

## **1. LEGAL STATUS AND OPERATIONS**

- 1.1** Siemens (Pakistan) Engineering Company Limited (the Company) is incorporated in Pakistan as a public limited company and its shares are quoted on the Karachi, Islamabad and Lahore Stock Exchanges. The Company is principally engaged in execution of projects under contracts and in the manufacture, installation and sale of electronic and electrical capital goods.
- 1.2** During the nine months period ended June 30, 2008, the Company has acquired all the assets and liabilities of Afghanistan branch of Siemens Aktiengesellschaft (Siemens AG) under a Business Transfer Agreement (the Agreement) between the Company and Siemens AG dated April 28, 2008. Under the terms of the Agreement, all assets, employees, contracts, leases, receivables and in each case all related rights, obligations and liabilities have been transferred to the Company at the fair value of assets valuing Rs 18.499 million and liabilities of Rs 48.855 million.
- 1.3** The Company had acquired 52.51 percent shareholding in Carrier Telephone Industries (Private) Limited (CTI) for Rs 500 million during the year ended September 30, 2006 and took over the management control on December 9, 2005. During the year ended September 30, 2007, the Company had acquired an additional 47.49 percent shares of CTI for Rs 614.465 million making CTI a wholly owned subsidiary of the Company. The shareholders of the Company, in their Extra-ordinary General meeting held on July 30, 2007, approved the merger of CTI into the Company with effect from October 1, 2006.

The Lahore High Court Rawalpindi Bench, vide its order dated November 2, 2007, sanctioned the Scheme of Arrangement of Amalgamation (the scheme) of the Company and CTI with effect from October 1, 2006. In accordance with the scheme, the Company issued 477,440 fully paid ordinary shares of Rs 10 each of the Company at a price of Rs 1,287 each to Siemens AG, Germany (SAG), the other shareholder in CTI in exchange of 7,251 ordinary shares of Rs 1,000 each of CTI. Accordingly, the entire undertaking of CTI including its business and all its assets, properties, rights, privileges, powers, bank and other accounts, trade marks, patents and licenses as of October 1, 2006 stand transferred to the Company.

## **2. BASIS OF PREPARATION**

- 2.1** These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 'Interim Financial Reporting' as applicable in Pakistan. These condensed interim financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2007. These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and section 245 of the Companies Ordinance, 1984.

### **2.2 Functional and presentation currency**

These condensed interim financial statements are presented in Pakistan Rupees which is the functional currency and figures are rounded off to the nearest thousand of rupees.

### **2.3 Use of estimates and judgements**

The preparation of condensed interim 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 and liabilities, income and expenses.

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 condensed interim financial statements, the significant judgements made by the management in applying accounting policies include:

- Warranty obligations
- Provision for liquidated damages
- Provision against inventories and doubtful receivables
- Actuarial assumptions for the gratuity scheme and provision thereagainst
- Provision for taxes and deferred taxation
- Cost of completion of contracts in progress and their results

## **3. ACCOUNTING POLICIES**

All the accounting policies and methods of computation which were used in the preparation of the Company's financial statements for the year ended September 30, 2007 have been consistently applied in the preparation of these condensed interim financial statements for the nine months period ended June 30, 2008.

**Siemens (Pakistan) Engineering Company Limited**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the nine months period ended June 30, 2008**

**4. DISCONTINUED OPERATIONS**

The Company's Communication (COM) segment was disclosed as discontinued operations for the nine months period ended June 30, 2007 in accordance with the decision of SAG to carve out the COM carrier activities and COM enterprise activities globally. Accordingly, the Company's COM carrier activities including that of CTI have been carved out to Nokia Siemens Networks Pakistan (Private) Limited and the COM enterprise activities have been carved out to Siemens Enterprise Communication (Private) Limited during the year ended September 30, 2007. Profits attributable to the discontinued operations for the nine months period ended June 30, 2007 have been disclosed on the face of profit and loss account.

**Cash flows from discontinued operations**

	<b>For the nine months period ended June 30, 2008</b>	For the nine months period ended June 30, 2007
	(Rupees in '000)	
Net cash flows from operating activities	-	902,682
Net cash flows from investing activities	-	2,125,686
Net cash flows from discontinued operations	-	<u>3,028,368</u>

**5. TRADE AND OTHER PAYABLES**

	<b>As at June 30, 2008</b>	As at September 30, 2007 (Audited)
	(Rupees in '000)	
Trade creditors	4,692,472	3,080,559
Accrued liabilities	1,506,994	1,402,309
Advances from customers		
- For goods	1,143,138	716,099
- For services including projects	5,135,391	1,393,760
Accrued mark-up on running finance facilities	1,355	3,774
Unearned portion of revenue and maintenance contracts	139,162	36,012
Workers' profits participation fund	104,517	111,253
Workers' welfare fund	149,130	104,268
Unclaimed dividend	6,977	6,488
Other liabilities	158,225	203,977
	<u>13,037,361</u>	<u>7,058,499</u>

**6. PROVISIONS**

	Warranties	Liquidated damages	Losses on sales contracts	Total
	(Rupees in '000)			
Balance as at October 1, 2007	395,251	651,932	92,313	1,139,496
Additional provisions	193,290	709,096	18,812	921,198
Provision acquired on acquisition of Afghanistan branch	29,254	10,901	-	40,155
Reversals of utilised and unutilised amounts	(169,282)	(304,612)	(5,169)	(479,063)
<b>Balance as at June 30, 2008</b>	<u>448,513</u>	<u>1,067,317</u>	<u>105,956</u>	<u>1,621,786</u>

**7. SHORT-TERM BORROWINGS**

		As at June 30, 2008	As at September 30, 2007 (Audited)
	Note	(Rupees in '000)	
Due to an associate			
- Short-term loans - Unsecured	7.1	-	330,646
- Short-term running finances - Unsecured	7.2	207,109	2,357,180
		207,109	2,687,826
Due to others			
- Short-term running finances - Secured	7.2	194,226	-
		401,335	2,687,826

**7.1 Short-term loans**

The facility for short-term loans was arranged from Siemens Financial Services (SFS) of SAG, at a mark up rate of 5.33% per annum.

**7.2 Short-term running finances**

Short-term running finance facilities available from various banks and financial institutions including SFS aggregated to Rs 1,942.109 million as at June 30, 2008 (September 30, 2007: Rs. 5,342.180 million). The mark-up on these facilities ranges between 2.43% to 13.82% (September 30, 2007: 5.35% to 11.81%) per annum and the facilities are secured, where applicable, by 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 1,064.051 million (September 30, 2007: Rs 2,357.180 million) obtained in the United Arab Emirates (UAE) at 2.43% to 2.93% (September 30, 2007: 5.35% to 5.76%) per annum.

**8. CONTINGENCIES AND COMMITMENTS**

**8.1** As at June 30, 2008 capital expenditure contracted for but not incurred amounted to Rs. 183.806 million (September 30, 2007: Rs. 88.692 million).

**8.2** The following amounts of forward exchange contracts have been taken to hedge the foreign currency liabilities:

		As at June 30, 2008	As at September 30, 2007 (Audited)
		(Rupees in '000)	
Forward exchange contracts			
- Purchased value		8,697,763	5,103,222
- Fair value		8,944,574	5,208,535

**8.3** During the nine months period ended June 30, 2008, Karachi Electric Supply Corporation Limited (KESC) has filed a suit against the Company and SAG for recovery of an amount of Rs 57 billion on account of losses incurred by KESC under the Operation and Maintenance Contract executed by the Company. The Company's management, based on the advice of its legal advisor, is confident that the suit is not maintainable and hence will be decided in its favour and accordingly no provision in this respect has been made in these condensed interim financial statements.

**8.4** As reported in note 11.5 to the financial statements of the Company for the year ended September 30, 2007, the Company along with two Siemens entities was defending a law suit filed by a supplier to seek damages in excess of USD 7.4 million for an alleged breach of an agreement to purchase certain equipment. During the nine months period ended June 30, 2008, the case was referred to a professional mediator in London. As a result of the mediation process, the parties have agreed to an out of court settlement of the matter.

**8.5** Except as disclosed above, there has been no change in the status of contingencies as stated in note 11 to the financial statements of the Company for the year ended September 30, 2007.

**9. PROPERTY, PLANT AND EQUIPMENT**

		As at June 30, 2008	As at September 30, 2007 (Audited)
	Note	(Rupees in '000)	
Tangible assets	9.1	1,503,070	1,504,313
Capital work in progress	9.2	56,065	28,307
		1,559,135	1,532,620

9.1 Tangible assets

June 30, 2008	Cost at October 1, 2007	Identifiable tangible assets of Afghanistan branch	Additions/ (deletions)/ transfers * for the nine months	Disposal as part of discontinued operations	Assets classified as held for sale	Cost at June 30, 2008	Accumulated depreciation at October 1, 2007	Depreciation for the nine months/ (on deletions)/ on transfers *	Disposal as part of discontinued operations	Depreciation on assets classified as held for sale	Accumulated depreciation at June 30, 2008	Net book value at June 30, 2008	Depreciation rates as a % p.a. of cost
(Rupees in '000)													
Leasehold land	53,149	-	-	-	-	53,149	22,024	997	-	-	23,021	30,128	2.5
Freehold land	544,011	-	-	-	-	544,011	-	-	-	-	-	544,011	-
Buildings on leasehold land	390,692	-	(2,405) *	-	-	388,287	83,785	7,159 (856) *	-	-	90,088	298,199	2.5 & 10
Plant and machinery	668,461	-	33,372 (2,047) (43,403) *	-	-	656,383	341,607	34,146 (1,954) (26,746) *	-	-	347,053	309,330	10, 20, 25 & 100
Tools and patterns	128,562	-	24,928 (1,015) 50,305 *	-	-	202,780	99,996	16,440 (870) 22,288 *	-	-	137,854	64,926	50
Furniture and equipment	354,694	1,347	30,839 (18,491) (27,084) *	-	-	341,305	246,380	35,995 (17,607) (10,362) *	-	-	254,406	86,899	20, 25, 33.33 & 100
Vehicles	340,862	9,730	55,045 (29,016) 22,587 *	-	-	399,208	182,326	56,244 (24,615) 15,676 *	-	-	229,631	169,577	25 & 50
	<b>2,480,431</b>	<b>11,077</b>	<b>144,184 (50,569)</b>	-	-	<b>2,585,123</b>	<b>976,118</b>	<b>150,981 (45,046)</b>	-	-	<b>1,082,053</b>	<b>1,503,070</b>	

\* Transfers represent reclassification made in different classes of tangible assets.

June 30, 2007	Cost at October 1, 2006	Identifiable tangible assets of Afghanistan branch	Additions / (deletions) for the nine months	Disposal as part of discontinued operations	Assets classified as held for sale	Cost at June 30, 2007	Accumulated depreciation at October 1, 2006	Depreciation for the nine months / (on deletions)	Disposal as part of discontinued operations	Depreciation on assets classified as held for sale	Accumulated depreciation at June 30, 2007	Net book value at June 30, 2007	Depreciation rates as a % p.a. of cost
(Rupees in '000)													
Leasehold land	53,149	-	-	-	-	53,149	20,695	996	-	-	21,691	31,458	2.5
Freehold land	544,011	-	-	-	-	544,011	-	-	-	-	-	544,011	-
Buildings on leasehold land	336,228	-	3,362	(55)	-	339,535	75,736	6,040	(55)	-	81,721	257,814	2.5 & 10
Plant and machinery	575,090	-	41,875 (743)	(39,155)	-	577,067	320,310	36,760 (724)	(12,179)	-	344,167	232,900	10, 20, 25 & 100
Tools and patterns	132,662	-	13,578 (1,593)	(36,176)	(2,339)	106,132	108,748	15,589 (1,594)	(15,552)	(2,159)	105,032	1,100	50
Furniture and equipment	382,537	-	56,039 (5,093)	(92,833)	(5,332)	335,318	268,497	42,485 (5,120)	(64,932)	(4,866)	236,064	99,254	20, 25, 33.33 & 100
Vehicles	342,812	-	44,750 (23,049)	(45,542)	(6,559)	312,412	172,702	50,288 (22,443)	(21,589)	(4,884)	174,074	138,338	25 & 50
	<b>2,366,489</b>	-	<b>159,604 (30,478)</b>	<b>(213,761)</b>	<b>(14,230)</b>	<b>2,267,624</b>	<b>966,688</b>	<b>152,158 (29,881)</b>	<b>(114,307)</b>	<b>(11,909)</b>	<b>962,749</b>	<b>1,304,875</b>	

9.2 Capital work in progress	As at June 30, 2008	As at September 30, 2007 (Audited)
Note	(Rupees in '000)	
Building under construction	8,806	3,879
Plant, machinery and equipment under installation	34,767	5,303
Advances to suppliers	12,492	19,125
	<u>56,065</u>	<u>28,307</u>
<b>10. INVENTORIES</b>		
Raw materials and components	1,388,417	1,202,878
Goods-in-transit	846,927	405,166
Work-in-process	1,639,933	1,061,490
Finished goods	916,599	851,706
	<u>4,791,876</u>	<u>3,521,240</u>
Provision for slow moving and obsolete items	(332,744)	(354,499)
	<u>4,459,132</u>	<u>3,166,741</u>
<b>11. TRADE RECEIVABLES</b>		
Considered good		
Due from related parties - associates	820,426	452,767
Due from others	8,532,293	4,017,319
	<u>9,352,719</u>	<u>4,470,086</u>
Due against construction work in progress - others	1,751,219	2,163,965
	<u>11,103,938</u>	<u>6,634,051</u>
Considered doubtful - others	222,456	119,962
	<u>11,326,394</u>	<u>6,754,013</u>
Provision for doubtful receivables	(222,456)	(119,962)
	<u>11,103,938</u>	<u>6,634,051</u>
<b>12. CASH AND BANK BALANCES</b>		
With banks in		
- Current accounts	810,813	150,324
- Deposit accounts	665,784	3,007,305
Cheques in hand	162,335	151,014
Cash in hand	23,097	3,265
	<u>1,662,029</u>	<u>3,311,908</u>
<b>12.1</b> The rate of mark-up on these accounts range from 7.50% to 11.75% (September 30, 2007: 7.50% to 11.85%) per annum.		
<b>13. OTHER OPERATING INCOME</b>	For the nine months period ended June 30, 2008	For the nine months period ended June 30, 2007
	(Rupees in '000)	
Exchange gain	642,038	27,043
Profit on sale of property, plant and equipment	13,419	8,419
Gain on sale of marketable securities	22,084	-
Rental income	-	4,224
Sales tax refund	-	2,022
Others	-	2,754
	<u>677,541</u>	<u>44,462</u>

14. PROFIT ON SALE OF DISCONTINUED OPERATIONS

	For the nine months period ended June 30, 2008 (Rupees in '000)	For the nine months period ended June 30, 2007
Consideration received	-	2,294,210
Identifiable (assets) / liabilities disposed off		
Property, plant and equipment	-	(99,454)
Intangible assets	-	(2,981)
Long-term receivables and prepayments	-	(5,903)
Inventories	-	(145,312)
Trade receivables	-	(462,298)
Other receivables	-	(42,903)
Employees' long service bonus	-	811
Trade and other payables	-	681,227
Provisions	-	197,742
Net liabilities disposed off	-	120,929
Profit on sale of discontinued operations	-	2,415,139
Income tax on above	-	(679,720)
	-	1,735,419

15. BASIC AND DILUTED EARNINGS PER SHARE

	For the nine months period ended June 30, 2008			For the nine months period ended June 30, 2007		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rupees in '000					
Profit for the period	1,280,690	-	1,280,690	472,475	2,069,397	2,541,872
Weighted average number of ordinary shares	Number of shares 8,247,037			Number of shares 8,247,037		
	For the nine months period ended June 30, 2008			For the nine months period ended June 30, 2007		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rupees					
Basic and diluted earnings per share	155.29	-	155.29	57.29	250.93	308.22

16. CASH GENERATED FROM OPERATIONS

	For the nine months period ended June 30, 2008 (Rupees in '000)	For the nine months period ended June 30, 2007
Profit before tax	1,876,391	3,976,961
Adjustment for non-cash expenses and other items:		
Depreciation and amortisation	155,850	171,700
Profit on sale of property, plant and equipment	(13,419)	(8,419)
Profit on sale of discontinued operations	-	(2,415,139)
Employees' long service bonus	2,028	2,137
Long-term receivables and prepayments	118,840	(366,735)
Deferred liability	-	(29,377)
Retention money payable	15,385	22,544
Financial expenses	205,233	241,430
Financial income	(102,721)	(210,738)
Working capital changes	115,346	(2,034,648)
	2,372,933	(650,284)

Note

16.1 Working capital changes

(Increase) in current assets		
Inventories	(1,292,391)	(1,148,104)
Trade receivables	(4,469,887)	(1,221,827)
Other receivables	(585,458)	(566,282)
	(6,347,736)	(2,936,213)
Increase in current liabilities		
Trade and other payables	5,980,792	818,381
Provisions	482,290	83,184
	6,463,082	901,565
	115,346	(2,034,648)

17. CASH AND CASH EQUIVALENTS

	As at June 30, 2008 (Rupees in '000)	As at June 30, 2007
Cash and bank balances	1,662,029	3,676,868
Short-term running finances	(401,335)	(2,184,352)
	<u>1,260,694</u>	<u>1,492,516</u>

18. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of SAG, 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:

	For the nine months period ended June 30, 2008 (Rupees in '000)	For the nine months period ended June 30, 2007
	Note	
<b>Parent company (SAG)</b>		
Sales of goods and rendering of services	127,108	2,253,357
Purchases of goods and receipt of services	2,417,881	1,621,851
Commission and allowances earned	57,301	149,942
Dividends	490,601	298,420
<b>Associated companies</b>		
Sales of goods and rendering of services	418,418	219,514
Purchases of goods and receipt of services	729,704	962,722
Commission and allowances earned	47,011	12,985
Commission paid	-	1,834
Financial expenses	71,533	67,851
<b>Others</b>		
Dividends	45	30
Contribution to employees retirement benefits	22,496	34,999
Compensation to key management personnel	18.1 141,707	130,552

	As at June 30, 2008 (Rupees in '000)	As at September 30, 2007 (Audited)
Receivable from		
- associates	820,426	452,767
- others	43,582	-
	<u>864,008</u>	<u>452,767</u>
Payable to		
- associates (including short-term borrowings)	207,247	2,691,279
- others	760	-
	<u>208,007</u>	<u>2,691,279</u>

	For the nine months period ended June 30, 2008 (Rupees in '000)	For the nine months period ended June 30, 2007
18.1 The details of compensation to key management personnel are as follows:		
Short-term employee benefits	163,205	74,787
Post employment benefits	3,173	2,255
Other long-term benefits	70	125
(Reversal of accrual) / accrual for share based payments	(24,741)	53,385
	<u>141,707</u>	<u>130,552</u>

18.2 Transactions with related parties were carried out on commercial terms and conditions and at prices agreed based on inter company prices. Shared services are charged by SAG at uniform rates to all locations in the region.

19. INFORMATION ABOUT BUSINESS SEGMENTS

	Energy	Rotary machines and products	Industry automation and services	Other operations	Total for continuing operations	Communication (Discontinued)	Eliminations	(All rupees in '000) Company as a whole
<b>For the nine months period ended June 30, 2008</b>								
<b>REVENUE</b>								
External sales	14,801,871	1,440,505	2,179,607	454,766	18,876,749	-	-	18,876,749
Inter-segment sales	615,072	275,053	78,799	596,998	1,565,922	-	(1,565,922)	-
Total revenue	<u>15,416,943</u>	<u>1,715,558</u>	<u>2,258,406</u>	<u>1,051,764</u>	<u>20,442,671</u>	<u>-</u>	<u>(1,565,922)</u>	<u>18,876,749</u>
<b>RESULT</b>								
Segment result	<u>1,603,912</u>	<u>98,952</u>	<u>209,475</u>	<u>44,164</u>	<u>1,956,503</u>	<u>-</u>	<u>-</u>	<u>1,956,503</u>
Unallocated corporate expenses								(146,340)
Interest expense								1,810,163
Interest income								(24,409)
Income tax								90,637
Profit for the period								(595,701)
Profit on sale of discontinued operations								1,280,690
Profit for the period from discontinued operations								-
Profit for the period from continuing operations								-
								<u>1,280,690</u>
<b>OTHER INFORMATION</b>								
Capital expenditure	106,721	16,811	33,563	5,015	162,110	-		
Depreciation and amortisation	62,995	12,586	24,788	17,659	118,028	-		
Non-cash expenses other than depreciation and amortisation	938	299	129	49	1,415	-		
<b>As at June 30, 2008</b>								
<b>ASSETS AND LIABILITIES</b>								
Segment assets	13,493,080	1,358,779	2,013,706	782,545	17,648,110	-		17,648,110
Unallocated corporate assets								4,841,297
Consolidated total assets								<u>22,489,407</u>
Segment liabilities	9,009,014	857,694	1,529,617	297,926	11,694,251	-		11,694,251
Unallocated corporate liabilities								4,905,277
Consolidated total liabilities								<u>16,599,528</u>
<b>For the nine months period ended June 30, 2007</b>								
<b>REVENUE</b>								
External sales	9,198,605	1,064,120	2,189,063	543,078	12,994,866	3,252,980	-	16,247,846
Inter-segment sales	692,392	483,993	184,580	1,447	1,362,412	98,634	(1,461,046)	-
Total revenue	<u>9,890,997</u>	<u>1,548,113</u>	<u>2,373,643</u>	<u>544,525</u>	<u>14,357,278</u>	<u>3,351,614</u>	<u>(1,461,046)</u>	<u>16,247,846</u>
<b>RESULT</b>								
Segment result	<u>966,112</u>	<u>73,611</u>	<u>209,561</u>	<u>(7,539)</u>	<u>1,241,745</u>	<u>2,069,397</u>	<u>-</u>	<u>3,311,142</u>
Unallocated corporate expenses								(276,094)
Interest expense								3,035,048
Interest income								(117,523)
Income tax								177,460
Profit for the period								(553,113)
Profit on sale of discontinued operations								2,541,872
Profit for the period from discontinued operations								(1,735,419)
Profit for the period from continuing operations								(333,978)
								<u>472,475</u>
<b>OTHER INFORMATION</b>								
Capital expenditure	150,016	12,020	22,712	9,884	194,632	14,060		
Depreciation and amortisation	51,102	9,733	21,417	11,093	93,345	29,125		
Non-cash expenses other than depreciation and amortisation	369	184	384	408	1,345	(755)		
<b>As at September 30, 2007 (Audited)</b>								
<b>ASSETS AND LIABILITIES</b>								
Segment assets	8,545,980	1,388,023	1,541,925	1,581,097	13,057,025	-	-	13,057,025
Unallocated corporate assets								4,523,991
Consolidated total assets								<u>17,581,016</u>
Segment liabilities	4,869,636	1,068,448	1,428,378	242,639	7,609,101	-	-	7,609,101
Unallocated corporate liabilities								4,620,493
Consolidated total liabilities								<u>12,229,594</u>

**Siemens (Pakistan) Engineering Company Limited**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the nine months period ended June 30, 2008**

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- 19.1** Included in total sales is an amount of Rs. 8,779.836 million (June 30, 2007: Rs. 3,450.514 million) in respect of sales made in the region of UAE. The carrying value of segment assets in that region as at June 30, 2008 was Rs. 7,445.990 million (September 30, 2007: Rs. 4,470.834 million). The cost to acquire property, plant and equipment during the nine months period ended June 30, 2008 was Rs. 23.064 million in that region (June 30, 2007: Rs. 20.104 million).
- 19.2** In order to comply with the requirements of International Accounting Standard 14 'Segment Reporting' the activities of the Company have been grouped into five segments of related products and services. The energy segment mainly relates to supply and installation of transformers, switchboards, and other related power generation, transmission, and distribution equipment and related services. Rotary machines and product segment includes diesel generating sets, motors, alternators and drives etc. Industry automation and services segment includes designing, engineering and construction services in electrical field, mechanical field and information technology services. Other operations include supply and services of health care equipment and home appliances. Communication segment (discontinued) covered supply and installation of telecommunication and other related equipment and services.
- 19.3** The above mentioned segments do not necessarily match with the organisational structure of the Company.

**19.4 Segment assets and liabilities**

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

**20. GENERAL**

- 20.1** Comparative figures have been rearranged and reclassified wherever necessary for the purpose of comparison for better presentation of transactions in the condensed interim financial statements of the Company.
- 20.2** These condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on July 28, 2008.

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

**Gerhard Wilcke**  
Chief Financial officer & Director