

“Green innovations are our  
lifeblood. We’re the largest  
supplier of environmental  
technologies in the world”.

**Pakistan**  
Annual Report 2010

[www.siemens.com.pk](http://www.siemens.com.pk)

**SIEMENS**

A man and a woman in business attire are shown from the chest up, looking upwards and to the right. The man is in the foreground, wearing a dark suit, a white shirt, a blue patterned tie, and glasses. He has his arms crossed and is wearing a silver watch. The woman is behind him, also in a dark suit, with her arms crossed. The background is a bright, cloudy sky. A white rectangular box with a green border is positioned in the upper right corner, containing the text.

## 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.



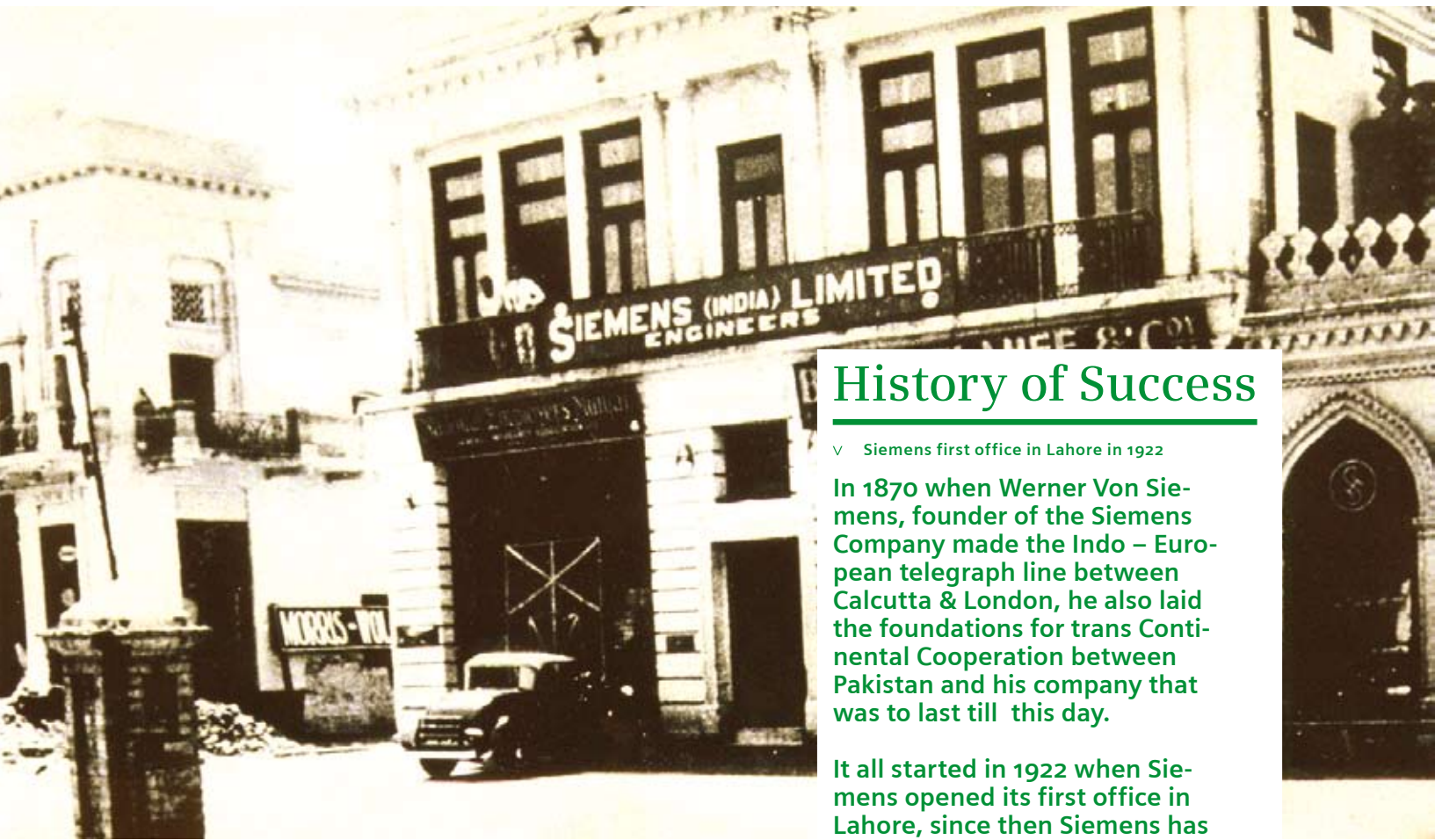
# Mission



## **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



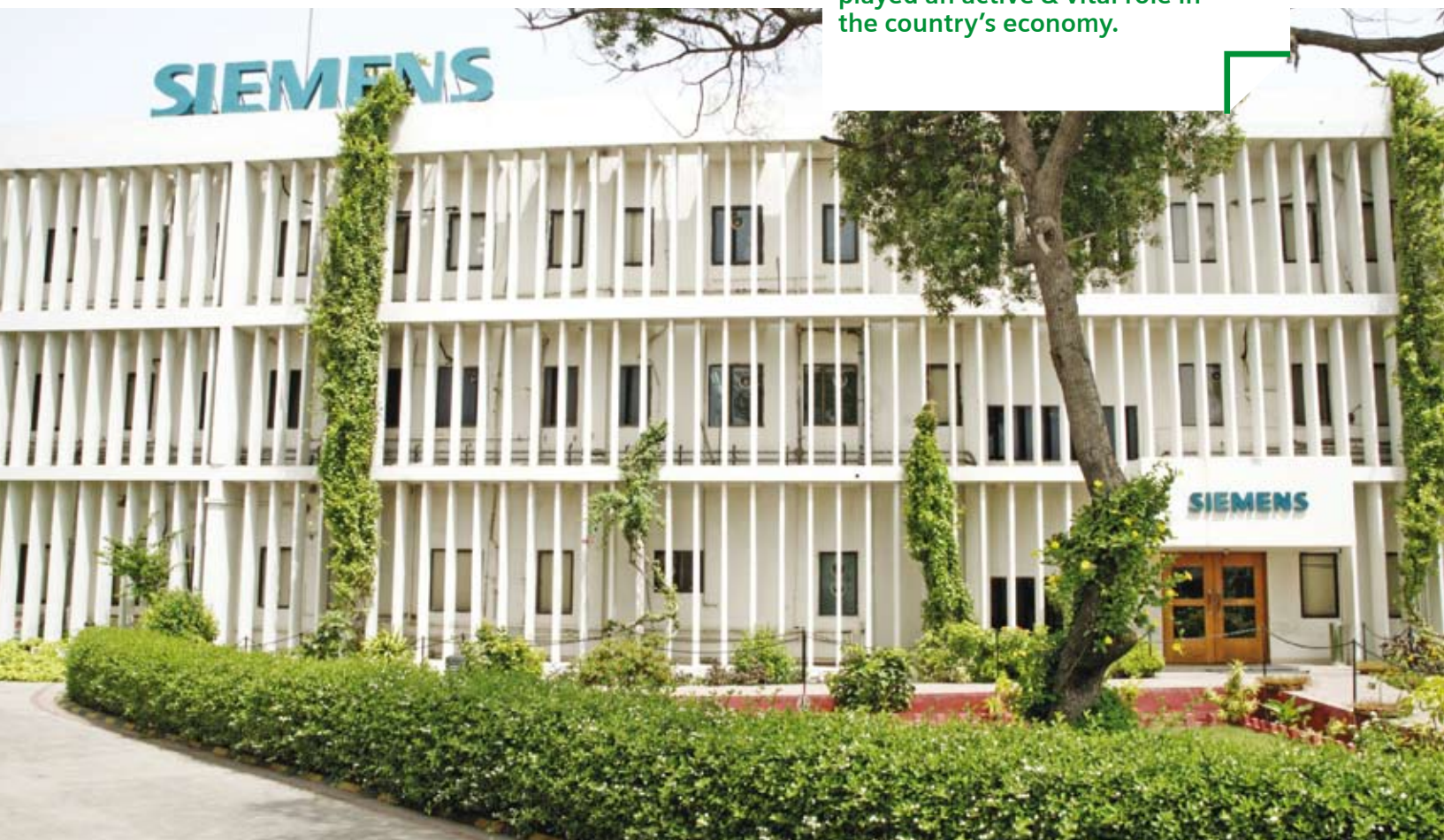


## History of Success

✓ Siemens first office in Lahore in 1922

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

It all 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.



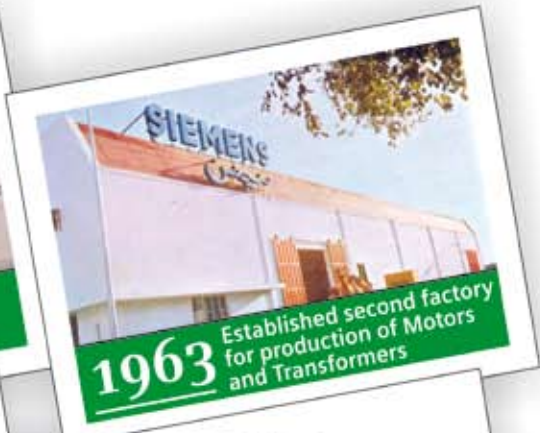




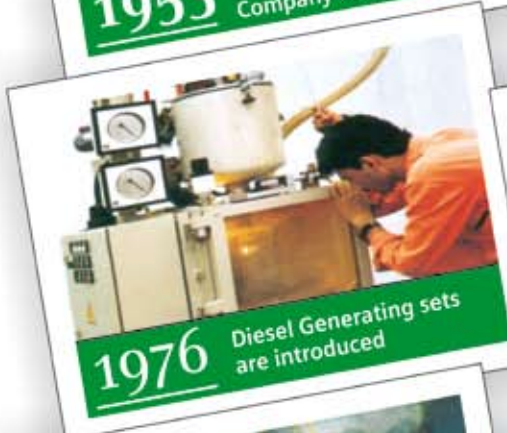
**1953** Siemens Pakistan Engineering Company founded



**1957** Started production of Switchboards



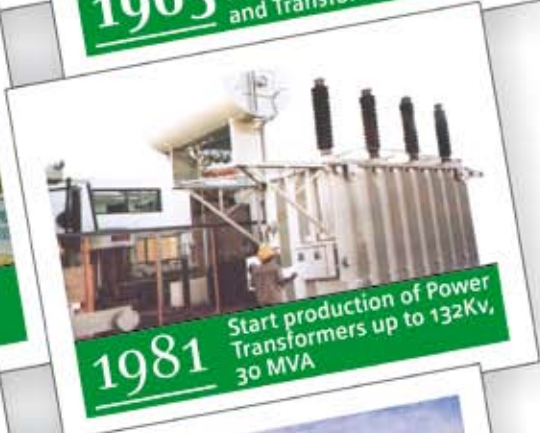
**1963** Established second factory for production of Motors and Transformers



**1976** Diesel Generating sets are introduced



**1978** Listing in Pakistan Stock Exchanges



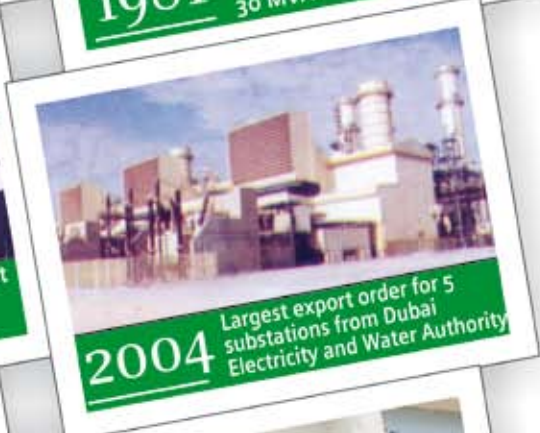
**1981** Start production of Power Transformers up to 132Kv, 30 MVA



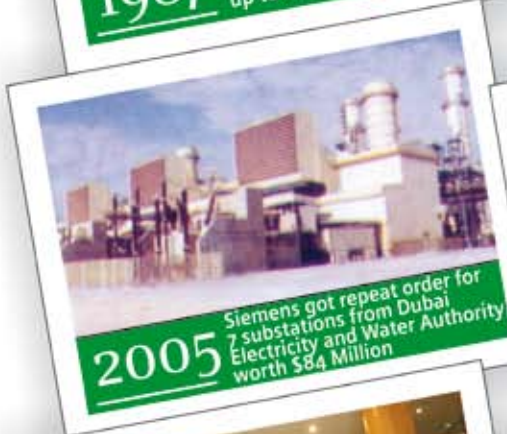
**1987** Extension in manufacturing range of Power Transformers up to 60 MVA



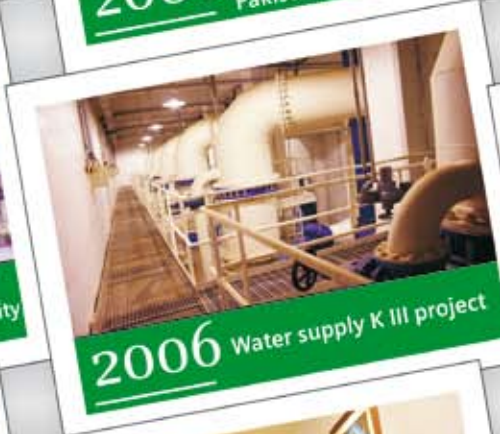
**2000** Siemens signs agreement to introduce SAP in Pakistan



**2004** Largest export order for 5 substations from Dubai Electricity and Water Authority



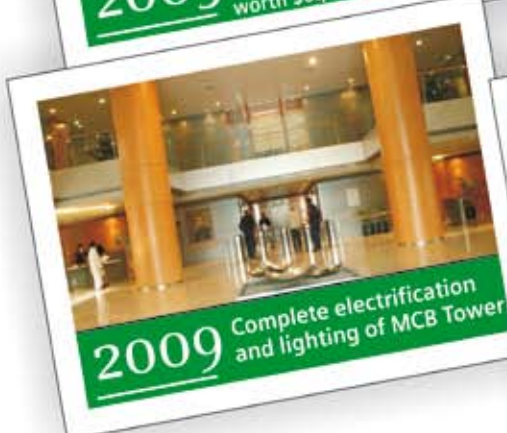
**2005** Siemens got repeat order for 7 substations from Dubai Electricity and Water Authority worth \$84 Million



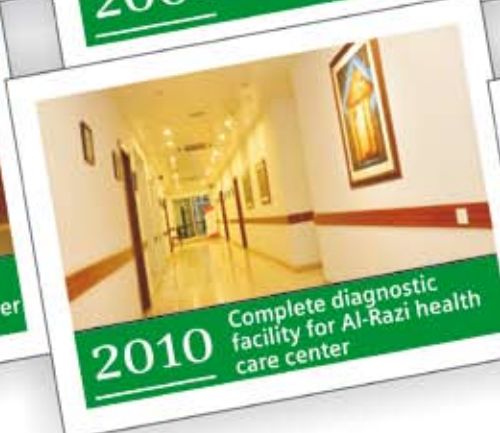
**2006** Water supply K III project



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



**2009** Complete electrification and lighting of MCB Tower



**2010** Complete diagnostic facility for Al-Razi health care center



**2010** Benazir Bhutto Airport in Islamabad, power and telecommunication network





**Is it only grass that  
makes a city green?**

**With sustainable infrastructure solutions, Siemens helps big cities become even greener.**

Ask any big city resident how to improve everyday life and you'll hear plenty of ideas: cleaner air, purer water, better public transport, crime-free streets, reliable power supply, affordable and efficient healthcare. Our answer: an extensive range of innovative products and solutions that help to make city life a greener, healthier and a more enjoyable experience.

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**SIEMENS**

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## Year at a Glance



Apart from excellent financial results, 2010 was a year of progress in vital aspects of our business pertaining to the three sectors of business: Energy, Industry and Healthcare. Here we highlight the major projects and contracts undertaken.



## October 2009

### Industry

- ✓ Received Letter of Award for Construction of External Electrification System, Underground and HT/LT overhead in DHA Lahore Rahbar Sector.

## November 2009

### Industry:

- ✓ Contract was signed with Tetra Pak Pakistan Lahore Ltd. Lahore for supply and installation works including Electrical, Mechanical, Fire Security, Fire Alarm and BMS works.

### Healthcare:

- ✓ Refurbished Gamma Camera for Dr. Ziauddin Medical University Hospital, Karachi.

## December 2009

### Energy:

- ✓ Siemens Pakistan received an order of 132 kV, 31.5 / 40 MVA Power Transformers awarded by LESCO. Siemens will deliver 20 of these to the customer.
- ✓ Quetta Electric Supply awarded their largest order for supply of 9 Nos. 132 kV, 20 / 26 MVA and 1x40MVA transformers.
- ✓ FESCO & PESCO awarded contracts of 11kV panels for medium voltage switchgear.
- ✓ IESCO awarded a large contract of Ring Main Unit for Medium Voltage Rating.

## January 2010

### Energy:

- ✓ Louis Berger and Black & Veatch awarded a USAID funded High Voltage Capacitor Bank and Shunt Reactor project to Siemens Pakistan on turnkey basis in Afghanistan.
- ✓ FESCO awarded a contract of High Voltage Product (132kV SF6 Breaker, Surge Arrestors and Disconnectors).

## February 2010

### Healthcare:

- ✓ State of the Art, Large bore CT scanner with Virtual Simulation solution for Radiation Therapy treatment for Shifa International Hospital Islamabad.

## March 2010

### Energy:

- ✓ MEPCO awarded two 132 kV high voltage grid stations to Siemens Pakistan on turn key basis.
- ✓ Siemens Pakistan successfully commissioned 67 MW Steam Turbine at 225MW Saif combined cycle power plant at Sahiwal.

### Industry:

- ✓ Three years contract was signed with ENI Pakistan for Mechanical, Electrical, Instrumentation, Civil and Pipeline works for Bhit Gas Field.

## April 2010

### Energy:

- ✓ HESCO awarded a contract of High Voltage Product (132kV SF6 Breaker and Surge Arrestors).
- ✓ Siemens Pakistan successfully completed the major overhauling of 400MW combined cycle power plant Block III at KAPCO.

### Healthcare:

- ✓ Inauguration of Al Razi Healthcare Pvt. Ltd., which is the most modern Diagnostic Imaging Center in Lahore; completely equipped with Premium Class Siemens Imaging modalities. This is the lowest radiation exposure facility in Pakistan.
- ✓ 1.5T MRI System for Sheikh Zayed Hospital Rahim Yar Khan.

## May 2010

### Energy:

- ✓ Siemens Pakistan received an export order from Ministry of Energy and Water (MEW) Kuwait for supplying 700 distribution transformers of 150 kVA rating.
- ✓ Siemens Pakistan Transformers received 'Brand of the Year 2009 Award'.

### Healthcare:

- ✓ Mobile Mammography Screening Solution in a Bus for the CSR Program being launched by Roche Pakistan.
- ✓ Lithotripsy Unit for stone localization/crushing and Endo-Urological procedures for the Pakistan Institute of Medical Sciences, Islamabad.

## June 2010

### Healthcare:

- ✓ Order from General Hospital Islamabad for Universal Remote Controlled Digital Radiography / Fluoroscopy system and Lithotripsy Unit for stone localization/crushing and Endo-Urological procedures.

## July 2010

### Energy:

- ✓ Siemens Pakistan hosted a three day '5th Annual Comprehensive Training on Protection Systems' for customers. More than 40 customers participated in this three day extensive training program covering protection systems of relays, over currents, transformers, etc.
- ✓ Siemens Pakistan field services personnel provided services for revamping of 300 MW power plant at Kirkuk, Iraq.

### Industry:

- ✓ BU Field Services launched state-of-the art Call Centre.

## August 2010

### Energy:

- ✓ Siemens Pakistan successfully energized 110kV Butkhak Substation in Kabul, Afghanistan.
- ✓ MEPCO awarded another 132 kV high voltage grid station to Siemens Pakistan on turn key basis.
- ✓ Siemens Pakistan successfully completed and commissioned Sawan and Kandhkot gas compression trains.
- ✓ Siemens Pakistan successfully dispatched 891 Nos. distribution transformers to MEPCO in a record time of 5 days despite high flooded situation in all major parts of the country to meet urgent demand of MEPCO for flood affected emergency.

### Industry:

- ✓ A contract was signed with Civil Aviation Authority Pakistan (CAA) for Benazir Bhutto International Airport (BBIAP) for Package-8B, Power and Telecommunication Networks.

# Key Operating and Financial Data

Six Years Summary	2010	2009	2008	2007	2006	2005
	Rupees in '000					
<b>Trading Results</b>						
New orders	21,013,900	16,000,855	52,236,070	32,039,600	25,337,253	17,715,216
Net turnover	26,248,842	36,149,390	26,880,742	21,901,752	20,795,847	13,132,819
Export of goods and services	487,959	439,809	1,462,098	215,882	195,623	619,692
Contracts executed outside Pakistan	10,674,064	21,507,206	12,374,212	5,610,671	4,657,654	3,271,416
Gross profit	3,875,277	3,984,416	4,030,159	3,218,529	2,451,757	1,764,595
Operating profit	1,978,140	2,327,146	2,599,965	2,022,635	1,675,351	1,383,165
Profit before tax excluding profit on sale of discontinued operations	1,578,253	2,144,439	2,564,203	1,964,574	1,508,320	1,232,899
Profit before tax from discontinued operations	-	-	-	2,646,486	-	-
Profit after tax from continuing operations	999,465	1,365,169	1,679,068	680,286	724,536	778,846
Profit after tax from discontinued operations	-	-	-	1,801,036	-	-
Earnings before interest, taxes, depreciation and amortisation	1,898,154	2,440,439	2,796,014	2,359,850	1,797,018	1,411,864
Interim dividend	247,411	247,411	247,411	233,088	279,706	233,088
Final dividend	494,822	494,822	494,822	494,822	233,088	186,470
<b>Financial Position</b>						
Share capital	82,470	82,470	82,470	82,470	77,696	77,696
Reserves including unappropriated profit	7,085,955	6,828,723	6,205,787	5,268,952	2,644,116	2,383,286
Property, plant and equipment	1,678,522	1,662,500	1,589,664	1,532,620	1,477,252	602,876
Net current assets	3,545,728	3,230,868	2,767,305	2,368,659	565,110	1,333,299
Long-term / deferred liabilities	171,675	197,857	106,091	113,680	124,290	45,536
<b>Investors Information</b>						
Gross profit ratio (%)	14.76	11.02	14.99	14.7	11.79	13.44
EBITDA Margin to sales (%)	7.23	6.75	10.40	10.77	8.64	10.75
Return on equity / capital employed (%)	13.94	19.75	26.70	46.37*	26.62	31.65
Inventory turnover ratio (in times)	5.52	7.18	5.89	6.65	7.66	5.79
Inventory turnover ratio (no. of days)	66	51	62	55	48	63
Debtor turnover ratio (in times)	1.86	2.93	3.03	3.66	5.86	9.70
Debtor turnover ratio (no. of days)	196	125	121	100	62	38
Creditor turnover ratio (in times)	2.21	2.53	2.17	2.54	2.89	2.96
Creditor turnover ratio (no. of days)	165	145	168	144	126	123
Operating cycle (no. of days)	262	176	183	155	125	101
Total assets turnover ratio (in times)	1.08	1.47	1.27	1.44	2.00	2.04
Fixed assets turnover ratio (in times)	15.71	22.23	17.22	14.55	19.99	23.28
Current ratio	1.21	1.19	1.15	1.20	1.06	1.25
Quick / acid test ratio	0.99	0.93	0.90	0.93	0.81	0.81
Price earning ratio	9.57	8.55	5.94	5.61*	10.47	6.69
Cash dividend per share (Rs)	90	90	90	90	66	54
Dividend yield ratio	0.08	0.06	0.07	0.05	0.07	0.08
Dividend pay out ratio (%)	74	54	44	29	70	54
Dividend cover ratio	1.35	1.84	2.26	3.34	1.42	1.86
Interest cover ratio	18.56	28.29	23.94	12.55*	14.74	43.00
Breakup value per share (Rs)	869.22	838.03	762.49	648.89	350.30	316.73
Market value per share (Rs)	1,160	1,415	1,210	1,689	980	671
Share price during the year						
High (Rs)	1,500	1,415	2,054	1,869	1,365	719
Low (Rs)	973	685	1,209	975	650	480
Earnings per share (Rs)	121.19	165.53	203.60	300.87*	93.57	100.24
Profit before tax in percent of sales (%)	6.01	5.93	9.54	8.97*	7.25	9.39
Profit after tax in percent of sales (%)	3.81	3.78	6.25	11.33*	3.48	5.93
*Includes profit on sale of discontinued operations						
<b>Cash Flows</b>						
Net cash flow from operating activities	(1,689,177)	(1,871,088)	2,727,427	(2,247,614)	726,384	959,010
Net cash flow from investing activities	(197,953)	(157,611)	(109,946)	2,351,293	(709,136)	(192,549)
Net cash flow from financing activities	(742,233)	(742,233)	(1,072,879)	(134,462)	(464,982)	(464,946)
Net change in cash and cash equivalents	(2,629,363)	(2,770,932)	1,544,602	(30,783)	(447,734)	301,515

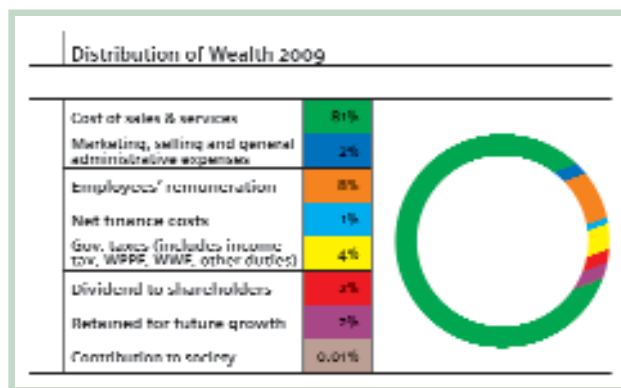
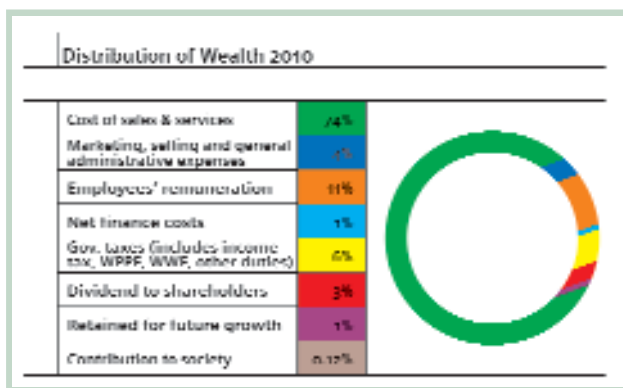
Information for stakeholders



# Statement of Value Additions

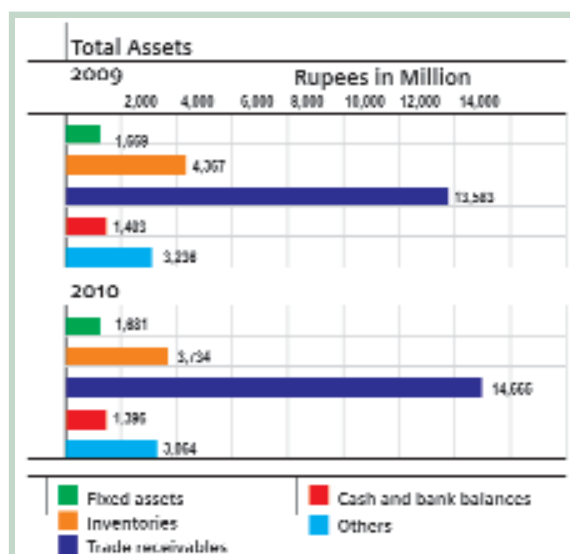
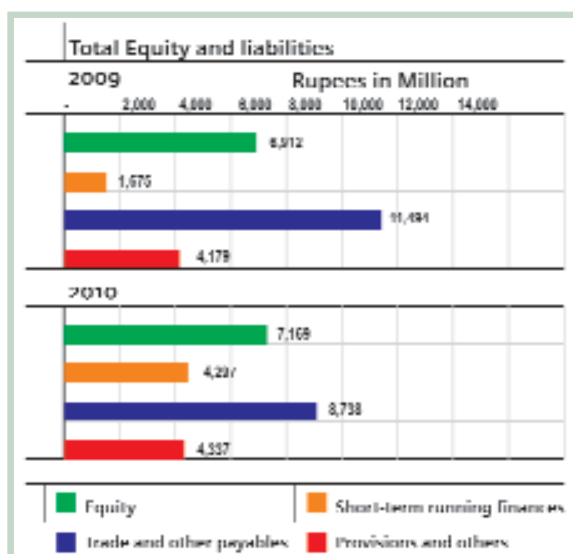
## For the year ended September 30, 2010

	2010		2009	
	Rupees in '000	%	Rupees in '000	%
<b>Wealth Generated</b>				
Net sales and services	26,248,842	99.19	36,149,390	99.47
Commission and allowances earned	67,729	0.26	186,822	0.51
Other operating income	146,425	0.55	7,644	0.02
	<b>26,462,996</b>	<b>100</b>	<b>36,343,856</b>	<b>100</b>
<b>Distribution of Wealth</b>				
1 Cost of sales and services (excluding employees' remuneration and other duties)	19,506,740	73.71	29,531,152	81.25
2 Marketing, selling and general administrative expenses (excluding employees' remuneration and other duties)	1,120,548	4.24	907,282	2.50
3 Employees' remuneration	2,828,085	10.69	2,816,214	7.75
4 Net finance costs	399,887	1.51	182,707	0.50
5 Government taxes (includes income tax, WPPF, WWF, other duties)	1,577,021	5.96	1,539,402	4.24
6 Dividend to shareholders	742,233	2.80	742,233	2.04
7 Retained for future growth	257,232	0.97	622,936	1.71
8 Contribution to society	31,250	0.12	1,930	0.01
	<b>26,462,996</b>	<b>100</b>	<b>36,343,856</b>	<b>100</b>



# Vertical Analysis of Financial Statements

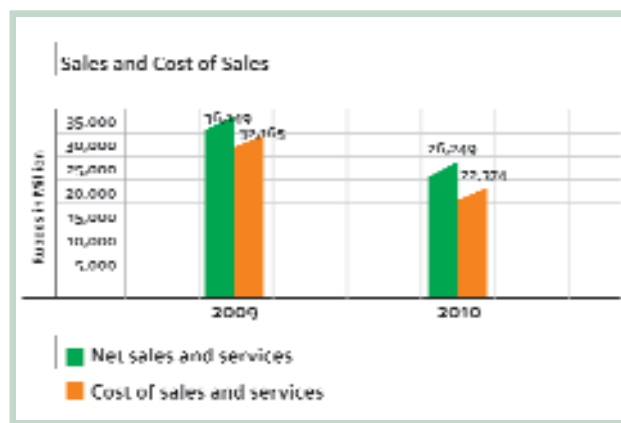
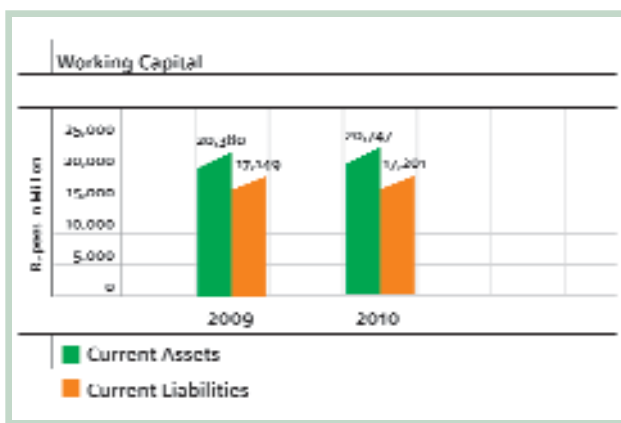
	2010		2009	
	Rupees in '000	%	Rupees in '000	%
<b>Balance Sheet</b>				
<b>Total equity and minority interest</b>	7,168,425	29.21	6,911,193	28.49
Total non-current liabilities	171,675	0.70	197,857	0.82
Total current liabilities	17,201,035	70.09	17,149,395	70.69
<b>Total equity and liabilities</b>	<b>24,541,135</b>	<b>100.00</b>	<b>24,258,445</b>	<b>100.00</b>
Total non-current assets	3,794,372	15.46	3,878,182	15.99
Total current assets	20,746,763	84.54	20,380,263	84.01
<b>Total assets</b>	<b>24,541,135</b>	<b>100.00</b>	<b>24,258,445</b>	<b>100.00</b>
<b>Profit and Loss Account</b>				
Net sales and services	26,248,842	100.00	36,149,390	100.00
Cost of sales and services	(22,373,565)	(85.24)	(32,164,974)	(88.98)
Gross profit	3,875,277	14.76	3,984,416	11.02
Commission and allowances earned	67,729	0.26	186,822	0.52
	3,943,006	15.02	4,171,238	11.54
Marketing and selling expenses	(1,483,080)	(5.65)	(1,308,787)	(3.62)
General administrative expenses	(628,211)	(2.39)	(542,949)	(1.50)
Other operating income	146,425	0.56	7,644	0.02
	(1,964,866)	(7.48)	(1,844,092)	(5.10)
<b>Operating profit</b>	<b>1,978,140</b>	<b>7.54</b>	<b>2,327,146</b>	<b>6.44</b>
Financial income	30,575	0.12	153,937	0.43
Financial expenses	(430,462)	(1.64)	(336,644)	(0.93)
Net finance costs	(399,887)	(1.52)	(182,707)	(0.51)
Profit before tax and sale of discontinued operations	1,578,253	6.02	2,144,439	5.93
Income tax expense	(578,788)	(2.21)	(779,270)	(2.16)
<b>Profit before sale of discontinued operations</b>	<b>999,465</b>	<b>3.81</b>	<b>1,365,169</b>	<b>3.77</b>
Profit on sale of discontinued operations – net of income tax	-	-	-	-
<b>Net profit for the year</b>	<b>999,465</b>	<b>3.81</b>	<b>1,365,169</b>	<b>3.77</b>



Information for stakeholders



2008		2007		2006		2005	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
6,288,257	25.38	5,351,422	30.44	3,069,316	23.82	2,460,982	31.20
106,091	0.43	113,680	0.65	124,290	0.96	45,536	0.58
18,381,034	74.19	12,115,914	68.91	9,693,190	75.22	5,381,977	68.22
<b>24,775,382</b>	<b>100.00</b>	<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>
3,627,043	14.64	3,096,443	17.61	2,628,496	20.40	1,173,219	14.87
21,148,339	85.36	14,484,573	82.39	10,258,300	79.60	6,715,276	85.13
<b>24,775,382</b>	<b>100.00</b>	<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>
26,880,742	100.00	21,901,752	100.00	20,795,847	100.00	13,132,819	100.00
(22,850,583)	(85.01)	(18,683,223)	(85.30)	(18,344,090)	(88.21)	(11,368,224)	(86.56)
4,030,159	14.99	3,218,529	14.70	2,451,757	11.79	1,764,595	13.44
161,395	0.60	248,133	1.13	615,347	2.96	579,851	4.42
4,191,554	15.59	3,466,662	15.83	3,067,104	14.75	2,344,446	17.86
(1,132,642)	(4.21)	(986,460)	(4.50)	(1,003,475)	(4.83)	(744,098)	(5.67)
(535,643)	(1.99)	(570,943)	(2.61)	(440,988)	(2.12)	(292,956)	(2.23)
76,696	0.29	113,376	0.52	52,710	0.25	20,107	0.15
(1,591,589)	(5.92)	(1,444,027)	(6.59)	(1,391,753)	(6.70)	(1,016,947)	(7.75)
2,599,965	9.67	2,022,635	9.24	1,675,351	8.05	1,327,499	10.11
218,030	0.81	258,878	1.18	82,222	0.40	30,092	0.23
(253,792)	(0.94)	(316,939)	(1.45)	(249,253)	(1.20)	(124,692)	(0.95)
(35,762)	(0.13)	(58,061)	(0.27)	(167,031)	(0.80)	(94,600)	(0.72)
2,564,203	9.54	1,964,574	8.97	1,508,320	7.25	1,232,899	9.39
(885,135)	(3.29)	(980,880)	(4.48)	(783,784)	(3.77)	(454,053)	(3.46)
1,679,068	6.25	983,694	4.49	724,536	3.48	778,846	5.93
-	-	1,497,628	6.84	-	-	-	-
<b>1,679,068</b>	<b>6.25</b>	<b>2,481,322</b>	<b>11.33</b>	<b>724,536</b>	<b>3.48</b>	<b>778,846</b>	<b>5.93</b>



## Horizontal Analysis of Financial Statements

	2010 Rupees in '000	2009 Rupees in '000	2008 Rupees in '000	2007 Rupees in '000
<b>Balance Sheet</b>				
<b>Total equity and minority interest</b>	<b>7,168,425</b>	6,911,193	6,288,257	5,351,422
Total non-current liabilities	171,675	197,857	106,091	113,680
Total current liabilities	17,201,035	17,149,395	18,381,034	12,115,914
<b>Total equity and liabilities</b>	<b>24,541,135</b>	24,258,445	24,775,382	17,581,016
Total non-current assets	3,794,372	3,878,182	3,627,043	3,096,443
Total current assets	20,746,763	20,380,263	21,148,339	14,484,573
<b>Total assets</b>	<b>24,541,135</b>	24,258,445	24,775,382	17,581,016
<b>Profit and Loss Account</b>				
Net sales and services	26,248,842	36,149,390	26,880,742	21,901,752
Cost of sales and services	(22,373,565)	(32,164,974)	(22,850,583)	(18,683,223)
Gross profit	3,875,277	3,984,416	4,030,159	3,218,529
Commission and allowances earned	67,729	186,822	161,395	248,133
	3,943,006	4,171,238	4,191,554	3,466,662
Marketing and selling expenses	(1,483,080)	(1,308,787)	(1,132,642)	(986,460)
General administrative expenses	(628,211)	(542,949)	(535,643)	(570,943)
Other operating income	146,425	7,644	76,696	113,376
	(1,964,866)	(1,844,092)	(1,591,589)	(1,444,027)
Operating profit	1,978,140	2,327,146	2,599,965	2,022,635
Financial income	30,575	153,937	218,030	258,878
Financial expenses	(430,462)	(336,644)	(253,792)	(316,939)
Net finance costs	(399,887)	(182,707)	(35,762)	(58,061)
Profit before tax and sale of discontinued operations	1,578,253	2,144,439	2,564,203	1,964,574
Income tax expense	(578,788)	(779,270)	(885,135)	(980,880)
Profit before sale of discontinued operations	999,465	1,365,169	1,679,068	983,694
Profit on sale of discontinued operations – net of income tax	-	-	-	1,497,628
<b>Net profit for the year</b>	<b>999,465</b>	1,365,169	1,679,068	2,481,322



2006 Rupees in '000	2005 Rupees in '000	% increase / (decrease) over preceeding year					
		2010	2009	2008	2007	2006	2005
3,069,316	2,460,982	3.72	9.91	17.51	74.35	24.72	14.55
124,290	45,536	(13.23)	86.50	(6.68)	(8.54)	172.95	343.99
9,693,190	5,381,977	0.30	(6.70)	51.71	24.99	80.10	90.04
12,886,796	7,888,495	1.17	(2.09)	40.92	36.43	63.36	58.07
2,628,496	1,173,219	(2.16)	6.92	17.14	17.80	124.04	57.05
10,258,300	6,715,276	1.80	(3.63)	46.01	41.20	52.76	58.25
12,886,796	7,888,495	1.17	(2.09)	40.92	36.43	63.36	58.07
20,795,847	13,132,819	(27.39)	34.48	22.73	5.32	58.35	84.70
(18,344,090)	(11,368,224)	(30.44)	40.76	22.31	1.85	61.36	94.05
2,451,757	1,764,595	(2.74)	(1.14)	25.22	31.27	38.94	40.93
615,347	579,851	(63.75)	15.75	(34.96)	(59.68)	6.12	170.47
3,067,104	2,344,446	(5.47)	(0.48)	20.91	13.03	30.82	59.86
(1,003,475)	(744,098)	13.32	15.55	14.82	(1.70)	34.86	39.87
(440,988)	(292,956)	15.70	1.36	(6.18)	29.47	50.53	50.48
52,710	20,107	1,815.55	(90.03)	(32.35)	115.09	162.15	(34.31)
(1,391,753)	(1,016,947)	6.55	15.86	10.22	3.76	36.86	46.10
1,675,351	1,327,499						
82,222	30,092	(80.14)	(29.40)	(15.78)	214.85	173.24	(7.10)
(249,253)	(124,692)	27.87	32.65	(19.92)	27.16	99.89	195.96
(167,031)	(94,600)	118.87	410.90	(38.41)	(65.24)	76.57	871.35
1,508,320	1,232,899	(26.40)	(16.37)	30.52	30.25	22.34	62.07
(783,784)	(454,053)	(25.73)	(11.96)	(9.76)	25.15	72.62	30.42
724,536	778,846	(26.79)	(18.69)	70.69	35.77	(6.97)	88.78
-	-	-	-	(100.00)	-	-	-
724,536	778,846	(26.79)	(18.69)	(32.33)	242.47	(6.97)	88.78





# Overall Corporate Strategies

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People Excellence, Portfolio Expansion, Operational Excellence and Corporate Responsibility are the foundation stones of our strategy to achieve our vision and mission. These include:

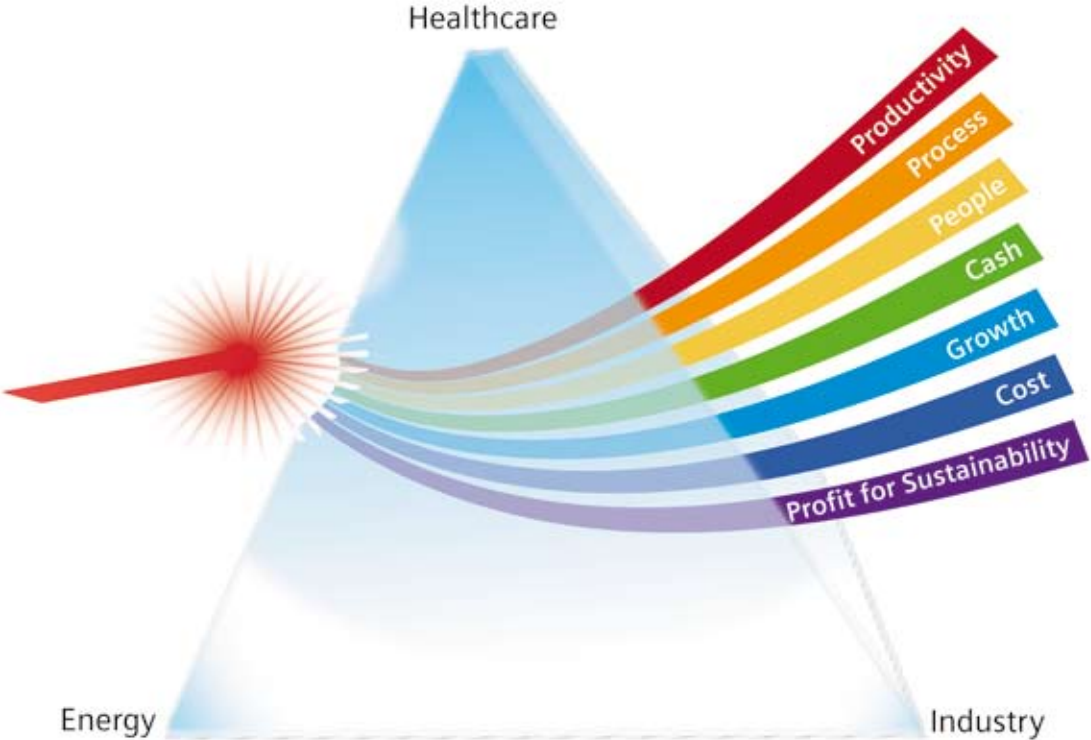
- ✓ Ensuring management commitment to quality
- ✓ Embedding high level of quality in all spheres of our operations through professional tools and methodologies, ensuring that employees at all levels master these tools in carrying out their missions within the company, while observing all safety regimens, 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 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

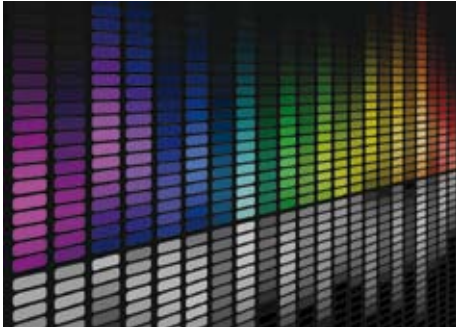


# Mid-to-long term Strategy

**SIEMENS**

## *Prism of Success* <sup>2015</sup>





## ^ Colors of Prism

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	<b>Productivity</b>	To enhance operational productivity by utilizing the same or reduced resources through Innovation and Excellence at individual and collective level
	<b>Process</b>	Optimization of processes and their execution with responsibility and efficiency
	<b>People</b>	To be Excellent, Responsible & Innovative. To convert the Human Capital into the most valuable asset of the Company
	<b>Cash</b>	Cash is Green. To convert negative cash into healthy positive balance
	<b>Growth</b>	Siemens is not here just to survive but to follow natural tendency of Growth. To utilize the true growth potential of Siemens Pakistan through <i>pushME</i>
	<b>Cost</b>	Each penny counts. Employees to be entrusted with the responsibility of minimizing the unavoidable cost of doing and steering business
	<b>Profit for Sustainability</b>	To improve profit by innovative and excellent strategies in order to maintain sustainable business

# We Stand for Our Values

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## 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



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## 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

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“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:

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## 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 leeway 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.

**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).





Code of Conduct includes guidance on behavioral requirements, conflict of interest and treatment of third parties.

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## 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.



Code of conduct includes guidance on compliance, legal, and responsibility.

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## 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.

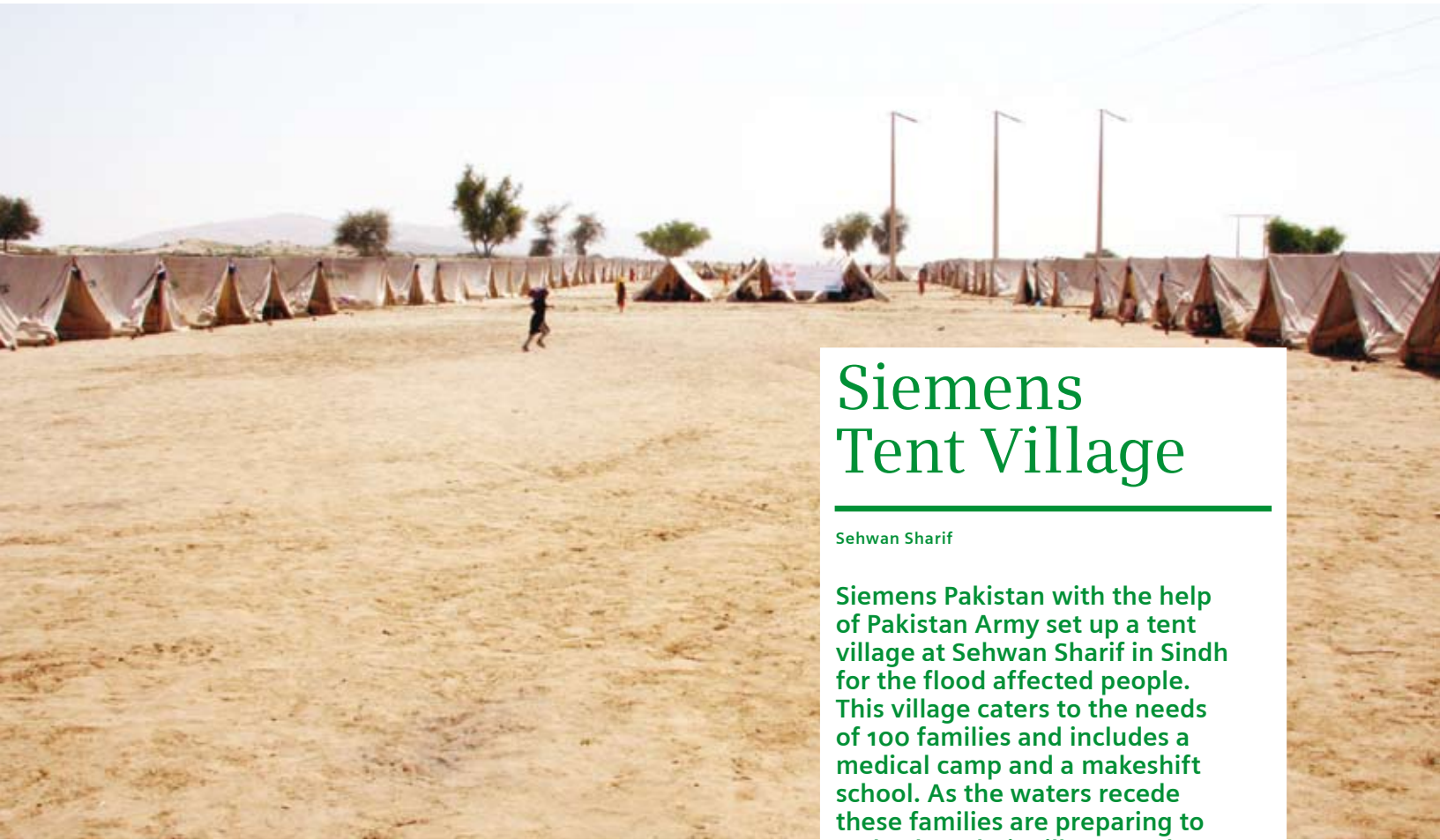
All complaints can be submitted both confidentially and anonymously, and all complaints will be investigated. Corrective measures will be implemented, if necessary.

## 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.



## Siemens Tent Village

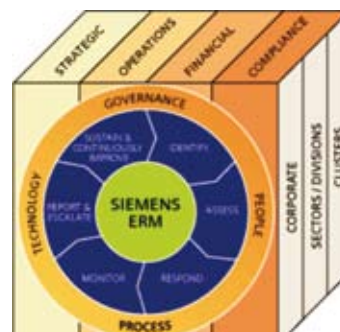
Sehwan Sharif

Siemens Pakistan with the help of Pakistan Army set up a tent village at Sehwan Sharif in Sindh for the flood affected people. This village caters to the needs of 100 families and includes a medical camp and a makeshift school. As the waters recede these families are preparing to go back to their villages and Siemens will donate these tents to the families living in them so they can have some shelter as they rebuild their homes washed away in floods.





# Risk Management



Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. Risks can come from uncertainty in markets, project failures, legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attacks from an adversary.

Risk management at Siemens is based on a comprehensive, interactive and management-oriented Enterprise Risk Management (ERM) approach that is integrated into the organization and that addresses both risks and opportunities. The ERM System is based on the globally accepted COSO II "Enterprise Risk Management – Integrated Framework" structuring an organization's objectives into the four categories Strategic, Operational, Financial and Compliance.

ERM provides a framework for risk management, which typically involves identifying particular events or circumstances relevant to the company's objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring progress. By identifying and proactively addressing risks and

opportunities, value is created and protected for stakeholders, including owners, employees, customers, regulators and society overall.

The ERM process serves for early identifying, evaluating and responding to those risks and opportunities that could materially affect the achievement of our strategic, operational, financial and compliance objectives. In order to enable a comprehensive view on our business activities, risks and opportunities are identified in a structured way combining elements of a top-down and bottom-up approach.

Risks and opportunities are reported to appropriate levels of management on a quarterly basis whereas the regular reporting process is complemented by an ad-hoc reporting process to escalate critical issues in a timely manner.

In view of the significance of the subject, an ERM Committee of the Company's Board of Directors has been constituted which meets on a quarterly basis to review and give directions on major and high level opportunities and risks.

# Company Information



## Board of Directors

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### Syed Babar Ali

Chairman

### Sohail Wajahat H. Siddiqui

Chief Executive Officer

### Gerhard Wilcke

Director

### Joerg Steinhäuser

Director

### Christian Knie

Director

### Dr. Udo Niehage

Director

### Bahauddin Khan

Director

### Dietmar Siersdorfer

Director

## Company Secretary

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### Mohammad Rafi

## Management

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### Sohail Wajahat H. Siddiqui

Chief Executive Officer

### Gerhard Wilcke\*

Chief Financial Officer

### Nasim A. Siddiqui

Executive Director – Industry

### S. Nadeem Ali Kazmi

Executive Director - Energy

### Syed Asadullah

Executive Director – Healthcare

## Registered Office

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

## Bankers

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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 (Dubai)  
Standard Chartered Bank  
(Pakistan) Limited

## Auditors

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Ernst & Young Ford Rhodes Sidat Hyder

## Tax Advisor

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KPMG Taseer Hadi & Co.

## Registrar and Share Transfer Agent

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THK Associates (Pvt.) Ltd., Karachi

\* Resigned on September 30, 2010. Effective October 1, 2010 Murtaza Abbas Mooman has been appointed as Chief Financial Officer.



SIEMENS

FIRE ZONE  
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FIRE ZONE  
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01

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**Joerg Steinhäuser**

Director



**Sohail Wajahat H. Siddiqui**

Chief Executive Officer



**Syed Babar Ali**

Chairman



**Dietmar Siersdorfer**

Director

**Bahauddin Khan**

Director

**Christian Knie**

Director

**Dr. Udo Niehage**

Director



# Syed Babar Ali

Chairman



## Term of office:

Dec 16, 1991, re-elected on Nov 26, 2009

## Skills and experience

As an entrepreneur and industrialist, Syed Babar Ali envisioned and set up Packages Limited (Pakistan's largest paper and board mill), Milkpak Limited—now Nestle Pakistan Limited (the largest food processing company in Pakistan), Tetra Pak Pakistan Limited, IGI Insurance Company Limited, Tri-Pack Films Limited and IGI Investment Bank. He believes in the philosophy of joint ventures and most of his businesses are joint ventures with major multinationals.

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 of Lahore: Aitchison College, Kinnaird College and Lahore School of Economics. He is also a founding member of the South Asia Initiative of Harvard University and the Co-Chair of South Asia Centre for Policy Studies currently based in Nepal. He served as Pakistan's Minister of Finance & Economic Affairs in 1993.

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 set up Babar Ali Foundation in 1985. The Foundation gives about a million dollars a year primarily for education and health in Pakistan. He is also a member of Layton Rehmatullah Benevolent Trust Karachi and Shalamar Hospital Lahore.

## Honours and Awards

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).

## Other directorships and offices

### Chairman

- ✓ 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
- ✓ Sanofi - Aventis Pakistan Ltd

### Director

- ✓ Nestle Milkpak Ltd
- ✓ Bayer Cropscience Pakistan (Pvt) Ltd

## Board committee membership

- ✓ None



# Sohail Wajahat H. Siddiqui

Chief Executive Officer



## Term of office:

Oct 1, 1999, re-elected on Nov 26, 2009

## Education:

MS in Electronic Engineering, London, UK.

## Skills and experience

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

## Honours and Awards

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.

## Other directorships and offices

### Chairman

- ✓ Red Crescent Society Sindh Provincial Branch

- ✓ Strategic Advisory Board Tabba Heart Institute
- ✓ International Chamber of Commerce

### Director

- ✓ Atlas Engineering Limited
- ✓ Pakistan Business Council

### Board committee membership

- ✓ Compliance committee
- ✓ Enterprise risk management committee

### Member

- ✓ Governing Body, Institute of Business Administration, Karachi
- ✓ Governing Body, Lahore University of Management Sciences
- ✓ Board of Management, Engineering Development Board, Govt. of Pakistan
- ✓ Governing Body, Pakistan Engineering Council
- ✓ Governing Body, Legand Trust (Financial & Medical Assistance to Renowned Artists), Govt. of Sindh

# Dietmar Siersdorfer

Director



Before coming to the power generation business, Mr. Siersdorfer was employed at Siemens Industry Solutions and Services, being the head of the subdivision for Manufacturing Execution Systems. In this function Mr. Siersdorfer conducted business activities on a global scale with major customers in the oil and gas, food & beverage, power generation, chemicals, automotive and manufacturing industries.

Prior to this, Mr. Siersdorfer's business activities spanned more than 2 years at regional company headquarters in Kuala Lumpur (Malaysia), where he was actively engaged in business promotion activities for Industrial Solutions and Services in various countries through Southeast Asia and in particular in Pakistan.

In 1987 Mr. Siersdorfer joined Siemens in Mannheim/Germany, where he was responsible as project manager and later as Department manager.

Mr. Siersdorfer started his professional career with a position at a smaller German mechanical engineering company for around 2 ½ years after completing his course of studies in the field of Telecommunication Engineering in 1985.

## Other directorships and offices

### Chief Executive Officer

- ✓ Energy Sector – Cluster Middle East

### Board Committee membership

- ✓ Audit committee

**Term of office:**  
Jul 6, 2010

**Education:**  
Telecommunication Engineering

### Skills and experience

Mr. Siersdorfer took over the present responsibility for the Siemens Energy Business in the Cluster Middle East in June 2007. This encompasses the whole set of divisions from Oil & Gas, Fossil Power Generation, Power Transmission, Power Distribution, Renewable Power and Services.

Prior to this assignment he was the President of the global Fossil Energy Solutions business within the Siemens Power Generation, with a total business volume of €4 billion with 4000 employees.

From May 2004 to October 2006, Mr. Siersdorfer was Executive Senior Vice President for Fossil Power Generation for Europe, Africa, Middle East and India, and was responsible for sales and marketing in those regions.

# Dr. Udo Niehage

Director



the year 2000, Dr. Niehage returned back to Siemens as Head of Medium Voltage Switchgear Subdivision. 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.

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.

## Other directorships and offices

### Chief Executive Officer

- ✓ Power Transmission Division, Siemens AG, Germany

### Chairman

- ✓ Siemens Malaysia, SDN BHD

### Director

- ✓ Siemens Ltd. Australia
- ✓ Siemens Energy, Inc., USA

### Board committee membership

- ✓ Compliance committee

**Term of office:**  
Apr 10, 2008, re-elected on Nov 26, 2009

**Education:**  
Doctor's degree in engineering

### Skills and experience

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

# Christian Knie

Director



divisions of Siemens AG as CFO including Siemens Limited, Seoul.

### Other directorships and offices

#### Chief financial officer

- ✓ Siemens, Egypt
- ✓ Middle East Cluster

#### Board committee membership

- ✓ Audit committee
- ✓ Compliance committee
- ✓ Enterprise risk management committee

#### Term of office:

Jul 30, 2009, re-elected on Nov 26, 2009

#### Education

Master in Business Administration from Heriott Watt University and Knightsbridge University, Denmark, PhD from Western Pacific University, USA.

#### Skills and experience

Mr. Knie, an Austrian national, has 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

# Joerg Steinhaeuser

Director



### Other directorships and offices

#### Vice President

- ✓ Corporate Shareholding Controlling department of Siemens AG

#### Director

- ✓ Siemens Limited Egypt
- ✓ Siemens Limited Middle East FZ-LLC, Dubai

#### Board Committee membership

- ✓ Audit committee
- ✓ Compliance committee
- ✓ Enterprise risk management committee

#### Term of office:

Jul 30, 2009, re-elected on Nov 26, 2009

#### Education:

Master of Economics (VWA)

#### Skills and experience

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.



# Bahauddin Khan

Director



## Term of office:

Jul 6, 2010

## Education

M.B.A., Quaid-e-Azam University, Islamabad

## Skills and experience

Senior executive with 28 years of acumen in banking sector. Proven proficiency in areas including Operations, Compliance, Information Technology, Trade Finance and Treasury along with broad spectrum expertise in Human Resources Management and General Administration. Wide and varied leadership experience comes from working for some of the leading multi-national and local big banks like Standard Chartered Bank, Deutsche Bank, United Bank and Union Bank Limited. Result oriented individual with analytic and structured approach to

business problems. Possesses sound understanding of key strategic, operational and administrative concepts and practices. Team oriented individual who has excelled in most challenging environments, with ability-to deliver by executing business strategies and setting goals for the organization and in-turn converting them into tangible favorable results. Besides serving on various senior management committees during his career, currently serving on the Board of two organizations,

## Other directorships and offices

### Chairman

- ✓ National Institutional Facilitation Technologies limited (NIFT)

### Director

- ✓ National Investment Trust limited

### Group Executive / SEVP

- ✓ United Bank Limited

### Board Committee membership

- ✓ Audit committee

# Awards & Accolades



# Achievements

## Top Ten Chief Information Officers (CIO's) Middle East Award

Asad Ahmed, former CIO, Siemens Pakistan was awarded for "the Value IT Project" which involved out tasking IT services to Siemens Pakistan and potentially bringing the 'IT Cost per employee' for Middle East Cluster down by 15% - 20%. His dedicated and result oriented efforts were duly recognized through this award urging IT specialists to mould their inputs and strategies in line with the best outcomes they could produce.

CIO Strategies Middle East is the most exclusive event in the region's ICT industry. Building on its success in previous years, CIO Strategies Middle East brings CIO's and senior IT directors from Fortune 1000 companies together to source solutions, forge partnerships and set strategies for the year ahead.



^ Siemens Pakistan wins "Value IT Project" award for cutting down "IT cost per employee". The award was received by Asad Ahmed, former CIO Siemens Pakistan.

## 4th CSR National Excellence Awards

The 4th CSR National Excellence Awards organized by Help International Welfare Trust and the CSR Association of Pakistan recognized Siemens Pakistan as amongst the top companies which emphasize on CSR activities as part of their corporate strategies.

The awards were initiated to encourage the companies who have already been active in the field of CSR to have higher aspirations in making the community a better place through their business.

Siemens Pakistan won the award for the 'Best CSR report' 2009 which highlighted the different projects envisioned and executed by Siemens Pakistan including the "Light for Life" project and the "Apprenticeship program". The award was received by Director Communications Siemens Pakistan Mr. Zia Ul Islam Zuberi from Mr. Sheikh Muhammad Afzal Ali Minister for Environment and Alternate Energy Government of Sindh. Also present were Mr. Mr. V.S. Sidath Kumar Consul General of Sri Lanka and Mr. Khawaja Ishar-ul-Hassan Advisor to CM Sindh



^ Siemens Pakistan wins 4th CSR National Excellence Award for best CSR Report 2009. The award is received by Zia ul Islam Zuberi, Director Communications.



## Best place to work Survey

Siemens secured 2nd place amongst peers in the Manufacturing industry in the best place to work 2010 survey announced by the PSHRM (Pakistan Society of Human Resource Management) HR Awards ceremony. The results were based on the number of highly engaged employees within each company, measured by the percentage of responses received in the "Strongly agree" category for 40 statements in the questionnaire. The survey aimed to highlight the internal rather than the external perspectives of companies and their operations, Siemens winning 2nd prize demonstrates the credibility of the organization and satisfaction of employees amongst its peers.



^ ,Best Place to Work' survey was carried out where Siemens Pakistan secured 2nd place amongst peers in the manufacturing industry.

## Environment Excellence Award for seventh time

The National Forum for Environment and Health, a non-government and non-profit organization established in June 1999 instituted this award seven years ago with the aim to facilitate, promote and help create environmental, healthcare and educational awareness among the masses in general, youth and children in particular. The organization is affiliated with the United Nations Environmental program (UNEP) and supported by the Ministry of Environment government of Pakistan. The annual Environmental Excellence awards have now become the benchmark for industry in Pakistan. Siemens Pakistan maintained its winning streak by winning the coveted Environment Excellence Award for 7th year in a row.



^ Siemens Pakistan wins Environment Excellence Award 7th year in a row. The award was received by Mansoor Iqbal Khan, Director Corporate Quality & Process Excellence.

These awards over the last many years have been made possible by pursuance of Siemens A.G. guidelines and environmental policies and concerted efforts and dedication of our Corporate Quality and Process Excellence Department headed by Mr. Mansoor Iqbal Khan.



^ Siemens Pakistan wins P@sha ICT awards 2009 in the "Service Innovation" category. The award was received by Asad Ahmed, former CIO Siemens Pakistan.

## Annual Pasha ICT Awards

In celebration of the innovation and growth of Pakistan IT and IT enabled services industry, the P@sha ICT awards were organized, with awards for 20 different categories to recognize IT specialists across the IT community.

Siemens Pakistan won the P@sha ICT awards 2009 under the "Service Innovation" category and was recognized for its "Value IT project". The award was accepted by former CIO, Siemens Pakistan, Mr Asad Ahmed.

## Annual Report 2009 Judged Best Corporate Report - Pakistan

The Board feels immense pleasure in informing the shareholders that consistent with last year, the Company's Annual Report 2009 was declared the Best Corporate Report in the Engineering Sector. This is again 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.



^ Siemens Pakistan wins Best Corporate Report 2009 in the Engineering sector. The award was received by Murtaza Abbas.

## Top 25 Companies Award

Siemens again joins the elitist club at the Karachi Stock Exchange (KSE) and secured 1st position both for the years 2009 & 2008, 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 performer 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.



^ Siemens Pakistan secures first position for the years 2008 and 2009 at the Top 25 Companies award organized by Karachi Stock Exchange.

## 5th Consumer Choice Awards:

The Consumer Choice Awards 2009 were 5th of their kind which conducted extensive surveys across consumers in the market to identify the best products and services provided by companies in various categories. These awards are the project of Consumers Association of Pakistan and Siemens Pakistan was honored in consumer's first choice category with Motors and Diesel Generating Sets. The awards were received by Mr. Khurram Mehdi and Mr. Naushad Alam of Siemens.



^ Siemens Pakistan wins 5th Consumer Choice awards in the „Motors & DG sets“ category. The award was received by Khurram Mehdi and Naushad Alam.

## Brands of the Year Award 2009

Brands of the Year Award 2009 was presented to Siemens Pakistan Engineering Co. Ltd. in the category of Transformer. It was received by Mr. Ishtiaq Ul Haq Divisional Director BU Transformers Siemens Pakistan from the Prime Minister of Pakistan Mr. Yusuf Raza Gilani. The award is organized jointly by The Exhibitors, government of Pakistan and several related government agencies.



^ Siemens Pakistan wins Brands of the Year award 2009. The award was received by Ishtiaq-ul- Haq, DD BU Transformers.

## Certificate from Employers' Federation of Pakistan

Employers' Federation of Pakistan awarded certificate to Siemens Pakistan Eng.Co.Ltd. In appreciation of their participation in the EFP Award Competition on Best Practices Occupational Safety, Health and Environment Organized By : EFP/ILO at the World Day on "Safety & Health at Work". The award was received by Mr. Aijaz Ahmed of Siemens from Mr. Saghir Ahmad provincial minister for health government of Sindh.



^ Siemens Pakistan was awarded a certificate in recognition of their participation in the EFP award competition. The certificate was received by Ejaz Ahmed of CQPE.

## Best Corporate Newsletter Award

Siemens Pakistan for the fourth year in a row won the "Best Corporate Newsletter Award" from NCCA Pakistan. At the 41st Annual awards of the organization. The award was received by Siemens graphic designer Ms. Farzana Hussain from the advisor to Prime Minister on Textiles Mr. Ikhtiar Beg. Also present is Mr. Asad Abid former General Secretary All Pakistan Newspapers society



^ Siemens wins Best Corporate Newsletter for the fourth time. The award was received by Farzana Hussain of Communications.



# 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, 2010 together with auditor's report thereon.

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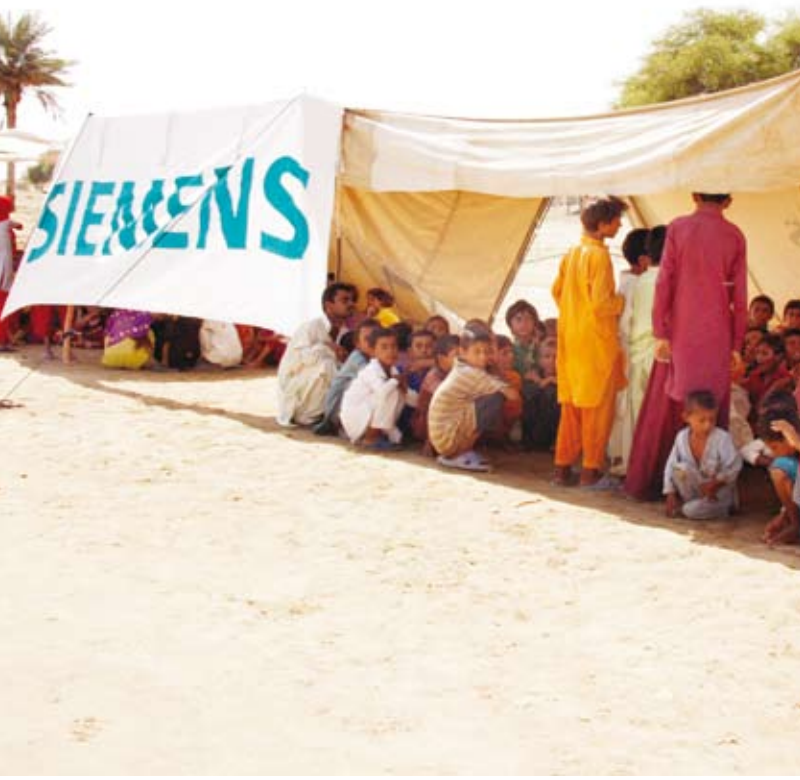
Through various board committees and meetings of the Board, the Directors of your Company were actively focused in considering matters of significance and taking actions and decisions according to the need and appropriateness, with the objective of maximization of shareholders wealth, safeguarding the interest of the shareholders and promoting market confidence. The decision to cease further bidding in Dubai is one of such decisions and we are thankful to you for posing confidence on us by approving the same in the Extra Ordinary General Meeting.

Like year 2009, the current year also 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 and political instability in the country. These factors predominantly contributed to decreased turnover and profitability for the Company.

We are proud to have an excellent management team and dedicated and hard working employees and workforce who contributed a lot in the success and growth of the company not only in the current year but in the past also. We express our sincere thanks to the management team and our hundreds of dedicated employees, whose extraordinary efforts have enabled Siemens to thrive, even during incredibly difficult economic times.









## Pakistan's Flood and Siemens' response



A truck load of relief goods handed over to Pakistan Army as part of Siemens contributions for flood relief.



Relief goods handed over to Pakistan Army for Siemens Tent Village set up near Sehwan Sharif.



Flood Relief Camp set up at company premises to collect relief goods from employees.

In the last quarter of the current fiscal, Pakistan's chronically embattled economy received its biggest jolt yet when devastating floods triggered by the monsoon, wreaked havoc in the country, causing millions of peoples displaced and thousands of deaths. The United Nations estimates that more than 20 million have lost their homes in Pakistan, with around 8% of the population displaced.

The directors, management and employees felt the pain in their hearts for their country men and decided to help the needy in these difficult times. To ensure uninterrupted power supply to mobile hospitals operating in the area, the board decided to donate Diesel Generating Sets worth Rs 30 million. The Company also established a flood relief committee to spearhead relief efforts by the company. A camp was set up at the sprawling Siemens Industrial complex to collect relief goods and a special bank account was created where employees of Siemens group could deposit and remit cash donations. The company matched every donation with an equal amount. The Committee procured and delivered tents, food hampers and clean water for the displaced people. A "Siemens Tent Village" for 100 families was also established in Sehwan Sharif in Sindh.

The global Siemens family rose to the challenge organizing fund collecting drives and donating cash and equipment for the flood affected people of Pakistan. Within the first few days Siemens AG collected and donated Euro 1 hundred thousand to the German Red Cross to set up mobile clinics in the affected areas.



**Economy and our measures**



**Attendance at the Annual General Meeting**



**Address at the Annual General Meeting**

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## National Economy

The national economy experienced further deterioration in comparison to the corresponding 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 wide spread devastation of flood would lead to missing this year's GDP target of 4.5% and the government's already depleted coffers may be further strained by the crisis. Initial estimates state that the fiscal deficit may rise to as much as 8% of the GDP. The floods have destroyed crops worth around \$1 billion including much of the country's main exports like rice, cotton and sugarcane. Nature's fury may also add to Pakistan's inflationary woes. Consumer prices eased a bit in July, rising 12.34% year-on-year compared to 12.69% in June, but the worst may be yet to come.

The government has cut down massively in development funds and capital expenditure and we expect that it would have impact on the Company's business in the years to come.

## Performance Outlook

Being part of the local industry and like other companies, Siemens Pakistan was also hit hard by the international crisis, domestic economic crisis, political uncertainties, law and order situation etc. During the year, we continued progress on a number of fronts, all designed with the goal of strengthening your Company and building shareholder value.

Despite all these odds and difficulties, the performance of the Company remained within the limits set for the year. An overview of key performance indicators has been summarized as follows:



### Measuring Performance



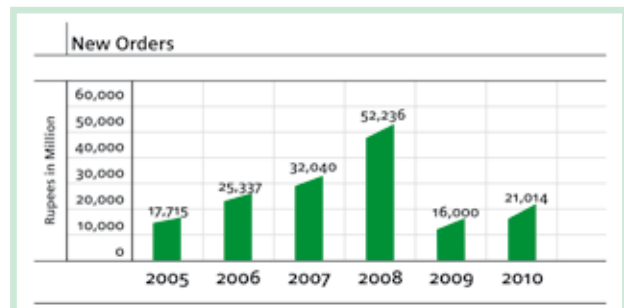
### Performance outlook and global comparison



### New orders, sales turnover, profitability and earnings per share

#### New Orders

New orders of Rs 21 billion have been received during the year showing an increase of 31% over the corresponding period of last year. In view of the circumstances mentioned in the aforementioned paragraphs, this appears to be a significant achievement. The major contributor to this achievement comprises of order for New Benazir Bhutto International Airport Islamabad and various orders from public utility companies in the field of energy sector.



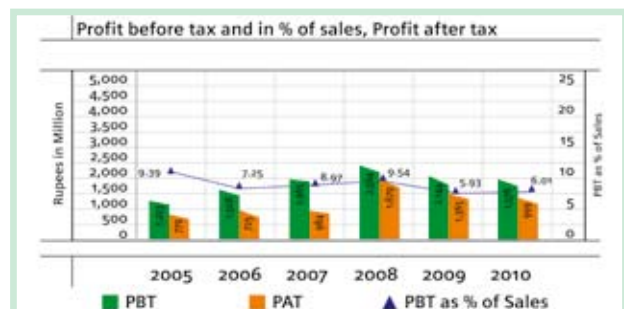
#### Sales turnover

The company was able to achieve the sales volume of Rs 26.248 billion showing a decrease of 27% over previous year. The reduction in sales is mainly due to drastic reduction in new orders intake during year ended September 30, 2009 which were mere Rs 16 billion. The total sales includes Rs 10.674 billion (2009: Rs 21.5 billion) conducted in Dubai, UAE and in Afghanistan in the area of construction of high voltage substations.



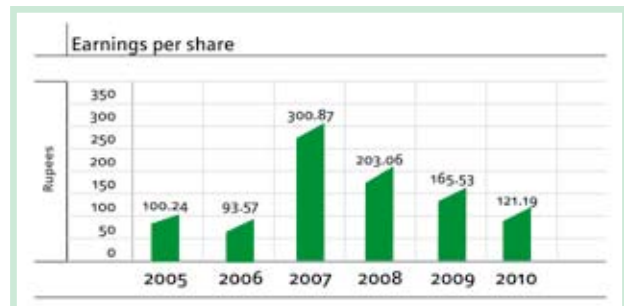
#### Profitability

In line with the reduction in sales volume, the profit before tax also recorded a decline in absolute terms and stood at Rs 1.578 billion, showing a decline of 26% as compared to the corresponding period of previous year. However, the profit as a percentage of sales remain same at 6%. Simultaneously, the profit after tax also recorded a decrease of 27%. In addition to the reduction in sales volume, the main contributor of erosion of profitability is the unfavorable exchange rate movement and provision made against doubtful debts.



#### Earnings per share

The earnings per share (EPS) after taxation was Rs 121.19 (2009: Rs 165.53). As there is no movement in the number of shares, the only contributor to this decline in EPS is the low profitability.







# Business Segments and Performance



**Copper Cutting machine in operation**



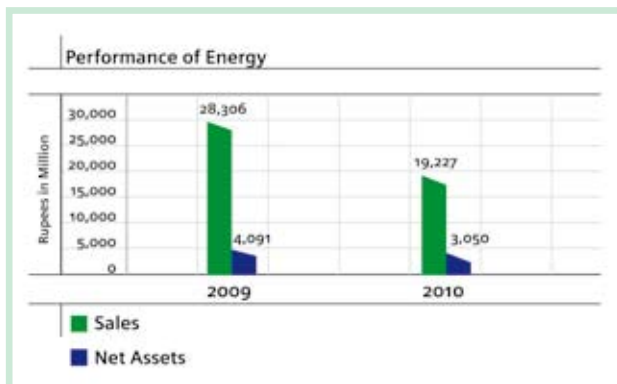
**Quality Assurance - Cross functional teamwork**



**Switchboards**

## Energy

- ✓ Fossil and Power Generation
- ✓ Oil & Gas
- ✓ Energy Services
- ✓ Renewable Energy
- ✓ Power Distribution
- ✓ Power Transmission



## Segment Performance

In the area of turnover and profitability, the Energy segment outperformed all other segments, with turnover of Rs 19,227 million and before tax profit of Rs 1,381 million. This achievement is mainly attributable to high voltage substations business in Dubai, UAE and supply of power and distribution transformers to various public utility companies. In the area of order intake the segment received orders worth 13.896 billion. The major activities during the year include:

- ✓ Successful commissioning of 67 MW Steam Turbine at 225 MW Saif combined cycle power plant at Sahiwal
- ✓ Received an export order from Ministry of Energy and Water (MEW) Kuwait for supplying 700 distribution transformers of 150 kVA rating
- ✓ Field services personnel provided services for revamping of 300 MW power plant at Kirkuk, Iraq
- ✓ Successfully energized 110 kV Butkhak Substation in Kabul, Afghanistan
- ✓ Multan Electric awarded another 132 kV high voltage grid station on turn key basis
- ✓ Successfully completed and commissioned Sawan and Kandhkot gas compression trains
- ✓ Successfully dispatched 891 Nos. distribution transformers to Multan Electric in a record time of 5 days despite high flooded situation in all major parts of the country

The sector hosted a three day '5th Annual Comprehensive Training on Protection Systems' for customers. More than 40 customers participated in this three day extensive training program covering protection systems of relays, over currents, transformers, etc.

## 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 Gharo - Keti-Bandar area alongwith the expertise of Siemens bring the Energy Sector at an advantage to capture this segment in future.



Core stamping press



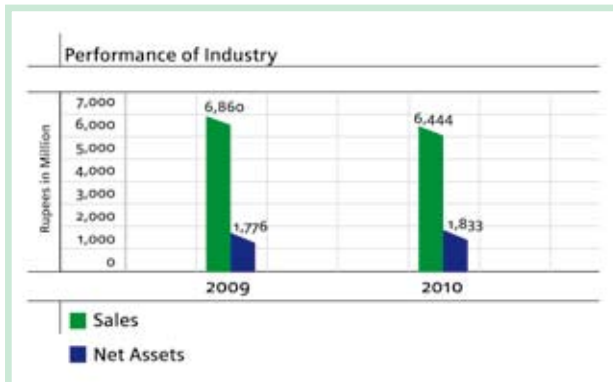
Gen. Set assembling



Motor assembling

## Industry

- ✓ Industry Automation and Drive Technologies
- ✓ Building Technologies
- ✓ Industrial Solutions
- ✓ Mobility



## Segment Performance

The Industry Segment was able to secure new orders of Rs 6,836 million during the year. The segment also achieved a turnover of Rs 6,444 million. The segment profit increased by 11% and stood at Rs 372 million. The major activities during the year include:

- ✓ Execution of order received from School Education Department, Government of Punjab for setting up IT Labs in 1,305 schools within a record time
- ✓ Contract for power and telecommunication works for the New Benazir Bhutto International Airport in Islamabad.
- ✓ With the inauguration of the Atlas Power Plant – a 225 MW diesel-fueled power plant in Lahore – the sector set a standard for future diesel power plant projects within and outside the country, and was designated as the Competence Center for diesel power plants by Siemens AG
- ✓ Contract received from MAN Diesel, Germany for supply of MV, LV, Control and instrument Cables for Yanbu Cement Plant, Saudi Arab
- ✓ Three year call out contract awarded by ENI Pakistan
- ✓ Contract from Tetra Pack Pakistan for CCTV Fire Alarm Security Excess Control BMS System
- ✓ Contract from DHA Lahore Rahbar Sector Phase-I for Underground Electrification

In addition to the significant projects mentioned above, the Industry segment offered a wide spectrum of products, services and solutions including SAP implementation and networking services for customers in the areas of process and manufacturing industries, transport, buildings and utilities. In view of the power crises 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. However due to diversion of funds towards flood relief efforts, the Public Sector Development Program has been drastically reduced which may impact business of industry sector in the short run.





Al Razi Healthcare (Pvt.) Ltd



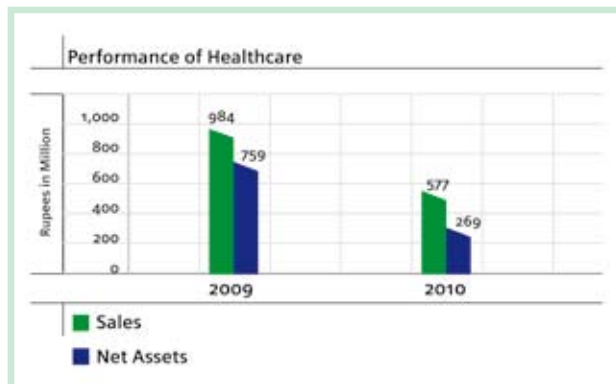
General Hospital Islamabad



Mobile Mammography Screening Solution(Roche)

## Healthcare

- ✓ Diagnostic Products
- ✓ Special Products
- ✓ Original Equipment Manufactures



## Segment Performance

The Healthcare segment is small in size as compared to other segments. The segment was able to achieve a sales volume of Rs 577 million during the year. The major activities during the year include:

- ✓ Inauguration of Al Razi Healthcare Pvt. Ltd., which is the most modern Diagnostic Imaging Center in Lahore; completely equipped with Premium Class Siemens Imaging modalities
- ✓ Mobile Mammography Screening Solution in a Bus for the CSR Program being launched by Roche Pakistan.
- ✓ Lithotripsy Unit for stone localization/crushing and Endo-Urological procedures for the Pakistan Institute of Medical Sciences, Islamabad
- ✓ Order from General Hospital Islamabad for Universal Remote Controlled Digital Radiography/Fluoroscopy system and Lithotripsy Unit for stone localization/crushing and Endo-Urological procedures

## 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. Further the current situation arising due to devastating flood has created further opportunities for this segment of the Company.

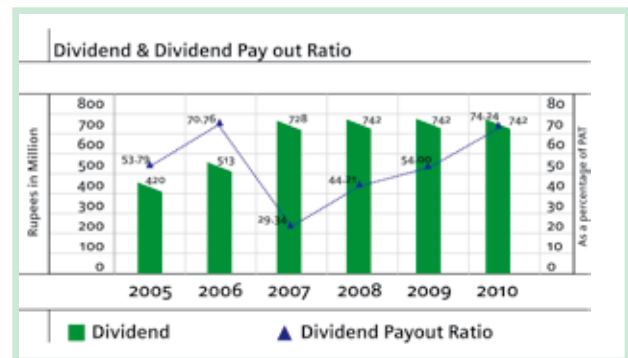


# Maximization of Shareholders Wealth

Like any other institution, it is your company's ultimate motive to maximize the shareholders wealth. With excellent track record of performance, Siemens is able to successfully achieve this motive and proved it is socially responsible.

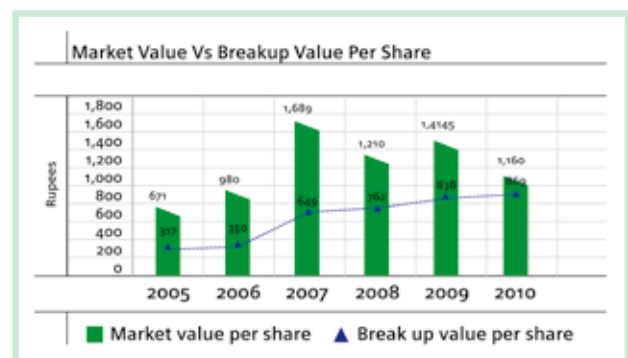
## Dividend

Based on future financial requirements and profitability of the Company during the financial year ended on September 30, 2010 and to appropriately meet the expectation of our valued members, the Board of Directors recommends a final cash dividend of Rs 60 per Ordinary share of Rs 10 each (600%). This is in addition to the interim dividend of Rs 30 per equity share (300%), already paid making total dividend for the year ended September 30, 2010 of Rs 90 per equity share (2009: Rs 90 per share i.e. 900%). The board also decided to transfer Rs 500 million to General Reserves.



## Share Price Appreciation

The Ordinary share of Rs 10 each of the company is valued at Rs 1,160 as at September 30, 2010, 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 1, 2009	2,681,505
Net profit for the year ended September 30, 2010	999,465

#### Appropriations

Final Dividend @ Rs 60 per share for the year ended September 30, 2009	(494,822)
Interim dividend @ Rs 30 per share for the year ended September 30, 2010	(247,411)
Transfer to general reserve	(500,000)
Unappropriated profit – September 30, 2010	<b>2,438,737</b>



# Business Risks and Challenges



In the year 2010 the economy remained weak and continued to face structural challenges of low domestic resource mobilization, low productivity, high inflation, low savings and investments and continued reliance on external borrowings.

These factors indicating volatility and fragility of the recovery in the medium to long term. The impact of these challenges is further compounded by continuing high cost of fight against terror, law and order situation and lack of good governance, shortage of energy and water and inadequate focus on strategic priorities for future. The energy shortfall has been estimated to cost 2% of GDP. There has been substantial decline in domestic investment as well as Foreign Direct Investment (FDI).

The worst-ever floods in the last quarter of this fiscal have ravaged the economy and badly disturbed the budgetary projections for the current fiscal year. It is in this background that the government has announced to reprioritize the Development Budget under Public Sector Development Programme (PSDP) and divert major parts towards rehabilitation and reconstruction efforts. The destruction caused by the floods is also expected to impact the economy and business in the next fiscal year.

The collapse of real estate sector and resultantly our decision to cease further bidding in Dubai is a real challenge for the company in terms of revenue and profit. The competition with Chinese companies is another big threat for the business in country.

These challenges to the economy can only be mitigated with serious efforts from the government and through proper planning. The economic reforms portrayed by the government needs to be consistently followed and on the other hand private sector needs to strengthen the government by investing in the country to generate business opportunities and employment opportunities. The cohesiveness approach between government and private sector can ultimately put the Country back to the track of growth and prosperity.

At company level, we are in the process of strategic reorientations and constantly perform cost-cutting initiatives, capacity adjustments through consolidation of business activities as well as streamlining product portfolios. A project named Prism of Success 2015 has been launched focusing on productivity enhancement, process improvement, growth initiatives and asset and cash flow management. Our position in the cluster Middle East may prove to be a real opportunity for the business growth of the Company in the region in the short as well as in the long run.

# Future Outlook and Plans for Expansion



In addition to widespread damage to the standing crops and livestock, the floods have also damaged public infrastructure, with road links cut off, power stations shut down and gas and petroleum supplies suspended.

Pakistan Electric Supply Company has stated that it suffered a loss of more than PKR 10 billion to its installation across the country. Three water hydel generation stations and three thermal power plants also suffered significant damage. This could impact the demand supply gap to approximately 5000 MW, which further dampens economic growth prospects.

This severe energy crisis on one hand damaged the industrial sector and weakened the small-scale business but on the other this adversity is coupled with an opportunity and a lot of potential exists for our energy sector whose portfolio offers a wide range of supplies and services necessary for the rehabilitation. Moreover, with the increased environmental concerns, Pakistan is looking for alternative methods of electricity generation including Wind power. Our environmental portfolio comprises products and solutions with exceptional energy efficiency, system and components for renewable forms of energy and environmental technologies. The willingness of private sector to invest in wind power brings the Energy Sector at an advantage to capture this segment in future.

A substantial decline of local and foreign direct investment mainly due to the deteriorating law & order situation and shortage of electricity and higher inflation have raised cost of doing business significantly. These are the main impediments for growth of industrial infrastructure and not much improvement in this situation is foreseen in the near future for our Industry Sector.

Potential also exists and investment from both private and public sector is expected, particularly after the floods, for our healthcare sector.

Being part of Siemens global family, we have always made it our mission to act with future generations in mind – by taking economic, ecological and social responsibility. This means satisfying all three dimensions by thinking and acting for the long term. Our innovative products and solutions help our customers to achieve their business goals while meeting global challenges such as urbanization, demographic change, climate change and resource scarcity. We are focusing on long-term value creation, and to contribute to the society by fostering our own employees and striving to be good citizens in all the communities in which we are active.

Being now part of Middle East (ME) cluster, we have bright chances 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 our tools of top+, we see no reason why we cannot achieve and surpass our targets.

However, the future business outlook for the Company is very much dependent on the positive development in the economic and political situation of the country. Energy scarcity and increasing cost of doing business are also the major concerns.

## Cash Flow Management

The Company is committed to a strong financial profile, which gives us the financial flexibility to achieve our growth and portfolio optimization goals. The strong cash flow from our existing portfolio along with low levels of financial gearing enabled us to continue with our stated strategy of investing in our business throughout the cycle. To mitigate customer default risk, we rate the creditworthiness of all of our customers, actively manage our receivables, and arrange for advance payments for the construction of major systems.

We set a cash conversion target of “one minus the Company’s growth rate.” 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.

In addition to our hedging instruments, we also make use of facilities offered by Siemens Financial Services and letters of credit for export transactions.

# Market Share



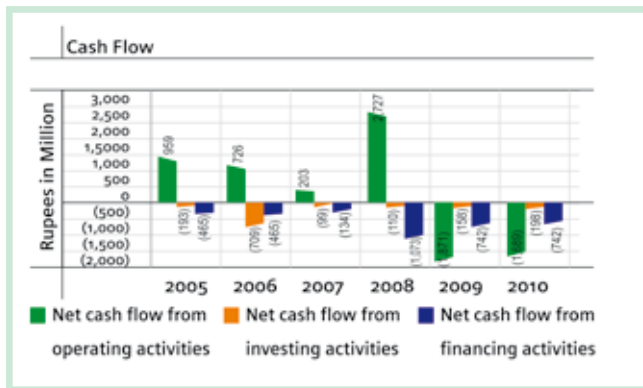
Power transformer - Ready for Electrical test and Customer Inspection



Quality Assurance - Cross functional teamwork



Our People - Our Strength



Siemens is one of the largest and most diversified companies in the world of electronics and electrical engineering, operating in the industry, energy and healthcare sectors in Pakistan. We have the in-house knowledge and know-how to find answers to the major challenges of today and tomorrow. We have been consistently living up to our vision which is “to remain the market leader and technology pace setter”, and are committed to maximize our market share through further expansion of the already strong resource basis.

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. Profitable long-term growth is our aim, and responsible value creation is paving the way for our success.



# Business Process Improvement Activities



Business excellence with team management



Machine shop - pre fabrication area - bending machine



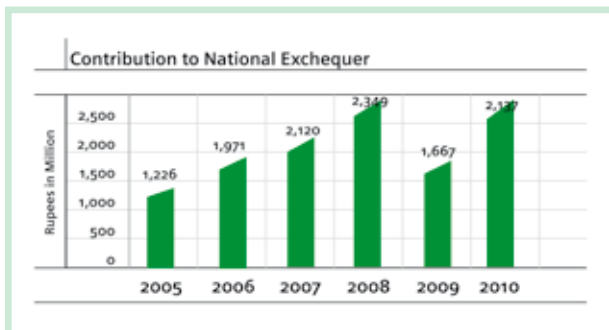
Best strategies adopted using the right tools

Business Process Improvement is a continuous practice at Siemens and its scope is broad. Our teams practice Business Excellence on a full time basis and everyone drives business improvement activities based on their concrete ideas, knowledge and tools provided at Siemens. Top+ is a management approach aiming at improvements by embedding quality in processes and Customer integration.

## Contributions

### Towards National Exchequer

The company has contributed Rs 2,137 million to the National Exchequer during the period in the form of taxes, duties and other contributions. These contributions form 8% of Company's turnover.



### Towards National Economy

- ^ Sales and services executed outside Pakistan of Rs 11,090 million (2009: Rs 21,811 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 4,631 million (2009: Rs 4,216 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 2,828 million (2009: Rs 2,816 million) which is a significant portion of earning of the Company.



### Donations

The monetary donation given during the year aggregated to Rs 31.250 million (2009: Rs 1.930 million). The company contributions to the society are detailed in the accompanied Sustainability report.





# Corporate Governance

It is our view that governance is not just a matter for the Board; a good governance culture must be fostered throughout the organization. The Company is committed to, and strives for, best practice in corporate governance. The Board is accountable to the Company's shareholders for good corporate governance.

Our approach to governance is predicated on the belief that there is a link between high-quality governance and the creation of long-term shareholder value. Our expectations from all directors, executives and other employees and those to whom we contract business are set out in our Business Conduct Guidelines.

In order to justify the trust placed in Siemens by customers, partners, shareholders and employees, the integrity and transparency of business processes is the top priority. For this, it is considered imperative for Siemens to find out about any compliance breaches, in particular violations of the Siemens Business Conduct Guidelines. In turn Siemens also expects employees and business partners to report compliance violations that they encounter. To facilitate the purpose various reporting channels were established assuring that individuals can and should report actual or apparent compliance violations (anonymously if they wish) confident in the knowledge that no retaliation or reprisals of any kind will be tolerated.

The policy is designed to encourage individuals to report compliance concerns in confidence and ensure them that there will be no adverse consequences or any stigma associated with the reporting of compliance concerns. At the same time it also highlights that sanctions may be imposed against individuals who knowingly misuse the compliance processes with the intent to wrongly accuse other employees.

To achieve the foregoing objectives of the policy Siemens provides channels such as Compliance Helpdesk "Tell US" and Ombudsman, via which compliance issues may be reported. These channels may be accessed by anyone around the globe through Siemens website.

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.

The Board has earlier adopted the mandatory requirement under clause 35 (xiv) of Code of Corporate Governance relating to Directors' Educational Program. In terms of the said clause, listed companies to ensure that at least one director on their Board is a certified director by June 30, 2011. The Chief Executive Officer of the Company, has successfully passed the "The Board Development Series" Program offered by Pakistan Institute of Corporate Governance, on July 23, 2009 and is now the first Certified Director on the Board.

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.

In order to take all stakeholders on board for strategic decisions, the Board of Directors decided to refer the matter related to cessation of further bidding in Dubai, UAE to the shareholders for their decision and concurrence. The matter was discussed and approved in the Extra Ordinary General Meeting (EOGM) on March 4, 2010.

At Siemens the corporate governance framework involves 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.



# Board of Directors

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On completion of statutory term of three years, the elections of directors were held on November 26, 2009 and new directors assumed offices effective December 1, 2009.

The newly elected Board has an optimum combination of executive and non-executive directors in which six out of eight are non-executive directors. None of the directors on the Board is a director of more than ten (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.



	Balance of Board			
	Independent - Non Executive		Non Independent	
	Chairman	Director	Executive Directors	Non-Executive Directors
October 1, 2009	1	2	2	3
<b>June 21, 2010 Resignation of:</b>				
Mr. Tajammal Hussain Bokharee		(1)		
Mr. Zahid Hussain		(1)		
<b>July 6, 2010 Appointment of:</b>				
Mr. Dietmar Siersdorfer				1
Mr. Bahauddin Khan		1		
September 30, 2010	1	1	2	4

The Board believes that the current composition, as it is led by a Non-executive Chairman, remains suitable for the nature and size of the Company. We believe that the collective skills, experience and approach to run the business are appropriate for driving the Company forward and achieving the Company's goals.

## Meetings and Activities during the Year

During the year, four meetings of the Board were held for consideration of significant as well as routine matters including those referred to it by audit and other committees of the Board which mainly include:

- ✓ Cessation of further bidding in Dubai
- ✓ Periodical and annual financial statements
- ✓ Corporate and financial reporting framework
- ✓ Budgets and forecast including their analysis with actual
- ✓ Cash flow projections
- ✓ Board and management letter issued by the external auditors
- ✓ Compliance with relevant laws and regulations
- ✓ Acquisition and disposal of fixed assets
- ✓ Review of risks identified and their mitigation
- ✓ Accounting and internal control system
- ✓ Compliance topics relating to business conduct guidelines, and
- ✓ Significant policies and related party transactions

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.

After completion of three years, the Chief Executive Officer and the Chief Financial Officer were reappointed by the Board effective December 01, 2009 for a further period of three years. The board also approved remuneration and terms and conditions of employment of these officers. 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 and the Company Secretary, attended all the Board meetings. For all the Board meetings the agenda was circulated to all the members of the Board at least seven days before the meeting. 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.

Board and committee composition and attendance	Committees				
	Independent	Board	Audit	Compliance	Enterprise Risk Management
Meetings held		4	6	4	4
<b>Non - Executive Directors</b>					
Syed Babar Ali	Yes	2 / 4 (Chairman)	-	-	-
Christian Knie	No	4 / 4	6 / 6 (Chairman)	4 / 4 (Chairman)	4 / 4 (Chairman)
Dr. Udo Niehage	No	3 / 4	-	4 / 4	-
Joerg Steinhäuser	No	4 / 4	6 / 6	4 / 4	4 / 4
Dietmar Siersdorfer <sup>1</sup>	No	0 / 1	2 / 3	-	-
Bahauddin Khan <sup>2</sup>	Yes	0 / 1	1 / 3	-	-
<b>Outgoing Directors</b>					
Tajammal Hussain Bokharee <sup>3</sup>	Yes	3 / 3	3 / 3	-	-
Zahid Hussain <sup>4</sup>	Yes	2 / 3	2 / 3	-	-
<b>Executive Directors</b>					
Sohail W. H. Siddiqui - CEO	No	4 / 4	-	4 / 4	4 / 4
Gerhard Wilcke - CFO	No	4 / 4	6 / 6	4 / 4	4 / 4

1. Dietmar Siersdorfer joined the Board and committee on July 6, 2010 and was eligible to attend one meeting of the Board and three meetings of the Audit committee

2. Bahauddin Khan joined the Board and committee on July 6, 2010 and was eligible to attend one meeting of the Board and three meetings of the Audit committee

3. Tajammal Hussain Bokharee resigned from the Board and Audit committee on June 21, 2010 and was eligible to attend three meetings of the Board and Audit Committee

4. Zahid Hussain resigned from the Board and Audit Committee on June 21, 2010 and was eligible to attend three meetings of the Board and Audit Committee

## The roles of the Chairman and Chief Executive Officer

There exists a clear division of responsibilities between Chairman and Chief Executive Officer of the Company.

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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 and
- ✓ 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 deliver the requirement of shareholders
- ✓ Ensuring adequate, well-motivated and incentivized management resources;
- ✓ Ensuring succession planning
- ✓ Ensuring appropriate business processes including Internal Control System and
- ✓ Ensuring effective Risk Management System

## Evaluation of Performance of Board of Directors

The Board of Directors acts 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.

1. 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.
2. Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval.
3. Hiring, evaluating, management, compensating and supporting the Executive Directors and other key positions including Chief Executive Officer.
4. Appropriate delegations to Board Committees with members possessing adequate technical know how and experience.
5. Establishing adequate internal control system in the Company and its regular assessment through self assessment mechanism or / and internal audit activities.
6. Ensuring required quorum of Board meeting is available to foster the healthy discussion, deliberation and quality decisions on the matters of significance.
7. Ensuring training of Board of Directors including new appointments such that each member is fully integrated in the Company and performs in accordance with responsibilities entrusted.



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## 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.

## Changes in the Board of Directors

During the year Mr. Tajammal Hussain Bokharee and Mr. Zahid Hussain resigned from the office of directors effective June 21, 2010. The Board would like to place on record its appreciation on the valuable contribution made by the outgoing directors Mr. Tajammal Hussain Bokharee and Mr. Zahid Hussain, towards success and progress of the Company. The Board also welcomes Mr. Dietmar Siersdorfer and Mr. Bahauddin Khan 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 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. 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, 2012.

## Remuneration of Directors

The Company paid an aggregate amount of Rs 163.957 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 35 to the enclosed financial statements.

## Director's Conflict of Interest

During the year the Company entered into thirteen contracts valuing Rs 251.302 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 agenda of each Board meeting.

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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. No such transaction was reported by any of the persons mentioned above during the year.

## Significant Company's policies

The Board considered and approved all the significant policies and changes therein made during the year. A complete record of policies and changes therein is being maintained with dates of their respective approval.

## 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. The details of all related party transactions have been provided in note 37 to the financial statements.

# Board Committees

## Terms of Reference of Board Committees

### Audit Committee

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. Six meetings of the Committee were held during the year in which the following business was considered:

- ✓ Review of quarterly, half-yearly and annual financial statements before their consideration by the Board
- ✓ Detailed review of Board and management letters issued by the external auditors and management's response thereto
- ✓ Review of compliance with all relevant laws and regulations and other statutory requirements
- ✓ Compliance with the best practices of corporate governance
- ✓ Determination of appropriate measures to safeguard Company's assets
- ✓ Review of related party transactions
- ✓ Review of status of action items from the previous meetings
- ✓ Review of internal audit progress reports and discussion on significant findings
- ✓ Review of major receivables of the Company including collection action plan and adequacy of provisioning available thereagainst

In view of work performed during the year, the audit committee concluded the following:

- ✓ 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
- ✓ 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
- ✓ Appropriate accounting policies have been consistently applied in the preparation of financial statements except for changes as explained in note 3.20(a) to the financial statements
- ✓ Accounting estimates are based on reasonable and prudent judgment
- ✓ Proper books of accounts are maintained by the Company
- ✓ 'Statement of Compliance with the Best Practices of Code of Corporate Governance' truly reflects how the Company complied with the code
- ✓ 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
- ✓ There are no significant doubts upon the Company's ability to continue as a going concern

## Terms of Reference of Board Committees

### Compliance Committee

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.

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 (RCO) and Head of Internal Audit are also the members of the Committee. RCO is also the 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:

- ✓ Review of the Company's overall compliance program and its Key Performance Indicator's 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
- ✓ Review the activities of the Compliance Department for each quarter
- ✓ Overseeing Company's compliance related policies, programs and procedures to ensure adherence with relevant laws, Company's code of conduct and other relevant standards
- ✓ Reviewing and monitoring the Company's compliance training initiatives on various topics
- ✓ In brief discuss open compliance related cases/issues
- ✓ Review of results of any Compliance Investigation and recommending appropriate measures
- ✓ Review Compliance risks and progress on their remediation plan
- ✓ Review of Compliance department resources and costs
- ✓ Special initiatives taken such as Collective action program etc.

The Committee is well satisfied with the implementation status and awareness of the Compliance program.

### Enterprise Risk Management Committee

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.

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 has two permanent members from Energy and Industry Segments. The Head of Internal Audit and Risk and Internal Control Officer (RIC) are also member of the committee. RIC officer is also secretary of the Committee. Four meetings of the Committee were held, in which the Committee performed following tasks, which were in line with their terms of reference:

- ✓ 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
- ✓ 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
- ✓ 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
- ✓ Monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts
- ✓ Oversee 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
- ✓ Review the risk bearing capacity of the Company in light of its reserves, insurance coverage, guarantee funds or other such financial structures
- ✓ Review the opportunities that are available to the Company and the likelihood to capture these opportunities

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.



# Management Committees

Terms of Reference				
Committee	Duties and Responsibilities	Members/Experts	Attendance	
			Eligible to attend	Attended
<b>Executive Management Committee</b>	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:	<b>Members</b> Mr Sohail W. H. Siddiqui Chairman Mr Gerhard Wilcke Mr Nasim A. Siddiqui Syed Nadeem Ali Kazmi Syed Asadullah	2 2 2 2 2	2 2 2 2 2
	✓ Ensure smooth operations of the Company and adequacy of operational, administrative and financial controls			
	✓ Reviews of segmental and overall budget of the Company before its submission to the Board			
	✓ Review of the results of operations, their analysis with the budget and forecast and to take corrective action where necessary			
	✓ 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			
	✓ 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			
	✓ Human Resource management, related policies and procedures, people excellence, recruitment and training, succession planning and discussion and resolution of current issues			
	✓ Review and approval of changes in Organization, necessary to meet the operational and marketing challenges.			
	✓ 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			
			<b>Experts</b> Mr Rahim Dawood Mr Amin Bandhani Major (Rtd) A.A. Zuberi	2 2 2



Corporate Committee meetings ensuring smooth operations of the company and best financial controls.

Terms of Reference				
Committee	Duties and Responsibilities	Members/Experts	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 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 Shaheen Ahmed</p> <p>Mr Naveed I. Ansari</p> <p>Mr Asad Ahmed</p> <p>Mr Imran Saeed</p> <p><b>Experts</b></p> <p>Mr Sohail Ismail</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>		
			3	3
			3	3
			3	1
			3	3
			3	3
			3	2
			3	3
			3	3
			3	2
			3	-
			3	2
			3	2
			3	3
			3	3

Terms of Reference				
Committee	Duties and Responsibilities	Members/Experts	Attendance	
			Eligible to attend	Attended
<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> <p>Mr Safdar Ibrahim</p> <p>Mr Muhammad Mehdi</p> <p>Syed Imran Raza</p>		
			3	3
			3	3
			3	3
			3	2
			2	2
			3	3
			3	3
			3	1
			3	1



# Audit Function

## Internal Audit Function

As decided by the Board last year, and on the recommendation of the audit committee, the Company's internal audit function remained outsourced to Corporate Finance Audit (CF A) department of Siemens AG. The partner of CF A responsible for the European and African 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 this 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 scope of internal audit activities in the Company
- ✓ Reviewed and approved internal audit plan and ad-hoc special audits / investigations
- ✓ 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. Based on this conclusion, the Board also endorsed statement of internal control submitted by the management.

## External Auditors

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 auditor want 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 services 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 29, 2010 and being eligible, offer themselves for reappointment for the year 2010-11.

As suggested by the Audit Committee, the Board recommends their reappointment for the year ending September 30, 2011.

## 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 related significant contingencies have been reported by the Company in relevant note 11 to the financial statements.



Zero Tolerance for Non Compliance. Compliance is the key to being closer to business.

## 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 879 shareholders of the Company as of September 30, 2010. The detailed pattern and categories of shareholding of the Company including share held by directors and executives, if any, are annexed to this annual report on page 168.

## Investment In Retirement Benefits

The company maintains Provident and Gratuity funds for its employees which are regulated through a Board of Trustees. The Trustees are fully authorized to make appropriate and timely decision for investment of available funds. The value of investments of these funds as per their respective financial statements is as follows:

	June 30, 2009	June 30, 2008	June 30, 2007
	(Rupees in million)		
<b>Provident Fund</b>	591.237*	677.773	716.640

	Sep. 30, 2009	Sep. 30, 2008	Sep. 30, 2007
	(Rupees in million)		
<b>Gratuity Fund</b>	340.083*	277.176	255.616

\* Provident Fund and Gratuity Fund for the year 2009 are based on un-audited financial statements.

## Post Balance Sheet Events

There have been no material changes since September 30, 2010 to the date of this report except the declaration of final dividend which is subject to the approval of the Members at the 58th Annual General Meeting to be held on December 29, 2010. The effect of such declaration shall be reflected in the next year's financial statements.

## Siemens Presence

Siemens Pakistan is a subsidiary of Siemens Aktiengesellschaft, Germany (Siemens AG) which is incorporated in Germany and holds 66.10% shares of the Company.

Siemens Pakistan is part of the Middle East (ME) cluster of Siemens AG. This cluster covers 18 countries including Saudi Arabia, United Arab Emirates, Egypt, Pakistan and other ME countries. These clusters have been formulated to achieve efficiency, high performance, sharing of expertise and cost effectiveness etc.

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. In line with decision of the Board and shareholders to cease further bidding in Dubai, the branch in Dubai will be closed once all the orders in hand are executed and warranty periods of various substations come to an end.

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





# Corporate social Responsibility

For us at Siemens Pakistan and globally at Siemens, sustainability means acting responsibly on behalf of future generations to achieve economic, environmental and social progress. As an employer, a contractor, an investor and a provider of innovative technology solutions, and as an integrated technology company, we're seizing unparalleled opportunities to promote the sustainable development of our customers and our own organization.

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. Our decisions and actions must always be in line with moral principles and our values. This is what integrity means to us. We measure ourselves by this standard, and we hope that our stakeholders will measure us by the same standard. Compliance with all external and internal rules is an essential part of integrity, and fundamental to our business. Our Compliance Program instills this awareness in all of our managers and employees.

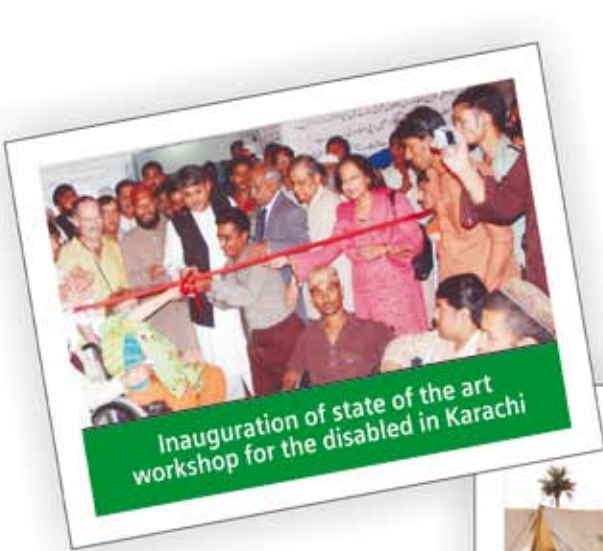
Diversity enriches the Company in many ways. Our success depends on the variety of ideas that only diversity can produce. We are committed to not only respecting but integrating diversity as a cornerstone of our policies. We work across all barriers of race, religion, color and backgrounds and our only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

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. Despite the financial and economic crisis, the Company has maintained its high level of commitment and involvement for the good of society and lived up to all its com-

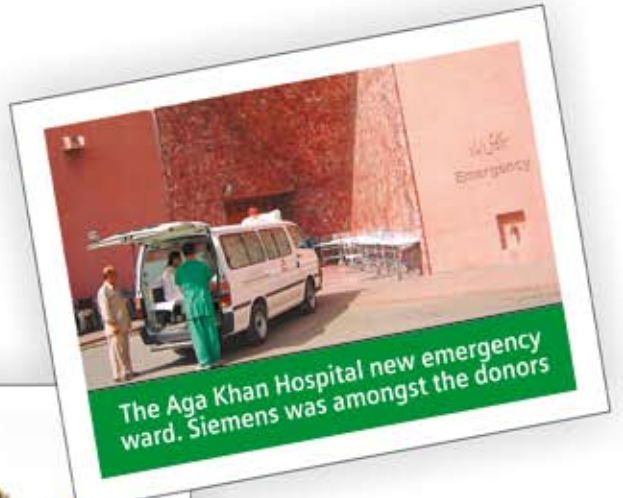
mitment for projects running in health, education, culture and sports. Corporate Social responsibility at Siemens is a well thought out process not a knee jerk reaction. The emphasis is on making Pakistan a cleverer, healthier and enjoyable place. This says it all from support to educational institutions, art, culture and sports to volunteering by Siemens employees and their families. We are among those few companies whose sustainability efforts are well documented and are driven by a vision, mission and strategy.

We are among the few companies whose annual report is accompanied by a sustainability report that documents in detail the activities of the company nationally and internationally that serves to create a sustainable culture of growth and progress. This year is no exception and you will find the accompanying sustainability report a document that will give you an insight into the projects that are changing lives and helping to create a sustainable society based on solid foundations of health, education, art & culture.

# Highlights of CSR Projects



Inauguration of state of the art workshop for the disabled in Karachi



The Aga Khan Hospital new emergency ward. Siemens was amongst the donors



Siemens Tent Village at Sehwan provided food, shelter and medical aid to more than 100 families



Visits to our Industrial Complex in Karachi are an integral part of engineering education in Pakistan



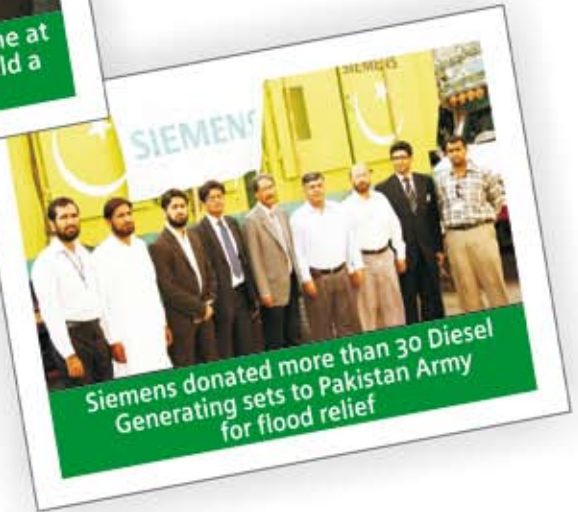
Annual Youth Camp - Red Crescent Society



A three year apprenticeship scheme at Siemens helps young people build a sustainable future



Siemens internship program offers students a chance to practice their knowledge



Siemens donated more than 30 Diesel Generating sets to Pakistan Army for flood relief

# Environment, Occupational Health and Safety



Environmental Protection: climate protection, energy and waste management, pollution control, protection of air, soil, and water, product design, product recycling

Health management & Safety: Health promotion, social counseling, medical services, occupational and radiation safety, technical risk management and dangerous goods transport

Siemens Pakistan has received certification under Environmental Management Standard ISO 14001:2004 this year. We continue to view the protection of environment as one of the key factors in the development of the national economy. By our actions, we continue to demonstrate our strong sense of responsibility to the society and environment.

*Health and Safety of our employees as an integral part of business management and endeavor to ensure it through supervision, awareness and motivation and in consonance with Siemens Global Guidelines, we therefore, subscribe to our Corporate Slogan*

## “One world, one life – we care!”

*We have once again been awarded the coveted Annual Environment Excellence Award 2010 by the National Forum for Environment & Health. This is the sixth 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. 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.*

*We manufacture and supply products ranging from simple components to complex plants and systems. Product safety concerns everyone, from development and design, production to sales and services. 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.*



# Environmental Protection, Health Management & Safety (EHS)





# Project Management - The Siemens way

## PM@ Siemens



PM @ Siemens



500 KV Grid station in Ghakkar; one of the largest in Asia



Complete electrical design provided by Siemens for the Ghakkar Project

PM@Siemens is our global initiative that aims to improve the Company's profitability from project-based activities which constitute about 60% of our business. It is for this reason that professional handling of projects for our continued success can not be overstated.

*The aim of PM@Siemens is to create a consistent project culture throughout the whole organization, to set project management standards by means of best-practice sharing, to involve project managers in contracts and systematic handing over of projects on completion and to have a sufficient number of Certified Project Managers according to our Global Standards.*

*From the Management's perspective, this initiative creates a transparent view of the project activities thus enhancing reliability and efficiency in forecasting results and mitigating risks in time for sustained profitability.*

*From our customer's perspective, professional project management means keeping our commitments, with clear responsibilities and scope of work and agreed way of managing changes. An adequate number of professional project managers mean sustainability and continuity in customer relationships.*

*The certification of Project Managers is one element that contributes to high-quality projects, executed by highly skilled employees. PM@Siemens not only focuses on the Career Development of Project Managers but also aligns their strengths on relevant project business based on global comparable levels.*

*As an integral part of the PM@Siemens, the Limits of Authority (LoA) process is used to make decisions about the Projects in all its various stages by predefined hierarchal level within the organization. All elements of Project risks are systematically recorded and evaluated before any decision to proceed with the project is taken. This Process is mandatory for all customer projects in Siemens.*

*PM@Siemens is not just an enabler to profitability and growth – it is what makes us grow and be profitable.*

# 3i Program



Siemens Idea Management Program, the 3 i's: Ideas, Impulses, Initiatives



Encouraging employees to develop their ideas, take initiatives and develop on their impulses to bring about improvement

3i Program is Siemens Idea Management Program which is an acronym for Ideas, Impulses and Initiatives. It rewards employees for successful ideas and productivity initiatives which benefit the Company. Employees through all hierarchy levels are encouraged to act on their own initiatives and develop and assist in implementing suggestions for improvement within the Company.

*Suggestions relating to improving profitability and growth, innovation and new markets, process optimization, cost reduction, quality improvement, environmental protection in and occupational, health and safety are of particular importance.*

*3i Program offers employees an avenue to submit their improvement suggestions in return for a monetary reward if their submission is approved. The managers are also empowered to assess and give monetary reward for these ideas upto a predefined limit while encouraging and supporting employees to participate in this initiative.*

# Human Excellence

## Talent Acquisition



Our overall talent acquisition goal is to achieve an outstanding employer brand and practice world-class recruiting in order to attract the best talents for our business success. Siemens talent acquisition currently focuses on five topics;

- ✓ Strengthening employer branding with a new global campaign
- ✓ Designing world-class recruiting standards and processes and supporting their implementation
- ✓ Rolling out an efficient recruiting IT tool as part of the new global 4Success tool
- ✓ Showcasing Siemens high potential entry channels
- ✓ Defining an effective and coordinated approach for university relations



**Driving business excellence through people excellence**



**Establishing talent pipeline through University Liaison**



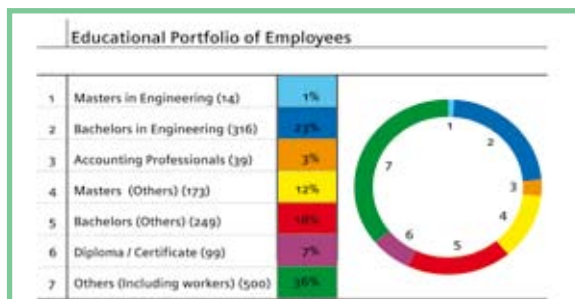
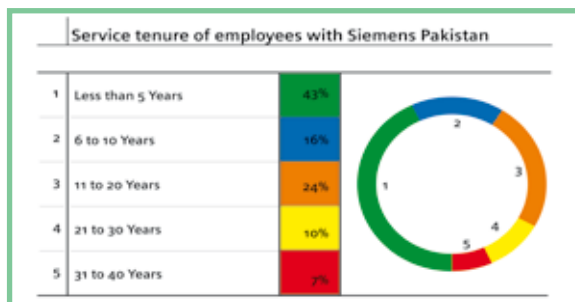
**Identifying opportunities to employ the best talents**

## 4Success Source & Develop – One global HR IT Tool

HR drives business excellence through people excellence on a global scale supported by one global integrated HR IT Tool for Source & Develop processes. Global processes like the Performance Management Process, is supported by 4Success as well as Recruiting and Learning. It ensures a structured personnel development for Siemens employees and the set up of an outstanding employer brand globally.

The new integrated application delivers an outstanding professional people management system by:

- ✓ Giving guidance for smart target setting and thereby transforming strategic into operational targets
- ✓ Supporting managers and employees to determine clear personal goals and to permit continuous, open, and concrete feedback
- ✓ Transparency regarding individual performance and deriving consequences for professional development and income in regards to the results achieved
- ✓ Identifying top talents and key experts
- ✓ Providing speed and efficiency in timely and accurate information
- ✓ Simplifying the HR processes by using market standards
- ✓ One integrated HR-data-warehouse for Siemens and subsequent output oriented KPI implementation and benchmarking



## Identifying Future Leaders

Siemens Pakistan believes that excellent leadership secures success for companies and provides them competitive advantage. A healthy relationship with customers and shareholders is central to dynamic leadership.

Siemens Pakistan identifies future leaders through our global Siemens Leadership Framework (SLF), which sets company-wide standards for leadership and lays the foundation for development, promotion and comparative assessment of performance and potential.

By its explicitly results-oriented nature, the SLF supports implementation of the top+ business driver scorecard at the individual level, but also clearly defines the capabilities expected from our leaders.

## University Liaison – Establishing talent pipeline for future needs

Siemens Pakistan is committed to identify, attract and offer opportunities to develop talent, skills and attitude of youth which we believe contributes to the development of local and foreign industry. The University Liaison program is aligned with company objective to recruit the most suitable candidates for the organization.

Attracting students, developing their competencies, gaining their commitment and loyalty at an early stage are one of the most effective means of recruiting fresh candidates. This program is an important element for strengthening our competitive position in the external market. The University Liaison Program helps to promote Siemens Pakistan image as leader in technological innovation and as employer of choice for Engineering Sector. Following are part of University Liaison program:

- ✓ Internship
- ✓ Research Projects
- ✓ Fairs & Events
- ✓ Student Trainee Program

The University Liaison is contributing toward supporting research and education and by ensuring that practical needs of our businesses are communicated to promote itself as a progressive, unbeaten and attractive company.





Winning Decisions

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## Training & Development

“To enhance creativity and job satisfaction of our employees by providing opportunities for personal development, limited by their own ability and drive.”

This statement is an extract from our mission statement and perhaps the most inspirational statement for us to continue to train and develop our employees especially at the time of global economic recession.

At Siemens Pakistan we strongly believe that Training & Development is investment rather than an expense. An investment with multifold returns in the form of most precious asset: Highly Motivated, Committed and Skillful Workforce. This is the reason why Siemens Pakistan not only invested on Training & Development even at the time of recession but will continue to do so.

This investment by Siemens Pakistan is only limited by a persons own ability and drive as clearly mentioned in our mission statement. Siemens Pakistan shall continue to quench the thirst of the highly creative employees who are here to develop.

## Surveys

Siemens Pakistan taps into market trends by participating in a wide array of surveys. Internal organizational Surveys are also carried out at our Company to gauge into various psychological variables. Participation in external surveys including Salary Surveys is a regular practice at the Company to ensure that we are in line with market methodologies for compensation. For the purpose of organizational development we participate in diverse organizational behavior surveys including employee engagement to foster ingrained values and culture.

# Quality Management



Third party Quality management Surveillance Audit was conducted this year without any recorded Non Conformity and therefore we continue to maintain our Certification under the ISO 9001:2008 standard.

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.

Continual improvement of our processes, methods and procedures is an ongoing process. Processes are consistently measured, evaluated and revised to guarantee a consistent high-level of performance. This is supported by active employee involvement and awareness on Quality.

# Siemens One and top+



Siemens One represents Siemens as an Integrated Company. It creates strong collaboration between Sectors, Divisions, Clusters and Regions where Customer Centricity and Account Management are the key focus areas.

Customers are facing rapid changes in the market, which forces them to change their buying behavior. This requires a simultaneous focus on products, systems, end-to-end solutions and business relations from suppliers. Siemens is aware of these demands 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”.

In order to maintain our businesses at no.1 or no. 2 position for long term profitability, Siemens One is the road to our customers. We believe in:

- ✓ Value based long term strategic partnership
- ✓ Identification of innovative business solutions with positive business impact
- ✓ Utilization of Siemens Industry know-how for the customer
- ✓ Support of cross division and global projects

Another building block of the regional Siemens One framework consists of Market Intelligence & Transparency that supports improved customer segmentation, utilization of cross-selling potentials & improved account management activities that eventually lead to increased customer satisfaction and higher revenues. The main aim is to convert transparency into value for us and for our Customers.

Siemens One has designed structures and processes to harness Siemens’ entire capabilities to address customers’ needs, such as ERP (Executive Relations Program). This program is of special value for Siemens, which aims to establish strategic partnerships between companies and develop long term relationships with the customer. This united approach fully aligns customer focus and provides 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.



Customer Centricity and Account Management, the focus of Siemens One.



top + offers world class methodologies to be applied



top+ awards

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Setting clear goals require complete understanding of the Market, Customers and Competitors. 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 Siemens. Each of our business addresses specific challenges as efficiently as possible using the appropriate top+ program.

The first step in top+ logic defines the ways to set clear goals for your business. Once you get done with your clear ambitions top+ tool box offers a broad selection of world-class methodologies that have been successfully and frequently applied in our company and are available to all businesses. These methodologies help to identify, implement and sustain key actions. To get the definite consequences controlling is an excellent methodology for evaluating whether the actions are helping a business reach its goals.

Top+ awards are the essential part of our top+ program where we have designed different categories which motivate our employees to work competitively. The main categories for awards are Innovation, SMART (Simple, Maintenance-friendly, Affordable, Reliable, Timely to market) Growth, Cost Optimization and Financial Excellence, Sustainability and 3i (ideas, impulse, initiative). 3i is another Siemens program which encourages, implements, and rewards employees’ ideas that create cost savings or revenue generation, aimed at helping to achieve our key business objectives. With the help of selected focus initiatives, top+ concentrates on the most important themes for the future of a business.

Best Practice Sharing is an important responsibility of top+. Every year, when the outstanding projects and top+ programs based on the successful application of top+ logic and methodologies are honored with the top+ award, it not only serves as a tribute to excellent teams, but makes their projects known and available throughout the company as Best Practices.



# Acknowledgement

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*We look back on a fiscal year that was dominated above all by a financial and economic crisis locally and internationally, and whose end is not yet in sight. Despite these global economic storms and despite a series of major structural changes, your Company weathered the year's challenges very successfully. This was only possible because every person in the Company from the highest levels of management down to our newest employees were committed to staying the course. On behalf of the Board, we would like to sincerely thank all of you for your commitment!*

*The Board of Directors wishes to express its sincere appreciation to our extremely valued 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.*

*But now, it is time to look ahead and do everything in our power to make the most of the upswing that will come after the crisis and to secure our Company a successful position in new growth markets.*

*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

Dubai, October 23rd, 2010





## Stefan Denig

^ Head of Corporate Communications,  
Issue Management

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Cities carry a special responsibility to enhance urban sustainability. But how are they coping with those challenges? How is their environmental performance, what are their strengths and weaknesses? And what strategies are being developed to make cities a good place to live for future generations?

Following the success of the European Green City Index, a research project comparing 30 major cities from 30 European countries, Siemens commissioned the research institute Economist Intelligence Unit to conduct a similar study of major Asian cities. The Asian Green City Index builds and expands on the European study, assessing 22 major cities in Asia. Their relative levels of sustainability across a range of categories are compared – such as energy, transport, water and waste aspects – based on a comprehensive set of indicators. As an independent partner, the Economist Intelligence Unit ensures the objectivity of the research.

The study allows key city stakeholders to better understand and tackle the specific environmental challenges of their cities. At the same time the study highlights best-practice projects to enable cities to learn from each other.





# Asian Green City Index

“The Asian Green City Index provides insights into the strengths and weaknesses of each city. It also supports the efforts of cities to develop more effective environmental protection measures and helps prioritize related activities.”



# Major Projects

## Roche < Healthcare

Mobile Mammography Screening Solution in a bus for the CSR program being launched by Roche Pakistan.



## MEW Kuwait < Energy

**750** transformers in total were supplied by Siemens Pakistan; this picture is after the successful short circuit test of 150kVA transformer at KEMA, Holland for delivery to MEW Kuwait.



## Benazir Bhutto International Airport < Industry

Siemens Pakistan signed a contract with Civil Aviation Authority Pakistan for Benazir Bhutto International Airport for Package-8B, Power and Telecommunication Networks.



Getting ready for delivery



**400** MW combined cycle power plant was successfully overhauled at KAPCO by Siemens Pakistan.

## KAPCO < Energy

Siemens Pakistan provided premium class imaging modalities to Al-Razi Healthcare Center, lowest radiation exposure institution in Pakistan.

## Al-Razi Healthcare Center < Healthcare

### Substation in Kabul<Energy

**110** KV Butkhak Substation was successfully energized by Siemens Pakistan in Kabul, Afghanistan



### Comprehensive Annual Training<Energy

**5**th Annual Comprehensive Training on Protection Systems was hosted by Siemens Pakistan. More than 40 customers participated in this three day extensive training program covering protection system of relays, over currents, transformers etc.



**4000** sq feet MRI suite was completed by Siemens Pakistan in a short time of 4 months.

Successful completion and commissioning of Sawan and Kandhkot gas compression trains by Siemens Pakistan.

### Compression Trains< Energy

### Shaikh Zayed Hospital< Healthcare

# Energy

## ✓ Sector, Energy

Nadeem Kazmi  
Samiullah Siddiqui



After the entry of Siemens Wind Power (SWP) into Pakistan market one can already see a bright future of renewable energies in Pakistan

# Our Green Solutions - Energy



^ Power transformer - Ready for Electrical test and Customer Inspection

After the entry of Siemens Wind Power (SWP) into Pakistan market one can already see a bright future of renewable energies in Pakistan. Together, Siemens Wind Power (SWP) and Siemens Pakistan are now offering an EPC (one window) solution to the investors in the field of renewable energy. The Electrical Balance of Plant (BoP) from conceptual design to final commissioning and the O&M of the wind farm will entirely be provided by Siemens. The major electrical equipment including distribution and power transformers will also be manufactured in Siemens Pakistan industrial complex at Karachi. This will open new doors for the future of renewable energy in the country.

Similarly, Energy Automation has provided the "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). The project was successfully completed in Nov'09. KESC utilizes the high tech SCADA system to monitor the online electrical load right from generation plants down to 11kV feeders and is able to detect overloading, theft and other such burdens on the system.



## Power Generation & Services Oil & Gas

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World class manufacturing processes

Our portfolio includes turnkey solutions for Fossil Fired Power Plants, Coal Gasification, Industrial Power Generation / Co Generation, Compression Solutions for Oil & Gas, Wind & Solar Renewable and Instrumentation and Control Systems for Power Plants, Refineries and Boilers.



**SGT6-2000E gas turbine during assembly at the Berlin plant in Germany**



**Conventional steam & gas turbines for electricity generation and renewable technologies**



**400 MW combines cycle power plant Block III at KAPCO**

All our products and solutions are supported by long term service programs, complete overhauling of steam and gas turbines, I&C modifications and upgrades, balancing, fact finding and heat treatment services. We offer a combination of products & services that provide an answer to customer's requirements entailing design and engineering studies, utility and industrial power plant solutions, conventional steam & gas turbines for electricity generation and innovative renewable technologies.

### Fossil

The Fossil Power Generation Division continues to offer highly efficient products and solutions for power generation based on fossil fuels. They range from individual gas and steam turbines and generators, to turnkey power plants. The division also develops instrumentation and control systems for every type of power plant & refineries

### Oil & Gas:

Oil & gas division successfully completed and commissioned Siemens gas turbine compressor trains at two of our most prestigious fields; we successfully completed commissioning of three Siemens Gas Turbine Compressor Trains at Kandhkot gas field of PPL and four Siemens Gas Turbine Compressor

Trains at Sawan gas field of OMV. Completion of these projects has helped in bridging the gap between demand & supply of gas in the country.

Siemens continues to educate our customers through regular publications and educational seminars within the country and in the Middle East Cluster. This helps to share the latest technological development and improves the awareness of the existing and potential customers of oil and gas industry.

### Rotating Equipment Services:

Service Center Pakistan (SCP) has not only provided major overhauling services to various power plants in Pakistan but has also extended its services to Gulf and South East Asia. This year SCP personnel have provided services for major overhauling and balancing at power plants in Kirkuk- Iraq, Raslaffan- Qatar, Damietta-Egypt, Schuweiaht- UAE, Marafiq Saudi Arabia and successfully completed the major overhauling of 400MW combined cycle power plant Block III at KAPCO. Further we regularly provide services in Qatar, Egypt , Saudi Arabia and Pakistan.

SCP maintains qualified service team of balancing engineers, commissioning engineers, supervisors, welders and turbine fitters. Our service center is equipped with several standard and special tool containers and is also equipped with state-of-the-art videoscopic equipment for baroscopic inspections, gas turbine commissioning tool kits, vibration monitoring and balancing equipment, thermo graphic camera, mobile heat treatment oven (up to 1200C) for pre and post heat treatments of the hot gas path components of gas turbines, special welding machines, plasma cutters and Non Destructive Testing (NDT) equipments.

### Renewable:

With the entry of Siemens Wind Power (SWP) into Pakistan market one can already see a bright future of renewable energies in Pakistan. In Siemens one can find a mix of experience, innovation and vision; a mix that makes Siemens a reliable supplier and a dependable partner.

Together, Siemens Wind Power (SWP) and Siemens Pakistan are now offering an EPC (one window) solution to the investors. The Electrical Balance of Plant (BoP) from conceptual design to final commissioning and the O&M of the wind farm will entirely be provided by Siemens. The major electrical equipment including distribution and power transformers will also be manufactured in Siemens factory at Karachi. We consider local value addition is necessary for sustained development of renewable energy in Pakistan.

## Energy Transmission Division

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The 500kV Gakkhar substation considered as the largest substation in WAPDA network

Siemens Pakistan has the reputation of a company that can be relied upon and deliver on time, which is the essence of all projects. With this reputation it has now become one of the preferred solutions provider thus succeeding in securing orders for 500kV Gakkhar substation considered as the largest substation in WAPDA network. With numerous high voltage grid stations delivered to date, it makes Siemens Pakistan the biggest local supplier for delivering high voltage sub-stations on turnkey basis.



Our production portfolio covers the entire demand for local industry, utilities and regional markets for power and distribution transformers. It is anticipated that demand for transformers in public & private sectors will remain high in coming years.

We are successful in maintaining our traditional role as a technology trend setter by providing specially designed transformers for various applications in the industries and maintaining market leadership. We are consistently contributing in developing new products which are not only designed to suit local environment but also to provide cost effective solutions.

The growing energy demand in the country necessitated the expansion of capital goods industry in Pakistan to reduce dependency on imports and heavy foreign investments. After successfully delivering the first 220kV/160 MVA power transformers to WAPDA our quest for growth continues.

Siemens Pakistan received many order of 132 kV, 31.5 / 40 MVA & 20/26MVA power transformers from all DISCOs (Distribution Companies) of WAPDA.

We continue to be the leading exporter of power and distribution transformers to the Middle East Cluster and will be supplying 700 distribution transformers of 150 kVA rating to the Ministry of Energy and Water (MEW) of Kuwait.

Despite the catastrophic devastation by floods of 2010, Siemens Pakistan was able to meet the requirement of MEPCO (Multan Electricity Power Company) in delivering the much needed more than 800 distribution transformers in a record time of merely five days.

We are providing cost effective and environment friendly solutions at all stages of installation and commissioning including after sales service.

Siemens Pakistan Transformers received 'Brand of the Year 2009 Award'.

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Transmission Division continues to be one of the core divisions in the House of Siemens Pakistan manufacturing transformers (Power Transformers and Distribution Transformers), medium voltage switchgears, energy and automation systems, protection systems and high voltage products.

Despite the catastrophic devastation by floods of 2010, Siemens Pakistan was able to meet the requirement of MEPCO (Multan Electricity Power Company) in delivering the much needed more than 800 distribution transformers in a record time of merely five days.

## High Voltage Sub-stations:

Transmission and Distribution Projects Division has played a key role in the development of high voltage substation infrastructure of the country by participating in several grid station projects up to 500 kV. Notable among these are 500/220kV NTDC – KESC interconnection project which supplies much needed power to the metropolitan city of Karachi from Hub Power Plant.

Recently commissioned 500kV extensions at REWAT and Sahiwal have contributed to efficient dispersal of power generated at Ghazi Barotha Hydel power plant.

In the past 500kV substations at Lahore, Peshawar and Multan were the major projects constructed by Siemens in the WAPDA system.

In consortium with China North West Electric Power Group, Siemens Pakistan constructed its first 220 kV GIS substation at Korangi West in KESC network with 36 km overhead transmission line interconnecting KESC's Bin Qasim Power Station.

We successfully energized 110kV Butkhak Substation in Kabul, Afghanistan. Multan Electricity Power Company (MEPCO) has awarded three 132 kV grid stations to Siemens Pakistan on turnkey basis.

Louis Berger and Black & Veatch awarded a USAID funded high voltage Capacitor Bank and Shunt Reactor project to Siemens Pakistan on turnkey basis for a project in Afghanistan for network stability at 220 kV / 110 kV voltage levels.

We have consistently proven our ability 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.

Today we are the center of competence and a hub for all engineering projects for the Middle East Cluster.

## Transformers:

Business Unit Transformers is the leading local manufacturer of distribution & power transformers in Pakistan. Not only does it manufacture transformers for local industry but it also serves the regional countries.

## High Voltage Products:

Siemens is a leading manufacturer of complete portfolio of high voltage products, with voltages ranging from 72kV to 800kV. In Pakistan, we market products such as circuit breakers, disconnectors, surge arrestors & instrument transformers; we are market leaders in High Voltage circuit breakers in particular.

Our high-voltage products meet customer's requirements in terms of low life cycle costs with optimum availability in continuous operation. They have short commissioning times. They are reliable, have a long service life and are also extremely earthquake resistant and weatherproof. We focus on our customers' desire for economy, safety, reliability and availability and provide them with a global service

We constantly ensure the high quality of our international standard products through optimized production processes, constant product development and a certified quality management system.

HP also managed to supply various DISCOs (Distribution Companies) with high voltage circuit breakers in a record time of 120 days also. We were the first to introduce new technology Silicon Polymer Housing for high voltage surge arrestors & current / voltage transformers in Pakistan.

In order to enhance skill and competence of field staff of our customers, HP Pakistan along with experts from HQ arranged a three day training session for Installation and maintenance of high voltage circuit breakers. Training sessions were conducted at Lahore and Karachi. More than 40 engineers from all DISCO's participated. A technical seminar on latest developments on high voltage surge arrestors was also conducted for all the utilities of Pakistan and important consultant like NES-PAK in Lahore and Karachi.

At NED Engineering University Karachi and University of Engineering & Technology Lahore, we held technical presentations for students and faculties of both the leading Universities in Pakistan on High Voltage Products and their importance in enhancing the capability of the Transmission of Electricity in Pakistan. Training, knowledge sharing and skill development of young talents are corner stones of Siemens sustainability initiatives.



## Energy Distribution Division

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No leakages! Transformer Tank and Radiator manufacturing.

### Switchboards:

BU Switchboards, with the latest IEC compliant switchgears, combines innovation, global experience and knowledge base of our customer requirements, provides peace of mind, increased productivity and value for money to our customers.



**VCB shop – assembly of vacuum circuit breaker of a medium voltage panel**



**Mini SCADA System**



**SCADA control room**

Serving the demand of energy distribution since decades, we have supplied switchgears that have been the life line of many reputed projects of national fame. With the introduction of local manufacturing of new IEC 62271-200 compliant switchgear, we continue to serve our 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 Transformers and LV Units.

We continue to expand our portfolio, we have received FESCO & PESCO contracts of 11kV panels for medium voltage switchgear. Similarly IESCO awarded a large contract of Ring Main Unit of medium voltage rating.

### Energy Automation:

Energy Automation continues to offers reliable, secure, field proven and future oriented systems for power system protection, control, power quality, substation automation, load management and power telecommunications.

Our comprehensive and cost effective systems include engineering, design, parameterization, design calculations, manufacturing, testing, commissioning and after sales support. This substantially improves revenue and profitability for our custo-

mers by providing comprehensive protection, smart monitoring & supervision, recording, automatic network management and timely communication with control centre.

Energy Automation has provided the "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). The project was successfully completed in Nov'09. KESC utilizes the high tech SCADA system to monitor the online electrical load right from generation plants down to 11kV feeders and is able to detect overloading, theft and other such burdens on the system.

Several break through orders of Power Communication Systems both in Power Line Carrier and Fiber Optic Terminal system in various projects shows customer's confidence in Siemens' Telecommunication Systems. Energy Automation earned a milestone by using local resources in successfully installing, testing and commissioning of Mini SCADA System using SAT 230. Our local resources have also achieved implementation of advanced Emergency Load Management System using Substation Automation.

We also hosted three day 'Annual Comprehensive Training on Protection Systems' for customers in Lahore and Karachi. More than 70 customers participated in these training program covering protection systems of relays, over currents, transformers, as well as modern Substation Automation Systems etc.

### Transmission & Distribution Services:

Throughout the entire life cycle of infrastructure assets, the Transmission & Distribution Services offers complete scope of solutions for our customers. We enable our customers to maximize the benefits of cutting-edge energy technology through our services. As trendsetter in the field of smart metering, network consulting and planning we supply products and solutions today that help to solve the energy challenges of the future. Our services network provides round the clock customer support.

Our global motto is „We improve the competitive position of our customers!“

# Industry

## ✓ Sector, Industry

Nasim A. Siddiqui  
Nadir Riaz



Siemens has a perfect green solution with energy-efficient drive systems. The energy-efficient system helps companies reduce production costs, improve the return on investment and lower CO2 emissions

# Our Green Solutions - Industry



▲ Reverse Osmosis & Ultra Filtration Plants

Siemens Pakistan takes pride in successfully designing and manufacturing of environment friendly Reverse Osmosis & Ultra Filtration Plants at Siemens Industrial Complex in Karachi. Siemens Pakistan has taken the initiative to develop indigenous capability for the manufacturing of high quality Water Treatment Plants to extend the benefits of its Green solutions to the citizens of Pakistan as well. These Plants can be installed in small towns, housing societies, hospitals, universities, resorts and industries for safe drinking water.

With Energy cost rising high and causing increasingly negative impact on production costs day by day. Siemens has an environment and user friendly approach to rescue. Based on the characteristic values of the plant or system, our SinaSave energy efficiency software calculates the possible cost saving potential in the specific drive applications. Slashing energy costs by up to 70% is within the realms of reality. Our energy efficiency software can be downloaded at no charge ([http://www.automation.siemens.com/ld-static/energiesparen/formular/html\\_76/support\\_download.htm](http://www.automation.siemens.com/ld-static/energiesparen/formular/html_76/support_download.htm) <[http://www.automation.siemens.com/ld-static/energiesparen/formular/html\\_76/support\\_download.htm](http://www.automation.siemens.com/ld-static/energiesparen/formular/html_76/support_download.htm)> ) - which is just as innovative as it is user-friendly. SinaSave also tells you just how short the payback time is when investing in an energy-efficient motor when connected directly to the line supply or a frequency converter for variable-speed operation.

Siemens has a perfect green solution with energy-efficient drive system. The energy-efficient drive systems help companies reduce production costs, improve the return on investment and lower CO2 emissions, on a sustainable basis over the entire lifecycle of the plant. Even in aid programs like the US funded one that have been launched to try and convert the current setups to more energy efficient ones; Siemens is a key partner in this push. Up gradation from old technology to LV drives in Sindhabagar Sugar and Faran Sugar for energy saving is another achievement by Siemens in providing green solutions in Pakistan.

## Energy Efficiency through Building Technology (BT)

Intelligent and integrated building and room automation has an important impact on efficiency improvement without sacrificing comfort. Energy savings of up to 30% can be realized. Our BT portfolio delivers a comprehensive portfolio of high-quality, energy-efficient products and systems, that help you to save energy and keep your costs to a minimum. Together with the customers, BT develops solutions in the areas of energy purchasing, energy efficiency, and energy management over the entire lifespan of their buildings.



# Industry Solutions



^ Excelling in diesel power plant projects with the successful completion of Pakistan's Atlas Power Plant Project- a 225 MW Diesel Power Plant with MAN Diesel SE Germany

^ The Yanbu Cement Diesel Power Plant Expansion Project in Saudi Arabia for which Siemens is providing electrical and control systems as well as diesel power plants

## Cross Industry Solutions

Business Unit – Cross Industry (BU-CI) is motivated by its customers' productivity goals and market needs. The offered solutions and services help customers improve their performance & reliability and increase their overall competitiveness. BU-CI's foremost focus is to provide leading technology solutions to customers, right from the field level up to the management level, all from one single source.

With the successful completion of Pakistan's Atlas Power Plant Project- a 225MW Diesel Power Plant with MAN Diesel SE Germany, Siemens has gained substantial experience for diesel power plant projects. In addition, it will also strengthen the 'Global Partnership between MAN Diesel and Siemens for all future Diesel Power Plant Projects.

In November 2009, BU-CI was awarded contract by MAN Diesel SE Germany – (OEM), for the supply, design & engineering, supervision of installation & commissioning of all electrical equipments, including MV and LV distribution, transformers, Cabling, Control Systems and Plant wide SCADA for the Yanbu Cement Diesel Power Plant Expansion Project, Saudi Arabia.



**Reverse Osmosis & Ultra Filtration Plants**



**National Telecommunication Corporation (NTC) opts for SAP Technology Implementation**



**Signing Ceremony taking place between Alka Private Limited and Siemens Pakistan Cross Industry Unit**

Yanbu cement’s expansion project is complex in its nature because it requires an in-depth knowledge of electrical and control systems as well as diesel power plants. Siemens Pakistan, with its multifaceted engineers was already tried and tested during the Atlas Power Plant Project and for that reason MAN Diesel SE chose it as its preferred partner. This order will help Siemens spread out into the middle-eastern market as a provider of customized control and electrical system for diesel power plant projects.

The business unit continues to climb the ladder of growth and continuous improvement by developing an innovative product - a customized solution for Electrical Load Management System (ELMS). This remarkable implementation was carried out at Pak Arab Fertilizer, the largest fertilizer complex in Pakistan.

In continuous production processes even short breakdowns of energy supply can lead to high follow-up costs. With the intel-

ligent Load Management System-ELMS, the power supply of important areas of the production plant is maintained. Embedded in the automation environment of Simatic and PCS7, ELMS supports cost-optimized standard systems as well as redundant, highly available configurations for best customization to project specific requirements. The job has been completed within a short time frame and customer is benefiting from the prevention of instable electrical networks due to the prioritized and automated load shedding system.

For the successful completion of SGM Sugar Mills Project, a sugar producer located in Sindh and having production capacity of 8000TCP / day, the Siemens project team successfully managed the strict project deadlines efficiently in a record time of 4 months which enabled the customer to start production at the onset of Sugar crushing season. At Akmenes Cement - Lithuania, the SIMIT simulation system for operation tests of the PCS7 Software was used for the first time. In addition to this, services were provided to projects in Hungary, Sri Lanka, Egypt, UAE, and Malaysia to name a few.

In Water sector, we continue our ongoing efforts for providing safe drinking water to the population of Pakistan, Cross Industry takes pride in successfully designing and manufacturing of Reverse Osmosis & Ultra Filtration Plants at Siemens Karachi Factory. The strategic decision of locally designing and manufacturing of Filtration plants with optimum utilization of resources, was taken by Cross Industry team to tap the opportunity in future growing market of water purification plants in Pakistan. Cross Industry has developed indigenous capability for the manufacturing of high quality Water Treatment Plants that can be installed in small towns, housing societies, hospitals, universities, resorts and industries for safe drinking water.

This year, Cross Industry also recorded stable growth in its Enterprise Business as well. With the breakthrough in the textile industry in the current year via offering its SAP ERP and IT solutions to Mayfair Spinning Mills, 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 sectors.



**Doosan, 175 MW Combined Cycle Power Plant at Dharki**



**Siemens Pakistan signing a contract for Benazir Bhutto International Airport Islamabad with Civil Aviation Authority**



**Complete supply and construction of underground external electrification of DHA phase V**

Cross Industry signed in National Telecommunication Corporation (NTC) and Asian Foods, which is an evidence of its leadership in the SAP-ERP market.

More than a few names were added to the list of successful SAP ERP Implementations as our projects went live at Hilton Pharma, Pakistan's largest national pharmaceutical company, Alka Chemicals, a well established company known for producing, marketing and distributing a comprehensive range of specialty chemicals for the textile industry, Mayfair Group of Companies, known for premium quality confectionary and biscuit brands, Mari Gas Company Limited, one of the largest oil & gas exploration and production companies in Pakistan and Government Holding Private Limited, highly professional company that efficiently manages GOP working interest in upstream petroleum joint ventures. The highlight of the implementation was that they were all implemented using ASAP Methodology and were completed within 6 months.

With intensified and focused marketing and sales activities, Cross Industry took the initiative to organize some distinguished events including "SAP - Leading the way to Consumer Industry Growth" where sessions relevant to Consumer Packaged Good Industry were conducted in order to stimulate the need for ERP Solution in CPG Businesses, highlight of the event was the Interactive Knowledge Transfer Sessions – where for the first time at a Siemens - SAP seminar, expert speakers (team leads) came together to shed light on the common problems that can sneak up and compromise the success of implementation project, "Information day on Dynamic Infrastructure by Siemens & Fujitsu" where Fujitsu announced the launch of its Zero Client, a simple-to-manage, intelligent front-end display device in Pakistan and "The business of sustainability – Information Technology as a catalyst by Siemens and SAP" was conducted in Islamabad which focused on the tools, for effective and optimum utilization of enterprise' resources to help organizations emerge strongly in the challenging and competitive scenario.

## Infrastructure Solution

Infrastructure Solution (BU INF) has continued to play a vital role in the country's infrastructure development projects through a range of highly reliable and innovative industrial solutions, products, and services that support sustainability.

After securing the contract for Airfield Lighting Solution for Pakistan's first Green-field and one of the most prestigious projects-Benazir Bhutto International Airport (BBIA) last year, BU-INF enhanced its credibility in airport solution market by securing yet another contract for Power and Telecommunication Networks this year as well.

The Contract for Power and Telecommunication Networks was signed on 10th August 2010 with Civil Aviation Authority (CAA). Siemens was the obvious choice for CAA by virtue of its global comprehensive range of Airport solution portfolio befitting this modern, well-equipped, well-designed and aesthetic airport of Pakistan. It will be the first airport of Pakistan which can land and park Air-bus A-380 aircraft.

Our comprehensive portfolio of system integration for product and services allows us to offer any type of solution that customers require, using a single source. We achieve customer satisfaction and business success through flawless, reliable products, solutions and services.

We continued to maintain our control in the infrastructure business by completing the DHA phase V Lahore project for supply and construction of underground external electrification of DHA sectors K, L and extension of sectors A, B, D, G and J. In continuation to the success, BU-INF secured order for supply & construction of external electrification system (Underground and HT / LT Overhead) in DHA Lahore Rahbar Sector. BU-INF successfully completed construction of Doosan, 175 MW Combined Cycle Power Plant C/o Foundation Power Company DHARKI Ltd. (FPDCL); ABB S.p.A Sawan Gas Field Compression Project with Mechanical, Electrical, Instrumentation and civil works; as well as concluded first Three-Years call-out



**Electrical Health Check services to CDC House among other customers**



**Modernization at Field Services**



**Maintenance and On-call services provided to generating sets by Field Services**

contract with Eni Pakistan's Bhit and Kadanwari Gas field for mechanical, electrical, instrumentation and civil works (MEIC).

Eni Pakistan continued to substantiate the level of satisfaction in its relationship with, Siemens, which are now a decade long, by awarding yet another blanket contract for next three-years on call-out basis for Bhit Gas Field. This contract includes all mechanical, electrical, instrumentation, civil and pipeline works (MEICP), seven Well head compression projects, two new Well head installation projects and up gradation of condensate and produce water handling projects at Bhit Gas Field.

BU-INF further strengthened its position in building technology market by winning the order of Tetra Pak Pakistan Ltd, Lahore project for complete supply and installation works for electrical, fire fighting, security and BMS Works. It is one of Tetra Pak's largest plants with first Danger Management System MM82000 in Pakistan.

## Field Services

Customer retention & loyalty are the main strategies that drive BU Field Services (BU-FS). By using our wealth of expertise and diversified portfolio, we help our customers to enhance their asset's life, performance and minimize downtime.

Keeping in view the customers' requirements, Field Services has taken the initiative to establish a state-of-the-art Call Center to provide one single source of services for all their technical needs.

BU-FS focuses on customized innovative services and solutions to our valued customers. A recent addition of Electrical Health Check services in our portfolio has received remarkable response, and recent orders from RBS Bank, ICI Head Office, and CDC House are few examples of customer retention.

Modernization and Up-gradation portfolio has always been the core competence of BU-FS. This year we have completed the milestone project of International Power Global Developments Limited (IPGDL) - HUB Power Plant in Baluchistan for replacing 15 year old 3.65MVA Excitation Transformers. The project timeline, safety issues and smooth replacement of the transformers were the key decisive factor of the customer; by team efforts we have successfully completed the project with entire customer satisfaction.

The recent floods have imposed devastating affects on the economy and big challenges to the industries. This catastrophe has generated immediate needs for restoration and rehabilitation of assets of the industrial base. BU Field Services realized the challenge ahead and developed a strategy for rehabilitation services by using its wealth of expertise and experiences. The recent order for restoration of motors and electrical systems of AES-LAL PIR, AES PAK GEN and PSO acclaim our strategy.

This year we have secured the order from Port Qasim Authority for redundant network services in addition to Tier II Data Center and E-Communication setup. The infrastructure would facilitate deployment of existing applications and has been designed to cater for future scalability. More than 500 end-users shall be part of this enterprise network which includes installation of campus-wide Fiber Optic Network Infrastructure with complete Cisco based network solution and the implementation of electronic communication infrastructure based on Microsoft Exchange Server 2007/2010.

Another success story of our customer retention is in the banking sector with intensified and focused sales activities; BU field Services obtained the contracts for On-Call and maintenance services of various DG Sets from UBL Pakistan for their country wide network.



# Industry Automation and Drive Technologies



^ Generating Sets assembled and manufactured locally



^ Locally produced motor

## Local Products

**Business Unit - Local Products comprises of Generating Sets and Motor & Alternators assembled and manufactured locally at our Works.**

### Generating Sets

In order to accomplish our goals we have set about expanding our reach through the establishment of an extensive dealer network that in its infancy has shown its utility and when complete would greatly bolster our regular sales and service.

Driven by a motivated team focused on quality and reliability, generating sets has developed an excellent sales and service structure across the country thus serving the customer wherever and whenever it is required. The power generator business despite the adverse market conditions has been able to sustain its position and has been able to close yet another year with consistency and sustainability.

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 triggered by both the global financial crunch and the devastating flood that has plagued Pakistan.

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, Pakistan Telecommunication Company Limited (PTCL) etc. The mobile industry and financial sector boom has waned away and now the primary focus is on educational institutions backed by aid agencies and Infrastructure development projects in the public sector.

In exports, successful initial breakthroughs in various countries like Bangladesh, Sri Lanka, Kuwait and Afghanistan are still 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. In order to be able to accomplish our goals we have set about in motion expanding our reach through the establishment of an extensive dealer network that in its infancy has shown its utility and when complete would greatly bolster our regular sales and service.

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.



**Assembling generating sets**



**In the process of motor winding**



**Motor store with the complete range of motors and alternators**

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## Motors & Alternators

Siemens provides complete range of Low Voltage (LV) motors, Low Voltage Variable Speed Drives (VSD), 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 spanning Pakistan.

With energy cost rising and causing increasingly negative impact on production costs. Siemens has a perfect solution with energy-efficient drive systems. The energy-efficient system helps companies reduce production costs, improve the return on investment and lower CO<sub>2</sub> emissions, on a sustainable basis over the entire lifecycle of the plant. The benefits of prudent energy utilization in a country faced by a power crisis is not lost on the public sector and aid programs like the US funded one have been launched to try and convert the current setups to more energy efficient ones with Siemens being a key partner in this push.

Siemens offers MOTOX series (Ex Flender) of geared motors with complete portfolio of drives ranging from 0.09 to 200 KW with all types of gearing. The Siemens MOTOX motors offers great advantage in terms of torque up to 20,000 Nm which is significantly higher than what is offered by geared motors of the same size from our competitors.

Our portfolio of LV three phase alternators runs from 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.

We have been very active in water supply, irrigation, drainage and sewerage schemes which has translated into acquisition of orders from US Aid for Punjab, Public Health in Sialkot, Dadu, Thatta, Mirpurkhas, Nawabshah, Naseerabad, Qambar Ali Khan and Gujranwala. WASA (Water and Sewerage Authority) Lahore, Multan and Muzaffargarh, Hyderabad Development Authority and Karachi Water & Sewerage Board (KW&SB). All these water supply schemes are backed up by our locally

manufactured efficient vertical hallow shaft motors (1PM 4/7) capable of working in rugged environment. Complete range of LV motors installed in newly developed SGM Sugar Mills by Dhabi Group in Ghotki is another achievement by Siemens along with MOTOX series of gear motors.

# Global Products



^ SIRIUS contactors

^ SITRANS P DSIII for differential pressure

Global Products offers comprehensive product solutions to customers for their industrial requirements. The amalgamation of Siemens' global product range of programmable controllers, process instruments, control components & system engineering, Industry building technology low voltage devices, mechanical drives and large drives resulted in improved sales and high profitability.

We firmly believe and emphasize on pre-sales and marketing activities in order to increase customer outreach and market share by devising an inclusive 'Market lattice' plan through distributor channel network for focusing on customer requirements. We are actively involved in the sales and marketing activities of our product portfolio directly through our customers as well as our channel partners by conducting seminars and workshops, products training, products presentation, pre-sales visits and promotional activities.



For each application the right gearunit : Duored 2, Planurex, Flender gear units



SINAMICS S120 in book-size compact format with modules



SINAMICS is the new family of Siemens drives designed for machine & plant engineering applications

As the energy cost is rising high and causing increasingly negative impact on production costs, Siemens energy-efficient drive system is the perfect solution. The energy-efficient systems help companies to; reduce production cost, improve the return on investment and lower CO2 emissions, on a sustained basis and over the entire lifecycle of the plant. Up gradation from old technology to LV drives in Sindhabadgar Sugar and Faran Sugar for energy saving is another achievement by Siemens. Due to our well accepted advance skill, global products got its first off-shore drives commissioning project in Qatar

The business of mechanical drives (Siemens gear units) is persistently penetrating the existing markets of cement, sugar and fertilizer sector as well as new horizon of paper mills, feed mills and rice mills. Prestigious orders have been received against newly reinforced Siemens geared motor business. Commencing new business of condition monitoring of gear-

boxes, is in line of action, which will empower our existing mechanical drive business setup and build customer confidence.

The training center of PLC's and drive solutions is further modernized; resources are enhanced by bringing in state of the art training equipment in the center. Adhering to Siemens' commitment towards the country in general and engineering and academic resources in particular, the business unit supervises the final year students of various educational institutions in their projects as well as during internship.

Furthermore, Global Products is also participating in educating and training the next generation of engineers and thereby preparing them for serving the industry more effectively and efficiently with more value addition thus achieving our global goal of sustainability.

Global Products takes great pride in pursuing the visionary stance of Siemens towards developing the future of Industry through Innovation by arranging special training equipment with latest control technology for two major universities of Pakistan in order to increase the skill sets of the future generation of engineers as well as acquaint them with the Innovation.



# Healthcare

## ✓ Sector, Healthcare

Syed Asadullah  
Imran Raza



In coming years, due to the size of population and its rapid growth, state of the Art health care facilities will grow and the latest technology will be introduced in Pakistan.

# Our Green Solutions - Healthcare



^ Al Razi Healthcare Hospital.

Al Razi Healthcare (Pvt) Ltd., a state-of-the-art medical center in Lahore, is the lowest radiation exposure Institution in Pakistan. A project of the UAE-based Dhabi Group, this diagnostic center provides full range of imaging and diagnostics services to the city's seven million inhabitants. with a special focus on women's health and mother-and-child care.

# Healthcare

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Healthcare business in Pakistan is divided in the business areas of Imaging and Therapy Products and Clinical Products. The Healthcare business showed a sustainable growth in sales with turnover volume of Rs 577 million (total sales volume; own plus commission: Rs 1.327 billion). In coming years, due to the size of population and its rapid growth, state of the Art health care facilities will grow and the latest technology will be introduced in Pakistan. The keen interest of private groups to improve the quality of Healthcare in Pakistan can open new doors of opportunities for the business.



**Shifa International Hospital**



**Sheikh Zayed Hospital Rahim Yar Khan - Magnetom Avanto**



**V-Sim Shifa**

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## IMAGING & THERAPY

In the area of Imaging and therapy order received for State of the Art, Large bore CT scanner with Virtual Simulation solution for Radiation Therapy treatment from Shifa International Hospital Islamabad; a well known hospital catering to the requirements of the Capital city of Pakistan. Another order for 1.5T MRI System with Tim (Total Imaging Technology) from Sheikh Zayed Hospital, Rahim Yar Khan. Named after the late ruler of Dubai this hospital serves patients from the rural areas of Pakistan.

## CLINICAL PRODUCTS

Orders in the Clinical Products business included first fully Digital Fluoroscopy system with Flat Detector for Shaukat Khanum Memorial Cancer Hospital and Research Center, Lahore. This is a very famous cancer hospital in Pakistan founded by the former cricket captain of Pakistan Imran Khan and named after his mother. It is run by a charitable trust. Other orders included Mobile Mammography Screening Solution in a Bus for the CSR (Corporate Social Responsibility) Program being launched by Roche Pakistan; a leading pharmaceutical company of the country. An order was also received for a Lithotripsy Unit for stone localization/crushing and Endo-Urological procedures for the Pakistan Institute of Medical Sciences, Islamabad, a leading hospital in the public sector of Pakistan. Clinical products also able to manage an order for Universal Remote Controlled Digital Radiography / Fluoroscopy system and Lithotripsy Unit for stone localization/crushing and Endo-Urological procedures for General Hospital Islamabad.



# Products & Services









## How can we deliver cleaner energy today?

**With an efficient energy conversion chain from Siemens and the world's most efficient combined cycle gas turbine, saving up to 40,000 tons of CO<sub>2</sub>.**

Delivering environmentally friendly energy means: generating and transmitting power more efficiently while enabling a reliable distribution. Being the only company worldwide that offers solutions covering the entire energy conversion chain, we develop innovative ways to reduce emissions: for instance our newest gas turbine which will enable the combined cycle plant in Irsching, Germany to save up to 40,000 tons of CO<sub>2</sub> per year while powering a city of 3 million people.

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

**SIEMENS**



# Answers for Energy



**Pakistan Cables Project**



**Reckitt Benckiser Project**



**Our people-Our strength**

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## 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 Co-generation 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)

## 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 Grid stations
- ✓ In/Outdoor Conventional Grid stations
- ✓ Mobile Substation ranging from 72.5kV up to 220kV

## Transformers

Local Manufacturing, Installation, Commissioning, On-site testing, Re-engineering / Refurbishment, Capacity enhancement, Diagnosis and Life assessment of:

- ✓ Distribution Transformers (up to 10 MVA/ 36 kV)
- ✓ Power Transformers (up to 250 MVA/ 245 kV)
- ✓ Auto Transformers w or w/o OLTC
- ✓ Generator Transformers
- ✓ Rectifier Transformers
- ✓ Furnace Transformers
- ✓ Neutral Earthing Transformers
- ✓ Voltage Regulators
- ✓ Dry Type Transformers





Can you actually  
wash water?

Siemens helps supply millions of people in Singapore with clean water.

With our innovative water processing technology, Singapore now has a new, eco-friendly source of water. Over 20 million gallons of used water are purified every day. By 2010 Singapore plans to clean 22.5 percent of all its water this way.

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

**SIEMENS**

# Answers for Industry



## Electricity and Power Solutions



## Clean water solutions



## Motor Solutions

### Generating Sets

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

- ✓ Upto 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 options

### Global Products

- ✓ Industrial Automation Systems (SIMATIC PLCs)
- ✓ Control Component & System Engineering (MCP, Contactors, Overload Relays etc)
- ✓ Industry Building Technology
- ✓ Low Voltage (ACB, MCCB, Bus Bar System etc.)
- ✓ Process Instrumentation
- ✓ Process Analytics
- ✓ Weighing Technology
- ✓ AC & DC Variable Speed Drives
- ✓ AC Medium Voltage Motors
- ✓ AC Low Voltage Motors
- ✓ DC Motors
- ✓ Gear Boxes (Flender)
- ✓ Gear Motors
- ✓ Couplings

### Motors

#### Low Voltage Locally Manufactured Motors

- ✓ 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

#### 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

### Infrastructure Solutions

Turnkey Infrastructure Solutions including Project Management, Electrical EPC for the following infrastructure facilities including associated Mechanical & Civil works.

- ✓ Airports and Terminals
- ✓ Tunnels
- ✓ Tank Terminals
- ✓ Special Purpose Facilities:
- ✓ Data Centers
- ✓ Stadiums / Race Tracks
- ✓ Trade and Congress Center
- ✓ Hotels and Hospitals
- ✓ Cable Liner / Alpine Technology
- ✓ Lighting Solution

### Building Technology Solutions

#### Safety

- ✓ Fire detection System

#### Security

- ✓ Access control system
- ✓ CCTV system
- ✓ Intrusion detection system

#### Comfort

- ✓ Building management system



**Traffic Solutions**



**Grid stations Solutions**



**DG Set Services**

### **Intelligent Traffic Solutions**

#### **Intelligent traffic solutions for:**

- ✓ Urban Traffic Control

### **Energy Cross Sectors & Others**

Complete Mechanical and Electrical erection in the following area:

- ✓ On/Offshore Production
- ✓ Drives for Compressors Pumps and Gas Turbines
- ✓ Pipelines
- ✓ Oil Refineries

### **Field Services:**

We at field services have the capabilities and wealth of experiences in the following fields:

#### **Up-gradation & Modernization Services:**

- ✓ Electrical Up-gradation
- ✓ PLC Migration (S5-S7 and Non-Siemens – Siemens)
- ✓ Others

#### **Operation & Maintenance Service:**

- ✓ Facility Management
- ✓ Power Plants
- ✓ Process Industries
- ✓ Generating Sets

#### **Energy Optimization Services:**

- ✓ Energy Improvement Program
- ✓ Health Checks

#### **Installation, Testing & Commissioning:**

- ✓ Electrical System
- ✓ Automation System
- ✓ Grid Station

#### **On-Site Troubleshooting**

- ✓ Electrical System
- ✓ Automation & Drives
- ✓ DG Set

#### **Professional Services**

- ✓ Protection Relay Testing
- ✓ Transformer Testing & Commissioning
- ✓ Electrical MV Switchgear
- ✓ LV Switchgear/MCC/PFIP Panels
- ✓ Energy Meter Testing
- ✓ Harmonic Analysis

#### **Condition Monitoring Services**

- ✓ Thermography
- ✓ Vibration Analysis
- ✓ Health Check
- ✓ Physical Inspection

#### **Motors / Alternator Testing**

- ✓ Overhauling
- ✓ Rewinding
- ✓ Testing & Commissioning

#### **PCB Diagnostics Services**

- ✓ PCB Diagnostics & Repair Services

#### **DG Set Services**

- ✓ Operation & Maintenance Services
- ✓ Annual Maintenance Services
- ✓ Installation, Testing & Commissioning Services
- ✓ OnCall Troubleshooting Services
- ✓ Repair, Overhauling, Services

#### **Spare Parts support**

- ✓ Supply of critical Spare Parts
- ✓ Inventory Management Services
- ✓ Logistics Supports





**Call Center Services**



**Load Dispatch Center for KESC**



**SAP training at Siemens Learning Center**

### **IT Network Solution & Services**

- ✓ Turnkey IT-Infrastructure Solutions
- ✓ System Design (Consulting, Engineering, Development)
- ✓ Networking Solutions (LAN, WAN, MAN, VoIP, IPT, SAN)
- ✓ Data Center Solution
- ✓ Intelligent Building Solutions

### **Industrial Trainings**

- ✓ Siemens PLC Training
- ✓ Electrical Trainings
- ✓ Products Training

**Customer support (021) 111-066-077**

### **Cross Industries**

#### **Cross Industry Solutions**

- ✓ Project Management, Design, Engineering & Commissioning of Electrical & Process Control Systems
- ✓ Distributed Control Systems for Continuous & Batch Process Industry for e.g. Cement Sugar, Paper & Pulp, Fertilizer and etc
- ✓ SCADA Systems
- ✓ Process Instrumentations
- ✓ Management Information Systems
- ✓ System Integration
- ✓ Training & Workshops for Customers

### **Water & Waste Water Solutions**

- ✓ RO and Ultra Filtration Treatment Plants
- ✓ 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

### **Enterprise Business Solution**

Siemens Pakistan Cross Industry is one of the leading Enterprise Business Solution Provider. We focus on offering quality and innovative turnkey IT Solution for our customers, which includes flexible software and hardware solutions. Through consultative model Siemens provide meaningful technology solutions which addresses all business and operational needs. Siemens Pakistan provides a full spectrum of products and services for the entire lifecycle of the SAP Solution

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

#### **Enterprise Business Solution portfolio includes:**

- ✓ SAP Center of Expertise (VAR)
- ✓ SAP Turnkey Solutions: Core SAP
- ✓ ERP Solutions, SAP Industry, Core Banking, and Utilities Solutions etc.
- ✓ SAP Authorized Training Center (ATC)
- ✓ SAP Support Services(Round-the-clock IT system support and services to our clients)
- ✓ FUJITSU Global Sales and Support Partner
- ✓ Certified Flexframe Partner (EMEA Region)
- ✓ Turnkey IT-Infrastructure Solutions
- ✓ System Design (Consulting, Engineering, Development)
- ✓ Hardware Solutions (Servers, PCs, Peripherals)

### **Information Technology Education**

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





## Can we stop small cells from causing big problems?

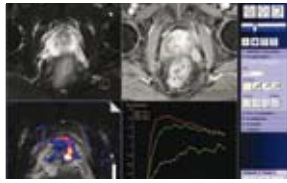
**Siemens advanced diagnostic technology helps doctors detect disease earlier. Which helps save lives – and healthcare expenses.**

When diseases are caught early, they make less of an impact on everyone. That's because a large majority of today's healthcare costs go toward treating the late stages of diseases like cancer and heart disease. With Siemens advanced diagnostic technology, doctors can accurately identify these killers earlier. So patients get the treatment they need sooner. Which helps save lives and cuts costs. Wherever there are tough healthcare questions, we're answering them.

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

**SIEMENS**

# Answers for Healthcare



**Urology Solutions**



**Laboratory Solutions**



**Ultrasound Imaging Solutions**

## *Imaging and Therapy*

- ✓ Angiography Solutions
- Computed Tomography Solutions
- Healthcare IT Solutions
- Imaging Solutions
- Magnetic Resonance Imaging Solutions
- Oncology Care Solutions
- Refurbished Systems

## *Clinical Products*

- Ultrasound Imaging Solutions
- Urology Solutions
- Women's Health Solution
- Mobile C-Arm Systems
- Mobile X-Ray Systems
- Healthcare Accessories

## *Diagnostics*

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

## *Services*

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

A photograph showing three Siemens workers in orange safety vests and white hard hats standing in a field of tall grass. In the background, several wind turbines are visible under a blue sky with light clouds. The workers are looking towards the turbines. One worker on the right is holding a clipboard. The scene is viewed from the perspective of someone inside a train or vehicle, as a dark metal railing is visible in the foreground.

Can one technology sustain  
our entire way of life?

**Sustainability is more than a single technology. It's the philosophy behind everything Siemens is doing around the world.**

In 1884, our founder made a simple vow: "I will not sell the future for temporary gain." That's the philosophy we still live by today. In Ontario, our wind turbines generate clean, renewable power. Our smart building technologies dot the skyline in New York and Dubai. Our commuter trains reshape cities like Paris and Kuala Lumpur. And our affordable healthcare solutions help hospitals cut costs in Cairo and Colombia. We're building answers to today's toughest questions – and we're building them to last.

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

**SIEMENS**





Ernst & Young Feroz Ikhlas Siddiqi Hyder  
Chartered Accountants  
Programme House, Islamabad Road  
111 001 15461, Karac 75530, Pakistan  
Tel: +9221 3565 0007  
Fax: +9221 3565 1965  
www.ey.com

## 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 KSC/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 2010.

*Ernst & Young Feroz Ikhlas Siddiqi Hyder*

Karachi -

Chartered Accountants

23 October 2010

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

For the year ended September 30, 2010

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 two independent non-executive directors, one of whom is the Chairman. One director represents 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 NBFI.
5. None of the directors or their spouses is engaged in business of stock brokerage.
6. Casual vacancies occurred during the year were duly filled within thirty days of their occurrence.
7. The Company has adopted a Statement of Ethics & Business Practices called "Business Conduct Guidelines" 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



Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza, Beaufort Road  
P.O. Box 15541, Karachi 75530, Pakistan  
Tel: +9221 3565 0007  
Fax: +9221 3565 1465  
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 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) In our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently except for the changes, as discussed in the note 3.20 (a), to the financial statements with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

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- 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, statement of comprehensive income, 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 2010 and of the profit, total comprehensive income, 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: 23 October 2010

Place: Karachi



# Siemens (Pakistan) Engineering Company Limited

## Balance Sheet

As at September 30, 2010

	Note	2010 (Rupees in '000)	2009
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
Authorised		200,000	200,000
20,000,000 (2009: 20,000,000) Ordinary shares of Rs 10 each			
Issued, subscribed and fully paid-up	5	82,470	82,470
<b>Reserves</b>			
Capital	6	624,192	624,192
Revenue	6	6,461,763	6,204,531
		7,085,955	6,828,723
<b>Total equity</b>		<b>7,168,425</b>	<b>6,911,193</b>
<b>Non-current liabilities</b>			
Retention money		151,582	175,719
Employees' long-term service bonus		13,376	14,042
Provision against record retention		6,717	8,096
		171,675	197,857
<b>Current liabilities</b>			
Trade and other payables	7	8,738,208	11,493,646
Provisions	8	2,206,189	2,092,935
Short-term running finances	9	4,297,231	1,674,696
Taxation - net	10	1,959,407	1,888,118
		17,201,035	17,149,395
<b>Total liabilities</b>		<b>17,372,710</b>	<b>17,347,252</b>
<b>Contingencies and commitments</b>	11		
<b>Total equity and liabilities</b>		<b>24,541,135</b>	<b>24,258,445</b>

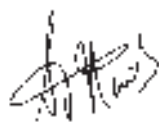
# Siemens (Pakistan) Engineering Company Limited

## Balance Sheet

As at September 30, 2010

	Note	2010 (Rupees in '000)	2009
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	12	1,678,522	1,662,500
Intangible assets	13	2,747	6,032
		1,681,269	1,668,532
Long-term loans and trade receivables	14	854,472	1,190,898
Long-term deposits and prepayments	15	5,113	6,086
Deferred tax asset	16	1,253,518	1,012,666
		3,794,372	3,878,182
<b>Current assets</b>			
Inventories	17	3,734,297	4,367,431
Trade receivables	18	14,665,339	13,583,392
Loans and advances	19	384,400	465,861
Deposits, short-term prepayments and other receivables	20	566,461	560,485
Cash and bank balances	21	1,396,266	1,403,094
		20,746,763	20,380,263
<b>Total assets</b>		<b>24,541,135</b>	<b>24,258,445</b>

The annexed notes 1 to 43 form an integral part of these financial statements.



Sohail Wajahat H. Siddiqui  
Chief Executive Officer



Christian Knie  
Director


# Siemens (Pakistan) Engineering Company Limited

## Profit and Loss Account

For the year ended September 30, 2010

	Note	2010 (Rupees in '000)	2009
<b>Net sales and services</b>	22	26,248,842	36,149,390
Cost of sales and services	23	(22,373,565)	(32,164,974)
<b>Gross profit</b>		<b>3,875,277</b>	<b>3,984,416</b>
Commission and allowances earned		67,729	186,822
		<b>3,943,006</b>	<b>4,171,238</b>
Marketing and selling expenses	24	(1,483,080)	(1,308,787)
General administrative expenses	25	(628,211)	(542,949)
Other operating income	26	146,425	7,644
		<b>(1,964,866)</b>	<b>(1,844,092)</b>
<b>Operating profit</b>		<b>1,978,140</b>	<b>2,327,146</b>
Financial income	27	30,575	153,937
Financial expenses	27	(430,462)	(336,644)
Net finance costs		<b>(399,887)</b>	<b>(182,707)</b>
<b>Profit before tax</b>		<b>1,578,253</b>	<b>2,144,439</b>
Income tax expense	28	(578,788)	(779,270)
<b>Net profit for the year</b>		<b>999,465</b>	<b>1,365,169</b>
Basic and diluted earnings per share (Rupees)	29	<b>121.19</b>	<b>165.53</b>

The annexed notes 1 to 43 form an integral part of these financial statements.



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



**Christian Knie**  
Director

# Siemens (Pakistan) Engineering Company Limited

## Statement of Comprehensive Income

For the year ended September 30, 2010

	2010 (Rupees in '000)	2009
Net profit for the year	999,465	1,365,169
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>999,465</u>	<u>1,365,169</u>

The annexed notes 1 to 43 form an integral part of these financial statements.



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



**Christian Knie**  
Director



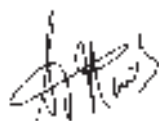
# Siemens (Pakistan) Engineering Company Limited

## Cash Flow Statement

For the year ended September 30, 2010

	Note	2010 (Rupees in '000)	2009
<b>Cash flows from operating activities</b>			
Cash utilised in operations	30	(291,146)	(834,156)
Payment to Gratuity Fund		(70,619)	(38,000)
Financial expenses paid		(462,684)	(341,439)
Income tax paid		(748,351)	(518,903)
Payment to Workers' Profit Participation Fund		(116,377)	(138,590)
Net cash used in operating activities	31	(1,689,177)	(1,871,088)
<b>Cash flows from investing activities</b>			
Capital expenditure		(244,434)	(294,568)
Proceeds from sale of property, plant and equipment		28,973	11,958
Financial income received		17,508	124,999
Net cash used in investing activities		(197,953)	(157,611)
<b>Cash flows from financing activities</b>			
Dividends paid		(742,233)	(742,233)
Net cash used in financing activities		(742,233)	(742,233)
Net decrease in cash and cash equivalents		(2,629,363)	(2,770,932)
Cash and cash equivalents at beginning of the year		(271,602)	2,499,330
Cash and cash equivalents at end of the year	32	(2,900,965)	(271,602)

The annexed notes 1 to 43 form an integral part of these financial statements.



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



**Christian Knie**  
Director

# Siemens (Pakistan) Engineering Company Limited

## Statement of Changes in Equity


For the year ended September 30, 2010

	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, 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)	-
Net profit for the year ended September 30, 2009	-	-	-	-	-	1,365,169	1,365,169
Other Comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	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)
Balance as at September 30, 2009	82,470	619,325	567	4,300	3,523,026	2,681,505	6,911,193
Final dividend @ Rs 60 per Ordinary share of Rs 10 each for the year ended September 30, 2009	-	-	-	-	-	(494,822)	(494,822)
Transfer to general reserve	-	-	-	-	500,000	(500,000)	-
Net profit for the year ended September 30, 2010	-	-	-	-	-	999,465	999,465
Other Comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	999,465	999,465
Interim dividend @ Rs 30 per Ordinary share of Rs 10 each for the six months period ended March 31, 2010	-	-	-	-	-	(247,411)	(247,411)
<b>Balance as at September 30, 2010</b>	<b>82,470</b>	<b>619,325</b>	<b>567</b>	<b>4,300</b>	<b>4,023,026</b>	<b>2,438,737</b>	<b>7,168,425</b>

The annexed notes 1 to 43 form an integral part of these financial statements.



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



**Christian Knie**  
Director

# Siemens (Pakistan) Engineering Company Limited

## Notes to the Financial Statements

For the year ended September 30, 2010

### 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 the execution of projects under contracts and in the manufacturing, 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 7.2)
- Provision for taxation and deferred taxation (note 3.7 and 28.2)
- Cost of completion of contracts in progress and their results (note 34)

### 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 directly attributable to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost until such time the assets are substantially ready for their intended use, i.e., when they are capable of commercial production. All other borrowing costs are recognised as an expense in the income statement 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 Final Tax Regime at the applicable tax rates. The charge for current tax includes adjustments to charge for prior years, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001, and whichever is higher is provided in the financial statements.

#### **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 2010**

#### **3.20(a) Initial application of new standards, interpretations and amendments to existing standards**

With effect from October 1, 2009, the Company has changed its accounting policies in the following:

- IFRS 7, (Amendment), 'Financial Instruments: Disclosures' requires enhanced disclosures regarding fair value measurement and liquidity risk. Adoption of this IFRS has resulted in additional disclosures in the Company's financial statements.
- The revised IAS 1, 'Presentation of Financial Statements (Revised)' was issued in September 2007 and became effective for the financial years beginning on or after January 1, 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes 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: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present two statements. The Company currently does not have any items of income and expenses representing other comprehensive income. Therefore, comprehensive income is equal to the net profit reported for all periods presented. Comparative information has also been re-presented to bring it in conformity with the revised standard.

The revised IAS 1 also requires that when the entity applies an accounting policy retrospectively or makes 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. As the change in accounting policy only changes the presentation aspects, there is no impact on the Company's earnings.

- IAS 23, (Amendment), 'Borrowing cost' requires an entity to capitalise all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. In compliance of this requirement, the Company has revised its accounting policy as enumerated in note 3.3. As the Company does not have any borrowings against qualifying asset, the change has no impact on the Company's earnings.

### 3.20(b) Standards effective in 2010 but not relevant or do not have any effect / material effect

Other amendments resulting from improvements to IFRSs to the following standards did not have any effect / material effect on the accounting policies, financial position or performance of the Company:

- IFRS 2, 'Share-based Payment'
- IFRS 3, 'Business Combinations'
- IFRS 4, 'Insurance Contracts'
- IFRS 5, 'Non-current Assets Held for Sale or Discontinued Operations'
- IAS 16, 'Property, Plant and Equipment'
- IAS 27, 'Consolidated and Separate Financial Statements'
- IAS 28, 'Investments in Associates'
- IAS 31, 'Investments in Joint Ventures'
- IAS 32, 'Financial Instruments: Presentation'
- IAS 36, 'Impairment of Assets'
- IAS 38, 'Intangible Assets'
- IAS 39, 'Financial Instruments: Recognition and Measurement'
- IFRIC 15, 'Agreements for the Construction of Real Estate'
- IFRIC 16, 'Hedges of a Net Investment in a foreign Operation'
- IFRIC 17, 'Distribution of Non-cash Assets to Owners'
- IFRIC 18, 'Transfers of Assets from Customers'

### 3.21 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, 2010 and, except for additional disclosures (if any), 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' - Amendments relating to 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.
- IFRS 5, (Amendment) 'Non-current Assets Held for Sale and Discontinued Operations' (effective from annual periods beginning on or after January 1, 2010). It clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.
- IFRS 8, (Amendment) 'Operating Segments' (effective from annual periods beginning on or after January 1, 2010). It clarifies segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.
- IAS 1, (Amendment) 'Presentation of Financial Statements' (effective from annual periods beginning on or after January 1, 2010). The amendment provides clarification that potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current notwithstanding that the entity could be required by the counter party to settle in shares at any time.
- IAS 7, (Amendment) 'Statement of Cash Flows' (effective from annual periods beginning on or after January 1, 2010). It explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow for investing activities.
- IAS 17, (Amendment) 'Leases' (effective from annual periods beginning on or after January 1, 2010). The amendment clarifies that when a lease includes both the land and building elements, an entity should determine the classification of each element based on the criterias given in the IAS, taking into account the fact that land normally has an indefinite economic life.
- IAS 36, (Amendment) 'Impairment of Assets' (effective from annual periods beginning on or after January 1, 2010). It clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.
- IAS 39, (Amendments) 'Financial Instruments: Recognition and Measurement' (effective from annual periods beginning on or

after January 1, 2010). The amendments provide further guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated, clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts and clarify that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss.

- IAS 32, 'Financial Instruments: Presentation' (effective from annual periods beginning on or after February 1, 2010). It changes the definition of financial liability in order to classify right issues (and certain options or warrants) as equity instruments in cases where such rights are given prorata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments' (effective from annual periods beginning on or after July 1, 2010). It clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration received paid. The equity instruments issued are measured as their fair value. In case this cannot be reliably measured, they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in the profit or loss.
- IFRS 3, (Amendments) 'Business Combinations' (effective from annual periods beginning on or after July 1, 2010). The amendments clarify that contingent consideration arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004), limit the accounting policy choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instrument that give rise to a present ownership interest and that currently entitle the holder to a share in the event of liquidation and expand the current guidance on the attribution of the market based measure of an acquirer's share-based payment awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaces unexpired acquiree awards.
- IFRS 7, (Amendments) 'Financial Instruments: Disclosures' (effective from annual periods on or after January 1, 2011). The amendments add an explicit statement that qualitative disclosures should be made in line with the quantitative disclosures to better understand users to evaluate an entity's exposure to risks arising from financial instruments and amended the existing disclosures.
- IAS 24, 'Related Party Disclosures' (effective from annual periods beginning on or after January 1, 2011). It simplifies the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government-related entities) and clarifies the definition of a related party.
- IAS 34, (Amendment) 'Interim Financial Reporting' (effective from annual periods on or after January 1, 2011). It adds further examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality that describe other minimum disclosures.
- IFRIC 13, (Amendment) 'Customer Loyalty Programmes' (effective from annual periods on or after January 1, 2011). The amendment clarifies that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.
- IFRIC 14, (Amendment) 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective from annual periods on or after January 1, 2011). The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.
- IFRS 9 'Financial Instruments: Classification and Measurement' (effective from annual periods beginning on or after January 1, 2013). It applies to classification and measurement of financial assets as defined in IAS 39 in the first phase. In the second phase, it will address classification and measurement of financial liabilities, hedge accounting and depreciation.

#### 4. OPERATIONS IN UNITED ARAB EMIRATES

The Board of Directors of the Company in their meeting held on January 22, 2010 decided that the Company will cease to participate in further bidding in the United Arab Emirates (UAE) due to prevalent market situation. The shareholders of the Company, in their Extra-ordinary General Meeting held on March 4, 2010, also approved the decision to cease participation in further bidding in the UAE. However, the Company will continue to execute existing orders in hand which are valued at Rs 5,812.183 million as at September 30, 2010.



#### 4.1 Results of the UAE Operations

The following are the results of the UAE operations:

	2010	2009
	(Rupees in '000)	
Net sales and services	9,721,649	19,546,572
Cost of sales and services	(8,605,643)	(18,253,341)
Gross profit	1,116,006	1,293,231
Marketing and selling expenses	(418,786)	(149,169)
General administrative expenses	(119,172)	(122,835)
Other operating (loss) / income	(680)	226
	(538,638)	(271,778)
Operating profit	577,368	1,021,453
Financial income	68	10,286
Financial expenses	(237,231)	(179,439)
Net finance costs	(237,163)	(169,153)
Profit before tax	340,205	852,300
Income tax expense	(124,762)	(309,718)
Net profit for the year	215,443	542,582

#### 4.2 Cash flows from the UAE Operations

Net cash flows from operating activities	(793,969)	(2,834,733)
Net cash flows from investing activities	(2,570)	(15,613)
Net cash flows from UAE Operations	(796,539)	(2,850,346)

#### 4.3 Assets of the UAE Operations

Property, plant and equipment	29,456	43,692
Intangible assets	1,722	3,489
Long-term loans and trade receivables	740,471	1,080,805
Inventories	26,046	562,491
Trade receivables	8,605,243	8,675,092
Loans and advances	191,664	391,201
Deposits, short-term prepayments and other receivables	48,104	115,703
Cash and bank balances	3,344	-
	9,646,050	10,872,473

#### 4.4 Liabilities of the UAE Operations

Long term retention money payable	149,959	175,296
Other non-current liabilities	566	906
Trade and other payables	3,225,596	5,851,990
Provisions	1,316,737	1,280,792
Short-term running finances	4,281,123	1,650,297
	8,973,981	8,959,281

4.5 For segment reporting, the results of the UAE Operations have been reported as part of the 'Energy Segment' (note 42).

5. ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL			2010	2009	
			(Rupees in '000)		
Ordinary shares of Rs 10 each					
	2010	2009			
	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>

5.1 Siemens Aktiengesellschaft (Siemens AG), (the Parent Company), held 5,451,120 Ordinary shares (2009: 5,451,120 Ordinary shares) of Rs 10 each of the Company as at September 30, 2010.

## 5.2 Dividends and other appropriations

The Board of Directors in their meeting held on October 23, 2010 have proposed a final cash dividend of Rs 60 per Ordinary share of Rs.10 each (2009: Rs 60 per share), amounting to Rs 494.822 million (2009: Rs 494.822 million). The Board also proposed to transfer an amount of Rs 500 million (2009: Rs 500 million) from unappropriated profit to general reserve.

6. RESERVES		2010	2009
		(Rupees in '000)	
	Note		
<b>Capital</b>			
Share premium	6.1	619,325	619,325
Capital repurchase reserve account	6.2	567	567
Other capital reserve		4,300	4,300
		<b>624,192</b>	<b>624,192</b>
<b>Revenue</b>			
General reserve		4,023,026	3,523,026
Unappropriated profit		2,438,737	2,681,505
		<b>6,461,763</b>	<b>6,204,531</b>

6.1 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.

6.2 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.

## 7. TRADE AND OTHER PAYABLES

	Note	2010 (Rupees in '000)	2009
Trade creditors [including retention money of Rs 1,397.591 million (2009: Rs 1,608.132 million)]	7.1	4,680,953	5,923,129
Accrued liabilities		1,528,797	1,633,119
Advances from customers			
For goods		554,331	628,336
For services including projects		1,320,101	2,747,396
Staff retirement benefits - gratuity	7.2	21,108	9,026
Accrued mark-up on running finances		8,990	425
Unearned portion of revenue and maintenance contracts		102,220	72,375
Workers' Profit Participation Fund	7.3	88,991	119,428
Workers' Welfare Fund		71,307	72,049
Unclaimed dividend		12,717	10,344
Derivative financial instruments		1,270	6,860
Withholding tax payable		18,089	15,631
Other liabilities		329,334	255,528
		<b>8,738,208</b>	<b>11,493,646</b>

7.1 These include a sum of Rs 373.581 million (2009: Rs 1,345.368 million) due to related parties.

### 7.2 Staff retirement benefits - Gratuity

The actuarial valuation of gratuity scheme was carried out at September 30, 2010. The Projected Unit Credit Method, using the following significant financial assumptions has been used for the actuarial valuation:

- Discount rate 14.00% per annum compound (2009: 12.60%).
- Expected rate of increase in salaries 11.80% per annum (2009: 10.36%).
- Expected rate of return on plan assets 14.00% per annum (2009: 12.50%).

The amounts recognised in the balance sheet are as follows:

	Note	2010 (Rupees in '000)	2009
Fair value of plan assets	7.2.1	402,338	338,082
Present value of defined benefit obligation	7.2.2	(627,045)	(545,577)
Deficit	7.2.3	(224,707)	(207,495)
Unrecognised net loss	7.2.4	203,599	198,469
		<b>(21,108)</b>	<b>(9,026)</b>

#### 7.2.1 Movement in the fair value of plan assets

Opening balance	338,082	348,671
Expected return	35,025	36,262
Contributions made by the Company	70,619	38,000
Benefits paid	(52,874)	(31,696)
Actuarial gain / (loss)	11,486	(53,155)
	<b>402,338</b>	<b>338,082</b>

#### 7.2.2 Movement in the present value of defined benefit obligation

Opening balance	545,577	441,555
Current service expense	40,922	37,052
Interest expense	64,990	62,232
Benefits paid	(52,874)	(31,696)
Actuarial loss	28,430	36,434
	<b>627,045</b>	<b>545,577</b>

### 7.2.3 Historical information

As at September 30,	2010	2009	2008	2007	2006
	------(Rupees in '000)-----				
Fair value of plan assets	402,338	338,082	348,671	368,633	405,731
Present value of defined benefit obligation	(627,045)	(545,577)	(441,555)	(377,690)	(335,459)
(Deficit) / surplus	<u>(224,707)</u>	<u>(207,495)</u>	<u>(92,884)</u>	<u>(9,057)</u>	<u>70,272</u>
Experience adjustment on plan liabilities	5%	7%	11%	7%	18%
Experience adjustment on plan assets	3%	-16%	-12%	-1%	0%

### 7.2.4 Movement in net liability in the balance sheet is as follows:

	Note	2010	2009
		(Rupees in '000)	
Opening balance of net asset		(9,026)	38,064
Expense recognised for the year	7.2.5	(82,701)	(85,090)
Contributions made by the Company		70,619	38,000
		<u>(21,108)</u>	<u>(9,026)</u>

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

Current service expense	40,922	37,052
Interest expense	64,990	62,232
Expected return on plan assets	(35,025)	(36,262)
	<u>70,887</u>	<u>63,022</u>
Recognition of actuarial loss	11,814	22,068
	<u>82,701</u>	<u>85,090</u>

### 7.2.6 Major categories / composition of plan assets are as follows:

	2010	2009
	-----%-----	
Debt instruments	42	10
Mixed funds	13	22
Cash and cash equivalents	45	68
	<u>100</u>	<u>100</u>

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

7.2.8 Actual profit on plan assets for the year ended September 30, 2010 was Rs 46.511 million (2009: loss of Rs 16.893 million).

7.2.9 The Company plans to contribute Rs 79 million to the gratuity fund next year.

### 7.3 Workers' Profit Participation Fund

	2010	2009
	(Rupees in '000)	
Balance at beginning of the year	119,428	141,646
Interest on funds utilised in Company's business	11,464	17,448
Amount allocated for the year	85,940	116,372
Amount paid to the Fund including interest	(127,841)	(156,038)
	<u>88,991</u>	<u>119,428</u>



8. PROVISIONS	Warranties	Liquidated damages	Losses on sales contracts	Total
	------(Rupees in '000)-----			
Balance as at October 1, 2009	564,031	1,466,191	62,713	2,092,935
Additional provision	179,192	462,524	15,810	657,526
Reversal of utilised and unutilised amounts	(218,842)	(262,865)	(62,565)	(544,272)
	<b>524,381</b>	<b>1,665,850</b>	<b>15,958</b>	<b>2,206,189</b>

9. SHORT-TERM RUNNING FINANCES	Note	2010 (Rupees in '000)	2009
From an associate - unsecured	9.1	4,281,123	1,518,990
From others - secured	9.2	16,108	155,706
		<b>4,297,231</b>	<b>1,674,696</b>

9.1 This facility is available from Siemens Financial Services (SFS), amounting to Rs 4,281 million (2009: Rs 1,519 million), to be utilised in the United Arab Emirates (UAE). The mark-up on this facility ranges between 0.64% and 1.50% per annum (2009: 1.21% and 6.01% per annum).

9.2 These facilities available from various banks aggregated to Rs 2,799.309 million (2009: Rs 3,261 million). The mark-up on these facilities ranges between 2.36% and 16.00% per annum (2009: 5.23% and 18.10% 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 1,191.250 million (2009: Rs 1,181 million), obtained in the UAE at mark-up rates ranging between 2.36% and 5.56% (2009: 5.23% and 6.82%) per annum.

Other facilities granted by the banks and amounts remaining unutilised thereof as at September 30, 2010 are as follows:

	Note	2010 (Rupees in '000)	2009
Letters of credit			
- limit		9,091,865	9,847,492
- unutilised portion		8,204,048	8,532,439
Guarantees			
- limit		14,165,891	14,957,549
- unutilised portion		8,118,698	8,117,684
<b>10. TAXATION - Net</b>			
Provision for taxation		2,535,935	2,331,100
Advance tax		(576,528)	(442,982)
		<b>1,959,407</b>	<b>1,888,118</b>

## 11. CONTINGENCIES AND COMMITMENTS

### Contingences:

- 11.1 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 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, equivalent to Pak Rs 1,425.576 million. However, the Company strictly maintains that if at all, its liability would be restricted to US\$ 14 million, equivalent to Pak Rs 1,206.800 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.

- 11.2 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 for any liability that may arise as a result of these law suits in these financial statements.

### Commitments:

- 11.3 As at September 30, 2010 capital expenditure contracted for but not incurred amounted to Rs 120.999 million (2009: Rs 26.584 million).

## 12. PROPERTY, PLANT AND EQUIPMENT

	Note	2010 (Rupees in '000)	2009
Operating assets	12.1	1,616,513	1,653,814
Capital work in progress	12.2	62,009	8,686
		<u>1,678,522</u>	<u>1,662,500</u>

## 12.1 Operating assets

2010	As at October 1, 2009			During the year ended September 30, 2010			As at September 30, 2010			Depreciation rates as a % of cost
	Cost	Accumulated depreciation	Net book value	Additions / (deletions)	Depreciation / (on deletions)	Net book value of disposals	Cost	Accumulated depreciation	Net book value	
------(Rupees in '000)-----										
Leasehold land	53,149	24,674	28,475	-	1,321	-	53,149	25,995	27,154	2.5
Freehold land	544,011	-	544,011	-	-	-	544,011	-	544,011	-
Buildings on leasehold / freehold lands	424,534	102,338	322,196	4,321	10,521	-	428,855	112,859	315,996	2.5 & 10
Plant and machinery	897,753	403,407	494,346	30,244 (8,440)	71,115 (8,276)	164	919,557	466,246	453,311	10,20,25 & 100
Tools and patterns	219,023	159,136	59,887	18,880 (802)	25,795 (779)	23	237,101	184,152	52,949	50
Furniture and equipment	372,865	276,834	96,031	42,592 (16,314)	47,680 (15,140)	1,174	399,143	309,374	89,769	20,25,33.33 & 100
Vehicles	414,758	305,890	108,868	94,900 (50,244)	70,143 (49,942)	302	459,414	326,091	133,323	25 & 50
	<b>2,926,093</b>	<b>1,272,279</b>	<b>1,653,814</b>	<b>190,937 (75,800)</b>	<b>226,575 (74,137)</b>	<b>1,663</b>	<b>3,041,230</b>	<b>1,424,717</b>	<b>1,616,513</b>	
------(Rupees in '000)-----										
2009	As at October 1, 2008			During the year ended September 30, 2009			As at September 30, 2009			Depreciation rates as a % of cost
	Cost	Accumulated depreciation	Net book value	Additions / (deletions)	Depreciation / (on deletions)	Net book value of disposals	Cost	Accumulated depreciation	Net book value	
------(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>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>	

12.2 Capital work in progress

	2010 (Rupees in '000)	2009
Plant, machinery and equipment under installation	55,734	903
Advances to suppliers	6,275	7,783
	62,009	8,686

12.3 Property, plant and equipment include items, having an aggregate cost of Rs 766.276 million (2009: Rs 631.104 million), have been fully depreciated and are still in use of the Company.

12.4 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>						
Printing Labeling Machine	93	22	71	-	Scrapped	
Multiloop Calibrator	184	129	55	-	Scrapped	
Items with book value below Rs 50,000 each	8,163	8,125	38	1,068	Various	Various
	<b>8,440</b>	<b>8,276</b>	<b>164</b>	<b>1,068</b>		
<b>Tools and patterns</b>						
Items with book value below Rs 50,000 each	802	779	23	68	Various	Various
	<b>802</b>	<b>779</b>	<b>23</b>	<b>68</b>		
<b>Furniture and equipment</b>						
Porta cabin office container	2,356	1,610	746	-	Scrapped	
Items with book value below Rs 50,000 each	13,958	13,530	428	635	Various	Various
	<b>16,314</b>	<b>15,140</b>	<b>1,174</b>	<b>635</b>		
<b>Vehicles</b>						
Van	182	87	95	1,750	Auction	Mr. Mian Ajmal - Masjid Mian Sher Khan, Haji Shah, Dakhana Khas, Tehsil Attock.
Car	794	695	99	199	Company policy	Mr. Abrar Hussaini - Ex employee, Karachi
Car	969	888	81	242	Company policy	Mr. Abdul Razzak - Ex employee, Karachi
Items with book value below Rs 50,000 each	48,299	48,272	27	25,011	Various	Various
	<b>50,244</b>	<b>49,942</b>	<b>302</b>	<b>27,202</b>		
<b>September 30, 2010</b>	<b>75,800</b>	<b>74,137</b>	<b>1,663</b>	<b>28,973</b>		
September 30, 2009	36,187	31,867	4,320	11,958		

12.5 The fair value of property, plant and equipment as at September 30, 2010 approximated to Rs 5,835 million (2009: Rs 5,769 million).



### 13. INTANGIBLE ASSETS

2010	As at October 1, 2009			During the year ended September 30, 2010			As at September 30, 2010			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>	87,131	81,099	6,032	174	3,459	-	87,305	84,558	2,747	33.33
	<b>87,131</b>	<b>81,099</b>	<b>6,032</b>	<b>174</b>	<b>3,459</b>	<b>-</b>	<b>87,305</b>	<b>84,558</b>	<b>2,747</b>	
2009	83,873	77,822	6,051	3,258	3,277	-	87,131	81,099	6,032	33.33

13.1 Intangible assets include items, having an aggregate cost of Rs 79.095 million (2009: Rs 76.320 million), have been fully amortised and are still in use of the Company.

13.2 Depreciation and amortisation have been allocated as follows:

		Depreciation	Amortisation	2010 Total	2009 Total
	Note	------(Rupees in '000)-----			
Cost of sales	23.1	160,465	2,450	162,915	149,894
Marketing and selling expenses	24	52,618	803	53,421	52,589
General administrative expenses	25	13,492	206	13,698	14,948
		226,575	3,459	230,034	217,431

### 14. LONG-TERM LOANS AND TRADE RECEIVABLES

	Note	2010 (Rupees in '000)	2009
<b>Loans</b>			
Considered good - secured			
Due from executives	14.1 & 14.2	2,490	3,887
Due from other employees	14.1	1,324	1,754
		3,814	5,641
Receivable within one year shown under current assets	19	(1,765)	(2,130)
Long term portion		2,049	3,511
Discounting to present value		(488)	(934)
		1,561	2,577
<b>Trade receivables</b>			
Considered good [including retention money of Rs 762.250 million (2009: Rs 1,152.760 million)]		922,890	1,298,641
Considered doubtful		6,094	3,981
		928,984	1,302,622
Provision for doubtful debts		(6,094)	(3,981)
Discounting to present value		(69,979)	(110,320)
		852,911	1,188,321
		854,472	1,190,898

14.1 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 periods ranging between one and ten years in equal monthly installments.

14.2 Reconciliation of carrying amount of loans to executives	Note	2010 (Rupees in '000)	2009
Balance at the beginning of the year		3,887	6,091
Repayments		(1,397)	(2,204)
		<u>2,490</u>	<u>3,887</u>
Maximum amount outstanding at end of any month during the year against loans to executives		<u>3,409</u>	<u>5,794</u>
<b>15. LONG-TERM DEPOSITS AND PREPAYMENTS</b>			
Security deposits		5,113	5,636
Prepayments		-	450
		<u>5,113</u>	<u>6,086</u>
<b>16. DEFERRED TAX ASSET</b>			
Debit / (credit) balances arising in respect of:			
Provision for doubtful trade receivables and deposits		329,287	193,181
Provision for obsolete and slow moving items of inventories		105,911	82,885
Provision for liquidated damages		562,959	481,439
Provision for warranties		251,693	251,787
Discounting of long-term receivables		23,813	36,531
Other short-term provisions		71,680	70,625
Accelerated tax depreciation and amortisation		(91,825)	(103,782)
		<u>1,253,518</u>	<u>1,012,666</u>
<b>17. INVENTORIES</b>			
Raw materials and components		1,259,337	1,151,734
Work-in-process		1,478,625	1,629,687
Finished goods	17.1	955,618	1,198,627
		<u>3,693,580</u>	<u>3,980,048</u>
Provision for slow moving and obsolete items		(626,805)	(504,840)
		<u>3,066,775</u>	<u>3,475,208</u>
Goods-in-transit		667,522	892,223
		<u>3,734,297</u>	<u>4,367,431</u>
17.1 These include items, costing Rs 3.586 million (2009: Rs 4.253 million), valued at their net realisable value of Rs 3.046 million (2009: Rs 3.838 million).			
<b>18. TRADE RECEIVABLES</b>			
Considered good	Note	2010 (Rupees in '000)	2009
Due from related parties	18.1	702,147	32,760
Due from others [including retention money of Rs 6,481.868 million (2009: Rs 6,438.364 million)]		9,616,219	9,626,721
		<u>10,318,366</u>	<u>9,659,481</u>
Due against construction work in progress - others		4,346,973	3,923,911
		<u>14,665,339</u>	<u>13,583,392</u>
Considered doubtful - others		908,512	537,648
		<u>15,573,851</u>	<u>14,121,040</u>
Provision for doubtful receivables		(908,512)	(537,648)
		<u>14,665,339</u>	<u>13,583,392</u>
18.1 These represent amounts due from the associates of the Company.			
18.2 For ageing analysis and movement of provision refer note 39.2.			

19. LOANS AND ADVANCES	Note	2010 (Rupees in '000)	2009
<b>Considered good</b>			
Current portion of loans due from:			
Executives		1,110	1,463
Other employees		655	667
	14	1,765	2,130
<b>Advances to:</b>			
Executives		1,003	1,680
Suppliers		374,712	452,372
Other employees		6,920	9,679
		382,635	463,731
		384,400	465,861
<b>20. DEPOSITS, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Deposits</b>			
<b>Considered good</b>			
Ernest money		102,174	101,078
Margin against letters of credit		-	663
		102,174	101,741
<b>Considered doubtful</b>		30,786	28,476
		132,960	130,217
Provision for doubtful deposits		(30,786)	(28,476)
		102,174	101,741
<b>Prepayments</b>		8,020	17,504
<b>Other receivables</b>			
<b>Considered good</b>			
Sales tax refundable		331,537	260,762
Accrued mark-up		9,304	7,146
Derivative financial instruments		20,284	62,278
Others		95,142	111,054
		456,267	441,240
<b>Considered doubtful</b>		29,000	18,217
		485,267	459,457
Provision against doubtful other receivables		(29,000)	(18,217)
		456,267	441,240
		566,461	560,485
<b>21. CASH AND BANK BALANCES</b>			
With banks in			
Current accounts		980,436	233,785
Deposit accounts	21.1	205,693	1,078,886
Cheques in hand		202,234	84,321
Cash in hand		7,903	6,102
		1,396,266	1,403,094

**21.1** These include Term Deposit Receipts of Rs Nil (2009: Rs 425 million). The rate of mark-up on these accounts ranges between 9.00% and 10.05% (2009: 9.00% and 11.20% ) per annum.

22. NET SALES AND SERVICES	Note	2010 (Rupees in '000)	2009
Execution of contracts - outside Pakistan		10,674,064	21,507,206
- local		3,897,562	4,318,410
		<b>14,571,626</b>	25,825,616
Sale of goods - outside Pakistan		367,393	368,546
- local		11,297,741	9,753,389
		<b>11,665,134</b>	10,121,935
Rendering of services - outside Pakistan		120,566	71,263
- local		462,078	420,709
		<b>582,644</b>	491,972
Gross sales and services		<b>26,819,404</b>	36,439,523
Commission paid		(80,693)	(66,864)
Sales tax		(489,869)	(223,269)
		<b>26,248,842</b>	36,149,390
<b>23. COST OF SALES AND SERVICES</b>			
Opening inventory of finished goods		1,198,627	914,873
Cost of goods manufactured and services rendered	23.1	21,744,421	31,757,538
Finished goods purchased		386,135	691,190
		<b>23,329,183</b>	33,363,601
Closing inventory of finished goods	17	(955,618)	(1,198,627)
		<b>22,373,565</b>	32,164,974
<b>23.1 Cost of goods manufactured and services rendered</b>			
Opening 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>	4,059,097
Purchase of goods and services		16,329,922	26,247,388
Salaries, wages and employees welfare expenses		1,938,320	1,972,782
Gratuity		40,041	50,243
Provident fund contribution		19,304	16,316
Fuel, power and water		378,853	305,679
Repairs and maintenance		154,790	201,816
Rent, rates and taxes		410,177	453,657
Liquidated damages for late deliveries		358,296	51,483
Warranty		41,070	187,836
Other contractual obligations		(43,435)	(29,600)
Inventories written off		418	8,556
Provision for slow moving and obsolete items of inventories		121,965	119,552
IT, networking and data communication		79,439	71,621
Insurance		71,161	91,783
Depreciation and amortisation	13.2	162,915	149,894
Transportation		70,990	73,932
Travelling and conveyance		502,163	482,582
Exchange loss		588,863	620,510
Stationery, telex and telephone		114,856	134,482
Others		245,336	248,420
		<b>25,259,088</b>	35,518,029
Closing inventories			
Raw materials and components		(1,259,337)	(1,151,734)
Goods-in-transit		(667,522)	(892,223)
Work-in-process		(1,478,625)	(1,629,687)
		<b>(3,405,484)</b>	(3,673,644)
		<b>21,853,604</b>	31,844,385
Sale of scrap		(109,183)	(86,847)
		<b>21,744,421</b>	31,757,538



24. MARKETING AND SELLING EXPENSES	Note	2010	2009		
		(Rupees in '000)			
Salaries and employees welfare expenses		445,350	469,905		
Gratuity		21,485	24,595		
Provident fund contribution		19,475	16,461		
Fuel, power and water		58,463	50,537		
Repairs and maintenance		32,217	28,850		
Advertising and sales promotion		34,636	20,413		
Rent, rates and taxes		37,617	32,674		
Insurance		11,971	9,661		
Provision for doubtful trade receivables		372,977	335,736		
Provision for doubtful deposits and other receivables		13,093	14,310		
Factoring of trade receivables		122,860	-		
Bad debts written off		14,551	2,633		
Depreciation and amortisation	13.2	53,421	52,589		
Travelling and conveyance		72,280	62,418		
Transportation expenses		85,164	80,930		
Stationery, telex and telephone		26,497	33,368		
IT, networking and data communication		42,334	49,093		
Others		18,689	24,614		
		<b>1,483,080</b>	<b>1,308,787</b>		
<b>25. GENERAL ADMINISTRATIVE EXPENSES</b>					
Salaries and employees welfare expenses		315,067	249,010		
Gratuity		21,175	10,252		
Provident fund contribution		7,868	6,650		
Fuel, power and water		15,481	13,228		
Repairs and maintenance		16,477	10,789		
Rent, rates and taxes		2,824	2,676		
Insurance		1,930	2,315		
Auditors' remuneration	33	3,158	3,384		
Depreciation and amortisation	13.2	13,698	14,948		
Travelling and conveyance		17,533	15,196		
Stationery, telex and telephone		7,782	10,611		
IT, networking and data communication		12,725	12,591		
Legal and professional charges		13,605	8,745		
Donations	25.1	31,250	1,930		
Workers' Profit Participation Fund		85,940	116,372		
Workers' Welfare Fund		43,133	49,279		
Others		18,565	14,973		
		<b>628,211</b>	<b>542,949</b>		
<b>25.1 Donations include the following in which a director or his spouse are interested:</b>					
Name and address of donee	Interested director or his spouse	Interest in donee	Note	2010	2009
(Rupees in '000)					
Red Crescent Society PRCS Sindh Provincial Branch Hilal-e-Ahmar House, Main Clifton Road, Karachi.	Mr. Sohail Wajahat H. Siddiqui	Chairman	25.1.1	30,000	-
Aga Khan Hospital & Medical College Foundation Stadium Road, Karachi.	Spouse of Mr. Sohail Wajahat H. Siddiqui	Member of annual giving Committee		1,000	1,580
				<b>31,000</b>	<b>1,580</b>

25.1.1 This represents generating sets, costing Rs 30.000 million, donated by the Company to the Flood Relief Fund.

26. OTHER OPERATING INCOME	Note	2010 (Rupees in '000)	2009
Profit on sale of property, plant and equipment	12.4	27,310	7,638
Creditors no longer payable written back		115,131	6
Rental income		3,984	-
		<b>146,425</b>	<b>7,644</b>
<b>27. FINANCIAL INCOME AND EXPENSES</b>			
Mark-up from trade and other receivables		2,799	4,251
Income on amounts placed with banks under deposit accounts		16,867	114,326
Exchange gain		10,909	35,360
<b>Financial income</b>		<b>30,575</b>	<b>153,937</b>
Interest on Workers' Profit Participation Fund		11,464	17,448
Mark-up on secured short-term running finances		67,598	45,843
Mark-up on trade and other payables		10,805	15,278
Commission on guarantees		124,941	124,451
Bank charges for services		256,441	137,767
Reversal of provision for discounting on long-term receivables		(40,787)	(4,143)
<b>Financial expenses</b>		<b>430,462</b>	<b>336,644</b>
Net finance costs		<b>399,887</b>	<b>182,707</b>
<b>28. INCOME TAX EXPENSE</b>			
Current			
For the year		819,640	938,597
For prior years		-	1,728
		<b>819,640</b>	<b>940,325</b>
Deferred		(240,852)	(161,055)
	28.1	<b>578,788</b>	<b>779,270</b>
<b>28.1 Reconciliation of income tax expense for the year</b>			
Accounting profit		1,578,253	2,144,439
Enacted tax rate		35%	35%
Tax on accounting profit at enacted rate		552,389	750,554
Tax effect of income assessed under Final Tax Regime		(27,133)	16,367
Tax effect of expenses that are not allowable in determining taxable income		1,327	10,621
Foreign tax		52,205	-
Prior years' tax expense		-	1,728
		<b>578,788</b>	<b>779,270</b>

28.2 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 consultant. 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>29. BASIC AND DILUTED EARNINGS PER SHARE</b>		<b>2010</b>	<b>2009</b>
		<b>(Rupees in '000)</b>	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Net profit for the year		<b>999,465</b>	<b>1,365,169</b>
		<b>(No. of shares)</b>	
Weighted average number of Ordinary shares		<b>8,247,037</b>	<b>8,247,037</b>
		<b>(Rupees)</b>	
Basic and diluted earnings per share		<b>121.19</b>	<b>165.53</b>
<b>30. CASH UTILISED IN OPERATIONS</b>		<b>2010</b>	<b>2009</b>
		<b>(Rupees in '000)</b>	
		<i>Note</i>	
Profit before tax		<b>1,578,253</b>	<b>2,144,439</b>
Adjustment for non-cash expenses and other items:			
Depreciation and amortisation		<b>230,034</b>	<b>217,431</b>
Provision for slow moving and obsolete inventories		<b>121,965</b>	<b>119,552</b>
Provision for doubtful trade receivables		<b>372,977</b>	<b>335,736</b>
Provision for doubtful other receivables		<b>13,093</b>	<b>14,310</b>
Provision for Workers' Profit Participation Fund		<b>85,940</b>	<b>116,372</b>
Profit on sale of property, plant and equipment		<b>(27,310)</b>	<b>(7,638)</b>
Gratuity		<b>82,701</b>	<b>85,090</b>
Long-term loans and trade receivables		<b>334,313</b>	<b>(20,919)</b>
Long-term deposits and prepayments		<b>973</b>	<b>2,465</b>
Retention money payable		<b>(24,137)</b>	<b>88,709</b>
Other non-current liabilities		<b>(2,045)</b>	<b>3,057</b>
Financial expenses		<b>471,249</b>	<b>340,787</b>
Financial income		<b>(19,666)</b>	<b>(118,577)</b>
Working capital changes		<b>(3,509,486)</b>	<b>(4,154,970)</b>
		<b>(291,146)</b>	<b>(834,156)</b>
<b>30.1 Working capital changes</b>			
(Increase) / decrease in current assets			
Inventories		<b>511,169</b>	<b>101,699</b>
Trade receivables		<b>(1,452,811)</b>	<b>(2,790,656)</b>
Loans and advances		<b>81,461</b>	<b>652,673</b>
Deposits, prepayments and other receivables		<b>(16,911)</b>	<b>287,318</b>
		<b>(877,092)</b>	<b>(1,748,966)</b>
Increase / (decrease) in current liabilities			
Trade and other payables		<b>(2,745,648)</b>	<b>(2,467,151)</b>
Provisions		<b>113,254</b>	<b>61,147</b>
		<b>(2,632,394)</b>	<b>(2,406,004)</b>
		<b>(3,509,486)</b>	<b>(4,154,970)</b>

31. CASH FLOWS FROM OPERATING ACTIVITIES (DIRECT METHOD)	Note	2010 (Rupees in '000)	2009
Cash receipts from customers		26,033,578	34,674,803
Cash paid to suppliers / service providers and employees		(26,324,724)	(35,508,959)
Payment to Gratuity Fund		(70,619)	(38,000)
Financial expenses paid		(462,684)	(341,439)
Income tax paid		(748,351)	(518,903)
Payment to Workers' Profit Participation Fund		(116,377)	(138,590)
		<u>(1,689,177)</u>	<u>(1,871,088)</u>
<b>32. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	21	1,396,266	1,403,094
Short-term running finances	9	(4,297,231)	(1,674,696)
		<u>(2,900,965)</u>	<u>(271,602)</u>
<b>33. AUDITORS' REMUNERATION</b>			
Audit fee		1,615	2,358
Special reports and certifications, review of half yearly accounts, audits of Workers' Profits Participation Fund and Gratuity Fund		875	816
Out of pocket expenses		668	210
		<u>3,158</u>	<u>3,384</u>
<b>34. LONG-TERM CONSTRUCTION CONTRACTS</b>			
Contract revenue for the year		14,571,626	25,825,616
Contract costs incurred to date		72,396,304	60,545,714
Gross profit realised to date		8,725,252	6,004,216
Balance of advances received		634,797	2,478,407
Retention money receivable		7,244,118	7,591,124
Gross amount due from customers		7,718,914	8,222,952
Estimated future costs to complete projects in progress	34.1	<u>9,947,131</u>	<u>12,812,535</u>

**34.1** As part of application of percentage of completion method on contract accounting, the planned 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.



### 35. 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:

	2010			2009		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	70,926	52,611	685,533	67,843	43,061	574,791
Retirement benefits and Company's contribution to provident fund	9,586	-	72,545	5,107	-	47,897
Perquisites and benefits:						
- Group insurance and medical	370	87	10,578	123	29	7,008
- Accrual for share based payments	11,220	4,679	4,812	4,608	2,532	4,017
- Long service bonus	-	-	8,229	-	-	2,260
- Rent and others	7,612	5,866	3,363	9,270	4,777	-
	<b>99,714</b>	<b>63,243</b>	<b>785,060</b>	<b>86,951</b>	<b>50,399</b>	<b>635,973</b>
Number of persons	<b>1</b>	<b>4</b>	<b>265</b>	<b>1</b>	<b>4</b>	<b>192</b>

- 35.1 In addition to the above, remuneration and fringe benefits of two expatriate executives (2009: two) hired for projects amounted to Rs 23.000 million (2009: Rs 21.800 million).
- 35.2 The aggregate amount charged in these financial statements in respect of directors' fee paid to seven directors (2009: six) was Rs 0.160 million (2009: Rs 0.180 million).
- 35.3 The Chief Executive, director and one hundred and ninety three executives (2009: one hundred and fifty six) 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, in accordance with the service rules of the Company.
- 35.4 The Chief Executive and a director have been provided with telephone facility at their residences.
- 35.5 The above balances include an amount of Rs 212.854 million (2009: Rs 179.881 million) on account of compensation to key management personnel, the details of which are as follows:

	Note	2010 (Rupees in '000)	2009
Short-term employee benefits		175,483	159,760
Post-employment benefits		15,825	8,701
Other long-term benefits		835	263
Accrual for share based payments	36	20,711	11,157
		<b>212,854</b>	<b>179,881</b>

### 36. 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 up to 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:

	2010		2009	
	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	74.59	9,645
Exercised during the year	-	-	-	-
Outstanding at end of the year	<u>74.59</u>	<u>9,645</u>	<u>74.59</u>	<u>9,645</u>
Exercisable at end of year	<u>74.59</u>	<u>9,645</u>	<u>74.59</u>	<u>9,645</u>

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, 2009 and 2010.

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:

	2010	2009
	Number of phantom stocks	
Balance as at beginning of the year	7,994	4,905
Granted during the year	1,567	3,727
Paid during the year	(1,246)	(638)
Balance as at end of the year	<u>8,315</u>	<u>7,994</u>

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, 2010 was Rs 20.711 million (2009: Rs 11.157 million). The liabilities for cash settled arrangements as of September 30, 2010 aggregated to Rs 57.500 million (2009: Rs 36.784 million).

### 37. 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	2010 (Rupees in '000)	2009
<b>Parent company</b>			
Sales of goods and rendering of services		56,291	64,358
Purchases of goods and receipt of services		4,228,640	4,231,477
Commission and allowances earned		47,966	116,582
Dividends		490,601	490,601
<b>Associated companies</b>			
Sales of goods and rendering of services		102,055	167,621
Purchases of goods and receipt of services		1,209,441	2,165,100
Commission and allowances earned		15,321	70,240
Liabilities no longer payable written back		72,685	-
Financial expenses		21,208	26,441
Financial income		68	10,286
<b>Others</b>			
Dividends		45	45
Contribution to employees' retirement benefits		117,532	102,449
Compensation to key management personnel	35.5	212,854	179,881

37.1 Amounts due from and due to related parties, amounts due from executives and remuneration of the Chief Executive, directors and executives are disclosed in the relevant notes.

37.2 All transactions with related parties were carried out on arm's length basis.

### 38. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity	Actual Production 2010	Actual Production 2009
Electric motors and alternators	150,000 HP	116,044 HP	80,845 HP
Motors control gears and control boards	1,000 Nos.	33 Nos.	51 Nos.
Electric transformers	3,000 MVA	2,608 MVA	2,585 MVA
Generating sets	95,000 KVA	10,000 KVA	123,537 KVA
Switchgears and distribution boards	4,500 Nos.	3,613 Nos.	5,228 Nos.

38.1 The under utilisation is mainly attributed to reduced demand owing to imports by private and public sectors.

38.2 The production above normal capacity was achieved through extra shift working.

### 39. 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.

### 39.1 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.

	2010 (Rupees in '000)	2009
Forward exchange contracts		
- Purchased value	968,012	2,950,314
- Fair value	987,026	3,005,732
The Company's exposure to foreign currency risk in major currencies is as follows:		
	2010 (AED in '000)	2009
Trade and other receivables	305,692	359,247
Cash and bank balances	27,358	151
Trade and other payables	(338,908)	(279,908)
Short-term running finances	(182,099)	(68,791)
	(187,957)	10,699
	2010 (EUR in '000)	2009
Trade and other receivables	12,713	13,645
Cash and bank balances	1,655	-
Trade and other payables	(7,855)	(8,776)
	6,513	4,869
	2010 (USD in '000)	2009
Trade and other receivables	4,370	3,595
Trade and other payables	(6,107)	(21,387)
	(1,737)	(17,792)
	2010 (SEK in '000)	2009
Trade and other receivables	3,207	-
Trade and other payables	(3,585)	(997)
	(378)	(997)



The following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all currencies applied to assets and liabilities as at September 30, 2010 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		2010	2009
Change in exchange rate	±	1%	1%
Effect on Profit before tax (Rs '000)	±	3,053	13,686

#### 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:

	2010 Effective rates (%)	2009	2010 (Rupees in '000)	2009
<b>Financial Assets</b>				
Cash and bank balances	9.50	11.56	205,693	1,078,886
<b>Financial Liabilities</b>				
Short-term running finances (AED)	0.84	4.78	4,281,123	1,518,990
Short-term running finances (PKR)	14.17	15.34	16,108	155,706
			4,297,231	1,674,696

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.

		2010	2009
Change in interest rate	±	1%	1%
Effect on Profit before tax (Rs '000)	±	17,981	13,867

#### 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.

### 39.2 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. It mainly comprise of trade receivables, advances to suppliers, trade deposits and cash and bank balances. The Company's maximum exposure to credit risk at the reporting date is as follows:

	2010 (Rupees in '000)	2009
Loans to employees	3,326	4,707
Advances to suppliers	374,712	452,372
Trade deposits	107,287	106,714
Trade receivables	15,518,250	14,771,713
Other receivables	124,730	181,141
Bank balances	1,388,363	1,396,992
	17,516,668	16,913,639

## 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:

	2010		2009	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Government sector</b>				
Energy	9,701,022	59	7,205,040	45
Communication	339,564	2	309,582	2
Health	106,587	1	194,162	1
Aviation	47,671	-	32,307	-
Others	1,363,518	8	1,299,547	8
Sub-total	11,558,362	70	9,040,638	56
<b>Private sector</b>				
Energy	3,993,180	24	4,547,363	28
Communication	39,173	-	8,123	-
Health	42,861	-	302,300	2
Cement Industry	13,696	-	14,463	-
Dealers and agents	82,716	1	49,633	1
Aviation	3,981	-	5,009	-
Others	743,595	5	2,130,626	13
Sub-total	4,919,202	30	7,057,517	44
<b>Total</b>	<b>16,477,564</b>	<b>100</b>	<b>16,098,155</b>	<b>100</b>

## Trade receivables

To mitigate the credit risk against trade receivables, 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 ageing of trade receivables at the reporting date is as follows:

	Note	2010 (Rupees in '000)	2009
Not past due		10,674,011	10,684,603
Past due 1-180 days		2,271,740	2,644,524
Past due 181-360 days		819,807	597,423
Past due 361-720 days		1,355,603	326,955
Past due 721-1080 days		522,321	737,624
Over 1080 days		859,353	432,533
		16,502,835	15,423,662
Less: Provision for impairment	14 & 18	(914,606)	(541,629)
Less: Discounting on long-term receivables	14	(69,979)	(110,320)
		15,518,250	14,771,713

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

	2010 (Rupees in '000)	2009
Balance at beginning of the year	541,629	205,893
Additional provision	496,268	503,230
Provision utilised against write offs	(14,551)	(2,633)
Reversals of provision	(108,740)	(164,861)
Balance at end of the year	<u>914,606</u>	<u>541,629</u>

#### Trade deposits

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

	2010 (Rupees in '000)	2009
Balance at beginning of the year	46,693	32,383
Additional provision	21,683	18,507
Reversals of provision	(8,590)	(4,197)
Balance at end of the year	<u>59,786</u>	<u>46,693</u>

#### Cash and bank balances

The Company keeps its surplus funds with the banks having good credit rating. Currently the surplus funds are kept with banks having rating AAA and AA-.

### 39.3 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>2010</b>				
Long-term retention money payable	151,582	-	124,235	27,347
Trade and other payables	6,560,791	6,560,791	-	-
Short-term running finances	4,297,231	4,297,231	-	-
	<u>11,009,604</u>	<u>10,858,022</u>	<u>124,235</u>	<u>27,347</u>
<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>

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

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

#### 41. 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.



**42. INFORMATION ABOUT BUSINESS SEGMENTS**

	Energy	Industry	Healthcare	Eliminations	Total
<b>2010</b>					
<b>REVENUE</b>					
	------(Rupees in '000)-----				
Sales to external customers	19,227,202	6,444,430	577,210	-	26,248,842
Inter-segment sales	1,201,364	307,205	-	(1,508,569)	-
Total revenue	<u>20,428,566</u>	<u>6,751,635</u>	<u>577,210</u>	<u>(1,508,569)</u>	<u>26,248,842</u>
<b>RESULT</b>					
Segment result	<u>1,381,576</u>	<u>371,380</u>	<u>12,581</u>	<u>-</u>	<u>1,765,537</u>
Unallocated expenses					(129,073)
					<u>1,636,464</u>
Interest expense					(79,062)
Other operating income					3,984
Interest income					16,867
Income tax expense					(578,788)
Net profit for the year					<u>999,465</u>
<b>OTHER INFORMATION</b>					
Capital expenditure	<u>101,248</u>	<u>81,182</u>	<u>5,862</u>	<u>-</u>	
Depreciation and amortisation	<u>103,236</u>	<u>56,935</u>	<u>8,151</u>	<u>-</u>	
Non-cash expenses other than depreciation and amortisation	<u>(323)</u>	<u>(380)</u>	<u>38</u>	<u>-</u>	
<b>ASSETS AND LIABILITIES</b>					
Segment assets	<u>15,579,948</u>	<u>3,815,814</u>	<u>501,253</u>	<u>-</u>	<u>19,897,015</u>
Segment liabilities	<u>12,530,215</u>	<u>1,983,480</u>	<u>232,474</u>	<u>-</u>	<u>14,746,169</u>
<b>2009</b>					
<b>REVENUE</b>					
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 expense					(779,270)
Net 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>11,700,398</u>	<u>2,174,638</u>	<u>242,180</u>	<u>-</u>	<u>14,117,216</u>

42.1 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.

42.2 **Geographical information**  
Revenues from external customers

	2010	2009
	(Rupees in '000)	
Pakistan	14,406,078	13,314,192
United Arab Emirates	9,895,137	19,982,733
Afghanistan	895,752	1,917,388
Germany	568,214	790,497
Others	483,661	144,580
	<u>26,248,842</u>	<u>36,149,390</u>

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

Revenues of Rs 4,974.195 million (2009: Rs 8,364.238 million and Rs 5,670.583 million) are derived from one (2009: two) external customers. These revenues are attributable to the Energy segment of the Company.

**Non-current assets**

	2010	2009
	(Rupees in '000)	
Pakistan	1,753,598	1,694,822
United Arab Emirates	771,649	1,127,986
Afghanistan	15,607	42,708
	<u>2,540,854</u>	<u>2,865,516</u>

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and other long-term receivables except for deferred tax asset.

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

42.4 **Segment assets and liabilities**

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

	2010	2009
	(Rupees in '000)	
Segment assets for reportable segments	19,897,015	20,742,822
Corporate assets	1,002,822	767,897
<b>Unallocated</b>		
Deferred tax asset	1,253,518	1,012,666
Cash and bank balances	1,396,266	1,403,094
Others	991,514	331,966
Total assets as per balance sheet	<u>24,541,135</u>	<u>24,258,445</u>

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

	2010 (Rupees in '000)	2009
Segment liabilities for reportable segments	14,746,169	14,117,216
Corporate liabilities	190,626	191,046
<b>Unallocated</b>		
Trade and other payables	460,400	995,166
Short-term running finances	16,108	155,706
Taxation - net	1,959,407	1,888,118
Total liabilities as per balance sheet	17,372,710	17,347,252

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.

42.5 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, profit from operations, reduction in operating cost and free cash flows.

42.6 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.

#### 43. GENERAL

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on October 23, 2010.



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



**Christian Knie**  
Director





# Notice of Annual General Meeting

Notice is hereby given that the fifty eight Annual General Meeting of the shareholders of Siemens (Pakistan) Engineering Company Limited will be held on Wednesday, December 29, 2010 at 10:30 a.m. at B-72, Estate Avenue, S.I.T.E., Karachi to transact the following business:

1. To confirm the minutes of the extra ordinary general meeting held on March 4, 2010.
2. To receive and adopt the audited financial statements for the year ended September 30, 2010 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, 2010.
4. To appoint auditors and to fix their remuneration for the year ending September 30, 2011. 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.

## By order of the Board

**Mohammad Rafi**  
Company Secretary

Karachi: December 6, 2010

## Notes:

1. The Share Transfer Books of the company will remain closed from December 20, 2010 to December 29, 2010 (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 19, 2010 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 Pakistan.

## 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.

# Siemens (Pakistan) Engineering Company Limited

## Incorporation Number: CUIN 0000617

### Pattern of holding of the Shares held by the Shareholders

As at September 30, 2010

Number of Shareholders	Shareholding			Total Shares held
	From		To	
404	1		100 shares	15,063
383	101		500 shares	87,035
43	501		1,000 shares	31,608
31	1,001		5,000 shares	60,062
5	5,001		10,000 shares	35,470
3	10,001		15,000 shares	35,160
1	20,001		25,000 shares	21,630
1	35,001		40,000 shares	38,390
1	50,001		55,000 shares	51,100
1	65,001		70,000 shares	69,631
1	160,001		165,000 shares	160,547
1	170,001		175,000 shares	171,930
1	200,001		205,000 shares	202,004
1	770,001		775,000 shares	773,604
1	1,040,001		1,045,000 shares	1,042,683
1	5,450,001		5,455,000 shares	5,451,120
<b>879</b>				<b>8,247,037</b>

# Siemens (Pakistan) Engineering Company Limited

## Categories of Shareholders

As at September 30, 2010

Categories of shareholders	Number	Shares held	Percentage
<b>Directors, Chief Executive Officer and their spouse and minor children</b>			
Director Syed Babar Ali	1	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)		1,042,683	12.64
<b>Banks, Development Financial Institutions &amp; Non Banking Financial Institutions, Modarabas and Mutual Funds</b>	7	1,221,890	14.82
National Bank of Pakistan		773,604	
The Bank of Punjab		202,004	
Faysal Bank Ltd		160,547	
The Bank of New York Mellon		51,100	
The Bank of Khyber		21,630	
Golden Arrow Selected Stocks Fund Ltd		12,500	
CDC Trustee AKD Index Tracker Fund		505	
<b>Insurance Companies</b>	4	241,871	2.93
Adamjee Insurance Co Ltd		171,930	
IGI Insurance Co Ltd		69,631	
Asia Care Health & Life Insurance Co Ltd		300	
The Crescent Star Insurance Co Ltd		10	
<b>Public Sector Companies and Corporations</b>	1	6,930	0.08
Pakistan National Shipping Corporation		6,930	
<b>Individuals</b>	851	220,039	2.67
Local		220,039	
<b>Others</b>	13	62,004	0.75
Treet Corporation Ltd		38,390	
Habib Bank Ltd, A/C Mohammed Amin Wakf Estate		11,790	
Trustees Adamjee Foundation		7,000	
Pak Ping Carpets Pak (Pvt) Ltd		1,600	
Trustees Al-Badar Welfare Trust		1,266	
Crescent Steel & Allied Products Ltd		1,221	
Dossa Cotton & General Trading (Pvt) Ltd		200	
Lakhani Securites (Pvt) Ltd		195	
Fair Deal Securities (Pvt) Ltd		140	
Aslam Sons (Pvt) Ltd		109	
The Karachi Stock Exchange Ltd		57	
Azee Securities (Pvt) Ltd		35	
IGI Finex Securities Ltd		1	
<b>Total</b>	<b>879</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)		1,042,683	



# 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.

Telephone 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

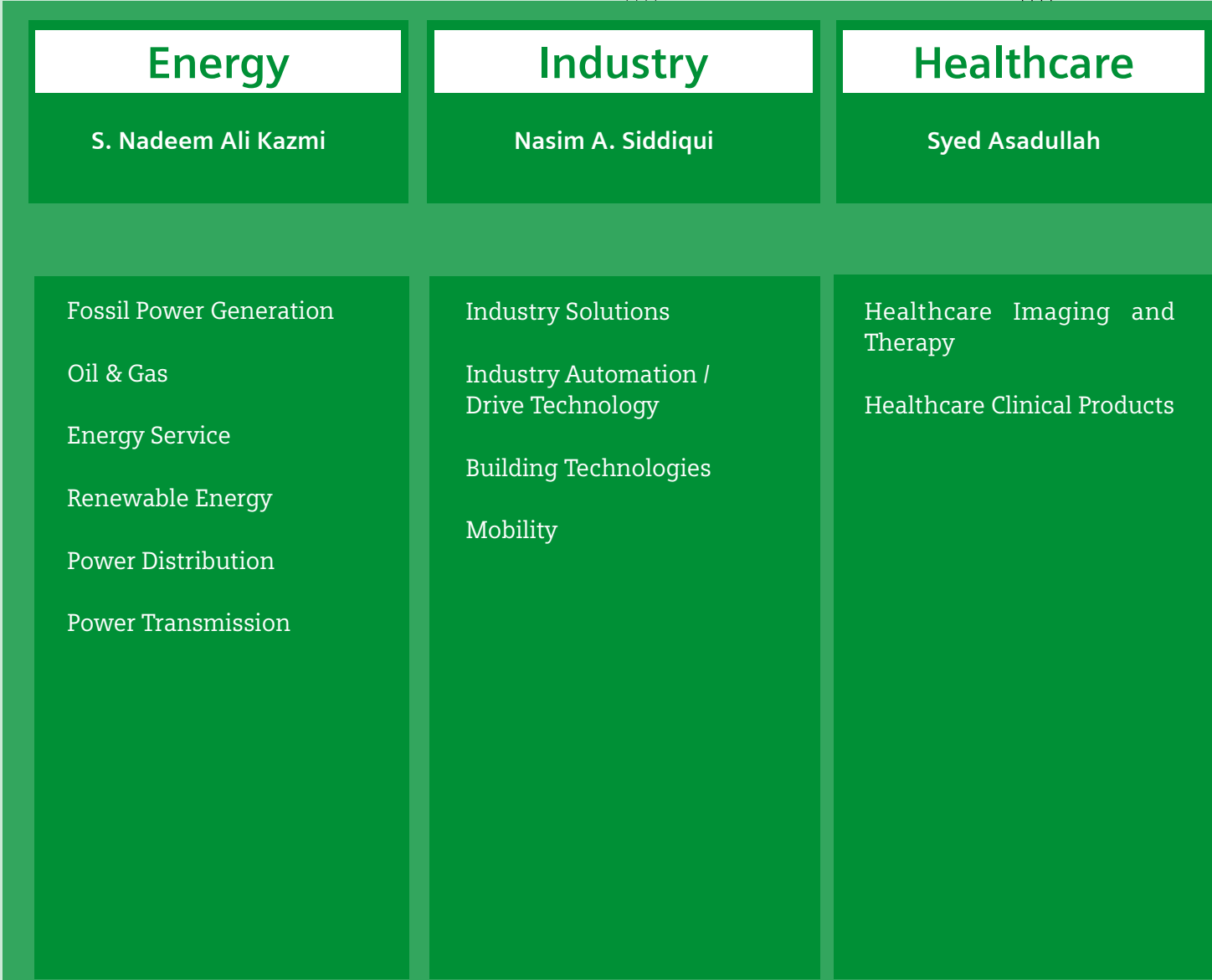
## Financial Calendar

The Company follows the period of October 1 to September 30 as the Financial Year.

For the Financial Year 2010-11, Financial Results will be announced as per the following tentative schedule:

1st quarter ending December 31, 2010	Last week of January, 2011
2nd quarter ending March 31, 2011	Last week of April, 2011
3rd quarter ending June 30, 2011	Last week of July, 2011
Year ending September 30, 2011	Last week of October, 2011

**Managing Director & Chief Executive Officer  
Sohail Wajahat H. Siddiqui**



\* Effective Oct 1, 2010, Murtaza Abbas Mooman has been appointed as Chief Financial Officer

**Sector Controller  
Samiullah Siddiqui**

**Sector Controller  
Nadir Riaz / Mohammad Rafi**

**Sector Controller  
Imran Raza**

## Chief Financial Officer

Gerhard Wilcke \*

Accounting & Controlling  
Rahim Dawood

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

Information Technology  
Zaman Najmi

Procurement Governance/Logisitics/Export  
Control & Customs  
Ahmed Shaheen

Tax  
Shaikh Rashid

Risk & Internal Control  
Burhan Yousuf Khan

Treasury  
Imran Saeed

Human Resources  
Amin Bandhani

General Counsel Legal &  
Compliance  
Ameerzeb Khan

Industrial Relations  
Major (Rtd.) A.A Zuberi

Communications  
Zia ul Islam Zuberi

Corporate Quality & Process  
Excellence Management  
Mansoor Iqbal Khan

PM@Siemens  
Mansoor Iqbal Khan

Siemens One/Top +  
Khadija Azeem

### Branch/Regional Management

Afghanistan  
Karachi  
Islamabad/Peshawer  
Lahore/Sialkot/Multan  
Quetta  
Dubai

Raaz Hasan  
Gerhard Wilcke\*  
Syed Asadullah  
Imran Raza  
S. Nadeem Ali Kazmi  
Irfan Umar



## Are we Green enough?

*Which is the greenest city in Asia? Siemens Pakistan and Economist Intelligence unit to provide the answer.*

20 cities from 11 leading Asian business capitals have been compared in terms of their environmental sustainability. The Asian Green City Index is the first known attempt to analyse and compare the environmental performance of Asian cities and their efforts to improve sustainability. Publication of the study is planned for the end of February 2011.

The cities will be assessed in the following eight environmental categories:

- Energy supply and CO<sub>2</sub> emissions
- Transportation
- Buildings and land use
- Water
- Sanitation
- Waste
- Air quality
- Green governance



## 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

Office No. 209 (b) & 210 (b),  
2nd Floor, Park Towers,  
Plot No. 1, C.F.1-5,  
Clifton, Karachi-75600  
Phone: +92-21-35875575  
Fax: +92-21-35875573

### Islamabad

Sector I-9/2, Industrial Area,  
P.O.Box: 1129, Islamabad-44790  
Phone : +92-51-4103381  
Fax : +92-51-4432049

### Lahore

State Life Building, 15-A,  
Sir Aga Khan Road,  
P.O.Box: 293, Lahore-54000  
Phone : +92-42-36278758/67  
Fax : +92-42-36363126

### Peshawar

6th Floor, State Life Building, The Mall,  
P.O.Box: 341, Peshawar-25000  
Phone: +92-91-5276029  
Fax: +92-91-5276187

### Quetta

55-B, Chaman Housing Scheme,  
Airport Road,  
Quetta-87300  
Phone: +92-81-2864071  
Fax: +92-81-2831313

### Afghanistan Branch

House No: 414  
Street No: 6, District No: 6  
Darul Aman Road, Karteh Seeh  
P.O.Box: 5640  
Kabul - Afghanistan  
Phone: +93 -20-2500640/642  
Fax: +93 -20-2500641

### Dubai Branch

Al Waha Community Building,  
Office No. 1 & 8 2nd Floor,  
Near Deira International School,  
Nad Al Hamar Roads  
Res Al Khor, Dubai, UAE,  
P.O.Box: 325  
Phone: +971-04-2898071-75  
Fax: +971-04-2898056