centre for KESC*

## Transmission & Distribution Projects

The division can be relied upon for on time delivery, which is the essence of all projects. This has helped to acquire many repeat orders both from local and international customers. The division acts as an ally, facilitator and partner to many of the major power transmission and power distribution customers, and in doing so has become a repository for best practice engineering methodologies; tools and skill sets.

Transmission & Distribution Projects (T&D Projects) continues to address the growing energy needs of megacities and has an ability to address the constantly increasing requirements by providing state of the art equipment and services. Backed by strong local engineering expertise, T&D Projects have been able to address the needs of both local and international markets. The Division has received major international orders for High Voltage solutions and has offered variety of solutions which includes the following:

- GIS and AIS Grid stations
- Turnkey Engineering and Automation Solution
- Protection System Engineering and Commissioning
- EMS / SCADA & Turnkey Load Despatch Centre Solution
- In/Outdoor Conventional Grid stations
- Project Management Services
- System Engineering and Design Services



500/220/132kV Substation at Gakkhar

At the same time the Division is offering solutions for the following:

- Medium Voltage Solutions
- Mobile Substation ranges from 72.5kV up to 220kV
- HIS Grid Stations

The division can be relied upon for on time delivery, which is the essence of all projects. This has helped to acquire many repeat orders both from local and international customers. Variety of projects in the public and private sectors have given the division a deep insight into how to manage resources in 'the way it is currently being done' to 'how it needs to be done'. The division acts as an ally, facilitator and partner to many of the major power transmission and power distribution customers, and in doing so has become a repository for best practice engineering methodologies; tools and skill sets.

The division is currently providing "Supervisory Control and Data Acquisition" (SCADA) system for 56 grid stations to be managed and controlled from a single load dispatch center for Karachi Electricity Supply Corporation. KESC will utilize the high tech SCADA system to monitor the online electrical load right from generation plants down to 11kV feeders and detect overloading, theft and other such burdens on the system.

FY 2009 celebrates a successful commissioning of one of the largest Grid Stations in NTDC's (National Transmission & Dispatch Company) network; 500/220/132kV Substation at Gakkhar; successful commissioning of 220kV AIS substation at Daharki for a 175 MW Combined Cycle Power Plant; 220kV Atlas Power Plant substation at Shiekhupura; and several successful commissioning of 132 kV substations in the UAE.

# Transmission & Distribution Products & Systems

Transmission & Distribution Products & Systems Division is one of the core divisions in the House of Siemens Pakistan representing Transformers (Power Transformers and Distribution Transformers), Medium Voltage Switchgears, Energy and Automation Systems, Protection Systems and High Voltage Products.

Despite economic meltdown and lack of availability of funds, we are continuing to serve our customers to cater for their needs. The ever increasing gap between supply and demand in the energy sector will continue to help our portfolio grow even during this time of recession. While the customers are not making new investments, their need for replacement and support continues. The Division offers high quality products and solutions to our public and private sector customers. The division can be relied upon for their quick response and efficient after sales service which is the essence of our customer satisfaction. The Division also supports our internal customers (Project Business Units of all the Sectors) with our quality products and services which help them in successful execution of all important projects (e.g. Ghakkar, LDC – KESC, 132kV SIS Project etc.).

## Transformers

The growing energy demand in the country has necessitated the expansion of capital goods industry in Pakistan to reduce dependency on imports and heavy foreign investments. We have successfully delivered first 220kV/160 MVA power transformers to WAPDA after successful testing; a big milestone for Siemens and for the people of Pakistan. This is a great achievement in transfer of technology and know-how in Pakistan through our global resources and local presence. We have been successful in providing cost effective and environment friendly solutions at all stages of installation and commissioning including after sales service of power and distribution transformers. We are successfully and significantly contributing in village electrification and system rehabilitation program of government of Pakistan. We are the leading exporter of power and distribution transformers to Saudi Arabia, Kuwait, Yemen, Afghanistan and Mexico. We are fully integrated in the House of Siemens through established network in extended platforms for engineering, design and R&D activities of transformers.

## ED MV Switchboards

The industrialized world of today is characterized by a rising energy demand and growing environmental consciousness concurrently with an increased price pressure. At the same time, customers are of course placing maximum demands regarding reliability, personnel protection and productivity with regards to switchgear operation. By combining innovation, global experience and profound knowledge of our customer requirements, we ensure to provide our customers peace of mind, increased productivity and value for money with our latest IEC compliant switchgears.

BU Switchboards is serving the demand of energy distribution since decades and our supplied switchgears have been the blood lines of many reputed projects of national fame. We are constantly expanding our portfolio by bringing state of the art technology transfer to Pakistan. We are the first to introduce the local manufacturing of new IEC 62271-200 compliant switchgear Simoprime World. Also we are the first to start local assembling of gas insulated switchgears in Pakistan.





The T&D factory at S.I.T.E. Karachi

Our portfolio covers all ratings and switchgear applications in Pakistan whether it is sophisticated process industry, a high rise building, a power plant or a modern housing scheme. We have also served on a number of export projects in Afghanistan, UAE and on shore applications in the Middle East. Our major export products include Simoprime, Sivacon 8PT and Simoprime A4. Our packaged substation is a unique product offered in this region, these packaged substations provide transportable MV, transformer and LV Unit.

## Energy Automation (Products/Systems)

Energy Automation (Products and Systems) offers reliable, secure, field proven and future oriented systems for power system protection, control, power quality, substation, automation, load management & power telecommunications. We provide systems based on local expertise to carry-out engineering, design, parameterization, design calculations, manufacturing, testing, commissioning and after sales support. We offer comprehensive and cost effective systems which increase revenue and improve profitability by ensuring comprehensive protection, smart monitoring & supervision, recording, automatic network management and timely communication with control centre thus ensuring reliable availability of the power systems for the customers.

Protection & Control	Protection Relays, Relay Panels, Control Panels
Power Quality Systems	Energy Meters, Power Quality Recording Systems, Fault Recording Systems
Substation Automation Systems	Complete Substation Automation Solutions for utilities, industries and power plants with smart Remote Terminal Units including Load Management Systems and SCADA interface RTUs

- Siemens Energy Automation secured several break through orders of power communication systems both in power line carrier and fiber optic terminal system in various projects. This shows WAPDA's confidence in Siemens Telecommunication Systems
- The successful installation, testing and commissioning of Mini SCADA system using SAT 230 at NPCC Islamabad is also a milestone of Energy Automation by using local resources. This will be the back bone of NTDC in future for new grid stations until the upgrade of NTDC LDS project
- Implementation of advanced Emergency Load Management System using Substation Automation with the local expertise is one of the key achievements by Energy Automation team. We are also supplying Protection and automation system for Afghanistan projects. Currently, we are also supplying a load management system for an IPP

# Industry



“Creating value proposition for  
our Customers in Industry Sector”

Nasim A. Siddiqui, Industry Sector Head

Nadir Riaz, Industry Sector Controller



## Answers for the Environment

### Industry

- By means of special wastewater purification plants for the paper industry, Siemens helps reduce wastewater contamination of the environment. The resulting biogases produced are used to generate power, which in turn decreases the plants' CO<sub>2</sub> emissions
- Consistently applied lightweight construction as well as braking energy recovery has enabled subways such as the Oslo Metro to use 30 percent less energy than conventional ones
- By optimizing heating, ventilation, and air-conditioning systems, Siemens increases the energy efficiency of buildings and decreases greenhouse gas emissions. Siemens has modernized 6,500 buildings worldwide, thereby reducing CO<sub>2</sub> emissions by 2.4 million metric tons and saving more than 1 billion euros
- Siemens also designs energy-efficient and environmentally friendly solutions for consumers, such as lighting. LEDs use 80 percent less electricity than lightbulbs and have a service life that is 50 times longer. Compared to 1993 models, today's washing machines use 35 percent less electricity and 46 percent less water
- Green solutions« from the Siemens Industry Solutions Division optimize not only the environmental balance but also the entire process in industrial projects. This approach opens up new potential for the reduction or avoidance of greenhouse gases, for the avoidance of residues or waste and for the more efficient use of residual heat in industrial production



*Airfield lighting system, including associated electrical and mechanical works*

# Industry Solutions

## Infrastructure Solutions

Our recipe for success is to provide solutions to our customers by identifying their needs through our customer focus approach, develop industry specific solutions and deliver expertise.

Infrastructure Solutions - INF vision is to become trend-setters by utilizing high-tech solutions of Siemens and developing local engineering capabilities for sustainable and profitable growth in infrastructure portfolios.

With our innovative solutions, we have played a significant role in the country's infrastructure development projects.

Our recipe for success is to provide solutions to our customers by identifying their needs through our customer focus approach, develop industry specific solutions and deliver expertise.

Owing to INF competence and in-depth know-how in the field of air field lighting, we have gained substantial market and secured a contract for airfield lighting system, including associated electrical and mechanical works for New Benazir Bhutto International Airport (NBBIA) Islamabad. NBBIA will be a state of the art international airport with modular facilities for both (domestic and international) passengers and cargo capacity to accommodate approximately 9 million passengers per annum.

Our well accepted solutions for building electrification has also resulted in an order intake from Pakistan Telecommunication Employee Trust for PTET Telecom Tower electrification.

INF has further strengthened its position by obtaining repetitive orders from ENI (Ente Nazionale Idrocarburi) for its well-head works for Bhit gas field, further, electro/mechanical projects were also awarded during the current financial year from ABB S.P.A for Sawan gas compression station project and from DOOSAN for 175MW CCPP project for Foundation Power. This was only made possible due to our result oriented approach and high spirited team work.

*With OLM SIMAIN®  
(Siemens MAINTenance)  
we offer a comprehensive  
services portfolio for  
industrial maintenance  
which includes asset per-  
formance management*



## On-call Logistics & Maintenance

With OLM SIMAIN® (Siemens MAINTenance) we offer a comprehensive services portfolio for industrial maintenance which includes asset performance management, field & OnCall services, repair and supply of spare parts. OLM's success can be attributed to its slogan "We care for our customers' assets as we would for our own – that's our promise."

Maintenance is the backbone of every industry still many customers see maintenance only as a cost factor therefore cost-intensive maintenance is required to keep production plants running reliably. For this, maintenance teams and operators need an optimizing maintenance process to reduce the maintenance costs while taking into account minimum down time.

With OLM SIMAIN® (Siemens MAINTenance) we offer a comprehensive services portfolio for industrial maintenance which includes asset performance management, field & OnCall services, repair and supply of spare parts.

We know that the customer values the importance of their production losses. We continued our practice of providing quick response and prompt reaction time under the annual maintenance services to our customers. Recently we were engaged by BOC Pakistan, (A worldwide Linde Subsidiary) when their facility caught fire in the region of their 20 MVA transformer and associated HT switchgear. The complete electrical power generation plant was burnt out and they were facing heavy financial losses, we immediately restored the plant so they would not suffer these losses, and completely reinstated the plant within couple of days.

Our field services and On-Calls are also providing door opener services and generating valuable orders in automation and electrical projects, here the Mount Fuji Textile is one of the examples. Initially the project started from the translation of German language into English in one of the operator panels there. The customer was so satisfied with our expertise and skills that they dropped their plan of hiring a foreign expert for commissioning of the plant and awarded the same to OLM.



In the infrastructure sector we are providing continued operation & maintenance services with improvement of their process. This year we have secured another operation & maintenance contract of ENI (Ente Nazionale Idrocarburi) head office building, initially this contract was only for power generation but by providing uninterrupted and reliable services our customer awarded the complete operation & maintenance job to OLM.

Our professional services portfolio is not only delivering expertise in the local market but we are also providing our services to U.A.E. Recently we were engaged in testing & commissioning services of transformers of different rating at Ruwais Fertilizer through Descon Engineering (the EPC contractor).

Our plant up-gradation & modernization portfolio is not only providing cost effective and reliable solutions but also contributing to national economy. Recently we have secured plant up-gradation services of Hamza Sugar Ltd for exporting of excess power to national grid.

OLM has never differentiated between external and internal customers, Atlas Power Plant with capacity of 125 MW has been successfully commissioned by OLM for electrical part, KICT( Karachi International Container Terminal), Metro Cash n Carry, DHA( Defense Housing Authority) Grid, Engro Polymer etc are some of the other example of our association with Internal BU's.

OLM's success can be attributed to its slogan "We care for our customers' assets as we would for our own – that's our promise."



Atlas Power Plant –  
a 225 MW diesel power  
plant in Lahore

## Cross Industry and Information Technology Services

With solution and services for entire plants and individual products, CI portfolio answers each aspect of a plant lifecycle – from automation, drive engineering, and energy to infrastructure and from communication to enterprise resource planning.

CI offers its customers technological solutions for highly reliable plants. We create solutions to generate maximum output from given resources. We are increasing our customer productivity, flexibility and efficiency. With solution and services for entire plants and individual products, CI portfolio answers each aspect of a plant lifecycle – from automation, drive engineering, and energy to infrastructure and from communication to enterprise resource planning.

This year, with the inauguration of Atlas Power Plant – a 225 MW diesel power plant in Lahore, CI has successfully set up a standard for the future projects of Diesel Power Plants within and outside Pakistan. The project represents a key infrastructure milestone for CI in that it provides it with substantial experience with local and foreign contractors that will enable it to execute other large scale diesel power plants in the future. It was a mammoth task to design, engineer, install and commission all electrical equipments, including HV Switchyard, MV and LV distribution, transformers, cabling, control systems and plant wide SCADA and PLCs within the time frame required. Siemens experienced and dedicated team took up the challenges by taking full responsibility and ownership of product delivery, coordinating with plant suppliers as well as meeting WAPDA requirements.

One of the biggest achievements for CI in this project was the development of standard diesel power plant software – SIDICON on a state-of-the-art control system specially customized for Atlas Power Plant. SIDICON is now widely acclaimed world over as standard software. It was developed by CI Pakistan with the help of German specialists and CI Germany facilitated the technology transfer. It is worth mentioning that Siemens Pakistan, on account of CI, has now been declared as the competence center for diesel power plants by Germany.

In continuation of our decades of support to local and international customers as the cement automation experts, we have gone further in providing regional support to Akmenas Cementas - Lithuania and Nostra Cement – Hungary. Locally, we are also providing complete electrical system to Galadari Cement in Pakistan.



Siemens CIP-ITS participating at ITCN EXPO 2009

CI has a strong presence in the water sector and understands the needs of the customers and infrastructure elements of this sector. We have been providing State-of-the-art reverse osmosis and ultra filtration units to our customers ensuring everyone has access to clean drinking water.

Pepsi – a leading brand in Pakistan, chose CI as its partner for its energy and flow monitoring system. Commissioning is being carried out at its plant in Islamabad and reaching successful completion. Complete electrical system is also being provided to SGM Sugar Mills which is being constructed in Lahore by the Dhabi Group – a leading group in Pakistan.

Another interesting project worth mentioning is the unique power distribution system of Fauji Fertilizers Bin Qasim. The complete electrical system is on 60 Hz for the OCEA and SONA villages which are at a distance of about 2.5 kms from the main plant. The objective of this project was to save millions on alternative energy. The successful completion of this project has turned this challenging goal into a reality.

CI team is committed to continuous improvement on a daily basis making its customer the focal point of all activities, every day.

CI Information Technology Services recorded stable growth in the Fiscal Year 2009. With the breakthrough in the banking industry in the current year via offering its SAP ERP and IT solutions, further fortified its dominance in the market. It also strengthened its ties with existing customer base and signed up few more projects in the public and private sector.

CI Information Technology Services signed Government Holdings Private Limited (GHPL), Federal Board of Revenue (FBR), National Bank of Pakistan (NBP) and Alka Private Limited which is an evidence of its leadership in the SAP-ERP market. Two more names were added to the successful implementations list as our projects went live at Colgate-Palmolive Pakistan Limited, a leading name in consumer products in Pakistan and Getz Pharma (Pvt.) Limited, fifth largest pharmaceutical company in Pakistan.

With intensified and focused marketing and sales activities, CI Information Technology Services participated in prestigious industry exhibitions such as POGEE (Pakistan Oil, Gas and Energy Exhibition) and ITCN Asia 2009. As part of its effort to reach out to its existing and prospect clients, this year we also took the initiative to organize some distinguished events including Pharma Event , CPG Event: information day on SAP Solutions by Siemens and public sector event.

CI Information Technology Services is focused towards its goals which it hopes to achieve through incessant efforts and hard-work.





Generating Sets

## Industry Automation/ Drive Technology

### Generating Sets

In exports, successful initial breakthroughs in various countries like Bangladesh, Sri Lanka, Kuwait, Libya and Afghanistan are now being consolidated.

Driven by a motivated team focused on quality and reliability, the business unit has developed an excellent service and sales structure across the country thus serving the customer wherever it is required. The power generator business has experienced another year of consistent and sustainable growth as our continued efforts to increase our reach have borne fruit.

Previous records were met despite adverse market conditions contributable to the global financial crunch and prevalent political conditions of the country. The opportunity to provide answers for challenges posed by urbanization, industrialization and the resultant gap between demand and supply of electricity exists but it is being severely impeded by the current economic conditions.

Major breakthrough ventures carried out during the year under review includes Water and Sanitation Agency (WASA), Shell Pakistan Limited, Metro Cash & Carry Pakistan (Pvt) Ltd, Multinet Pakistan (Pvt) Ltd. etc. The boom in the telecom industry and the financial sector has quickly waned away and now the primary focus is on educational institutions backed by aid agencies and Infrastructure development projects in the public sector. As it is, both sectors are dependent on political and economic stability across the country and this is being monitored to ensure timely realization of projects and their deliverables. In exports, successful initial breakthroughs in various countries like Bangladesh, Sri Lanka, Kuwait, Libya and Afghanistan are now being consolidated. New opportunities in the above countries and other Gulf States are being aggressively pursued in line with plans for future production enhancement to cater for business growth accordingly. Focusing on our competitors and the market, strict monitoring is done to identify areas where improvements may be made. This improvement may be in terms of design, quality of service, productivity and efficiency of production and / or in overall cost of product. The aim of all these measures is to streamline our internal processes and in turn deliver to our customers a product that is unmatched in quality and reliability and to sustain and enhance our position as the leading manufacturer of power generators in Pakistan.



Variety of motors  
manufactured at  
Siemens Pakistan  
Industrial Complex

## Motors & Alternators

Today, when the energy cost is rising high and causing increasingly negative impact on production costs, Siemens has a perfect solution with energy-efficient drive systems. The energy-efficient systems help companies reduce production costs, improve the return on investment and lower CO<sub>2</sub> emissions, on a sustained basis and over the entire lifecycle of the plant.

Our aim is to remain market leaders through; 'Customer focus', 'Product Portfolio' and 'Innovative Tools' (like; Sinasave, Sizer and CA01). Siemens provides complete range of; LV motors, LV variable speed drives, geared motors (Flender) and alternators. We ensure customer's satisfaction by providing customized solutions through our local production facility and strong service back-up through our service network throughout Pakistan. Today, when the energy cost is rising high and causing increasingly negative impact on production costs, Siemens has a perfect solution with energy-efficient drive systems. The energy-efficient systems help companies reduce production costs, improve the return on investment and lower CO<sub>2</sub> emissions, on a sustained basis and over the entire lifecycle of the plant.

Siemens offers MOTOX series (Ex Flender) of geared motors with a complete portfolio of drives ranging from 0.09 to 200 kW with all types of gearing. We offer great advantage in terms of profit from drive torque up to 20,000 Nm and from higher nominal torque compared with the geared motors of the same size from our competitors. Thanks to a special design principle, MOTOX geared motor achieve a very high gear ratio, thereby making it possible to dispense with one single gear stage. Our geared motors comply with all relevant international regulations. We offer complete range of LV three phase alternators from 12.5 kVA to 1100 kVA in salient pole rotor design and from 12.5 kVA to 500 kVA in 1FC6 design, which is suitable for hydel applications.

Siemens has been very active in water supply, drainage and sewerage schemes. Recent examples of public health & irrigation schemes and water supply schemes are; Public Health in Sialkot & Gujranwala, WASA (Water and Sewerage Authority) Lahore, Multan & Muzaffar Garh, Public Health in Dadu, Thatta, Mirpurkhas, Nawabshah, Naseerabad & Qambar Ali Khan, Hyderabad Development Authority & KW&SB. (Karachi Water and Sewerage Board) Karachi. All these water supply schemes are backed up by our locally manufactured efficient vertical hollow shaft motors (1PM 4/7) capable of working in rugged environment. Complete range of LV motors installed in newly developed SGM Sugar Mill by Dhabi group in Ghotki is another achievement by Siemens along with MOTOX series of gear motors.

*The business unit also contributed to education and preparing the next generation of engineers for serving the industry*



## Standard Products

Integration of process instruments, control and distribution devices and large and small drives with programmable controllers ensured that the customers are provided with a complete solution for their industrial needs which in turn resulted in increased sales and higher profitability.

The business unit increased its emphasis, on increasing customer outreach and market share by developing a comprehensive 'Marketing-Grid' plan and leveraging its portfolio for focusing on customer requirements. Standard Products business unit was actively involved in the marketing and sales of automation products based on the concept of "Totally Integrated Power" and "Totally Integrated Automation". Integration of process instruments, control and distribution devices and large and small drives with programmable controllers ensured that the customers are provided with a complete solution for their industrial needs which in turn resulted in increased sales and higher profitability. As a testament to its technical prowess and superior skill-set, Standard Products department secured its first ever off-shore commissioning project in Qatar. Qatar is home to one of the world's largest reserves of natural gas, the cleanest burning fossil fuel.

The project involves commissioning of Siemens state of the art 45-Megawatt Perfect Harmony TM AC drives, which are used on the main refrigerant compressors in the drive train. In addition to starting the gas turbines, Siemens variable frequency drives also help the gas turbines run more efficiently while the train is operating. We provided the equipment and commissioning support for major drives projects at Shabbir Tiles and Security Papers, along with our automation projects. In addition to these we also gave programming and commissioning support to a multitude of customers in the chemical, pharmaceutical and sugar sectors.

Seminars and customized trainings for PLC's and drive solutions were conducted at our dedicated and fully equipped training center, where new innovations in the field of factory and process automation were shown as complete solutions to customers from various industry segments. The business unit also contributed to education and preparing the next generation of engineers for serving the industry by supplying complete PLC systems to various Universities and also supervising their final year students for projects and internships. We continued our process of leveraging the recent additions to our portfolio such as 'Flender' industrial gear Units to increase market penetration and outreach. A major revamp order was received from Mirpurkhas Sugar along with a large number of orders from customers in the cement, sugar and fertilizer sectors.

# Healthcare



“To stay ahead of competition by developing strategic partnerships & offering complete solutions based on the needs of the market by utilizing the Global experience & developing local competencies”

Syed Asadullah, Healthcare Sector Head

Imran Raza, Healthcare Sector Controller



## Answers for the Environment

### Healthcare

More than 75 percent of the entire primary energy requirement of medical equipment is caused by the use of the products. If used devices are refurbished with the latest technology and new products are getting more efficient, the environmental impact can be reduced

### SOMATOM Definition

- Energy savings up to 30%
- Reduction of lead roughly 83%
- Material recycling rate up to 97% (by weight)

### Magnetom Essenza

- Low installation costs
- Low energy consumption
- Low operating costs that could reduce your energy bill by up to 50%

- Zero helium boil-off during normal operation "Refurbished Systems"
- Savings of 10,400 tons of carbon dioxide per year
- Energy savings equivalent to 3,000 three-person households per year



*Innovation: A portable ultrasound device*

## Healthcare

Our wide array of products caters to every medical field and helps doctors by providing better diagnosis and faster patient throughput. As such, the Al Razi healthcare centre will be a reference site for Siemens in the region, where we can showcase our full range of diagnostic imaging capabilities and modalities, under one roof.

Siemens maintained its position as the leading provider of high tech healthcare solutions and remains committed to catering for the ever increasing healthcare sector in both private and public markets. Our wide array of products caters to every medical field and helps doctors by providing better diagnosis and faster patient throughput. We remain attuned to our strategic mission i.e. to harmonize our technical knowledge and market position and continue to set industry benchmarks by pursuing turn key projects.

Siemens Healthcare already holds number one position in the field of angiography worldwide and in Pakistan. We continued our success and secured 4 new orders of angiography machines including the first Digital bi-plane neuro-angiography machine with Flat Detectors in Pakistan. Siemens Healthcare made noticeable progress in the field of Magnetic Resonance Imaging. This was made possible by an awareness campaign about the outstanding features of Siemens technology. Our efforts helped us win two vital orders at Rahim Yar Khan and Lahore respectively. These installations will help serve as crucial reference sites and help us build on our success.

Siemens Healthcare provided state-of-the-art diagnostics equipment to Al Razi Healthcare, a project of Dhaba group. The recently signed contract will provide Al Razi Healthcare with unrivalled diagnostic imaging services, many of which are not currently available from a single location anywhere else in Pakistan. The contract includes a broad range of Siemens diagnostic equipment including the MAGNETOM Espree MRI, the ultimate large bore system for hospitals with the most comprehensive and advanced application range available, the SOMATOM Definition, the world's first dual source CT with complete range of dual energy applications, Mammomat Inspiration, the first Full Filed Digital Mammography system in Pakistan, Digital X-ray machines and top end ultrasound unit.

We are very proud of this contract as this will create the first diagnostic imaging centre in the region that is equipped exclusively with Siemens Healthcare innovations. As such, the Al Razi healthcare centre will be a reference site for Siemens in the region, where we can showcase our full range of diagnostic imaging capabilities and modalities, under one roof.

The SGT5-8000H – the largest and most powerful gas turbine in the world. After the test phase in Irsching, near Ingolstadt in Bavaria, the system will be expanded into a high-efficiency combined cycle power plant with an output of approximately 530 megawatts and efficiency of over 60 percent.



## Siemens answers for the environment

Siemens makes a substantial contribution to environmental protection with its energy-efficient products and solutions and its renewable energy and environmental technologies. Products and solutions installed by Siemens for its customers between 2002 and 2007 that are still in use today reduce CO<sub>2</sub> emissions by 114 million metric tons per year. The volume of carbon dioxide emissions saved through the use of Siemens products is more than 20 times higher than Siemens' own emissions. Siemens has also set itself a target of reducing its own carbon dioxide emissions by 20 percent (in relation to revenue) by the year 2011 compared with 2006 figures. In addition, Siemens is involved in various climate protection initiatives around the world. It is a member of the „Business for Climate Protection“ initiative sponsored by the Federation of German Industries (BDI) as well as the U.S. Climate Action Partnership, and the Clinton Climate Initiative, to name just a few.

### Siemens offers

- Higher efficiency means less fuel is consumed and fewer pollutants are emitted. Siemens combined cycle power plants will soon achieve efficiencies of more than 60 percent. Combined heat and power can even achieve overall efficiency factors of over 90 percent. Customized modernization projects can fully upgrade older facilities.
- Over 6,400 Siemens wind turbines have been installed with a peak performance of 5,700 megawatts, reducing CO<sub>2</sub> emissions by 8 million metric tons per year.
- Thanks to high-voltage direct current (HVDC) transmission technology from Siemens, electricity can be transmitted over distances of up to 2,000 kilometers with minimum loss.
- Variable-speed drives with frequency converters reduce the electricity consumption of pumps and fans by up to 60 percent.
- Compared to conventional procedures, Siemens' Corex technology reduces CO<sub>2</sub> and sulfur dioxide emissions resulting from iron production by 30 and 97 percent respectively.
- By means of special wastewater purification plants for the paper industry, Siemens helps reduce wastewater contamination of the environment. The resulting biogases produced are used to generate power, which in turn decreases the plants' CO<sub>2</sub> emissions.
- Consistently applied lightweight construction as well as braking energy recovery has enabled subways such as the Oslo Metro to use 30 percent less energy than conventional ones.
- By optimizing heating, ventilation, and air-conditioning systems, Siemens increases the energy efficiency of buildings and decreases greenhouse gas emissions. Siemens has modernized 6,500 buildings worldwide, thereby reducing CO<sub>2</sub> emissions by 2.4 million metric tons and saving more than 1 billion euros.
- Siemens also designs energy-efficient and environmentally friendly solutions for consumers, such as lighting. LEDs use 80 percent less electricity than lightbulbs and have a service life that is 50 times longer. Compared to 1993 models, today's washing machines use 35 percent less electricity and 46 percent less water.



DORRIES

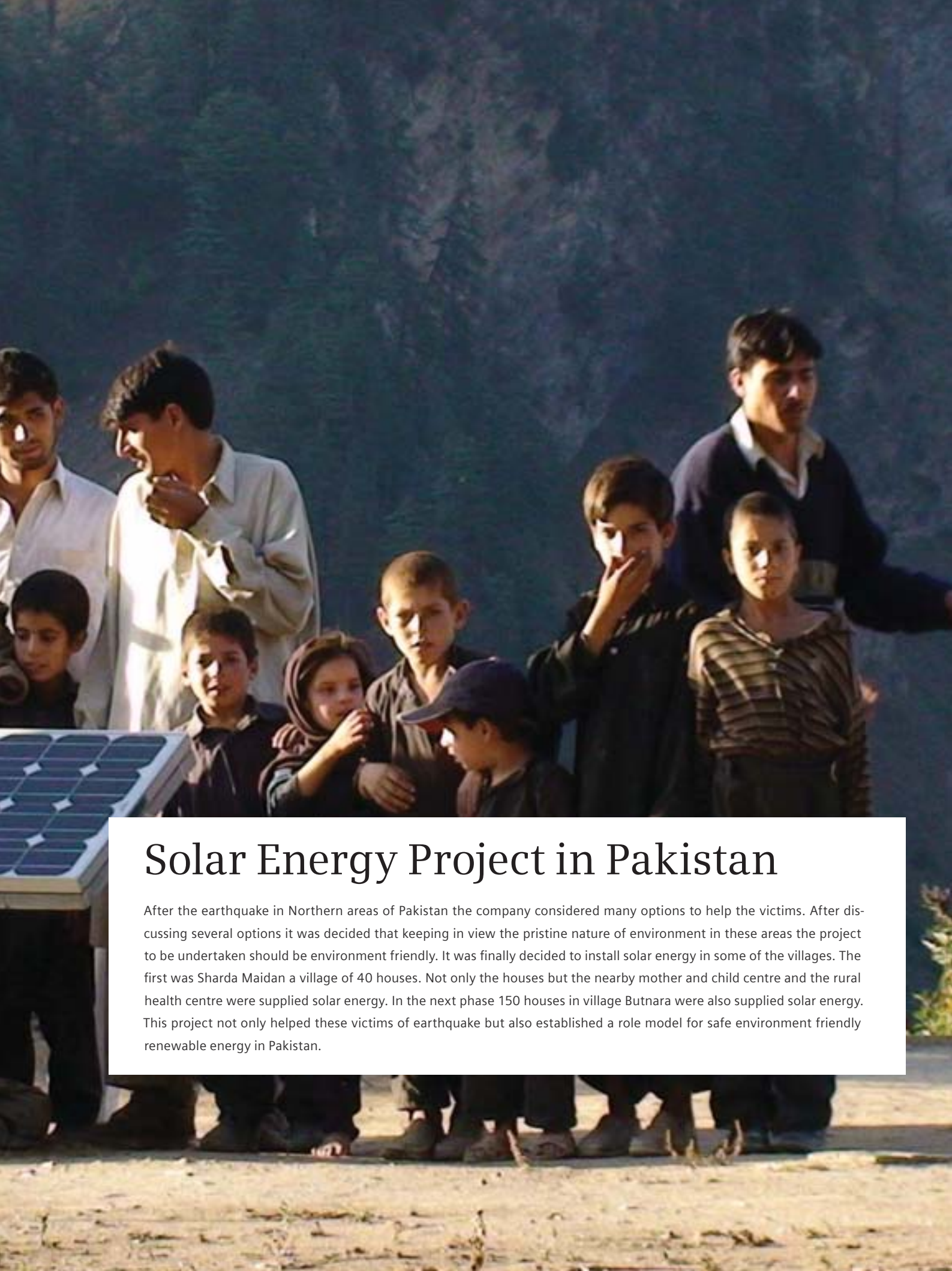
VERTICAL TURNING LATHE  
WITH  
PELLET CHARGER  
INSTALLED 1987  
TURNING DIA METRE 1000mm  
TURNING LENGTH 1000mm  
ON CONTROL SYSTEM 11

Products & Services









## Solar Energy Project in Pakistan

After the earthquake in Northern areas of Pakistan the company considered many options to help the victims. After discussing several options it was decided that keeping in view the pristine nature of environment in these areas the project to be undertaken should be environment friendly. It was finally decided to install solar energy in some of the villages. The first was Sharda Maidan a village of 40 houses. Not only the houses but the nearby mother and child centre and the rural health centre were supplied solar energy. In the next phase 150 houses in village Butnara were also supplied solar energy. This project not only helped these victims of earthquake but also established a role model for safe environment friendly renewable energy in Pakistan.



## Answers for Energy

### Power Generation Solutions

#### Fossil Power Generation

- Gas Turbines and Power Plants (68MW-340MW)
- Steam Turbines and Power Plants (150MW-1900MW)
- Fuel Gasification Technology
- Combined Cycle Power Plants
- Electrical Generators

#### Oil & Gas and Industrial Applications

- Industrial Gas Turbines (4.7MW-48MW)
- Industrial Steam Turbines (1MW-150MW)
- Components for industrial power plants including heat and power cogeneration plants
- Compressors (150-824,000 CFM) and Drives
  - PGW Compressors
  - Air Compressors
  - TLT Fans

#### Instrumentation & Controls

- Systems for all types of Power Plants
- IT Solutions

#### Wind Power

- Wind Turbines (On/Offshore)
- Wind Farms (On/Offshore)
- Ranging from 600kW up to 3.6MW

#### Services

- Installation and Commissioning of Power Plants
- Inspections of Turbines & Generators
- Modules & Upgrades, Rehabilitation programs for Turbines & Generators
- Long Term Service Contracts
- Operation & Maintenance Contracts
- Heat Treatment services (up to 1200C)
- Turbo charger work shop



- Up to 1.1MVA, 3-phase, 400V, 50/60Hz
- Base load, Prime power or Standby duty
- Automatic Mains Failure Units (Relay based/Logic module based)
- Changeover units - manual/motorized
- Synchronizing units - manual/automatic
- Manual override panels
- Main & Sub-distribution boards
- Sound attenuated/Weatherproof enclosures
- Skid, Trailer/Trolley-mounted
- Fuel tanks
- Fully customizable and tailor made option

#### Answers for Solar Energy

We are actively involved in Photovoltaic business and have installed complete Solar Energy Solutions across the country mainly for House electrification, telecommunication (microwave links, optical fibre & digital exchanges), water pumping, navigation, oil & gas fields and highway communication.

#### High Voltage Substations

Ranging from 72.5kV up to 500kV, we offer complete solution for high voltage sub stations including:

- Project Management
- Protection System Engineering and Commissioning
- GIS, HIS and AIS Gridstations
- In/Outdoor Conventional Gridstations
- Mobile Substation ranges from 72.5kV up to 220kV

#### Transformers

Installation, commissioning, on-site testing, re-engineering/refurbishment, capacity enhancement, diagnosis & life assessment of:

- Locally manufactured Distribution Transformers (up to 5000kVA)
- Locally manufactured Power Transformers (up to 220kV/250MVA)
- 11kV Auto Transformers with OLTC as Voltage Stabilizers
- Rectifier Transformers
- Furnace Transformers
- Neutral Earthing Transformers
- Dry Type Transformers (up to 2000kVA)
- Reactors



## Switchboards

### Locally manufactured switchboards:

#### Medium Voltage Switchboards

- MV Vacuum Circuit Breaker Panels up to 24kV, 40kA
- MV Vacuum Contactor Panels up to 24kV, 800A
- MV Load Break Switch Panels
- MV SF6 Gas Insulated Ring Main Units

#### Low Voltage Switchboards

- Switchboards from 6300A up to 100kA
- Power Centre & Motor Control Centre, fixed or draw-out type
- Power Factor Improvement Plants
- Distribution boards & Bus Tie Ducts
- AC/DC Panels
- Relay and Control Panels for 132/220/500kV Gridstations
- Fan/Temperature/Auxiliary Control Panels for Power Transformers
- Soft Starter Panels
- PLC Panels

#### Package Substations

- Self contained, factory wired, separate sections for MV, LV and Transformers
- Pad Mounted Transformers up to 1250kVA
- Kiosk type substations up to 2500kVA

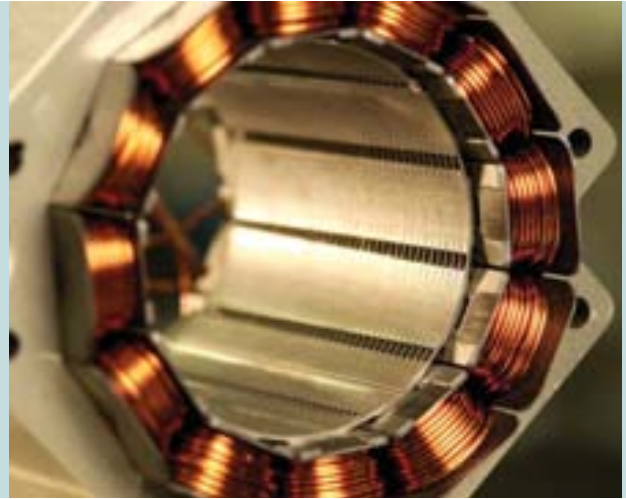
#### Energy Automation

- **Protection & Control Systems:**  
Protection Relays, Relay and Control Panels

- **Power Quality Systems:**  
Energy Meters, Power Quality Recorders, Fault Recorders
- **Substation Automation Systems:**  
Solutions for industry and utilities with Smart Remote Terminal units
- **Substation Communication Systems:**  
Complete Solutions with Power Line Carriers, Fibre Optic, Microwave and High Speed Digital Link (HSDL)
- **SCADA & LDC Turnkey Solutions:**  
Comprehensive SCADA solutions with Energy Management Systems and Distribution Management Systems

#### Power Transmission and Distribution Services

- **Asset Services of PTD Solutions:**  
Maintenance, Rehabilitation, Upgrading, Retrofitting, Spare Parts & Transformer Life Management
- **Network Analysis & Consultancy:**  
Technical due diligence & Technical Audits. Network Studies include Load Flows, Short Circuits, Insulation Coordination & Harmonic Analysis
- **Metering Services:**  
Automatic Remote Metering, Pre-payment metering and Back office operations (data processing)
- **Specialized Tools:**  
Software tools for Stability Studies, Protection coordination & PTD networks
- **Customer Support & Training:**  
Support and Customized Training for PTD problems



## Answers for Industry & Infrastructure

### Standard Automation Products

Industrial Automation Systems (SIMATIC PLCs)  
Control & Distribution products

- Process Instrumentation products
- Discharge Reactors
- Power Factor Relays
- AC & DC Variable Speed Drives
- Medium Voltage Motors
- DC Motors
- Wireless Modules

### Motors & Alternators

#### Low Voltage Locally Manufactured Motors & Alternators

- 3-phase, solid shaft, squirrel cage induction motors for industrial & agricultural applications, 1HP to 400HP, in 2, 4, 6 and 8 poles construction
- 3-phase, vertical hollow shaft, squirrel cage induction motors for deep well turbine pumps, 7.5HP to 220HP in 2, 4 and 6 poles construction specially designed for agricultural and municipal application

#### High Efficiency Motors

- Energy saving EFF 1 type motors; 1HP to 250HP

### Geared Motors

- Geared motors backed by Flender upto 200 kW with torque upto 20.000 Nm.

### Low Voltage Inverters

- Low voltage sensor less vector control inverters upto 250 kW rating

### Alternators

- Low voltage, self excited, self regulated alternators, designed 12.5 KVA to 1100 KVA in Salient Pole rotor design and from 12.5 KVA to 500 KVA in 1FC6 design, which is suitable for hydel application

### Service and Repair

- Pre & post purchase consultancy services for power solutions
- Maintenance, repair, overhauls and spare parts with full backup support
- Installation, testing & commissioning
- Turnkey contracts
- Motor & Alternator rewinding
- Dynamic balancing of rotating parts up to 1000 kg

### Generating Sets

Installation, Testing, Commissioning, Repair, Overhauling, Operations and Maintenance Services of locally assembled Diesel Generating Sets:

**Can old buildings be just as  
energy efficient as new ones?**

---







## Cost-effective building modernization: Our innovative solutions for energy efficiency reduce emissions and costs.

From intelligent building technologies, lighting and light management by OSRAM to financing, Siemens offers a comprehensive portfolio of energy saving solutions for building modernizations. These solutions reduce CO<sub>2</sub> emissions and help our customers to lower energy costs by up to 50% – the costs for lighting can be cut by even up to 80%.

[siemens.com/answers](https://www.siemens.com/answers)

**SIEMENS**



### Infrastructure Solutions

Turnkey Infrastructure Solutions including Project Management, Electrical & Mechanical Design, Engineering and Construction, Testing & Commissioning.

- **Electrical EPC for:**
  - Large Industrial Parks
  - Residential and Recreational facilities
  - Airports and Tunnels
- Balance of Plant and Electrical & Mechanical Construction

### Building Technology Solutions

- Building Management System
- Fire Alarm and Protection Systems
- Security System/CCTV
- HVAC Controls
- OSRAM Lighting Solutions
- Voice/Data Solution

### Intelligent Traffic Solutions

Intelligent traffic solutions for:

- Urban Traffic Control
- Airfield Lighting

### Oil, Gas & Marine Solutions

Oil & Gas solutions including complete Mechanical and Electrical erection in the following area:

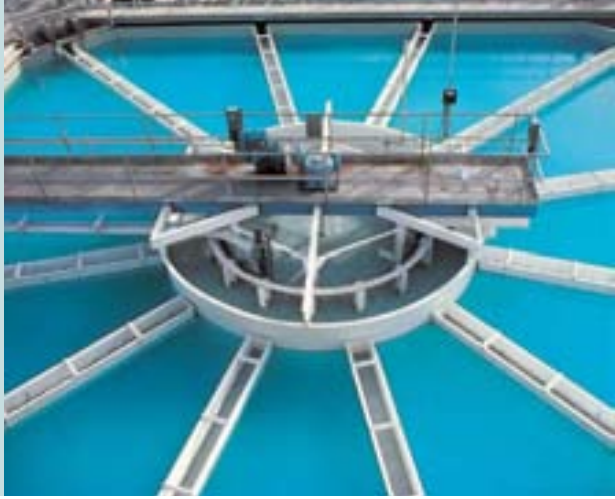
- **On/Offshore Production**
- Tank Farms, Drives for Compressors Pumps and Gas Turbines
- Pipelines
- Oil Refineries

### Water & Waste Water Solutions

- Sea & Brackish Water Desalination
- Water Telemetry & SCADA
- Industrial & Municipal Waste Water Treatment including Sludge Treatment
- Water & Waste Water Treatment Plants
- Water Pumping & Disposal stations
- Screening & Membrane solutions
- Pipeline & Disinfection solutions

### Cross Industry Solutions

- Project Management, Design, Engineering & Commissioning of Electrical & Process Control Systems
- Distributed Control Systems for Continuous & Batch Process Industry
- SCADA Systems



- Process Instrumentations
- Management Information Systems
- System Integration
- Training & Workshops for Customers

#### **On-call, Logistics & Maintenance Services**

- Operation & Maintenance Service (Industrial and Power Plants)
- Repair, Overhauling & Maintenance of Motors & Alternators
- Condition Monitoring (Thermography, Vibration Analysis, NDI & Oil Analysis)
- Spare Parts Management
- Call Centre for customer support (021) 111-066-077

#### **Information Technology Solutions**

As a Value-Added Re-seller and authorized Training Centre, Siemens Pakistan is empowered and equipped to provide comprehensive SAP solutions

#### **Business Solutions**

- SAP Turnkey Solutions: Core SAP Solutions, SAP Industry, Core Banking and Utilities Solutions etc.
- Round-the-clock IT system support and service to our clients
- IT Infrastructure and Business Connectivity Solutions
- Software Development

#### **IT Education**

Siemens Learning Centre, state-of-the-art, dedicated training center offering SAP Education and IT Training

#### **Siemens Transportation Solutions**

- Rail Automation
- Traction Power Supply Systems
- Mass Transit Systems
- Electrical and Diesel Electric Locomotives
- Trains
- Turnkey Solutions

**Is there a safer way to  
look inside our bodies?**





## The new record-breaking Computed Tomography scanner from Siemens – combining the fastest scans in the world with the lowest dose.

For the first time, a thorax can be scanned in less than one second, a heart even in a quarter of a second. While revealing the most intricate vessels, radiation dose is far lower than with conventional methods, for a heart scan even below annual natural exposure levels. Thanks to this breakthrough technology, patients experience faster, easier and safer imaging.

[siemens.com/answers](https://www.siemens.com/answers)

**SIEMENS**



## Answers for Healthcare

### Imaging and IT Solutions

- Angiography Systems
- MRI and CT Systems
- X-ray Systems
- Molecular Imaging Systems
- Ultrasound Systems

### Workflow & Solutions

- Women Health (Mammography)
- Managed Healthcare Services
- Clinical & Administrative Solutions
- Urology and Lithotripsy Systems
- Radiation Therapy Systems
- Image Management Systems
- Telemedicine & Teleradiology

### Diagnostics

- Immunoassay and Urinalysis
- Chemistry & Hematology analyzers
- Molecular & Blood gas analyzers
- Laboratory Solutions

### Critical Care Solutions

(JV with Draeger)

- Emergency and Preoperative care
- Patient monitoring System
- Ventilator Systems
- Solutions for Operation Theatre

### Services

- Turnkey project execution
- Project Management
- Installation and commissioning
- System integration/engineering design
- After sales service support
- Customer training



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Fax: +9221 3568 1965  
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## 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 (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Siemens (Pakistan) Engineering Company Limited (the Company) to comply with the Listing Regulation No. 35 of The Karachi Stock Exchange (Guarantee) Limited, Listing Regulation No. 35 of the Lahore Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulations of the Islamabad Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's 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 systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended 30 September 2009.

*Ernst & Young Ford Rhodes Sidat Hyder*  
Chartered Accountants

Karachi -

29 October 2009

## Statement of Compliance with the Best Practices of Code of Corporate Governance

This statement is being presented to comply with the requirements of the Code of Corporate Governance (the Code) as incorporated in the listing regulations of the stock exchanges of Pakistan. The Code provides a framework of best practices of Corporate Governance. Good Governance is considered indispensable by the Board to enhance and achieve highest performance. The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors. The Board comprises of eight directors which include three independent non-executive directors, one of whom is the Chairman. Two directors 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 of the Company have confirmed that none of them is serving as a director in more than ten listed companies including this Company.
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 DFI or NBFIs.
5. None of the directors or their spouses are engaged in business of stock brokerage.
6. Two casual vacancies occurred during the year, which were duly filled within thirty days of their occurrence.
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 developed a Vision and Mission Statement. All significant policies have been approved by the Board and compiled in the Company's Policy Manual. The level of materiality has also 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 and the Chief Financial Officer have been determined and approved by the Board of Directors. Further, the appointment, remuneration and terms and conditions of employment of the Company Secretary has been determined by the Chief Executive Officer with the approval of the Board of Directors.
10. The roles and responsibilities of the Chairman and the Chief Executive Officer are clearly defined.
11. The meetings of the Board are presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose.
12. The Board meets at least once in every quarter.
13. Written notices and agenda of Board Meetings are circulated not less than seven days before the meeting.
14. The Minutes of the Board Meetings are appropriately recorded, signed by the Chairman and circulated within 14 days from the date of meeting.
15. The Company provided information to foreign resident directors of their duties and responsibilities. Other directors of the Company, being professionals and directors of other local companies have adequate exposure of corporate matters and are already aware of their duties and responsibilities.
16. All material information as required under the relevant rules has been provided to the stock exchanges and to the Securities & Exchange Commission of Pakistan within the prescribed time limit.
17. All quarterly, half yearly and annual financial statements presented to the Board for approval were duly endorsed by the CEO and the CFO.



18. The directors, CEO, CFO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
19. All statements have been included in the Directors' report, which are required by the Code and Section 236 of the Companies Ordinance, 1984.
20. We confirm 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.
21. The Board has formed an audit committee. It comprises of four members including the Chairman of Committee, all of whom are non-executive directors.
22. 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.
23. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.
24. The Company has outsourced the internal audit function to Corporate Finance Audit (CF A) department of Siemens AG. The CF A is managed by suitably qualified and experienced staff who are conversant with the policies and procedures of the Company and their representatives are involved in the internal audit activities on a full time basis.
25. The external auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program 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 the Institute of Chartered Accountants of Pakistan.
26. The external 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.
27. The Directors' report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

For and on behalf of the Board of Directors.



Syed Babar Ali  
Chairman



Sohail Wajahat H. Siddiqui  
Chief Executive Officer



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Fax: +9221 3568 1965  
www.ey.com

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SIEMENS (PAKISTAN) ENGINEERING COMPANY LIMITED (the Company) as at 30 September 2009 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. The financial statements of the Company for the year ended 30 September 2008 were audited by another firm of Chartered Accountants, whose report dated 31 October 2008 expressed an unqualified opinion thereon.

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 2009 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.

*Ernst & Young Ford Rhodes Sidat Hyder*  
Chartered Accountants

**Audit Engagement Partner's Name:** Pervez Muslim

**Date:** 29 October 2009

**Place:** Karachi

# Siemens (Pakistan) Engineering Company Limited

## Balance Sheet

As at September 30, 2009

	Note	2009 (Rupees in '000)	2008
<b>Share capital and reserves</b>			
<b>Share capital</b>			
- Authorised 20,000,000 (2008: 20,000,000) Ordinary shares of Rs 10 each		200,000	200,000
- Issued, subscribed and fully paid-up	4	82,470	82,470
<b>Reserves</b>			
- Capital	5	624,192	624,192
- Revenue	5	6,204,531	5,581,595
		6,828,723	6,205,787
<b>Total equity</b>		6,911,193	6,288,257
<b>Non-current liabilities</b>			
Retention money payable		175,719	87,010
Other non-current liabilities		22,138	19,081
		197,857	106,091
<b>Current liabilities</b>			
Trade and other payables	7	11,493,646	13,974,641
Provisions	8	2,092,935	2,031,788
Short-term running finances	9	1,674,696	907,909
Provision for taxation		1,888,118	1,466,696
		17,149,395	18,381,034
<b>Total liabilities</b>		17,347,252	18,487,125
<b>Total equity and liabilities</b>		24,258,445	24,775,382
<b>Contingencies and commitments</b>	10		


# Siemens (Pakistan) Engineering Company Limited

## Balance Sheet

As at September 30, 2009

	Note	2009 (Rupees in '000)	2008
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,662,500	1,589,664
Intangible assets	12	6,032	6,051
Long-term receivables, deposits and prepayments	13	1,196,984	1,179,717
Deferred tax asset	14	1,012,666	851,611
		<b>3,878,182</b>	<b>3,627,043</b>
<b>Current assets</b>			
Inventories	15	4,367,431	4,588,682
Trade receivables	16	13,583,392	11,127,285
Loans and advances, deposits, prepayments and other receivables	17	1,026,346	2,025,133
Cash and bank balances	18	1,403,094	3,407,239
		<b>20,380,263</b>	<b>21,148,339</b>
<b>Total assets</b>		<b>24,258,445</b>	<b>24,775,382</b>

The annexed notes 1 to 40 form an integral part of these financial statements.



**Sohail Wajahat H. Siddiqui**  
Chief Executive Officer



**Gerhard Wilcke**  
Chief Financial Officer & Director

# Siemens (Pakistan) Engineering Company Limited

## Profit and Loss Account

For the year ended September 30, 2009

	Note	2009 (Rupees in '000)	2008
<b>Net sales and services</b>	19	36,149,390	26,880,742
Cost of sales	20	(32,164,974)	(22,850,583)
<b>Gross profit</b>		<b>3,984,416</b>	<b>4,030,159</b>
Commission and allowances earned		186,822	161,395
		<b>4,171,238</b>	<b>4,191,554</b>
Marketing and selling expenses	21	(1,308,787)	(1,132,642)
General administration expenses	22	(542,949)	(535,643)
Other operating income	23	7,644	76,696
		<b>(1,844,092)</b>	<b>(1,591,589)</b>
<b>Operating profit</b>		<b>2,327,146</b>	<b>2,599,965</b>
Financial income	24	153,937	218,030
Financial expenses	24	(336,644)	(253,792)
Net finance costs		<b>(182,707)</b>	<b>(35,762)</b>
<b>Profit before tax</b>		<b>2,144,439</b>	<b>2,564,203</b>
Income tax expense	25	(779,270)	(885,135)
<b>Profit for the year</b>		<b>1,365,169</b>	<b>1,679,068</b>
Basic and diluted earnings per share (Rupees)	26	<b>165.53</b>	<b>203.60</b>

The annexed notes 1 to 40 form an integral part of these financial statements.



**Sohail Wajahat H. Siddiqui**  
Chief Executive Officer



**Gerhard Wilcke**  
Chief Financial Officer & Director


# Siemens (Pakistan) Engineering Company Limited

## Cash Flow Statement

For the year ended September 30, 2009

	Note	2009 (Rupees in '000)	2008
<b>Cash flows from operating activities</b>			
Cash generated from operations	27	(834,156)	4,222,784
Payment to Gratuity Fund		(38,000)	(33,415)
Financial expenses paid		(341,439)	(256,489)
Income tax paid		(518,903)	(1,097,239)
Payment to Workers' Profit Participation Fund		(138,590)	(108,214)
Net cash (used in) / generated from operating activities	28	(1,871,088)	2,727,427
<b>Cash flows from investing activities</b>			
Capital expenditure		(294,568)	(274,943)
Proceeds from sale of property, plant and equipment		11,958	22,978
Financial income received		124,999	142,019
Net cash used in investing activities		(157,611)	(109,946)
<b>Cash flows from financing activities</b>			
Short-term loans		-	(330,646)
Dividends paid		(742,233)	(742,233)
Net cash used in financing activities		(742,233)	(1,072,879)
Net (decrease) / increase in cash and cash equivalents		(2,770,932)	1,544,602
Cash and cash equivalents at beginning of the year		2,499,330	954,728
Cash and cash equivalents at end of the year	29	(271,602)	2,499,330

The annexed notes 1 to 40 form an integral part of these financial statements.



**Sohail Wajahat H. Siddiqui**  
Chief Executive Officer



**Gerhard Wilcke**  
Chief Financial Officer & Director

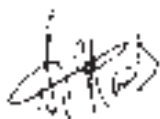
# Siemens (Pakistan) Engineering Company Limited

## Statement of Changes in Equity

For the year ended September 30, 2009

	Issued, subscribed and paid-up share capital	Capital reserves			Revenue reserves		Total
		Share premium	Capital repurchase reserve account	Other capital reserve	General reserve	Unappro- priated profit	
------(Rupees in '000)-----							
Balance as at September 30, 2007	82,470	619,325	567	4,300	2,023,026	2,621,734	5,351,422
Final dividend @ Rs 60 per Ordinary share of Rs 10 each for the year ended September 30, 2007	-	-	-	-	-	(494,822)	(494,822)
Transfer to general reserve	-	-	-	-	1,000,000	(1,000,000)	-
Profit for the year ended September 30, 2008	-	-	-	-	-	1,679,068	1,679,068
Interim dividend @ Rs 30 per Ordinary share of Rs 10 each for the six months period ended March 31, 2008	-	-	-	-	-	(247,411)	(247,411)
Balance as at September 30, 2008	82,470	619,325	567	4,300	3,023,026	2,558,569	6,288,257
Final dividend @ Rs 60 per Ordinary share of Rs 10 each for the year ended September 30, 2008	-	-	-	-	-	(494,822)	(494,822)
Transfer to general reserve	-	-	-	-	500,000	(500,000)	-
Profit for the year ended September 30, 2009	-	-	-	-	-	1,365,169	1,365,169
Interim dividend @ Rs 30 per Ordinary share of Rs 10 each for the six months period ended March 31, 2009	-	-	-	-	-	(247,411)	(247,411)
<b>Balance as at September 30, 2009</b>	<b>82,470</b>	<b>619,325</b>	<b>567</b>	<b>4,300</b>	<b>3,523,026</b>	<b>2,681,505</b>	<b>6,911,193</b>

The annexed notes 1 to 40 form an integral part of these financial statements.



**Sohail Wajahat H. Siddiqui**  
Chief Executive Officer



**Gerhard Wilcke**  
Chief Financial Officer & Director



# Siemens (Pakistan) Engineering Company Limited

## Notes to the Financial Statements

For the year ended September 30, 2009

### 1. LEGAL STATUS AND OPERATIONS

Siemens (Pakistan) Engineering Company Limited (the Company) was 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 execution of projects under contracts and in the manufacture, installation and sale of electronic and electrical capital goods. The Company's registered office is situated at B-72, Estate Avenue, S.I.T.E., Karachi.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

#### 2.2 Basis of measurement

These financial statements have been prepared under the 'historical cost' convention except for derivative financial instruments which are valued at fair value.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

#### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In preparing these financial statements, the significant judgements made by the management in applying accounting policies include:

- Warranty obligations (note 3.2)
- Provision for liquidated damages (note 3.2)
- Useful lives of property, plant and equipment (note 3.4)
- Provisions against inventories and doubtful receivables (notes 3.9 and 3.10)
- Actuarial assumptions for the gratuity scheme and provision thereagainst (note 6)
- Provision for taxation and deferred taxation (note 3.7 and 25.2)
- Cost of completion of contracts in progress and their results (note 31)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

#### 3.1 Employees' retirement benefits

The Company's retirement benefit plans comprise of gratuity scheme and provident fund.

##### 3.1.1 Defined Benefit Plan

The Company operates a funded gratuity scheme for all 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 are amortised over the expected future service of the employees.

##### 3.1.2 Defined Contribution Plan

The Company also operates a provident fund scheme for all its regular permanent employees except expatriates. 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.

### 3.2 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 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 its obligations towards long service bonus payable to its employees who are expected to complete twenty five / forty years of service when the employees render service, whichever is applicable.

The Company accounts for its warranty obligations when the underlying products or services are sold or rendered. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Various contracts entered into by the Company include provisions whereby liquidated damages may be imposed in case of delay in completion of the project. These damages are generally levied in case the delay is considered to be on account of factors under Company's control. The Company makes provision for these liquidated damages based on an analysis of various factors resulting in delays / estimated delays. The imposition of actual liquidated damages is subject to negotiations and, in certain cases, based on fresh analysis of the factors affecting the delay, these damages may not be imposed or may be higher than the amount provided. The provisions which are no longer required are released to the profit and loss account when the factors resulting in the delays / estimated delays cease to exist.

### 3.3 Borrowing costs

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

### 3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land and capital work in progress which are stated at cost less accumulated impairment losses, if any. Cost in relation to self manufactured assets includes direct cost of materials, labour and applicable manufacturing overheads. If the cost of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and are transferred to the respective item of property, plant and equipment when available for intended 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 useful life. Depreciation on additions is charged from the month in which asset is available to use and on disposals upto the month of deletion. Leased assets are depreciated over the shorter of lease term and their useful lives. Freehold land is not depreciated. The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit and loss account as incurred. Gains or losses on sale or retirement of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are included in the profit and loss account.

### 3.5 Intangible assets

Intangible assets having definite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. These are amortised using the straight line method over the estimated useful lives of intangible assets.

### 3.6 Impairment

#### 3.6.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

#### 3.6.2 Non-Financial assets

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

### **3.7 Taxation**

#### **3.7.1 Current**

Provision for current taxation is based on taxability of certain income streams of the Company under normal tax regime after taking into account tax credits and tax rebates available, if any and the remaining income streams under presumptive tax regime at the applicable tax rates. The charge for current tax includes adjustments to charge for prior years, if any.

#### **3.7.2 Deferred**

Deferred tax is provided using the balance sheet liability method, providing for temporary differences 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 measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by 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.

### **3.8 Long-term receivables**

Long-term loans, trade receivables, deposits and other receivables, except those on which mark-up is earned by the Company are discounted to their present values.

### **3.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of finished goods, both manufactured and purchased, raw material and components is determined on weighted average basis. The cost of work-in-process and finished goods includes direct materials, labour and applicable production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### **3.10 Trade receivables**

**3.10.1** Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for any uncollectible amounts.

**3.10.2** Due against construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred.

### **3.11 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, deposits held with banks and highly liquid investments with less than three months maturity from the date of acquisition. Running finance facilities availed by the Company, which are repayable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

### **3.12 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

### **3.13 Foreign currencies**

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Assets and liabilities (monetary items) in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account currently.

### 3.14 Revenue recognition

Revenue from sale of goods are recognised when significant risks and rewards of ownership are transferred to the buyer. 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. Financial income is recognised as it accrues, using the effective mark-up rates.

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 'cost-to-cost method'. Under cost-to-cost method, stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. Contract revenue on construction contracts valuing less than Rs 10 million and duration upto six months is recognised using completed contract method. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have agreed with the customer and are capable of being measured reliably.

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

### 3.15 Financial assets and liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given or received as appropriate. These financial assets and liabilities are subsequently measured at fair value or amortised cost as the case may be. The Company derecognises the financial assets and financial liabilities when it ceases to be a party to contractual provisions of such instruments.

### 3.16 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange arising from operational activities. Any gain or loss from re-measuring the hedging instrument at fair value is recognised in the profit and loss account.

### 3.17 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

### 3.18 Dividends

Dividend is recognised as a liability in the period in which it is declared.

### 3.19 Share based payment transactions

The fair value of the amount payable to employees in respect of stock appreciation rights and / or phantom stocks, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as salaries, wages and employee welfare expense in the profit and loss account.

### 3.20 Amendments to published standards and new interpretations effective in 2009

#### 3.20(a) Standards effective in 2009 but not relevant or do not have any effect / material effect on the Company's financial statements

- IAS 29, 'Financial Reporting in Hyperinflationary Economies' provides guidance for enterprises reporting in the currency of a hyperinflationary economy.

- IFRIC 12, 'Service Concession Arrangements' applies to contractual arrangements whereby a private sector operator participates in the development, financing, operations and maintenance of infrastructure for public sector service.

- IFRIC 13, 'Customer Loyalty Programmes' addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers.

- IFRIC 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' provides guidance on assessing the limit in IAS-19 on the amount of surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation' provides that the presentation currency does not create an exposure to which an entity may apply hedge accounting. It also specifies that hedging instrument(s) may be held by any entity or entities within the group. Further, the requirements of IAS 21, 'The effects of changes in foreign exchange rates', also apply to the hedged item.

### 3.20(b) Standard effective in 2009 and relevant

- IFRS 7, 'Financial Instruments: Disclosures' requires extensive disclosures about the significance of financial instruments for an entity's financial position and result of operations, and qualitative and quantitative disclosures on the nature and extent of risks arising from financial instruments. It combines disclosure requirements from IAS-32, 'Financial Instruments: Presentation', and IAS-30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and also adds new disclosure requirements. Adoption of this IFRS has resulted in additional disclosures in the Company's financial statements.

### 3.21 Early adoption of IFRS 8

- IFRS 8, 'Operating Segments' has been early adopted by the Company which replaces IAS 14, 'Segment Reporting'. IFRS 8 requires a 'management approach', under which segment information is presented on the same basis as that used for internal purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker. Comparative information for the year ended September 30, 2008 have been restated.

### 3.22 Standards, interpretations and amendments to published accounting standards that are issued but not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for Company's financial periods beginning on or after October 1, 2009 and, except for additional disclosures, are not expected to have a significant effect on the Company's financial statements or are not relevant to the Company:

- IFRS 2, 'Share-based Payment' (effective from annual periods beginning on or after January 1, 2009). It clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions.

- IFRS 4, 'Insurance Contracts' (effective from annual periods beginning on or after January 1, 2009). It makes limited improvements to accounting for insurance contracts and also requires an entity issuing insurance contracts to disclose information about those contracts.

- IFRS 7, 'Financial Instruments - Disclosures' (effective from annual periods beginning on or after January 1, 2009). There have been some amendments relating to disclosure requirements. The amendment introduces a three level hierarchy for fair value measurement disclosures and requires entities to provide additional disclosures about the relative reliability of fair value measurements.

- IAS 1, 'Presentation of Financial Statements' (effective from annual periods beginning on or after January 1, 2009). The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company is evaluating whether it will have one or two statements. The revised IAS 1 also requires that when the entity applies an accounting policy retrospective statement or reclassifies items in the financial statements, it should present a restated balance sheet as at beginning of comparative period in addition to the current requirement of presenting the balance sheet as at the end of the current and the comparative period.

- IAS 16, 'Property, plant and equipment' (effective from annual periods on or after January 1, 2009). It replaces the term 'net selling price' with 'fair value less cost to sell'.

- IAS 23, (Amendment) 'Borrowing Costs' (effective from annual periods beginning on or after January 1, 2009). It requires an entity to capitalise borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. Further, the definition of borrowing cost has been amended so that interest expense is calculated using the effective interest method defined in IAS 39, 'Financial instruments: Recognition and measurement'.

- IAS 28, 'Investment in associates' (effective from annual periods beginning on or after January 1, 2009). If an associate is accounted for at fair value in accordance with IAS 39, only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds in the form of cash or repayment of loans applies. An investment in an associate is a single asset for the purpose of conducting impairment test. Therefore, any impairment test is not separately allocated to goodwill included in the investment balance.

- IAS 31, 'Interest in a joint venture' (effective from annual periods on or after January 1, 2009). If a joint venture is accounted for at fair value, in accordance with IAS 39, only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture as well as summary financial information about the assets, liabilities, income and expense will apply.

- IAS 32, 'Financial instruments: Presentation' and IAS 1, 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective from annual periods beginning on or after January 1, 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro financial instruments have particular features and meet specific conditions.

- IAS 36, 'Impairment of assets' (effective from annual periods beginning on or after January 1, 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use should be made.

- IAS 38, 'Intangible assets' (effective from annual periods beginning on or after January 1, 2009). A prepayment may not be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.
- IFRIC 15, 'Agreement for the Construction of Real Estate' (effective from annual periods beginning on or after January 1, 2009). It provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11, 'Construction Contracts' or IAS 18, 'Revenue' and accordingly, when revenue for the construction should be recognised.
- IFRS 3, 'Business Combinations' (effective from annual periods beginning on or after July 1, 2009). It broadens the definition of business combinations resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value and transaction costs other than share and debt issue costs to be expensed.
- IFRS 5, 'Non-current assets held-for-sale and discontinued operations' (effective from annual periods beginning on or after July 1, 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of discontinued operations is met.
- IAS 27, 'Consolidated and Separate Financial Statements' (effective from annual periods beginning on or after July 1, 2009). It requires accounting for changes in ownership interest by the group in a subsidiary.
- IFRIC 17, 'Distribution of Non-cash Assets to Owners' (effective from annual periods beginning on or after July 1, 2009). It states that when a company distributes non-cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non-cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. Further, it also requires the entity to provide additional disclosures if the net assets held for distribution to owners meet the definition of discontinued operations.
- IFRIC 18, 'Transfers of Assets from Customers' (effective from annual periods beginning on or after July 1, 2009). It clarifies the requirements of IFRSs for agreement in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. It also provides guidance on how to account for transfer of cash from customers.
- IAS 39, 'Financial Instruments: Recognition and Measurement - Eligible hedged Items' (effective from annual periods beginning on or after July 1, 2009). It clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship.
- IFRS 2, 'Share based Payment' - Group Cash-settled Share based Payment Transactions (effective from annual periods beginning on or after January 1, 2010). The amendments resolve diversity in practice regarding attribution of cash-settled share based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

#### 4. ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL

			2009	2008
			(Rupees in '000)	
Ordinary shares of Rs 10 each				
2009	2008			
6,217,780	6,217,780	Issued for cash	62,178	62,178
81,700	81,700	Issued for consideration other than cash	817	817
1,526,800	1,526,800	Issued as bonus shares	15,268	15,268
(56,683)	(56,683)	Shares bought back	(567)	(567)
477,440	477,440	Issued under a scheme of amalgamation	4,774	4,774
<b>8,247,037</b>	<b>8,247,037</b>		<b>82,470</b>	<b>82,470</b>

4.1 Siemens Aktiengesellschaft (Siemens AG), (the parent Company), held 5,451,120 Ordinary shares (2008: 5,451,120 Ordinary shares) of Rs 10 each of the Company as at September 30, 2009.

#### 4.2 Dividends and other appropriations

The Board of Directors in their meeting held on October 29, 2009 have proposed a final cash dividend of Rs 60 per share (2008: Rs 60 per share), amounting to Rs 494.822 million (2008: Rs 494.822 million). The Board also proposed to transfer an amount of Rs 500 million (2008: Rs 500 million) from unappropriated profit to general reserve.

## 5. RESERVES

	Note	2009 (Rupees in '000)	2008
<b>Capital</b>			
Share premium	5.1	619,325	619,325
Capital repurchase reserve account	5.2	567	567
Other capital reserve		4,300	4,300
		<u>624,192</u>	<u>624,192</u>
<b>Revenue</b>			
General reserve		3,523,026	3,023,026
Unappropriated profit		2,681,505	2,558,569
		<u>6,204,531</u>	<u>5,581,595</u>

5.1 This represents premium of Rs 50 per share on the issue of 186,340 Ordinary shares of Rs 10 each and Rs 70 per share on the issue of 223,608 Ordinary shares of Rs 10 each during the years ended September 30, 1988 and 1990, respectively, and premium of Rs 1,277 per share on the issue of 477,440 Ordinary shares of Rs 10 each under the scheme of amalgamation during the year ended September 30, 2007. This amount was reduced by Rs 15.334 million on account of 56,683 Ordinary shares of Rs 10 each bought back by the Company during the year ended September 30, 2003.

5.2 This represents the amount by which the share capital of the Company was reduced on the buy back of 56,683 Ordinary shares of Rs 10 each and transferred from the distributable profits of the Company to 'capital repurchase reserve account' during the year ended September 30, 2003. This reserve was created to comply with the requirements of sub-section 10 of section 95A of the Companies Ordinance, 1984.

## 6. STAFF RETIREMENT BENEFITS - Defined benefit plan

6.1 The actuarial valuation of gratuity scheme was carried out at September 30, 2009. The Projected Unit Credit method, using the following significant financial assumptions has been used for the actuarial valuation:

- Discount rate 12.60% per annum compound (2008: 14.60%).
- Expected rate of increase in salaries 10.36% per annum (2008: 12.42%).
- Expected rate of return on plan assets 12.50% per annum (2008: 14.60%).

The amounts recognised in the balance sheet are as follows:

	Note	2009 (Rupees in '000)	2008
Fair value of plan assets	6.5	338,082	348,671
Present value of defined benefit obligation	6.4	(545,577)	(441,555)
Deficit	6.6	(207,495)	(92,884)
Unrecognised net loss		198,469	130,948
		<u>(9,026)</u>	<u>38,064</u>

## 6.2 Movement in net asset / (liability) in the balance sheet is as follows:

Opening balance of net asset		38,064	33,916
Expense recognised for the year	6.3	(85,090)	(29,267)
Contributions made by the Company		38,000	33,415
		<u>(9,026)</u>	<u>38,064</u>

## 6.3 The following amounts have been charged in the profit and loss account in respect of these benefits:

Current service expense		37,052	29,567
Interest expense		62,232	38,863
Expected return on plan assets		(36,262)	(40,244)
Expense for the year		63,022	28,186
Recognition of actuarial loss		22,068	1,081
		<u>85,090</u>	<u>29,267</u>

	Note	2009 (Rupees in '000)	2008
<b>6.4</b>			
<b>Movement in the present value of defined benefit obligation</b>			
Opening balance		441,555	377,690
Current service expense		37,052	29,567
Interest expense		62,232	38,863
Benefits paid		(31,696)	(52,821)
Actuarial loss		36,434	48,256
		<u>545,577</u>	<u>441,555</u>
<b>6.5</b>			
<b>Movement in the fair value of plan assets</b>			
Opening balance		348,671	368,633
Expected return		36,262	40,244
Contributions made by the Company		38,000	33,415
Benefits paid		(31,696)	(52,821)
Actuarial loss		(53,155)	(40,800)
		<u>338,082</u>	<u>348,671</u>

**6.6 Historical information**

As at September 30,	2009	2008	2007	2006	2005
	------(Rupees in '000)-----				
Fair value of plan assets	338,082	348,671	368,633	405,731	331,390
Present value of defined benefit obligation (Deficit) / surplus	<u>(545,577)</u>	<u>(441,555)</u>	<u>(377,690)</u>	<u>(335,459)</u>	<u>(246,385)</u>
	<u>(207,495)</u>	<u>(92,884)</u>	<u>(9,057)</u>	<u>70,272</u>	<u>85,005</u>
Experience adjustment on plan liabilities	7%	11%	7%	18%	5%
Experience adjustment on plan assets	-16%	-12%	-1%	0%	-2%

**6.7 Major categories / composition of plan assets are as follows:**

	2009	2008
	-----%-----	
Debt instruments	10	9
Mixed funds	22	64
Cash and cash equivalents	68	27
	<u>100</u>	<u>100</u>

**6.8** The expected return on plan assets is taken as weighted average of the expected investment return on different assets of the gratuity fund.

**6.9** Actual loss on plan assets for the year ended September 30, 2009 was Rs 16.893 million (2008: Rs 0.556 million).

**6.10** The Company's liability in respect of the gratuity scheme of Rs 9.026 million is included in 'Trade and other payables' (note 7).

**6.11** The Company plans to contribute Rs 42 million to the gratuity fund next year.



7. TRADE AND OTHER PAYABLES	Note	2009 (Rupees in '000)	2008
Trade creditors [including retention money of Rs 1,783.851 million (2008: Rs 1,058.297 million)]	7.1	5,923,129	4,890,917
Accrued liabilities		1,633,119	1,496,336
Advances from customers			
- For goods		628,336	1,560,302
- For services including projects		2,747,396	5,309,275
Staff retirement benefits - gratuity	6.2	9,026	-
Accrued mark-up on running finances		425	1,077
Unearned portion of revenue and maintenance contracts		72,375	61,798
Workers' Profits Participation Fund	7.2	119,428	141,646
Workers' Welfare Fund		72,049	82,860
Unclaimed dividend		10,344	8,208
Derivative financial instruments		6,860	242,950
Other liabilities		271,159	179,272
		<u>11,493,646</u>	<u>13,974,641</u>

7.1 These include a sum of Rs 1,345.368 million (2008: Rs 787.464 million) due to related parties.

#### 7.2 Workers' Profits Participation Fund

Balance at beginning of the year	141,646	111,253
Interest paid on funds utilised in Company's business	17,448	6,836
Amount allocated for the year	116,372	138,607
Amount paid to the Fund including interest	(156,038)	(115,050)
	<u>119,428</u>	<u>141,646</u>

8. PROVISIONS	Warranties	Liquidated damages	Losses on sales contracts	Total
	------(Rupees in '000)-----			
Balance as at October 1, 2008	431,589	1,507,887	92,312	2,031,788
Additional provision	384,817	857,846	40,380	1,283,043
Reversal of utilised and unutilised amounts	(252,375)	(899,542)	(69,979)	(1,221,896)
	<u>564,031</u>	<u>1,466,191</u>	<u>62,713</u>	<u>2,092,935</u>

9. SHORT-TERM RUNNING FINANCES	Note	2009 (Rupees in '000)	2008
From an associate - unsecured	9.1	1,518,990	900,528
From others - secured	9.2	155,706	7,381
		<u>1,674,696</u>	<u>907,909</u>

9.1 This facility is available from Siemens Financial Services (SFS), amounting to Rs 1,519 million (2008: Rs 901 million), to be utilised in the United Arab Emirates (UAE). The mark-up on this facility ranges between 1.21% and 6.01% per annum (2008: 2.28% and 5.30% per annum).

9.2 These facilities available from various banks aggregated to Rs 3,261 million (2008: Rs 2,392 million). The mark-up on these facilities ranges between 5.23% and 18.10% per annum (2008: 2.78% and 15.38% per annum), and are secured against the joint hypothecation of inventories of finished goods, work-in-process, raw materials and components and present and future trade receivables. These include facilities, aggregating Rs 1,181 million (2008: Rs 1,115 million), obtained in the UAE at mark-up rates ranging between 5.23% and 6.82% (2008: 2.78% and 5.80%) per annum.

Other facilities granted by the banks and amounts remaining unutilised thereof as at September 30, 2009 are as follows:

	2009 (Rupees in '000)	2008
Letters of credit		
- limit	9,847,492	16,749,080
- unutilised portion	<u>8,532,439</u>	<u>14,175,362</u>
Guarantees		
- limit	14,957,549	18,357,981
- unutilised portion	<u>8,117,684</u>	<u>10,942,926</u>

## 10. CONTINGENCIES AND COMMITMENTS

### Contingences:

- 10.1** During the year ended September 30, 2007, the Company served a notice of termination of the Operation and Maintenance Contract (O & M Contract) to Karachi Electric Supply Company Limited (KESC) on account of material default by KESC on payments against the O & M Contract and the hiring of the Company's officials without the Company's consent. In the meantime, the Company filed suites on October 8, 2007 against KESC for the recovery of outstanding payments in respect of fixed and variable fee of US\$ 3.160 million and Rs 1,792.905 million respectively, and termination charges of US\$ 16 million, plus mark-up accrued thereon, aggregating to Rs 1,594.112 million, and against unauthorized access to the Company's intellectual property (i.e. SAP system) by KESC.

KESC has filed a counter suit in the High Court of Sindh against the Company and Siemens AG, the parent company, for the recovery of an aggregate sum of Rs 56.986 billion on account of losses incurred by KESC under the O&M Contract executed by the Company. The maximum liability clause included in the O&M Contract restricts the total exposure of the Company up to the sum equal to the fixed fee for the year to which the claim relates, which amounts to US\$ 16.538 million. However, the Company strictly maintains that if at all, its liability would be restricted to US\$ 14 million, representing the total fixed fee received by the Company during the tenancy of the O&M Contract. The Company's management, based on the advice of its legal advisor, is confident that the suit filed by KESC is not maintainable and will be decided in its favour. Accordingly, no provision for any liability that may arise from this law suit has been made in these financial statements, pending a final decision by the above referred court.

- 10.2** The Company is defending various suits filed against the Company in relevant courts in Pakistan for an aggregate sum of Rs 156.752 million related to its business operations. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in its favour and accordingly no provision has been made in these financial statements in respect of the amounts claimed.

### Commitments:

- 10.3** As at September 30, 2009 capital expenditure contracted for but not incurred amounted to Rs 26.584 million (2008: Rs 150.997 million).

## 11. PROPERTY, PLANT AND EQUIPMENT

	Note	2009 (Rupees in '000)	2008
Operating assets	11.1	1,653,814	1,503,534
Capital work in progress	11.2	8,686	86,130
		<u>1,662,500</u>	<u>1,589,664</u>

## 11.1 Operating assets

2009	As at October 1, 2008			During the year ended September 30, 2009				As at September 30, 2009			
	Cost	Accumulated depreciation	Net book value	Identifiable tangible assets of Afghanistan branch	Additions / (deletions)	Depreciation / (on deletions)	Net book value of disposals	Cost	Accumulated depreciation	Net book value	Depreciation rates as a % of cost
	----- (Rupees in '000) -----										
Leasehold lands	53,149	23,353	29,796	-	-	1,321	-	53,149	24,674	28,475	2.5
Freehold land	544,011	-	544,011	-	-	-	-	544,011	-	544,011	-
Buildings on leasehold / freehold lands	397,965	92,495	305,470	-	26,569	9,843	-	424,534	102,338	322,196	2.5 & 10
Plant and machinery	670,815	351,905	318,910	-	228,735 (1,797)	53,274 (1,772)	25	897,753	403,407	494,346	10,20,25 & 100
Tools and patterns	195,861	134,649	61,212	-	23,870 (708)	25,123 (636)	72	219,023	159,136	59,887	50
Furniture and equipment	335,940	242,446	93,494	-	55,372 (18,447)	51,487 (17,099)	1,348	372,865	276,834	96,031	20,25,33.33 & 100
Vehicles	395,785	245,144	150,641	-	34,208 (15,235)	73,106 (12,360)	2,875	414,758	305,890	108,868	25 & 50
	<b>2,593,526</b>	<b>1,089,992</b>	<b>1,503,534</b>	<b>-</b>	<b>368,754 (36,187)</b>	<b>214,154 (31,867)</b>	<b>4,320</b>	<b>2,926,093</b>	<b>1,272,279</b>	<b>1,653,814</b>	
	----- (Rupees in '000) -----										
2008	As at October 1, 2007			During the year ended September 30, 2008				As at September 30, 2008			
	Cost	Accumulated depreciation	Net book value	Identifiable tangible assets of Afghanistan branch	Additions / (deletions) / transfers*	Depreciation / (on deletion) / on transfers*	Net book value of disposals	Cost	Accumulated depreciation	Net book value	Depreciation rates as a % of cost
	----- (Rupees in '000) -----										
Leasehold lands	53,149	22,024	31,125	-	-	1,329	-	53,149	23,353	29,796	2.5
Freehold land	544,011	-	544,011	-	-	-	-	544,011	-	544,011	-
Buildings on leasehold / freehold lands	390,692	83,785	306,907	-	9,678 (2,405)*	9,566 (856)*	-	397,965	92,495	305,470	2.5 & 10
Plant and machinery	668,461	341,607	326,854	-	54,805 (9,048) (43,403)*	45,970 (8,926) (26,746)*	122	670,815	351,905	318,910	10,20,25 & 100
Tools and patterns	128,562	99,996	28,566	-	27,233 (10,239) 50,305 *	22,460 (10,095) 22,288 *	144	195,861	134,649	61,212	50
Furniture and equipment	354,694	246,380	108,314	1,310	53,335 (46,315) (27,084)*	50,371 (43,943) (10,362)*	2,372	335,940	242,446	93,494	20,25,33.33 & 100
Vehicles	340,862	182,326	158,536	9,371	56,594 (33,629) 22,587 *	76,037 (28,895) 15,676 *	4,734	395,785	245,144	150,641	25 & 50
	<b>2,480,431</b>	<b>976,118</b>	<b>1,504,313</b>	<b>10,681</b>	<b>201,645 (99,231)</b>	<b>205,733 (91,859)</b>	<b>7,372</b>	<b>2,593,526</b>	<b>1,089,992</b>	<b>1,503,534</b>	

\* Transfers represent reclassifications made in different classes of operating assets.

**11.2 Capital work in progress**

	2009 (Rupees in '000)	2008
Building under construction	-	14,840
Plant, machinery and equipment under installation	903	60,533
Advances to suppliers	7,783	10,757
	<b>8,686</b>	<b>86,130</b>

**11.3** Property, plant and equipment include items having an aggregate cost of Rs 631.104 million (2008: Rs 562.382 million) that have been fully depreciated and are still in use of the Company.

**11.4** The fair value of property, plant and equipment as at September 30, 2009 approximated to Rs 5,769 million.

**12. INTANGIBLE ASSETS**

2009	As at October 1, 2008			During the year ended September 30, 2009			As at September 30, 2009			Amortisation rate as a % of cost
	Cost	Accumulated amortisation	Net book value	Additions	Amortisation	Net book value of disposals	Cost	Accumulated amortisation	Net book value	
----- (Rupees in '000) -----										
<b>Software</b>	83,873	77,822	6,051	3,258	3,277	-	87,131	81,099	6,032	33.33
	<b>83,873</b>	<b>77,822</b>	<b>6,051</b>	<b>3,258</b>	<b>3,277</b>	<b>-</b>	<b>87,131</b>	<b>81,099</b>	<b>6,032</b>	
2008	79,079	72,324	6,755	4,794	5,498	-	83,873	77,822	6,051	33.33

**12.1** Intangible assets include items having an aggregate cost of Rs 76.320 million (2008: Rs 76.320 million) that have been fully amortised and are still in use of the Company.

**12.2** Depreciation and amortisation have been allocated as follows:

		Depreciation	Amortisation	2009 Total	2008 Total
	Note	----- (Rupees in '000) -----			
Cost of sales	20.1	147,635	2,259	149,894	132,594
Marketing and selling expenses	21	51,796	793	52,589	56,231
General administration expenses	22	14,723	225	14,948	22,406
		<b>214,154</b>	<b>3,277</b>	<b>217,431</b>	<b>211,231</b>

12.3 Details of property, plant and equipment disposed off during the year

	Original cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Name & address of purchaser
------(Rupees in '000)-----						
<b>Plant and machinery</b>						
Items with book value below Rs 50,000 each	1,797	1,772	25	-		
	<b>1,797</b>	<b>1,772</b>	<b>25</b>	<b>-</b>		
<b>Tools and patterns</b>						
Items with book value below Rs 50,000 each	708	636	72	44		
	<b>708</b>	<b>636</b>	<b>72</b>	<b>44</b>		
<b>Furniture and equipment</b>						
Porta cabin office container	603	261	342	342	Negotiation	Emaar Properties PJSC, PO Box 9440, Dubai
Porta cabin office container	611	275	336	336	Negotiation	-do-
Window split air conditioner	141	61	80	80	Negotiation	-do-
Items with book value below Rs 50,000 each	17,092	16,502	590	798		
	<b>18,447</b>	<b>17,099</b>	<b>1,348</b>	<b>1,556</b>		
<b>Vehicles</b>						
Car	469	303	166	425	Insurance claim	
Car	652	299	353	661	Insurance claim	
Car	441	110	331	451	Insurance claim	
Car	662	138	524	675	Insurance claim	
Car	745	621	124	765	Auction	M. Arif Javed, Gali No. 1, Shamshadabad, New Railway Line, Gujranwala
Car	407	339	68	470	Auction	Arif Khan, House No. CB-738 Dhoke Charaghdin Mireer Hassan Noorani, Rawalpindi
Car	1,389	87	1,302	1,427	Insurance claim	
Items with book value below Rs 50,000 each	10,470	10,463	7	5,484		
	<b>15,235</b>	<b>12,360</b>	<b>2,875</b>	<b>10,358</b>		
	<b>36,187</b>	<b>31,867</b>	<b>4,320</b>	<b>11,958</b>		

**13. LONG-TERM RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	Note	2009 (Rupees in '000)	2008
<b>Long-term receivables</b>			
<b>Loans</b>			
Considered good - secured			
Due from executives	13.1 & 13.2	3,887	6,091
Due from other employees	13.1	1,754	2,698
		5,641	8,789
Receivable within one year shown under current assets		(2,130)	(2,993)
Long term portion		3,511	5,796
Discounting to present value		(934)	(1,773)
		2,577	4,023
<b>Trade receivables</b>			
Considered good		1,298,641	1,280,767
Considered doubtful		3,981	2,794
		1,302,622	1,283,561
Provision for doubtful debts		(3,981)	(2,794)
Discounting to present value		(110,320)	(113,624)
		1,188,321	1,167,143
<b>Security deposits</b>			
		5,636	4,418
<b>Prepayments</b>			
		450	4,133
		1,196,984	1,179,717
Maximum amount outstanding at end of any month during the year against loans to executives		5,794	8,195

13.1 These represent interest free housing loans provided to the executives and other employees in accordance with the 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 equal monthly installments.

**13.2 Reconciliation of carrying amount of loans to executives**

	Note	2009 (Rupees in '000)	2008
Balance at the beginning of the year		6,091	8,325
Repayments		(2,204)	(2,234)
		3,887	6,091

**14. DEFERRED TAX ASSET**

Debit / (credit) balances arising in respect of:

Provision for doubtful trade receivables and deposits	193,181	75,988
Provision for obsolete and slow moving items of inventories	82,885	61,436
Provision for liquidated damages	481,439	480,879
Provision for warranties	251,787	204,305
Discounting of long-term receivables	36,531	36,801
Other provisions	70,625	71,246
Accelerated tax depreciation	(103,782)	(79,044)
	1,012,666	851,611

15. INVENTORIES	Note	2009 (Rupees in '000)	2008
Raw materials and components		1,151,734	1,537,010
Goods-in-transit		892,223	972,811
Work-in-process		1,629,687	1,549,276
Finished goods	15.1	1,198,627	914,873
		<u>4,872,271</u>	<u>4,973,970</u>
Provision for slow moving and obsolete items		(504,840)	(385,288)
		<u>4,367,431</u>	<u>4,588,682</u>

15.1 These include items, costing Rs 4.253 million (2008: Rs 1.490 million), valued at their net realisable value of Rs 3.838 million (2008: Rs 1.297 million).

16. TRADE RECEIVABLES	Note	2009 (Rupees in '000)	2008
<b>Considered good</b>			
Due from related parties	16.1	32,760	984,050
Due from others		<u>9,626,721</u>	<u>7,869,017</u>
		9,659,481	8,853,067
Due against construction work in progress - others		<u>3,923,911</u>	<u>2,274,218</u>
		13,583,392	11,127,285
Considered doubtful - others		537,648	203,099
		<u>14,121,040</u>	<u>11,330,384</u>
Provision for doubtful receivables		(537,648)	(203,099)
		<u>13,583,392</u>	<u>11,127,285</u>

16.1 These represent amounts due from the associates of the Company.

#### 17. LOANS AND ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans and advances	17.1	465,861	1,118,533
Deposits		101,078	115,457
Prepayments	17.2	17,504	101,500
Other receivables	17.3	441,903	689,643
		<u>1,026,346</u>	<u>2,025,133</u>
<b>17.1 Loans and advances</b>			
Considered good			
Loans due from			
- Executives		1,463	2,154
- Other employees		667	839
	13	<u>2,130</u>	<u>2,993</u>
Advances to			
- Executives		1,680	972
- Suppliers		452,372	1,100,930
- Others		9,679	13,638
		<u>463,731</u>	<u>1,115,540</u>
		<u>465,861</u>	<u>1,118,533</u>

17.2 This includes Rs Nil (2008: Rs 38.064 million) representing excess contribution as per actuarial valuation of funded employees' gratuity scheme.

**17.3 Other receivables**

	Note	2009 (Rupees in '000)	2008
<b>Considered good</b>			
Sales tax refundable		260,762	146,354
Interest receivable		7,146	13,568
Derivative financial instruments		62,278	122,700
Margin against letters of credit		663	138,368
Others		111,054	268,653
		441,903	689,643
<b>Considered doubtful</b>			
		46,693	32,383
		488,596	722,026
Provision for doubtful other receivables		(46,693)	(32,383)
		441,903	689,643

**18. CASH AND BANK BALANCES**

	Note	2009 (Rupees in '000)	2008
<b>With banks in</b>			
Current accounts		233,785	167,260
Deposit accounts	18.1	1,078,886	3,008,978
Cheques in hand		84,321	224,497
Cash in hand		6,102	6,504
		1,403,094	3,407,239

**18.1** These include Term Deposit Receipts of Rs 425 million (2008: Rs 2,497 million). The rate of mark-up on these accounts ranges between 9.00% and 11.20% (2008: 8.75% and 13.70%) per annum.

**19. NET SALES AND SERVICES**

	Note	2009 (Rupees in '000)	2008
<b>Execution of contracts - outside Pakistan</b>			
- local		4,318,410	4,338,449
		25,825,616	16,712,661
<b>Sale of goods - outside Pakistan</b>			
- local		9,753,389	8,717,803
		10,121,935	10,126,993
<b>Rendering of services - outside Pakistan</b>			
- local		420,709	343,930
		491,972	396,838
		36,439,523	27,236,492
Commission paid		(66,864)	(69,023)
Sales tax		(223,269)	(286,727)
		36,149,390	26,880,742

**20. COST OF SALES**

	Note	2009 (Rupees in '000)	2008
Opening inventory of finished goods		914,873	851,706
Cost of goods manufactured and services rendered	20.1	31,757,538	22,383,048
Finished goods purchased		691,190	530,702
		33,363,601	23,765,456
Closing inventory of finished goods		(1,198,627)	(914,873)
		32,164,974	22,850,583



**20.1** Cost of goods manufactured and services rendered

	Note	2009	2008
		(Rupees in '000)	
Opening inventories			
Raw materials and components		1,537,010	1,202,878
Goods-in-transit		972,811	405,166
Work-in-process		1,549,276	1,061,490
		<b>4,059,097</b>	<b>2,669,534</b>
Purchase of goods and services		26,247,388	20,378,538
Salaries, wages and employees welfare expense		1,972,782	1,480,954
Gratuity		50,243	13,315
Provident fund contribution		16,316	15,480
Fuel, power and water		305,679	261,718
Repairs and maintenance		201,816	178,640
Rent, rates and taxes		453,657	309,528
Liquidated damages for late deliveries		51,483	954,333
Warranty and other contractual obligations		158,236	131,644
Inventories written off		8,556	27,169
Provision for slow moving and obsolete items of inventories		119,552	30,789
IT, networking and data communication		71,621	72,785
Insurance		91,783	107,969
Depreciation and amortisation	12.2	149,894	132,594
Transportation		73,932	82,523
Travelling and conveyance		482,582	378,515
Exchange loss / (gain)		620,510	(928,179)
Stationery, telex and telephone		134,482	108,850
Others		248,420	125,834
		<b>35,518,029</b>	<b>26,532,533</b>
Closing inventories			
Raw materials and components		(1,151,734)	(1,537,010)
Goods-in-transit		(892,223)	(972,811)
Work-in-process		(1,629,687)	(1,549,276)
		<b>(3,673,644)</b>	<b>(4,059,097)</b>
		<b>31,844,385</b>	<b>22,473,436</b>
Sale of scrap		(86,847)	(90,388)
		<b>31,757,538</b>	<b>22,383,048</b>

**21. MARKETING AND SELLING EXPENSES**

Salaries and employees welfare expense		469,905	436,177
Gratuity		24,595	12,679
Provident fund contribution		16,461	14,741
Fuel, power and water		50,537	51,193
Repairs and maintenance		28,850	44,641
Advertising and sales promotion		20,413	23,080
Rent, rates and taxes		32,674	43,906
Insurance		9,661	7,384
Provision for doubtful trade receivables		335,736	85,698
Provision for doubtful other receivables		14,310	24,082
Bad debts written off		2,633	37,672
Depreciation and amortisation	12.2	52,589	56,231
Travelling and conveyance		62,418	94,952
Transportation expenses		80,930	79,492
Stationery, telex and telephone		33,368	38,674
IT, networking and data communication		49,093	65,882
Others		24,614	16,158
		<b>1,308,787</b>	<b>1,132,642</b>

22. GENERAL ADMINISTRATION EXPENSES	Note	2009 (Rupees in '000)	2008	
Salaries and employees welfare expense		249,010	188,827	
Gratuity		10,252	3,273	
Provident fund contribution		6,650	3,806	
Fuel, power and water		13,228	11,071	
Repairs and maintenance		10,789	10,773	
Rent, rates and taxes		2,676	2,093	
Insurance		2,315	3,065	
Auditors' remuneration	30	3,384	3,913	
Depreciation and amortisation	12.2	14,948	22,406	
Travelling and conveyance		15,196	26,932	
Stationery, telex and telephone		10,611	12,502	
IT, networking and data communication		12,591	14,801	
Legal and professional		8,745	15,674	
Donations	22.1	1,930	1,157	
Workers' Profits Participation Fund		116,372	138,607	
Workers' Welfare Fund		49,279	62,154	
Others		14,973	14,589	
		<b>542,949</b>	<b>535,643</b>	
<b>22.1 Donations include the following in which spouse of a director is interested:</b>				
Name and address of donee	Interested director or his spouse	Interest in donee	2009 (Rupees in '000)	2008
Aga Khan Hospital & Medical College Foundation Stadium Road, Karachi.	Spouse of Mr. Sohail Wajahat H. Siddiqui	Member of annual giving committee	1,580	698
<b>23. OTHER OPERATING INCOME</b>				
Profit on sale of property, plant and equipment		7,638	15,606	
Liabilities no longer payable written back		6	39,006	
Gain on sale of marketable securities		-	22,084	
		<b>7,644</b>	<b>76,696</b>	
<b>24. FINANCIAL INCOME AND EXPENSES</b>				
Mark-up from trade and other receivables		4,251	7,832	
Income on amounts placed with banks under deposit accounts		114,326	118,990	
Exchange gain		35,360	91,208	
Financial income		153,937	218,030	
Interest on Workers' Profits Participation Fund		17,448	6,836	
Mark-up on short-term finances		45,843	91,551	
Mark-up on trade and other payables		15,278	13,401	
Commission on guarantees		124,451	81,095	
Bank charges for services		137,767	62,383	
Reversal of provision for discounting on long-term receivables		(4,143)	(1,474)	
Financial expenses		336,644	253,792	
Net finance costs		<b>182,707</b>	<b>35,762</b>	

25. INCOME TAX EXPENSE		2009	2008
	Note	(Rupees in '000)	
Current			
For the year		938,597	1,257,271
For prior years		1,728	76,571
		940,325	1,333,842
Deferred		(161,055)	(448,707)
	25.1	779,270	885,135
<b>25.1 Reconciliation of income tax expense for the year</b>			
Accounting profit		2,144,439	2,564,203
Enacted tax rate		35%	35%
Tax on accounting profit at enacted rate		750,554	897,471
Tax effect of income assessed under			
Presumptive Tax Regime		16,367	(90,489)
Tax effect of expenses that are not allowable in determining taxable income		10,621	1,582
Prior years' tax expense		1,728	76,571
		779,270	885,135
<b>25.2</b>			
The Company makes provision for taxation based on its understanding of the tax laws and regulations and on the basis of advices from its tax consultants. These provisions may require change in case these laws and regulations are interpreted differently by tax authorities and Company's appeals are not accepted at various forums.			
<b>26. BASIC AND DILUTED EARNINGS PER SHARE</b>		2009	2008
		(Rupees in '000)	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Profit for the year		1,365,169	1,679,068
		(No. of shares)	
Weighted average number of ordinary shares		8,247,037	8,247,037
		(Rupees)	
Basic and diluted earnings per share		165.53	203.60
<b>27. CASH GENERATED FROM OPERATIONS</b>		2009	2008
	Note	(Rupees in '000)	
Profit before tax		2,144,439	2,564,203
Adjustment for non-cash expenses and other items:			
Depreciation and amortisation		217,431	211,231
Provision for slow moving and obsolete inventories		119,552	30,789
Provision for doubtful trade receivables		335,736	83,137
Provision for doubtful other receivables		14,310	24,082
Provision for Workers' Profit Participation Fund		116,372	138,607
Profit on sale of property, plant and equipment		(7,638)	(15,606)
Gratuity		85,090	29,267
Long-term receivables and prepayments		(18,454)	(25,553)
Retention money payable		88,709	(17,269)
Other non-current liabilities		3,057	9,680
Financial expenses		340,787	253,792
Financial income		(118,577)	(126,822)
Working capital changes	27.1	(4,154,970)	1,063,246
		(834,156)	4,222,784

27.1 Working capital changes	Note	2009 (Rupees in '000)	2008
(Increase) / decrease in current assets			
Inventories		101,699	(1,452,730)
Trade receivables		(2,790,656)	(4,576,371)
Other receivables		939,991	(688,391)
		<u>(1,748,966)</u>	<u>(6,717,492)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		(2,467,151)	6,888,446
Provisions		61,147	892,292
		<u>(2,406,004)</u>	<u>7,780,738</u>
		<u>(4,154,970)</u>	<u>1,063,246</u>
<b>28. CASH FLOWS FROM OPERATING ACTIVITIES (DIRECT METHOD)</b>			
Cash receipts from customers		34,674,803	21,704,665
Cash paid to suppliers / service providers and employees		(35,508,959)	(17,481,881)
Payment to Gratuity Fund		(38,000)	(33,415)
Financial expenses paid		(341,439)	(256,489)
Income tax paid		(518,903)	(1,097,239)
Payment to Workers' Profit Participation Fund		(138,590)	(108,214)
		<u>(1,871,088)</u>	<u>2,727,427</u>
<b>29. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	18	1,403,094	3,407,239
Short-term running finances	9	(1,674,696)	(907,909)
		<u>(271,602)</u>	<u>2,499,330</u>
<b>30. AUDITORS' REMUNERATION</b>			
<b>Ernst &amp; Young Ford Rhodes Sidat Hyder</b>			
Audit fee		2,358	-
Special reports and certifications, review of half yearly accounts, audits of Workers' Profits Participation Fund and Gratuity Fund		816	-
Out of pocket expenses		210	-
		<u>3,384</u>	<u>-</u>
<b>KPMG Taseer Hadi &amp; Co.</b>			
Audit fee		-	1,985
Tax representation and advisory services		-	964
Special reports and certifications, review of half yearly accounts, audits of Workers' Profits Participation Fund and Gratuity Fund		-	693
Out of pocket expenses		-	271
		<u>-</u>	<u>3,913</u>
		<u>3,384</u>	<u>3,913</u>
<b>31. LONG-TERM CONSTRUCTION CONTRACTS</b>			
Contract revenue for the year		25,825,616	16,712,661
Contract costs incurred to date		60,545,714	37,161,718
Gross profit realised to date		6,004,216	3,562,596
Balance of advances received		2,478,407	4,956,481
Retention money receivable		8,221,112	6,272,974
Gross amount due from customers		8,222,952	6,288,646
Estimated future costs to complete projects in progress	31.1	12,812,535	17,582,527

31.1 As part of application of percentage of completion method on contract accounting, the plan costs are estimated. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

## 32. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2009			2008		
	Chief Executive	Directors	Executives	Chief Executive	Director	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	67,843	43,061	574,791	77,271	44,925	451,230
Retirement benefits and Company's contribution to provident fund	5,107	-	47,897	2,222	-	26,692
Perquisites and benefits:						
- Group insurance and medical	123	29	7,008	117	128	5,178
- Accrual / (reversal of accrual) for share based payments	4,608	2,532	4,017	(3,760)	(4,397)	2,289
- Long service bonus	-	-	2,260	-	-	2,338
- Rent and others	4,057	4,777	-	6,227	4,322	-
	<b>81,738</b>	<b>50,399</b>	<b>635,973</b>	<b>82,077</b>	<b>44,978</b>	<b>487,727</b>
Number of persons	1	4	192	1	1	165

32.1 In addition to the above, remuneration and fringe benefits of two expatriate executives (2008: one) hired for projects amounted to Rs 21.800 million (2008: Rs 5.600 million).

32.2 The aggregate amount charged in these financial statements in respect of directors' fee paid to six directors (2008: eight) was Rs 0.180 million (2008: Rs 0.170 million).

32.3 The Chief Executive, director and one hundred and fifty six executives (2008: one hundred and twenty nine executives) have been provided with free use of Company's cars. The chief executive has been provided with free maintenance and furnishing of accommodation. Further, a director has also been provided with the Company's owned and maintained furnished accommodation.

32.4 The chief executive and a director have been provided with telephone facility at their residences.

32.5 The above balances include an amount of Rs 173.163 million (2008: Rs 178.681 million) on account of compensation to key management personnel, the details of which are as follows:

	Note	2009 (Rupees in '000)	2008
Short-term employee benefits		153,042	180,082
Post-employment benefits		8,701	4,309
Other long-term benefits		263	158
Accrual / (reversal of accrual) for share based payments	33	11,157	(5,868)
		<b>173,163</b>	<b>178,681</b>

### 33. SHARE BASED PAYMENTS

Certain key management employees are entitled to participate in the share based payment plans of Siemens AG. Under the arrangements, Stock Appreciation Rights (SARs) and / or phantom stocks are granted to these employees. Both these plans are cash settled plans. On exercising, the related share based payments are made by the Company.

#### Stock appreciation rights

The grant of SARs to employees are subject to a two year vesting period, after which they may be exercised for a period of upto three years and are settled in cash only. Compensation in cash shall be equal to the difference between the exercise price and the opening market price of the Siemens AG's stocks on the day of exercising the stock option.

The number and weighted average exercise prices of SARs are as follows:

	2009		2008	
	Weighted average exercise price Euro	Number of SARs	Weighted average exercise price Euro	Number of SARs
Outstanding at beginning of the year	74.59	9,645	73.81	17,790
Exercised during the year	-	-	72.89	(8,145)
Outstanding at end of the year	74.59	9,645	74.59	9,645
Exercisable at end of year	74.59	9,645	74.59	9,645

The determination of the fair value of grants is based on a Black-Scholes option pricing model, which was developed for use in estimating the fair values of options that have no vesting restrictions. Option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Assumptions made at the grant date in estimating the fair value of grants made are as follows:

Risk-free interest rate	2.99%
Expected dividend yield	2.41%
Expected volatility	18.30%
Expected option life	3.5 years
Estimated weighted average fair value per option	Euro 4.06
Fair value of total options granted during the year	Euro 11

No SARs were granted during the years ended September 30, 2008 and 2009.

The expected volatility is based on historical volatility of Siemens AG shares, implied volatility of traded options with similar terms and features and certain other factors. The expected term is derived by applying the simplified method and is determined as the average of the vesting term and the contractual term. The risk-free interest is based on the applicable government bonds. Changes in subjective assumptions can materially affect the fair value of the option.

#### Phantom stocks

Phantom stocks are subject to a three year vesting period and the grantees receive the share prices equivalent value in cash at the end of four year vesting period. Details of phantom stocks rights are as follows:

	2009	2008
	Number of phantom stocks	
Balance as at beginning of the year	4,905	3,639
Granted during the year	3,727	1,266
Paid during the year	(638)	-
Balance as at end of the year	7,994	4,905

Phantom stock rights are remeasured to their fair value at each reporting date.

Total expense for share based payments during the year ended September 30, 2009 was Rs 11.157 million (2008: reversal of Rs 5.868 million). The liabilities for cash settled arrangements as of September 30, 2009 aggregated to Rs 36.784 million (2008: Rs 25.627 million).

### 34. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Siemens AG, its subsidiaries and associates and other companies with common directorship with significant influence on other companies, employees retirement benefit funds and key management employees. Transactions with related parties can be summarised as follows:

	Note	2009 (Rupees in '000)	2008
<b>Parent company</b>			
Sales of goods and rendering of services		64,358	147,231
Purchases of goods and receipt of services		4,231,477	3,542,509
Commission and allowances earned		116,582	91,141
Dividends		490,601	490,601
<b>Associated companies</b>			
Sales of goods and rendering of services		167,621	1,065,705
Purchases of goods and receipt of services		2,165,100	1,205,790
Commission and allowances earned		70,240	64,428
Financial expenses		26,441	73,819
Financial income		10,286	6,867
<b>Others</b>			
Dividends		45	45
Contribution to employees retirement benefits		102,449	62,169
Compensation to key management personnel	32.5	173,163	178,681

34.1 Amounts due from and due to related parties, amounts due from executives and remuneration of the chairman, chief executive, directors and executives are disclosed in the relevant notes.

34.2 All transactions with related parties were carried out on arm's length basis, as approved by the Board of Directors of the Company.

### 35. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity	Actual Production 2009	Actual Production 2008
Electric motors	300,000 HP	80,845 HP	89,565 HP
Motors control gears and control boards	150,000 HP	2,675 HP	2,670 HP
Electric transformers	2,000 MVA	2,585 MVA	2,641 MVA
Generating sets	40,000 KVA	123,537 KVA	90,588 KVA
Switchgears and distribution boards	4,500 Nos.	5,228 Nos.	3,959 Nos.

35.1 The under utilisation of capacity of Electric motors and Motors control gears and control boards is mainly attributed to reduced demand owing to imports by private and public sectors.

35.2 Due to increased demand, the production of Electric transformers, Generating sets and Switchgears and distribution boards, is above their normal capacity, which was achieved through extra shift working.

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities mainly comprise trade and other payables and short-term running finances. The main purpose of financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise loans to employees, deposits, trade and other receivables and cash and bank balances. The Company is exposed to market risk, credit risk and liquidity risk.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Board has also formed an Enterprise Risk Management Committee which comprise of an Executive Director, a non Executive Director and Regional Risk Process Owner.

The objective of the Enterprise Risk Management Committee is to review and assess the quality and effectiveness of the risk management system and ensure that the risk policies are effectively managed and incorporated in the management structure of the Company. It also oversees the risk management strategies to achieve current and accurate compliance with operational and legal requirements and identification of foreseeable trends that could significantly impact the Company's overall business objectives.

### 36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in the UAE.

The Company manages its foreign currency risk by hedging its exposure to fluctuations on the translations into Rupees of its foreign operations in the UAE by obtaining forward cover against its foreign currency denominated payables. 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.

	2009	2008
	(Rupees in '000)	
Forward exchange contracts		
- Purchased value	2,950,314	7,917,909
- Fair value	3,005,732	7,797,659

The Company's exposure to foreign currency risk in major currencies is as follows:

	2009	2008
	(AED in '000)	
Trade and other receivables	359,247	327,749
Cash and bank balances	151	77,275
Trade and other payables	(279,908)	(270,888)
Short-term running finances	(68,791)	(42,408)
	10,699	91,728

	2009	2008
	(EUR in '000)	
Trade and other receivables	13,645	5,799
Trade and other payables	(8,776)	(24,736)
	4,869	(18,937)

	2009	2008
	(USD in '000)	
Trade and other receivables	3,595	2,674
Trade and other payables	(21,387)	(12,452)
	(17,792)	(9,778)

The following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all major currencies applied to assets and liabilities as at September 30, 2009 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		2009	2008
Change in exchange rate	±	1%	1%
Effect on Profit before tax (Rs '000)	±	13,686	8,333



### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's short-term deposits and running finances.

The Company's policy is to keep its short-term running finances at the lowest level by effectively utilising the positive cash and bank balances. Further, the Company also minimises the interest rate risk by investing in fixed rate investments like Term Deposit Receipts.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2009	2008	2009	2008
	Effective rates (%)		(Rupees in '000)	
<b>Financial Assets</b>				
Cash and bank balances	11.56	9.70	1,078,886	3,008,978
<b>Financial Liabilities</b>				
Short-term running finances (AED)	4.78	3.30	1,518,990	900,528
Short-term running finances (PKR)	15.34	12.45	155,706	7,381
			<b>1,674,696</b>	<b>907,909</b>

A change of 100 basis points (1%) in interest rates at the reporting date would have changed Company's profit before tax for the year by the amount shown below, with all other variables held constant.

		2009	2008
Change in interest rate	±	1%	1%
Effect on Profit before tax (Rs '000)	±	13,867	9,706

### Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

## 36.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. To mitigate the credit risk, the Company has a system of assigning credit limits to its customers based on an extensive credit rating scorecards. Outstanding customer receivables are regularly monitored. The Company endeavors to cover the credit risks on government sector trade receivables 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. Business with government sector customers is also secured by way of inland letters of credit where possible. Credit risk on private sector is covered to the maximum extent possible through letters of credit or legally binding contracts with availability of adequate finance for the project from the sponsors and lenders.

The Company's maximum exposure to credit risk at the reporting date is as follows:

	2009	2008
	(Rupees in '000)	
Loans to employees	4,707	7,016
Advances to suppliers	452,372	1,100,930
Trade deposits	106,714	119,875
Trade receivables	14,771,713	12,294,428
Other receivables	181,141	543,289
Cash and bank balances	1,403,094	3,407,239
	<b>16,919,741</b>	<b>17,472,777</b>

**Concentration of credit risk**

The sector wise analysis of receivables including trade receivables, advances to suppliers and trade deposits based on their gross values is given below:

	2009		2008	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Government sector</b>				
Energy	7,205,040	45	4,352,294	31
Communication	309,582	2	179,103	1
Health	194,162	1	87,249	1
Aviation	32,307	-	1,144,262	8
Others	1,299,547	8	1,012,178	8
Sub-total	9,040,638	56	6,775,086	49
<b>Private sector</b>				
Energy	4,547,363	28	5,601,235	40
Communication	8,123	-	62,767	1
Health	302,300	2	54,161	-
Cement Industry	14,463	-	17,160	-
Dealers and agents	49,633	1	31,305	-
Aviation	5,009	-	25,285	-
Others	2,130,626	13	1,347,242	10
Sub-total	7,057,517	44	7,139,155	51
Total	16,098,155	100	13,914,241	100

The ageing of trade receivables at the reporting date is as follows:

	2009	2008
	(Rupees in '000)	
Not past due	10,684,603	9,400,890
Past due 1-180 days	2,644,524	1,782,163
Past due 181-360 days	597,423	232,098
Past due 361-720 days	326,955	989,290
Past due 721-1080 days	737,624	85,693
Over 1080 days	432,533	123,811
	15,423,662	12,613,945

The movement in the provision for impairment in respect of trade receivables during the year was as follows:

	2009	2008
	(Rupees in '000)	
Balance at beginning of the year	205,893	79,492
Additional provision	503,230	215,576
Provision utilised against write offs	(2,633)	(37,672)
Reversals of provision	(164,861)	(51,503)
Balance at end of the year	541,629	205,893

The movement in the provision for impairment in respect of other receivables during the year was as follows:

	2009	2008
	(Rupees in '000)	
Balance at beginning of the year	32,383	8,301
Additional provision	18,507	24,428
Reversals of provision	(4,197)	(346)
Balance at end of the year	46,693	32,383

### 36.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Company's business, the treasury maintains flexibility in funding by maintaining availability under control committed credit lines.

The table below summarises the maturity profile of the Company's financial liabilities as at reporting date.

	Carrying amount	Less than 12 months	1 to 2 years	2 to 5 years
		(Rupees in '000)		
<b>Financial liabilities</b>				
<b>2009</b>				
Long-term retention money payable	175,719	-	112,349	63,370
Trade and other payables	7,838,176	7,838,176	-	-
Short-term running finances	1,674,696	1,674,696	-	-
	<u>9,688,591</u>	<u>9,512,872</u>	<u>112,349</u>	<u>63,370</u>
<b>2008</b>				
Long-term retention money payable	87,010	-	81,916	5,094
Trade and other payables	6,535,433	6,535,433	-	-
Short-term running finances	907,909	907,909	-	-
	<u>7,530,352</u>	<u>7,443,342</u>	<u>81,916</u>	<u>5,094</u>

### 37. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of all financial assets and liabilities are estimated to approximate their fair values.

### 38. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base.

The Company manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

The Company is not subject to externally imposed capital requirements.

## 39. INFORMATION ABOUT BUSINESS SEGMENTS

	Energy	Industry	Healthcare	Eliminations	Total
<b>2009</b>					
<b>REVENUE</b>	----- (Rupees in '000) -----				
Sales to external customers	28,305,870	6,859,990	983,530	-	36,149,390
Inter-segment sales	2,771,828	459,267	90	(3,231,185)	-
Total revenue	<u>31,077,698</u>	<u>7,319,257</u>	<u>983,620</u>	<u>(3,231,185)</u>	<u>36,149,390</u>
<b>RESULT</b>					
Segment result	<u>1,905,645</u>	<u>335,580</u>	<u>17,830</u>	<u>-</u>	<u>2,259,055</u>
Unallocated expenses					(165,651)
					<u>2,093,404</u>
Interest expense					(63,291)
Interest income					114,326
Income tax					(779,270)
Profit for the year					<u>1,365,169</u>
<b>OTHER INFORMATION</b>					
Capital expenditure	<u>223,020</u>	<u>54,553</u>	<u>2,514</u>	<u>-</u>	
Depreciation and amortisation	<u>96,898</u>	<u>55,054</u>	<u>8,209</u>	<u>-</u>	
Non-cash expenses other than depreciation and amortisation	<u>1,314</u>	<u>58</u>	<u>493</u>	<u>-</u>	
<b>ASSETS AND LIABILITIES</b>					
Segment assets	<u>15,791,436</u>	<u>3,950,791</u>	<u>1,000,595</u>	<u>-</u>	<u>20,742,822</u>
Segment liabilities	<u>10,181,408</u>	<u>2,174,638</u>	<u>242,180</u>	<u>-</u>	<u>12,598,226</u>
<b>2008</b>					
<b>REVENUE</b>					
Sales to external customers	20,782,494	5,530,829	567,419	-	26,880,742
Inter-segment sales	1,177,281	497,934	29,965	(1,705,180)	-
Total revenue	<u>21,959,775</u>	<u>6,028,763</u>	<u>597,384</u>	<u>(1,705,180)</u>	<u>26,880,742</u>
<b>RESULT</b>					
Segment result	<u>2,201,908</u>	<u>515,310</u>	<u>32,712</u>	<u>-</u>	<u>2,749,930</u>
Unallocated expenses					(200,761)
					<u>2,549,169</u>
Interest expense					(111,788)
Interest income					126,822
Income tax					(885,135)
Profit for the year					<u>1,679,068</u>
<b>OTHER INFORMATION</b>					
Capital expenditure	<u>109,698</u>	<u>65,042</u>	<u>1,707</u>	<u>-</u>	
Depreciation and amortisation	<u>86,837</u>	<u>51,444</u>	<u>14,256</u>	<u>-</u>	
Non-cash expenses other than depreciation and amortisation	<u>887</u>	<u>630</u>	<u>69</u>	<u>-</u>	
<b>ASSETS AND LIABILITIES</b>					
Segment assets	<u>14,554,689</u>	<u>3,518,078</u>	<u>639,775</u>	<u>-</u>	<u>18,712,542</u>
Segment liabilities	<u>12,492,345</u>	<u>2,704,561</u>	<u>233,114</u>	<u>-</u>	<u>15,430,020</u>

**39.1** For management purposes, the activities of the Company are organised into business units based on their products and services and has three reportable operating segments. The energy segment mainly relates to supply and installation of transformers, switchboards, and other related power generation, transmission, and distribution equipment and related services. Industry segment includes designing, engineering and construction services in electrical field, mechanical field, information technology services, diesel generating sets, motors, alternators and drives etc. Healthcare segment include supply and services of health care and related equipment.

**39.2 Geographical information**  
**Revenues from external customers**

	2009	2008
	(Rupees in '000)	
Pakistan	13,314,192	13,013,131
United Arab Emirates	19,982,733	12,315,946
Afghanistan	1,917,388	132,579
Germany	790,497	966,021
Others	144,580	453,065
	36,149,390	26,880,742

The revenue information above is based on the location of customers.

Revenues of Rs 8,364.238 million and Rs 5,670.583 million are derived from two external customers. These revenues are attributable to the Energy segment of the Company.

**Non-current assets**

	2009	2008
	(Rupees in '000)	
Pakistan	1,694,822	1,607,327
United Arab Emirates	1,127,986	1,155,682
Afghanistan	42,708	12,423
	2,865,516	2,775,432

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and long-term receivables.

**39.3** Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions between third parties.

**39.4 Segment assets and liabilities**

Reportable segments' assets are reconciled to total assets as follows:

	2009	2008
	(Rupees in '000)	
Segment assets for reportable segments	20,742,822	18,712,542
Corporate assets	767,897	791,807
Unallocated		
Other receivables	331,966	1,012,183
Deferred tax	1,012,666	851,611
Cash and bank balances	1,403,094	3,407,239
Total assets as per balance sheet	24,258,445	24,775,382

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2009	2008
	(Rupees in '000)	
Segment liabilities for reportable segments	12,598,226	15,430,020
Corporate liabilities	191,046	225,992
<b>Unallocated</b>		
Trade and other payables	995,166	456,508
Short-term running finances	1,674,696	907,909
Provision for taxation	1,888,118	1,466,696
Total liabilities as per balance sheet	<u>17,347,252</u>	<u>18,487,125</u>

Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of impairment and provisions but do not include deferred taxes. Segment liabilities include all operating liabilities and consist principally of accounts payable, advances and accrued and other liabilities.

- 39.5** Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, reduction in operating cost and free cash flows.
- 39.6** Interest income and expense are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Company.
- 40. GENERAL**
- 40.1** Exchange gain arisen from conversion of foreign currency denominated cash and bank balances amounting to Rs 91.208 million has been classified from 'Other operating income' to 'Financial income'. Further, exchange gain arisen from conversion of foreign currency denominated receivables and payables amounting to Rs 16.298 million, has been reclassified from 'Other operating income' to 'Cost of sales'. These changes were made for better presentation of transactions in the financial statements of the Company.
- 40.2** These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on October 29, 2009.



**Sohail Wajahat H. Siddiqui**  
Chief Executive Officer



**Gerhard Wilcke**  
Chief Financial Officer & Director



Handwritten notes on a document, including a table with columns and rows of text.

Column 1	Column 2	Column 3
Text	Text	Text
Text	Text	Text
Text	Text	Text

Main body of text on a document, consisting of several paragraphs of dense, illegible text.

Document with a table structure, featuring a grid of cells and text, possibly a schedule or data table.

Header 1	Header 2	Header 3
Text	Text	Text
Text	Text	Text
Text	Text	Text

# Notice of Annual General Meeting

Notice is hereby given that the fifty seventh Annual General Meeting of the shareholders of Siemens (Pakistan) Engineering Company Limited will be on Monday, December 21, 2009 at 10:30 a.m. at B-72, Estate Avenue, S.I.T.E., Karachi to transact the following business:

## Ordinary Business

1. To confirm the minutes of the extra ordinary general meeting held on November 26, 2009.
2. To receive and adopt the audited financial statements for the year ended September 30, 2009 and reports of the directors and auditors thereon.
3. To consider and approve final dividend of Rs 60 per share (600 %) in addition to interim dividend of Rs. 30 per share (300% ) already paid, thereby making a total dividend of Rs 90 per share (900%) for the year ended September 30, 2009.
4. To appoint auditors and to fix their remuneration for the year ending September 30, 2010. The present auditors Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible have offered themselves for reappointment.
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

**Mohammad Rafi**  
Company Secretary

**Karachi : November 27, 2009**

## Notes:

1. The Share Transfer Books of the company will remain closed from December 12, 2009 to December 21, 2009 (both days inclusive). Transfers received at company's Registrar M/s THK Associates (Pvt.) Limited, Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi-75530 by the close of business on December 11, 2009 will be considered in time.
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.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Paktan.

**For Attending the Shareholders' Meeting:**

- 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 Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting. The shareholders registered on CDC 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.

**For Appointment of Proxies:**

- i) In case of individual, 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 submit the proxy form as per requirement notified by the company.
  - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
  - v) In case of corporate entity, the Board of Directors resolution/Power of Attorney with specimen signature shall be submitted along with proxy form to the company.
4. The statement under section 160(1)(b) of the Companies Ordinance, 1984 is set forth below:

Mr. Gerhard Wilcke has been elected as director of the company in the extra ordinary general meeting of the shareholders held on November 26, 2009. He is also holding office of profit as the Chief Financial Officer of the company. Hence approval is being sought for Mr. Gerhard Wilcke's holding of office of profit as Chief Financial Officer under section 188(c)(i) of the Companies Ordinance 1984 and article 117 of the Articles of Association of the company.

Mr. Gerhard Wilcke, being a director, is interested in this approval. No other director has any interest in this appointment, directly or indirectly.

## Siemens (Pakistan) Engineering Company Limited

### Incorporation Number: CUIN 0000617

Pattern of holding of the shares held by the Shareholders  
As at September 30, 2009

Number of Shareholders	Shareholding		Total Shares held
	From	To	
345	1	100 shares	14,388
382	101	500 shares	88,258
45	501	1,000 shares	33,990
37	1,001	5,000 shares	81,485
6	5,001	10,000 shares	38,298
3	10,001	15,000 shares	35,160
1	15,001	20,000 shares	17,900
1	20,001	25,000 shares	24,878
1	25,001	30,000 shares	29,100
1	65,001	70,000 shares	69,720
1	170,001	175,000 shares	171,930
1	195,001	200,000 shares	200,000
1	1,990,001	1,995,000 shares	1,990,810
1	5,450,001	5,455,000 shares	5,451,120
<hr/> 826 <hr/>			<hr/> 8,247,037 <hr/>

# Siemens (Pakistan) Engineering Company Limited

## Categories of Shareholders

As at September 30, 2009

Categories of Shareholders		Number	Shares held	Percentage
<b>Directors, Chief Executive Officer and their spouse and minor children</b>		1		
Director	Syed Babar Ali		500	0.01
Chief Executive Officer		Nil		
<b>Executives</b>		Nil		
<b>Associated Companies, Undertakings and Related parties</b>		1		
Siemens AG, Germany			5,451,120	66.10
<b>National Investment Trust</b>		1		
National Bank of Pakistan-Trustee Deptt (NIT)			1,990,810	24.14
<b>Banks, Development Financial Institutions &amp; Non Banking Financial Institutions</b>		3		
National Bank of Pakistan	200,000			
The Bank of New York Mellon	29,100			
Faysal Bank Ltd	33			
<b>Insurance Companies</b>		4		
Adamjee Insurance Co Ltd	171,930			
IGI Insurance Co Ltd	69,720			
Asia Care Health & Life Insurance Co Ltd	300			
The Crescent Star Insurance Co Ltd	10			
<b>Modarabas and Mutual Funds</b>		5		
Pakistan Premier Fund Ltd	24,878			
Golden Arrow Selected Stocks Fund Ltd	12,500			
CDC Trustee-Pakistan Capital Market Fund	5,000			
CDC Trustee AKD Index Tracker Fund	786			
Trustee PPF Equity (Sub-Fund)	504			
<b>Public Sector Companies and Corporations</b>		1		
Pakistan National Shipping Corporation			6,930	0.08
<b>Individuals</b>				
Local		788	229,661	2.78
Foreign		3	1080	0.02
<b>Companies and others</b>		19		
Habib Bank Ltd, A/C Mohammed Amin Wakf Estate	11,790			
Trustees Adamjee Foundation	7,000			
Treet Corporation Ltd	7,928			
Trustees Treet Corp. Ltd- Employees Provident Fund	5,800			
Crescent Steel & Allied Products Ltd	4,500			
Trustees Treet Corp. Ltd- Employees Service Fund	3,600			
Trustees Treet Corp. Ltd- Employees Gratuity Fund	3,300			
Trustees Treet Corp. Ltd- Superannuation Fund	2,900			
Pak Ping Carpets Pak (Pvt) Ltd	1,600			
Trustees Al-Badar Welfare Trust	1,400			
Irfan Mazhar Securities(Pvt) Ltd	500			
A.H.K.D. Securities(Pvt) Ltd	400			
Mak Securities(Pvt) Ltd	400			
Aslam Sons (Pvt) Ltd	309			
Yasir Mahmood Securities (Pvt) Ltd	300			
Dossa Cotton & General Trading(Pvt) Ltd	200			
Azee Securities (Pvt) Ltd	190			
Karachi Stock Exchange(Guarantee) Ltd	57			
Hum Securities Ltd	1			
<b>Total</b>		<b>826</b>	<b>8,247,037</b>	<b>100</b>
<b>Shareholders holding 10% or more voting interest</b>				
Siemens AG, Germany			5,451,120	
National Bank of Pakistan-Trustee Deptt.(NIT)			1,990,810	

## Registrar and Share Transfer Agent

In compliance with the requirements of section 204 (A) of Companies Ordinance 1984, THK Associates (Pvt.) Limited has been appointed as Share Registrar of the Company.

**The address, contact numbers and timings of THK Associates (Pvt.) Limited is given below:**

**THK Associates (Pvt.) Limited Ground Floor,  
State Life Building-3,  
Dr. Ziauddin Ahmed Road, Karachi-75530.**

**Contact No:** ( 021) 111-000-322  
**Fax:** ( 021) 35655595  
**Timings:** 9:30 am to 12:30 pm & 2:30 pm to 4:30 pm  
(Monday to Friday)

Share transfers, dividend payment and all other investor related matters are attended to and processed by our Registrar and Share Transfer Agent

### Financial Calendar

The Company follows the period of October 01 to September 30 as the Financial Year.

For the Financial Year 2009-10, Financial Results will be announced as per the following tentative schedule:

1st quarter ending December 31, 2009	Last week of January 2010
2nd quarter ending March 31, 2010	Last week of April 2010
3rd quarter ending June 30, 2010	Last week of July 2010
Year ending September 30, 2010	Last week of October 2010

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# Proxy Form

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member  
of SIEMENS (PAKISTAN) ENGINEERING COMPANY LIMITED hereby appoint

\_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and my/our behalf at the Annual General Meeting of the company to be held at Karachi on December 21, 2009 and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_

Signature of the shareholder \_\_\_\_\_

Folio No: \_\_\_\_\_

WITNESSES:

CDS Account No: \_\_\_\_\_



1. Signature:-----  
Name:-----  
Address:-----  
CNIC No.-----
2. Signature:-----  
Name:-----  
Address:-----  
CNIC No.-----

## NOTES:

1. This proxy form duly completed and signed across a five rupees revenue stamp must be deposited at the company's registered office not less than 48 hours before the time for holding the meeting.
2. Witnessed by two persons for CDC account holder only.
3. CDC account holder shall also submit attested copies of their CNIC/passport and that of the proxy.
4. The proxy of CDC account holder shall produce his/her original CNIC/passport at the time of the meeting.
5. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the proxy shall be submitted along with this form.





Siemens (Pakistan) Engineering Co. Ltd.  
UAN: 111-077-088

**Karachi**

Head Office & Plant,  
B-72, Estate Avenue, S.I.T.E.  
P.O. Box 7158 Karachi - 75700  
Phone: +92-21 32574910-19  
Fax: +92-21 32563563

Town Office  
Ilaco House,  
Abdullah Haroon Road, Saddar  
P.O. Box No. 7158 Karachi - 75700  
Tel: +92-21 35635960-73  
Fax: +92-21 35635979

**Islamabad**

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Fax: +92-51 4101451

**Lahore**

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Fax: +92-42 36363126

**Peshawar**

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**Quetta**

55-B, Chaman Housing Scheme,  
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Fax: +92-81 2831313

**Afghanistan Branch**

House #2, Street # 3, Dar-ul-Aman Road  
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**Dubai Branch**

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Res Al Khor, Dubai, UAE  
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Fax: +971-04-2898056