



Annual Report 2018 Pakistan

www.siemens.com.pk

Content

Our Profile

P. 2

Mission & Vision

Information for stakeholders

P. 3

Key Operating and Financial Data

Our Company

P. 4

Company Information

P. 5

Chairman's / Directors' Profile

P. 9

Chairman's Review Report

P. 10

Directors' Report

P. 18

Board Committees and Terms of Reference

Sustainability at Siemens

P. 21

Sustainability at Siemens

P. 22

Corporate Citizenship

Financial Report

P. 25

Auditors' Review Report

P. 26

Statement of Compliance

P. 28

Auditors' Report

P. 34

Statement of Financial Position

P. 35

Statement of Profit or Loss

P. 36

Statement of Other Comprehensive Income

P. 37

Statement of Cash Flows

P. 38

Statement of Changes in Equity

P. 39

Notes to the Financial Statements

Shareholders' Information

P. 72

Pattern of Shareholding

P. 73

Categories of Shareholders

P. 74

Notice of Annual General Meeting

P. 82

ڈائریکٹرز رپورٹ

P. 83

چیئرمین کی جائزہ رپورٹ

Proxy Form

پراکسی فارم

Dividend Mandate Form

Request Form for Annual Report and
Notices through E-mail

Mission

We make real what matters, by setting the benchmark in the way we electrify, automate and digitalize the world around us. Ingenuity drives us and what we create is yours. Together we deliver.

Vision 2020

With ingenuity we drive Electrification, Automation and Digitalization (EAD) for Pakistan creating sustainable value for stakeholders through our proximity, strong local value add and ownership culture. We anticipate and shape market trends by being continuously innovative. We identify and develop people to have the skills to ensure growth for our company and the society.

Together we make real what matters.

A lived Ownership Culture

- Equity
- Leadership
- Values
- Behaviors
- People Orientation

Seven Overarching Goals

- Implement Stringent Corporate Governance
- Execute Financial Target System
- Be a Partner of Choice for Customers
- Foster Ownership Culture
- Create Value Sustainably
- Expand Global Management
- Be an Employer of Choice

Key Operating and Financial data

Six Years Summary	2018	2017	2016	2015	2014	2013
	(Rupees in '000)					
Trading Results						
New orders	23,612,363	11,964,608	22,839,389	8,811,758	9,257,688	12,353,737
Net turnover	19,522,120	14,552,923	10,173,868	9,266,909	9,781,082	13,039,194
Export of goods and services	277,070	122,049	122,604	75,207	213,123	287,341
Contracts executed outside Pakistan	3,415,066	1,918,556	1,389,008	793,082	1,157,327	1,892,413
Gross profit	3,301,949	2,434,092	935,073	493,890	704,710	327,657
Operating profit / (loss)	2,276,409	1,315,504	85,225	(156,511)	41,126	(559,586)
Profit / (loss) before tax from continuing operations	2,233,661	1,451,968	241,892	(171,955)	688,562	(758,158)
Loss before tax from discontinued operations	–	–	(73,914)	(163,925)	(923,215)	(62,701)
Gain on sale of assets classified as held for sale - before tax	–	–	2,441,184	–	–	–
Profit / (loss) before tax	2,233,661	1,451,968	2,609,162	(335,880)	(234,653)	(820,859)
Profit / (loss) after tax	1,159,220	1,103,396	2,103,952	(528,234)	(523,795)	(974,943)
Earnings / (loss) before interest, taxes, depreciation and amortisation (excluding one time gain on sale of assets classified as held for sale)	2,473,235	1,589,118	265,596	(95,825)	165,690	(455,901)
Final dividend	618,528	618,528	989,644	82,470	82,470	164,941
Financial Position						
Share capital	82,470	82,470	82,470	82,470	82,470	82,470
Reserves and Retained Earnings	5,695,699	5,244,134	5,148,971	3,120,981	3,706,149	4,382,234
Property, plant and equipment	388,095	312,647	240,832	138,316	562,824	1,383,047
Net current assets	4,329,885	3,571,478	3,574,806	1,389,418	1,603,447	1,154,390
Long-term / deferred liabilities	170,904	68,668	23,750	20,822	27,966	52,283
Investors Information						
Gross profit ratio	16.91%	16.73%	9.19%	5.33%	7.20%	2.51%
EBITDA Margin to sales	12.67%	10.92%	2.61%	-1.03%	1.69%	-3.50%
Return on equity / capital employed	20.06%	20.71%	40.22%	-16.49%	-13.83%	-21.84%
Inventory turnover ratio (in times)	3.53	3.60	2.52	1.82	1.55	2.06
Inventory turnover ratio (no. of days)	104	101	145	200	235	177
Debtor turnover ratio (in times)	3.04	3.24	2.42	2.16	1.89	2.04
Debtor turnover ratio (no. of days)	120	113	151	169	193	179
Creditor turnover ratio (in times)	2.20	1.58	1.22	1.30	1.38	1.85
Creditor turnover ratio (no. of days)	166	231	299	281	264	197
Operating cycle (no. of days)	57	(17)	(3)	88	164	159
Total assets turnover ratio (in times)	1.20	1.00	0.75	0.70	0.63	0.74
Fixed assets turnover ratio (in times)	55.72	52.59	53.67	26.43	10.05	8.91
Current ratio	1.36	1.39	1.38	1.22	1.16	1.09
Quick / acid test ratio	1.25	1.22	1.17	0.74	0.87	0.92
Cash dividend per share (Rs)	75	75	120	10	10	20
Dividend yield ratio	0.08	0.10	0.13	0.01	0.01	0.02
Interest cover ratio	28.98	89.49	109.20	(1.28)	0.06	(3.08)
Breakup value per share (Rs)	700.64	645.88	634.34	388.44	459.39	541.37
Market value per share (Rs)	901.67	757	906	1,096	1,064	903
Share price during the year						
High (Rs)	1,154	1,570	1,100	1,360	1,599	1,218
Low (Rs)	708	650	717	838	933	590
Earnings / (loss) per share (Rs)	140.56	133.79	255.12	(64.05)	(63.51)	(118.22)
Profit / (loss) before tax in percent to sales	11.44%	9.98%	25.65%	-3.62%	-2.40%	-6.30%
Profit / (loss) after tax in percent of sales	5.94%	7.58%	20.68%	-5.70%	-5.36%	-7.48%
Cash Flows						
Net cash flow from operating activities	(3,195,999)	(624,268)	754,812	1,430,752	1,000,287	552,246
Net cash flow from investing activities	(197,888)	(28,645)	4,078,840	252,432	(14,379)	(19,756)
Net cash flow from financing activities	(613,325)	(984,662)	(82,470)	(1,508,950)	(488,461)	760,356
Net change in cash and cash equivalents	(4,007,212)	(1,637,575)	4,751,182	174,234	497,447	1,292,846

Company Information

Registered Office

Siemens (Pakistan) Engineering Co. Ltd.
B-72 Estate Avenue, S.I.T.E, Karachi-75700,

Phone: +92 (0)21 32574910-19
UAN: +92 (0)21 111-077-088

Board of Directors

Chairman of the Board

Sebastian Andreas Brachert

Non-Executive Directors

Marco Jochen Schiffer
Manuel Kuehn
Manzoor Ahmed

Independent Director

Qazi Sajid Ali

Executive Director

Helmut von Struve

Female Director (Non-Executive)

Beatrice Eva-Maria Bock

Committees of the Board

Audit Committee

Qazi Sajid Ali (Chairman)
Manzoor Ahmed
Marco Jochen Schiffer
Beatrice Eva-Maria Bock

Human Resource & Remuneration Committee

Qazi Sajid Ali (Chairman)
Sebastian Andreas Brachert
Manuel Kuehn
Helmut von Struve

Nomination Committee

Sebastian Andreas Brachert (Chairman)
Helmut von Struve

Management

Managing Director / CEO

Helmut von Struve

Chief Financial Officer

Umer Jalil Anwer

Other Information

Company Secretary

Abdul Mannan Majid

Auditors

EY Ford Rhodes, Chartered Accountants

Bankers

Bank Alfalah Limited
BNP Paribas (Dubai)
Citibank N.A.
Deutsche Bank AG

Habib Bank Limited
Standard Chartered Bank, UAE
Standard Chartered Bank (Pakistan) Limited

Tax Advisor

KPMG Taseer Hadi & Co.

Legal Advisor

Jillani & Co. Advocates and Legal Consultants

Registrar and Share Transfer Agent

THK Associates (Pvt.) Limited
1st Floor, 40-C, Block-6
P.E.C.H.S., Karachi- 75400

Phone: +92 (0)21 35693094-95
UAN: +92 (0)21 111-000-322
Fax : +92 (0)21 35655595
E-mail : secretariat@thk.com.pk

Chairman's / Directors' Profile



Sebastian Andreas Brachert Chairman

Dr. Sebastian Brachert is the General Counsel for Middle East and CIS for Siemens AG, Germany, a position he holds since October 2014. Since 2015, he is located in Abu Dhabi, UAE.

From 2008 until 2014, he was the General Counsel for EMEA and Cross Sectors for Siemens AG.

From 2000 until 2008, he was the Head of Siemens Legal Services (Munich) with special responsibility for Corporate Law, M&A, Antitrust, Capital Markets, Finance Law, Real Estate Law, Legal matters for Central Procurement, Venture Capital, Central Departments, Siemens IT Solutions and Services, Siemens Enterprise Networks and Coordinator for Legal Departments in Asia / Australia / C.I.S.

From 1997 until 2000, Dr. Brachert was Head of Legal for Siemens Financial Services and Head of Corporate Legal Affairs Finance Law (Project- and Vendor Finance, Capital Markets, IPOs and Treasury), Munich.

From 1993 until 1997, he was Head of Corporate Legal Affairs Finance and Real Estate Law, Central Legal Department Siemens AG, Munich.

Dr. Brachert joined Siemens in 1990. Before that he worked for Dresdner Bank AG, Nuremberg. He holds the first and second State Exam in Law of the State of Bavaria, a PhD of the University of Erlangen and a degree in Banking and Finance of IHK Nuremberg, all Germany. Dr. Brachert is admitted to the bar in Munich, Germany.

Other directorships and offices

- Director of Siemens Ltd./AELE, Kingdom of Saudi Arabia
- Director of Siemens Electrical and Electronic Services KSCC, Kuwait
- Member of the Human Resource and Remuneration Committee of Siemens (Pakistan) Engineering Co. Ltd.
- Member of the Nomination Committee of Siemens (Pakistan) Engineering Co. Ltd.



Helmut von Struve Managing Director

Mr. Helmut von Struve is the Managing Director of Siemens (Pakistan) Engineering Company Ltd, a position he holds since October 1, 2015.

Mr. von Struve has held various positions in the Power Generation Industrial Application division of Siemens AG, Germany, as Head of Business Development Services, Manager Regional Sales Middle East Region and Regional Sales Director, Middle East Region.

In 2006, Mr. von Struve was appointed Managing Director of Siemens Power Generation Oil and Gas and Industrial Application Service, Middle East Region. From 2009 to 2013, he worked as Managing Director Siemens Wind Power GmbH, Germany and Chief Executive Officer of Siemens Energy Service Division Wind Power for the region Europe, Middle East and Africa (EMEA). In 2014, he was appointed Chief Executive Officer of the Libya Branch of Siemens AG,.

Mr. von Struve started his career in 1997 as Process Engineer in Thyssen Krupp Uhde, Germany, a leading global EPC contractor company.

Mr. von Struve holds a Master degree in Mechanical Engineering from Technical University, Darmstadt, Germany. He is also a Certified Director from the Pakistan Institute of Corporate Governance.

Other directorships and offices

- Member of the Industry Advisory Board, Habib University.
- Represents Siemens at the Pakistan Business Council and OICCI (Member of the Managing Committee OICCI, 2016, 2018).
- Member of the Human Resource and Remuneration Committee of Siemens (Pakistan) Engineering Co. Ltd.
- Member of the Nomination Committee of Siemens (Pakistan) Engineering Co. Ltd.



Marco Jochen Schiffer

Director

Mr. Marco Jochen Schiffer is the Commercial Head of Global Project Management in the Solution Business of Power and Gas, Siemens AG, Germany. He started his career at Siemens AG in 2009 as an Executive in Corporate Finance Audit, Siemens AG, Germany.

From September 1997 to September 2009, Mr. Schiffer was associated with KPMG AG, Cologne, Germany and PwC AG, Duesseldorf, Germany where he developed his acumen in the fields of Audit, Advisory and Consultancy. In the year 2001, he proceeded to Iselin, USA as Director Operational Audit.

Mr. Schiffer is a Certified Public Auditor and Tax Consultant in Germany. He holds a master's degree in International Management.

Other directorships and offices

- Member of the Audit Committee of Siemens (Pakistan) Engineering Co. Ltd.



Manuel Kuehn

Director

Born in 1980 in Giessen, Germany, Mr. Kuehn obtained his education at the Technical University Ilmenau and the Federal University of Santa Catharina (UFSC), Brazil. He holds a diploma in industrial engineering and a post-graduate diploma in Advanced Management from the European School of Management and Technology (ESMT) in Berlin.

His career at Siemens spans over a decade from 2004. Until 2014, Mr. Kuehn worked across different functions with Siemens Management Consulting (SMC). His role at SMC - part of the company's Corporate Strategy Department - focused on strategy implementation projects across Siemens' businesses globally. As Vice President, Mr. Kuehn took on auditing and stabilization of project business in the power generation and transmission businesses as well as reorganization, restructuring and M&A activities.

His project experience extended to localization projects in the UAE's power generation sector, establishing a factory for Medium Voltage Equipment in India's Medium Voltage Distribution, as well as developing strategies how to excel growth in emerging economies.

In his capacity as a leader in the SMC team, Mr. Kuehn was responsible for recruiting, people development and staff disposition, including the alignment with governing bodies and Germany's workers council.

In mid-2014, Mr. Kuehn took on the position of Senior Vice President of Business Development at the company's Middle East headquarters in Masdar City, Abu Dhabi, UAE. Since then, he has been driving Strategy and Business Development for Siemens in the UAE and all countries reporting to it, from Lybia in the West to Pakistan in the East. As Head of the Executive Office, Mr. Kuehn is responsible for the coordination of all activities that involve the CEO in internal and external affairs. In addition, he is a member of Siemens' Global Sales Excellence Advisory Committee.

Other directorships and offices

- Member of the Human Resource and Remuneration Committee of Siemens (Pakistan) Engineering Co. Ltd.



Beatrice Bock

Director

Mrs. Beatrice Bock is currently working in the central integration planning team of Siemens Mobility, which prepares the intended merger with Alstom*.

From 2016 to 2018, Mrs. Bock was the Executive Vice President Finance Mobility (CFO) for the Middle East and a Member of the Siemens Executive Management Team Middle East, based in Abu Dhabi, UAE. The Mobility division runs complex projects in the railway industry, spanning from rail signaling and rail electrification to the entire portfolio of rolling stock. In her role she was responsible for diverse countries spanning from Egypt to Pakistan.

Mrs. Bock has worked from 2012 to 2016 at the Siemens Mobility Headquarters in Munich, Germany where she gathered extensive experience in different finance functions. She has deep insights into all finance related matters from her role as Performance Controller and as the Strategic Executive Assistant to the Global Mobility CFO.

She has started her career with Siemens in 2010, at the Corporate Headquarters in Munich, Germany, as a Shareholder Controller in Corporate Finance, where she has looked after companies in the Middle East, Europe and Asia.

Prior to Siemens Mrs. Bock has gained experience in Investment Banking and Islamic Finance, working both for Deutsche Bank in Dubai, UAE and in London, UK.

Mrs. Bock studied Arabic and Economics (BA Hons.) at the School of Oriental and African Studies, University College London and holds a Master of Science degree in Energy, Trade and Finance from Cass Business School in London, UK.

Other directorships and offices

- Member of the Audit Committee of Siemens (Pakistan) Engineering Co. Ltd.

*Closing pending and subject to approval from anti-trust authorities



Manzoor Ahmed

Director

Mr. Manzoor Ahmed is presently Acting Managing Director, National Investment Trust Limited. Being COO, since 8 years, Mr. Ahmed has been successfully managing the operations and investment portfolio worth over Rs. 93 Billion. He has experience of over 29 years of the Mutual Fund Industry and has been placed at many key positions within NIT that includes capital market operations, investments, research and liaising with the regulatory authorities. He is M.B.A. and also holds D.A.I.B.P. At present, he is a candidate for CFA Level III.

Mr. Ahmed has attended various training courses organized by locally and internationally reputed institutions like London Business School (LBS) UK and Financial Markets World, New York (USA).

He represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.

Other directorships and offices

- Director of Askari Bank Limited
- Director of Bank Al Habib Limited
- Director of Lucky Cement Limited
- Director of General Tyre & Rubber Co. Limited
- Director of Hub Power Company Limited
- Director of Mari Petroleum Company Limited
- Director of Soneri Bank Limited
- Director of Sui Northern Gas Pipelines Limited
- Council Member of the Institute of Bankers Pakistan
- Member of the Audit Committee of Siemens (Pakistan) Engineering Co. Ltd.



Qazi Sajid Ali

Independent Director

Mr. Qazi Sajid Ali worked with BASF for 29 years, which includes 8 years as Director Finance and 12 years as Managing Director and Country Head. He retired from BASF in March, 2014. His educational qualification is M.A., LL.B.

He joined Dadex Eternit Limited as Chief Executive Officer in May, 2014 and has served on the Board of Dadex for 15 years, including 8 years as Chairman Audit Committee of Dadex.

Mr. Ali has attended several training seminars / workshops / courses from renowned national and international institutes and universities which includes: Advance Management from University of Connecticut, USA, M-21 (Management-21st Century) from Michigan Business School, Michigan, USA, BMP (Basic Management Program) from Singapore AMP (Advance Management Program) from Singapore Executive Development Centre, USA and Hong Kong, LS Seminars, Germany. He has represented Pakistan at the I.L.O. and United Nations Conferences at New Delhi and Manila, International Personnel Management Conference, Washington D.C. USA and Bangkok, American Society for Training and Development (ASTD), Boston, USA, International Eye Bank Conference, Colombo, International Eye Bank Association, Washington and New York, USA.

Mr. Ali is President and Founder Member of Pakistan Eye Bank Society, which has established eye banks all over the country and now constructed Eye and General Hospital in North Karachi. He was elected twice as President of Pak German Business Forum and is currently is a Chairman of the German Pakistan Chamber of Commerce and Industry (formerly GPTI). He also held the position of President IPMA (International Personnel Management Association, Pakistan Chapter).

Other directorships and offices

- Chief Executive Officer of Dadex Eternit Limited
- Chairman of the German Pakistan Chamber of Commerce and Industry (GPCCI)
- President of the Pakistan Eye Bank Society
- Member of the Audit Committee of Siemens (Pakistan) Engineering Co. Ltd.
- Member of the Human Resources & Remuneration Committee of Siemens (Pakistan) Engineering Co. Ltd.

Chairman's Review Report



It gives me enormous pleasure to present the FY 2018 Annual Report to the stakeholders of Siemens (Pakistan) Engineering Company Limited, and to comment on the overall performance and effectiveness of the Board.

The Board played an effective role in setting a clear direction for the Company, which was to focus on core business and competence in-line with Siemens' global Vision 2020+ initiative. The focused approach by the Company resulted in an improvement in sales, revenue, and profitability on a year-over-year basis.

The Board understands that it needs members who bring core competencies, diversity, the requisite skills, knowledge, and experience for successful governance of the Company. In this regard, it is pertinent to mention that the current members of the Board have extensive expertise in the areas of business management, strategy, finance, legal, and administration. All members of the Board are cognizant of their fiduciary duty to the Company and its shareholders, and have ensured that this obligation is kept in mind at all times.

As Chairman of the Board, I can affirm that all directors are encouraged to contribute and deliberate on strategic and governance-related topics, and that inputs from the independent director, director representing minority shareholders, and the directors having relevant experience on such topics are always encouraged and given due consideration before taking any decision.

The Board has clearly defined the terms of reference of its committees, and the members of all Committees are appointed after considering their requisite skills and experience. Further, the Board and its committees meet regularly during the year and exercise their governance roles after making due deliberations on each and every matter placed before them.

The Board has also approved and put in place a process for annual self-evaluation, of itself and its committees, to ensure the performance of the Directors collectively and individually remains highly satisfactory so that the Board can continue to play an effective role in governance of the Company.

The Board has also approved a director's remuneration policy that clearly defines the principles to set the level of remuneration of eligible non-executive directors. The Board remuneration is set to a level that is appropriate and commensurate with the level of responsibility and expertise, but at the same time ensures that it will not be construed as to compromise their independence.

I believe that under the direction of the Board, the Company is well-positioned to play its part in the development of Pakistan, for which I am grateful to my fellow board members for their efforts.

Lastly, I would like to thank the employees, shareholders, customers, and all other stakeholders for their dedication, sustained support, and trust in the Company.

Sincerely,

A handwritten signature in blue ink, appearing to read 'S. Brachert'.

Dr. Sebastian Andreas Brachert
Chairman of the Board

Dear Shareholders,

We, the undersigned, for and on behalf of the Board of Directors are pleased to present Siemens (Pakistan) Engineering Co. Ltd. ("Company") annual report and the audited financial statements for the financial year ended September 30, 2018 ("FY 2018"), together with auditors' report thereon.

During the year on comparable basis with FY 2017:

- Sales increased by 34% mainly due to execution of high value Energy Transmission Projects in Pakistan and Afghanistan.
- Profit before tax increased by 54% mainly attributable to healthy margins in Energy Transmission Projects executions, major positive progress on Islamabad Airport Projects and positive gain on account of fair valuation of embedded derivatives.
- Despite higher effective tax rate for FY 2018, Company recorded net profit increase of 5%.

This performance showcases the strength of our team, which competed convincingly in a difficult environment, and achieved another strong performance.

Key Performance Indicators	FY 2018	FY 2017
(Rupees in million)		
Net sales and services	19,522	14,553
Operating profit	2,276	1,316
Profit before income tax	2,234	1,452
Net profit for the year	1,159	1,103
Earnings per share (Rupees)	140.56	133.79

Appropriations

Following is the summary of appropriations made during FY 2018.

	(Rupees in million)
Accumulated profit as at October 01, 2017	333
Net profit after taxation for FY 2018	1,159
Final dividend of Rs. 75 (750%) per share for FY 2017	(619)
Accumulated profit as at September 30, 2018	873

For details of movement in other reserves please refer to Statement of Changes in Equity in the financial statements.

Dividend

Keeping in view the Company's financial performance and future cash flow requirements, the Board is pleased to recommend a final cash dividend of Rs. 75 per ordinary share, to meet the shareholders' expectations.

Company Principle Activities and Business Segments

The Company is operating through business divisions namely Power and Gas (PG), Power Generation Services (PS), Energy Management (EM), Digital Factory (DF), Process Industries and Drives (PD) and LAS. The PG & PS Divisions deal with supply, installation, commissioning

and services for power plants and related equipment, whereas the EM Division deals with execution of various projects under contracts including for substations and transmission, manufacturing and supply of low and medium voltage switchboards and panels, automation systems, transmission, and distribution equipment and related services. DF and PD Divisions deal with automation, information technology services and supply and installation of motors and drives, etc. whereas, LAS deals with logistic and airport solutions and services.

Risks, Uncertainties and Mitigations

The Company is exposed, inter alia, to the following general risks, which are mitigated through specific response plans:

A) Operational risks

The operational risks are related to project management (such as timely completion of the projects and change in estimates/plan costs), environment, health and safety, and supply chain management.

The Company addresses said risks in the course of its business by dedicating resources with requisite skills and expertise. The management determines risk response strategies for such risks, which includes an “avoid, transfer, reduce or accept” strategy.

B) Financial risks

Financial risk has been described in detail in note 42 of the attached financial statements that include market, credit, and liquidity risks.

C) Compliance risk

The Company has a zero tolerance policy for non-compliance activities and behaviors. The Company further understands that non-compliance with laws and regulations may result in imposition of penalties, debarment, black listing, license cancellation, etc. To mitigate such risks, the Company has implemented a very comprehensive and effective compliance function.

Further, the Business Conduct Guidelines (BCG) clearly defines the Company's expectations from all directors, executives and employees of the Company and from those with whom it conducts business. The Company encourages employees and business partners to report compliance violations that they encounter with confidence that there will be no adverse consequences for them. To facilitate the process, various reporting channels, such as the compliance helpdesk “Tell Us”, have been established on the Company's website.

Health, Safety and Environment (EHS)

As a result of our global approach to EHS, the Company recorded another engaged and productive year by introducing cultural changes and setting the direction for Zero Harm. EHS commitments at all levels, from senior management to workers, have been ensured to reduce work-related risks across all operations of the Company. Our focus on zero tolerance for EHS non-compliances, whether statutory or according to Siemens' Global policies, was further fine-tuned through enhanced awareness and better collaboration across the relevant teams. We continue to endeavor toward safer and more enduring business practices as we add value to our market.

Corporate Social Responsibility

Corporate citizenship has been an integral part of the Company from the very beginning. We strive to contribute to the sustainable development of our region. Corporate citizenship is the Company's voluntary commitment to the public with the aim to advance societies by making our technology and knowledge accessible to more people around the world. We make every effort to create shared value in every country in which we operate, while strengthening our business performance. We build our commitment on three pillars: access to technology, access to education, and sustaining communities.

In FY 2018 the Company has worked closely with the following organizations for fulfilling its Social responsibility:

- Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI) – Eco friendly car
- Family Educational Services Foundation (FESF)
- Support for The Citizens Foundation (TCF)
- Green Office Initiative in collaboration with WWF

For detail please refer to the Sustainability and Corporate Citizenship section of the Annual Report.

Adherence to the best practices of Corporate Governance

The Company is determined to meet and, wherever possible, exceed in all legal and ethical requirements and to conduct all business according to the highest professional and ethical standards and practices. The Board defines a path of continuous improvement constantly challenging existing processes. It also requires the Company to embrace change so that the Company is in the right place when new opportunities open up. This also means attracting the best talent in the marketplace and giving them the skills and opportunities they need to become high-achievers.

Composition of the Board and its Committees and number of Meetings and attendance during the Financial Year

Composition of the Board and its committees, number of meetings of the Board and its committees, and attendance therein, is as follows:

Composition		Board Meeting held / Attended	Audit Meeting held / Attended	Human Resource and Remuneration Meeting held / Attended
Dr. Sebastian A. Brachert	Non-Executive Director	4/4 Chairman	N/A	2/2
Mr. Helmut von Struve	MD - Executive Director	4/4	N/A	2/2
Mr. Qazi Sajid Ali	Independent Director	4/4	4/4 Chairman	2/2 Chairman
Mr. Marco Schiffer	Non-Executive Director	4/4	4/4	N/A
Mr. Manzoor Ahmed	Non-Executive Director	4/4	4/4	N/A
Mr. Manuel Kuehn	Non-Executive Director	4/4	N/A	2/2
Ms. Beatrice Bock	Non-Executive Director	3/4	3/4	N/A

In addition, the Board has also constituted a Nomination Committee and defined its terms of reference in line with the requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Nomination Committee consists of Helmut von Struve (Executive Director/ Managing Director) and Dr. Sebastian A. Brachert (Chairman of the Board). First meeting of the Nomination Committee was held after the year ended on September 30, 2018.

Directors' Statements

We are pleased to state that:

- a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, including the result of its operations, cash flows and changes in equity;
- b) Proper books of account have been maintained by the Company;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements;
- d) The accounting estimates are based on reasonable and prudent judgment;
- e) International Accounting Standards (IAS) and IFRS, as applicable in Pakistan, have been followed in preparation of financial statements;
- f) The system of internal control, including internal controls over financial reporting, is sound in design and has been effectively implemented and monitored;
- g) There are no significant doubts upon the Company's ability to continue as a going concern; and
- h) There has been no material departure from the best practices of corporate governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Statement of Compliance

The Company strictly adheres to the principles of corporate governance and has implemented all the prescribed stipulations. The same have been summarized in the enclosed statement of compliance with best practices of code of corporate governance duly reviewed by the external auditors.

Directors' Remuneration Policy

The Board has approved a Directors' Remuneration Policy, which describes in detail the objectives and a transparent procedure for determination of the remuneration packages of individual directors for attending meetings of the Board and its committees. Salient features, amongst others, of the Directors' Remuneration Policy are as follows:

- Level of remuneration shall be commensurate with the needs of the business, strategic alignment and the best interests of Company and its shareholders.

- Level of remuneration shall be as per market practice of comparable companies/industry.
- While determining remuneration no discrimination shall be made based on gender.
- Remuneration shall be sufficient to attract and retain qualified and skilled individuals on the Board to govern the Company successfully.
- Remuneration shall justify the time and expertise that is required to be spent by the directors to fulfil their responsibilities.
- Remuneration shall be sufficient to encourage value addition.
- Remuneration shall not be at a level that could be perceived to compromise the independence of the directors.
- Managing Director/Chief Executive Officer, Executive Director and Directors representing the majority shareholder will not be entitled to any remuneration in accordance with the Articles of Association of the Company.
- Remuneration will be fixed for the entire term of the Board prior to each election of the directors (once every three years).
- Recommendation from Independent Consultant on level of remuneration to be fixed should be obtained for benchmarking.

Directors' Remuneration

Details of aggregate amount of remuneration separately of executive and non-executive directors are disclosed in note 38 to the financial statements.

Evaluation of the Board's Performance

The Board has approved a formal policy and a process has been put in place for conducting annual performance evaluation of the Board and its committees. The purpose of the evaluation is to ensure that the Board's performance is measured with reference to overall corporate objectives, governance structure of the Company, statutory and regulatory compliance, effectiveness, collaboration and value addition. Performance evaluation was conducted as per the process approved by the Board for FY 2018, and overall performance and effectiveness of the Board is categorized as "strong". All members of the Board participated in performance evaluation and provided their feedback.

Directors' Training Program

For details on the director's training program, please refer to serial no. 9 of the Statement of Compliance.

Election of Directors

As the current term of the directors is coming to an end, and in accordance with the relevant provisions of the Companies Act, 2017, the Board decided as follows:

- election of directors will be held during 66th Annual General Meeting of the Company;
- fixed the number of directors to be elected as seven (7); and
- two (2) directors shall be Independent directors, who shall fulfill the criteria listed in the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2017.

External Auditors

The current auditors, EY Ford Rhodes, Chartered Accountants (a member firm of Ernst & Young Global Limited) retire at the conclusion of the upcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

As recommended by the Audit Committee, the Board recommends their reappointment for FY 2019 to its shareholders.

Corporate Status

The Company is a subsidiary of Siemens Aktiengesellschaft, Germany (Siemens AG), which is incorporated under the laws of the Republic of Germany and holds 74.6% shares of the Company as at September 30, 2018.

Pattern of Shareholding

The Company is listed on Pakistan Stock Exchange Ltd. The detailed pattern and categories of its shareholding including shares held by directors and executives, if any, are annexed to the Annual Report.

Investments in retirement benefits

The Company maintains provident and gratuity funds for its permanent employees which are regulated through the respective Board of trustees. The value of investments of these funds as per their respective audited financial statements, are as follows:

	June 30, 2017	June 30, 2016	June 30, 2015
	(Rupees in million)		
Provident Fund	427.438	458.979	569.520

	September 30, 2017	September 30, 2016	September 30, 2015
	(Rupees in million)		
Gratuity Fund	146.109	168.925	212.528

Post balance Sheet Event

There have been no material changes or events since 30th of September 2018 to the date of this report, which have an impact on the financial statements, except for the declaration of final dividend, which is subject to the approval of the Members of the Company at the forthcoming Annual General Meeting the effect of which will be reflected in the FY 2019 financial statements.

Significant Transactions, Events and Developments during FY 2018

The Company entered into a long term service contract for H-class gas turbine with Punjab Thermal Power (Private) Limited valued at approximately PKR 8,355 billion (USD 60.8 million). The services will be provided by the Company over the period of six years. Customer shall have the option to extend the provision of services for an additional period of six years, against additional contract price.

During the year, the Company recorded a gain of PKR 293 million on account of fair valuation of embedded derivatives.

In line with the global reorganization of Siemens, the Board approved the new business portfolio structure through which the Company operates, in order to meet the changing business environment, and with the belief that the new operating structure will enhance the power and flexibility to compete and find sustainable growth. Therefore, the Company will be operating through the following business portfolios with effect from April 1, 2019, rather than the existing business divisions:

- **Gas & Power (GP)**
This shall consist of business units of Power Generation, Oil & Gas, Transmission, EPC Projects and Services & Digital
- **Smart Infrastructure (SI)**
This shall consist of business units of Regional Solutions & Services, Digital Grid, Distribution Systems, Low Voltage Products, Control products and Building products
- **Digital Industries (DI)**
This shall consist of business units of Factory Automation, Motion Control, Process Automation, Software and Customer Services

The Company's Future Outlook

The Company is committed to creating value for its stakeholders. The Company has adopted a consistent strategy to position itself along the electrification, automation and digitization value chain. We have the know-how and expertise that extends from power generation to power transmission, power distribution, and smart grid for the efficient application of electrical energy.

Siemens strong competitive edge of continuous innovation, state of the art technology, deep local roots and focus on its core business in the field of electrification, automation and digitalization, positions the Company to exploit available opportunities in the market.

That being said, the Company's future prospects are inextricably linked with the overall growth of Pakistan. Therefore, Pakistan's widening balance of payments crisis, increasing

budget deficit, and continuous currency devaluation is likely to have an impact on overall growth of the country, which in turn may negatively impact the Company.

Overall, the Company is cautiously optimistic and expects a solid performance for FY 2019. To ensure sustainable growth and value creation for stakeholders, the Company will continue to closely monitor and review its business portfolio to keep pace with the changing environment.

Acknowledgement

We take this opportunity to thank our valued customers who have continued to place trust in our products and services, and provided sustained support in ensuring the progress of the Company. The Company is very proud of, and thankful to, its employees for their committed and passionate efforts, loyalty and dedication. We also greatly value the support and cooperation of all stakeholders who are helping and contributing towards the growth of our Company.

We would also like to extend our sincerest gratitude to our shareholders for the confidence and trust they have placed in us, and for their unwavering support.

On behalf of the Board



Dr. Sebastian Andreas Brachert
Chairman



Helmut von Struve
Managing Director

Islamabad, 28th November 2018

Notes and Forward Looking Statement

This document contains statements related to our future business and financial performance and future events or developments that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders. Such statements are based on the current expectations and certain assumptions of management, of which many are beyond Siemens’ control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in this report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Terms of Reference of Audit Committee

The Terms of Reference for the Audit Committee shall be as follows:

1. Determination of appropriate measures to safeguard the company's assets;
2. Review of annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
 - (i) major judgmental areas;
 - (ii) significant adjustments resulting from the audit;
 - (iii) going concern assumption;
 - (iv) any changes in accounting policies and practices;
 - (v) compliance with applicable accounting standards;
 - (vi) compliance with these regulations and other statutory and regulatory requirements; and
 - (vii) all related party transactions.
3. Review of preliminary announcements of results prior to external communication and publication;
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
5. Review of management letter issued by external auditors and management's response thereto;
6. Ensuring coordination between the internal and external auditors of the company;
7. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
9. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
10. Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
11. Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
12. Determination of compliance with relevant statutory requirements;
13. Monitoring compliance with these regulations and identification of significant violations thereof;
14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
15. Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof; and
16. Consideration of any other issue or matter as may be assigned by the board of directors.

Terms of Reference of Human Resources and Remuneration Committee

The Terms of Reference for the Human Resource and Remuneration Committee shall be as follows:

1. Recommend to the board for consideration and approval of a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
2. Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
3. Recommending human resource management policies to the board;
4. Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
5. Consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
6. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

Terms of Reference of the Nomination Committee

The Terms of Reference for the Nomination Committee shall be as follows:

1. Responsible for considering and making recommendations to the Board in respect of the Board committees and the chairmanship of the Board committees.
2. Responsible for keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.
3. Any other matter which is ancillary to the TOR mentioned above.

In case of any conflict in the Terms of Reference of the Nomination Committee with the terms of the Human Resource and Remuneration Committee, the matter shall be referred to the Board of Directors for decision.



Sustainability at Siemens

Megatrends like climate change, urbanization, demographic change, globalization and digitalization are stimulating change in our world, all of which needs to be driven toward a more sustainable future. The aim is to improve the prosperity and quality of life of all people, while keeping within the limits of the planet. To globally strive toward sustainable development, 193 UN member states adopted the Agenda 2030 and its 17 Sustainable Development Goals (SDGs), which came into effect in January 2016. The SDGs and their related targets address the most important economic, social, environmental and governance-related challenges of our times and stimulate transformational change. This requires governments, businesses, cities and civil societies to contribute their fair share. As a global industrial conglomerate with businesses along the energy value chain and in the healthcare sector, Siemens is in a unique position to touch on substantial business opportunities from several trillion euros worth of investment per annum needed to drive the UN Agenda 2030 toward the SDGs and related targets. We are having an impact on most of the SDGs in four important ways:

- through our products and solutions,
- by responsibly operating our business,
- through our expertise and thought leadership,
- and through our Corporate Citizenship activities and community engagement

To us, being a sustainable business means ensuring profitable and long-term growth while balancing profit, people and planet. We believe that the SDGs are a responsibility, but that they also offer new business opportunities to Siemens, notably by opening doors for us to work with national and local governments that want to reshape their own development agenda. We hope to continue our collaboration with them in such areas as energy and decarbonization, transportation, infrastructure, industrial development, urban development, healthcare, innovation, job creation, education and the fight against corruption. Integrating the perspective of Siemens' contribution to the SDGs enriched the assessment of the most important issues and facilitated a well-informed materiality process.

Materiality Assessment

Analyzing our impact on the SDGs added a new perspective on our assessment of the most important issues for Siemens and confirmed our findings from the previous materiality assessments. In the course of this assessment process, 12 principles emerged from regular dialogues with external and internal stakeholders as they set priorities based on their importance for Siemens and its stakeholders. These principles are clustered under the three headings – profit, people and planet – and reflect our ambition to contribute to societies as well as develop new business opportunities together with our customers:

Profit

- We contribute to the competitiveness of our customers with our products, solutions, and services.
- We partner with our customers to identify and develop sustainability-related business opportunities.
- We operate an efficient and resilient supply chain by using a supplier code of conduct, risk management, and capacity building.
- We take the initiative to work with our stakeholders to manage project and reputational risks and identify relevant business trends.
- We adhere to the highest compliance and anti-corruption standards and promote integrity via the Siemens Integrity Initiative, which fights corruption and fraud through collective action, education and training.

Planet

- We help our customers increase energy efficiency, save resources and reduce carbon emissions.
- We develop our products, solutions and services using a lifecycle perspective and sound eco-design standards.
- We minimize the environmental impact of our operations through environmental management programs, and we aim to become carbon neutral by 2030.

People

- We contribute to the sustainable development of societies with our portfolio, local operations, and thought leadership.
- We foster long-term relationships with local societies through Corporate Citizenship projects with partners.
- We live a zero-harm culture and promote the health of our employees.
- We live a culture of leadership based on common values, an innovation mindset, people orientation and diversity.

Corporate Citizenship

Corporate citizenship has been an integral part of Siemens from the very beginning. We strive to contribute to the sustainable development of the regions, in which we operate. Corporate citizenship is Siemens' voluntary commitment to society with the aim to advance societies by making our technology and knowledge accessible to more people around the world. We strive to create shared value in every country, in which we operate while strengthening our business performance. We build our commitment on three pillars: access to technology, access to education, and sustaining communities.

Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI) – Eco-friendly car

Siemens sponsored a team of young engineers from GIKI, one of Pakistan's top universities, to design and build an ultra-efficient gasoline powered car. The team represented Pakistan at the Shell Eco-Marathon held in Singapore competing against teams from across the globe.

Family Educational Services Foundation (FESF)

According to recent demographics in Pakistan, there are approximately 1.25 million children who are profoundly deaf and cannot attend mainstream schools. Yet less than 2% of these children have the opportunity for an education!

Deaf Reach, a program of Family Educational Services Foundation, was established in 1995 to provide academic and vocational education to deaf children and youth, particularly in rural areas, with little access to formal education or vocational training.

Over 65% of Pakistan's population lives in rural areas, where there currently exists no access to basic education for the Deaf, let alone technical and vocational programs. It is vital that programs with an integrated approach to developing literacy and technical and vocational skills be available to deaf youth, to prepare them to enter into the workforce and/or to initiate microenterprise livelihood projects.

Siemens' partnership with FESF in reaching the Deaf children of Pakistan, is helping to fill this gap.

The Schools and Training Centers presently provide academic (KG – 12th grade) and/or vocational skills training to over 1,000 deaf children and adolescents, 43% of whom are female.

Its programs are continually expanding to further empower marginalized urban and rural deaf youth, the majority of whom are economically challenged, and to provide them with a brighter future.



Support for The Citizens Foundation

The Citizens Foundation endeavors to bring about positive social change by providing quality education to children who would otherwise not be able to attend school due to financial constraints. Siemens, again in 2018, provided support for the initiative 'Educate a Child – Transform a Life' through TCF's 'Sponsor-a-Classroom' program. Every child deserves an education and a better chance in life and we hope this contribution helps provide the children a better opportunity in life.



Green Office Initiative in collaboration with WWF

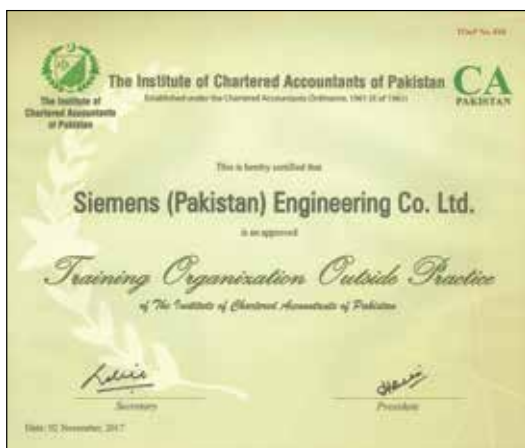
Siemens partnered with WWF Pakistan for its Green Office programme to address the environmental challenges and learn ways to be instrumental in improving our environment. Green Office Program is a practical and simple Environmental Management System specifically for office conditions to reduce overall carbon emissions. Green Office is a programme that will help us reduce our environmental footprint and in educating employees to be better and responsible citizens and understand their civic and environmental responsibilities.

The implementation of a Green Office will help Siemens cut down on energy costs, reduce waste and make better procurement choices.



Training and HR Development

Siemens plays an active role in developing human resource, by conducting industry specific vocational and professional training programs. Siemens is an ACCA Approved Employer – Trainee Development, Gold, an approved Training Organization Outside Practice of the Institute of Chartered Accountants of Pakistan and an approved employer of ICAEW.





Financial Report 2018

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Siemens (Pakistan) Engineering Co. Ltd.

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Siemens (Pakistan) Engineering Co. Ltd. (the Company) for the year ended **30 September 2018** in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 of Directors' 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.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2018.



Chartered Accountants
Place: Karachi
Date: 28 November 2018

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 Siemens (Pakistan) Engineering Co. Ltd.

For the year ended September 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors is seven (7) as per the following:

- Male: Six (6)
- Female: One (1)

2. The composition of Board is as follows:

Category	Names
Independent Director	Mr. Qazi Sajid Ali
Non-executive Directors	Mr. Manzoor Ahmed Dr. Sebastian Andreas Brachert Mr. Marco Jochen Schiffer Mr. Manuel Kuehn Ms. Beatrice Bock
Executive Director	Mr. Helmut von Struve

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable) except Mr. Manzoor Ahmed who is serving as a director in ten listed companies and has been granted exemption from the related requirement by Securities and Exchange Commission of Pakistan.
4. The Company has prepared a Code of Conduct called "Business Conduct Guidelines" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board has a formal policy, which is in the process of approval of the Board, and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations.
9. The Board remained fully compliant with the provision of the Code pertaining to Directors training program as follows:

Category	Names
Mr. Qazi Sajid Ali	June, 2018
Mr. Manzoor Ahmed	February, 2012
Dr. Sebastian Andreas Brachert	Exempted from training vide SECP letter reference
Mr. Marco Jochen Schiffer	SMD/SE/2(10)/2002 dated September 19, 2014
Mr. Manuel Kuehn	January, 2018
Ms. Beatrice Bock	January, 2018
Mr. Helmut von Struve	April, 2016

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The board has formed following Committees comprising of members given below:

Members of Audit Committee	Designation
Mr. Qazi Sajid Ali Mr. Manzoor Ahmed Mr. Marco Jochen Schiffer Ms. Beatrice Bock	Chairman Non-Executive Director Non-Executive Director Non-Executive Director
Members of Human Resource and Remuneration Committee	Designation
Mr. Qazi Sajid Ali Dr. Sebastian Andreas Brachert Mr. Manuel Kuehn Mr. Helmut von Struve	Chairman Non-Executive Director Non-Executive Director Executive Director
Members of Nomination Committee	Designation
Dr. Sebastian Andreas Brachert Mr. Helmut von Struve	Chairman Executive Director

13. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.

14. The frequency of meetings of the Committees were as per following:

- a. Audit Committee: Four Quarterly meetings during FY 2018 ending 30th September, 2018
- b. HR and Remuneration Committee: Two Half yearly meetings during FY 2018 ending 30th September, 2018

15. The Board has outsourced the internal audit function to Siemens AG who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 ICAP

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.



Dr. Sebastian Andreas Brachert
Chairman of the Board



Helmut von Struve
Managing Director

INDEPENDENT AUDITORS' REPORT

To the members of Siemens (Pakistan) Engineering Co. Ltd.

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **Siemens (Pakistan) Engineering Co. Ltd.** (the Company), which comprise the statement of financial position as at **30 September 2018**, and the statement of profit or loss, the statement of other comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Accounting for construction and engineering contracts	
<p>The Company earns a significant portion of its revenue from long term construction and engineering contracts which is recognized over the term of contract in accordance with the stage of completion method. Further, the valuation of trade receivables and contract assets as well as the recognition and measurement of provision for warranties, liquidated damages and losses on sales contracts requires management to exercise significant judgement to develop these estimates.</p> <p>The recognition of revenue and related contract assets and liabilities therefore involves significant estimate with respect to stage of completion of contracts and measurement of the amount of revenue considering the costs, price and its allocation to various components of performance obligation.</p> <p>Due to the above mentioned estimates in relation to the revenue recognition and related provisions, we identified this area as a key audit matter.</p> <p>Refer notes 2.4, 3.16, 8, 9, 20 & 25 to the financial statements</p>	<p>Our audit procedures amongst others included obtaining an understanding of the Company's processes and controls for project management in the bid and execution phase of construction contracts and the process for recognition of provisions.</p> <p>We evaluated management's estimates and assumptions based on a risk based selection of a sample of contracts.</p> <p>We inspected the terms and conditions of the sample contracts including contractually agreed milestones, penalties for delay/breach and liquidated damages, etc. We also evaluated whether revenue were recognized in the appropriate period for the selected projects, we analyzed billable revenues and corresponding cost of sales to be recognized and examined the accounting for the associated positions in the statement of financial position. We also carried out inquiries of project management with respect to the development and amendments of the projects.</p> <p>We considered management process for determining the related provisions, discussed judgment exercised by them and checked approval of the Board in this regards. We also circularized confirmations to counterparties and inspected the confirmation responses received. Further, we inspected the specific contract terms to ensure the completeness and valuation of provisions recorded by the management.</p>

Key audit matter	How our audit addressed the key audit matter
2. Adoption of IFRS 15 “Revenue From Contracts With Customers”	
<p>As disclosed in note 3.22 to the financial statements, the Company has early adopted IFRS 15 with effect from October 01, 2017. The new standard provides comprehensive model of revenue recognition along with detailed presentation and disclosure requirements.</p> <p>Considering the varying nature of revenue earned by different segments within the entity as disclosed in note 3.16 and 25 to the financial statements as well as incremental qualitative and quantitative disclosures about contracts with customers including information about disaggregation of revenue, performance obligations, contract assets and contract liabilities, we considered reporting of revenue under the new standard as a key audit matter.</p>	<p>Our procedures, amongst others, included review of managements’ impact assessment of all contracts with customers in light of application of the new standard. Our assessment included:</p> <ul style="list-style-type: none"> Inspecting terms for a sample of projects to determine whether each performance obligation in the contract has been classified and accounted for separately; For each performance obligation identified, we assessed whether revenue should be recognized at point in time or over a period of time; and Reviewed if the allocation of transaction price between each performance obligation is appropriate. <p>We also considered additional processes and controls established by the management with respect to revenue recognition, to address the requirements of the new standard.</p> <p>We assessed the adequacy of disclosure as well as related restated reporting of comparatives arising from the adoption of this standard.</p>
3. Recognition and realization of deferred tax asset	
<p>As disclosed in note 17, the Company has recognized deferred tax asset amounting to Rs 873.190 million.</p> <p>In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of expected future revenues, business and operational assumptions and timing of reversals.</p> <p>The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the significant value of deferred tax asset and the assessment of future taxable income involves significant management judgement about future business and economic factors.</p>	<p>Our audit procedures among others included obtaining an understanding of the process and controls on this area relevant to our audit.</p> <p>We evaluated the appropriateness of the components on which the Company has recognized deferred tax asset in light of the requirements of the income tax ordinance, 2001, considering the factors including age and the expiry of the deferred tax asset and tax rates enacted. For this purpose, we involved our internal tax specialist to assist us.</p> <p>We evaluated the Company’s assumptions and estimates in relation to the likelihood of generating future taxable income, principally by performing sensitivity analysis and testing the key assumptions used by the management.</p> <p>We have also assessed the adequacy of the Company’s disclosures in accordance with applicable financial reporting framework in Pakistan.</p>

Key audit matter	How our audit addressed the key audit matter
4. Estimates and assumptions involved in Staff Retirement Benefits	
<p>The Company operates a funded gratuity scheme for all its regular permanent employees with liabilities amounting to Rs. 613.340 million, which were significant in the context of the overall statement of financial position of the Company.</p> <p>In determining the obligation in respect of staff retirement benefits, the Company engaged an actuarial expert to perform the actuarial valuation of the present value of the defined benefit obligation, which involves use of key assumptions including discount rates, expected rate of increase in future salaries, medical costs and mortality rates. Changes in any of these key assumptions can have a material impact on the calculation of the liability.</p> <p>Accordingly we have identified this area as a key audit matter.</p>	<p>We obtained an understanding of the process for recognition of defined benefit plan and Company's control in this area relevant to our audit.</p> <p>We evaluated the competence and objectivity of the qualified actuary engaged by the Company to value the defined benefit obligation under International Accounting Standard 19 'Employee Benefits'.</p> <p>We engaged our external expert to assess the appropriateness of the methodology and assumptions used to determine the obligation in respect of defined benefit plan.</p> <p>We tested data provided by the Company to actuary for purpose of valuation.</p> <p>We have also assessed the adequacy of the Company's disclosures in accordance with applicable financial reporting framework in Pakistan. (refer note 7.2).</p>
5. Preparation of financial statements under the Companies Act, 2017	
<p>As referred to in note 2.1 to the accompanying financial statements, the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 September 2018.</p> <p>The Companies Act, 2017 forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to note 2.1 to the financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Companies Act, 2017.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Companies Act, 2017. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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.

The engagement partner on the audit resulting in this independent auditors' report is Riaz Abdul Rehman Chamdia.



Chartered Accountants

Place: Karachi

Date: 28 November 2018

Siemens (Pakistan) Engineering Co. Ltd.

Statement of Financial Position

As at September 30, 2018

	Note	2018 (Rupees in '000)	2017 Restated
Equity and liabilities			
Share capital and reserves			
Share capital			
- Authorised 20,000,000 (2017: 20,000,000) Ordinary shares of Rs 10 each		200,000	200,000
- Issued, subscribed and paid-up	5	82,470	82,470
Reserves			
Capital	6	624,192	624,192
Revenue	6	5,071,507	4,619,942
		5,695,699	5,244,134
		5,778,169	5,326,604
Non-current liabilities			
Retention money		143,698	50,202
Others		27,206	18,466
		170,904	68,668
Current liabilities			
Trade and other payables	7	7,330,409	6,026,776
Contract liabilities	8	1,574,356	1,670,922
Provisions	9	634,416	751,822
Short-term running finance	10	1,876,320	167,415
Taxation - net	11	615,468	410,083
Unclaimed dividend		29,787	24,584
		12,060,756	9,051,602
Total liabilities		12,231,660	9,120,270
Commitments			
	12		
Total equity and liabilities		18,009,829	14,446,874
Assets			
Non-current assets			
Fixed assets			
Property, plant and equipment	13	388,095	312,647
Intangible assets	14	3,842	4,216
		391,937	316,863
Long-term loans and trade receivables	16	350,268	385,150
Long-term deposits and prepayments		3,793	7,507
Deferred tax asset	17	873,190	1,114,274
		1,619,188	1,823,794
Current assets			
Inventories	18	1,314,431	1,617,439
Trade receivables	19	7,909,930	4,927,341
Contract assets	20	4,479,227	1,584,452
Loans and advances	21	227,741	129,685
Deposits and short-term prepayments	22	156,387	76,970
Other receivables	23	853,217	539,178
Cash and bank balances	24	1,449,708	3,748,015
		16,390,641	12,623,080
Total assets		18,009,829	14,446,874

The annexed notes 1 to 49 form an integral part of these financial statements.


Helmut von Struve
 Managing Director


Umer Jalil Anwer
 Chief Financial Officer


Sebastian A. Brachert
 Director

Siemens (Pakistan) Engineering Co. Ltd.


Statement of Profit or Loss

For the year ended September 30, 2018

	Note	2018 (Rupees in '000)	2017
Net sales and services	25	19,522,120	14,552,923
Cost of sales and services	26	(16,220,171)	(12,118,831)
Gross profit		3,301,949	2,434,092
Marketing and selling expenses	27	(753,896)	(814,849)
General administrative expenses	28	(222,208)	(210,144)
		(976,104)	(1,024,993)
Other income	29	116,660	15,971
Other operating expenses	29	(166,096)	(109,566)
Net other operating expenses		(49,436)	(93,595)
Operating profit		2,276,409	1,315,504
Financial income	30	37,080	152,872
Financial expenses	30	(79,828)	(16,408)
Net finance (expense) / income		(42,748)	136,464
Profit before income tax		2,233,661	1,451,968
Income tax	31	(1,074,441)	(348,572)
Net profit for the year		1,159,220	1,103,396
Basic and diluted earnings per share (Rupees)	32	140.56	133.79

The annexed notes 1 to 49 form an integral part of these financial statements.


Helmut von Struve
 Managing Director


Umer Jalil Anwer
 Chief Financial Officer


Sebastian A. Brachert
 Director

Siemens (Pakistan) Engineering Co. Ltd.

Statement of Other Comprehensive Income


For the year ended September 30, 2018

	2018 (Rupees in '000)	2017
Net profit for the year	1,159,220	1,103,396
Other comprehensive loss for the year not to be reclassified to statement of profit or loss in subsequent periods:		
Recognition of remeasurement loss on defined benefit plan	(111,048)	(23,015)
Deferred tax on remeasurement loss on defined benefit plan	21,921	4,426
	(89,127)	(18,589)
Total comprehensive income for the year	1,070,093	1,084,807

The annexed notes 1 to 49 form an integral part of these financial statements.



Helmut von Struve
Managing Director



Umer Jalil Anwer
Chief Financial Officer



Sebastian A. Brachert
Director

Siemens (Pakistan) Engineering Co. Ltd.

Statement of Cash Flows

For the year ended September 30, 2018

	Note	2018 (Rupees in '000)	2017
Cash flows from operating activities			
Cash used in operations	33	(2,489,954)	(105,442)
Payment to gratuity fund		(50,970)	(43,799)
Financial expenses paid		(49,024)	(2,650)
Income tax paid		(606,051)	(472,377)
Net cash used in operating activities		(3,195,999)	(624,268)
Cash flows from investing activities			
Capital expenditure incurred		(237,898)	(193,824)
Proceeds from sale of property, plant and equipment		7,449	14,890
Financial income received		32,561	150,289
Net cash used in investing activities		(197,888)	(28,645)
Cash flows from financing activities			
Dividends paid		(613,325)	(984,662)
Net cash used in financing activities		(613,325)	(984,662)
Net decrease in cash and cash equivalents		(4,007,212)	(1,637,575)
Cash and cash equivalents at beginning of the year		3,580,600	5,218,175
Cash and cash equivalents at end of the year	34	(426,612)	3,580,600

The annexed notes 1 to 49 form an integral part of these financial statements.



Helmut von Struve
Managing Director



Umer Jalil Anwer
Chief Financial Officer



Sebastian A. Brachert
Director

Siemens (Pakistan) Engineering Co. Ltd.


Statement of Changes in Equity

For the year ended September 30, 2018

	Issued, subscribed and paid-up share capital	Capital reserves			Revenue reserves			Total
		Share premium	Treasury shares reserve	Other capital reserve	General reserves	Remeasurement loss on defined benefit plan	Accumulated profit	
		(Rupees in '000)						
Balance as at September 30, 2016	82,470	619,325	567	4,300	4,523,026	(217,211)	218,964	5,231,441
Final dividend @ Rs 120/- per Ordinary share of Rs 10/- each for the year ended September 30, 2016	–	–	–	–	–	–	(989,644)	(989,644)
Net profit for the year ended September 30, 2017	–	–	–	–	–	–	1,103,396	1,103,396
Other comprehensive loss for the year	–	–	–	–	–	(18,589)	–	(18,589)
Total comprehensive income for the year	–	–	–	–	–	(18,589)	1,103,396	1,084,807
Balance as at September 30, 2017	82,470	619,325	567	4,300	4,523,026	(235,800)	332,716	5,326,604
Final dividend @ Rs 75/- per Ordinary share of Rs 10/- each for the year ended September 30, 2017	–	–	–	–	–	–	(618,528)	(618,528)
Net profit for the year ended September 30, 2018	–	–	–	–	–	–	1,159,220	1,159,220
Other comprehensive loss for the year	–	–	–	–	–	(89,127)	–	(89,127)
Total comprehensive income for the year	–	–	–	–	–	(89,127)	1,159,220	1,070,093
Balance as at September 30, 2018	82,470	619,325	567	4,300	4,523,026	(324,927)	873,408	5,778,169

The annexed notes 1 to 49 form an integral part of these financial statements.


Helmut von Struve
 Managing Director


Umer Jalil Anwer
 Chief Financial Officer


Sebastian A. Brachert
 Director

Siemens (Pakistan) Engineering Co. Ltd.

Notes to the Financial Statements

For the year ended September 30, 2018

1. LEGAL STATUS AND OPERATIONS

Siemens (Pakistan) Engineering Co. Ltd. (the Company) was incorporated in Pakistan in the year 1953. The Company is a public limited company and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in the execution of projects under contracts and in manufacturing, sale and installation of electronic and electrical capital goods. The Company's registered office is situated at B-72, Estate Avenue, S.I.T.E., Karachi. The geographical location of other offices and plant is given in note 48 to these financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from IFRS, the provisions of and directives issued under the Act have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, include changes in nomenclature of the primary statements. Some disclosures material to the Company are mentioned in notes 13.1.2, 31.2, 38 and 40 to these financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the 'historical cost' convention except as mentioned in note 3 to the financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees (Rs) 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, assumptions and judgements

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

These estimates 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 estimates, assumptions and judgements made by the management in applying accounting policies include:

- Contract liabilities (note 3.2)
- Provision for warranty obligations (note 3.3)
- Method of depreciation and amortisation, residual values, useful lives and impairment on property, plant and equipment and intangible assets (note 3.5 and 3.6)
- Provisions against inventory, doubtful debts and contract assets (notes 3.7, 3.9 to 3.12)
- Provision for taxation and deferred taxation (note 3.8)
- Actuarial assumptions for the gratuity scheme and provision thereagainst (note 7.2); and
- Costs of completion of contracts in progress (note 25.1)

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 a defined benefit plan and a defined contribution plan.

3.1.1 Defined Benefit Plan

The Company operates a funded gratuity scheme for all its regular permanent employees. 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. Remeasurement gains / losses are recognised directly to equity through statement of Other Comprehensive Income (OCI) and are not reclassified to statement of profit or loss in subsequent periods.

3.1.2 *Defined Contribution Plan*

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

3.2 **Contract liabilities**

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

3.3 **Provisions**

A provision is recognised in the statement of financial position 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 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.

When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

3.4 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying capital asset 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 statement of profit or loss in the period in which they are incurred.

3.5 **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for capital work in progress which are stated at cost less accumulated impairment losses. 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 are transferred to respective items of property, plant and equipment on becoming available for intended use.

Repairs and maintenance are charged to statement of profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Depreciation is charged to statement of profit or loss 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 the asset is available for use and on disposals upto the month of deletion. 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.

3.6 **Intangible assets**

Intangible assets having definite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight line method over the estimated useful lives. Amortization on additions is charged from the month in which the asset is available for use and on disposals upto the month of deletion.

3.7 **Impairment**

3.7.1 *Financial assets*

Financial assets are assessed at each reporting date to determine whether there is any objective evidence of impairment, if any. 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.

3.7.2 *Non-Financial assets*

The carrying values 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 statement of profit or loss, for the amount by which an asset's carrying amount exceeds its recoverable amount.

3.8 Taxation

3.8.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

3.8.2 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 date of statement of financial position.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences. 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. Deferred tax relating to items recognised in OCI / Equity is recognised directly in OCI / Equity.

3.9 Long-term loans and trade receivables

Long-term loans and trade receivables are measured at amortised cost less provision for any uncollectible amounts.

3.10 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.

The Company reviews the carrying amount of inventories on an on-going basis and as appropriate, inventory is written down to its net realisable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

3.11 Trade & other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for any uncollectible amounts. Bad debts are written-off as and when identified.

3.12 Contract assets

Contract assets arise on long term construction contracts when the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. It is measured at cost plus profit recognised to date less progress billing and recognised losses; and any related provision thereagainst. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred.

The Company generally becomes entitled to invoice customers for execution of construction contract based on achieving a series of performance-related milestones.

3.13 Cash and cash equivalents

Cash and cash equivalents are stated at cost and comprise of cash in hand, cheques 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 considered as part of cash and cash equivalents for the purpose of statement of cash flows.

3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments 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 loans and borrowings and related expenses, cash and bank balances and related income, corporate assets and 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.

3.15 Foreign currencies

Foreign currency transactions are translated into Pakistani Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are re-translated at the rates of exchange prevailing at the statement of financial position date. Exchange gains and losses are included in the statement of profit or loss.

3.16 Revenue recognition

The Company has opted for early adoption of IFRS 15, 'Revenue From Contracts With Customers' which supersedes IAS 11, 'Construction Contracts' and IAS 18, 'Revenue' as well as related interpretations. The description and the impacts of the change in accounting policy have been detailed in note 3.22. The Company's accounting policy for its revenue streams is disclosed below.

Revenue from sale of goods is recognised at a point in time when the customer obtains control of the goods or services.

Service revenue is recognised as per the contractual period or as and when services are rendered to customers.

The Contract revenue generated from execution of long term construction-type contracts is accounted for under the percentage-of-completion method as the customer obtains control of the goods or services over the time. Contract revenue and contract costs relating to such contracts are recognised as revenue and expenses respectively by reference to stage of completion of contract activity at the reporting date. Stage of completion of a contract is determined by applying 'cost-to-cost method' 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 / or 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.

Contract modifications which may be a change in the scope or price (or both) are included in contract revenue to the extent that they have been agreed with the customer and create enforceable rights and obligation.

Commission income is recognised on receipt / acknowledged basis. Financial income is recognised as it accrues, using the effective mark-up rates.

3.17 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 applicable. 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.

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 Derivative financial instruments

The Company uses derivative financial instruments to cover its exposure to foreign exchange arising from operational activities, if possible. Any gain or loss from re-measuring the derivative financial instrument at fair value is recognised in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through statement of profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in statement of profit or loss.

3.19 Dividends

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

3.20 Share based payment transactions

The fair value of the amount payable in cash to employees in respect of Stock Awards is recognised as an expense, with a corresponding increase in liabilities, over the period that the employees become 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 statement of profit or loss.

3.21 Ijarah contracts

Leases in which a significant portion of the risks and rewards of ownership is retained by the Muj'ir (lessor) and Ijarah agreements have been entered into, are classified as Ijarah. Payments made under Ijarah are charged to statement of profit or loss on a straight-line basis over the period of Ijarah.

3.22 Changes in accounting policies resulting from adoption of standards during the year

Early adoption of amendments in IFRS 15, 'Revenue From Contracts With Customers'

According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The application of IFRS 15 does not have any impact on the Company's total revenue recognized for a customer contract. However, there are some changes to the statement of financial position as separate line items for 'contract assets' and 'contract liabilities' are required. Further, the standard requires more extensive quantitative and qualitative disclosures which have been made in these financial statements.

The Company has applied IFRS 15 in accordance with the retrospective transitional approach and accordingly the comparative periods have been restated. The statement of financial position as at the beginning of the comparative period has been presented below.

STATEMENT OF FINANCIAL POSITION AS AT BEGINNING OF THE COMPARATIVE YEAR

	October 1, 2016 (Restated) (Rupees in '000)	October 1, 2016 (Audited)
Equity and liabilities		
Share capital and reserves		
Share capital		
- Authorised 20,000,000 Ordinary shares of Rs 10 each	200,000	200,000
- Issued, subscribed and paid-up	82,470	82,470
Reserves		
Capital	624,192	624,192
Revenue	4,524,779	4,524,779
	5,148,971	5,148,971
	5,231,441	5,231,441
Non-current liabilities		
Retention money	12,664	12,664
Other non-current liabilities	11,086	11,086
	23,750	23,750
Current liabilities		
Trade and other payables	5,003,682	7,908,477
Contract liabilities	3,167,233	-
Provisions	576,038	838,476
Short-term running finances	16,204	16,204
Taxation - net	720,379	720,379
	9,483,536	9,483,536
Total liabilities	9,507,286	9,507,286
Total equity and liabilities	14,738,727	14,738,727
Assets		
Non-current assets		
Fixed assets		
Property, plant and equipment	240,832	240,832
Intangible assets	5,083	5,083
	245,915	245,915
Long-term loans and trade receivables	126,068	126,068
Long-term deposits and prepayments	12,063	12,063
Deferred tax asset	1,296,339	1,296,339
	1,680,385	1,680,385
Current assets		
Inventories	1,180,684	1,180,684
Trade receivables	4,045,675	4,045,675
Contract assets	2,045,904	-
Due against construction work in progress	-	2,146,864
Loans and advances	56,935	56,935
Deposits and short-term prepayments	71,033	71,033
Other receivables	423,732	322,772
Cash and bank balances	5,234,379	5,234,379
	13,058,342	13,058,342
Total assets	14,738,727	14,738,727

3.23 Adoption of standards and amendments effective during the year

The following standards and amendments became effective for the current financial year but are either not relevant or do not have any effect on the Company's financial statements:

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

3.24 Standards, improvements and amendments to approved accounting standards that are not yet effective

The following revised standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards:

Standard		Effective date (annual periods beginning on or after)
IFRS 2	Classification and Measurement of Share-based payments (Amendments)	January 1, 2018
IFRS 4	Insurance Contracts – (Amendments)	January 1, 2018
IAS 40	Transfers of Investment Property (Amendments)	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRS 9	Financial Instruments : Classification and Measurement	July 1, 2018
IFRS 9	Prepayment Features with Negative Compensation – (Amendments)	January 1, 2019
IFRS 16	Leases	January 1, 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	January 1, 2019
IAS 28	Long-term Interests in Associates and Joint Ventures – (Amendments)	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 16 - Leases, for which the Company is currently evaluating its impact on the financial statements.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 1, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 17	Insurance Contracts	January 1, 2021

4. OPERATIONS IN AFGHANISTAN

Effective December 31, 2015 the Company ceased to participate in further business in Afghanistan due to withdrawal of sales rights by Siemens AG for the Afghanistan territory. However, the Company will continue to execute the orders in hand as at September 30, 2018 amounting to Rs 853.449 million (2017: Rs 2,928.219 million). Information relating to Afghanistan operations is presented in note 46 to these financial statements.

5. ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL

Ordinary shares of Rs 10/- each

2018	2017		2018	2017
(No. of shares)			(Rupees in '000)	
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)	Treasury shares	(567)	(567)
477,440	477,440	Issued under a scheme of amalgamation	4,774	4,774
<u>8,247,037</u>	<u>8,247,037</u>		<u>82,470</u>	<u>82,470</u>

5.1 Siemens Aktiengesellschaft (Siemens AG, the parent company) held 6,156,782 Ordinary shares (2017: 6,156,782 Ordinary shares) of Rs 10/- each of the Company as at September 30, 2018.

5.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their respective shareholding.

5.3 Dividends and other appropriations

The Board of Directors have, in their meeting held on November 28, 2018 proposed a final cash dividend of Rs 75 per Ordinary share of Rs 10/- each (2017: Rs 75 per share), amounting to Rs 618.528 million (2017: Rs 618.528 million).

6. RESERVES

	Note	2018	2017
		(Rupees in '000)	
Capital			
Share premium	6.1	619,325	619,325
Treasury shares reserve	6.2	567	567
Other capital reserve		4,300	4,300
		<u>624,192</u>	<u>624,192</u>
Revenue			
General reserves		4,523,026	4,523,026
Remeasurement loss on defined benefit plan		(324,927)	(235,800)
Accumulated profit		873,408	332,716
		<u>5,071,507</u>	<u>4,619,942</u>

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 treasury shares during the year ended September 30, 2003. This reserve was created to comply with the requirements of section 95A of the repealed Companies Ordinance, 1984.

7. TRADE AND OTHER PAYABLES

	Note	2018	2017
		(Rupees in '000)	Restated
Trade creditors [including retention money of Rs 494.327 million (2017: Rs 302.534 million)]	7.1	5,528,372	4,137,369
Accrued liabilities		912,279	792,129
Defined benefit plan - Gratuity Fund	7.2	403,308	271,928
Accrued interest		149,471	118,667
Workers' Welfare Fund (WWF)		157,893	115,842
Workers' Profit Participation Fund (WPPF)		6,218	78,077
Derivative financial instruments		19,795	247,154
Withholding tax payable		10,160	19,968
Other liabilities		142,913	245,642
		<u>7,330,409</u>	<u>6,026,776</u>

7.1 These include sums aggregating to Rs 1,339.566 million (2017: Rs 1,496.056 million) due to a related party.

7.2 Defined benefit plan - gratuity

The actuarial valuation of gratuity scheme was carried out on September 30, 2018. The Projected Unit Credit Method, using the following significant financial assumptions, has been used for the actuarial valuation:

- Discount rate 10% per annum compound (2017: 8.25%).
- Expected rate of increase in salaries 11.5% per annum (2017: 7.75%).

The amounts recognised in the statement of financial position are as follows:

	Note	2018 (Rupees in '000)	2017
Fair value of plan assets	7.2.1	210,032	176,525
Present value of defined benefit obligation	7.2.2	(613,340)	(448,453)
Deficit - recognised as liability in the statement of financial position	7.2.3	(403,308)	(271,928)

7.2.1 Movement in the fair value of plan assets

Opening balance	176,525	153,266
Interest income	15,244	12,339
Contributions made by the Company	50,970	43,799
Benefits paid	(27,338)	(29,817)
Remeasurement loss	(5,369)	(3,062)
	210,032	176,525

7.2.2 Movement in the present value of defined benefit obligation

Opening balance	448,453	385,851
Current service cost	50,970	43,799
Interest expense	35,576	28,667
Benefits paid	(27,338)	(29,817)
Remeasurement loss	105,679	19,953
	613,340	448,453

7.2.3 Movement in net liability in the statement of financial position is as follows:

Opening balance of liability	(271,928)	(232,585)
Expense recognised for the year	(71,302)	(60,127)
Contributions made by the Company	50,970	43,799
Net remeasurement loss for the year recognised in OCI	(111,048)	(23,015)
	(403,308)	(271,928)

7.2.4 The following amounts have been charged in the statement of profit or loss in respect of these benefits:

Current service cost	50,970	43,799
Interest expense	35,576	28,667
Interest income on plan assets	(15,244)	(12,339)
	71,302	60,127

7.2.5 Major categories / composition of plan assets are as follows:

	2018	2017
Treasury bills	83	84
Cash and cash equivalents	17	16
	100	100

7.2.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Assumptions	Impact on defined benefit obligation	
	0.5% increase	0.5% decrease
	(Rupees in '000)	
Effect of change in discount rate	(23,608)	25,322
Effect of change in future salary increases	24,853	(23,402)

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

7.2.8 As per the recommendation of the actuary, the Company plans to contribute Rs 67.607 million to the gratuity fund during the year ending September 30, 2019.

8. CONTRACT LIABILITIES

	Note	2018 (Rupees in '000)	2017 Restated
Advances from customers			
- Secured		628,062	294,601
- Unsecured	8.1	573,465	978,159
Unearned portion of revenue		120,465	101,900
Refund liabilities		252,364	296,262
		<u>1,574,356</u>	<u>1,670,922</u>

8.1 This includes advance of Rs 127.355 million (2017: Rs 84.727 million) from a related party as per the contractual payment terms.

9. PROVISIONS

	Warranties	Losses on sales contracts	Total
	(Rupees in '000)		
Balance at beginning of the year - Restated	649,760	102,062	751,822
Additional provision	253,535	49,100	302,635
Cost incurred / imposed	(160,686)	(48,740)	(209,426)
Reversal of unutilised amounts	(138,804)	(71,811)	(210,615)
Balance at end of the year	<u>603,805</u>	<u>30,611</u>	<u>634,416</u>

10. SHORT-TERM RUNNING FINANCE

	Note	2018 (Rupees in '000)	2017
Unsecured - from related party	10.1	360,438	167,415
- from others	10.2	35,560	-
		<u>395,998</u>	<u>167,415</u>
Secured - from others	10.3	1,480,322	-
		<u>1,876,320</u>	<u>167,415</u>

10.1 This facility is available from Siemens Financial Services (SFS) of Siemens AG, utilised in respect of the projects in the United Arab Emirates (UAE). The mark-up on this facility ranges between 2.32% and 3.31% per annum (September 30, 2017: 2.04% and 2.51% per annum).

10.2 These facilities arranged with commercial banks in the United Arab Emirates (UAE) aggregated to Rs 84.6 million (September 30, 2017: Rs 71.6 million) at interest rates ranges between 5.07% and 5.94% per annum (September 30, 2017: 4.32% and 5.07% per annum).

- 10.3** These facilities arranged with commercial banks in Pakistan aggregated to Rs 4,300 million (September 30, 2017: Rs 3,300 million) including islamic murabaha facility with sub-limit of Rs 2,000 million, at interest rates ranges between 6.48% and 8.41% per annum (September 30, 2017: 6.42% and 6.69% per annum). These are secured against the joint hypothecation of inventories and trade receivables.

	2018	2017
	(Rupees in '000)	
11. TAXATION - net		
Provision for taxation	2,076,929	1,656,192
Advance tax	(1,461,461)	(1,246,109)
	<u>615,468</u>	<u>410,083</u>

12. COMMITMENTS

- 12.1** As at September 30, 2018 capital expenditure contracted for but not incurred amounted to Rs 23.145 million (2017: Rs 84.113 million).

- 12.2** Post dated cheques issued to the Collector of Customs against import duty aggregate to Rs 44.824 million (2017: Rs 46.407 million).

	2018	2017
	(Rupees in '000)	
12.3 Letters of credit and guarantees		
(i) Letters of credit		
- limit	1,200,000	1,298,528
- unutilised portion	<u>1,059,118</u>	<u>665,858</u>
(ii) Guarantees		
- limit	11,908,553	10,745,690
- unutilised portion	<u>2,401,919</u>	<u>2,092,426</u>

- 12.4** The Company has entered into various lease arrangements for vehicles with a commercial bank. The aggregate amount of commitments against these arrangements are as follows:

	2018	2017
	(Rupees in '000)	
- Not later than one year	16,494	23,285
- Later than one year but not later than five years	<u>6,118</u>	<u>20,479</u>
	<u>22,612</u>	<u>43,764</u>

13. PROPERTY, PLANT AND EQUIPMENT

2017
2018
Note
(Rupees in '000)

Operating fixed assets
Capital work in progress

13.1	367,270	311,376
	20,825	1,271
	388,095	312,647

13.1 Operating assets

2018	As at October 1, 2017			During the year ended September 30, 2018				As at September 30, 2018			Depreciation rates %
	Cost	Accumulated depreciation	Net book value	Additions / (deletions) Adjustment	Depreciation / (on deletions) Adjustment	(Impairment) reversal/ (on transfer) disposals	Net book value of disposals	Cost	Accumulated depreciation	Net book value	
Leasehold land	2,015	-	2,015	-	-	-	-	2,016	-	2,016	-
Buildings on leasehold land	17,323	7,834	9,489	6,796 (276)	3,869 (277)	-	-	23,843	11,426	12,417	2.5 & 20
Plant and machinery	241,490	174,801	54,653	92,098 (23,538) 1,925	13,997 (9,452) 7,540	- (12,036)	2,050	311,975	186,886	125,089	10 & 100
Furniture and fixtures	141,464	91,964	49,349	35,378 (28,910) (11,404)	26,696 (28,742) (7,407)	- (151)	17	136,528	82,511	54,017	20, 25 & 100
Office equipment	178,487	119,449	59,038	41,743 (25,576) 11,320	44,468 (24,565) 1,298	-	1,011	205,974	140,650	65,324	20 & 33.33
Vehicles	170,420	142,693	27,710	6,570 (4,242) 2	12,023 (4,225) 4	- (17)	-	172,750	150,495	22,255	25
Tools and patterns	288,073	178,900	109,122	33,760 (22,739) (218)	56,320 (22,688) 192	- (51)	-	298,876	212,724	86,152	20, 50 & 100
	1,039,272	715,641	311,376	216,345 (105,005) 1,350	157,373 (89,672) 1,350	- (12,255) -	3,078	1,151,962	784,692	367,270	

2017	As at October 1, 2016			During the year ended September 30, 2017				As at September 30, 2017			Depreciation rates %		
	Cost	Accumulated depreciation	Accumulated impairment	Net book value	Additions / (deletions)	Depreciation / (on deletions)	(Impairment reversal)/ (on transfer)	Net book value of disposals	Cost	Accumulated depreciation		Accumulated impairment	Net book value
Leasehold land	2,015	-	-	2,015	-	-	-	-	2,015	-	-	2,015	-
Buildings on leasehold land	17,323	4,857	-	12,466	-	2,977	-	-	17,323	7,834	-	9,489	2.5 & 20
Plant and machinery	252,160	178,210	12,036	61,914	9,717 (20,387)	15,848 (19,257)	-	1,130	241,490	174,801	12,036	54,653	10 & 100
Furniture and fixtures	118,246	88,283	151	29,812	30,539 (7,321)	10,926 (7,245)	-	76	141,464	91,964	151	49,349	20, 25 & 100
Office equipment	166,675	97,894	-	68,781	32,060 (20,248)	40,875 (19,320)	-	928	178,487	119,449	-	59,038	20 & 33.33
Vehicles	191,460	149,536	17	41,907	15 (21,055)	14,212 (21,055)	-	-	170,420	142,693	17	27,710	25
Tools and patterns	152,978	146,137	51	6,790	136,428 (1,333)	34,096 (1,333)	-	-	288,073	178,900	51	109,122	20, 50 & 100
	900,857	664,917	12,255	223,685	208,759 (70,344)	118,934 (68,210)	-	2,134	1,039,272	715,641	12,255	311,376	

13.1.1 Operating fixed assets include items having an aggregate cost of Rs 491.983 million (2017: Rs 535,682 million) which have been fully depreciated and are still in use of the Company.

13.1.2 Particular of immovable assets in the name of the Company are as follows:

Nature of Asset	Address	Measured Area
Leasehold land	A3 Link Street, 7th Central Avenue Phase 2, DHA Karachi	1,672 Sq.m
Buildings on leasehold land	A3 Link Street, 7th Central Avenue Phase 2, DHA Karachi	250 Sq.m

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

	Original cost	Accumulated depreciation and impairment	Net book value	Sale proceeds	Gain	Mode of disposal	Name & address of purchaser
----- (Rupees in '000) -----							
Plant and machinery							
DG SET 630 KVA	9,324	7,537	1,787	1,870	83	Auction	Rightway Power Solutions, Plot E-31, SITE, Karachi.
Items with book value upto Rs 500,000 each	14,214	13,951	263	567	304	Various	Various
	23,538	21,488	2,050	2,437	387		
Furniture and fixtures							
Items with book value upto Rs 500,000 each	28,909	28,893	17	1,777	1,760	Various	Various
	28,909	28,893	17	1,777	1,760		
Office equipment							
Items with book value upto Rs 500,000 each	25,577	24,565	1,011	1,337	326	Various	Various
	25,577	24,565	1,011	1,337	326		
Vehicles							
Items with book value upto Rs 500,000 each	4,242	4,242	–	424	424	Various	Various
	4,242	4,242	–	424	424		
Tools and patterns							
Items with book value upto Rs 500,000 each	22,739	22,739	–	1,474	1,474	Various	Various
	22,739	22,739	–	1,474	1,474		
September 30, 2018	105,005	101,927	3,078	7,449	4,371		
September 30, 2017	70,344	68,210	2,134	14,890	12,756		

14. INTANGIBLE ASSETS

2018	As at October 1, 2017			During the year			As at September 30, 2018			Amortisation rate
	Cost	Accumulated amortisation	Net book value	Additions / (Deletions)	Amortisation on (deletions)/ (transfers)	Net book value of deletion	Cost	Accumulated amortisation	Net book value	
(Rupees in '000)										%
Software	85,744	81,528	4,216	1,999 (1,064)	2,373 (1,064)	–	86,679	82,837	3,842	33.33
2017										
Software	85,038	79,955	5,083	941 (235)	1,808 (235)	–	85,744	81,528	4,216	33.33

14.1 Intangible assets include items having an aggregate cost of Rs 78.409 million (2017: Rs 79.472 million) which have been fully amortised and are still in use of the Company.

15. Depreciation and amortisation have been allocated as follows:

		Depreciation	Amortisation	2018 Total	2017 Total
(Rupees in '000)					
Note					
Cost of sales	26.1	130,004	1,961	131,965	88,287
Marketing and selling expenses	27	19,361	291	19,652	21,733
General administrative expenses	28	8,008	121	8,129	10,722
		157,373	2,373	159,746	120,742

16. LONG-TERM LOANS AND TRADE RECEIVABLES

	Note	2018 (Rupees in '000)	2017
Loans			
Due from non-executive employees	21.2	1,657	864
Receivable within one year shown under current assets	21	(569)	(205)
Long term portion		1,088	659
Discounting to present value		(222)	(31)
		866	628
Trade receivables			
Considered good		397,511	462,203
Considered doubtful		9,506	266
		407,017	462,469
Provision for doubtful trade receivables		(9,506)	(266)
Discounting to present value		(48,109)	(77,681)
		349,402	384,522
		350,268	385,150

17. DEFERRED TAX ASSET

Debit balances arising in respect of:			
Unadjusted tax credits / tax losses		193,645	362,577
Provisions		562,544	654,439
Remeasurement loss on defined benefit plan		87,815	65,894
Discounting of long-term receivables		10,283	16,972
Accelerated tax depreciation and amortisation		18,903	14,392
	17.1	873,190	1,114,274

- 17.1** The Company has not recognised deferred tax asset of Rs 150.910 million (2017: Rs 305.648 million) in respect of minimum tax in these financial statements in accordance with the policy as stated in note 3.8.2 to the financial statements. Minimum tax amounting to Rs 78.185 million and Rs 72.725 million will expire in financial year 2019 and 2020 respectively.

18. INVENTORIES

	Note	2018 (Rupees in '000)	2017
Raw materials and components		417,521	410,932
Work-in-process		438,543	862,278
Finished goods		323,543	383,091
		1,179,607	1,656,301
Provision for slow moving and obsolete items		(146,847)	(250,574)
		1,032,760	1,405,727
Goods-in-transit		281,671	211,712
		1,314,431	1,617,439

19. TRADE RECEIVABLES

Considered good			
Due from related parties	19.1	20,973	23,227
Due from others		7,888,957	4,904,114
		7,909,930	4,927,341
Considered doubtful		1,052,495	1,047,880
		8,962,425	5,975,221
Provision for doubtful receivables		(1,052,495)	(1,047,880)
	19.2	7,909,930	4,927,341

- 19.1** Represents amounts due from Rousch (Pakistan) Power Limited. The maximum aggregate amount due from the related party at the end of any month during the year was Rs 44.467 million (2017: Rs 117.546 million).

- 19.2** Trade receivables includes an amount of Rs 1,000.574 million (2017: Rs 667.263 million) and Rs 1,547.244 million (2017: Rs 1,140.817) representing receivable from customers against contract execution in Afghanistan and United Arab Emirates respectively. Receivables in Afghanistan amounting to Rs 42.411 million (2017: Nil) are confirmed against letters of credit.

- 19.3** Information relating to trade receivable ageing is presented in note 42.2 to the financial statements.

20. CONTRACT ASSETS

	Note	2018 (Rupees in '000)	2017 Restated
Considered good		4,479,227	1,584,452
Considered doubtful		273,526	227,186
		4,752,753	1,811,638
Provision for doubtful contract assets		(273,526)	(227,186)
	20.1	4,479,227	1,584,452

- 20.1** The significant increase in the contract assets balance is mainly due to execution of high value projects in current year for which invoicing shall be made in due course of time on completion of performance-related milestones.

21. LOANS AND ADVANCES

	Note	2018 (Rupees in '000)	2017 Restated
Current portion of loans due from non-executive employees	16 & 21.2	569	205
Advances to:			
Suppliers	21.1	202,561	110,029
Executive employees	21.2	14,695	13,875
Non-executive employees	21.2	9,916	5,576
		227,172	129,480
		227,741	129,685

21.1 These include advances to below foreign suppliers expected to be settled by December 2018:

1. Coelme - Costruzioni, Italy.
2. City Man Contracting L.L.C., Dubai.
3. Habib Gulzar Motors Ltd, Afghanistan.

21.2 These represent interest free loans and advances provided to employees as per the terms of employment. This mainly includes loans to non-executive employees, salary advances to executive and non-executive employees and advances for purchase of vehicles for personal use at general terms of Company's policy. These are payable over a period of one to four years. Any outstanding amount due from an employee at the time of leaving the service of the Company is adjustable against the final dues including the retirement benefits.

This also includes an advance exceeding Rs 1 million to one of the executive employee as per the Company's policy and is secured against the final dues of the employees.

21.3 The maximum amount of advances to one of the the key management personnel outstanding at the end of any month during the year ended September 30, 2018 was Rs 11.068 million (2017: Rs 3 million).

22. DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2018 (Rupees in '000)	2017 Restated
Deposits			
Considered good		137,924	60,434
Considered doubtful		17,417	13,480
		155,341	73,914
Provision for doubtful deposits		(17,417)	(13,480)
		137,924	60,434
Prepayments			
		18,463	16,536
		156,387	76,970

23. OTHER RECEIVABLES

Considered good			
Costs reimbursable from customers		567,498	243,420
Sales tax refundable		174,691	169,378
Interest accrued		31,100	26,581
Derivative financial instruments		66,373	-
Others		13,555	99,799
		853,217	539,178
Considered doubtful			
Costs reimbursable from customers		110,724	41,212
Sales tax refundable		54,373	54,373
Others		127,989	119,223
		293,086	214,808
		1,146,303	753,986
Provision against doubtful other receivables		(293,086)	(214,808)
		853,217	539,178

24. CASH AND BANK BALANCES

With banks in			
Current accounts	24.1	167,711	89,965
Deposit accounts		1,231,561	3,591,013
		1,399,272	3,680,978
Cheques in hand		49,187	66,125
Cash in hand		1,249	912
		1,449,708	3,748,015

24.1 Includes security deposits of Rs 5.066 million (2017: Rs 5.066 million) from vendors kept in a special account maintained by the Company with a scheduled bank.

25. NET SALES AND SERVICES

2018 2017
(Rupees in '000)

Sales disaggregation by type of contracts

Execution of contracts	11,110,280	8,516,884
Sale of goods	5,560,922	3,963,914
Rendering of services	2,850,918	2,072,125
	19,522,120	14,552,923
Sales tax	1,796,266	1,676,672
Gross sales and services	21,318,386	16,229,595
Sales tax	(1,796,266)	(1,676,672)
	19,522,120	14,552,923

- 25.1 The transaction price are generally fixed as per the contract with customers. Any variable consideration is estimated by using the most likely amount which is the single most likely amount in a range of possible consideration amounts.

In some cases, the transaction price needs to be allocated on the basis of relative stand-alone selling prices among the distinct performance obligations. The best evidence of a stand-alone selling price is the observable price of a good or service when the Company sells that good or service separately in similar circumstances and to similar customers.

The revenue generated from execution of contracts is accounted for under the percentage-of-completion method wherein the plan costs are estimated. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

The payment terms are governed by the contractual rights and obligations as defined in the contracts with customers. Generally, in case of sales of goods and rendering of services, the Company has the present right to payment when the same has been delivered, rendered or accepted. Whereas, in case of execution of contracts, the right to payment is established on achieving performance-related milestones.

- 25.2 Revenue recognised during the year that was included in the contract liability balance at the beginning of year is Rs 818.851 million (2017: Rs 2,375.580 million).

- 25.3 The following shows the most appropriate maturity time bands of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting year:

	Note	2018 (Rupees in '000)	2017
Subsequent 1st year		11,553,662	13,558,949
Subsequent 2nd year		3,051,213	5,697,714
Beyond 2nd year		8,393,075	–
		22,997,950	19,256,663

26. COST OF SALES AND SERVICES

Opening inventory of finished goods	18	383,091	405,476
Cost of goods manufactured and services rendered	26.1	15,044,227	10,874,640
Finished goods purchased		1,116,396	1,221,806
		16,543,714	12,501,922
Closing inventory of finished goods	18	(323,543)	(383,091)
		16,220,171	12,118,831

26.1 Cost of goods manufactured and services rendered

		2018	2017
	Note	(Rupees in '000)	
Opening inventories			
Raw materials and components	18	410,932	262,904
Work-in-process	18	862,278	607,040
Goods-in-transit	18	211,712	180,981
		1,484,922	1,050,925
Purchase of goods and services		11,758,381	8,338,891
Salaries, wages and employees welfare expenses		1,567,631	1,282,170
Gratuity		50,253	39,878
Provident fund contribution		31,380	23,104
Royalty	26.1.1	9,902	6,804
Commission		15,354	13,729
Fuel, power and water		68,653	68,147
Repairs and maintenance		97,990	62,178
Rent, rates and taxes		196,999	200,162
Vehicle lease rentals		13,133	14,402
(Reversal of provision) / Provision for penalty on account of contractual delays		(24,054)	53,807
(Reversal of provision) / Provision for warranty		(45,955)	232,946
(Reversal of provision) / Provision for losses on sales contracts		(22,711)	52,998
Insurance		60,496	36,207
Reversal of provision for slow moving and obsolete items of inventories - net		-	(25,143)
Inventories written off		13,529	17,722
IT, networking and data communication		158,944	149,384
Depreciation and amortisation	15	131,965	88,287
Travelling and conveyance		205,687	227,083
Transportation		418,807	223,695
Stationery, telex and telephone		43,542	33,053
Security		75,833	68,686
Exchange gain - net		(296,348)	(10,645)
Legal and professional charges		4,681	7,335
Bank charges		133,380	80,200
Penalty		1,932	-
Others		64,598	50,870
		16,218,924	12,386,875
Closing inventories			
Raw materials and components	18	(417,521)	(410,932)
Work-in-process	18	(438,543)	(862,278)
Goods-in-transit	18	(281,671)	(211,712)
		(1,137,735)	(1,484,922)
		15,081,189	10,901,953
Sale of scrap		(36,962)	(27,313)
		15,044,227	10,874,640

26.1.1 Represents royalty paid to the parent Company, Siemens AG, having registered office in Wittlesbacherplatz 2, 80333 Munich, Germany.

27. MARKETING AND SELLING EXPENSES

	Note	2018 (Rupees in '000)	2017 Restated
Salaries and employees welfare expenses		315,480	338,944
Gratuity		18,816	18,775
Provident fund contribution		11,737	12,755
Fuel, power and water		12,447	13,068
Repairs and maintenance		14,296	14,853
Rent, rates and taxes		28,799	26,879
Vehicle lease rentals		9,975	12,625
Advertising and sales promotion		15,601	19,507
Insurance		6,539	9,428
Provision for doubtful trade receivables - net		99,193	115,995
Trade and other receivables write off		12,112	2,740
Provision for doubtful contract assets - net		46,340	11,836
Provision for doubtful deposits and other receivables - net		108,198	14,915
Discounting of long-term loans and trade receivables - net		(29,381)	61,204
IT, networking and data communication		36,388	29,363
Depreciation and amortisation	15	19,652	21,733
Travelling and conveyance		42,919	51,558
Transportation		4,625	4,071
Stationery, telex and telephone		9,872	10,272
Security		2,227	5,683
Legal and professional charges		6,334	2,444
Bank charges		13,760	6,883
Others		19,336	36,893
		825,265	842,424
Commission income		(71,271)	(27,178)
Sale of scrap		(98)	(397)
		753,896	814,849

28. GENERAL ADMINISTRATIVE EXPENSES

Salaries and employees welfare expenses		139,068	102,189
Gratuity		2,233	1,474
Provident fund contribution		513	144
Fuel, power and water		5,031	4,686
Repairs and maintenance		5,242	6,343
Rent, rates and taxes		11,749	8,790
Insurance		2,553	2,777
IT, networking and data communication		2,414	3,424
Auditors' remuneration	35	6,228	7,238
Depreciation and amortisation	15	8,129	10,722
Travelling and conveyance		12,317	12,921
Stationery, telex and telephone		1,612	1,769
Security		7,326	6,866
Legal and professional charges		298	26,845
Bank charges		–	375
Donations		830	1,390
Others		16,665	12,191
		222,208	210,144

	2018	2017
	(Rupees in '000)	
29. OTHER INCOME AND OTHER OPERATING EXPENSES		
Gain on sale of property, plant and equipment	4,371	12,756
Insurance claim	23,400	–
Liabilities no longer payable written back	88,889	3,215
Other income	116,660	15,971
WPPF	120,218	78,315
WWF	45,878	31,251
Other operating expenses	166,096	109,566
Net other operating expenses	(49,436)	(93,595)
30. FINANCIAL INCOME AND EXPENSES		
Interest on other receivables	4,519	2,583
Income on amounts placed with banks under deposit accounts	32,561	150,289
Financial income	37,080	152,872
Interest on short-term borrowings	61,461	2,650
Interest on other payables	18,367	13,758
Financial expenses	79,828	16,408
Net finance (expense) / income	(42,748)	136,464
31. INCOME TAX		
Current		
For the year	751,495	472,274
For prior years	59,941	(310,192)
	811,436	162,082
Deferred	263,005	186,490
	1,074,441	348,572
31.1 Reconciliation of income tax		
Accounting profit	2,233,661	1,451,968
Enacted tax rate	29%	30%
Tax on accounting profit at enacted rate	647,762	435,590
Tax effect of income assessed under Final Tax Regime	125,032	108,691
Super tax Current year	39,818	–
Prior Year Tax - Net	59,941	(310,192)
Foreign tax	201,888	114,483
	1,074,441	348,572
31.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. Overview of provision for tax and tax assessed for three years is given below:		
Years	Provision for tax	Tax Assessed
2017	532,214	–
2016	420,709	281,103
2015	183,545	163,429
31.2.1 For year 2017 the tax return filing is in process and thus the tax assessed amount has not been disclosed. Moreover, the tax assessed amount stated above for years 2016 and FY 2015 represents the amount as per the return filed.		

32. BASIC AND DILUTED EARNINGS PER SHARE

	2018	2017
	(Rupees in '000)	
There is no dilutive effect on the basic earnings per share of the Company, which is based on: Net profit for the year	1,159,220	1,103,396
	(No. of shares)	
Weighted average number of Ordinary shares	8,247,037	8,247,037
	(Rupees)	
Basic and diluted earnings per share	140.56	133.79

33. CASH USED IN OPERATIONS

	2018	2017
	(Rupees in '000)	
		Restated
Profit before tax for the year	2,233,661	1,451,968
Adjustment for non-cash expenses:		
Depreciation and amortisation	159,746	120,742
Reversal of provision for slow moving and obsolete items of inventories - net	–	(25,143)
Provision for doubtful trade receivables - net	13,855	77,947
Trade and other receivables write off	12,112	2,740
Provision for doubtful contract assets	46,340	11,836
Provision for doubtful deposits and other receivables - net	82,215	(14,732)
Discounting of long-term loans and trade receivables - net	(29,381)	61,204
Gain on sale of property, plant and equipment - net	(4,371)	(12,756)
Liabilities no longer payable written back	(88,889)	(3,215)
Gratuity	71,302	60,127
Financial expenses	79,828	16,408
Financial income	(37,080)	(152,872)
Adjustment for other items:		
Long-term loans and trade receivables	55,023	(320,288)
Long-term deposits and prepayments	3,714	4,556
Retention money payable	93,496	37,538
Other non-current liabilities	8,740	7,380
Working capital changes	(5,190,265)	(1,428,882)
	(2,489,954)	(105,442)

33.1 Working capital changes

(Increase) / decrease in current assets		
Inventories	303,008	(411,612)
Trade receivables	(2,999,316)	(962,351)
Contract assets	(2,941,115)	449,616
Loans and advances	(98,056)	(72,750)
Deposits and short-term prepayments	(83,354)	(6,642)
Other receivables	(387,798)	(97,426)
	(6,206,631)	(1,101,165)
Increase / (decrease) in current liabilities		
Trade and other payables	1,230,338	992,810
Contract liabilities	(96,566)	(1,496,311)
Provisions	(117,406)	175,784
	1,016,366	(327,717)
	(5,190,265)	(1,428,882)

34. CASH AND CASH EQUIVALENTS

	2018	2017
	(Rupees in '000)	
Cash and bank balances	1,449,708	3,748,015
Short-term running finances	(1,876,320)	(167,415)
	(426,612)	3,580,600

35. AUDITORS' REMUNERATION

2018
(Rupees in '000)

Audit fee	3,863	3,854
Fee for special reports and certifications, review of half yearly interim financial information, code of corporate governance and audits of Gratuity fund and WPPF fund	1,539	2,272
Out of pocket expenses	826	1,112
	<u>6,228</u>	<u>7,238</u>

36. PROVIDENT FUND

Investments out of provident fund have been made in accordance with the provisions of the section 218 of the Act and the rules formulated for this purpose.

37. EMPLOYEES

2018

Total number of employees as of reporting date	665	729
Therein factory employees	67	68
Average during the year	711	702
Therein factory employees	64	63

38. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2018		2017	
	Chief Executive	Executives	Chief Executive	Executives Restated
	(Rupees in '000)			
Salaries and allowances - fixed	35,833	795,712	27,245	496,273
Salaries and allowances - variable including bonus	17,408	227,409	13,936	148,304
Compensation for loss of office	-	2,866	-	-
Retirement benefits and Company's contribution to provident fund	382	55,127	235	40,841
Perquisites and benefits:				
- Medical / social security	-	11,326	-	6,519
- Share based benefits	3,186	9,345	923	4,858
- Long service bonus	1,869	2,115	1,608	4,531
- Education fees (children)	361	113	110	98
- Club membership	59,039	1,104,013	44,057	701,424
	<u>1</u>	<u>171</u>	<u>1</u>	<u>106</u>

38.1 In addition to the above, the Chief Executive has also been provided with a Company maintained furnished accommodation and two cars alongwith security.

38.2 The aggregate amount charged in these financial statements in respect of directors' fee paid to two non-executive directors (2017: two) was Rs 2.984 million (2017: Rs 2.655 million).

38.3 Certain executives of the Company are also provided with accomodation, free use of Company's cars, security and generating set in accordance with their entitlements.

38.4 An amount of Rs 135.011 million (2017: Rs 111.860 million) was incurred on account of compensation to key management personnel, the details of which are as follows:

2018
(Rupees in '000)

Short-term benefits	124,826	107,044
Post-employment benefits	1,780	1,372
Share based benefits	8,405	3,444
	<u>135,011</u>	<u>111,860</u>

- 38.5 As per the Act, an executive now means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

39. SHARE BASED BENEFITS

Certain employees are entitled to participate in the share based payment plans of Siemens AG. Siemens AG grants stock awards as a form of share-based payment to the employees. These awards are subject to a restriction period of three to four years. Stock awards forfeit if the employment with the Company terminates prior to the expiration of the restriction period and can not be transferred, sold, pledged or otherwise encumbered.

The allocation of stock awards as a share-based payment has been increasingly tied to corporate performance criteria. The target achievement for the performance criteria ranges between 0% and 200%.

Half of the annual target amount for stock awards is based on the average of earnings per share of the past three fiscal years of Siemens AG. The target attainment determines the number of stock awards upon allocation.

The other half of the annual target amount for stock awards is based on the share price performance of Siemens AG's shares relative to the share price performance of five important competitors during the restriction period. The target attainment is determined during the restriction period for the stock awards and accordingly, determines the number of Siemens AG's Shares ultimately transferred following the restriction period.

Further, the Share Matching Plan gives employees an opportunity to invest in Siemens AG's shares. After a holding period of three years, the Company will match every three shares bought with one free share.

These stocks are remeasured to their fair value at each reporting date. Details of stock awards are as follows:

	2018	2017
	Number of Awards	
Balance as at beginning of the year	2,533	574
Granted during the year	1,784	1,959
Paid during the year	(44)	-
Balance as at end of the year	4,273	2,533

Total expenses for share based benefits during the year ended September 30, 2018 was Rs 13.705 million (2017: Rs 5.166 million). The liabilities as of September 30, 2018 aggregated to Rs 15.753 million (2017: Rs 7.594 million) and is reported under accrued liabilities and other non-current liabilities.

40. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Siemens AG (parent company), 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	2018 (Rupees in '000)	2017
Parent company			
Sales of goods and rendering of services		68,222	24,183
Purchases of goods and receipt of services		2,370,382	2,625,349
Commission and allowances earned		43,744	14,372
Dividends paid		461,759	738,814
Associated companies			
Sales of goods and rendering of services		309,882	678,550
Purchases of goods and receipt of services		1,487,638	1,175,154
Commission and allowances earned		27,527	12,806
Financial expenses		6,371	1,732
Others			
Dividends paid		38	60
Contribution to employees' retirement benefit funds		94,600	79,802
Compensation to key management personnel	38.4	135,011	111,860

40.1 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 to these financial statements.

40.2 Details of related parties, including those incorporated outside Pakistan, with whom the Company had entered into transactions or have arrangement / agreement in place are as below:

Name & Country of Incorporation	Basis of Association
Siemens AG, Germany	Parent Co.
Dresser- Rand Sales Company S. A, UAE	Group Co.
Flender GmbH, Bocholt	Group Co.
Flender Industriegetriebe GmbH, Penig	Group Co.
Flender Ltd., China	Group Co.
ISCOSA Industries and Maintenance, Saudi Arabia	Group Co.
ISCOSA Industries and Maintenance, Saudi Arabia	Group Co.
PT. Siemens, Indonesia	Group Co.
Rousch (Pakistan) Power Limited, Pakistan	Group Co.
Siemens AG Osterreich, Austria	Group Co.
Siemens Canada Limited, Canada	Group Co.
Siemens Circuit Protection, China	Group Co.
Siemens Electrical Apparatus Ltd., China	Group Co.
Siemens Electrical Drives Ltd., China	Group Co.
Siemens Healthcare (Private) Ltd., Pakistan	Group Co.
Siemens High voltage, China	Group Co.
Siemens Industrial Turbo machinery AB, Sweden	Group Co.
Siemens Industrial, United Kingdom	Group Co.
Siemens Industriegetriebe GmbH, Germany	Group Co.
Siemens Industry Inc., USA	Group Co.
Siemens L.L.C., Oman	Group Co.
Siemens Limited, Saudia Arabia	Group Co.
Siemens Limited, Vietnam	Group Co.
Siemens LLC, Oman	Group Co.
Siemens LLC, UAE	Group Co.
Siemens Ltd, India	Group Co.
Siemens Ltd., Vietnam	Group Co.
Siemens Mechanical Drive Systems, China	Group Co.
Siemens Power Generation Service, USA	Group Co.
Siemens Pte. Ltd., Singapore	Group Co.
Siemens SA, Portugal	Group Co.
Siemens Sanayi Ve Ticaret AS, Turkey	Group Co.
Siemens Schweiz AG, Switzerland	Group Co.
Siemens Standard Motors Ltd., China	Group Co.
Siemens Switchgear Ltd Shanghai, China	Group Co.
Siemens Technologies SAE, Egypt	Group Co.
Siemens Transformer (Guangzhou) Co, Ltd., China	Group Co.
Siemens Transformer (Wuhan) Co. Ltd., China	Group Co.
Siemens Transformers SPA, Italy	Group Co.
Siemens W.L.L., Qatar	Group Co.
Siemens Zrt, Hungary	Group Co.
Siemens, s.r.o., Czech Republic	Group Co.
Siemens, s.r.o., odstepny zavod, Czech Republic	Group Co.
Trench Austria GmbH, Austria	Group Co.
Trench France S.A.S., France	Group Co.
Trench Germany	Group Co.
Trench Italia SRL, Italy	Group Co.

The Company has no shareholding in these Companies. Further, information relating to the registered addresses, names of Chief Executive Officers or Principal Officer or Authorized Agent, operational status and auditors' opinion has not been disclosed under the specific relaxation granted by SECP to the Company for the year ended September 30, 2018.

41. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity 2018	Actual Production 2018	Actual Production 2017
Switchgears	2,200 Nos.	2,052 Nos.	1,400 Nos.

41.1 The under utilisation is mainly attributed to reduced demand.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities mainly comprise trade and other payables and short-term borrowings. 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.

42.1 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 manages its foreign currency risk by hedging its exposure to fluctuations on the translations into Rupees through derivatives such as forward covers against its foreign currency denominated payables and receivables, where possible in line with the regulations of State Bank of Pakistan. However, as of reporting date there were no such contracts.

	2018	2017
	(Rupees in '000)	
Forward exchange contracts		
- Purchased value	-	42,897
- Fair value	-	42,214

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

	2018	2017
	(AED in '000)	
Trade and other receivables	46,331	40,912
Trade and other payables	(7,792)	(8,654)
Short-term running finances	(11,702)	(5,838)
	26,837	26,420

	2018	2017
	(EUR in '000)	
Trade and other receivables	5,891	5,934
Trade and other payables	(9,124)	(13,890)
	(3,233)	(7,956)

	2018	2017
	(USD in '000)	
Trade and other receivables	26,135	10,992
Cash and bank balances	10,034	9,819
Trade and other payables	(11,607)	(19,444)
	<u>24,562</u>	<u>1,367</u>

Sensitivity of Company's profit before tax to a reasonably possible change in exchange rate of currencies applied to foreign currency assets and liabilities as at September 30, 2018 keeping all other variables constant is as follows:

	2018	2017
Change in exchange rate	± 1%	1%
Effect on profit before tax (Rs '000)	± 34,223	1,287

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 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, where possible.

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

	2018	2017	2018	2017
	Effective rates (%)		(Rupees in '000)	
Financial Assets				
Bank balances (PKR)	5.82	5.34	147,809	2,626,262
Financial Liabilities				
Short-term running finances (PKR)	7.70	-	1,480,322	-
Short-term running finances (AED)	2.51	2.09	395,998	167,415

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

	2018	2017
Effect on profit before tax (Rs '000)	± 4,818	36,226

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.

42.2 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, contract assets, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	(Rupees in '000)	Restated
Category - Loans, advances and receivables		
Loans to employees	1,435	833
Advances to employees	24,611	19,451
Advances to suppliers	202,561	110,029
Trade deposits	140,812	64,339
Trade receivables	8,259,332	5,311,863
Contract assets	4,479,227	1,584,452
Other receivables	666,526	424,173
Bank balances	1,448,459	3,747,103
	15,222,963	11,262,243

Concentration of credit risk

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

	2018		2017	
	(Rupees in '000)	%	(Rupees in '000)	%
Government sector				
Energy	5,034,174	33	4,432,679	50
Finance	1,473,045	10	407,296	4
Housing	687,757	5	395,799	4
Engineering	366,545	2	-	-
Aviation	356,489	2	493,010	5
Civil works	126,576	1	151,866	2
Health & Education	44,325	0	52,325	1
Others	125,631	1	100,055	1
Sub-total	8,214,542	54	6,033,030	67
Private sector				
Energy	5,728,664	38	1,872,501	21
Civil works	194,998	1	138,056	2
Sugar	165,404	1	122,935	1
Dealers and agents	115,629	1	54,339	1
Housing	120,084	1	60,438	1
Communication	80,291	1	75,259	1
Cement	49,741	0	96,252	1
Others	493,233	3	487,942	5
Sub-total	6,948,044	46	2,907,722	33
Total	15,162,586	100	8,940,752	100

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 trade receivables, where possible, 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 customers is also secured by way of letters of credits where possible. As at September 30, 2018, trade receivables amounting to Rs 1,289.746 million (2017: Rs 935.286 million) were secured through letters of credit.

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

	2018	2017
	(Rupees in '000)	
- Related parties		
Not yet due	8,361	23,462
Past due 1-180 days	12,612	–
	20,973	23,462
Less: Provision for impairment	–	(235)
	20,973	23,227
- Others		
Not yet due	5,863,809	3,885,606
Past due 1-180 days	1,711,937	1,037,290
Past due 181-360 days	361,758	269,437
Past due 361-720 days	360,764	231,928
Past due 721-1080 days	184,257	166,644
Over 1080 days	865,944	823,323
	9,348,469	6,414,228
Less: Provision for impairment	(1,062,001)	(1,047,911)
Less: Discounting on long-term receivables	(48,109)	(77,681)
	8,238,359	5,288,636
	8,259,332	5,311,863

During the year the provision against the receivable from related party was reversed on account of collection.

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

	2018	2017
	(Rupees in '000)	
Balance at beginning of the year	1,048,146	970,199
Provision during the year - net	99,193	115,995
Provision utilised against write offs	(85,338)	(38,048)
Balance at end of the year	1,062,001	1,048,146

Contract assets

The movement in the provision for impairment in respect of contract assets during the year was as follows:

	2018	2017
	(Rupees in '000)	
		Restated
Balance at beginning of the year	227,186	215,350
Provision during the year	46,340	11,836
Balance at end of the year	273,526	227,186

Trade deposits and other receivables

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

	2018 (Rupees in '000)	2017 Restated
Balance at beginning of the year	228,288	243,020
Provision made during the year - net	108,198	14,915
Provision utilised against write offs	(25,983)	(29,647)
Balance at end of the year	310,503	228,288

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 of A1 and AAA.

42.3 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 facilities available to the Company have been detailed in notes 10.1 to 10.3 to these financial statements.

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

	Carrying amount	Less than 12 months	1 to 2 years	2 to 5 years
(Rupees in '000)				
Financial liabilities				
2018				
Derivative financial instruments	19,795	19,795	–	–
Long-term retention money	143,698	–	118,517	25,181
Trade and other payables	7,136,343	7,136,343	–	–
Short-term borrowings	1,876,320	1,876,320	–	–
	<u>9,176,156</u>	<u>9,032,458</u>	<u>118,517</u>	<u>25,181</u>
2017 - Restated				
Derivative financial instruments	247,154	247,154	–	–
Long-term retention money	50,202	–	24,295	25,907
Trade and other payables	5,565,735	5,565,735	–	–
Short-term borrowings	167,415	167,415	–	–
	<u>6,030,506</u>	<u>5,980,304</u>	<u>24,295</u>	<u>25,907</u>

43. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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

44. 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.

The Company is not subject to externally imposed capital requirements.

As of the date of statement of financial position, the Company does not have any long-term interest bearing loan.

45. INFORMATION ABOUT OPERATING BUSINESS SEGMENTS

15. INFORMATION ABOUT OPERATING SEGMENTS

Divisions Business Units	(All rupees in '000)										
	Power and Gas	Energy Management					Logistics & Airport Solutions	Digital Factory	Process Industries & Drives	Eliminations	Company as a whole
		Transmission Solutions	Digital Grid	Medium Voltage & Systems	Others	Total					
2018											
REVENUE											
Sales to external customers	1,579,870	10,124,926	1,139,152	1,725,602	333,757	13,323,437	715,804	2,609,283	1,293,726	(1,537,943)	19,522,120
Inter-segment sales	–	–	690,439	760,157	15,119	1,465,715	–	67,018	5,210	(1,537,943)	–
Total revenue	1,579,870	10,124,926	1,829,591	2,485,759	348,876	14,789,152	715,804	2,676,301	1,298,936	(1,537,943)	19,522,120
RESULT											
Segment result	457,422	912,971	206,943	45,951	86,759	1,252,624	301,095	177,066	135,680	–	2,323,887
Interest expense											(66,250)
Interest income											32,561
Others expenses											(56,537)
Income tax											(1,074,441)
Net profit for the period											1,159,220
OTHER INFORMATION											
Capital expenditure	25,647	20,900	9,838	98,066	3,821	132,625	1,817	18,001	8,358		
Depreciation, impairment and amortisation	8,005	61,722	2,733	16,344	787	81,586	2,343	8,109	9,921		
Non-cash expenses other than depreciation and amortisation	87	50	55	302	–	407	37	210	–		
ASSETS AND LIABILITIES											
Segment assets	216,638	9,881,241	648,228	1,480,669	113,578	12,123,716	389,697	2,001,549	667,400	–	15,399,000
Segment liabilities	566,526	4,333,008	454,799	988,616	137,942	5,914,365	545,256	1,322,996	592,245	–	8,941,388
2017											
REVENUE											
Sales to external customers	1,247,443	6,637,930	425,152	1,745,151	312,937	9,121,170	1,145,442	1,815,825	1,223,043	(1,428,731)	14,552,923
Inter-segment sales	–	–	806,706	544,149	17,915	1,368,770	–	57,774	2,187	(1,428,731)	–
Total revenue	1,247,443	6,637,930	1,231,858	2,289,300	330,852	10,489,940	1,145,442	1,873,599	1,225,230	(1,428,731)	14,552,923
RESULT											
Segment result	443,421	381,185	130,387	145,866	27,184	684,622	77,624	35,089	105,333	–	1,346,089
Interest expense											(2,650)
Interest income											150,289
Others expenses											(41,760)
Income tax											(348,572)
Net profit for the period											1,103,396
OTHER INFORMATION											
Capital expenditure	1,860	140,520	5,785	18,956	449	165,710	3,041	4,342	12,072		
Depreciation and amortisation	6,689	45,829	1,746	11,811	553	59,939	2,093	5,718	8,258		
Non-cash expenses other than depreciation and amortisation	675	1,259	515	846	221	2,841	116	234	132		
ASSETS AND LIABILITIES											
Segment assets	538,553	4,912,589	432,340	1,287,270	184,568	6,816,767	516,951	806,491	660,448	–	9,339,210
Segment liabilities	808,028	3,299,183	618,866	866,063	217,866	5,001,978	661,533	589,611	775,148	–	7,836,298

- 45.1** The Company is operating through business divisions namely Power and Gas (PG), Power Generation Services (PS), Energy Management (EM), Digital Factory (DF), Process Industries and Drives (PD) and Logistics & Airport Solutions (LAS). The PG & PS Divisions deal with supply, installation, commissioning and services for power plants and related equipment. EM Division deals with solution of various projects under contracts including for substations and transmissions, manufacturing and supply of low and medium voltage switchboards and panels, automation systems, transmission and distribution equipment and related services. DF and PD Divisions deal with automation, information technology services and supply and installation of motors and drives, etc. and LAS deals with logistic and airport solutions and services.

45.2 Geographical information

Revenues

	2018	2017
	(Rupees in '000)	
Pakistan	15,829,984	12,573,026
Afghanistan	3,028,025	1,857,848
United Arab Emirates	431,704	69,384
Saudi Arabia	101,462	6,676
Germany	60,202	13,973
Others	70,743	32,016
	<u>19,522,120</u>	<u>14,552,923</u>

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

Non-current assets

Pakistan	743,788	668,875
Afghanistan	2,210	40,645
	<u>745,998</u>	<u>709,520</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.

- 45.3** Transfer prices between operating segments are on commercial terms and conditions.

45.4 Segment assets and liabilities

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

	2018	2017
	(Rupees in '000)	
Segment assets for reportable segments	15,399,000	9,339,210
Corporate assets	287,931	245,375
Unallocated		
Deferred tax asset	873,190	1,114,274
Cash and bank balances	1,449,708	3,748,015
Total assets as per statement of financial position	<u>18,009,829</u>	<u>14,446,874</u>

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

Segment liabilities for reportable segments	8,941,388	7,836,298
Corporate liabilities	193,450	181,752
Unallocated		
Trade and other payables	965,472	692,137
Short-term borrowings	1,515,882	-
Taxation - net	615,468	410,083
Total liabilities as per statement of financial position	<u>12,231,660</u>	<u>9,120,270</u>

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

- 45.5** Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, marketing and selling expenses, profit from operations and free cash flows.
- 45.6** Interest income and expense (other than directly attributable to a contract) 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.
- 45.7** There were two major customers of the Company who contributed Rs 5,034.910 million (2017: Rs 3,325.883 million) and Rs 2,889.719 million (2017: Rs 1,490.418 million) of Company's total revenue. This revenue was generated in EM, DF and PD divisions.

46. OPERATIONS IN AFGHANISTAN

46.1 Results of the Afghanistan Operations

	2018	2017
	(Rupees in '000)	
Net sales and services	3,028,025	1,857,848
Cost of sales and services	(2,434,379)	(1,556,543)
Gross profit	593,646	301,305
Marketing and selling expenses	(151,744)	(63,806)
General administrative expenses	(31,162)	(25,067)
	(182,906)	(88,873)
Other operating expenses - net	(28,738)	(9)
Profit before tax	382,002	212,423
Income tax	(302,824)	(177,101)
Net profit for the year	79,178	35,322

46.2 Cash flows from the Afghanistan Operations

Net cash generated from / (used in) operating activities	424,520	(442,900)
Net cash used in investing activities	(925)	(1,383)
Net cash flows from Afghanistan Operations	423,595	(444,283)

46.3 Assets of the Afghanistan Operations

Property, plant and equipment	2,210	2,466
Long-term loans and trade receivables	–	38,179
Trade receivables	853,766	502,975
Contract assets	102,429	691,104
Inventories	13,573	3,780
Loans, advances, deposits & prepayments	–	43
Other receivables	392,085	133,724
Cash	483	600
	1,364,546	1,372,871

46.4 Liabilities of the Afghanistan Operations

Long term retention money	50,624	17,218
Other non-current liabilities	267	368
Trade and other payables	617,822	784,898
Provisions	7,940	36,741
	676,653	839,225

- 46.5** For segment reporting, operations in Afghanistan have been classified in 'Transmission Solutions' under the Division 'Energy Management' (note 45).

- 47.** Refer Directors' report for summary of significant transactions and events that have affected the company's financial position and performance during the year.

48. The geographical location of Company's offices and plant are given below:

Karachi

Head Office & Plant
B-72 Estate Avenue, S.I.T.E

City Office

Office Wing Suite No. 209(b)
2nd floor, Park Towers, Clifton

Project Office

14-B Floor, Harbour Front Building
Clifton

Lahore

15-A 2nd floor, State life building
Davis Road

Islamabad

11th floor, UBL building
Jinnah Avenue, Blue Area

Dubai

Office No. 2005, 2nd floor
Al Waha Community building
Nad Al Hamar Road

Afghanistan

House No. 635, Street No. 11
Dar-ul-Aman Road, District 6
Kartahe Seeh
Kabul

49. **GENERAL**

These financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on November 28, 2018.



Helmut von Struve
Managing Director



Umer Jalil Anwer
Chief Financial Officer



Sebastian A. Brachert
Director

Siemens (Pakistan) Engineering Co. Ltd.

Incorporation Number: CUIN 0000617

Pattern of holding of the Shares held by the Shareholders

As at September 30, 2018

Number of Shareholders	Shareholding		Total Shares held
	From	To	
946	1	100 shares	26,592
460	101	500 shares	108,636
81	501	1,000 shares	63,734
55	1,001	5,000 shares	109,000
9	5,001	10,000 shares	69,950
3	10,001	15,000 shares	38,110
2	20,001	25,000 shares	45,452
1	25,001	30,000 shares	28,400
1	30,001	35,000 shares	32,700
1	45,001	50,000 shares	45,140
1	60,001	65,000 shares	65,000
1	70,001	75,000 shares	70,031
1	85,001	90,000 shares	86,308
1	130,001	135,000 shares	134,700
1	145,001	150,000 shares	148,131
1	705,001	710,000 shares	705,662
1	1,015,001	1,020,000 shares	1,018,371
1	5,450,001	5,455,000 shares	5,451,120
1567			8,247,037

Siemens (Pakistan) Engineering Co. Ltd.

Categories of Shareholders

As on September 30, 2018

Particulars		Shares held	Percentage
Director			
Mr. Qazi Sajid Ali		500	0.01%
Associated companies, undertakings and related parties			
Siemens AG, Germany		6,156,782	74.65%
NIT and ICP			
National Investment Trust		1,042,683	12.64%
Banks			
The Bank of Punjab	134,700	146,779	1.78%
MCB Bank Ltd	11,280		
National Bank of Pakistan	529		
First Dawood Investment Bank Limited	270		
Insurance Companies			
Adamjee Insurance Co. Ltd	148,131	148,131	1.80%
Modarabas and Mutual Funds			
CDC-Trustees NIT-Equity Market Opportunity Fund	45,140	46,140	0.56%
MRA Securities Limited	200		
Dawood Equities Limited	800		
Public Sector Companies			
Pakistan National Shipping Corporation		6,930	0.08%
General Public			
		437,019	5.30%
Others			
		262,073	3.18%
Trustee National Bank of Pakistan Employees Pension Fund	86,308		
IGI Investments (Pvt) Ltd.	70,031		
Acacia Partners LP	32,700		
Noman Abid Holdings Ltd	28,400		
Acacia Conservation Master Fund-Offshore Ltd	13,500		
Premier Fashion (Pvt) Ltd.	9,500		
Siza (Pvt) Ltd.	5,500		
Acacia Institutional Partners LP	3,400		
Trustee National Bank of Pakistan Employees Benevolent Fund Trust	3,029		
Sherman Securities (Pvt) Ltd	3,000		
Pak Ping Carpets (Pvt) Ltd.	1,600		
United Trading and Manufacturing Pvt Ltd	1,500		
GRO Banyan Partners LP	1,000		
Trustees Al-Badar Welfare Trust	864		
FDM Capital Securities (Pvt) Ltd	500		
Acacia II Partners LLP	500		
Fikree's (Pvt) Ltd.	250		
Dossa Cotton & General Trading (Pvt) Ltd	200		
NCC Pre Settlement Delivery Account	140		
Shaffi Securities (Pvt) Ltd	124		
UHF Consulting (Pvt) Ltd.	20		
NH Capital (Pvt) Ltd.	5		
Maple Leaf Capital Ltd	1		
IGI Finex Securities Ltd	1		
Total		8,247,037	100.00%

Notice of Annual General Meeting

Notice is hereby given that the Sixty Sixth (66th) Annual General Meeting ("Meeting") of the members of Siemens (Pakistan) Engineering Company Limited (the "Company") will be held on January 15, 2019 at 10:30 a.m. at The Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi, to transact the following business:

Ordinary business

1. To confirm the minutes of the annual general meeting held on January 22, 2018.
2. To receive, consider and adopt the audited financial statements for the financial year ended September 30, 2018 and reports of the auditors and directors thereon.
3. To consider and declare cash dividend of Rs.75 per share (750%) for the financial year ended September 30, 2018.
4. To appoint EY Ford Rhodes, Chartered Accountants, as Auditors of the Company till conclusion of next annual general meeting and to fix their remuneration for the financial year ending September 30, 2019. The present auditors EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.
5. To elect seven (07) Directors of the Company as fixed by the Board of Directors in its meeting held on November 28, 2018 for a term of three (3) years commencing immediately after the conclusion of this annual general meeting. The following directors of the Company shall retire at the end of the meeting:

i) Dr. Sebastian Andreas Brachert	ii) Marco Jochen Schiffer
iii) Manuel Kuehn	iv) Beatrice Eva Maria Bock
v) Manzoor Ahmed	vi) Helmut von Struve
vii) Qazi Sajid Ali	
6. To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

By order of the Board of Directors

Abdul Mannan Majid
Company Secretary

Karachi: December 24, 2018

Notes:

Share Transfer Book Closure:

The Share Transfer Books of the Company shall remain closed from January 05, 2019 to January 15, 2019 (both days inclusive). Transfers received by Company's Share Registrar by the close of business on January 4, 2019, will be considered in time for the purpose of Annual General Meeting. Final cash dividend, if any approved in the Meeting, will be paid to Members whose name appears in the register of the Members on January 4, 2019.

Procedure and requirement for attending the Meeting

Presentation of original Computerized National Identity Card ("CNIC") by Member or his/her proxy to participate in the Meeting is mandatory.

Central Depository Company ("CDC") account holders are also required to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP") and shall comply with following requirements to the extent applicable:

- 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.
- ii) The Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii) 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.

Procedure and requirement for Appointing Proxies

A Member entitled to attend and vote may appoint another Member as his/her proxy to attend and vote on his/her behalf. A Member shall not be entitled to appoint more than one proxy. Duly completed Proxy forms in order to be valid must be received by the Share Registrar or at the Registered Office of the Company not less than 48 hours before the time of Meeting.

CDC account holders are also required to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the SECP and shall comply with following requirements to the extent applicable:

- 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) Corporate entities shall submit the Board of Directors resolution/Power of Attorney with specimen signature along with proxy form.

Change of Address and Zakat Status

Members with physical shareholding are requested to promptly notify the Company's Registrar of any change in their addresses and also submit Non-deduction of Zakat form if applicable to them. Further, Members holding their shares through CDC are requested to update their address and zakat status with their participants.

Submission of CNIC, Dividend Bank Mandate and Payment of Cash Dividend (e-dividend)

In accordance with the requirement of the Act and Companies (Distribution of Dividends) Regulations, 2017, Members are requested to provide their CNIC's and bank account detail including name of the bank, address of bank branch and International Bank Account Number (IBAN) to receive their cash dividend directly into their bank account.

Therefore, all Members who have not yet provided their CNIC and Bank Account details are once again reminded to immediately submit a copy of their CNIC and duly filled Dividend Bank Mandate form to the Share Registrar or to the Company. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the aforereferred provisions of Act and Regulations.

The dividend mandate form has been attached in the Annual Report and also uploaded on the Company's website - www.siemens.com.pk/investor.html

The Members who hold shares in dematerialized form are requested to submit the dividend bank mandate form duly filled to their participant/investor account services in the CDC.

The corporate Members having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate members having physical shares should send a copy of their NTN certificate to the Share Registrar. The Members while sending NTN or NTN certificates, as the case may be, must quote the Company name and their respective folio numbers.

Withholding Tax on Dividend

The rates for deduction of withholding tax on the amount of dividend paid by the companies are @ 15% for filers of income tax returns and @ 20% for non-filers of income tax returns. All members are advised to ensure their names are on Active Tax-payers list (ATL) provided on the website of Federal Board of Revenue (FBR) otherwise tax on dividend will be deducted @ 20% instead of 15%.

In order to comply with directive of FBR for determining the shareholding ratio of the joint account holders for deduction of withholding tax on dividend, Members are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to the Share Registrar in the following format:

Folio / CDC Account No.	Total Shares	Principal Shareholder			Joint Shareholder(s)		
		Name	CNIC	Shareholding Proportion (No. of Shares)	Name	CNIC	Shareholding Proportion (No. of Shares)

Annual Accounts of the Company

Annual accounts of the company for the financial year ended September 30, 2018 can be downloaded from the Company's website- www.siemens.com.pk/annual_report.html

Members are hereby informed that for electronic transmission of Annual Report, request form is provided in the Annual Report and also uploaded on the Company's website-www.siemens.com.pk/investor.html. Members who wish to avail this facility are requested to submit the request form duly filled to the Share Registrar.

Consent for Video Conferencing Facility

Members may avail video conferencing facility for the Meeting, provided the Company receives at least seven (7) days prior to the date of the Meeting consent in the format provided below from Members residing at particular geographical location having 10% or more shareholding. The Company will intimate Members regarding venue of video conference facility at least five (5) days before the date of the Meeting along with complete information necessary to enable them to access the facility.

"I/We _____ of _____ being member of Siemens (Pakistan) Engineering Co. Ltd. holder of _____ Ordinary shares as per registered folio No./ CDC Account No. _____ hereby opt for video conference facility at _____ in respect of Annual General Meeting of the Company to be held on January 15, 2019."

Procedure to Contest Election of Director:

Any person who seeks to contest the election to the office of directors, whether he is retiring director or otherwise, shall file the following documents with the Company Secretary, at the Registered Office of the Company located at B-72, Estate Avenue, SITE, Karachi not later than 14 days before the date of the Meeting:

- i) Notice of his / her intention to offer him / herself for the election to the office of director in terms of Section 159(3) of the Companies Act 2017 ("Act");
- ii) Consent to act as director of the Company along-with consent on Form 28 prescribed under the Act;
- iii) A detail profile along with office address;
- iv) Declaration under Clause 3 of the Listed Companies (Code of Corporate Governance) Regulations 2017 ("CoCG");
- v) Declaration that he/she is not ineligible to become a director of the Company in terms of Section 153 of the Act;
- vi) A director must be holding 500 qualification share of the Company at the time of filing of his / her consent to act as director. The aforesaid qualification shall not be applicable to persons mentioned in proviso to Section 153(i) of the Act; and
- vii) Since independent director(s) will be elected through the process of election of director in accordance with the provision of the Act and the Companies (Manner and Selection of Independent Directors) Regulations 2018 ("Independent Director Regulations"), accordingly the following additional documents are required to be submitted by the candidates intending to contest election of directors as an independent director:
 - Declaration by Independent Director(s) under Clause 6(2) of the CoCG; and
 - Undertaking on non-judicial stamp paper that he / she meet the requirements of sub-regulation (1) of rule 4 of the Independent Director Regulations.

Voting through Postal and Ballot

Members may exercise their right to vote as per provision of the Companies (Postal and Ballot) Regulations 2018, subject to the requirements of Section 143 & 144 of the Act. Further details in this regard will be communicated to the shareholders within legal time frame as stipulated under these said regulations, if required.

Miscellaneous

This notice has been sent to all Members of the Company in accordance with Section 134(1)(a) of the Act.

For any query/problem/information, members may contact the Share Registrar at the following address:

THK Associates (Pvt) Ltd
1st Floor, 40-C, Block-6,
P.E.C.H.S
Karachi-75400

Telephone No: 021-111-000-322
021-35682241
E-Mail: masood_ahmed@thk.com.pk
Contact Person: Mr Masood Ahmed

موجودہ چیلنج اور مسابقتی ماحول کے باوجود، کمپنی تمام چیلنجوں پر قابو پانے اور مقابلہ میں بہتر کارگزاری کرنے کی صلاحیت رکھتی ہے۔ سیمنس کی مسلسل جدت طرازی کی مضبوط مسابقتی برتری، جدید ٹیکنالوجی، اور بجلی کی فراہمی، آٹومیشن اور ڈیجیٹائزیشن کے میدان میں اپنے بنیادی کاروبار پر مرکوز توجہ اور مقامی تجربہ، کمپنی کو مارکیٹ میں تمام دستیاب مواقع کا استحصال کرنے کا مقام دلاتی ہے۔

مجموعی طور پر، کمپنی کی انتظامیہ پر امید ہے اور کمپنی برائے مالی سال 2019 کے لئے غیر جانبداری سے مثبت نقطہ نظر رکھتی ہے۔ کمپنی اسٹیک ہولڈرز کے لئے پائیدار ترقی اور اقداری تحلیلی کو یقینی بنانے کے لئے، بدلتے ہوئے کاروباری حالات سے ہم آہنگ رہنے کے ضمن میں اپنے کاروباری دائرہ کار کا قریب سے نگرانی اور جائزہ لے گی۔


اظہار تشکر

ہم اس موقع پر اپنے معزز صارفین کا شکریہ ادا کرتے ہیں جنہوں نے ہمیشہ ہماری مصنوعات اور خدمات پر اعتماد کیا اور کمپنی کی ترقی میں مسلسل تعاون فراہم کیا۔ کمپنی اپنے ملازمین کا بھی شکریہ ادا کرتی ہے اور ہمیں فخر ہے کہ انہوں نے سخت محنت اور ایمانداری سے خدمات انجام دی ہیں۔ ہم اپنے سپلائرز، کاروباری پارٹنرز، مالیاتی اداروں اور اسٹیک ہولڈرز کے تعاون کے بھی مشکور ہیں جنہوں نے ہماری کمپنی کی کامیابی میں تعاون کیا ہے۔

ہم اپنے شیئر ہولڈرز کا ان کے اعتماد پر مخلصانہ جذبات کا اظہار کرتے ہیں جنہوں نے ہم پر اعتماد کیا اور ہمارے ساتھ بھرپور تعاون کیا۔

منجانب بورڈ


ہیلٹھون اسٹروو
چیئرمین ڈائریکٹر


ڈاکٹر سیبھشمن اینڈریمس براکارٹ
چیئرمین

اسلام آباد، 28 نومبر 2018ء

اہم نکات اور خوش آئند مستقبل سے متعلق بیان

اس دستاویز میں ہمارے مستقبل کے کاروبار اور مالیاتی کارکردگی اور مستقبل کے واقعات یا اکتشافات سے متعلق بیانات شامل ہیں جو مستقبل کے حوالے سے بیانات کے جز ہیں۔ ”توقع“، ”آگے بڑھنا“، ”پیش قدمی“، ”عزم“، ”تدبیر“، ”یقین“، ”طلب“، ”تجذیب“، ”ارادہ“، ”منصوبہ“، یا اسی طرح کے معنی کے الفاظ اس بیان کی شناخت ہے۔ ہم دیگر رپورٹس میں، پریزنٹیشن میں، اور شیئر ہولڈرز کو پہنچائے جانے والے مواد میں بھی آگے بڑھنے والے بیانات بنائیں گے۔ یہ بیانات موجودہ امکانات اور منہجیت کے بعض مفروضوں پر مبنی ہیں، جس میں سے بہت سی سیمنس کے کنٹرول سے باہر ہیں۔ یہ بہت سے خطرات، غیر یقینی صورتحال اور عوامل کے تابع ہیں، بشمول اس رپورٹ میں بیان کردہ لیکن ان تک محدود نہیں۔ ان میں سے ایک یا اس سے زائد خطرات یا غیر یقینی حالات کے واقع ہو جانے، یا توقعات پوری نہ ہونے یا تصورات غلط ثابت ہونے، پر حقیقی نتائج، کارکردگی یا کامیابی (منفی یا مثبت طور پر) کمزور طور پر وضع کردہ متعلقہ مستقبل کے بیانات پر اثر انداز ہو سکتی ہیں۔ سیمنس نہ ہی ارادہ رکھتا ہے، نہ ہی کوئی ذمہ داری قبول کرتا ہے، کہ توقعات کے برعکس پیش رفت سے مستقبل کے متعلق بیانات کو تجدید یا نظر ثانی کرے۔

اعداد کو سمیٹنے کی وجہ سے، اس پورے اور دیگر دستاویزات پیش کئے جانے والے اعداد و شمار مجموعی تعداد میں شامل نہیں ہو سکتے ہیں اور شرح فی صد مطلق اعداد و شمار کی واضح طور پر عکاسی نہیں کر سکتی ہیں۔

ریٹائرمنٹ کے فوائد میں سرمایہ کاری

کمپنی اپنے مستقل ملازمین کے لئے پروویڈنٹ اور گریجویٹ کے فنڈ کو برقرار رکھتی ہے جو متعلقہ بورڈ آف ٹرسٹیز کے ذریعہ رائج ہیں۔

ان فنڈز کی سرمایہ کاری کی قیمت ان کے متعلقہ آڈٹ شدہ مالیاتی بیانات کے مطابق مندرجہ ذیل ہیں:

30 جون، 2017	30 جون، 2016	30 جون، 2015
روپے ملین میں		
427.438	458.979	569.520
پروویڈنٹ فنڈ		
30 ستمبر، 2017	30 ستمبر، 2016	30 ستمبر، 2015
146.109	168.925	212.528
گریجویٹ فنڈ		

بعد از سیلنس شیٹ واقعات

30 ستمبر 2018 کے بعد سے اس رپورٹ کی تاریخ تک کوئی تبدیلی یا واقعات رونما نہیں ہوئے، جس سے مالی بیانات پر کوئی اثر پڑے، ماسوائے حتمی منافع منقسمہ کے اعلان کے، جو اگلے سالانہ عام اجلاس میں کمپنی کے ممبران کی منظوری سے مشروط ہے اور جس کا اثر مالی سال 2019 کے مالی بیانات میں نظر آئے گا۔

مالیات سال 2018 کے دوران اہم ٹرانزیکشنز، واقعات اور پیش رفت (اگر کوئی ہے)

کمپنی کا پنجاب تحریل پاور (پرائیویٹ) لمیٹڈ کے ساتھ 8،355 ملین روپے (60.8 ملین امریکی ڈالر) مالیت کا ایچ-کلاس گیس ٹربائن کے لئے ایک طویل معیادی سروس کا معاہدہ طے پایا۔ کمپنی کی طرف سے چھ سال کی مدت تک خدمات فراہم کی جائیں گی۔ کسٹمر کو اضافی قیمت کے عوض، چھ سال کی اضافی مدت کے لئے خدمات کی فراہمی کو بڑھانے کا اختیار ہو گا۔

سال کے دوران کمپنی نے ایمبیڈڈ ڈیریویٹس کے منصوبہ تھیمزپ 293 ملین پاکستانی روپے کا فائدہ ریکارڈ کیا۔

سیمنس کے عالمی تنظیم نو کے مطابق، بورڈ نے نئے کاروباری وسعت جس کے تحت کمپنی کام کرتی ہے، ساخت کی منظوری اس یقین سے دی ہے کہ کمپنی بدلنے والے نئے کاروباری ماحول کی ضروریات کو پورا کرے گی اور یہ نئی انتظامی ساخت متبادل کرنے اور پائیدار ترقی کی راہ ہوا کرنے کے لئے تقویت اور افادیت میں اضافہ کرے گی۔ لہذا، کمپنی موجودہ کاروباری شعبوں کے بجائے، 1 اپریل، 2019 سے موثر مندرجہ ذیل کاروباری شعبوں کے ذریعہ کام کرے گی:

- **گیس اور پاور (GP)**
اس میں پاور جنریشن، ٹیل اور گیس، ٹرانسمیشن، EPC، پروجیکٹ اور ڈیجیٹل کے کاروباری ادارے شامل ہیں۔
- **اسٹراٹجک انفراسٹرکچر (SI)**
اس میں علاقائی حل اور خدمات، ڈیجیٹل گرڈ، ڈسٹریبیوشن سسٹم، کم وولٹیج مصنوعات، کنٹرول کی مصنوعات اور بلڈنگ کی مصنوعات کے کاروباری یونٹس شامل ہیں۔
- **ڈیجیٹل انڈسٹری (DI)**
اس میں فیکٹری آٹومیشن، موٹور کنٹرول، پروسس آٹومیشن، سافٹ ویئر اور کسٹمر سروسز کے کاروباری ادارے شامل ہیں۔

کمپنی کی مستقبل پر نظر

کمپنی اپنے اسٹیک ہولڈرز کے لئے اقدار تخلیق کرنے کے بارے میں عزم ہے۔ کمپنی نے الیکٹریفیکیشن، آٹومیشن اور ڈیجیٹلائزیشن میں اپنی حیثیت مضبوط کرنے کے لئے مستقل حکمت عملی اپنائی ہے۔ ہمیں پاور جنریشن سے لے کر پاور ٹرانسمیشن، پاور ڈسٹری بیوشن اور بجلی کی انرجی کے مستعد استعمال کے بارے میں مکمل معلومات اور مہارت حاصل ہے۔

کہا جاتا ہے کہ، کمپنی کے مستقبل کے امکانات پاکستان کی مجموعی ترقی کے ساتھ منسلک ہیں، لہذا، پاکستان کے ادائیگی کے توازن کا بحران، بجٹ کے خسارے میں اضافہ، اور مسلسل کرنسی میں تحریف سے ملک کی مجموعی ترقی پر اثر پڑے گا، جس کے نتیجے میں کمپنی کی ترقی میں منفی طور پر اثر ہو سکتا ہے۔

اس کے علاوہ کمپنی کو اپنی مختصر مدت کے قرضوں کو موثر طریقے سے منظم کرنے کی ضرورت ہے، جیسا کہ قرضے پر تناسب اور مختصر مدت کے حصول کی بڑھتی ہوئی شرح کے باعث اضافی مالی اخراجات کمپنی کے منافع پر اثر انداز ہو سکتے ہیں۔ لہذا، قرضے پر کم تناسب، اور مختصر معیادی وصولیوں کی بحالی سے مالیاتی سال 2019 کے دوران ایک اہم کردار متوقع ہے۔

- ٹینک ڈائریکٹر / چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹر اور اکثریت حصص کے نمائندہ ڈائریکٹرز کمیٹی کے آرٹیکل آف ایسوسی ایشن کے مطابق کسی بھی معاوضے کے مستحق نہیں ہونگے۔
- ڈائریکٹروں کے ہر انتخاب سے پہلے (ہر تین سال میں ایک بار) بورڈ کے پوری مدت کے لئے معاوضہ مقرر کیا جائے گا۔
- خود مختار کنسلٹنٹ سے مشورے کے بعد معاوضوں کے تعین کا معیار متعین کیا جائے گا۔

ڈائریکٹروں کا معاوضہ

ایگزیکٹو اور غیر ایگزیکٹو ڈائریکٹروں کے علیحدہ معاوضوں کی مجموعی رقم کی تفصیلات مالیاتی بیانات کے نوٹ 38 میں بیان کی گئی ہیں۔

بورڈ کی کارکردگی کا جائزہ

بورڈ نے باقاعدہ ایک پالیسی کی منظوری دی ہے اور بورڈ اور اس کی کمیٹیوں کی سالانہ کارکردگی کا جائزہ لینے کے لئے ایک عمل ترتیب دیا گیا ہے۔ تشخیص کا مقصد یہ یقینی بنانا ہے کہ بورڈ کی کارکردگی کو مجموعی طور پر کارپوریٹ مقاصد، کمیٹی کی انتظامی ساخت، قانونی اور ریگولیٹری تعمیل، تاثیر، تعاون اور اضافی قدر کے حوالے سے جانچا گیا ہے۔

کارکردگی کا اندازہ بورڈ کے جانب سے مالیاتی سال 2018 کے لئے منظور شدہ عمل کے مطابق کیا گیا، اور بورڈ کی مجموعی طور پر کارکردگی اور افادیت کو ”مضبوط“ قرار دیا گیا۔ بورڈ کے تمام ارکان نے کارکردگی کی تشخیص میں حصہ لیا اور اپنی رائے فراہم کی۔

ڈائریکٹرز کا تربیتی پروگرام

ڈائریکٹرز کے تربیتی پروگرام کی تفصیلات کیلئے اسٹیٹمنٹ آف کپلائنس میں نمبر شمار 9 ملاحظہ کریں۔

ڈائریکٹرز کا انتخاب

جیسا کہ ڈائریکٹروں کی موجودہ مدت اختتام کے قریب ہے لہذا کمپنیز ایکٹ، 2017 کے مجوزہ قوانین کے مطابق، بورڈ نے مندرجہ ذیل فیصلہ کیا ہے:

- کمیٹی کے 66 ویں سالانہ عام اجلاس کے دوران ڈائریکٹرز کا انتخاب کیا جائے گا؛
- منتخب ہونے والے ڈائریکٹرز کی تعداد سات (7) مقرر کی گئی ہے؛ اور
- دو (2) ڈائریکٹرز خود مختار ڈائریکٹروں کے، جو کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 میں درج کردہ اصول معیار کے مطابق ہوں گے۔

بیرونی آڈیٹرز

کمیٹی کے موجودہ آڈیٹرز ای وائی فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس (جو کہ ارنسٹ اینڈ ینگ گلوبل لمیٹڈ کی ممبر فرم ہے) جو کہ آنے والی سالانہ عام اجلاس میں رہنما رہے ہیں انہوں نے اپنی دوبارہ تقرری کیلئے پیش کی ہے۔

آڈٹ کمیٹی کی سفارشات پر، بورڈ مالیاتی سال 2019 کے لئے اپنے شیئر ہولڈرز سے ان کی دوبارہ تقرری کی سفارش کرتا ہے۔

کارپوریٹ چیٹ

کمیٹی Siemens Aktiengesellschaft، جرمنی (سیمنس AG) کی ذیلی کمیٹی ہے جو کہ ری پبلک آف جرمنی کے قوانین کے تحت قائم کی گئی ہے اور 30 ستمبر 2018 تک کمیٹی کے 74.6 فیصد حصص کی حامل ہے۔

شیئر ہولڈنگ کے خدوخال

کمیٹی پاکستان اسٹاک ایکسچینج لمیٹڈ پر لسٹڈ ہے۔ اس کے شیئر ہولڈرز کی درجہ بندیاں اور تفصیلی طریقہ کار بشمول ان کے ڈائریکٹرز اور ایگزیکٹو کے شیئرز کی تفصیلات منسلک سالانہ رپورٹ میں درج ہیں۔

خطرات، غیر یقینی اور ان کا تدارک

کمپنی کو درج ذیل عام خطرات درپیش ہیں جن کا خصوصی اقدامات سے تدارک کیا جاتا ہے:

(الف) آپریشن کے خطرات

آپریشن کے خطرات کا تعلق پروڈیکٹ کے انتظامات سے ہے (جیسا کہ وقت پر منصوبوں کی تکمیل اور تھینک / منصوبے کے اخراجات میں تبدیلی) ماحول، صحت، تحفظ اور سپلائی چین میں سمجھوتہ پر مشتمل ہیں۔ کمپنی نے اپنے کاروباری عمل کے دوران میں مذکورہ خطرات کا تدارک خصوصی ذرائع، صلاحیت اور مہارت کے ذریعہ کرتی ہے۔ انتظامیہ ان خطرات کے تدارک کی تدبیر کا تعین کرتی ہے جس میں حکمت عملی کے تحت گریز، منتقلی، کمی یا اس کو قبول کرنا شامل ہے۔

(ب) مالیاتی خطرات

مالیاتی خطرات منسلک مالیاتی حسابات کے نوٹ 42 میں درج ہیں جن میں مارکیٹ، کریڈٹ اور لیویڈیٹی کے خطرات شامل ہیں۔

(ج) خطرہ حاصل

کمپنی سرگرمیوں اور رویوں میں عدم تعمیل کے بارے میں کامل عدم برداشت کے اصول پر عمل پیرا ہے۔ کمپنی مزید یہ سمجھتی ہے کہ قوانین اور ضوابط سے روگردانی کے نتیجے میں جرمائے، تجارتی ممانعت، بلیک لسٹنگ، لائسنس کی منسوخی وغیرہ کی سزا بھی ہو سکتی ہے۔ اس طرح کے خطرات کو کم کرنے کے لئے کمپنی نے ایک جامع اور موثر عمل داری کا حلقہ قائم کیا ہوا ہے۔

مزید برآں، سیمنس کے کاروباری دستور العمل میں کمپنی کے تمام ڈائریکٹرز، ایگزیکٹوز اور کمپنی کے ملازمین اور کاروباری متعلقین سے وابستہ توقعات وضاحت سے درج ہیں۔ کمپنی اپنے ملازمین اور کاروباری متعلقین کی جانب سے عملداری کی خلاف ورزی کی اطلاع دینے کی حوصلہ افزائی کرتی ہے۔ اس سلسلے کے بارے میں اطلاع دینے کے مختلف ذرائع فراہم کئے گئے ہیں جیسے کمپنی کی ویب سائٹ پر قائم سائپ ڈیسک "Tell Us" اسی لئے قائم کیا گیا ہے۔

ماحول، صحت اور تحفظ (EHS)

ماحول، صحت اور تحفظ کے حوالے سے اپنی عالمی پالیسی پر عمل پیرا کرتے ہوئے کمپنی نے ایک اور بھرپور اور کامیاب سال گزارا جس میں کامل عدم ضرر کے طرف مثبت پیش قدمی کی۔ ان اصولوں پر اعلیٰ انتظامیہ سے لے کر تمام ملازمین کی پاسداری اور مکمل عمل درآمد کے نتیجے میں موقع عمل پر حادثات میں تخفیف کو یقینی بنایا جاتا ہے۔ ماحول، صحت اور تحفظ کی غیر تعمیل کے لئے عدم رد اداری پر ہماری توجہ، چاہے قانونی یا سیمنس گلوبل پالیسیوں کے مطابق ہو، کو متعلقہ ٹیموں میں بہتر آگاہی اور بہتر تعاون کے ذریعے مزید بہتر بنایا گیا۔

ہم مارکیٹ کی اقدار میں اضافہ کرتے ہوئے محفوظ، زیادہ محتاط اور بہتر کاروباری طریقوں کے لئے کوشاں رہیں گے۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ سٹیرن شپ ابتداء ہی سے کمپنی کا ایک لازمی جز رہا ہے۔ ہم اپنے مخطے میں پائیدار ترقی میں شرکت کیلئے کوشاں رہتے ہیں۔ کارپوریٹ سٹیرن شپ کمپنی کا عوام کی جانب رضا کارانہ عزم ہے، جس کا مقصد دنیا بھر میں زیادہ سے زیادہ افراد کو ہماری ٹیکنالوجی اور معلومات تک رسائی فراہم کر کے معاشرے کو جدت سے ہکنا کر کیا جائے۔ ہم اپنے دائرہ کار کے ہر ملک میں اپنی کاروباری کارکردگی کو مضبوط بناتے ہوئے، مشترکہ قدر پیدا کرنے کی ہر ممکن کوشش کرتے ہیں۔ ہمارا عزم تین ستونوں پر مبنی ہے، جن میں: ٹیکنالوجی تک رسائی، تعلیم تک رسائی، اور برقراری ساج شامل ہے۔

مالی سال 2018 میں کمپنی نے اپنی سماجی ذمہ داری کو پورا کرنے کے لئے مندرجہ ذیل تنظیموں کے ساتھ قریبی کام کیا ہے:

- غلام اسحاق خان انسٹی ٹیوٹ برائے انجینئرنگ سائنسز اور ٹیکنالوجی (جی آئی کے آئی) - ماحول دوست کار
- فیملی ایجوکیشنل سروسز فاؤنڈیشن (FESF)
- دی سٹیرن فاؤنڈیشن (TCF) کے لئے معاونت
- WWF کے ساتھ تعاون میں گرین آفس کی ابتداء

مزید تفصیلات کے لئے برائے مہربانی سالانہ رپورٹ کے اجتماعی اور کارپوریٹ سٹیرن شپ کا حصہ ملاحظہ کریں۔

کارپوریٹ گورننس کے بہترین معمولات کی پاسداری

کمپنی اس بات کیلئے پر عزم کہ جہاں تک ممکن ہو کہ تمام قانونی اور اخلاقی شرائط کو پورا کیا جائے اور تمام کاروباری امور اعلیٰ پیشہ ورانہ اور اخلاقی معیار اور معمولات کے مطابق انجام دیئے جائیں۔ بورڈ نے مستقل طور پر جلیبجنگ والے ہر طریقہ کار میں مسلسل بہتری لانے کا لائحہ عمل پیش کیا ہے۔ اس کیلئے کمپنی میں تبدیلی لانے کی ضرورت ہے تاکہ کمپنی نئے مواقع کے حصول کیلئے صحیح طرح سے تیار رہے۔ اس کا یہ بھی مطلب ہے کہ مارکیٹ میں بہترین مینٹ کو راغب کیا جائے اور انہیں مہارت اور مواقع فراہم کئے جائیں جس کے ذریعہ وہ اعلیٰ کامیابی حاصل کرنے کے اہل ہو سکیں۔

معزز حصص داران،

ہم، زیر دستخطی بورڈ آف ڈائریکٹرز کی جانب سے سیمنس (پاکستان) انجینئرنگ کمپنی لمیٹڈ ("کمپنی") کی سالانہ رپورٹ اور سال مختتمہ 30 ستمبر، 2018 ("FY2018") کے مالیاتی سال کے آؤٹ شدہ مالیاتی گوشوارے بمعہ آڈیٹر رپورٹ پیش کرتے ہوئے پُر مسرت ہیں۔

مالی سال 2017 کے ساتھ موازنہ کی بنیاد پر سال کے دوران:

- پاکستان اور افغانستان میں اعلیٰ قدری توانائی کے ترسیلی منصوبوں پر عملدرآمد کی وجہ سے سبز میں 34 فیصد اضافہ ہوا۔
 - قبل از ٹیکس منافع میں 54٪ اضافہ ہوا جس کی بنیادی وجہ توانائی کے ترسیلی منصوبوں میں صحت مند شرح منافع، اور اسلام آباد رپورٹ منصوبوں میں مثبت پیش رفت اور اخذ کردہ مصفاہ محضے میں مثبت فائدہ شامل ہے۔
 - مالی سال 2018 کے لئے عائد زائد ٹیکس کی شرح کے باوجود، کمپنی نے 5 فیصد کا خالص منافع میں اضافہ کیا۔
- یہ کارکردگی ہماری ٹیم کی صلاحیتوں کا مظاہرہ کرتی ہے، جس نے ایک مشکل ماحول میں بھرپور طور پر مقابلہ کیا اور ایک مضبوط کارکردگی کے اہداف حاصل کئے۔

بنیادی کارکردگی کے اشارے	FY 2018	FY 2017
(Rupees in million)		
خالص سبز اور سرمز	19,522	14,553
کاروباری منافع	2,276	1,316
منافع قبل از ٹیکس	2,234	1,452
خالص منافع برائے سال	1,159	1,103
فی شیئر آمدنی (روپے)	140.56	133.79

تصرفات

مالیاتی سال 2018 کے دوران تصرفات کا خلاصہ درج ذیل ہے:	
(Rupees in million)	
یکم اکتوبر 2017 پر مجموعی منافع	333
مالی سال 2018 کے لئے خالص منافع بعد از ٹیکس	1,159
حتمی ڈیویڈنڈ 75 روپے (750٪) فی شیئر برائے مالی سال 2017	(619)
30 ستمبر 2018 کو جمع شدہ منافع	873

دیگر ذخائر میں حرکت کی تفصیلات کے لئے براہ مہربانی مالیاتی بیانات میں ایکوئیٹی کی تبدیلیاں ملاحظہ کریں۔

ڈیویڈنڈ (منافع منقسم)

کمپنی کی مالیاتی کارکردگی اور مستقبل کی مالیاتی ضروریات کو مد نظر رکھتے ہوئے بورڈ شیئر ہولڈرز کی توقعات پر پورا اترنے کے لئے حتمی نقد ڈیویڈنڈ مبلغ 75 روپے فی عمومی شیئر (750٪) کی سفارش کرتا ہے۔

کمپنی کی اہم سرگرمیاں اور کاروباری شعبہ جات

کمپنی مختلف کاروباری شعبوں میں مصروف عمل ہے جن میں پاور اینڈ گیس (PG)، پاور جزییشن سرمز (PS)، انرجی مینیجمنٹ (EM)، ڈیجیٹل ٹیکنالوجی (DF)، پروسس اینڈ سٹریٹجی ڈرائیو (PD) اور LAS شامل ہیں۔ PG اور PS کے شعبے پاور پلانٹس اور متعلقہ ساز و سامان کے لئے سپلائی، تنصیب، کسٹمنگ اور سرمز فراہم کرتے ہیں۔ جب کہ EM کا شعبہ مختلف معاہدوں کے تحت منصوبوں کے معاملات طے کرتا ہے جس میں سب اسٹیشنز اور ٹرانسمیشنز، پیدوار اور کم و متوسط وولٹیج سوئچ بورڈز اور جینٹلز کی سپلائی، آٹومیشن سسٹمز، ٹرانسمیشن اور سامان کی تقسیم اور متعلقہ خدمات شامل ہیں۔ DF اور PD کے شعبے آٹومیشن، انفارمیشن ٹیکنالوجی سرمز اور موٹر ڈرائیو وغیرہ کی سپلائی اور تنصیب کی خدمات فراہم کرتے ہیں، جبکہ LAS کا شعبہ لاجسٹک اور ایر پورٹ سلوشنز اور خدمات فراہم کرتا ہے۔

جیئرمین کی جائزہ رپورٹ

مجھے سیمنس (پاکستان) نیجیئرنگ کمپنی لمیٹڈ کے اسٹیک ہولڈرز کو مالیاتی سال 2018 کی سالانہ رپورٹ اور بورڈ کی مجموعی کارکردگی اور تاثیر پر تبصرہ دیتے ہوئے انتہائی مسرت ہے۔

بورڈ نے کمپنی کے لئے واضح سمت مقرر کی ہے، جس کا مقصد سیمنس گلوبل ویژن 2020 کے وضع کردہ اصولوں کے مطابق بنیادی کاروبار اور قابلیت پر توجہ مرکوز کرنا ہے۔ کمپنی کی طرف سے مرکز نقطہ نظر کی بنیاد پر فروخت، آمدنی اور منافع میں سال بہ سال اضافہ ہوا ہے۔

بورڈ اس بات کو سمجھتا ہے کہ کمپنی کو کامیاب انداز میں چلانے کے لئے انہیں ایسے ممبران کی ضرورت ہے، جو بنیادی اہلیت، جداگانہ، مطلوبہ صلاحیت، علم، اور تجربہ رکھتے ہوں۔ اس ضمن میں، یہ بات قابل ذکر ہے کہ بورڈ کے موجودہ ممبران کاروباری، حکمت عملی، مالیات، قانونی اور انتظامی امور میں وسیع مہارت رکھتے ہیں۔ بورڈ کے تمام ممبران کمپنی اور اس کے حصص داروں کی جانب اپنی لامتناہی ذمہ داری سے بخوبی واقف ہیں، اور اس بات کو یقینی بناتے ہیں کہ یہ ذمہ داری ہر وقت ذہن میں رکھی جاتی ہے۔

بورڈ کے جیئرمین کی حیثیت سے، میں اس بات کی یقین دہانی کرتا ہوں کہ تمام ڈائریکٹروں کو حکمت عملی اور انتظامی موضوعات پر رائے دینے اور مشاورت کے لئے حوصلہ افزائی کی جاتی ہے، اقلیتی حصص داران کے نمائندہ ڈائریکٹر، اور فیصلے سے متعلق متعلقہ تجربے کے حامل ڈائریکٹر ان کی فیصلہ کرتے وقت خود بخود ڈائریکٹر پر غور کیا جاتا ہے اور حوصلہ افزائی کی جاتی ہے۔

بورڈ نے اپنی کیٹیڈیوں کی شرائط و ضوابط واضح طور پر بیان کی ہے اور کمیٹی کے تمام ارکان کا تقرر ان کی اہلیت اور تجربے پر غور کر کے کیا جاتا ہے۔ بورڈ اور اس کی کمیٹیاں دوران سال باقاعدگی سے میٹنگ کرتی رہی ہیں اور ان کے سامنے پیش کئے جانے والے ہر معاملے پر غور و خوض کر کے ان کو منظم کرنے میں اپنا کردار ادا کرتی رہی ہیں۔

بورڈ نے خود کو اور اس کی کمیٹیوں کی سالانہ کارکردگی کو جانچنے اور ڈائریکٹروں کی مجموعی اور انفرادی کارکردگی کو یقینی اور اطمینان بخش بنانے کے لئے ایک لائحہ عمل کو منظور اور وضع کیا ہے، تاکہ بورڈ کمپنی کے انتظامی امور میں مؤثر کردار ادا کر سکے۔

بورڈ نے ڈائریکٹرز کے معاوضوں کی پالیسی کی بھی منظوری دے دی ہے جو واضح طور پر اہل غیر۔ ایگزیکٹو ڈائریکٹرز کے معاوضوں کی سطح کے اصولوں کو واضح کرتی ہے۔ بورڈ کے معاوضوں کو اس سطح پر مقرر کیا جاتا ہے جو کہ نہ صرف ذمہ داری اور مہارت کی مطابقت سے مناسب ہو، بلکہ ساتھ ہی یہ بھی یقینی بنائے کہ اسے ان کی آزادی پر سمجھوتا کرنے کے لئے تفصیل نہیں کیا گیا۔

مجھے یقین ہے کہ بورڈ کی قیادت میں کمپنی مالی سال 2019 میں پاکستان کی ترقی میں معاونت کے لئے موزوں ہے۔ جس کے لئے میں اپنے ساتھی بورڈ ممبران کا شکر گزار ہوں۔

آخر میں، میں ملازمین، شیئر ہولڈرز، صارفین، اور دیگر تمام فریقین کا ان کی لگن، مسلسل تعاون، اور کمپنی پر اپنا اعتماد برقرار رکھنے کے لئے مشکور ہوں۔

آپ کا مخلص،



ڈاکٹر سید شاکت علی برکات

بورڈ جیئرمین

Proxy Form

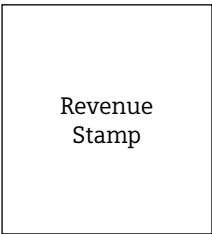
I/We _____
of _____ in the district of _____ being a member
of SIEMENS (PAKISTAN) ENGINEERING COMPANY LIMITED hereby appoint
_____ of _____
or failing him _____ of _____
as my/our proxy to vote for me/us and my/our behalf at the Annual General Meeting of the company to be held at Karachi on January 15, 2019
and at any adjournment thereof.

Dated this _____ day of _____

Signature of the shareholder _____

Folio No: _____

CDS Account No: _____



Witnesses:

1. Signature: _____
Name: _____
Address: _____
CNIC No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

2. Signature: _____
Name: _____
Address: _____
CNIC No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Notes:

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

میں / ہم

ضلع

متعلقہ

سیمنس (پاکستان) انجینئرنگ کمپنی لمیٹڈ کے ممبر ہونے کی حیثیت سے

متعلقہ

متعلقہ

کو یا

کو اپنا متبادل مقرر کرتا ہوں / کرتے ہیں جو کراچی میں مورخہ 15 جنوری 2019ء کو پاکستان کی تبدیلی کے ساتھ منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری جگہ ووٹ دیں گے۔

متعلقہ دن

آج بتاریخ

دستخط سینئر ہولڈرز

فولیو نمبر:

CDS اکاؤنٹ نمبر:

گواہان:

دستخط

نام:

پتہ:

قومی شناختی کارڈ نمبر:

ریونیو اسٹیپ

دستخط

نام:

پتہ:

قومی شناختی کارڈ نمبر:

نوٹس:

- 1- یہ پراکسی فارم مکمل طور سے پُر کر کے پانچ روپے کی رسیدی ٹکٹ پر دستخط کے ساتھ کمپنی کے رجسٹرڈ دفتر میں اجلاس کے شروع ہونے کے وقت سے کم از کم 48 گھنٹے قبل لازمی طور پر جمع کرایا جائے۔
- 2- صرف CDS اکاؤنٹ ہولڈرز کے لئے دو افراد کے بحیثیت گواہ دستخط ہونا ضروری ہے۔
- 3- CDS اکاؤنٹ ہولڈرز کو اپنے اور اپنے پراکسی کے قومی شناختی کارڈ / پاسپورٹ کی فوٹوکاپی بھی جمع کرانی ہوگی۔
- 4- CDC اکاؤنٹ ہولڈرز کے پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ / پاسپورٹ پیش کرنا ہوگا۔
- 5- کارپوریٹ ادارے ہونے کی صورت میں بورڈ کی قرارداد / پاور آف اٹارنی مع پراکسی کے دستخط کا نمونہ اس فارم کے ہمراہ جمع کرانے ہوں گے۔

Dividend Mandate Form

THK Associates (Pvt.) Limited

1st Floor, 40-C, Block-6,

P.E.C.H.S.,

Karachi- 75400.

E-Mail: Secretariat@thk.com.pk

I, Mr./Mrs./Ms. _____ S/O,W/O,D/O _____

hereby authorize **Siemens (Pakistan) Engineering Company Limited** to directly credit cash dividend declared by it, if any, in the below mentioned bank account:

i) Personal Information	
Name of shareholder	
Folio No. /CDC Participant ID A/C No.	
CNIC No*	
Passport No, (in case of foreign shareholder)**	
Land Line Phone Number	
Cell Number	
E mail address	

ii) Bank Details	
Title of Bank Account	
Name of Bank	
Branch Name and Address	
IBAN	
ISO Country code	
IBAN Check Digits	
BBAN	
Bank Identifier	
Account Number	
SEPA Member	

Signature of the Shareholder

Date: _____

Request Form for Annual Report and Notices through E-mail

THK Associates (Pvt.) Limited

1st Floor, 40-C, Block-6,

P.E.C.H.S.,

Karachi- 75400.

E-Mail: Secretariat@thk.com.pk

Date: _____

Dear Sirs

I hereby instruct you to send from now onwards the Annual Report of **Siemens (Pakistan) Engineering Company Limited** and all notices under Companies Act, 2017 at my E-mail address given below:

(E-mail address of the shareholder)

The above E-mail address will be recorded in the members register maintained under section 119 of the Companies Act, 2017. I will inform the Company and the Registrar about any change in my E-mail address immediately. Henceforth, I will receive the Accounts and Notices only on the above E-mail address, unless a hard copy has been specifically requested by me.

(Signature)

Name of the shareholder:

Folio No: _____

(In case of physical shareholding)

CDC Account No.: _____








Note: Individual CDC Account holders should submit copy of their Computerized National Identity Card (CNIC) along with this request form.



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

Karachi

Head Office and Plant,
B-72 Estate Avenue, S.I.T.E,
Karachi-75700.
Phone: +9221-32574910-19
UAN: +9221-111-077-088

City Office

Office Wing Suite No 209(b),
2nd Floor, Park Tower,
Shahra-e-Firdousi, Clifton,
Karachi-75600.
Phone: +9221-35876391
+9221-35876386

Islamabad

11th Floor, UBL Building
Jinnah Avenue Blue Area
Islamabad.
Phone: +9251-2075444
Fax: +9251-2812162
+9251-2812163

Lahore

15-A, 2nd Floor, State Life Building,
Davis Road,
P.O.Box No. 293,
Lahore-54000.
Phone: +9242-36278758-67
UAN: +9242-111-077-088
Fax: +9242-36363126

Afghanistan Office

Siemens Afghanistan Branch,
Darul Aman Road, Karteh Seeh
House No: 635, Street No: 11,
District - 06
Kabul, Afghanistan.
Phone: +93 20 2500640 /642
Fax: +93 20 2500641
Mobile: +93 799508840

Dubai Office

Overseas Office Dubai,
Al Waha Community Building,
Office No. 2005, 2nd Floor,
Near Deira International School,
Nad Al Hamar Road,
P.O. Box # 35397, Ras Al Khor,
Dubai, U.A.E.
Phone: +971 4 2898071-75